



# NOTICE OF ANNUAL AND SPECIAL MEETING OF COMMON SHAREHOLDERS

May 9, 2017

**and**

# INFORMATION CIRCULAR

Dated April 4, 2017

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## **YOUR VOTE COUNTS**

### **REGISTERED SHAREHOLDERS**

If your Common Shares are registered in your own name, you are a registered shareholder.

You will have received a form of proxy from Alaris' transfer agent, Computershare Investor Services Inc. Please vote using the proxy control number provided online at [www.investorvote.com](http://www.investorvote.com) or via the phone Toll Free 1-866-732-VOTE (8683) for Canada and the US, or direct dial 1-312-588-4290 outside of Canada and the US. Alternatively, please complete, sign and mail your form of proxy in the envelope provided or fax it to the number indicated on the form. To vote in person or appoint someone else to attend and vote as your proxyholder at the meeting, see pages 10 through 12 of the Information Circular.

### **NON-REGISTERED SHAREHOLDERS**

If your Common Shares are held in a brokerage account or through a trustee, a financial institution or another nominee, you are a non-registered shareholder.

You will have received a request for voting instructions from your broker or other nominee. Follow the instructions on your voting instruction form to vote by telephone, internet or fax, or complete, sign and mail the voting instruction form in the postage prepaid envelope provided. If you plan to attend the meeting and wish to vote in person, please follow the instructions on the enclosed voting form to appoint yourself instead of the management nominees to vote at the meeting. Non-registered holders must take the necessary steps to appoint themselves if they wish to vote at the meeting in person. For more information, please refer to the information on page 12 of the Information Circular.

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## INVITATION TO SHAREHOLDERS

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IT IS OUR GREAT PLEASURE TO INVITE YOU TO JOIN ALARIS ROYALTY CORP.'S BOARD OF DIRECTORS AND EXECUTIVE TEAM AT OUR ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS ON MAY 9, 2017. IT WILL TAKE PLACE AT THE HOTEL LE GERMAIN, 899 CENTRE STREET SW, IN CALGARY, ALBERTA AT 2:30 P.M. MOUNTAIN STANDARD TIME.

This important meeting is your opportunity to hear a first-hand account of Alaris' performance to date and our plans for the future - and for us to respond to any questions you may have. We encourage you to attend in person.

This meeting is also your opportunity to vote on important issues. Whether or not you plan to attend in person, we recommend that you exercise the power of your proxy vote through the procedures that are explained in the "Q&A on Proxy Voting" section of the accompanying information circular. We urge you to make your vote count. Please vote in sufficient time to ensure your vote is received prior to the proxy cut off of 2:30 p.m. (Calgary time) on May 5, 2017.

Following the meeting, you will find the full text of the audited annual financial statements for the year ended December 31, 2016 (and the accompanying management discussion and analysis), the Information Circular and Annual Information Form for the year ended December 31, 2016, our Q1, 2017 quarterly results, corporate presentation, and other useful information about Alaris at [www.alarisroyalty.com](http://www.alarisroyalty.com).

Directors and management never lose sight of the fact that we guide this enterprise on behalf of you, our shareholders. We look forward to your participation in our deliberations on May 9<sup>th</sup>.

Sincerely,

*(Signed) "Jack C. Lee"*  
Jack C. Lee  
Chairman of the Board

*(Signed) "Steve King"*  
Steve King  
President and Chief Executive Officer

April 4, 2017

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## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF ALARIS ROYALTY CORP.

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THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS (THE "MEETING") OF ALARIS ROYALTY CORP. ("ALARIS") WILL BE HELD THE 9TH DAY OF MAY, 2017 AT 2:30 P.M.(MST) AT THE HOTEL LE GERMAIN, 899 CENTER STREET SW, CALGARY, ALBERTA AND WILL HAVE THE FOLLOWING PURPOSES:

1. To receive and consider the financial statements of Alaris for the year ended December 31, 2016 and the Auditor's report on those statements (the "**Financial Statements**");
2. To fix the number of directors to be elected at seven (7) members;
3. To elect the Board of Directors;
4. To appoint the Auditor of Alaris for fiscal year ending December 31, 2017;
5. To consider, and if thought appropriate, to pass an ordinary resolution approving the unallocated options pursuant to Alaris' current share option plan, as more particularly described in the information circular and proxy statement (the "Information Circular") of Alaris dated April 4, 2017, enclosed herewith or otherwise distributed or made available by Alaris to holders ("Shareholders") of common voting shares ("Common Shares") in connection with the Meeting;
6. To consider, and if thought appropriate, to pass an ordinary resolution approving the unallocated restricted share units pursuant to Alaris' current restricted share unit plan, as more particularly described in the Information Circular; and
7. To transact any other business properly before the meeting as may properly be brought before the meeting or any adjournment(s) thereof.

The specific details of the matters proposed to be put before the Meeting are described in the Information Circular accompanying and forming part of this Notice. A copy of the Financial Statements and Management Discussion and Analysis for the year ended December 31, 2016 have been mailed to Shareholders who requested such mailing in accordance with applicable securities laws and have been filed under Alaris' profile on SEDAR.

Shareholders who own Common Shares as at the end of business on April 4, 2017 (the "**Record Date**") will be entitled to vote at the meeting. The number of eligible votes that may be cast at the Meeting is 36,444,137 being the total number of Common Shares outstanding on the Record Date.

Only Shareholders whose names have been entered in the register of Common Shares at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Holders of Common Shares who acquire Common Shares after the Record Date will not be entitled to vote such Common Shares at the Meeting unless, after the Record Date, a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed certificates evidencing such Common Shares or otherwise establishing that he or she owns such Common Shares, requests at least 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.

Whether or not you plan to attend the Meeting in person, please vote using the enclosed Form of Proxy or voting instruction in accordance with the instructions provided. For your vote to be recorded, your proxy must be received by Computershare Investor Services Inc., no later than 2:30 P.M. (Calgary Time) on May 5, 2017.

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## INFORMATION CIRCULAR

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### LIST OF ABBREVIATIONS

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

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

"AIF" means the annual information form of Alaris dated March 30, 2016 and filed on Alaris' corporate profile on SEDAR.

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

"Annual MD&A" means the management discussion and analysis for the twelve months ending December 31, 2016.

"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).

"Auditor" means KPMG LLP.

"Beneficial Shareholder" means a Shareholder who holds its Common Shares through an intermediary such as a bank, trust company, securities broker or trustee or who otherwise does not hold their Common Shares in their own name.

"Board" or "Board of Directors" means the board of directors of Alaris as it may be comprised from time to time.

"Broadridge" means Broadridge Financial Solutions, Inc.

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

"CBCA" means the *Canada Business Corporations Act* (Alberta), R.S.C. 1985, c. C-44, including the regulations promulgated thereunder, as amended.

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

"CDS" means CDS Clearing and Depository Services Inc.

"CEO" means Alaris' Chief Executive Officer.

"CFO" means Alaris' Chief Financial Officer.

"CG Committee" means the Compensation and Governance Committee of the Board.

"Colossus" means Colossus Minerals Inc.

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

"Compensation Period" means the applicable twelve (12) month period commencing on July 1 and ending on June 30.

"Computershare" means Computershare Investor Services Inc.

"Corporation" means Alaris Royalty Corp., a corporation subsisting under the CBCA.

"Court" means the Court of Queen's Bench of Alberta, Judicial District of Calgary.

"CSA" means the Canadian Securities Administrators.

"Darian" means Darian Resources Ltd.

"Dividend Entitlement" means dividend entitlements earned on issued and outstanding RSUs. The Corporation no longer pays Dividend Entitlements on RSUs.

"EarthFirst" means EarthFirst Canada Inc.

"ERISA" means the *United States Employment Retirement Income Security Act of 1974*, as amended from time to time.

"ERISA Person" means any Person that is or is acting on behalf of an ERISA Plan.

"ERISA Plan" means an "employee benefit plan" (within the meaning of Section 3(3) of ERISA) that is subject to Part 4 of Subtitle B of Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the *U.S. Tax Code*, an entity whose underlying assets are deemed to include "plan assets" of any such plan, account or arrangement pursuant to the Plan Asset Rules, and any other retirement or benefit plan that is not subject to Title I of ERISA or Section 4975 of the *U.S. Tax Code* but is subject to Similar U.S. Law.

"**Financial Statements**" means the financial statements of Alaris for the year ended December 31, 2016 & the Auditor's report on those statements.

"**Form of Proxy**" means the form of proxy enclosed with the Notice & this Information Circular.

"**Information Circular**" means this management information circular and proxy statement of Alaris, together with all schedules and appendices hereto to be mailed or otherwise distributed or made available by Alaris to the Shareholders.

"**Management**" means senior management of Alaris.

"**Meeting**" means the annual and special meeting of Shareholders to be held at 2:30pm. (Mountain Time) on May 09, 2017 at Hotel le Germain, 899 Centre Street SW, Calgary, Alberta to consider, among other things, the election of directors of the Corporation, the appointment of the auditors and any other matters that may properly be brought before the Meeting, and any adjournment(s) thereof.

"**Meeting Date**" means May 09, 2017.

"**Named Executive Officer (NEO)**" means the CEO, CFO, and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity) whose total compensation (as determined in accordance with Subsection 1.3(6) of Form 51-102F6 - *Statement of Executive Compensation*) was, individually, more than \$150,000.

"**Notice**" means the Notice of Annual and Special Meeting of Shareholders of Alaris Royalty Corp. accompanying this Information Circular.

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

"**Option Plan**" means Alaris' share option plan, as more particularly described beginning on page 31 of this Information Circular under the heading "Equity Incentive Plans".

"**Options**" means stock options issued or authorized for issuance pursuant to the Option Plan.

"**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representatives, estate group, body corporate, corporation, unincorporated association or organizations, Governmental Authority, syndicate or other entity, whether or not having legal status.

"**Plan Asset Regulations**" mean the plan asset regulations of the U.S. Department of Labor, 29 C.F.R. Sec. 2510.3-101.

