

ALARIS ROYALTY CORP.

Annual Information Form

2011

LOW VOLATILITY . VISIBILITY . DIVERSIFICATION . LIQUIDITY . GROWTH



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ABOUT THIS ANNUAL INFORMATION FORM

This annual information form (“**AIF**”) contains important information that will help you make informed decisions about investing in Alaris. It describes Alaris and our operations, our prospects, risks and other factors that affect our business.

CONVENTIONS

Alaris carries on its business directly and through its subsidiaries and in this AIF, “**we**”, “**us**”, “**our**”, “**Alaris Royalty Corp.**”, “**Alaris**”, and the “**Corporation**” refer collectively to Alaris Royalty Corp. and our subsidiaries, unless the context specifies or implies otherwise.

For reporting purposes, Alaris prepares its financial statements in Canadian dollars and in conformity with Canadian IFRS as defined herein. Except as otherwise indicated, all dollar amounts in this AIF are expressed in Canadian dollars.

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

DATE OF INFORMATION

This AIF is dated as of March 14, 2012. Except as otherwise indicated, the information contained in this AIF is current as of December 31, 2011.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND NON-IFRS MEASURES

Alaris’ public communications often include written or oral statements which contain forward-looking information. Statements of this type are included in this AIF and may be included in our other filings with Canadian securities regulators, or in our other communications. Many of these statements can be identified by looking for words such as “believe”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues”, or similar words, or the negative of such words. All such statements are made pursuant to the applicable provisions of, and are intended to be forward-looking statements under applicable Canadian securities legislation. Statements containing forward-looking information include, but are not limited to, comments with respect to our objectives and priorities for 2012 and beyond, our growth strategies or future actions, and the results of or outlook for our operations and those of our Private Company Partners (as defined herein), or for the Canadian and U.S. economies. See “*Our Philosophy*”; “*Our Growth Strategy*”; “*Our Current Partners - LifeMark Health - Business Overview, Operations and Customers*”; “*Our Current Partners - LMS-Business Overview, Operations and Customers*”; “*Our Current Partners- Solowave Design – Business Overview, Operations and Customers*” “*Our Current Partners - End of the Roll - Business Overview and Operations*”; “*Our Current Partners- Killick – Business Overview and Operations*”; “*Our Current Partners- KMH – Business Overview, Operations and Customers*” and “*Our Current Partners – Quetico – Business Overview and Operations*” for specific forward-looking statements relating to these comments.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies in 2012 and how that will affect our business and our ability to identify and close new opportunities with new Private Company Partners are material factors we considered when setting our strategic priorities and objectives, and our outlook for our business. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will continue to grow moderately in 2012; that interest rates will remain low; that our Private Company Partners will continue to make distributions to Alaris as and when required; that the businesses of our Private Company Partners will continue to grow; that Alaris will experience positive resets to our annual royalties and distributions from our Private Company Partners in 2012; that tax rates and tax laws will not change significantly in Canada, the U.S. or the Netherlands; that more private companies will require access to alternative sources of capital; and that we will have the ability to raise required equity and/or debt financing on acceptable terms. We have also assumed that capital markets will continue to improve and that the Canadian dollar will strengthen modestly relative to the U.S. dollar.

In determining our expectations for economic growth, we primarily consider historical economic data provided by the Canadian and U.S. governments and their agencies.

There is a significant risk that our predictions, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. Although we believe that the expectations and assumptions reflected in our forward-looking statements are reasonable, we caution readers of this AIF not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to those factors listed under the heading “*Risk Factors*” herein. We caution that this list of risk factors is not exhaustive. Other factors could adversely affect our results. When relying on forward-looking statements to make decisions with respect to Alaris, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Alaris does not undertake to update any forward-looking statements, whether written or oral, that may be made, from time to time, by the organization or on its behalf, except as required by law. The forward-looking statements contained in this document are presented for the purpose of assisting our investors in understanding our operations, prospects, risks and other external factors that impact us specifically as at and for the periods ended on the dates presented, and may not be appropriate for other purposes.

NON-IFRS MEASURES

The terms “EBITDA” and “distributable cash” (the “**Non-IFRS Measures**”) are financial measures used in this AIF that are not standard measures under International Financial Reporting Standards (“**IFRS**”). Alaris’ method of calculating the Non-IFRS Measures may differ from the methods used by other issuers. Therefore, the Alaris’ Non-IFRS Measures may not be comparable to similar measures presented by other issuers.

EBITDA refers to net earnings (loss) determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by Management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine our ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.

Distributable Cash means Alaris’ net income prepared in accordance with IFRS excluding non-cash items that include stock-based compensation expense, future income taxes, and depreciation and amortization.

These Non-IFRS measures should only be used in conjunction with our annual audited and quarterly reviewed financial statements, complete versions of which are available on SEDAR.

GLOSSARY OF TERMS

In this AIF, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

"**2010 Debt Facility Amendment**" means an increase in and amendments to the HSBC/BMO Credit Facility as finalized on December 8, 2010.

"**653Co**" means 6536522 Canada Inc., a company incorporated under the CBCA.

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder.

"**affiliate**" has the meaning ascribed thereto in the *Securities Act* (Alberta).

"**AIC**" means Alaris IGF Corp., a wholly owned subsidiary of Alaris.

"**AIF**" means this annual information form of the Corporation.

"**Alaris**", the "**Corporation**", "**we**", "**us**", or "**our**" means Alaris Royalty Corp., a corporation amalgamated under the CBCA.

"**Alaris Acquisition**" means the acquisition of Alaris Partnership by CanadaCo on July 31, 2008.

"**Alaris Coop**" means Alaris Coöperatief U.A., a cooperative formed under the laws of The Netherlands.

"**Alaris Partnership**" means Alaris Income Growth Fund Partnership, the general partnership formed under the laws of the Province of Alberta resulting from the conversion of Alaris Income Growth Fund L.P. to a general partnership from a limited partnership.

"**Alaris USA**" means Alaris USA Inc., a corporation formed under the laws of the State of Delaware, USA.

"**Amalgamation**" means the amalgamation of CanadaCo and 653Co on May 23, 2006 to form the Corporation as more particularly described under the "Corporate Structure" of this AIF.

"**Articles**" means the Articles of Amalgamation of Alaris registered July 15, 2009 pursuant to the CBCA.

"**associate**" has the meaning ascribed thereto in the *Securities Act* (Alberta).

"**Board**" means the board of directors of Alaris, as it is comprised from time to time.

"**business day**" means a day when banks are generally open for the transaction of business in Toronto, Ontario, other than a Saturday, Sunday or statutory or civic holiday.

"**CanadaCo**" means 6550568 Canada Inc., a corporation amalgamated under the CBCA.

"**CBCA**" means the *Canada Business Corporations Act* (Canada), as amended, including the regulations promulgated thereunder.

"**CCAA**" the *Companies' Creditors Arrangement Act* (Canada), as amended from time to time.

"**Centric**" means Centric Health Corporation, a CBCA corporation having its common shares listed and trading on the TSX.

"**Common Shares**" means the common shares in the capital of Alaris.

"**Darian**" means Darian Resources Ltd.

"**December 2010 Offering**" means Alaris' short-form prospectus offering of 2,381,000 subscription receipts units of Alaris on a bought-deal basis, closing on December 16, 2010.

"**December 2011 Debt Facility Amendment**" means an extension and amendments to the HSBC/BMO Credit Facility as finalized on December 31, 2011.

"**December 2011 Offering**" means Alaris' short-form prospectus offering of 2,154,000 Common Shares on a bought-deal basis, closing on December 12, 2011.

"**Distribution**" means each distribution received by Alaris from each of the Private Company Partners as more particularly described under the heading "Description of the Business and Operation- Our Structure" in this AIF.

"**EarthFirst**" means EarthFirst Canada Inc.

"**End of the Roll**" means End of the Roll Carpet & Vinyl, a corporate partnership established under the laws of the Province of British Columbia.

"**ER IP**" means all of the trademarks, trade names, website, and proprietary system for End of the Roll's operating franchises, purchased by Alaris Partnership.

"**Governmental Agencies**" means provincial workers' compensation boards, regional health and safety boards and other governmental agencies.

"**HSBC/BMO Credit Facility**" means Alaris' senior credit facility with HSBC Bank Canada and the Bank of Montreal.

"**Killick**" means Killick Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"**Killick Aerospace**" means Killick Aerospace Limited Partnership Fund II.

"**Killick GP**" means Killick General Partners L.P.

"**Killick Preferred Distribution**" means the annual preferred distribution on the Killick Preferred Units.

"**Killick Preferred Units**" mean the preferred partnership units in Killick.

"**KMH**" means KMH Limited Partnership, a limited partnership established under the laws of the Province of Ontario.

"**KMH B Units**" means the class B non-voting preferred partnership units in KMH.

"**KMH Partnership Agreement**" means the first amended and restated partnership agreement governing KMH.

"**KMH Preferred Distribution**" means the annual preferred distribution on the KMH Preferred Units.

"**KMH Preferred Units**" means the preferred partnership units in KMH.

"**LifeMark Preferred Units**" means the preferred partnership units in LifeMark Health.

"**LifeMark Health**" means LifeMark Health Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"LifeMark Partnership Agreement" means the second amended and restated partnership agreement governing LifeMark Health.

"LifeMark Repurchase Amount" means the pre-negotiated amount of \$65.5 million, which amount is subject to a 4% annual increase commencing on the third anniversary of the date of the LifeMark Partnership Agreement.

"LifeMark Transaction" means the transaction completed with LifeMark Health and Centric on June 9, 2011, as more particularly described under the heading *"General Development of the Business – Three Year History"*.

"LMS" means LMS Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"LMS Partnership Agreement" means the partnership agreement governing LMS.

"LMS Preferred Distribution" means the annual preferred distribution on the LMS Preferred Units.

"LMS Preferred Units" mean the preferred partnership units in LMS.

"LMS Repurchase Amount" means the pre-negotiated premium to the original purchase price of the LMS Preferred Units.

"Management" means senior management of Alaris.

"May 2010 Offering" means Alaris' short-form prospectus offering of 1,840,000 Common Shares on a bought-deal basis, closing on May 18, 2010.

"MEDiChair" means MEDiChair Ltd., a corporation incorporated under the CBCA.

"MRO" means maintenance, repair and overhaul as it relates to the business of Killick.

"NI 51-102" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"Non-Voting Shares" means the non-voting common shares in the capital of Alaris.

"November 2011 Debt Facility Amendment" means an increase in and amendments to the HSBC/BMO Credit Facility as finalized on November 10, 2011.

"October 2009 Offering" means Alaris' short-form prospectus offering of 2,300,000 Units of Alaris on a bought-deal basis, closing on October 22, 2009.

"Option Plan" means Alaris' option plan.

"Partnership Units" mean the partnership units of Alaris Partnership.

"Private Company Partner" and **"Private Company Partners"** means those corporations, partnerships or other entities with which Alaris has directly or indirectly entered into an alternative financing structure.

"Quetico" means Quetico LLC, a limited liability corporation formed under the laws of the State of California, USA.

"Quetico LLC Agreement" means the amended and restated Operating Agreement of Quetico, LLC, dated November 22, 2011.

"Quetico Preferred Distribution" means the annual preferred distribution on the Quetico Preferred Units.

“Quetico B Units” mean the preferred Class B membership units in Quetico.

"RSU Plan" means Alaris' restricted share unit plan.

"SEDAR" means the System for Electronic Document Analysis and Retrieval, accessible at www.sedar.com.

"Shareholders" mean the holders of Common Shares and Non-Voting Shares from time to time.

"Shares" means the Common Shares and the Non-Voting Shares.

"Solowave" means Solowave Design LP, a limited partnership established under the laws of the Province of Ontario.

"Solowave Partnership Agreement" means the partnership agreement governing Solowave.

"Solowave Preferred Distribution" means the annual preferred distribution on the Solowave Preferred Units, as more particularly described under the heading *“Our Financing Arrangements- Solowave Design Inc.”*

"Solowave Preferred Units" mean the preferred partnership units in Solowave.

"Subsidiary" has the meaning set out in the *Securities Act* (Alberta) and includes a partnership or other entity.

"TSX" means the Toronto Stock Exchange.

"TTY" means T.T.Y. Paramount Partnership No. 5., established and under the laws of Alberta

"Units" means Units of Alaris offered pursuant to the October 2009 Offering, with each Unit consisting of one Common Share and one-half of a common share purchase warrant.

"Warrant Indenture" means that indenture made effective October 22, 2009 between Alaris and the underwriters under the Offering, pursuant to which the Warrants were issued.

"Warrants" means those common share purchase warrants in the capital of Alaris, offered pursuant to the October 2009 Offering.

CORPORATE STRUCTURE

The Corporation was incorporated under the CBCA on May 23, 2006 on the amalgamation of CanadaCo and 653Co (the "**Amalgamation**"). CanadaCo was originally incorporated under the CBCA on April 7, 2006 and 653Co was originally incorporated under the CBCA on March 13, 2006. Following completion of the Amalgamation, the Corporation continued to use the name "6550568 Canada Inc." until July 31, 2008, when in connection with the Alaris Acquisition, the Corporation changed its name to "Alaris Royalty Corp."

On November 18, 2008, our Common Shares were listed and posted for trading on the TSX. The Common Shares trade under the symbol "AD".

Our registered office is located at 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1 and our head office is located at 232, 2031 – 33rd Avenue SW, Calgary, AB T2T 1Z5.

INTER-CORPORATE RELATIONSHIPS

Alaris has four subsidiaries: (i) AIC (ii) Alaris Partnership; (iii) Alaris Coöperatief U.A.; and (iv) Alaris USA Inc. The following table shows our subsidiaries, where they are incorporated or formed, and the percentage of voting securities that we beneficially own or directly or indirectly exercise control over.

	Percentage of voting securities (directly or indirectly)	Nature of Entity	Jurisdiction of Incorporation/ Formation
AIC	100%	Corporation	Alberta
Alaris Coöperatief U.A.	100% ⁽²⁾	Cooperative	The Netherlands
Alaris Partnership	100% ⁽¹⁾	General Partnership	Alberta
Alaris USA	100%	Corporation	Delaware, USA

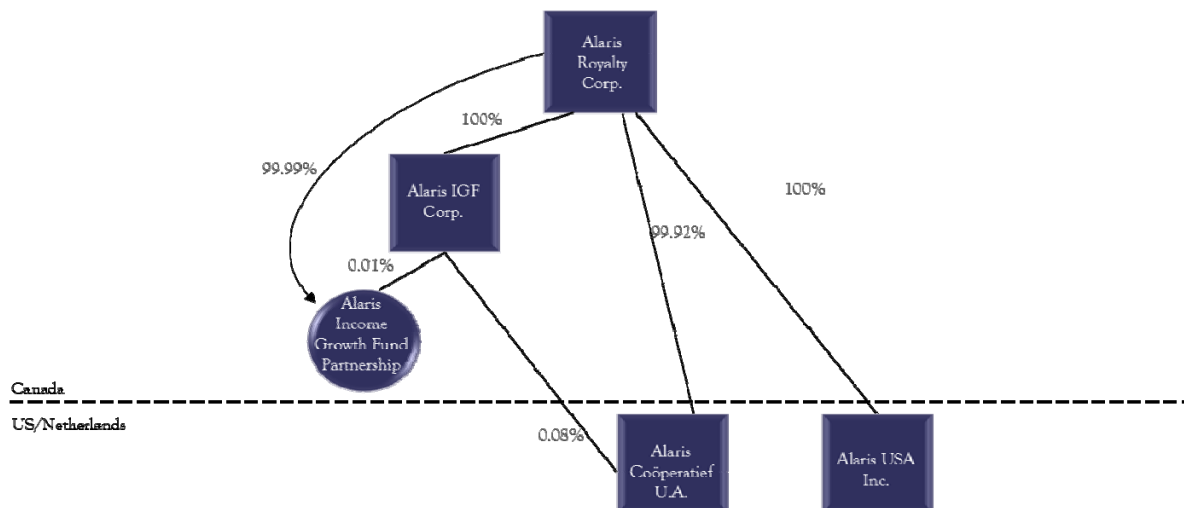
Notes:

(1) Alaris currently owns 3,136,620 Partnership Units and AIC owns 10 Partnership Units, representing, together, all the outstanding Partnership Units of Alaris Partnership.