"**Plan Asset Rules**" means the principles for identifying the assets of an ERISA Plan as set forth in the Plan Asset Regulations and Section 3(42) of ERISA.

"**Private Company Partner**" and "**Private Company Partners**" means those corporations, partnerships or other entities with which Alaris has directly or indirectly entered into financing arrangement as of the date hereof .

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act of 1933, as amended.

"**Qualified Purchaser**" means a "qualified purchaser" as defined in Section 2(a) (51)(A) of the U.S. Investment Company Act.

"**Qualified U.S. Purchaser**" means a purchaser that is (i) (A) located in the United States, (B) is a U.S. Person or (C) that is purchasing Common Shares for the account or benefit of U.S. Persons; (ii) a Qualified Institutional Buyer and a Qualified Purchaser, and (iii) is not and is not acting on behalf of any ERISA Person.

"**Record Date**" means April 4, 2017.

"**Regulation S**" means Regulation S under the U.S. Securities Act.

"**RSU Plan**" means Alaris RSU plan, as more particularly described beginning on page 32 of this Information Circular under the heading "*Equity Incentive Plans*".

"**RSUs**" mean restricted share units issued or authorized for issuance pursuant to the RSU Plan.

"**SEC**" means the United States Securities and Exchange Commission.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible at [www.sedar.com](http://www.sedar.com).

"**Shareholders**" means the holders of Common Shares.

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

"**Similar U.S. Law**" means any state or local law that would have the same effect as the Plan Asset Regulations so as to cause the underlying assets of Alaris to be treated as assets of an investing entity by virtue of its investment (or any beneficial interest) in Alaris and thereby subject Alaris to laws or regulations that are similar to the fiduciary or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the U.S. Tax Code.

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

"**TSX**" means the Toronto Stock Exchange.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

"**U.S. Investment Company Act**" means the *United States Investment Company Act of 1940*, as amended, and the rules, regulations and orders promulgated thereunder.

"**U.S. Person**" has the meaning given to that term in Rule 902 of Regulation S promulgated under the U.S. Securities Act.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder.

"**U.S. Tax Code**" means the *United States Internal Revenue Code of 1986*, as amended, and the rules, regulations and orders promulgated thereunder.

"**VWAP**" means, on the applicable date, the volume weighted average price of the Common Shares on the TSX for the five (5) trading days immediately preceding such date.

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## CURRENCY AND EXCHANGE RATES

All dollar references in this Information Circular (and any documents incorporated by reference in the Information Circular) are in Canadian dollars, unless otherwise indicated. The following table describes: (i) the rates of exchange for 1 Canadian dollar, expressed in United States dollars, in effect at the end of each of the periods indicated; (ii) the average of exchange rates in effect on the last day of each month during such period; and (iii) the high and low exchange rates during each such period (source of data: Bloomberg).

(1 CAD per USD)	Year ended December 31		
	2016	2015	2014
Rate at End of Period	.7441	.7227	.8605
Average Rate During Period	.7556	.7828	.9056
High	.8025	.8502	.9406
Low	.6808	.7163	.8570

The average rate for March 2017 was CAD \$1.00 = US \$0.7473

## INFORMATION FOR UNITED STATES SHAREHOLDERS

### *U.S. Investment Company Act Considerations and Restrictions*

Based on its current assets, and absent an exemption under the U.S. Investment Company Act, Alaris may be deemed to be an "investment company" as defined in the U.S. Investment Company Act. The U.S. Investment Company Act, among other things, prohibits foreign investment companies from publicly offering their securities in the United States. However, Alaris relies on the exemption provided in Section 3(c)(7) of the U.S. Investment Company Act, which provides that a company is excluded from the definition of an "investment company", and is therefore excluded from regulation under the U.S. Investment Company Act, if its securities have only been issued to persons that are: (1) located in the United States, or (2) are U.S. Persons, or (3) acquiring securities for the account or benefit of persons located in the United States or U.S. Persons, and that are Qualified Purchasers, and it does not make a public offering of its securities in the United States. Consequently, to comply with the Section 3(c)(7) exemption, Alaris will issue Common Shares only: (i) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, or (ii) in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons. Generally, Alaris has issued Common Shares to Qualified U.S. Purchasers (which also requires the holders to be Qualified Institutional Buyers under Rule 144A). Additionally, generally, Qualified U.S. Purchasers that hold Common Shares may not resell their Common Shares in the United States or to U.S. Persons, or to persons acquiring securities for the account or benefit of persons located in the United States or, U.S. Persons. For a more complete description of the restrictions affecting the Common Shares, see "Ownership and Transfer Restrictions".

### *ERISA Restriction of No Ownership by Plans*

Alaris will prohibit investment in Common Shares by "benefit plan investors" as well as other similar investors, and, therefore, transfers of Common Shares to such investors will also be prohibited. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the U.S. Tax Code, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws or regulations that are similar in effect to the Plan Asset Rules, the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code, and, therefore, will be treated by Alaris as benefit plan investors. For a more complete discussion of the prohibition on investment by and transfers to benefit plan investors, see "Schedule 4 – Ownership and Transfer Restrictions"

## Q&A ON PROXY VOTING

This Information Circular is dated April 4, 2017 and all information is as of this date, unless otherwise indicated.

### 1. Q: *What am I voting on?*

A: Shareholders are voting on: setting the number of directors; the election of directors to the Board for 2017; the appointment of the Auditor for 2017; the approval of all unallocated Options under the Option Plan; and the approval of all unallocated RSUs under the RSU Plan.

### 2. Q: *Who is entitled to vote?*

A: Shareholders of record as at the close of business on the "record date" of April 4, 2017 are entitled to vote. **Only Shareholders whose names have been entered in the register of Common Shares at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Shareholders who acquire Common Shares after the Record Date will not be entitled to vote such Common Shares at the Meeting unless, after the Record Date, a holder of record transfers his or her Common Shares and the transferee, upon producing properly endorsed certificates evidencing such Common Shares or otherwise establishing that he or she owns such Common Shares, requests at least 10 days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.**

Each Shareholder is entitled to one vote on those items of business identified in the Notice of Annual and Special Meeting of Shareholders. There will be a quorum present at the Meeting if two persons are present at the Meeting holding or representing by proxy in the aggregate not less than 5% of the Common Shares entitled to be voted at the Meeting.

### 3. Q: *How do I vote?*

If you are a registered Shareholder, you may vote in person at the Meeting or using one of the voting methods on the enclosed Form of Proxy. You may use the enclosed Form of Proxy appointing the persons named in the proxy or some other person you choose, who need not be a Shareholder, to represent you as proxyholder and vote your Common Shares at the Meeting. If your Common Shares are held in the name of a nominee, please see the information under Q. 16 of this section for voting instructions.

### 4. Q: *What if I plan to attend the Meeting and vote in person?*

A: If you are a registered Shareholder and plan to attend the Meeting on May 9, 2017 and wish to vote your Common Shares in person at the Meeting, do not complete or return the Form of Proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, Computershare, upon arrival at the Meeting.

Only registered Shareholders are entitled to vote at the meeting. If your Common Shares are held in the name of a nominee and you wish to vote in person at the meeting, please see the box under the answers for Q. 16 for voting instructions on how to appoint yourself or someone else to attend the meeting and vote in person.

### 5. Q: *Who is soliciting my proxy?*

A: The enclosed Form of Proxy is being solicited on behalf of management of Alaris. The solicitation will be made primarily by mail but may also be made by telephone, in writing or in person by directors, officers and employees of Alaris. All costs of the solicitation for the Meeting will be borne by Alaris. As at the date hereof, Alaris has not made a decision to engage soliciting dealers or other proxy solicitation agents to encourage the return of completed proxies and to solicit proxies in favour of the matters to be considered at the Meeting. Alaris may elect to do so and, if it does, the costs in respect of such services would be paid by Alaris in respect of the Meeting. Alaris will not reimburse Shareholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals.

### 6. Q: *What if I sign the Form of Proxy enclosed with this circular?*

A: Signing or using one of the other voting methods listed on the enclosed Form of Proxy gives authority to Stephen W. King or Darren Driscoll, each of whom is an officer of Alaris, or to another person who need not be a Shareholder, you have appointed, to vote your Common Shares at the Meeting.

### 7. Q: *Can I appoint someone other than the officers designated in the Form of Proxy to vote my Shares?*

A: **Yes, write the name of this person, who need not be a Shareholder, in the blank space provided in the Form of Proxy. It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your Common Shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of Computershare.**

### 8. Q: *What do I do with my completed proxy?*

A: Return it to Alaris' transfer agent, Computershare, in accordance with the instructions on the enclosed Form of Proxy, so that it arrives no later than 2:30 p.m. (Calgary Time) on Friday, May 5, 2017. This will ensure that your vote is recorded.

**9. Q: If I change my mind, can I take back my proxy once I have given it?**

A: Yes. If you change your mind and wish to revoke your proxy, in addition to revocation in any other manner permitted by law, you may prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. Only Registered Shareholders may revoke a proxy. Beneficial Shareholders will need to contact their financial intermediary and follow their instructions to revoke their vote. You may also submit a later dated proxy to revoke any prior vote received. This statement must be delivered to the Corporate Secretary of Alaris at the following address no later than 2:30pm (Calgary Time) on Monday, May 8, 2017 or to the chairman of the Meeting on the day of the Meeting, prior to its commencement or prior to the continuation of any adjournment of the Meeting:

Alaris Royalty Corp.  
Suite 250, 333-24<sup>th</sup> Avenue SW  
Calgary, Alberta T2S 3E6  
Michael Ervin, Chief Legal Officer and Corporate Secretary  
Fax: 403-228-0906

**10. Q: How will my Common Shares be voted if I give my proxy?**

A: The persons named on the Form of Proxy must vote for or against or withhold from voting your Common Shares in accordance with your directions, or you can let your proxyholder decide for you. **In the absence of such directions, proxies appointing the persons named in the Form of Proxy will be voted in favor of: fixing the directors at seven (7); the individual election of each of the nominee directors presented herein; the appointment of the Auditors; the approval of all unallocated Options under the Option Plan; and the approval of all unallocated RSUs under the RSU Plan.**

**11. Q: What if amendments are made to these matters or if other matters are brought before the Meeting?**

A: **The persons named in the Form of Proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders and with respect to other matters which may properly come before the Meeting.**

At the time of printing this Information Circular, management of Alaris knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the Form of Proxy will vote on them in accordance with their best judgment.

**12. Q: How many Common Shares are entitled to vote?**

A: As of the Record Date, there were 36,444,137 Common Shares and no Non-Voting Shares issued and outstanding. Each registered Shareholder has one vote for each Common Share held at the close of business on the Record Date.

The rights, privileges and restrictions attached to the Common Shares are more fully described in Schedule 2 attached to this Information Circular.

To the knowledge of the directors and officers of Alaris, as of the Record Date, no one person or entity beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the issued and outstanding Common Shares.

**13. Q: How will the votes be counted?**

A: Each matter brought before the Meeting, other than the election of directors and the appointment of auditors, is determined by a simple majority of votes cast on the question. The appointment of auditors will be determined by plurality voting. The election of directors will be determined in accordance with our majority voting policy, which is summarized on page 13 of this Information Circular.

**14. Q: Who counts the votes?**

A: Alaris' transfer agent, Computershare, counts and tabulates the proxies. This is done independently of Alaris to preserve the confidentiality of the individual Shareholder votes. Proxies are referred to Alaris only in cases where a Shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

**15. Q: If I need to contact the transfer agent, how do I reach them?**

A: For general Shareholder inquiries, you can contact the transfer agent by mail at:

Computershare Investor Services Inc.  
100 University Avenue  
8<sup>th</sup> Floor, North Tower  
Toronto, Ontario M5J 2Y1

or by telephone: within Canada and the United States at 1-800-564-6253 and from all other countries at 514-982-7555

or by fax: within Canada and the United States at 1-888-249-7775 and from all other countries at 416-263-9524

or by email: [service@computershare.com](mailto:service@computershare.com)

**16. Q: If my Common Shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote them?**

A: If Common Shares are listed in an account statement provided to you by a broker, then in almost all cases those Common Shares will not be registered in your name on the records of Alaris. Such Common Shares will more likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of shares are registered under the name of CDS & Co. (the registration name for CDS, which acts as nominee for many Canadian brokerage firms).

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Corporation will not be delivering proxy related materials directly to NOBOs. As required by Canadian securities legislation, you will have received from your nominee either a request for voting instructions or a Form of Proxy for the number of Common Shares you hold.

For your Common Shares to be voted, please follow the voting instructions provided by your nominee. **Every nominee will have its own mailing procedures and provide its own return instructions, which should be carefully followed by you to ensure that your Common Shares are voted at the Meeting.** Common Shares that are held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against or withheld from voting on resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by Alaris to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions

from clients to Broadridge. Broadridge typically prepares a machine readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.**

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

Since Alaris does not have unrestricted access to the names of its non-registered Shareholders, if you attend the Meeting, Alaris may have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder. Therefore, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or Form of Proxy and return same by following the instructions provided. You can indicate on the Form how you wish your shares to be voted. If you wish to give voting discretion, do not otherwise complete the form as your vote will be taken at the Meeting. Please register with the transfer agent, Computershare, upon arrival at the Meeting.

**17. Q: What if I would like to ask a question at the Meeting?**

A: You can ask your question in person at the Meeting or submit your question at the time of registration at the Meeting with Alaris' transfer agent, Computershare. You can also submit a question by writing to the Corporate Secretary at:

Alaris Royalty Corp.  
Suite 250, 333-24<sup>th</sup> Avenue SW  
Calgary, Alberta T2S 3E6  
Attention: Michael Ervin  
Chief Legal Officer and Corporate Secretary

or by email at: [mervin@alarisroyalty.com](mailto:mervin@alarisroyalty.com)

## BUSINESS OF THE MEETING

### 1. FINANCIAL STATEMENTS

The Financial Statements and Annual MD&A are available under our corporate profile on SEDAR. Copies of the same will also be available at the Meeting.

### 2. FIXING NUMBER OF DIRECTORS

At the Meeting it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the Articles and By-laws of Alaris, be fixed at seven (7). **Unless otherwise instructed, the persons named in the enclosed Form of Proxy, if named as a proxy, intend to vote for an ordinary resolution fixing the number of directors to be elected at the Meeting at seven (7), subject to amendment between annual meetings by the Board of Directors in accordance with the Articles and applicable law.** The fixing of the number of directors at seven (7) must be approved by a simple majority of votes cast at the Meeting in person or by proxy.

### 3. ELECTION OF DIRECTORS

The seven (7) nominees proposed for election as directors of Alaris are: Jack C. Lee (Chair), E. Mitchell Shier, Mary C. Ritchie, John P.A. Budreski, Stephen W. King, Robert Bertram and Gary Patterson. Please see the director descriptions starting at page 16 of this Information Circular for more information about each of these director nominees. All nominees have established their eligibility and willingness to serve as directors. Directors will hold office until the next annual meeting of Shareholders or until their successors are elected or appointed. As required pursuant to the policies of the TSX, the election of directors will be conducted on an individual basis rather than as a slate.

**Unless otherwise instructed, the persons named in the enclosed Form of Proxy, if named as a proxy, intend to vote for the individual election of each of the nominees set forth above.** If, for any reason, at the time of the Meeting any of the nominees are unable to serve, and unless otherwise specified, it is intended that the persons designated in the Form of Proxy will vote at their discretion for a substitute nominee or nominees.

The Board has adopted a majority voting policy, which provides that in respect of Shareholder meetings involving the uncontested election of directors, any nominee director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "majority withhold vote") shall tender his or her resignation for consideration by the Board to the Chairman, Governance Matters of the CG Committee promptly following certification of the shareholder vote. If the Chairman, Governance Matters of the CG Committee receives a majority withhold vote, then he or she shall tender his or her resignation to the Chairman of the Board. While the Board will retain its discretion to accept or reject the resignation, in the absence of exceptional circumstances the Board will accept the resignation. The CG Committee, and/or the Board, as applicable, may consider all factors it deems relevant and that may constitute exceptional circumstances in determining whether to recommend to accept or reject, as applicable, the tendered resignation. Such factors may include, without limitation:

- a) the reasons, if known, why Shareholders "withheld" or were requested to "withhold" votes from the director;
- b) the director's length of service and qualifications;
- c) the director's share ownership;
- d) the director's contributions to the Corporation;
- e) the current mix of skills and attributes of the directors on the Board;
- f) the impact with respect to covenants in agreements or plans; and
- g) legal requirements, policies or guidelines (regulatory, securities or corporate laws, or stock exchange rules) for director numbers and qualifications.

The Board will make its decision as to whether to accept or reject a resignation tendered in accordance with the Policy no later than 90 days following the date of the Shareholders meeting at which the election occurred. Promptly following the Board's decision, the Corporation will disclose that decision, including an explanation of the process by which the decision was reached and, if applicable, the exceptional circumstances for rejecting the tendered resignation, in a press release. If the Board decides to accept the director's resignation, the CG Committee will recommend to the Board whether to fill the resulting vacancy or to continue with the reduced size of the Board.

The majority voting policy provides that any director who tenders his or her resignation pursuant to the majority voting policy will not participate in the CG Committee recommendation or the Board consideration whether to accept or reject the tendered resignation. In the event that any director who received a majority withhold vote does not tender his or her resignation in accordance with this Policy,

he or she shall not be re-nominated by the Board and shall not be entitled to any benefits (financial or otherwise) of a director or past director of the Corporation.

The Board and the CG Committee may adopt such procedures as it sees fit to assist in its determinations under the majority voting policy.

#### 4. APPOINTMENT OF AUDITORS

The directors propose that the firm of KPMG LLP be appointed as auditors of Alaris for the fiscal year ending December 31, 2017. KPMG LLP has served continuously since July 31, 2008 as Alaris' sole auditing firm. **Unless otherwise instructed, the persons named in the enclosed Form of Proxy, if named as a proxy, intend to vote for the appointment of KPMG LLP as auditors and to authorize the directors to fix the remuneration of the Auditors.**

Please see "Audit Committee Information – External Auditor Service Fees" in the AIF for a summary of the fees paid to KPMG LLP over the last two fiscal years.

#### 5. APPROVAL OF THE UNALLOCATED OPTIONS PURSUANT TO THE OPTION PLAN

The terms of the Option Plan (including any amendments that have been made to the Option Plan in the last three (3) years) as well as the purpose for which it was created are described in more detail under the heading "Executive Compensation Discussion and Analysis - 3. Program Components - Equity Incentive Plans".

When Options have been granted pursuant to the Option Plan, Common Shares that are reserved for issuance under an outstanding Option are referred to as allocated Options. Alaris has additional Common Shares that may be issued under the Option Plan, but as they are not subject to current Option grants, they are referred to as unallocated Options.

As at the Record Date Alaris had Options to purchase 2,079,671 Common Shares (equal to approximately 5.71% of the outstanding Common Shares at the Record Date) outstanding under the Option Plan, leaving 1,018,081 Common Shares (equal to approximately 2.79% of the outstanding Common Shares at the Record Date) unallocated and available for future grants under the Option Plan (based on a maximum number of Common Shares that may be reserved for issuance under the Option Plan of 8.5% of the currently issued and outstanding Common Shares).