(2) Alaris currently has 99.92% equity interest in Alaris Coop, and AIC has 0.08% equity interest therein, representing, together, 100% of the equity in Alaris Coop.

ORGANIZATIONAL CHART

The following diagram describes the current organizational structure of Alaris:



DESCRIPTION OF THE BUSINESS AND OPERATIONS

OUR BUSINESS

We are a Canadian company that provides alternative financing to a diversified range of profitable, well-managed private businesses in North America. We use an innovative financing structure that allows us to provide capital in a manner that maximizes valuations, is tax effective and allows existing owners of the private companies to retain control of their businesses. Our primary objective is to generate predictable, stable cash flows from our Private Company Partners to allow us to provide an attractive yet stable yield as well as liquidity to our investors.

OUR STRUCTURE

We provide cash financing to private companies at an agreed upon valuation, in exchange for a pre-determined distribution or royalty (the “**Distribution**”) from such private companies. Our Distribution is received monthly but is determined twelve months in advance in accordance with a mutually agreed upon performance metric which is based upon a “top-line” financial performance measure of a Private Company Partner, such as gross revenues, gross profit, same store sales, same clinic sales and same customer net sales. Each year, our Distribution is adjusted based on the percentage change in the audited performance metric. In keeping with our business objective of generating predictable, stable cash flows, our Distribution is only based on organic growth and/or organic decline of the private company. As such, any growth or decline in the private company from acquisitions, new locations or margin improvements do not get factored into such adjustment for a period of time (typically 12-24 months).

Our Distribution ranks in priority to the Private Company Partner’s common equity. In addition, the Distribution is paid by the Private Company Partner out of earnings before taxes, making the after-tax cost of our financing attractive to our Private Company Partners. Our financing structure is characterized as equity, and as a result, principal payments of our financing are not required.

We do not have any significant influence over any of our Private Company Partners nor do we have any ability to exercise control over the Private Company Partners. In most cases, we do not have any voting rights over the Private Company Partners, and where we do have voting rights, we have only a small percentage of the votes (less than 15%). We do not have any significant ability to participate in management decisions and are not involved in the

day-to-day operations of the Private Company Partner within the normal course of business. However, we do require Private Company Partners to provide us with monthly (unaudited) financial statements so we can monitor their financial health, as well as annual (audited) financial statements. Although we generally do not have any significant voting rights, we have strong protective covenants in place with our Private Company Partners to protect our Distributions and typically require our prior consent on a number of items outside of the ordinary course of business, such as:

- Any material change in business of the company
- Material acquisition or divestiture
- Incurring new debt over predetermined levels, or any material change to existing debt facilities
- Entering into non-arm's length transactions above prescribed levels
- Mergers or corporate reorganizations
- Extraordinary capital expenditures

OUR PHILOSOPHY

Our structure allows us to monitor our Private Company Partners without needing to be involved in their day-to-day business decisions. We believe business decisions are best made by the people who have built the successful companies that we provide financing to. Through us, such private companies are able to access ongoing capital, remain private and their owners are able to maintain control of their common voting equity.

At the same time, we derive diversified priority-cash returns from businesses that have displayed an ability to be highly profitable in varying economic environments. By supporting management teams that remain fully motivated by their ownership position to run their business profitably, our security holders are able to receive stable monthly dividends based on distributions received by us from our Private Company Partners that are set twelve months in advance.

In addition, our philosophy is to partner with our Private Company Partners for as long as required by the Private Company Partner, and we do not force an exit strategy upon the owners at any time. A financing by Alaris does not prevent the private company from undertaking a future sale of such company if desired, provided that our prior consent is obtained.

The result for our investors is a revenue stream that generally has low volatility and high predictability due to the "top line" royalty nature of our distributions from our Private Company Partners. Visibility is also created because of the twelve month pre-set payments we receive. Our structure gives us the ability to pay out the vast majority of our revenues in the form of tax effective eligible dividends, thus providing our investors with an attractive yet conservative yield.

OUR GROWTH STRATEGY

Our strategy is to grow our Distributions by partnering with more private companies that have a track record of high levels of free cash flow and consistent profitability. We typically target companies that are family controlled, are typically a poor fit for traditional private equity, and that have owners that intend to use the capital we provide for growth, generational transfers or partial liquidity. Our focus is primarily on private companies in Canada and the US.

We intend to partner with additional proven performers that have attractive operating histories to add to our revenue base. We look for private companies that have shown a history of growth and low cyclicality as well as sustainable free cash flow and strong future opportunities. We do not invest in turn-around situations or companies with a declining asset base. We also look for companies with experienced management teams who have the intention to continue managing the business after partnering with Alaris with no change of ownership following the transaction. This ensures such companies are still run by the capable management and ownership teams that made them such a solid partnership opportunity for Alaris. Companies with low leverage and capital expenditure requirements are also key criterion for us in evaluating new opportunities.

OUR CURRENT PARTNERS

We currently have seven Private Company Partners to which we have provided capital. While each of the companies are in divergent industries and serve different markets, they all share similar characteristics that will also be prevalent in our future partnerships:

- A track record of sustainable free cash flow
- Participation in an industry with strong long-term prospects
- A strong management team with long-term goals
- Low debt levels and capital expenditure requirements.

Our current Private Company Partners are: (i) LifeMark Health; (ii) LMS; (iii) Solowave; (iv) End of the Roll; (v) KMH; (vi) Killick; and (vii) Quetico. A description of each of these Private Company Partners and their business and operations is provided below and is based upon information provided by the management teams of each of our Private Company Partners and Management's knowledge, information and belief in respect of each of our Private Company Partners.

LifeMark Health

<i>Business Overview</i>	LifeMark Health is one of Canada's largest private health care providers with over 120 clinics across Canada. Alaris' financial interest was reduced by approximately half in June of 2011 after receiving \$65 million in cash from Centric. As a result of this transaction, LifeMark is now a division of Centric.
<i>Operations & Services</i>	LifeMark has grown from 30 clinics to over 120 clinics with over 1600 dedicated healthcare staff, consultants and medical doctors across Canada (except Quebec). The majority of their clinics are free-standing outpatient physiotherapy clinics.
<i>Customers</i>	LifeMark provides rehabilitation and physiotherapy services to private users, worker's compensation and safety boards, private insurance companies and Government Agencies.

LMS

<i>Business Overview</i>	LMS is a Western Canadian based concrete reinforcing steel contractor and fabricator. LMS is well established as a leading player in the markets in which it operates across Western Canada. As an installer and supplier, LMS has the advantage of having very low fixed costs and fixed assets, which allows the company to be profitable during a downturn as it can adjust its labour force to match the activity level.
<i>Operations</i>	LMS fabricates and installs rebar for construction projects primarily in British Columbia, Alberta, Saskatchewan, and Manitoba.
<i>Customers</i>	LMS projects include infrastructure, commercial and residential rebar installation and supply. Its customers are typically general contractors or developers.

Solowave Design

<i>Business Overview</i>	Solowave is a manufacturer of residential, ready-to-assemble wooden play centers. Solowave's products are sold under the brand names Big Backyard and Cedar Summit Premium Play Sets. Solowave was founded in Ontario in 2004, and through new product development, quality and innovation, Solowave has established itself as one of the leading manufacturers of wooden play centers in Canada and the United States.
<i>Operations</i>	Solowave has operations in Canada, the United States and Asia, and sells globally in

North America, Europe, Australia, Russia and the UAE.

End of the Roll

<i>Business Overview</i>	End of the Roll is Canada's largest dedicated flooring retailer. End of the Roll was incorporated in 1990 and began offering franchise locations in 1994. End of the Roll targets "budget minded" customers who prefer to purchase in smaller quantities and coordinate private installation in order to save on the costs of using a full service retailer. The discount renovation market is constantly growing as the trend towards home renovations increases.
<i>Operations</i>	Currently, End of the Roll collects franchise royalties from over 55 franchisees nationwide. End of the Roll is the only dedicated flooring franchise system in Canada.
<i>Customers</i>	End of the Roll serves the budget minded customer who tends to purchase in small quantities and typically do the product installation themselves.

KMH

<i>Business Overview</i>	KMH is a Canadian-based privately held healthcare provider with operations in Canada and the United States. Since inception in 1988, KMH has administered more than 600,000 cardiology, nuclear cardiology and nuclear medicine diagnostic tests and more than 40,000 MRI scans. Based on information provided by KMH and Management's own review, KMH is the largest provider of nuclear cardiology services in North America and, out of approximately 900, the third largest independent health facility in Canada.
<i>Operations</i>	The partnership is comprised of 12 clinics: 8 in Canada and 4 in the United States. KMH's services include nuclear medicine, cardiology and magnetic resonance imaging diagnostic services.
<i>Customers</i>	KMH's customers are largely part of the baby boomer generation that is increasingly in need of diagnostic services and quality health care.

Killick

<i>Business Overview</i>	Killick Limited Partnership, together with its various subsidiaries, is a privately owned participant in the global aircraft maintenance, repair and overhaul industry. Headquartered in Carrollton, Texas, Killick specializes in the sale, distribution, trade and service of aircraft engines and spare parts.
<i>Operations</i>	<p>Killick operates in Asia, Europe and the United States, where it employs a combined 130 people. Established in 2006, its operating subsidiaries Prime Turbines, Kansas Aviation and CT Aerospace have been operating since 1984, 1992, and 2002, respectively.</p> <p>The product and service offerings of Killick's subsidiaries can be segmented into two markets: (i) MRO of small aircraft engines and engine accessories, and (ii) the distribution of commercial jet engines, frame parts and engine accessories.</p> <p>Killick's strategy focuses on segments of the MRO market that feature stable demand profiles and attractive long term economic prospects largely driven by industry requirements and government regulations.</p>
<i>Customers</i>	<p>CT Aerospace customers include MRO shops that are subsidiaries of major airlines, as well as independent MRO's that service aircraft for many other types of customers.</p> <p>Kansas Aviation serves a large group of customers including regional air carriers, helicopter operators and major MRO facilities throughout the world.</p>

Prime Turbines' primary focus is the corporate aviation and general aviation markets, with the opportunity to secure customers that are not just price sensitive but also seek high quality one-stop shop services.

Quetico

<i>Business Overview</i>	Founded in 1994, Quetico has created a highly specialized and proprietary wholesale and inventory management niche within the logistics industry. Quetico is based in Chino, California.
<i>Operations</i>	Quetico provides specialized wholesale, inventory management and third party logistics services of consumer products to big box retailers and brand name manufacturers in North America and abroad. Quetico operates approximately 400,000 square feet of warehouse space and employs approximately 400 people at its peak output.
<i>Customers</i>	Customers of Quetico are primarily multi-national, financially stable, industry leading companies.

GENERAL DEVELOPMENT OF THE BUSINESS

GENERAL

Alaris seeks to provide access to long-term equity capital to companies for whom traditional debt or private equity capital is not typically available or attractive, namely privately-held companies whose owners want to retain long-term control of their businesses. In pursuit of this strategy, our business planning considers the prevailing economic conditions, the evolving needs of our existing and potential Private Company Partners and our shareholders, and the opportunities available to us. Over the past three years, we have focused on positioning our business for improved growth and performance. Our approach has been to focus on optimally (1) providing long-term capital to a diversified group of profitable, well-managed private companies around the world (with a focus on North America), and (2) providing an attractive, predictable, stable and stable yield to our investors as well as providing liquidity.

THREE YEAR HISTORY

In late 2008 and 2009, we operated under challenging credit, economic and capital markets that affected private equity companies around the world. Late in its fiscal year 2008, one of our Private Company Partners, LMS, experienced a dramatic shift in its business that included projects being cancelled and others being significantly delayed due to the unprecedented economic conditions that arose at that time. The end result was that LMS incurred material bad debt expenses, for the first time in its operating history, which dramatically decreased its reported gross profit for 2008 and 2009. On March 12, 2009, in response to the current economic conditions, in particular such conditions affecting LMS, we reduced our monthly dividend to \$0.07 per Common Share from \$0.12 per Common Share.

On July 31, 2009, we acquired additional preferred partnership units in one of our Private Company Partners, LifeMark Health, for an aggregate purchase price of \$1,000,000. These additional partnership units provided for the payment of \$181,818 in additional distributions to us in the first twelve months from the date of their issue and have been adjusted annually by the same clinic sales performance of LifeMark Health.

On October 22, 2009, we closed the October 2009 Offering. The October 2009 Offering consisted of 2,300,000 Units (of which 300,000 were issued pursuant to an over-allotment option granted to the unit holders that was exercised in full) issued at a price of \$6.00 per Unit. Each Unit consisted of one Common Share and one half of a Warrant. Each Warrant entitled the holder to subscribe for one additional Common Share at a price of \$7.50 per Common Share. Pursuant to the terms of the Warrant Indenture, any issued but unexercised Warrant expired on October 22, 2011. We contributed \$12,000,000 of the net proceeds of the Offering to LifeMark Health in support of its growth program, in exchange for additional preferred partnership units in LifeMark Health. These additional

partnership units provided for the payment of \$2,181,818 in additional distributions to us in the first twelve months from the date of their issue and have been adjusted annually by the same clinic sales performance of LifeMark Health.

In December 2009, HSBC Bank Canada and the Bank of Montreal, as co-lead arrangers of our current credit facility, extended the HSBC/BMO Credit Facility until December 20, 2010 and issued a waiver letter having the effect of amending the calculation of certain financial covenants under our credit facility. This letter clarified the expectation of the parties that, effective as of December 19, 2009, (i) specified non-cash and extraordinary expenses were to be excluded from the calculation of certain financial covenants; and (ii) revenues from any one permitted investment (as defined in our credit facility) are permitted to exceed 50% of our total revenues. The letter did not relate to a breach of our credit facility. In addition, we agreed to prepay our lenders the sum of \$950,000 per quarter under our credit facility, up to and including September 30, 2010. We made such payments throughout 2010 as and when required.

On March 11, 2010, as a result of our improved corporate earnings and performance and an improved economic outlook, we increased our monthly dividend to \$0.08 per Common Share from \$0.07 per Common Share.

On April 27, 2010, we entered into a new partnership agreement with KMH Cardiology Centres Incorporated to form KMH. Under the terms of this partnership agreement, we agreed to contribute \$5,000,000 in cash (\$3,000,000 which was advanced on the formation of KMH) in exchange for non-voting preferred units in KMH. These preferred units provided for the payment of approximately \$875,000 in distributions to us for the first twelve months after our contribution. The preferred distribution has been adjusted annually based on the change of same clinic sales of KMH's Canadian operations.

On May 18, 2010, we closed the May 2010 Offering. The Offering consisted of 1,840,000 Common Shares (of which 240,000 Common Shares were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full) issued at a price of \$9.00 per Common Share. We contributed \$2,000,000 of the net proceeds of the May 2010 Offering to KMH as contemplated in our partnership agreement with KMH. We also contributed \$8,000,000 of the net proceeds to LifeMark Health in support of its growth program, in exchange for additional preferred partnership units in LifeMark Health. The additional partnership units in LifeMark Health provided for the payment of \$1,142,850 in additional distributions to us for the first twelve months after our contribution. The balance of the proceeds were used for general working capital purposes, and to repay approximately \$5.3 million of Alaris' subordinated debt owing to one of our directors and largest shareholders, Mr. Clayton H. Riddell or entities controlled by him. The preferred distributions on the additional partnership units in LifeMark Health have been adjusted annually by the same clinic sales performance of LifeMark Health. In addition, the preferred distributions on the KMH partnership units have been adjusted annually by the same Canadian clinic sales performance of KMH.

On November 29, 2010, we entered into a new partnership agreement with Solowave Design Inc. to form Solowave. Under the terms of this partnership agreement, we agreed to contribute \$32,500,000 in exchange for non-voting preferred units in Solowave. The contribution of \$32,500,000 was funded from (i) the proceeds of the December 2010 Offering; (ii) an increase in our senior debt facility as a result of the 2010 Debt Facility Amendment; and (iii) working capital. The preferred units in Solowave provided for the payment of approximately \$5,000,000 in distributions to us for the first twelve months after our contribution. The preferred distribution on the Solowave preferred units has been adjusted annually based on the change in same customer net sales.