Section 613(a) of the TSX Company Manual provides that every three (3) years after the institution of a security based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders. The Board approved the unallocated Options under the Option Plan on April 1, 2017. Shareholders previously approved the unallocated Options under the Option Plan at the annual and special meeting of Shareholders held on May 8, 2014. Therefore, at the Meeting, Shareholders will be asked to approve an ordinary resolution approving the unallocated Options under the Option Plan. If approval is not obtained at the Meeting, Options which have not been allocated as of the Meeting Date and Options which are outstanding as of the Meeting Date and which are subsequently cancelled, terminated or exercised will not be available for a new grant of Options under the Option Plan. Previously allocated Options will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the CG Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

The Board believes the Option Plan, in conjunction with the RSU Plan, are key components of Alaris' compensation strategy in aligning our Management's and employees' interests with those of our shareholders, by linking performance compensation to the enhancement of shareholder value. The directors propose that the following ordinary resolution respecting the unallocated Options under the Option Plan be approved by the Shareholders:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE HOLDERS OF COMMON SHARES, THAT:

- 1) All unallocated options issuable pursuant to the share option plan of the Corporation are approved and authorized until May 9, 2020; and
- 2) Any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

Unless otherwise instructed, the persons designated in the enclosed Form of Proxy intend to vote in favour of the foregoing resolution. This resolution must be approved by a simple majority of the votes cast at the Meeting, in person or by proxy.

## 6. APPROVAL OF THE UNALLOCATED RSUS PURSUANT TO THE RSU PLAN

The terms of the RSU Plan (including any amendments that have been made to the RSU Plan in the last three (3) years) as well as the purpose for which it was created are described in more detail under the heading "Executive Compensation Discussion and Analysis - 3. Program Components Equity Incentive Plans".

When RSUs have been granted pursuant to the RSU Plan, Common Shares that are reserved for issuance under an outstanding RSU are referred to as allocated RSUs. Alaris has additional Common Shares that may be issued under the RSU Plan, but as they are not subject to current RSU grants, they are referred to as unallocated RSUs.

As at the Record Date Alaris had 265,545 RSUs (equal to approximately 0.73% of the outstanding Common Shares at the Record Date) issued and outstanding under the RSU Plan, leaving 190,007 Common Shares (equal to approximately 0.52% of the outstanding Common Shares at the Record Date) unallocated and available for future grants under the RSU Plan (based on a maximum number of Common Shares that may be reserved for issuance under the RSU Plan of 1.25% of the currently issued and outstanding Common Shares).

As indicated earlier, the policies of the TSX provide that every three (3) years after the institution of a security based compensation arrangement, all unallocated rights, options or other entitlements under such arrangement which does not have a fixed maximum number of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders. The Board approved the unallocated RSUs under the RSU Plan on April 1, 2017. Shareholders previously approved the unallocated RSUs under the RSU Plan at the annual and special meeting of Shareholders held on May 8, 2014. Therefore, at the Meeting, Shareholders will be asked to approve an ordinary resolution approving the unallocated RSUs under the RSU Plan. If approval is not obtained at the Meeting, RSUs which have not been allocated as of the Meeting Date and RSUs which are outstanding as of the Meeting Date which are subsequently cancelled, terminated or exercised will not be available for a new grant of RSUs under the RSU Plan. Previously allocated RSUs will continue to be unaffected by the approval or disapproval of the resolution. If approval is not obtained at the Meeting, the CG Committee and the Board will have to consider alternate forms of performance based compensation, including additional cash bonuses, a share appreciation plan or other means in order to attract and retain qualified personnel.

The Board believes the RSU Plan, in conjunction with the Option Plan, are key components of Alaris' compensation strategy in aligning our Management's and employees' interests with those of our Shareholders, by linking performance compensation to the enhancement of shareholder value. As such, the directors propose that the following ordinary resolution respecting the unallocated RSUs under the RSU Plan be approved by the Shareholders:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE HOLDERS OF COMMON SHARES, THAT:

- 1) All unallocated restricted share units issuable pursuant to the restricted share unit plan of the Corporation are approved and authorized until May 9, 2020; and
- 2) Any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

Unless otherwise instructed, the persons designated in the enclosed Form of Proxy intend to vote in favour of the foregoing resolution. This resolution must be approved by a simple majority of the votes cast at the Meeting, in person or by proxy.

## DIRECTORS OF THE CORPORATION

### DIRECTORS DESCRIPTIONS

#### Jack C. Lee

Calgary, Alberta  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

Areas of Expertise  
Industries:

- Financial Services
- Energy

Mr. Lee is President of Facet Resources Ltd., a private investment company and is currently Lead Director of Sprott Inc. Mr. Lee is also the Executive Chairman of the board of Gryphon Petroleum Corp., a private oil and gas company. Prior thereto he was Chairman of Ithaca Energy and Canetic Resources Trust as well as Chairman, President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee has a Bachelor of Arts and a Bachelor of Commerce degree and holds an ICD.D designation from the Institute of Corporate Directors.

Board/Committee Membership		Attendance	Attendance Total <sup>(2)</sup>	
Board of Directors (Chair)		9	9 out of 9	100%
Audit		4	4 out of 4	100%
Additional Public Board Memberships				
Sprott Inc.		Lead Director Compensation Committee Audit Committee		
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Total of Common Shares and RSUs		
225,368	16,692	242,060		

#### E. Mitchell Shier

Calgary, Alberta  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

Areas of Expertise  
Industries:

- Legal
- Energy

Mr. Shier is General Counsel, Corporate Secretary and Manager, Land at Paramount Resources Ltd., which he joined in November, 2008. Prior to joining Paramount, Mr. Shier spent over 24 years in private practice where he specialized in mergers and acquisitions and oil and gas and general commercial law. He is also on the board of Trilogy Energy Corp.

Board/Committee Membership		Attendance	Attendance Total <sup>(2)</sup>	
Board of Directors		9	9 out of 9	100%
CG Committee (Chair, Governance Matters)		2	2 out of 2	100%
Additional Public Board Memberships				
Trilogy Energy Corp.		Corporate Governance Environmental Health and Safety		
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Total of Common Shares and RSUs		
18,000	14,337	32,337		

#### Mary C. Ritchie

Edmonton, Alberta  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

Areas of Expertise  
Industries:

- Financial Services

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 a member of the Independent Review Committee of RBC Global Asset Management. She is also a member of the Board of Directors of Industrial Alliance Ltd. and EnWave Corporation.

Board/Committee Membership		Attendance	Attendance Total <sup>(2)</sup>	
Board of Directors		9	9 out of 9	100%
Chair - Audit Committee		4	4 out of 4	100%
Additional Public Board Memberships				
Industrial Alliance Assurance and Financial Services Inc.		Audit Committee		
EnWave Corporation		Audit Committee (Chair)		
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Total of Common Shares and RSUs		
33,000	14,337	47,337		



**John P.A. Budreski**

Vancouver, British Columbia  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

**Areas of Expertise**  
Industries:

- Financial Services
- Energy

Mr. Budreski has been the President and Chief Executive Officer of Morien Resources Corp. since November 2012. In June of 2014, Mr. Budreski became Executive Chairman of EnWave Corporation. Previously, he was a Managing Director and a Vice Chairman with Cormark Securities Inc. from 2009 to 2012. He was the President and Chief Executive Officer of Orion Securities Inc. from 2005 to 2007. Prior thereto, he filled the roles of a Managing Director of Equity Capital Markets and Head of Investment Banking for Scotia Capital Inc. from March 1998 to February 2005 after starting out as a Managing Director of US Institutional Equity Group for Scotia Capital. He also held senior management roles in investment banking and equity sales and trading for RBC Dominion Securities and worked for Toronto Dominion Bank. He holds an MBA from the University of Calgary and a Bachelor of Engineering from TUNSD/Dalhousie.

Board/Committee Membership		Attendance	Attendance Total <sup>(2)</sup>
Board of Directors		9	9 out of 9   100%
CG Committee (Chair, Compensation Matters)		2	2 out of 2   100%
Additional Public Board Memberships			
Sandstorm Gold Ltd.		Audit Committee	
Morien Resources Corp.		-	
Colossus Minerals Inc.		Audit Committee	
EnWave Corporation		Executive Chairman	
Input Capital Corp.		Audit Committee	
Securities Held <sup>(5)</sup>			
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Total of Common Shares and RSUs	
87,691	14,337	102,028	

**Gary Patterson**

Kelowna, British Columbia  
Canada  
Director Since: 2008  
Independent <sup>(1)</sup>

**Areas of Expertise**  
Industries:

- Financial Services
- Consumer Discretionary
- Real Estate

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 is managing director of DRI Capital Inc., a private fund manager. 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 Seaciff Construction Corp. Mr. Patterson is a Fellow of the Institute of Chartered Accountants of British Columbia.

Board/Committee Membership		Attendance	Attendance Total <sup>(2)</sup>
Board of Directors		8	8 out of 9   89%
Audit Committee		4	4 out of 4   100%
Additional Public Board Memberships			
N/A			
Securities Held <sup>(5)</sup>			
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Total of Common Shares and RSUs	
28,000	14,337	42,337	

**Robert Bertram**

Aurora, Ontario  
Canada  
Director Since: 2014  
Independent <sup>(1)</sup>

**Areas of Expertise**  
Industries:

- Financial Services
- Real Estate
- Energy

Robert Bertram is a Corporate Director. In December 2008 he retired as the Executive Vice President of Ontario Teachers' Pension Plan Board ("Teachers"), a position he held from 1990. Prior to Teachers, Mr. Bertram spent 18 years at Telus Corporation, including roles as Assistant Vice President and Treasurer. Mr. Bertram is currently the Chair of the Strategic Committee of Glass Lewis, LLC, a member of the Independent Review Committee for the Strathbridge Asset Management family of funds, a director of Black Spruce Exploration Corp., a private oil and gas company, a director of the Investment Management Co. of Ontario, and a director of several not-for-profit boards and societies including, the Canadian Foundation for Governance Research. Mr. Bertram previously held director roles with Cadillac Fairview Corporation, Maple Leafs Sports and Entertainment, AltaLink, Nexen Inc., and Morguard Mortgage Investment Corp.

Board/Committee Membership		Attendance	Attendance Total <sup>(2)</sup>
Board of Directors		9	9 out of 9   100%
CG Committee		2	2 out of 2   100%
Audit Committee		4	4 out of 4   100%
Additional Public Board Memberships			
N/A			
Securities Held <sup>(5)</sup>			
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Total of Common Shares and RSUs	
33,000	14,337	47,337	

**Steve King**

Calgary, Alberta  
Canada  
Director Since: 2008

Mr. King is the President and CEO of Alaris and has served in that role since he co-founded the Company's predecessor, Alaris IGF in 2004. Mr. King has also served on the board of directors of Alaris since the company went public in 2008. Prior to creating Alaris, Steve spent 12 years in the investment banking industry in both Toronto and Calgary, advising both public and private company entrepreneurs on their capital raising needs. Mr. King is also a director of Metropolitan Investment Corporation, a private investment company.

**Areas of Expertise**

Industries:

•Financial Services

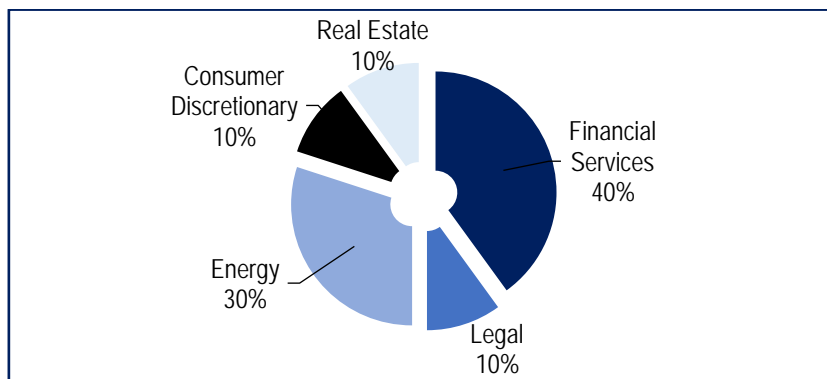
Board/Committee Membership		Attendance	Attendance Total <sup>(2)</sup>	
Board of Directors		9	9 out of 9	100%
Additional Public Board Memberships				
N/A				
Securities Held <sup>(5)</sup>				
Common Shares <sup>(3)</sup>	Restricted Share Units (RSUs) <sup>(4)</sup>	Options Held	Total of Common Shares, RSUs and Options	
696,294	54,799	832,052	1,583,145	

**Notes:**

- (1) Independent refers to the Board's determination of whether a director is "independent" under the categorical standards adopted by the Board as described under the heading "Director Independence" in Schedule 1 to this Information Circular.
- (2) The nine (9) meetings held by the Board of Directors in fiscal 2016 included meetings which were outside their regular meeting schedule.
- (3) "Common Shares" refers to the number of Common Shares, as applicable, that are beneficially owned, directly or indirectly, or over which control or direction is exercised, by the director nominee as of the Record Date. The information as to the number of securities beneficially held by each nominee is based upon information furnished to us by the nominees and public filings for each director. For Mr. Lee, 22,368 of these Common Shares are held through Facet Resources Ltd., an investment corporation controlled by Mr. Lee, for Mr. Bertram, 13,000 are held through his spouse and a family trust and for Mr. King 1,420 are held by his spouse and children.
- (4) "RSUs" refers to the number of Restricted Share Units held by the nominee under the RSU Plan as of the Record Date.
- (5) The number of securities held by each Director is reported as of the Record Date. None of the directors, other than Stephen King, held any unexercised options under Alaris' Option Plan. Options held by Mr. King are more particularly described in the Executive Compensation tables beginning on page 34 of this Information Circular.

The board mandate provides that it is the Board's responsibility to review and assess the number of outside directorships and executive positions held by Alaris' directors, which responsibility has been delegated to the CG Committee and is carried out as a part of the CG Committee's annual performance review of directors. The CG Committee will consider whether each director in question will be reasonably able to meet his or her duties in light of the responsibilities associated with fulfilling his or her duties as a director of Alaris as well as whether conflicts of interest will arise on a regular basis as a result of any outside directorships or outside executive positions. In this regard, the CG Committee has determined that none of the proposed nominee directors are over boarded as a result of their outside directorships. In particular, the CG Committee has determined that Mr. Budreski's outside directorships and executive officer positions have not in the past, nor are the expected to in the future, interfere with or impede his ability to discharge his duties and responsibilities as a director of Alaris.

## AREAS OF EXPERTISE OF NON-EMPLOYEE NOMINEES FOR THE BOARD OF DIRECTORS



### ADDITIONAL DISCLOSURE RELATING TO DIRECTORS

In fiscal 2016, no director of Alaris served on an outside board with any other director of Alaris, except John Budreski and Mary Ritchie who serve on the EnWave Corporation board together.

To Alaris' knowledge, no proposed director of Alaris:

- 1) is, as at the date of this Information Circular, or has been, within the 10 years before, a director, CEO or CFO of any company (including Alaris):
  - a) 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, CEO or CFO; or
  - b) 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, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;
- 2) is, as at the date of this Information Circular, 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
- 3) has, within the 10 years before the date of this Information Circular, 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;

Except as follows:

- (1) Until March 2, 2010, Messrs. Budreski and Patterson were directors of EarthFirst. EarthFirst was engaged in development of wind power and related generation facilities, when it 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.
- (3) Mr. Budreski became a director of Colossus in late March of 2014 pursuant to the terms of, and upon the completion of, a Court supervised restructuring. Prior to Mr. Budreski joining the Board of Colossus, Colossus had failed to file its requisite disclosure materials with the applicable regulatory bodies and, on April 29, 2014, the Ontario Securities Commission issued a cease trade order against Colossus. As of the date hereof, the cease trade order remains in effect.
- (2) Mr. Lee was a director of Darian. 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 Darian was sold to Crescent Point Energy Corp., and as a result, Darian's creditors were repaid in full and its equity holders were repaid an additional \$30 million.

To Alaris' knowledge, none of its proposed directors have 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 Shareholder in deciding whether to vote for a proposed director.

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## BOARD OF DIRECTORS COMPENSATION

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### HOW WERE ALARIS' DIRECTORS COMPENSATED IN 2016?

The compensation program for non-employee directors has two primary objectives:

- (i) to align directors' interests with the interests of our shareholders; and
- (ii) to fairly and competitively compensate directors in order to attract well qualified board members.

In determining the appropriate compensation for non-employee directors, the board considers the time and effort required to fulfill their responsibilities and contribute to the effective management and direction of the enterprise. In this regard, the compensation structure for Alaris' non-employee directors consists of two elements:

- (i) a cash retainer fee, and
- (ii) equity based compensation in the form of RSUs issued under our RSU Plan.

Directors are also reimbursed for any travel and out-of-pocket expenses incurred in attending Board and Committee meetings.

### RETAINER FEES

Non-employee directors are entitled to receive an aggregate annual retainer fee in an amount equal to the cash dividends that such director would have received on the Common Shares underlying their outstanding RSUs if such RSUs were vested. Such retainer fees are paid on a monthly basis, with the determination of the monthly amount being made on the applicable monthly dividend declaration date. The following table sets forth the cash retainer fees paid to non-employee directors in 2016:

Name	Retainer Fee (\$)
Jack C. Lee	\$27,041
Mary C. Ritchie	\$23,226
E. Mitchell Shier	\$23,226
John P.A. Budreski	\$23,226
Gary Patterson	\$23,226
Robert Bertram	\$23,226

**Note:**

- (1) The amount paid to Mr. Lee is higher as Mr. Lee was granted additional RSUs in recognition of the additional duties and responsibilities attributed to his position as Chairman of the Board.
- (2) In recognition of the \$150,000 limit (described on the next page) with respect to the grant of RSUs to non-employee directors, the Board has the discretion to award Mr. Lee an additional cash retainer in an amount equal to 25% of the market value of any vested RSUs during the course of a fiscal year if it is determined that such additional compensation is necessary, having regard to the additional duties and responsibilities attributed to his position as Chairman, market analysis and corporate performance (if the Board exercises its discretion to award such additional cash retainer, it will be paid on the vesting date of such RSUs). In exercising this discretion, the Board will consider, among other things, the compensation awarded to all other non-employee directors in a particular year and the responsibilities of the Chairman for such year.
- (3) The Board has the discretion to approve an additional cash retainer fee to be paid to all non-employee directors, including Mr. Lee, if it is determined that additional compensation is required based on, among other things, increased duties and responsibilities of the non-employee directors, corporate performance and market analysis.

### DIRECTORS' SHARE OWNERSHIP

As at the date of this Information Circular:

- total Common Shares held by non-employee directors: 425,059
- total RSUs held by non-employee directors: 88,377
- total value of Common Shares and RSUs held by non-employee directors: \$11,413,682 (based on the closing price of the Common Shares on the TSX on April 4, 2017, which was \$22.23).

Pursuant to Alaris' share ownership guideline for its non-employee directors, a policy adopted by Alaris in 2014 that strives to ensure that the interests of directors and shareholders are aligned and to demonstrate the Board's long-term commitment to growth and continuance of a sound corporate governance program: (i) it is recommended that each non-employee director maintain a minimum share ownership equal to two (2) times the most recent annual equity grant issued to such director; and (ii) each director is expected to achieve this level of share ownership within two (2) years of their initial appointment to the Board. This guideline is intended to be a guideline only and the Board continues to have the discretion to adjust or change such guideline as the circumstances warrant. As of the date hereof, all directors of Alaris meet this ownership requirement.

**Restricted Share Units Outstanding**

Jack C. Lee	16,692
Mary C. Ritchie	14,337
E. Mitchell Shier	14,337
John P.A. Budreski	14,337
Gary Patterson	14,337
Robert Bertram	14,337
<b>Total</b>	<b>88,377</b>

**Note:**

- (1) Mr. Lee was granted more RSUs than the other non-employee directors of Alaris in recognition of the additional duties and responsibilities attributed to his position as Chairman of the Board.

The RSUs issued to the non-employee directors have different vesting conditions than the RSUs issued to Alaris' Named Executive Officers and employees. The CG Committee has determined that the different vesting conditions were appropriate because non-employee directors' compensation is primarily composed of equity compensation. The RSUs issued to such directors are intended to compensate such directors for their services, provide long-term incentive to them and align their interests with those of the Shareholders.