The December 2010 Offering consisted of 2,477,000 subscription receipts (of which 96,000 were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full) issued at a price of \$10.50 per subscription receipt. Each subscription receipt was automatically exercised for one Common Share on the closing of our contribution to Solowave on December 16, 2010. \$1,000,000 of the proceeds were used to repay the balance of Alaris' subordinated debt owing to Mr. Clayton H. Riddell or entities controlled by him. The balance of the proceeds was used to fund our contribution to Solowave.

As a result of the increased earnings expected for Alaris from the Solowave partnership, on November 29, 2010 we announced an increase to our monthly dividend to \$0.085 per Share from \$0.08 per Share, effective on the close of our contribution to Solowave. The first increased dividend was paid on January 17, 2011 for shareholders of record on December 31, 2011.

Pursuant to the 2010 Debt Facility Amendment, HSBC Bank Canada and the Bank of Montreal extended the HSBC/BMO Credit Facility until December 31, 2011 and increased the principal amount of such facility to \$30,100,000. In addition, the co-lead arrangers amended the HSBC/BMO Credit Facility to become an interest-only, revolving facility along with a pricing increase of 1.5% to the annual interest rate.

On April 27, 2011, after obtaining the approval of our Shareholders, the Articles were amended to exchange all of the then issued and outstanding Non-Voting Shares for Common Shares. Subsequently, all of the then issued and outstanding Non-Voting Shares were exchanged for Common Shares as follows; for every one (1) Non-Voting Share issued and outstanding, Alaris issued one (1) fully paid and non-assessable Common Share in consideration for the cancellation of that Non-Voting Share.

On June 9, 2011 we completed a transaction with Centric pursuant to which Centric paid us \$65,000,000 cash for a portion of our financial interest in LifeMark Health and all of our interest in MEDiChair Ltd. In connection with the LifeMark Transaction, our distribution from LifeMark Health was amended such that Alaris will receive a \$6,750,000 annual preferred distribution from LifeMark Health, with a guaranteed increase of four percent (4%) per year thereafter for so long as Alaris holds partnership units of LifeMark Health. Pursuant to the LifeMark Transaction, the LifeMark Partnership Agreement was amended to, among other things, grant Centric the option to purchase all of our remaining interest in LifeMark Health for a purchase price of \$65,000,000 (subject to a four percent (4%) increase after three (3) years) provided that such option is not exercisable until after the date that is two years from the closing of the LifeMark Transaction.

On July 6, 2011, we entered into a new partnership agreement with Killick GP and Killick Aerospace to form Killick. Under the terms of this partnership agreement, we contributed \$27,250,010 to Killick in exchange for preferred units in Killick. The contribution of \$27,250,010 was funded with proceeds from the LifeMark Transaction. The preferred units in Killick provide for the payment of approximately \$4,300,000 in distributions to us for the first twelve months after our contribution.

On October 11, 2011, we completed an additional \$22,400,000 contribution to KMH in exchange for 224,000 KMH B Units. The \$22,400,000 unit contribution was funded with proceeds from the LifeMark Transaction. The KMH B Units entitle Alaris to receive an additional \$3,319,000 preferred Distribution from KMH for the first full year following such contribution. Such Distribution on the KMH B Units will be adjusted annually based on KMH's change in same clinic sales in KMH's Canadian and U.S. operations. We began receiving this additional Distribution on December 30, 2011. As a result of our additional contribution to KMH, our total aggregate Distribution from KMH is currently \$4.2 million, on an annualized basis. In connection with our additional contribution to KMH, the KMH Partnership Agreement was amended to, among other things, amend the definition of "same clinic sales" to include KMH's clinics located in the United States such that "same clinics sales" is now defined as KMH's gross revenues generated by all clinics operated by KMH and its affiliates that have been open for at least one year (in the case of Canadian clinics) and two years (in the case of US clinics), excluding certain permitted items. KMH currently operates 8 clinics in Canada and 4 clinics in the United States.

On October 11, 2011 as a result of our improved corporate earnings and performance, we increased our monthly dividend to \$0.095 per share from \$0.085 per share.

Pursuant to the November 2011 Debt Facility Amendment, on November 10, 2011 we entered into an amending agreement with its lenders under the HSBC/BMO Debt Facility to temporarily increase the principal amount of such facility to \$42,100,000. Subsequently, the HSBC/BMO Debt Facility was further amended to temporarily increase the principal amount to \$44,100,000, effective as of November 10, 2011.

On November 22, 2011 Alaris USA entered into the Quetico LLC Agreement with Quetico, and subsequently contributed US \$26,900,000 to Quetico in exchange for voting preferred membership units of Quetico. Our voting preferred membership units entitle us to a 12.5% minority voting position in Quetico. Our contribution to Quetico was funded from the November 10, 2011 increase in the HSBC/BMO Credit Facility as a result of the November 2011 Debt Facility Amendment.

On December 12, 2011, we closed the December 2011 Offering. The Offering consisted of 2,464,800 Common Shares (of which 310,800 Common Shares were issued pursuant to an over-allotment option granted to the

underwriters that was exercised in full) issued at a price of \$16.25 per Common Share. All of the net proceeds of the December 2011 Offering were used to reduce debt under the HSBC/BMO Credit Facility

Pursuant to the December 2011 Debt Facility Amendment, on December 31, 2011, HSBC Bank Canada and the Bank of Montreal extended the HSBC/BMO Credit Facility until December 31, 2012 and maintained the principal amount of \$30,100,000.

OUR FINANCING ARRANGEMENTS

The following table shows the relevant performance metric for each of our Private Company Partners, the current annual Distributions to be paid to us by each of our Private Company Partners, and the percentage change in such Private Company Partner's performance metric in each of the last three fiscal years. Also included is each Private Company Partner's Earnings Coverage Ratio for each of their last three fiscal years.

PRIVATE COMPANY PARTNER	PERFORMANCE METRIC	CURRENT ANNUAL DISTRIBUTION TO ALARIS ^{(1) (4)}	YEAR END	ANNUAL % CHANGE IN PERFORMANCE METRIC ^{(2) (4)}	ANNUAL EARNINGS COVERAGE RATIO ^{(3) (4)}
LifeMark Health	Following the LifeMark Transaction, it was contractually agreed to that the annual distribution received from LifeMark would increase by a fixed 4% per year , for the life of the agreement, beginning in July of 2012 and every July thereafter.	\$6.75 million	12/31/2011	4%	1.02
			12/31/2010	5.0%	1.08
			12/31/2009	4.5%	1.17
LMS	% change in "Gross Profit" "Gross Profit" means LMS' net sales less its cost of sales for the applicable fiscal year. Net sales include all sales (including brokerage sales) net of bad debts and sales credits	\$1.64 million	9/30/2011	20%	1.16
			09/30/2010	9.4%	0.37 ⁽⁵⁾
			09/30/2009	(77.7%)	0.21 ⁽⁵⁾
Solowave	% Change in "Same Customer Net Sales" "Same Customer Net Sales" means gross sales generated by Solowave Partnership and certain of its affiliates from customers that have been in their system for at least one year (subject to certain exceptions) over the fiscal year immediately preceding the fiscal year end.	\$5.00 million	10/31/2011	(0.8%)	1.94

PRIVATE COMPANY PARTNER	PERFORMANCE METRIC	CURRENT ANNUAL DISTRIBUTION TO ALARIS(1) (4)	YEAR END	ANNUAL % CHANGE IN PERFORMANCE METRIC (2) (4)	ANNUAL EARNINGS COVERAGE RATIO (3) (4)
End of the Roll	% Change in "Same Store Sales" "Same Store Sales" means the total sales of all franchisee retail stores that have been open for at least two years over the fiscal year immediately preceding the fiscal year just ended	\$1.36 million	04/30/2011	(13.5%)	1.81
			04/30/2010	0.4%	2.43
			04/30/2009	(7.41%)	2.09
KMH	% Change in "Same Clinic Revenues" "Same Clinic Revenues" means gross revenue generated by all clinics in the KMH Canadian operations that have been open for at least one year and by all clinics in the KMH US operations that have been open for at least two years (subject to certain exceptions) over the fiscal year immediately preceding the fiscal year end.	\$4.30 million	11/30/2011	Not yet available ⁽⁷⁾	1.07
			11/30/2010	(0.12%)	0.76 ⁽⁹⁾
Killick	% Change in "Gross Revenues" "Gross Revenues" means all gross revenues generated by the Killick group of companies on a consolidated basis from customers or business activities that have been in its system for at least one year, over the fiscal year immediately preceding the fiscal year end.	\$4.30 million	12/31/2011	Net yet available ⁽⁸⁾	2.06
Quetico (in \$USD)	% Change in "Annual Gross Profits" "Annual Gross Profits" means all organic gross profits generated by Quetico on a consolidated basis, less certain permitted items, that have been in its system for at least one year, over the fiscal year immediately preceding the fiscal year just ended.	\$4.25 million	12/31/2011	N/A ⁽¹⁰⁾	4.38 ⁽¹⁰⁾

- (1) Current Annual Distribution to Alaris is calculated as the total contractual distribution Alaris expects to receive from the Private Company Partner over the twelve (12) month period following the Private Company Partner's most recent fiscal year end in accordance with Alaris' agreements with each Private Company Partner.
- (2) The Annual % Change in Performance Metric reflects the change in the relevant performance metric at the end of each Private Company Partner's fiscal year compared against the prior fiscal year. The change in the relevant performance metric is used to calculate the annual Distributions payable to Alaris for the next fiscal year of a Private Company Partner. The performance metric is calculated using audited financial statements once they are received from each Private Company Partner.
- (3) The Annual Earnings Coverage Ratio is used by Management to evaluate a Private Company Partner's ability to pay our Distributions. It is defined as EBITDA divided by interest, principal repayments, unfunded capital expenditures and distributions to Alaris. Such ratio indicates the number of times a Private Company Partner's fixed commitments can be covered by such Private Company Partner's earnings. As a failure to meet such commitments would mean a default under the terms of any such commitment, this ratio indicates the available margin of safety, and therefore, the risk involved in determining a Private Company Partner's ability to pay its commitments when business activity falls. A ratio of 1.0 or higher is generally considered sufficient by Management to demonstrate a company's ability to pay its distributions to Alaris. The Annual Earnings Coverage Ratio, in the table above were calculated using either: (i) audited financial statements of a Private Company Partner for its most recent fiscal year; or (ii) unaudited internal financial statements prepared by management of the Private Company Partner where audited financial statements are not yet available. As at the date hereof, we have received audited financial statements for each of LMS, Solowave and End of the Roll. Where a distribution was only payable for a partial fiscal year of a Private Company Partner, the Annual Earnings Coverage Ratio was calculated using the actual Distribution payable to Alaris for such fiscal year, rather than the Distribution payable for a full 12 month period.
- (4) Calculated based on the fiscal year end of the Private Company Partner not Alaris' fiscal year end. For information regarding revenues Alaris received from each Partner during Alaris' fiscal year ending December 31, 2011, please refer to Alaris' Financial Statements and MD&A for the year ended December 31, 2011, both of which have been filed under our profile at www.sedar.com.
- (5) The LifeMark Transaction was completed in June 2011. As a result, the Annual Earnings Coverage Ratio was calculated using: (i) unaudited internal financial statements for LifeMark Health for the six (6) month period ended June 30, 2011; and (ii) unaudited internal financial statements of Centric for the (3) month period ended September 30, 2011 (provided that Management annualized Centric's financial results for the three (3) month period ended September 30, 2011 for the purposes of estimating Centric's financial results for the three (3) and six (6) month period ended December 31, 2011 as interim financial statements for this period were not available at the date hereof).
- (6) Although LMS' Earnings Coverage Ratio for its years ended September 30, 2009 and 2010 was significantly less than 1.0, Management determined that LMS had sufficient cash on hand to pay the next twelve months of distributions to Alaris.
- (7) Audited financial statements in respect of KMH's most recently completed fiscal year end are not yet available as of the date of this AIF. As such, the % change in KMH's performance metric has not yet been determined.
- (8) Audited financial information in respect of Killick's most recently completed fiscal year end is not yet available as of the date of this AIF. As such, the % change in Killick's performance metric has not yet been determined.
- (9) Although KMH had an Earnings Coverage Ratio of less than 1.0 for its year ended November 30, 2010, Management determined that KMH had sufficient cash on hand to pay the next twelve months of distributions to Alaris.
- (10) Alaris' transaction with Quetico closed in December 2011. As a result: (i) the first adjustment to the Distribution payable to Alaris is not until January 2013; and (ii) the Annual Earnings Coverage Ratio calculation only includes month of Distributions paid to Alaris.

As of the date of this AIF, all of our Private Company Partners were in material compliance with the terms of their agreements with Alaris. Below is a summary of the LifeMark Partnership Agreement (as amended), the LMS Partnership Agreement, the Solowave Partnership Agreement, the KMH Partnership Agreement (as amended), the Killick Partnership Agreement, and the Quetico LLC Agreement.

SUMMARY OF PARTNER AGREEMENTS

LifeMark Health

Alaris currently holds 6,750,000 LifeMark Preferred Units in LifeMark Health. There are currently no other units issued and outstanding.

Pursuant to the LifeMark Partnership Agreement, the LifeMark Preferred Units entitle Alaris to receive an annual preferred distribution of \$6,750,000 in priority to distributions on LifeMark Health's other partnership units. Such amount increases by 4% each year beginning June 1, 2012.

Centric has the option at any time after June 9, 2013 to purchase or cause LifeMark Health to repurchase all or a portion (at Centric's option) of the LifeMark Preferred Units. In addition, on an event of default that is not a Wilful Breach (as defined in the LifeMark Partnership Agreement) or on a change of control of LifeMark Health or Centric, Alaris is entitled to receive an amount equal to the LifeMark Repurchase Amount in respect of the LifeMark Preferred Units in priority to holders of other units, but subject to LifeMark Health's senior creditors. If there is an event of default that is a Wilful Breach, Alaris is entitled to receive a pre-negotiated premium above the LifeMark Repurchase Amount in priority of holders of other units, but subject to LifeMark Health's senior creditors.

Pursuant to the LifeMark Partnership Agreement, other than in respect of certain preferred unit matters in which Alaris' consent is required, as described below, the LifeMark Preferred Units do not entitle the Company to any voting rights. The approval of Alaris is required for the following matters: (i) change in the terms of the outstanding units of LifeMark; (ii) creating additional classes of units that rank ahead of the preferred units held by Alaris; (iii) amending the LifeMark Partnership Agreement in a manner adverse to Alaris; (iv) a transfer of any partnership units (except certain related party transfers); (v) if Centric or LifeMark is in default of any covenants under Centric's senior credit facility, any material change to specified terms of this senior credit facility; (vi) entering into any new credit facility; and (vii) amending the terms of any management, non-competition or non-solicitation agreement between Centric and certain members of Centric's management team.

LifeMark Health must also provide regular unaudited financial and operating information to Alaris on a monthly and annual basis. This information is used by Alaris to verify distribution calculations and monitor LifeMark Health's compliance with the terms of its agreements with Alaris.

LMS

Alaris holds 510,000 LMS Preferred Units in LMS. There are currently no other LMS Preferred Units issued and outstanding.

Pursuant to the LMS Partnership Agreement, the LMS Preferred Units entitle Alaris to receive the LMS Preferred Distribution in priority to distributions on LMS' other partnership units. Commencing December 21, 2007 Alaris was entitled to an aggregate preferred distribution of \$8.5 million over the next twelve months. The aggregate distribution consists of two distinct portions that are adjusted on January 1 and April 1 in each subsequent twelve-month period to the LMS Preferred Distribution for the prior twelve-month period multiplied by the percentage increase or decrease in LMS' Gross Profit for the most recently completed fiscal year.

LMS currently has the option to repurchase all (but not less than all) of the LMS Preferred Units at the LMS Repurchase Amount. In addition, on a liquidation or dissolution of LMS, Alaris is entitled to receive a preferred liquidation entitlement in respect of the LMS Preferred Units, in priority to the holders of the other partnership units, in an amount equal to the LMS Repurchase Amount.

Other than in respect of certain preferred unit matters in which Alaris' consent is required, as described below, the LMS Preferred Units do not entitle Alaris to any voting rights. Pursuant to the LMS Partnership Agreement, the approval of Alaris is required for the following matters: (i) adding, changing or removing the rights, privileges, restrictions or conditions attaching to the LMS Preferred Units in any manner adverse to the holder of the LMS Preferred Units; (ii) changing the rights or privileges attaching to the voting partnership units in any manner adverse to the holder of the LMS Preferred Units; (iii) amending the LMS Partnership Agreement in any manner adverse to

the holder of LMS Preferred Units; (iv) undertaking any direct or indirect acquisition, disposition or merger or any sale or other divestiture or undertaking any other transaction outside the ordinary course of business for a value in excess of a specified amount; (v) transfers of voting partnership units by the initial limited partner; (vi) transfer of shares of the general partner of LMS; (vii) redeeming any units of LMS or the share capital of the general partner, as the case may be, or any change in ownership of either LMS or the general partner; (viii) any transfer of shares of the general partner of LMS that result in a change of control of the general partner; (ix) amending the term or provisions of any confidentiality, non-solicitation and non-competition covenants contained in employment agreements with LMS's senior management; (x) non arm's length transaction exceeding a specified amount; (xi) encumbrance of assets other than as permitted under the LMS Partnership Agreement; (xii) any encumbrance of assets other than in respect of securing bona fide indebtedness otherwise permitted under the LMS Partnership Agreement; (xiii) any material change in the business outside the ordinary course of business; (xiv) incurring any indebtedness in excess of a specified amount; (xv) any capital expenditures or series of related capital expenditures outside the ordinary course of business in excess of a specified amount in any fiscal year; or (xvi) dissolving LMS; or (xvii) exceeding certain financial covenants. Upon the occurrence of certain material events of default, the LMS Preferred Units will be redeemed at a pre-negotiated amount equal to the LMS Repurchase Amount. In addition, the LMS Preferred Units become entitled to voting rights until such time as they are redeemed.

LMS must also provide regular financial and operating information to Alaris on a monthly and annual basis. This information is used by Alaris to verify distribution calculations and monitor LMS' compliance with the terms of its agreements with Alaris.

Solowave Design Inc.

Alaris currently holds 3,250,001 Solowave Preferred Units in Solowave. There are currently no other preferred units issued and outstanding. Pursuant to the Solowave Partnership Agreement, the Solowave Preferred Units entitle Alaris to receive the Solowave Preferred Distribution in priority to distributions on Solowave's other partnership units in an amount equal to: (i) for the first full year after Alaris' initial contribution to Solowave, \$5,000,000; (ii) for the second full year thereafter, \$5,000,000 multiplied by one (1) plus the percentage change in Solowave's "same customer net sales" for Solowave's 2011 fiscal year (excluding certain permitted items) as compared to its 2010 fiscal year, provided that the maximum annual increase or decrease permitted under the Solowave Partnership Agreement is six percent (6%); and (iii) for each year thereafter, the previous year's Solowave Preferred Distribution multiplied by a number equal to one (1) plus the percentage change in same customer net sales for Solowave's immediately preceding fiscal year, provided that the maximum annual increase or decrease permitted under the Solowave Partnership Agreement is six percent (6%). Under the Solowave Partnership Agreement, "same customer net sales" is defined as all gross sales generated by Solowave's North American and international operations from customers that have been in Solowave's system for at least one year, less customer discounts and adjustments and excluding certain other permitted items.

Solowave or the general partner of Solowave have the option, exercisable at any time up to and including April 30, 2012, to require Alaris to make a further contribution to Solowave Partnership for additional Solowave preferred units, provided that such further contribution is subject to approval by Alaris' board of directors. The amount of the further contribution is to be calculated in accordance with a pre-negotiated formula as follows: 50% of Solowave Partnership's 2011 audited EBITDA less the aggregate of the preferred distributions payable in respect of the first distribution period of the Solowave Partnership, multiplied by seven.

Any additional Solowave Preferred Units will entitle Alaris to receive an annual preferred distribution in respect of such additional units equal to: (i) in the first full year after acquiring additional Solowave Preferred Units, the amount of such proceeds multiplied by a fraction, the numerator of which is one (1) and the denominator is seven (7); and (ii) for the period from the end of the first full year after the acquisition of additional Solowave Preferred Units to the end of the then current distribution period for the Solowave preferred distribution, the additional Distribution will be adjusted in accordance with the same formula set forth above with respect to the Solowave Preferred Distribution, with adjustments being made on a pro-rata basis based on the number of days left in the year following the acquisition of the additional Solowave Preferred Units; and (iii) for each year thereafter such Additional Solowave Distribution will be added to and will form part of the Solowave Preferred Distribution in the same manner as calculated for the Solowave Preferred Units.

Solowave has the option at any time after the third anniversary of Alaris' initial contribution to Alaris to purchase or cause Solowave Partnership to purchase all (but not less than all) of the Solowave Preferred Units, including any additional Solowave Units, at a pre-negotiated premium to the original purchase price, plus all unpaid distributions owing up to the date of the purchase. In addition, upon an event of default, which has not been cured in accordance with the Solowave Partnership Agreement, or on a liquidation or dissolution of Solowave, Alaris is entitled to receive an amount equal to a pre-negotiated premium to the original purchase price in respect of the Solowave Preferred Units in priority to the holders of other units, but subject to Solowave's senior creditors and certain amounts owing to the partners of Solowave Partnership as contemplated in the Solowave Partnership Agreement.

Other than in respect of certain preferred unit matters in which Alaris' consent is required, as described below, the Solowave Preferred Units do not entitle Alaris to any voting rights. Pursuant to the Solowave Partnership Agreement, the approval of Alaris is required for the following matters: (i) changing the terms of the Solowave preferred units and voting units or the Solowave Partnership Agreement; (ii) transferring or issuing any partnership units outside of the terms of the Solowave Partnership Agreement; (iii) undertaking acquisitions, or other transactions not in the ordinary course of business of Solowave exceeding certain pre-negotiated values; (iv) undertaking a material change in the business or organizational structure of Solowave and certain of its affiliates; (v) incurring additional indebtedness, encumbering the assets of Solowave or making capital expenditures exceeding a pre-negotiated amount; (vi) entering into a transaction resulting in a change of control; (vii) entering into non-arm's length transactions in excess of a pre-negotiated amount; (viii) dissolving the Solowave Partnership; (ix) amending the terms of any confidentiality, non-competition and non-solicitation provisions of agreements with certain senior management of Solowave; (x) failure to maintain a certain pre-negotiated financial covenant; and (xi) entering into any business competitive with that of the Solowave Partnership.

Solowave must also provide regular financial and operating information to Alaris on a monthly and annual basis. This information is used by Alaris to verify distribution calculations and to monitor Solowave's compliance with the terms of its agreements with Alaris.

KMH

Alaris currently holds 50,000 KMH Preferred Units and 224,000 KMH B Units in KMH. Pursuant to the KMH Partnership Agreement, the 50,000 KMH Preferred Units entitle Alaris to receive a Preferred Distribution in priority to distributions on KMH's voting partnership units in an amount equal to: (i) for the period May 1, 2011 to April 30, 2012, \$873,950; (ii) for the period May 1, 2012 to April 30, 2013, \$873,950 multiplied by (1 plus the percentage change in KMH's "same clinic sales" for KMH's 2011 fiscal year as compared to the 2010 fiscal year); (iii) for the period May 31, 2013 to November 30, 2013 the preferred distribution determined in (ii) herein multiplied by 213/365; and (iv) for each year thereafter, the previous year's KMH Preferred Distribution multiplied by (1 plus the percentage change in same clinic sales for KMH's immediately preceding fiscal year.

Pursuant to the KMH Partnership Agreement, the 224,000 KMH B Units entitle Alaris to receive a preferred distribution in priority to distributions on KMH's voting partnership units in an amount equal to (i) \$3,319,000 for the first full year following Alaris' contribution for the KMH B Units; (ii) for the second full year following Alaris' contribution for the KMH B Units, \$3,319,000 multiplied by 1 plus the percentage change in KMH's "same clinic sales" for KMH's 2011 fiscal year; and (iii) for each year thereafter, the previous year's distribution multiplied by 1 plus the percentage change in KMH's "same clinic sales" for KMH's immediately preceding fiscal year.

Under the KMH Partnership Agreement, "same clinic sales" is defined as KMH's gross revenues generated by all Canadian clinics operated by KMH that have been open for at least one year plus all U.S. clinics operated by KMH and its affiliates that have been open for at least two years, excluding certain permitted items.

In addition, if Alaris acquires any additional KMH Preferred Units, we will be entitled to receive the following amounts in respect of such additional units: (i) in the first full year after acquiring additional KMH Preferred Units, 0.175 multiplied by Alaris' additional subscription amount; (ii) in the second full year after the additional acquisition the distribution will be adjusted in accordance with the same formula set forth above with respect to the distribution on the KMH Preferred Units, with adjustments being made on a pro-rata basis based on the number of days left in the year; and (iii) for each year thereafter such amount is added to and will form part of the distribution on the KMH Preferred Units in the same manner as calculated for the KMH Preferred Units.

If Alaris acquires any additional KMH B Units, we will be entitled to receive such distribution as determined between Alaris and KMH at the time of the acquisition of such additional KMH B Units.

At any time after three years from the issuance of the KMH Preferred Units or KMH B Units, KMH has the option to repurchase all (but not less than all) of the KMH Preferred Units or the KMH B Units, as the cause maybe, at a pre-negotiated premium to the original purchase price. In addition, upon an event of default, which has not been cured in accordance with the KMH Partnership Agreement, or on a liquidation or dissolution of KMH, Alaris is entitled to receive an amount equal to a pre-negotiated premium to the original purchase price in respect of the KMH Preferred Units in priority to the holders of other units, but subject to KMH's senior creditors.

Alaris holds one voting partnership unit out of 725,000 voting units in KMH currently outstanding, and as a result does not have any meaningful voting rights, other than in respect of certain preferred unit consent matters described below. However, the approval of Alaris is required for a number of matters, including, but not limited to: (i) changing the terms of the KMH Preferred Units, the KMH B Units, the voting units or the KMH Partnership Agreement; (ii) transferring or issuing any partnership units outside of the terms of the KMH Partnership Agreement; (iii) undertaking acquisitions, or other transactions not in the ordinary course of business of KMH; (iv) undertaking a material change in the business of KMH; (v) incurring additional indebtedness, encumbering the assets of KMH or making capital expenditures exceeding a pre-negotiated amount; and (vi) entering into a transaction resulting in a change of control.

Killick

Alaris currently holds 2,725,001 Killick Preferred Units in Killick. There are currently no other Killick Preferred Units issued and outstanding. Pursuant to the Killick Partnership Agreement, the Killick Preferred Units entitle Alaris to receive the Killick Preferred Distribution in priority to distributions on Killick's other partnership units in an amount equal to: (i) for the first full year after Alaris' initial contribution to Killick, \$4,300,000; (ii) for the second full year thereafter, \$4,300,000 multiplied by one (1) plus the percentage change in Killick's "gross revenue" for Killick's 2011 fiscal year as compared to its 2010 fiscal year, provided that the maximum annual increase or decrease permitted under the Killick Partnership Agreement is four percent (4%); and (iii) for each year thereafter, the previous year's Killick Preferred Distribution multiplied by a number equal to one (1) plus the percentage change in gross revenue for Killick's immediately preceding fiscal year, provided that the maximum annual increase or decrease permitted under the Killick Partnership Agreement is four percent (4%). Under the Killick Partnership Agreement, "gross revenue" is defined as consolidated gross revenue of Killick's subsidiaries from customers or business activities that have been in the subsidiaries' system for at least one (1) year.

Pursuant to the terms of the Killick Partnership Agreement, Killick or certain of its affiliates have the option, exercisable at any time up to and including the date that is twenty four (24) months from the closing of Alaris' initial contribution to Killick, Contribution, to require Alaris to make a further contribution to Killick for additional non-voting preferred partnership units of Killick, provided that such further contribution, is subject to approval by Alaris' board of directors. The amount of such further contribution is \$20,000,000.

If Alaris acquires any additional Killick units pursuant to the exercise of this option, it will be entitled to receive an annual preferred distribution in respect of such additional units equal to: (i) in the first full year after acquiring such additional Killick preferred units, the amount of the additional contribution multiplied by a predetermined percentage and (ii) for the period from the end of the first full year after the acquisition of such Additional Killick preferred units to the end of the then current distribution period, the distribution on such additional Killick preferred units will be adjusted in accordance with the same formula set forth above with respect to the current distribution on the Killick Preferred Units, with adjustments being made on a Pro-rata basis based on the number of days remaining in the distribution period following the acquisition of such additional Killick preferred units; and (iii) for each year thereafter such additional distribution will be added to and will form part of the original preferred distribution in the same manner as calculated for the initial Killick Preferred Units.

Killick, has the option at any time after the third anniversary of the closing date of Alaris' initial contribution to purchase or cause certain affiliates of Killick to purchase all (but not less than all) of the issued and outstanding Killick preferred units, including any additional Killick preferred units, held by Alaris at a pre-negotiated premium to the original purchase price, plus all unpaid distributions owing up to the date of the purchase. In addition, in

certain circumstances, including a third party acquisition of Killick or fifty percent (50%) of the common partnership units, Alaris is entitled to have its Killick Preferred Units, including any additional Killick preferred units, purchased by Killick or a third party acquirer, as applicable, at a pre-negotiated premium to the original purchase price. Also, upon an event of default, which has not been cured in accordance with the Killick Partnership Agreement, or on a liquidation or dissolution of Killick, Alaris is entitled to receive an amount equal to a pre-negotiated premium to the original purchase price in respect of the Killick Preferred Units, including any additional Killick preferred units.

Other than in respect of certain preferred unit matters in which Alaris' consent is required as described below, the Killick Preferred Units do not entitle Alaris to any voting rights. Pursuant to the Killick Partnership Agreement, the approval of Alaris is required for the following matters: (i) amending the rights of the Killick preferred units or the terms of the Killick Partnership Agreement (ii) transferring or issuing any partnership units other than in accordance with the terms of the Killick Partnership Agreement; (iii) undertaking acquisitions, or other transactions not in the ordinary course of business of Killick exceeding certain pre-negotiated values; (iv) undertaking a material change in the business or organizational structure of Killick and certain of its affiliates; (v) incurring additional indebtedness, encumbering the assets of Killick or making capital expenditures exceeding a pre-negotiated amount; (vi) entering into a transaction resulting in a change of control; (vii) dissolving Killick; (ix) amending the terms of any confidentiality, non-competition and non-solicitation provisions of agreements with certain senior management of Killick; and (x) entering into any business competitive with that of Killick.

Killick must also provide regular financial and operating information to Alaris both on a monthly and annual basis. This information is used by Alaris to verify distribution calculations and to monitor Killick's compliance with the terms of its agreements with Alaris.

Quetico

Alaris currently holds 1,250 Quetico B Units. Pursuant to the terms of the Quetico Agreements, the Quetico B Units entitle Alaris to receive the Quetico Preferred Distribution in priority to distributions on Quetico's other membership units in an amount equal to: (i) for the first full calendar year after Alaris' initial contribution, US\$4,250,000; (ii) for the second full calendar year thereafter US\$4,250,000 multiplied by a number equal to one (1) plus the percentage change in Quetico's "annual gross profits" for Quetico's 2012 fiscal year, provided that the adjustment is subject to a maximum increase of ten percent (10%) and a maximum decrease of twenty percent (20%); and (iii) for each year thereafter, the previous year's Quetico preferred distribution multiplied by a number equal to one (1) plus the percentage change in annual gross profits for Quetico's immediately preceding fiscal year, provided that the adjustment is subject to a maximum increase of ten percent (10%) and a maximum decrease of twenty percent (20%). Under the terms of the Quetico LLC Agreement, "annual gross profits" is defined as the organic gross profits on a consolidated basis set forth in Quetico's audited financial statements for the preceding fiscal year, plus management fees paid to Quetico by an affiliate of Quetico, and less commissions paid to arm's length third parties, provided that only gross profits that have been in Quetico's system for at least twelve (12) months on the first day of the applicable year shall be included in the calculation.