The Board has approved an annual grant of RSUs to the non-employee directors in an amount equal to 5,000 RSUs (6,250 for Mr. Lee), subject to an aggregate limit of \$150,000 in grant date fair value for each non-employee director (for greater certainty if the grant date fair value of the annual grant of 5,000 RSUs would exceed \$150,000, then the number of RSUs granted to the non-employee directors shall be reduced to such number as would have a maximum grant date value of \$150,000). Such RSUs vest at the end of three (3) years following the date of grant, subject to any restrictions under the Corporation's Trading and Blackout Policy, which restrictions may delay the vesting date. The RSUs to non-employee directors do not have performance targets to achieve for the purposes of vesting of such RSUs. The annual grant of RSUs to non-employee directors in a particular year will generally coincide with the vesting date in such year of RSUs that were previously issued to non-employee directors.

On January 27, 2017 the following RSUs held by non-employee directors vested and the following Common Shares were issued as a result. In addition, in accordance with the annual grant of RSUs approved by the Board, the following additional RSUs were immediately granted to the non-employee directors to replace the vested RSUs, which issued RSUs formed part of the non-employee directors' compensation for 2016:

Name	January 27, 2017 (RSUs Vested) <sup>(1)</sup>	January 27, 2017 (Common Shares Issued) <sup>(1)</sup>	January 27, 2017 (RSUs Granted) <sup>(2)</sup>
Jack C. Lee	6,250	6,250	6,250
Mary C. Ritchie	5,000	5,000	5,000
E. Mitchell Shier	5,000	5,000	5,000
John P.A. Budreski	5,000	5,000	5,000
Gary Patterson	5,000	5,000	5,000
Robert Bertram	5,000	5,000	5,000

**Note:**

(1) On January 27, 2017 5,000 RSUs vested for each non-employee director (6,250 for Mr. Lee) and the corresponding number of Common shares were issued to the non-employee directors. These RSUs were originally granted to the non-employee directors as part of their compensation for the fiscal year ended December 31, 2013; however, due to restrictions under the Corporations Trading and Blackout Policy, the vesting of such RSUs was delayed until January 2017.

(2) As referenced above, the issuance of the annual RSUs for non-employee directors' compensation is intended to coincide with vesting date of RSUs, as such the annual grant of RSUs for the non-employee directors' fiscal 2016 compensation was delayed until January 27, 2017 when the aforementioned RSUs vested.

Unless otherwise agreed by the Board, if a director is no longer a director of Alaris, the director ceases to be a participant under the RSU Plan, and forfeits all unvested RSU awards.

**Directors' Summary Compensation Table**

The following table sets out for the year ended December 31, 2016 information concerning the compensation paid to our non-employee directors for that fiscal year:

Directors	Fees earned (\$)	Share-based awards \$( <sup>(1)(2)</sup> )	Total (\$)
Jack C. Lee	27,041	142,938	169,979
E. Mitchell Shier	23,226	114,350	137,576
Mary C. Ritchie	23,226	114,350	137,576
John P.A. Budreski	23,226	114,350	137,576
Gary Patterson	23,226	114,350	137,576
Robert Bertram	23,226	114,350	137,576

**Notes:**

- (1) In the table above, the grant date fair value was calculated based upon the deemed or actual, as applicable, market price of the Common Shares on the date the RSUs were granted and assuming that Alaris would satisfy all of the vesting conditions for the currently issued and outstanding RSUs. The grant date fair value was \$22.87 per Common Share which was the five day volume weighted average price of the Common Shares on January 27, 2017. However, the value of an RSU to be recognized by the director for income tax purpose on the date the RSU vests will be the market value of the Common Shares on the date of vesting and can therefore fluctuate from the grant date fair value used to calculate the value disclosed in the table above.
- (2) Directors of Alaris do not receive any options based awards, non-equity incentives, contributions to a pension plan or any other compensation in 2016 or prior years.

**Directors' Outstanding Option-Based Awards and Share-Based Awards**

For each of our non-employee directors, the following table sets out all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2016.

Name	Share-based Awards	
	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(1)(2)</sup> (\$)
Jack C. Lee	16,692	399,773
Mary C. Ritchie	14,337	343,371
E. Mitchell Shier	14,337	343,371
John P.A. Budreski	14,337	343,371
Gary Patterson	14,337	343,371
Robert Bertram	14,337	343,371

**Notes:**

- (1) Calculated based on the \$23.95 closing price of the Common Shares on the TSX as of December 31, 2016 and on the assumption that vesting criteria was satisfied at December 31, 2016. However, the value of an RSU to be recognized by the director for income tax purposes on the date the RSU vests will be the fair market value of the Common Shares, being the five day VWAP for the five trading days preceding the date of vesting and can therefore fluctuate from the grant date fair value used to calculate the value disclosed in the table above.
- (2) Non-employee directors have not been granted Options in 2016 or any prior years.

**Directors' Incentive Plan Awards - Value vested or Earned During the Year**

For each of our non-employee directors, the following table sets out the value of share-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016.

Name	Share-based awards- Value vested during the year <sup>(1)(2)(3)</sup> (\$)
Jack C. Lee	142,938
Mary C. Ritchie	114,350
E. Mitchell Shier	114,350
John P.A. Budreski	114,350
Gary Patterson	114,350
Robert Bertram	114,350

**Notes:**

- (1) The following RSUs held by non-employee directors vested on January 27, 2017 and the same number of Common Shares were issued to non-employee directors except for Mr. Lee who received 6,250 RSUs: Mary C. Ritchie, 5,000; E. Mitchell Shier, 5,000; John P.A. Budreski, 5,000; Gary Patterson 5,000; and Robert Bertram, 5,000. These RSUs were originally intended to vest in 2016, as part of the directors' 2013 compensation grant; however, due to restrictions under Alaris' Trading and Blackout Policy, the RSUs could not vest until January 27, 2017. The value of the vested RSUs was calculated based on the five day volume weighted average price on the day of vesting which was \$22.87. In addition to the above, RSUs in the amounts of 6,250 were issued to Mr. Lee and 5,000 RSUs were issued to each other non-employee directors on January 27, 2017, which RSUs were approved as part of the non-employee directors' 2016 compensation, but due to the aforementioned restrictions were not granted until January 2017.
- (2) Non-employee directors do not hold any outstanding option-based awards
- (3) Alaris does not have any non-equity incentive plans for non-employee directors.

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## EXECUTIVE COMPENSATION

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For the purposes of this document and when referring to Named Executive Officers ("NEOs"), the following is a list of NEOs in 2016.

**Named Executive Officers (NEOs)**

Steve King	President and Chief Executive Officer
Darren Driscoll	Chief Financial Officer
Curtis Krawetz	VP Investments and Investor Relations
Mike Ervin	Chief Legal Officer and Corporate Secretary
Amanda Frazer	VP Investments

**COMPENSATION GOVERNANCE**

The CG Committee is a committee of the Board that is responsible for reviewing and monitoring Alaris' compensation program in light of corporate goals and objectives, and recommending changes to the Board, as well as recommending to the Board, the level and form of compensation to be made to Management and Alaris' directors. For a more complete description of the role, powers, duties and responsibilities of the CG Committee, particularly with respect to compensation matters, please refer to the discussion in Schedule 1 of this Information Circular.

The CG Committee currently consists of John P.A. Budreski (Chair, Compensation Matters), E. Mitchell Shier (Chair, Governance Matters) and Robert Bertram. All members of the CG Committee are "independent" within the meaning of the relevant CSA rules and standards. For more information on the determination of independence of the CG Committee members, please refer to the discussion in Schedule 1 of this Information Circular.

For information concerning each member's direct experience relevant to his responsibilities in executive compensation, please see the Director descriptions beginning on page 16 of this Information Circular.

**COMPENSATION REVIEW**

The CG Committee and the Board believe that an effective compensation program appropriately rewards long-term growth and performance and does not encourage inappropriate risk taking. In developing our compensation program, the CG Committee and the Board have developed a set of guidelines to ensure the program meets the foregoing objectives. Such guidelines are more particularly described in the "Executive Compensation Discussion and Analysis" section of this Information Circular beginning on page 26 herein.

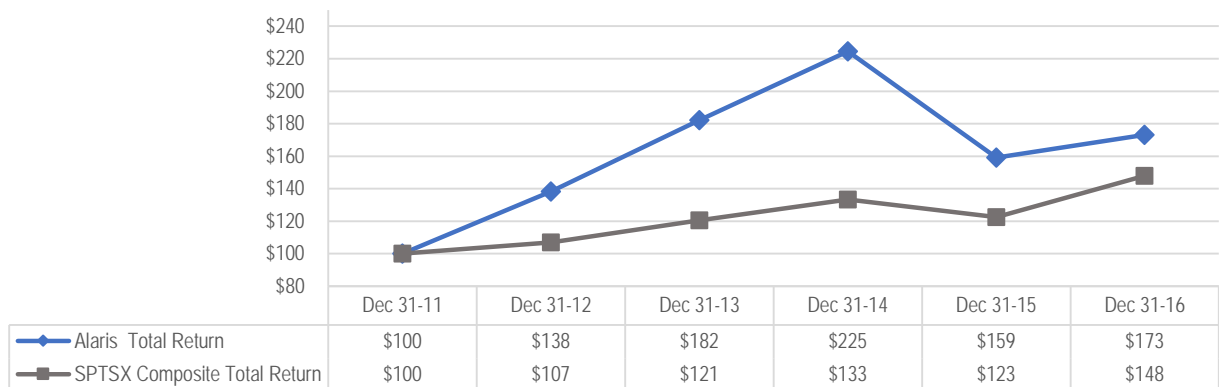
These guidelines are intended to be guidelines only, and the Board continues to have the discretion to adjust or change such guidelines as circumstances warrant.

As of the date of this Information Circular, the CG Committee has not taken any new actions, decisions or policies which would have had a material effect on Alaris' executive compensation program.