Quetico, or any holders of membership units of Quetico other than Alaris, have the option at any time after the third anniversary of the closing date of Alaris' initial contribution to purchase all (but not less than all) of the issued and outstanding Quetico B Units at a pre-negotiated premium to the original purchase price, plus all unpaid portions of the Quetico Preferred Distribution owing up to the date of the purchase. In addition, in certain circumstances, including a third party acquisition of Quetico, Alaris is entitled to have its Quetico B Units purchased (either by Quetico or a third party acquirer, as applicable) at a pre-negotiated premium to the original purchase price. Also, upon the occurrence of an uncured event of default, which includes, among other things, a failure to make a payment of the Quetico preferred distribution, Alaris is entitled to have the Quetico B Units held by it purchased at a pre-negotiated premium to the original purchase price.

Alaris has a small, minority voting interest in Quetico, entitling it to 12.5% of the votes. In addition, the approval of Alaris is required for a number of matters, including but not limited to: (i) any material changes in the business or organizational structure of Quetico and certain of its affiliates; (ii) incurring additional indebtedness, encumbering the assets of Quetico or making capital expenditures exceeding a pre-negotiated amount; (iii) any changes in the accounting policies, procedures or practices of Quetico and certain of its affiliates; (iv) any increase, beyond certain

pre-determined levels, in the total amount of compensation to certain members of Quetico's management team; (v) undertaking acquisitions, or other transactions not in the ordinary course of business of Quetico exceeding pre-determined values; (vi) entering into a transaction resulting in a change of control; (vii) entering into non-arm's length transactions in excess of a pre-negotiated amount; (viii) dissolving Quetico; (ix) amending the terms of any confidentiality, non-competition and non-solicitation provisions of agreements with certain senior management of Quetico; and (x) the failure to comply with certain pre-negotiated financial covenants.

Quetico must also provide regular financial and operating information to Alaris on both a monthly and annual basis. This information will be used by Alaris to verify distribution calculations and to monitor Quetico's compliance with terms of its agreements with Alaris.

End of the Roll

Our arrangement with End of the Roll consists of the licensing of the ER IP to End of the Roll, which was originally purchased by us from End of the Roll. We licensed the ER IP to End of the Roll for a term of 80 years pursuant to a license agreement with End of the Roll in consideration of an annual royalty based on same store sales and annual adjustments therein.

End of the Roll has the option to repurchase the intellectual property licensed to it by Alaris at a pre-negotiated premium from the original purchase price. In addition, if there is a material breach by End of the Roll of its agreements with Alaris, End of the Roll is required to pay us a pre-negotiated amount.

The obligations and liabilities of End of the Roll to Alaris are collateralized by a general security agreement, pursuant to which End of the Roll has granted to Alaris a security interest in its personal property and a floating charge on its real property, subject to certain permitted encumbrances including encumbrances in favour of End of the Roll's principal lenders and a permitted amount in additional obligations.

Alaris' agreement with End of the Roll contains representations and warranties by End of the Roll in favour of Alaris with respect to it and its business. Such agreement also includes various positive and negative covenants including, for example, undertaking material acquisitions or dispositions, incurring debt above permitted levels, paying dividends or other distributions, entering into non-arm's length transactions or completing mergers or reorganizations. End of the Roll must also provide regular financial and operating information to Alaris on a monthly and annual basis, which information is used by Alaris to verify royalty calculations and monitor End of the Roll's compliance with the terms of its agreement with Alaris.

RISK FACTORS

An investment in our securities involves a number of risks. The risks and uncertainties described below are all of the risks that we know about and that we have deemed to be material to our business or results of our operations. When reviewing forward-looking statements and other information contained in this AIF, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and company-specific factors that may adversely affect our future results. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for Management to predict all risk factors or the impact of such factors on our business. We assume no obligation to update or revise our risk factors or other information contained in this AIF to reflect new events or circumstances, except as may be required by law.

We have organized our risks into the following categories:

- Strategic Risk Factors Relating to our Business
- Operational and Financial Risk Factors Relating to Our Business
- Risk Factors Relating to our Private Company Partners

STRATEGIC RISK FACTORS RELATING TO OUR BUSINESS

We have limited diversification in our Private Company Partners

Although Alaris currently has seven Private Company Partners, Alaris continues to have limited diversification in its Private Company Partners. The LifeMark Transaction permitted Alaris to rebalance and improve the diversification of our revenue stream. However, Alaris does not have stringent fixed guidelines for diversification with respect to our Private Company Partners. At any given point in time, we may have a significant portion of our assets dedicated to a single business or industry. In the event that any such business or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on our business, results from operations and financial condition.

We may not complete or realize the anticipated benefits of our Private Company Partner arrangements

A key element of our growth plan is adding new Private Company Partners and making additional investments in the initial Private Company Partners in the future. Our ability to identify and complete new investment opportunities is not guaranteed. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of distributions.

We depend upon the operations and assets of our Private Company Partners

We are entirely dependent on the operations and assets of our Private Company Partners through our agreements with them. Our ability to pay dividends, to satisfy our debt service obligations and to pay our operating expenses is dependent on the Distributions received from our Private Company Partners, our sole source of cash flow. Distributions to Alaris from our Private Company Partners are generally based on a percentage of the Private Company Partner's revenues, same-store sales, gross margin or other similar top-line measure. Accordingly, subject to certain conditions, to the extent that the financial performance of a Private Company Partner declines with respect to the relevant performance measure, cash payments to Alaris will decline. The failure of any Private Company Partner to fulfill its distribution obligations to Alaris could materially adversely affect our financial condition and cash flows.

Our agreements with our Private Company Partners provide us with certain remedies in the event of non-payment of Distributions by the applicable Private Company Partner. In addition, some of our arrangements (in particular, End of the Roll) are secured by the assets of the Private Company Partner. However, our rights to payment and our security interests are generally subordinated to the payment rights and security interests of a Private Company Partner's commercial lenders.

We do not have significant influence over any of our Private Company Partners or their operations nor do we have the ability to exercise control over such Private Company Partners. The Distributions received by us from our Private Company Partners therefore depend upon a number of factors that may be outside of our control.

There is generally no publicly available information, including audited or other financial information about our Private Company Partners and the boards of directors and management of these companies are not subject to the same governance and disclosure requirements applicable to public companies. Therefore, we rely on our Management and consultants to investigate these businesses. There can be no assurance that our due diligence efforts will uncover all material information about the privately held businesses necessary to make fully informed decisions. Private Company Partners may have significant variations in operating results; may from time to time be parties to litigation; may be engaged in rapidly changing businesses; may expand business operations to new jurisdictions, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; or may be adversely affected by changes in their business cycle.

Numerous factors may affect the quantum of a Private Company Partner's distribution obligations to Alaris, or the ability of a Private Company Partner to service such distribution obligations, including the failure to meet its business plan, a downturn in its industry or negative economic conditions. Deterioration in a Private Company Partner's financial condition and prospects may be accompanied by a material reduction in the distributions or payments received by Alaris. See "*Risk Factors Relating to our Private Company Partners*".

Our ability to manage future growth and carry out our business plans may have an adverse effect on our business and our reputation

Our ability to sustain continued growth depends on our ability to identify, evaluate and contribute financing to suitable private businesses that meet our criteria. Accomplishing such a result on a cost-effective basis is largely a function of Alaris' sourcing capabilities, our management of the investment process, our ability to provide capital on terms that are attractive to private businesses and our access to financing on acceptable terms. As Alaris grows, we will also be required to hire, train, supervise and manage new employees. Failure to manage effectively any future growth or to execute on our business plans to add new Private Company Partners could have a material adverse effect on our business, reputation, financial condition and results of operations.

We are subject to risks affecting any new Private Company Partners

If Alaris is successful in partnering with one or more new Private Company Partners, the businesses of these Private Company Partners may be subject to one or more of the risks referred to under "*Risk Factors Relating to our Private Company Partners*" or similar risks and may be subject to other risks particular to such business or businesses.

We may be adversely affected by general economic and political conditions

Our business and the business of each of the Private Company Partners are subject to changes in national or North American economic conditions, including but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. Market events and conditions in the last 3 years, including disruptions in the international credit markets and other financial systems and the American and European Sovereign debt level resulted in a deterioration of global economic conditions. These conditions have caused a decrease in confidence in the broader U.S. and global credit and financial markets and created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns remain about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have caused the broader credit market to further deteriorate and stock market to decline substantially. This volatility may in the future affect our ability to obtain equity or debt financing on acceptable terms. These factors have also negatively impacted company valuations, will impact the performance of the global economy going forward, and could have a material adverse effect on our and our Private Company Partners' business, financial condition, results of operations and cash flows.

In addition, economic conditions in North America and globally may be affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. In particular, conflicts, or conversely peaceful developments, arising in the Middle-East and other areas of the world that have a significant impact on the price of important commodities can have a significant impact on financial markets and global economy. Any such negative impacts could have a material adverse effect on our Company and our Private Company Partners' business, financial condition, results of operations and cash flows.

We face competition with other investment entities

Alaris competes with a large number of private equity funds and mezzanine funds, investment banks, equity and non-equity based investment funds, and other sources of financing, including the public capital markets. Some of our competitors, particularly those operating in the United States, are substantially larger and have considerably greater financial resources and available funding structures than us. Competitors may have a lower cost of funds and many have access to funding sources and unique structures that are not available to Alaris. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their market shares. There is no assurance that the competitive pressures that we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities and there can be no assurance that Alaris will be able to identify and make investments that satisfy our business objectives or that we will be able to meet our business goals.

OPERATIONAL AND FINANCIAL RISK FACTORS RELATING TO OUR BUSINESS

We are subject to tax related risks

Alaris has various unclaimed non-capital losses, scientific research and experimental development expenditure pools and other deductions and credits available to it for Canadian federal income tax purposes. These unclaimed deductions and credits are subject to assessment and possible downward adjustment by Canadian tax authorities. Although we are of the view that all expenses and tax credits claimed by us are reasonable and deductible and have been correctly determined, there can be no assurance that the Canadian taxation authorities will agree. If the Canadian taxation authorities successfully challenge the deductibility of our expenses or the correctness of income tax credits claimed, our operating results could be adversely affected.

Alaris has also established Alaris Coop and Alaris USA for the purpose of financing and entering into arrangements with potential Private Company Partners in the United States and other jurisdictions. Our corporate structure for this purpose was implemented having regard to the corporate and tax laws and regulations of Canada, The Netherlands and the United States, as well as the income tax conventions between those countries to date, and our understanding of the current administrative practices and policies of the taxation authorities of each such jurisdiction. Such laws, regulations and conventions are subject to change from time to time. There is a possibility that such a change may be made, including with retroactive or retrospective effect. In addition, such structure is subject to assessment and possible adjustment by any of the taxation authorities of such jurisdictions. Although we are of the view that the corporate structure has been implemented correctly and is being managed and monitored properly, there can be no assurance that the tax authorities of such jurisdictions will agree. If such tax authorities successfully challenge any aspect of our financing and corporate structure, our operating results could be adversely affected.

There are risks related to Alaris' and our Private Company Partners' outstanding debt

Certain features of our outstanding debt, including the renewal of such debt on substantially similar terms, and the nature of any outstanding debt of the Private Company Partners could adversely affect our ability to raise additional capital, to fund our operations, to pay dividends, and could limit our ability to react to changes in the economy and our industry, expose us to interest rate risks and could prevent us from meeting certain of our business objectives.

There are no guarantees as to the availability of future financing for operations, dividends and growth

We expect that our principal sources of funds will be cash generated from the Private Company Partners. We believe that funds from these sources will provide Alaris with sufficient liquidity and capital resources to meet our ongoing business operations at existing levels. Despite our expectations, however, Alaris may require additional equity or debt financing to meet our financing and operational requirements. There can be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to Alaris, in which event our financial condition may be materially adversely affected.

The payout by Alaris of substantially all of our operating cash may make additional investment capital and operating expenditures dependent on increased cash flow or additional financings in the future. Alaris may require equity or debt financing in order to acquire interests in new Private Company Partners or make additional contributions to our current Private Company Partners. Although we have been successful in obtaining such financing as and when required to date, there can be no assurance that such financing will be available when required or will be on commercially favourable terms. A lack of availability or commercially favourable terms could limit our growth. The ability of Alaris to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as our business performance.

Our ability to pay dividends is affected by the degree to which we are leveraged

Our ability to pay dividends is subject to applicable laws and contractual restrictions in the instruments governing our indebtedness. The degree to which Alaris is leveraged could have important consequences for Shareholders including: (i) our ability to obtain additional financing for working capital or investments in the future may be limited; (ii) all or part of our cash flow from operations may be dedicated to the payment of the principal of and interest on our indebtedness, thereby reducing funds available for future operations or for payment of dividends; (iii)

certain of our borrowings are at variable rates of interest, which exposes us to the risk of increased interest rates; and (iv) we may be more vulnerable to economic downturns and be limited in our ability to withstand competitive pressures. These factors may adversely impact our cash flow, and, as a result, the amount of cash available for payment of dividends.

Interest expense has been estimated for the purpose of estimating our distributable cash based on current market conditions that are subject to fluctuations. Such fluctuations could result in an unanticipated material increase in interest rates that could in turn have a material adverse effect on cash available for dividend to Shareholders.

We and our Private Company Partners rely heavily on key personnel

The success of Alaris and of each of our Private Company Partners depends on the abilities, experience, efforts and industry knowledge of their respective senior management and other key employees, including their ability to retain and attract skilled management and employees. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of Alaris or a Private Company Partner. In addition, the growth plans of Alaris and the Private Company Partners described in this AIF may require additional employees, increase the demand on management and produce risks in both productivity and retention levels. Alaris and the Private Company Partners may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that Alaris or the Private Company Partners will be able to effectively manage their growth, and any failure to do so could have a material adverse effect on our business, financial condition, results of operations and future prospects.

As a public company, we are subject to significant regulation

Alaris, its subsidiaries, and the Private Company Partners are subject to a variety of laws, regulations, and guidelines in the jurisdictions in which they operate (including Dutch, U.S., and Canadian federal, provincial and local laws) and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions or additional changes to the jurisdictions in which they operate. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on Alaris' and the Private Company Partners' business, resources, financial condition, results of operations and cash flows. Such laws and regulations are subject to change. Accordingly, it is impossible for Alaris or the Private Company Partners to predict the cost or impact of such laws and regulations on their respective future operations.

Our private company partners have termination rights which may be exercised

Each of our Private Company Partners has the right to terminate their agreement with Alaris through a repurchase or redemption right that arises after a fixed period of time following the closing of our arrangement with the applicable Private Company Partner. Although Management believes that the repurchase or redemption purchase price would adequately compensate Alaris for the foregone payments, we would be required to reinvest the cash received including possibly investing in our own shares through the repurchase and cancellation of our shares, in order to maintain our dividend levels. There is no assurance that we would be able to successfully identify and complete any such alternative investments or complete any such share repurchase.

We are subject to fluctuations in currency

Certain of our Distributions are paid and received by us in United States dollars. However, our dividends are paid to our Shareholders in Canadian dollars. Currently, we have in place forward hedging contracts to manage the risk and economic consequences of foreign currency exchange fluctuations. However, the Canadian dollar relative to the United State dollar is subject to fluctuations and the forward contracts are for a limited period of time. There can be no guarantee that these contracts will continue to adequately protect against such fluctuations for the long term. As such failure to adequately manage our foreign exchange risk could adversely affect our business, financial condition and results of operation.

There are no guarantees as to the timing and amount of our dividends

The amount of dividends paid by us will depend upon numerous factors, including Distributions received, profitability, debt covenants and obligations, foreign exchange rate, the availability and cost of acquisitions, fluctuations in working capital, the timing and amount of capital expenditures, applicable law and other factors which may be beyond our control. Dividends are not guaranteed and will fluctuate with our performance and the performance of our Private Company Partners. There can be no assurance as to the levels of dividends to be paid by us, if any. Alaris will also incur expenses as a public issuer. Should any estimate of such expenses prove inadequate or if unanticipated public issuer expenses are incurred, it would reduce cash available for payment of dividends. The market value of the Common Shares may deteriorate if we are unable to pay dividends in accordance with our dividend policy in the future, or not at all, and such deterioration may be material.

Our ability to recover from Private Company Partners for defaults under our agreements with them may be limited

Each Private Company Partner provides certain representations and warranties and covenants to us regarding the Private Company Partner and its business and certain other matters. Following a transaction with Alaris, the Private Company Partner may distribute all or a substantial portion of the proceeds that it receives from us to its security holders or owners. In the event that we suffer any loss as a result of a breach of the representations and warranties or non-compliance with any other term of an agreement with a Private Company Partner, we may not be able to recover the amount of our entire loss from the Private Company Partner. The Private Company Partner may not have sufficient property to satisfy our loss.

Our share price is unpredictable and can be volatile

A publicly traded corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements we make, general economic conditions, and other factors.

We may issue additional Common Shares diluting existing Shareholders' interests

We may issue an unlimited number of Common Shares or other securities for such consideration and on such terms and conditions as shall be established by us without the approval of Shareholders. Any further issuance of Common Shares will dilute the interests of existing Shareholders. The Shareholders will have no pre-emptive rights in connection with such future issuances.

We are subject to a risk of legal proceedings

In the normal course of business, we may be subject to lawsuits, claims and litigation for amounts not covered by our liability insurance. Some of these proceedings could result in significant costs. Although the outcome of such proceedings is not predictable with assurance, Alaris has no reason to believe that the disposition of such matters could have a significant impact on our financial position, operating results or ability to carry on our business activities. As of the date of this AIF, no material claims or litigation have been brought against Alaris.

Our capacity to protect our intellectual property may be limited

We rely on various intellectual property protections, including trademark laws, to preserve our intellectual property rights, particularly those in End of the Roll. To protect our intellectual property, we may become involved in litigation, which could result in substantial expenses, divert the attention of Management, cause significant delays, materially disrupt the conduct of our business or adversely affect our revenues, financial position and results of operations.

RISKS RELATING TO OUR PRIVATE COMPANY PARTNERS

Risks relating to our Material Private Company Partners

Our material Private Company Partners, being LifeMark Health, LMS, Solowave KMH, Killick and Quetico, face a number of business, operational and other risks which if realized, could have a material impact on our operating results and conditions. These risks are outlined in more detail below.

Risks Relating Specifically to LifeMark Health

Government Regulation Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements. Unlike certain other healthcare industry segments, specifically pharmaceuticals, laboratory services and hospital management companies, LifeMark Health operates in markets that are not regulated. LifeMark Health does not require a special license or permit from any governmental body to operate, aside from the license required for the medical imaging business and those normally required for all businesses. All of LifeMark Health's medical personnel, both physicians and registered nurses, are required to maintain the requisite professional licenses from their respective governing professional bodies. Notwithstanding that LifeMark Health operates in markets that are not currently regulated, any change in governmental regulation and licensing requirements or interpretation and application of same relating to healthcare services could have an adverse impact on the scope of LifeMark Health's activities.

Customer Concentration LifeMark Health's revenue is dependent in part on contracts from certain governmental agencies. The loss of any such contract would have a significant adverse effect on LifeMark Health.

Confidentiality of Personal & Health Information The collection, use and disclosure of patient personal and health information are subject to substantial regulation by the federal and, in most cases, provincial governments. These laws provide that an individual's consent is required prior to the collection, use and disclosure of information collected from them (with limited prescribed exceptions), that the collected information be protected with reasonable security measures and that the individual have access to the information so collected in order to ensure its accuracy. In addition, future legislation may affect the dissemination of health information that is not individually identifiable. Physicians and other persons providing patient information to LifeMark Health are also required to comply with these laws and regulations. If a client's privacy is violated or if LifeMark Health is found to have violated any law or regulation, it could be liable for damages or for criminal fines or penalties.

Risks Relating Specifically to LMS

Steel Pricing Risks The world steel markets in which LMS operates can be extremely volatile and cyclical. Up to approximately 60% of LMS's variable costs can be attributed to the price of steel. A failure of LMS to anticipate and appropriately respond in a timely fashion to steel pricing trends in the purchasing and selling of steel products may have a material adverse effect on LMS results.

Reinforcing steel products are typically sold by means of fixed price contracts, where the reinforcing steel is provided to the customer over a period of time which may range from several weeks to several years. At any point in time, therefore, LMS is contractually obligated to supply significant quantities of steel at a predetermined price. LMS does not hold inventory in quantities to match these obligations. The proportion of inventory to outstanding contractual obligations varies according to management's anticipation of steel pricing trends, but in any event, a material portion of the contractual obligations will always be exposed to future steel purchase pricing risk. If contractual obligations have to be fulfilled by steel purchased at higher costs, then LMS will incur lower realization on those contracts which will have an adverse effect on LMS's results.

LMS's other steel products are sold and shipped within a very short timeframe. These sales are often supported with large inventories of raw materials. During a period of falling prices for raw materials such as what occurred in late 2008, LMS would normally expect price realization on shipments of LMS's finished products to deteriorate, producing inferior returns during the period

when older inventories are being sold.

*General
Economic
Conditions
Affecting LMS*

Market events and conditions beginning in 2008, including disruptions in the international credit markets and other financial systems resulted in a deterioration of global economic conditions and had a negative effect on LMS' operations. Specifically, LMS experienced a dramatic shift in its business late in its fiscal 2008 year that included projects being cancelled and others being significantly delayed due to the unprecedented economic conditions that formed at that time. The end result was that LMS incurred material bad debt expenses for the first time in its operating history that decreased its reported gross profit for 2008 and a significant drop in its gross profit in 2009. The decline was based on both reduced volumes caused by the economic environment and credit crisis as well as by temporarily depressed margins that were caused by high priced inventory that resulted from cancelled projects. As a result of these factors, LMS' distribution to Alaris in 2010 decreased. Since 2009, LMS' gross profits have continued to be impaired due to construction market conditions across Western Canada. Since 2011, LMS has seen sales volume steadily improve in all of its regions and has seen a corresponding improvement in gross profit. However, challenging market conditions might continue to have a negative impact on LMS' business, financial condition, results of operation and cash flows and could have a material adverse effect on Alaris.

Supplier Base

LMS relies on key suppliers for the supply of raw materials. Disruption of any one supplier could have a material adverse effect on the ability of LMS to secure its supplies, as well as an increase in the cost of those supplies adversely affecting its financial results.

*Labour
Relations Risk*

Approximately one-half of LMS's employees are unionized or governed by collective trade agreements. Although, these agreements are with multiple union locals within diverse regions, a labour dispute with any union or employee association could adversely affect LMS' business.

*Trade Policy
Restrictions*

LMS is a significant importer of commodity steel products that are sourced both domestically and globally. Steel is often the subject of cross border trade disputes. Any material dispute that is not resolved in LMS's favour could have a material adverse effect on LMS's results.

Risks Relating Specifically to Solowave Design

Customer Risk

Solowave's four largest customers represent approximately 78% of Solowave's revenues. Although Solowave has increased revenues from other customers in the last three years, these four customers continue to represent a large portion of Solowave's revenues. Should these four customers experience difficulties in fulfilling their financial obligations to Solowave, cease to do business with Solowave, or significantly reduce orders from Solowave, there could be a material adverse effect to Solowave's business, financial condition and cash flows, which could in turn have a material adverse effect on Alaris. Solowave has accounts receivable insurance in place to protect payments, but the insurance recovery process could take time to realize. In addition, should any of Solowave's major customers seek price reductions, additional financial incentives, or changes in sale terms, Solowave's business could be adversely affected.

*International
Operations Risk*

Solowave sources certain component parts from Asia and assembles some of its goods in leased space in China. In addition, Solowave distributes a large number of its products through its distribution centre in Buffalo, New York, USA. These operations are subject to the risks normally associated with international operations, including but not limited to: currency conversion risks and currency fluctuations; political instability; civil unrest and economic instability; complications in complying with laws in several jurisdictions; changes in governmental policies; rising costs of raw materials; rising energy prices; blackouts due to energy shortages; transportation delays, interruptions and strikes; and the potential imposition of tariffs. Should Solowave's operations in China or the USA be impacted as a result, Solowave would need to shift additional business volumes to its Canadian manufacturing centre, which would significantly increase transportation and manufacturing costs and possibly disrupt its business. Also, the imposition of trade sanctions by Canada, the USA or China against any of the

products imported by Solowave could significantly increase Solowave's manufacturing costs.

<i>Seasonal Business Risks</i>	The majority of Solowave's back yard active play sets are shipped for delivery and sold by its customers between February and August. As such, any interruption to the shipment of product to Solowave's customers during its peak selling season can result in a permanent loss of sales revenue for Solowave and its customers, as well as an increase in Solowave's inventory carrying costs. Both of these items could potentially adversely affect Solowave's financial condition. In addition, a failure by Solowave to properly manage its seasonal sales cycle could result in a temporary or permanent loss of orders from customers, a strain on Solowave's working capital or a shortage of labour, all of which would adversely affect Solowave's financial condition and operating results.
<i>Natural or Other Disasters</i>	The risk to Solowave's financial condition would depend on the severity of the damage caused; the length of time the affected operations were off-line; the length of time for Solowave to realize upon its insurance coverage; and the extent of damage covered by Solowave's business interruption insurance. A fire or other unforeseen disaster could interrupt Solowave's manufacturing or distribution operation, or cause damage to Solowave's inventory or equipment. Such disaster could adversely affect Solowave's financial condition and operating results.
<i>Product Recall Risk</i>	As a manufacturer of products that are used by children, Solowave is subject to strict product safety regulations and guidelines. A major product recall instituted either by the governing bodies or by Solowave, could adversely affect Solowave's financial condition; and could lead to a permanent loss of revenue.

Risks Relating Specifically to KMH

<i>Customer Risk</i>	Any cause that would reduce the affordability to pay for private healthcare will negatively affect KMH's volumes and revenue. A loss or reduction of personal income, due to continued unemployment in the U.S., and uncertain economic conditions, has a direct impact on the ability of U.S. citizens to pay for private insurance.
<i>Medical Reimbursement Rates</i>	KMH derives the majority of its revenue from public health insurance programs. Therefore, any major change in these programs would negatively impact KMH. The largest risk KMH faces in the U.S. is the fact that reimbursement rates are dictated by Medicare. If Medicare decides to cut these rates significantly, all issuers follow, leading to a substantial decrease in margins.
<i>Referral Loss</i>	KMH's revenue is dependent in part on referrals from centers that do not have in-house medical imaging capabilities. The loss of any of these referrals would have a significant adverse effect on KMH's business. Aside from a general decline in referrals, a complete loss of a referral channel could result if a private practice sells its business to a local hospital that has its own internal imaging capabilities.
<i>Supplier Base</i>	KMH relies on key suppliers for the supply of isotopes. Isotopes are essential to conducting nuclear medicine diagnostic tests. The supply of isotopes can be affected by a number of factors, including, without limitation, an interruption of operations at any nuclear reactors around the world or increased regulation with respect to the production of nuclear power. If KMH loses its supply of isotopes, for even a short period of time, it could result in a significant decrease in nuclear tests conducted, affecting revenue.
<i>Regulation</i>	KMH operates in a strictly regulated industry. All KMH facilities are subject to scrutiny by the regulators and any failures to comply with set requirements could result in the loss of KMH's operating licenses. In addition, any change in governmental regulation and licensing requirements or interpretation and application of same relating to healthcare services could have an adverse impact on the scope of KMH's activities.

Foreign Exchange Rate Fluctuations Though minimal, KMH is exposed to foreign exchange rate fluctuations from the U.S. operations thus decreasing income from U.S. operations if affected negatively by a USD to CDN dollar rate change.

Risks Relating Specifically to Killick

Government Regulation The size and scope of the global maintenance, repair & overhaul market is determined largely by government regulatory requirements created to ensure the safety of the air traveling public. Any change in the governmental regulation and licensing requirements or interpretation and application of same relating to aircraft maintenance and service could have an adverse impact on the scope of Killick's operations and volumes.

New Product Risk The threat of a new model of engine coming to market has the potential to significantly reduce the demand for the types of engines and parts that Killick services and supplies. However, an event can generally be predicted and planned for well in advance of the product arriving in the market.

Customer Bargaining Power Risk In the market segment that Killick's CT Aerospace division participates, buyers are limited in number but large in size and industry influence. Buyers exercise increased power as the available options for sources of engine parts are often many. Participants in the market segment in turn work to distinguish themselves from the competition in an effort to win their business, making the market segment highly relational and service oriented. Losing favor with a buyer could result in an adverse impact on CT Aerospace's revenue.

General Economic Conditions The growth of the MRO market is driven by two main factors: the growth of the worldwide aircraft fleet and the increased average age of the fleet as evidenced by cumulative number of flight hours. Economic factors negatively effecting demand and overall industry flight time could reduce the level of work for MRO operations.

Risks Relating Specifically to Quetico

Customer Risk Quetico's largest customer represents approximately 70% of Quetico's revenues. Substantial decreases in product and servicing orders from this customer could adversely affect Quetico's business, financial condition and results from operations. Quetico's relationship with this customer is over two decades old and Quetico is integrated into the customer's inventory system, offering services that no other company currently provides. However, if the customer starts to see its sales volumes across North America decline or decides to use additional service providers, it may have a materially negative effect on Quetico's business, and therefore have a material effect on Alaris.

Operational Risk Quetico has no formal agreements with any of its wholesale merchandise customers, except for in respect to licensing and royalty agreements. The Company conducts wholesale business with purchase orders from retailers, or brand owners, which indicate a future commitment or promise to take ownership of inventory at some time in the future. If at any point, a customer does not honour a purchase order commitment, Quetico will have inventory to sell to cover its financial position on the transaction. There can be no guarantee that this will be sold, particularly in a weak economy. In addition, carrying the additional inventory may cause a drain on Quetico's capital availability to fund new transactions.

Risks relating to all of our Private Company Partners, generally

In addition to the risks relating specifically to our material Private Company Partners (being LifeMark Health, LMS Solowave, Killick, KMH and Quetico), there are several other risks which impact all of our current and future Private Company Partners collectively, which if realized, could have a material impact on our operations and financial condition, as described below.

How a Private Company Partner is leveraged may have adverse consequences to them

Leverage may have important adverse consequences on our Private Company Partners. Private Company Partners may be subject to restrictive financial and operating covenants. Leverage may impair our Private Company Partners' ability to finance their future operations and capital needs. As a result, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money was not used.

Our Private Company Partners rely on key personnel

Often, the success of a private business depends on the management talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on a Private Company Partner's operations or ability to access additional capital qualified personnel, expand or compete.

A lack of funding for our Private Company Partners could have adverse consequences to them

Each of our Private Company Partners will continue to require additional working capital to conduct their existing marketing activities and to expand their businesses. Our Private Company Partners will need to raise additional funds through collaborations with corporate partners or through private or public financings to support their long-term growth efforts. If adequate funds are not available, our Private Company Partners may be required to curtail their business objectives in one or more areas. There can be no assurance that unforeseen developments or circumstances will not alter a Private Company Partner's requirements for capital, and no assurance can be given that additional financing will be available on acceptable terms, if at all.

Our Private Company Partners may suffer damage to their brand reputations

Damage to the reputation of our Private Company Partners' brands, or the reputation of the brands of suppliers of products that are offered by the Private Company Partners, could result from events out of the control of our Private Company Partners. This damage could negatively impact consumer opinion of our Private Company Partners or their related products and services, which could have an adverse effect on the Private Company Partners' performance.

Our Private Company Partners face intense competition

Our Private Company Partners may face intense competition, including competition from companies with greater financial and other resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. There can be no assurance that our Private Company Partners will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows and therefore the amount of or their ability to service their obligations to Alaris.

Additional franchises and franchise operations may be limited

One of our Private Company Partners, End of the Roll is a franchisor. The growth of revenues of this company is largely dependent upon their ability to maintain and grow its franchise systems and to execute its current growth strategy for both increasing the number of franchisees and increasing the number of locations. If this company is unable to attract qualified franchisees, its operations could be adversely affected. The slowing of growth could lead

potential and existing franchisees to begin to look elsewhere for better opportunities. The growth of the franchise network through adding new franchisees is somewhat dependent upon available personnel.

The franchisees that operate the franchises are independent owners. The franchisees are bound by the applicable franchise agreements to maintain certain standards and to operate within the franchise system. However, the franchisees are not directly under the control of the franchisors and may not in all cases comply with the requirements of the franchisors. The failure of a number of franchisees to comply with the franchise agreements or to maintain the standards of the franchisors may have an adverse effect on the applicable franchisor's brand and operating results.

DIVIDENDS

In deciding to pay dividends on our Common Shares, our Board considers our Distributions received, profitability, debt covenants and obligations, foreign exchange rates, the availability and cost of acquisitions, fluctuations in working capital, applicable law, and any other relevant conditions existing at declaration time, as well as any dividend policy it may have implemented. Any dividend policy established by our Board can be changed at any time and is not binding on us.

Our HSBC/BMO Credit Facility agreement limits our ability to pay dividends in certain circumstances. Accordingly, our ability to pay dividends depends upon, among other things, our level of indebtedness at the time of the proposed dividend and whether we are in compliance with such agreements. Our ability to pay dividends also depends upon, among other things, the financial performance of our Private Company Partners. There is no certainty that we will declare and pay any dividends at any time.

In August 2008, our Board approved a dividend policy to review dividends on a quarterly basis and to declare and pay dividends on the issued and outstanding Common Shares and Non-Voting Shares on a monthly basis, provided specific financial and other conditions have been met by Alaris. On March 12, 2009, in response to the prevailing economic conditions, in particular such conditions affecting LMS, our Board decided to reduce our monthly dividend to \$0.07 per Share from \$0.12 per Common Share, beginning with the dividend payable on April 15, 2009 to holders of Shares of record at the close of business on March 31, 2009. On March 11, 2010, due to improved earnings and outlook, our Board decided to increase our monthly dividend to \$0.08 per Share, beginning with the dividend payable on April 15, 2010 to holders of Shares of record at the close of business on March 31, 2010. On November 26, 2010, our Board further increased our dividend to \$0.085 per Share subject to and as a result of the transactions with Solowave. Such increase was effective beginning with the dividend payable on January 15, 2011 to holders of Shares of record at the close of business on December 31, 2010. Further, on October 11, 2011, our Board increased our dividend again to \$0.095 per Share as a result of improved corporate earnings and performance from the transactions with Killick and KMH. Such increase was effective beginning with the dividend payable on November 15, 2011 to holders of Shares of record at the close of business on October 31, 2011.

The following table describes the dividends declared and paid by in the last three years and up to the date of March 14, 2012:

Dividend Payment Date	Amount per Common Share	Record Date
January 15, 2009	\$0.12/Share	December 31, 2008
February 15, 2009	\$0.12/Share	January 31, 2009
March 15, 2009	\$0.12/Share	February 28, 2009
April 15, 2009	\$0.07/Share	March 31, 2009
May 15, 2009	\$0.07/Share	April 30, 2009
June 15, 2009	\$0.07/Share	May 29, 2009
July 15, 2009	\$0.07/Share	June 30, 2009
August 17, 2009	\$0.07/Share	July 31, 2009
September 15, 2009	\$0.07/Share	August 31, 2009
October 15, 2009	\$0.07/Share	September 30, 2009
November 16, 2009	\$0.07/Share	October 30, 2009
December 15, 2009	\$0.07/Share	November 30, 2009
January 15, 2010	\$0.07/Share	December 31, 2009
February 15, 2010	\$0.07/Share	January 29, 2010
March 15, 2010	\$0.07/Share	February 26, 2010
April 15, 2010	\$0.08/Share	March 31, 2010
May 17, 2010	\$0.08/Share	April 30, 2010
June 15, 2010	\$0.08/Share	May 31, 2010
July 15, 2010	\$0.08/Share	June 30, 2010
August 16, 2010	\$0.08/Share	July 30, 2010
September 15, 2010	\$0.08/Share	August 31, 2010
October 15, 2010	\$0.08/Share	September 30, 2010
November 15, 2010	\$0.08/Share	October 29, 2010
December 15, 2010	\$0.08/Share	November 30, 2010
January 17, 2011	\$0.085/Share	December 31, 2011
February 15, 2011	\$0.085/Share	January 31, 2011
March 15, 2011	\$0.085/Share	February 28, 2011
April 15, 2011	\$0.085/Share	March 31, 2011
May 16, 2011	\$0.085/Share	April 29, 2011
June 15, 2011	\$0.085/Share	May 31, 2011
July 15, 2011	\$0.085/Share	June 30, 2011
August 15, 2011	\$0.085/Share	July 29, 2011
September 15, 2011	\$0.085/Share	August 31, 2011
October 17, 2011	\$0.085/Share	September 30, 2011

November 15, 2011	\$0.095/Share	October 31, 2011
December 15, 2011	\$0.095/Share	November 30, 2011
January 16, 2012	\$0.095/Share	December 30, 2011
February 15, 2012	\$0.095/Share	January 31, 2012

DESCRIPTION OF CAPITAL STRUCTURE

Alaris is authorized to issue an unlimited number of Common Shares and Non-Voting Shares. As of the date hereof, 2012, 19,476,743 Common Shares were outstanding and Nil Non-Voting Shares were issued and outstanding. In addition, as of the date hereof, there were stock options outstanding to acquire 940,150 Common Shares pursuant to the Option Plan, and there were restricted share units outstanding entitling the holders thereof to receive an aggregate of 384,400 Common Shares pursuant to the RSU Plan upon the satisfaction of certain vesting criteria.

The following describes the material provisions of our Common Shares and Non-Voting Shares.

COMMON SHARES

The material characteristics of the Common Shares are as follows:

- a) Each Common Share carries the right to attend at Shareholder meetings and to one vote on each resolution voted on at a Shareholders' meeting;
- b) holders of Common Shares are entitled to receive dividends when declared by the Board. However, no dividend may be declared on the Common Shares unless the same dividend is also declared concurrently on the Non-Voting Shares; and
- c) in the event of liquidation, dissolution or winding-up, or any other distribution of our assets among our Shareholders, holders of Common Shares are entitled to share rateably in such assets as are available for distribution.

NON-VOTING SHARES

The material characteristics of the Non-Voting Shares are as follows:

- a) holders of Non-Voting Shares are entitled to receive notice of and to attend any meeting of the Shareholders provided that, except as required by law, the holders of the Non-Voting Shares are not entitled to vote at any such meeting;
- b) holders of Non-Voting Shares are entitled to receive dividends as and when declared by our Board. However, no dividend may be declared on the Non-Voting Shares unless the same dividend is also declared concurrently on the Common Shares;
- c) in the event of any liquidation, dissolution or winding-up of Alaris, or any other distribution of our assets among our Shareholders, holders of Non-Voting Shares are entitled to share rateably in such assets as are available for distribution; and
- d) if an offer is made to purchase Common Shares which, by reason of applicable securities legislation or by-laws, regulations or policies of a stock exchange require that the offer be made to each holder of Common Shares, holders of Non-Voting Shares have the option to require Alaris to redeem their Non-Voting Shares, upon written notice in accordance with the terms of the Non-Voting Shares. This redemption right will not come into effect in certain circumstances that are more particularly outlined in the terms of the Non-Voting Shares.

MARKET FOR SECURITIES AND PRIOR SALES

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol "AD". The following table describes the price range and trading volume of the Common Shares (as reported by the TSX) for 2011 and 2012 up to February 29, 2012:

Common Shares			
	High (\$/share)	Low (\$/share)	Volume
January, 2011	13.25	11.75	474,544
February, 2011	13.74	12.83	285,042
March, 2011	13.25	12.23	307,046
April, 2011	14.05	13.05	626,856
May, 2011	16.20	14.15	11,61,753
June, 2011	16.14	15.50	600,912
July, 2011	16.67	16.00	466,600
August, 2011	16.45	13.98	458,476
September, 2011	16.35	15.36	261,062
October, 2011	16.70	15.00	414,663
November, 2011	17.47	16.40	597,262
December, 2011	18.00	16.75	622,014
January, 2012	18.77	17.75	861,071
February, 2012	18.65	18.29	910,780

PRIOR SALES

On April 27, 2011 all of the issued and outstanding Non-Voting Shares were exchanged for Common Shares on the following basis: for every one (1) Non-Voting Share issued and outstanding, Alaris issued one (1) Common Share as fully paid and non-assessable, in consideration for the cancellation of that Non-Voting Share. The Non-Voting Shares were not listed or posted on any stock exchange.

No Non-Voting Shares were issued during the year ended December 31, 2011.

DIRECTORS AND EXECUTIVE OFFICERS OF ALARIS

DIRECTORS AND OFFICERS

The following people are the directors and executive officers of Alaris as of April 27, 2011, the date of Alaris' last annual general meeting.

Name and Jurisdiction of Residence	Office Held	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
Jack C. Lee Calgary, Alberta Canada	Board Chairman	July 31, 2008	Mr. Lee is President of Facet Resources Ltd., a private investment company. Mr. Lee is currently the Lead Director of Sprott Inc. and Chairman of Ithaca Energy Inc. He is also Chairman of two private oil and gas companies, Canera Energy Corp and Gryphon Petroleum Corp and is a director of a private company, TerraMer. Prior thereto he was Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee has Bachelors of Arts and a Bachelors of Commerce degree and holds an ICD.D designation from the Institute of Corporate Directors.
Clay Riddell Calgary, Alberta Canada	Director	July 31, 2008	Mr. Riddell has been the Chairman of the Board, CEO, and a director of Paramount since 1978. Until June 2002 he was also the President. He is the Executive Chairman of the Board of Perpetual Energy Inc. (a public natural gas exploration and development company), the successor to Paramount Energy Trust. Mr. Riddell is the Chairman of the Board of Trilogy Energy Corp. (a public oil and gas exploration and development company), the successor to Trilogy Energy Trust. He is also a director and the CEO of MGM Energy Corp. (a public oil and gas exploration company). Finally, Mr. Riddell is a director of Alaris Royalty Corp. (a Canadian public company that provides alternative financing to private businesses) and a director of Tourmaline Oil Corp. (a public oil and gas exploration and production company).
Mitch Shier Calgary, Alberta Canada	Director	July 31, 2008	Mr. Shier is General Counsel, Corporate Secretary and Manager, Land of Paramount Resources Ltd., which he joined in November, 2008. Prior to joining Paramount, Mr. Shier practiced oil and gas and commercial law as a partner with Heenan Blaikie LLP, and remains of counsel with that firm. Mr. Shier is also a director of Trilogy Energy Corp. (a public oil and gas exploration and development company), the successor to Trilogy Energy Trust.
Mary Ritchie Edmonton, Alberta Canada	Director	July 31, 2008	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants, and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is the Chairman of the Financial Advisory Committees of RBC Funds Inc. and RBC Advisor Global Fund Inc. She is also a member of the Board of Directors of Industrial Alliance Ltd., Softchoice and Canadian Real Estate Investment Trust.

Name and Jurisdiction of Residence	Office Held	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
John P.A. Budreski Toronto, Ontario Canada	Director	July 31, 2008	Mr. Budreski is an independent businessman and an advisor on capital markets matters. From 2005 to 2007 he was the President and CEO of Orion Securities Inc. From 2009 until 2012 he was a Managing Director and a Vice Chairman with Cormark Securities Inc. Mr. Budreski currently sits on the board of Erdene Resource Development Corp., Sandstorm Metals and Energy Ltd., and Sandstorm Gold Ltd.
Stephen King Calgary, Alberta Canada	President, Chief Executive Officer and a Director	July 31, 2008	Prior to joining Alaris in July 2008, Mr. King was and continues to be the President and Chief Executive Officer of Alaris IGF Corp. and its predecessor since April 2004. Prior thereto, Mr. King spent 12 years in the investment banking industry and is a Certified Financial Analyst. Mr. King is a director of Metropolitan Investment Corporation, a private investment company.
Gary Patterson Kelowna, British Columbia Canada	Director	July 31, 2008	Since June 2003 Mr. Patterson has been the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Mr. Patterson was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust and the board of directors of EarthFirst Canada Inc. and Seacliff Construction Corp. Mr. Patterson is a Fellow of the Institute of Chartered Accountants of British Columbia.
Darren Driscoll Calgary, Alberta Canada	Chief Financial Officer	n/a	Prior to joining Alaris in July 2008, Mr. Driscoll was and continues to be the Chief Financial Officer of Alaris IGF Corp. and its predecessor since November 2004. Before joining Alaris, Mr. Driscoll was the Chief Financial Officer of the Canadian Association of Petroleum Producers, the industry association for the upstream oil and natural gas industry in Canada, from 1996 to 2004. Mr. Driscoll is a Chartered Accountant.
Rachel Colabella Calgary, Alberta Canada	Corporate Secretary	n/a	Prior to joining the Corporation in September of 2008, Ms. Colabella worked at Armstrong Osinski (law firm), Burnet Duckworth and Palmer LLP (law firm) and Ernst & Young LLP (Chartered Accountants) where she worked with their tax groups. Ms. Colabella is a lawyer licensed to practice law in Alberta.
Stephen Reid Calgary, Alberta Canada	Vice President, Business Development	n/a	Prior to joining Alaris in July 2008, Mr. Reid was and continues to be the Vice president, Business Development of Alaris IGF Corp. and its predecessor since April 2004. Mr. Reid is also a Calgary based businessman with a variety of diversified holdings and investments and is currently the President of Group West Corporation and Creative Restaurants Inc.

Directors of Alaris are elected annually and hold office until the next annual meeting of Shareholders.

COMMITTEE MEMBERS

There are two committees of the Board made up of the following members:

- 1) Audit Committee: Mary Ritchie (Chair); Jack C. Lee; and Gary Patterson.
- 2) Compensation & Governance Committee: John P.A. Budreski (Chair, Compensation Matters); E. Mitchell Shier (Chair, Governance Matters); and Clayton H. Riddell.

SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

As of March 14, 2012, the directors and executive officers of Alaris, as a group, beneficially own, control or direct, directly or indirectly, 4,656,729 Common Shares or 24% of the issued and outstanding Common Shares.

CEASE TRADE ORDERS AND BANKRUPTCIES

Except as otherwise provided below, to Alaris' knowledge, no director or executive officer or a shareholder holding a sufficient number of securities of Alaris to affect materially the control of Alaris:

(a) is, as at the date of this AIF, or has been, within the 10 years before, a director, chief executive officer or chief financial officer of any company (including Alaris):

(i) subject to an order (including a cease trade order, or an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation) for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) subject to an order (including a cease trade order, or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation) for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

(b) is, as at the date of this AIF, or has been, within the 10 years before, a director or executive officer of any company (including Alaris), that while that person was acting in that capacity or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Riddell has been a director and officer of Paramount Resources Ltd. in various capacities since 1978. From 1992 to 2008, Paramount was the general partner of T.T.Y., a limited partnership, which was an unlisted reporting issuer in certain provinces of Canada. TTY was established in 1980 to conduct oil and gas exploration and development activities but had not carried on active operations since 1984 and had only nominal assets. A cease trade order against TTY was issued by the Quebec Securities Commission in 1999 for failing to file the June 30, 1998 interim financial statements in Quebec. The cease trade order was revoked on April 9, 2008. TTY was dissolved on July 21, 2008.

Until March 2, 2010, Mssrs. Budreski and Patterson were directors of EarthFirst. EarthFirst was engaged in development of wind power and related generation facilities. EarthFirst obtained creditor protection under the CCAA on November 4, 2008. The CCAA process has now been completed and Earth First Canada has been amalgamated with another company and no longer exists as a separate entity.

Mr. Lee was a director of Darian, a private company. Darian was engaged in the business of oil and gas exploration and development. Darian obtained creditor protection under the CCAA pursuant to an order granted on February

12, 2010 by the Court of Queen's Bench of Alberta. The CCAA process has now been completed and in July, 2010, Darian was sold to Crescent Point Energy Corp., and Darian's creditors were repaid in full and equity holders were repaid an additional \$30 million for their interests.

PENALTIES OR SANCTIONS

To Alaris' knowledge, none of our directors, executive officers or Shareholders holding a sufficient number of securities of the Corporation to affect materially the control of Alaris has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of Alaris will be subject in connection with the operations of Alaris. In addition, certain of the directors and officers of Alaris are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of Alaris or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Alaris. See "*Directors and Officers of Alaris*". Conflicts, if any, will be subject to the procedures and remedies available under the CBCA. The CBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the CBCA. For further information on particular conflicts of interest involving directors and officers of Alaris, see "*Interest of Management and Others in Material Transactions*"

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Alaris, there are no legal proceedings material to Alaris to which Alaris is a party, or was a party to in 2011, or that any of its assets is or was the subject matter of in 2011, nor are there any such proceedings known to the Corporation to be contemplated.

During the year ended December 31, 2011 there were: (i) no penalties or sanctions imposed against Alaris or by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Alaris that would likely be considered important to a reasonable investor in making an investment decision, and (iii) no settlement agreements entered into by Alaris before a court relating to a securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below, none of our directors, executive officers or Shareholders who beneficially own, or controls or direct, directly or indirectly, more than 10% of any class or series of our outstanding Common Shares (and no associate or affiliate of any of these persons or companies) have any material interest, direct or indirect, in any transaction within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect Alaris.

Pursuant to the October 2009 Offering, Clayton H. Riddell, a director and shareholder of the Corporation subscribed for, either individually or through entities controlled by him, 760,000 units (with each unit consisting of one Share and one-half of one Warrant) at a price of \$6.00 per unit, representing approximately 33% of the units issued pursuant to the Offering. In January, 2011, Clayton Riddell exercised all of his Warrants and acquired 380,000 Common Shares.

John P.A. Budreski declared his interest in the October 2009 Offering, the May 2010 Offering, December 2010 Offering and the December 2011 Offering as a result of being Vice Chairman of Cormark Securities Inc., a member of the underwriting syndicate. Mr. Budreski abstained from voting in respect of each such transaction as a result of his declared interest.

Stephen W. King declared his interest in the LifeMark Transaction as a result of being a director of both Alaris and the general partner of LifeMark Health. Mr. King abstained from voting in respect of the LifeMark Transaction as a result of his declared interest.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are KPMG LLP.

Our registrar and transfer agent for our Common Shares is Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta, and Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, Alaris has not entered into any material contract in the most recently completed financial year or in the current financial year, other than:

1. the LifeMark Partnership Agreement;
2. the Killick Partnership Agreement;
3. the KMH Partnership Agreement; and
4. the Quetico LLC Agreement.

In addition, Alaris does not have any material contracts entered into before the most recently completed financial year which are still in effect, other than:

1. the HSBC/BMO Senior Credit Facility (as amended);
2. the LMS Partnership Agreement; and
3. the Solowave Partnership Agreement.

Copies of the material contracts may be inspected at our head office or at the offices of Burnet, Duckworth & Palmer LLP at 2400, 525 - 8th Avenue S.W., Calgary, Alberta, T2P 1G1, during normal business hours.

The material contracts may also be viewed by accessing disclosure documents of the Corporation available through the internet on SEDAR.

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Corporation during, or related to, the Corporation's most recently completed financial year other than KPMG LLP, our auditors. KPMG LLP, Chartered Accountants, are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. No director, officer or employee of KPMG LLP, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

AUDIT COMMITTEE INFORMATION

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the company and annual external audits of the consolidated financial statements.

THE AUDIT COMMITTEE'S MANDATE

The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the company's internal accounting standards and practises, financial information, accounting systems and procedures, which procedures are contained in the Corporation's Audit Committee Mandate, the full text of which is set out in Schedule "A" attached hereto.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee currently consists of Mary Ritchie, F.C.A. (Chair), Jack C. Lee, B.Comm, B.A., and Gary Patterson, F.C.A.

RELEVANT EDUCATION AND EXPERIENCE

The following chart sets out the assessment of each Audit Committee member's independence, financial literacy and relevant educational background and experience supporting such financial literacy.

Name and Municipality of Residence	Independent	Financially Literate	Relevant Education and Experience
Mary Ritchie Edmonton, Alberta	Y	Y	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants, and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is the Chairman of the Financial Advisory Committees of RBC Funds Inc. and RBC Advisor Global Fund Inc. She is also a member of the Board of Directors of Industrial Alliance Ltd., Softchoice and Canadian Real Estate Investment Trust.
Jack C. Lee Calgary, Alberta	Y	Y	Mr. Lee is President of Facet Resources Ltd., a private investment company. Mr. Lee is currently the Lead Director of Sprott Inc. and Chairman of Ithaca Energy Inc. He is also Chairman of two private oil and gas companies, Canera Energy Corp and Gryphon Petroleum Corp and is a director of a private company, TerraMer. Prior thereto he was Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee has Bachelors of Arts and a Bachelors of Commerce degree and holds an ICD.D designation from the Institute of Corporate Directors.
Gary Patterson Kelowna, British Columbia	Y	Y	Since June 2003 Mr. Patterson has been the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Mr. Patterson was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust and the board of directors of EarthFirst Canada Inc. and Seacliff Construction Corp. Mr. Patterson is a Fellow of the Institute of Chartered Accountants of British Columbia. Mr. Patterson received a Bachelor of Commerce from Mount Allison University, New Brunswick. Mr. Patterson is also a Fellow of the Institute of Chartered Accountants of British Columbia.

PRE-APPROVAL POLICIES AND PROCEDURES

As part of Alaris' corporate governance practices the Board, through its Audit Committee, ensures that a strict policy is in place limiting the Auditor from providing services not related to its role as Auditor. The Audit Committee is responsible for reviewing and pre-approving all non-audit services to be provided to the Corporation by its external auditors. All services comply with professional standards and securities regulations governing auditor independence.

EXTERNAL AUDITOR SERVICE FEES

Nature of Services	Fees Paid to Auditor Relating to Fiscal Year Ended December 31, 2011	Fees Paid to Auditor Relating to Fiscal Year Ended December 31, 2010
Audit Fees	115,260	\$91,632 ⁽¹⁾
Audit Related Fees	32,640	\$10,200
Tax Fees	28,800	\$17,400
All Other Fees	77,520	\$38,250 ⁽¹⁾
Total	254,220	\$157,481

(1) Fees paid in relation to the Offering(s).

ADDITIONAL INFORMATION:

Additional information relating to Alaris can be found on SEDAR. Additional information, including information about the remuneration and indebtedness of our directors and officers, the principal holders of our securities and our securities authorized for issuance under equity compensation plans, will be contained in our information circular for the annual meeting of shareholders expected to be held on or around April 19, 2012. Additional financial information about Alaris is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2011.

SCHEDULE "A"

AUDIT COMMITTEE MANDATE

The Audit Committee (**Committee**) of board of directors (**Board**) of Alaris Royalty Corp. (**Company**) has the oversight responsibility and specific duties described below and shall comply with the requirements of applicable laws.

COMPOSITION

The Committee will be comprised of at least three directors. All Committee members will be independent under applicable law.

All Committee members will be "financially literate" under the definition set out in applicable law, which, for greater certainty, is currently defined in National Instrument 52-110 *Audit Committees* as "... the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements".

Committee members will be appointed and removed as required by the Board. The Committee Chair will be appointed by the Board.

RESPONSIBILITIES

The Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to the Company's shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (iv) the system of internal accounting and financial reporting controls that management has established; (v) performance of the external audit process and of the external auditor; (vi) financial policies and strategies including capital structure; (vii) financial risk management practices; and, (viii) transactions or circumstances which could materially affect the financial profile of the Company.

SPECIFIC DUTIES

The Committee will:

Audit Leadership

Have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the Committee, as representatives of the shareholders of the Company.

Provide an avenue for communication between each of the external auditor, financial and senior management and the Board, and the Committee has the authority to communicate directly with the external auditors.

Auditor Qualifications and Selection

Subject to required shareholder approval of the appointment of auditors of the Company, be solely responsible for recommending to the Board: (i) the external auditor of the Company for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Company; and, (ii) the compensation of the external auditor of the Company. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. In all circumstances the external auditor reports directly to the Committee. The Committee is entitled to adequate funding to compensate the external auditor for completing an audit and audit report or performing other audit, review or attest services.

SCHEDULE "A"

Evaluate the external auditor's qualifications, performance and independence. Take all reasonable steps to ensure that the external auditor does not provide non-audit services that would disqualify it as independent under applicable law.

Review the experience and qualifications of the senior members of the external audit team and the quality control procedures of the external auditor. Ensure that the lead audit partner of the external auditor is replaced periodically, according to applicable law. Take all reasonable steps to ensure continuing independence of the external audit firm. Present the Committee's conclusions on auditor independence to the Board.

Review and approve policies for the Company's hiring of senior employees and former employees of the external auditor who were engaged on the Company's account to the Board for consideration.

Process

Pre-approve all audit services (which may include consent and comfort letters in connection with securities offerings). Pre-approve and disclose, as required, the retention of the external auditor for non-audit services to be provided to the Company or any of its subsidiaries permitted under applicable law. In the discretion of the Committee, annually delegate to one or more of its members the authority to grant pre-approvals provided that those pre-approvals are presented in writing to the Committee at the next regularly scheduled meeting.

Meet with the external auditor prior to the audit to review the scope and general extent of the external auditor's annual audit including (i) the planning and staffing of the audit; and, (ii) an explanation from the external auditor of the factors considered in determining the audit scope, including the major risk factors.

Require the external auditor to provide a timely report setting out (i) all critical accounting policies, significant accounting judgments and practices to be used; (ii) all alternative treatments of financial information within Generally Accepted Accounting Principles (**IFRS**) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and, (iii) other material written communications between the external auditor and management.

Take all reasonable steps to ensure that officers and directors or persons acting under their direction are aware that they are prohibited from coercing, manipulating, misleading or fraudulently influencing the external auditor when the person knew or should have known that the action could result in rendering the financial statements materially misleading.

Upon completion of the annual audit, review the following with management and the external auditor:

The annual financial statements, including related notes, the management's Discussion and Analysis of Financial Condition and Results of Operations (**MD&A**) of the Company and the financial statement and internal control certifications by the Chief Executive Officer and Chief Financial Officer of the Company (**Certifications**), for filing with applicable securities regulators and provision to the shareholders of the Company, as required, as well as all annual earnings press releases before their public disclosure.

The significant estimates and judgements and reporting principles, practices and procedures applied by the Company in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption.

The results of the audit of the financial statements and whether any limitations were placed on the scope or nature of the audit procedures.

Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit, including any problems or disagreements with management which, if not satisfactorily resolved, would have caused the external auditor to issue a non-standard report on the financial statements of the Company.

SCHEDULE "A"

The cooperation received by the external auditor during its audit, including access to all requested records, data and information.

Any other matters not described above that are required to be communicated by the independent auditor to the Committee.

Risk Management

Discuss guidelines and policies with respect to risk assessment and risk management, including the processes management uses to assess and manage the Company's risk. Discuss major financial risk exposures and steps management has taken to monitor and control such exposures. Receive reports from management with respect to risk assessment, risk management and major financial risk exposures.

Financial Statements and Disclosure

At least annually, as part of the review of the annual financial statements, receive an oral report from the Company's counsel concerning legal and regulatory matters that may have a material impact on the financial statements.

Based on discussions with management and the external auditor, in the Committee's discretion, recommend to the Board whether the annual financial statements and MD&A of the Company, together with any annual earnings press releases and Certifications should be approved for filing with applicable securities regulators and provided to the Company's shareholders, as required, prior to their disclosure.

Review the general types and presentation format of information that it is appropriate for the Company to disclose in earnings news releases or other earnings guidance provided to analysts and rating agencies.

Review with management and the external auditor the quarterly financial statements, MD&A, Certifications and quarterly earnings releases prior to their release and recommend to the Board for consideration the quarterly results, financial statements, MD&A, Certifications and news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered, including a written report of the results of the external auditor's reviews of the quarterly financial statements, significant adjustments, new accounting policies, any disagreements between the external auditor and management and the impact on the financial statements of significant events, transactions or changes in accounting principles or estimates that potentially affect the quality of financial reporting.

Internal Control Supervision

As required by applicable law, review with management and the external auditor the Company's internal controls over financial reporting, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.

Review with management, the Chief Financial Officer and the external auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.

Meet with management and the external auditor to discuss any relevant significant recommendations that the external auditor may have, particularly those characterized as "material" or "serious" (typically, such recommendations will be presented by the external auditor in the form of a Letter of Comments and Recommendations to the Committee). Review responses of management to the Letter of Comments and Recommendations from the external auditor and receive follow-up reports on action taken concerning the recommendations.

SCHEDULE "A"

Review with management and the external auditor any correspondence with regulators or government agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies of the Company (as required and at a minimum, on a quarterly basis).

Review with management and the external auditor any off-balance sheet financing mechanisms, transactions or obligations of the Company.

Review with management and the external auditor any material related party transactions.

Review with management and the external auditor any legal claims involving the Company.

Review with the external auditor the quality of the Company's accounting personnel. Review with management the responsiveness of the external auditor to the needs of the Company.

Disclosure Controls and Procedures

Periodically assess and be satisfied with the adequacy of procedures in place for the review of public disclosure of financial information extracted or derived from the applicable financial statements (other than the annual and quarterly required filings) for the Company.

Financial Leadership

Review the Company's financial strategy considering current and future business needs, capital markets and the Company's credit rating (if any).

Review the Company's capital structure including debt and equity components, current and expected financial leverage, and interest rate and foreign currency exposures and, in the Committee's discretion, make recommendations to the Board for consideration.

Periodically review and, in the Committee's discretion, recommend changes to the Company's dividend policy to the Board for consideration.

In conjunction with the Compensation and Governance Committee, annually review the appointment of the Chief Financial Officer (CFO) and other senior financial individuals within the Company.

Financial Management

On a quarterly basis, review proposed monthly dividends to be declared for each quarter and, in the Committee's discretion, make recommendations to the Board for consideration.

Regularly review current and expected future compliance with covenants under all financing agreements.

Annually review the instruments the Company and its subsidiaries are permitted to use for short-term investments of excess cash and, in the Committee's discretion, make recommendations to the Board for consideration.

Annually review a report of all expenses submitted by the Chair of the Board and by the Chief Executive Officer of the Company.

Financial Risk Management

Regularly review the financial risks arising from the Company's exposure to changes in interest rates, foreign currency exchange rates and credit. Review the management of these risks including any proposed hedging of the exposures. Review a summary report of the hedging activities including a summary of the hedge-related instruments.

SCHEDULE "A"

Annually review the insurance program including coverage for property damage, business interruption, liabilities, and directors and officers.

Review any other significant financial exposures of the Company to the risk of a material financial loss including tax audits or other activities.

Establish procedures (through approval of the relevant sections of the Code of Business Conduct) for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting and financial reporting controls, or auditing matters; and, (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Regularly review all submissions under the Company's Whistleblower Policy.

Transactions

Review any proposed issues of securities of the Company or proposed issues of securities of the subsidiaries of the Company to parties not affiliated with the Company and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.

Review any proposed material issues of debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.

Receive reports on significant, non-material issues of or changes to debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases.

Review any proposed repurchases of shares, public and private debt or other securities and, in the Committee's discretion, make recommendations to the Board for consideration.

Committee Reporting

Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.

Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the financial statements of the Company, compliance with applicable law and the performance and independence of the external auditor of the Company.

Annually review and approve the information regarding the Committee required to be disclosed in the Company's Annual Information Form and Committee's report for inclusion in the annual Proxy Circular.

Prepare any reports required to be prepared by the Committee under applicable law.

Committee Meetings

Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Committee may, on occasion and in appropriate circumstances, hold meetings by telephone conference call.

Meet in separate, non-management, closed sessions with the external auditor at each regularly scheduled meeting.

Meet in separate, non-management, in camera sessions at each regularly scheduled meeting.

SCHEDULE "A"

Meet in separate, non-management, closed sessions with any other internal personnel or outside advisors, as needed or appropriate.

Committee Governance

Once or more annually, as the Compensation and Governance Committee (**CG Committee**) decides, receive for consideration that Committee's evaluation of this Mandate and any recommended changes. Review and assess the CG Committee's recommended changes and make recommendations to the Board for consideration.

Advisors/Resources

Have the sole authority to retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities.

Receive adequate funding from the Company for independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

Other

With the CG Committee, the Board and the Board Chair, respond to potential conflict of interest situations, as required.

Carry out any other appropriate duties and responsibilities assigned by the Board.

To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Secretary, who will report any amendments to the Compensation & Governance Committee at its next meeting.

Approved: March 14, 2012