## PERFORMANCE AND COMPENSATION RELATIVE TO SHAREHOLDER RETURNS

In 2016 Alaris continued to make progress in advancing its strategic agenda. Our strategic priorities include: generating stable and growing cash flows from existing Private Company Partners and adding new Private Company Partners both in Canada and the United States; and strengthening our relationships with our existing Private Company Partners by providing additional funding where required in furtherance of their initiatives. In 2016, Alaris: increased cash flow per share with the addition of accretive contributions into three new Private Company Partners (Sandbox, Providence and Matisia) as well as additional cash flow per share from accretive follow-on contributions to existing partners; and (ii) continued growth in cash flows from net organic increases of distributions from our Private Company Partners. The additions of new Partners in 2016 helped to offset the repurchases by LifeMark, Solowave and MAHC, which Alaris realized significant returns from. Total returns (assuming the reinvestment of dividends) to Shareholders for the 12 months ended December 31, 2016 were 8.8% vs. 20.7% for the TSX S&P Composite Index (the "Index") over that same time period. The Index outperformed Alaris in 2016 in part due to a rebound in commodity prices and the resulting increases in valuations of Canadian resource companies, which the Index has a high weighting towards. Alaris has realized positive total returns to its shareholders in 4 of the past 5 years (refer to "Annual Total Returns" table below) and looks forward to continuing its history of positive total returns to shareholders in 2017. The trading price of the Common Shares on the TSX is subject to fluctuation based on a number factors (including, but not limited to, global and national economic conditions, changes in government, legislation, performance of our Private Company Partners, and other factors), many of which are outside the control of Alaris.

The chart below displays the total return on investing \$100 into both Alaris Common Shares and the Index on December 31, 2011, which includes reinvesting dividends for both at each year end. As can be seen, the Common Shares have outperformed against the Index over that time period. Shareholders that have held Common Shares since December 31, 2011 have realized a total return (assuming dividends received were reinvested) of 73% based on the closing price on December 31, 2016 versus a 48% return from the Index (assuming dividends received were reinvested). On share price alone, Shareholders have realized a 33.1% return as of December 31, 2016 on their Common Shares purchased December 21, 2011 versus a 27.9% increase in the Index's value over that same time period. Alaris has paid dividends per share of \$1.18, \$1.36, \$1.48, \$1.56 and \$1.62 in 2012 through 2016 respectively while increasing the dividend seven times over that period.



Annual Total Returns	2012	2013	2014	2015	2016
Alaris Royalty Corp.	38.3%	31.7%	23.3%	-29.1%	8.8%
S&P TSX Composite Index	7.1%	12.7%	10.5%	-8.1%	20.7%

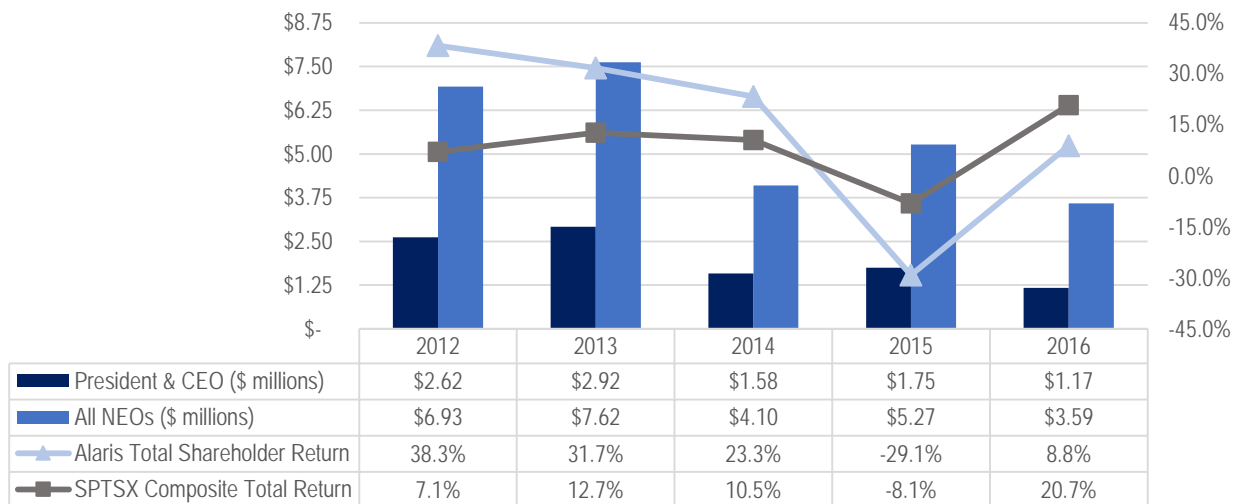
Note: the above data was based on the closing share price of Alaris' Common Shares at December 31, 2011 through December 31, 2016 as well as the value of the Index during those same time periods. It also includes the reinvestment of dividends received from both Alaris and the Index during the same time periods.



Our Board considers several factors in connection with its determination of appropriate levels of compensation, including, but not limited to, the Board's compensation philosophy and guidelines; the demand for and supply of skilled professionals in the financial services industry generally; individual performance; our corporate performance (which is not necessarily tied exclusively to the trading price of the shares on the TSX); and other factors discussed under "Executive Compensation Discussion and Analysis" beginning at page 26 of this Information Circular. Furthermore, certain aspects (including bonuses and the vesting of RSUs) are based in part on the achievement of certain predetermined performance metrics and is measured against corporate performance, which does not necessarily track the changes in the market value of our Common Shares. As Options and RSUs form a significant portion of compensation, the total compensation for NEOs is affected by increases and decreases in the price of the Common Shares as the value of such Options and RSUs decrease as the Common Share price decreases.

Alaris has a very scalable business model, which has allowed it to operate with relatively low operating costs and work force in comparison to the revenues and profit it generates. Alaris has hired seven new employees in the last 24 months to take total staff to fourteen (four of the new hires were replacing employees that have left Alaris). In 2016, Alaris generated revenue of \$100 million and normalized EBITDA of over \$87.2 million. This equates to revenue and EBITDA per employee of over \$7.14 million and \$6.22 million respectively. For comparison purposes, Alaris had \$32.1 million and \$25.9 million of revenue and normalized EBITDA in 2012 respectively and a head count of eight, which equated to \$4.0 million and \$3.2 million per employee respectively. See the Financial Statements and Annual MD&A for a description of how Alaris calculates normalized EBITDA, both of which are non-IFRS measures and should be read in conjunction with the Financial Statements, copies of which are available under Alaris profile at [www.sedar.com](http://www.sedar.com).

The chart below displays our executive compensation broken down by President & CEO as well as by total NEO compensation relative to the total returns to our Shareholders and the total returns of the Index over a 5 year period from December 31, 2011 to December 31, 2016. NEO total compensation is highly variable and is the result of several factors including a variable bonus program and the issuance of Options and performance based RSUs as well as a moderate base salary. Total gross NEO compensation decreased to \$3.6 million in 2016, which was 32% lower than 2015 on a gross basis and the lowest gross NEO compensation since 2011. 2016 NEO total compensation was lower than 2015 as a result of a lower level of stock based compensation being issued to NEOs in 2016 vs. 2015. NEO total compensation is influenced by a number of factors, most specifically; (a) stock based compensation (options and RSUs) varies year to year depending on the shares available to grant under each program during the year, (b) Alaris has hired 2 (net) non-executive employees over the past 24 months, resulting in a distribution of compensation (bonus and stock based) among more individuals than in the past and (c) cash bonuses are based on the increase in Total Cash Available for Distribution per Share each year and therefore could fluctuate significantly year over year.



**Note:**

- (1) Salary, perquisites and other compensation are paid throughout the year, with any adjustments thereto being determined in August of each year. Bonus payments and stock based compensation awards are determined and paid in August of each year, provided that the restrictions in the Corporation's Trading and Blackout Policy may delay the granting of approved stock based compensation.

Executive compensation is largely performance based, with such performance being determined on the basis of improvement in cash flow per share rather than share price. As such, it is expected to continue to be positively correlated to the returns shareholders receive (in normal market conditions) where those returns are based on dividends being paid (and increased) as well as a rising share price, which along with other factors could be the result of Alaris increasing its cash flow per share. The trading price of the Common Shares on the TSX is subject to fluctuation based on a number factors (including, but not limited to, global and national economic conditions, changes in government, legislation, performance of our Private Company Partners, and other factors), many of which are outside the

control of Alaris. In addition, Alaris' compensation levels are set in August of each year, with such compensation being based on a twelve month period ended June 30 versus the same period in the prior year. As such, the amount of NEO compensation for a given year may not directly correlate with the performance of Alaris' shares ending at December 31 of each year. Due to the nature and timing of NEO compensation, the compensation is often a lagging result of the prior year (for example, if Alaris increased its cash flow per share in 2016, the bonus portion of the NEO compensation in 2017 would reflect this increase rather than 2016 NEO compensation).

## EXECUTIVE COMPENSATION- RELATED FEES

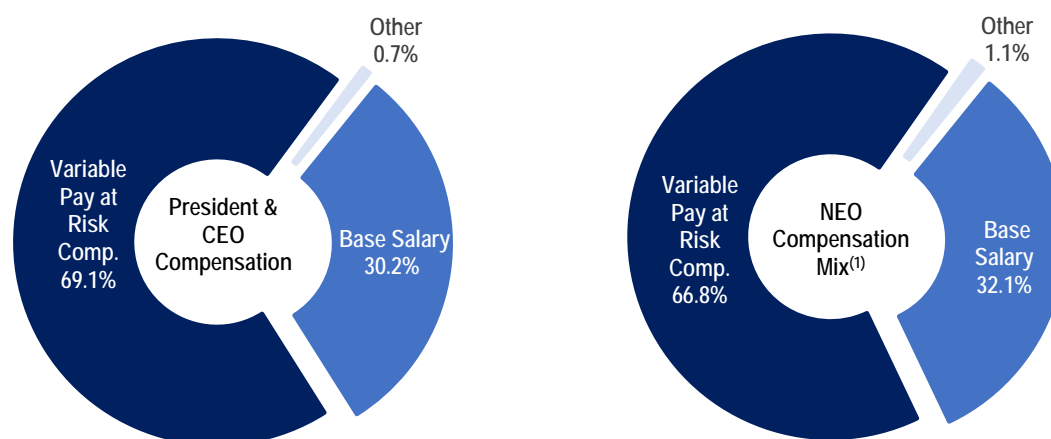
In 2015, Alaris engaged Mercer (Canada) Limited to assist in the preparation and review of its 2015 Information Circular and in January 2017, the Corporation engaged Mercer (Canada) to review this Information Circular.

## EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

### 1. COMPENSATION APPROACH AND OBJECTIVES

Alaris' approach to compensation is based on a "pay for performance" philosophy whereby fixed elements of pay such as salary, are positioned at, or below, market median levels, while short and long-term incentives are structured to provide above-market total compensation for high levels of corporate performance. As such, the Corporation's compensation program has been carefully designed to directly link compensation to the achievement of corporate performance goals that enhance shareholder value and create a strong alignment between shareholder and management interests.

With the foregoing philosophy in mind, the majority of the NEOs' compensation is comprised of variable "at risk" compensation in the form of bonuses, options and RSUs, the payment or vesting of which is dependent on several factors including the continued growth of Total Cash Available for Distribution (see the charts and tables below and "Executive Compensation Discussion and Analysis - 3. Program Components" below for further detail). Below is the compensation mix for 2016 for our President & CEO as well as for all NEOs combined.

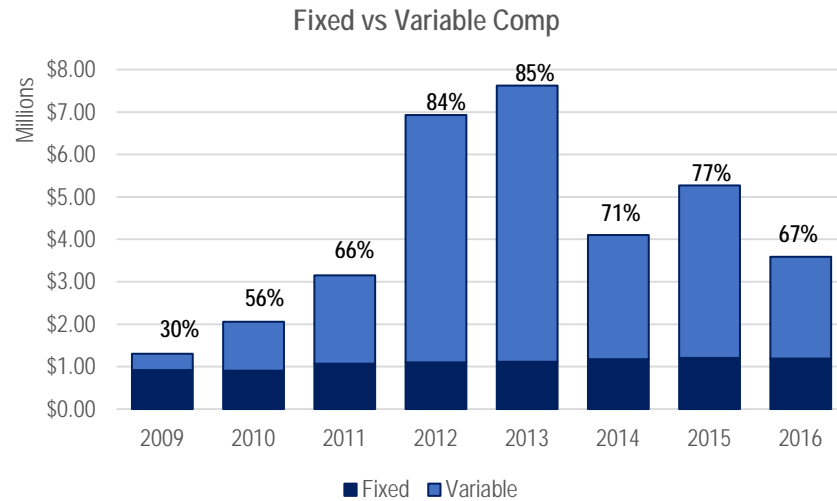


NEOs	Variable Pay at Risk				Total Compensation \$millions
	Base Salary %	Bonus %	Share Awards (Long-term incentive) %	Other % <sup>(1)</sup>	
Steve King	30.2%	20.5%	48.6%	0.7%	\$1.17
Darren Driscoll	30.8%	20.3%	48.0%	0.9%	\$0.90
Curtis Krawetz	35.5%	18.6%	44.1%	1.7%	\$0.46
Mike Ervin	36.8%	18.3%	43.4%	1.5%	\$0.53
Amanda Frazer	30.5%	20.2%	47.8%	1.5%	\$0.52

(1) Other represents taxable benefits for certain perquisites offered to employees (\$8,000 of total compensation per NEO in 2016).

(2) For more detail on the compensation for all NEOs in 2016 please refer to the "Summary Compensation Table" on page 34 of this document.

In the figure to the right, we display total NEO compensation broken down by the variable and fixed portions and display the percentage of variable compensation per year. As illustrated, variable compensation made up 67% (\$2.4 million) of total compensation of \$3.6 million in 2016, down from variable compensation of 77% in 2015 on a total compensation of \$5.3 million. While the fixed portion of total compensation has been relatively flat historically and versus the prior year, the variable portion was down as a percentage of total compensation due to the fact that less stock based compensation was



granted to NEOs in 2016. Therefore, salaries made up a larger percentage of total compensation in 2016 than in prior years while total compensation was down markedly at \$3.6 million for the year. The variable compensation Alaris NEO's receive consists of stock based compensation and a cash bonus, which is determined based on hitting the Total Cash Available for Distribution performance targets as mentioned on page 32 of this circular. The stock based compensation is derived by the value of the options and RSUs on issuance and isn't a true indicator of what the NEO will actually receive from the stock based compensation upon vesting or exercise, as applicable, as the Option and RSU value fluctuates with share price. Also, the RSUs have performance targets that need to be met in order to vest. Of the variable compensation component in 2016, 66% was performance based (bonus and RSUs) while the future value of the other 34% (options) is dependent upon the share price at the time of exercise. As of the record date, there are no previously granted options in the money out of the 2,079,671 outstanding. Alaris' compensation period runs from July 1 to June 30 of each year for determining the variable compensation portion of NEOs compensation package (stock based and cash bonuses).

Our compensation practices are designed to provide an effective balance among four core compensation principles:

- Compensation is **aligned with overall Alaris performance**. It is linked to both corporate and individual performance.
- Compensation **encourages a long-term view to increasing Shareholder value**. A significant portion of each executive's variable pay is equity-based and encourages executives to take significant personal and financial interest in the long-term health and growth of Alaris.
- Compensation **does not encourage excessive or inappropriate risk-taking**. Compensation structures reflect risk and capital usage and a significant portion of each executive's compensation is deferred in the form of equity compensation that vests over multiple years.
- Compensation **helps attract and retain highly trained, experienced and committed talented people** and motivates them to excel against specified corporate objectives.

The governing objective of Alaris' compensation program continues to be to motivate Alaris' employees to build a highly diversified group of Private Company Partners in North America with a conservative financial structure and a stable and consistently increasing dividend stream to Alaris Shareholders. In meeting this objective, the intent of our compensation program is to motivate Alaris employees to: (1) pursue a series of judicious and accretive partnerships with new Private Company Partners that will result in a stable source of revenue, principally financed with debt financing, cash and/or equity from issuances of new Common Shares; (2) ensure a responsible use of debt; and (3) maintain relationships with our Private Company Partners for the long-term. In this manner, executive and director interests are aligned with those of Shareholders. Executives are evaluated annually and compensation awards are made annually (in August) as appropriate in light of such performance factors. Annual awards and allocations of Options, RSUs and bonuses to individual executives are recommended to the Board by the CG Committee, in consultation with the CEO and are intended to reflect an executive's level of responsibility, corporate performance and an individual's contribution thereto.

## 2. RISK ASSESSMENT

The CG Committee has considered the implications of the risks associated with Alaris' compensation program and has determined that the compensation program does not encourage an NEO to take inappropriate or excessive risks. Reasons for this determination include, without limitation, the following:

- Components of the compensation program are awarded on a discretionary basis;
- The compensation package for NEOs reviewed and assessed annually by the CG Committee and the Board;
- The compensation program consists of fixed components (base salary) and short and long-term variable components (bonuses, Options and RSUs), and this is purposely designed to balance the level of risk taking while also focusing on generating long-term and sustainable value and growth for Shareholders;
- RSUs and Options, which make up a significant portion of an NEO's total compensation, vest over a period of three years (in the case of RSUs) or four years (in the case of Options), which acts to further mitigate against the potential for inappropriate short-term risk taking;
- Options and RSU grants are determined based on the number of shares outstanding and the number of Options and RSUs available for issuance under both Alaris' internal guidelines and the plan limits, all of which can be impacted by equity financings completed by the Corporation to either directly fund Partner financings or to reduce indebtedness utilized to fund such Partner financings. All equity offerings, and Option and RSU grants, must be approved by the independent Board members and cannot be concluded at management's discretion without such approval;
- There are no compensation policies and practices that are structured significantly differently for any NEOs; and
- An NEO that resigns or is terminated for cause forfeits their bonus and, unless otherwise determined any unvested, outstanding Options or RSUs.

The CG Committee will continue to monitor compensation governance and risk assessment practices on an ongoing basis to ensure that Alaris' compensation program is appropriately structured.

### *Restrictions on Certain Hedging Activities and Financial Instruments*

No insider, employee or consultant of Alaris may, directly or indirectly: (a) sell a security of Alaris if the person does not own or has not fully paid for the security to be sold; (b) buy or sell a call or put in respect of a security (c) engage in short sales of securities; or (d) purchase financial instruments (including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities of Alaris granted as compensation or held, directly or indirectly, by such person. However, insiders, employees or consultants may sell a Common Share that they do not own if they own another security convertible into Common Shares or an option or right to acquire Common Shares sold and, within 10 days after the sale, they: (i) exercises the conversion privilege, option or right and delivers the Common Share so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser. We believe that such arrangements reduce the risk of equity ownership by directors, officers, employees and consultants and thereby negate the alignment of interests of such persons with those of Shareholders. These restrictions are designed to ensure the continued alignment of the interests of our directors, officers, employees and consultants with shareholders.

### *Executive Compensation - Market Analysis*

As discussed above, the Corporation has spent considerable time and effort in designing and refining a compensation program that "pays for performance" and that directly aligns the interests of Alaris' NEOs with Shareholders. This pay for performance philosophy will continue to be the primary tool the CG Committee uses to assess and set NEO compensation. However, in order to provide context for, and assess the reasonableness of, its compensation decisions the CG Committee does from time to time review executive compensation practices and pay levels at companies that share some of the Corporation's attributes, including the following:

- (i) non-resource based royalty collecting entities;
- (ii) dividend paying entities;
- (iii) inclusion in the S&P/TSX Composite Index;
- (iv) similar market capitalization; and
- (v) inclusion in the "diversified equities" category (or other similar category) by securities analysts in the industry and whom follow Alaris.

Given the Corporation's unique business model none of the companies included in this analysis is considered to be directly comparable to Alaris. Accordingly, while the CG Committee will continue to conduct these comparative reviews as part of its compensation decision-making process, the Corporation's executive compensation program has not been designed with specific reference to the structures in place at any of these companies, nor has the compensation paid to Alaris' NEOs been set by benchmarking it against these companies' pay levels.

### 3. PROGRAM COMPONENTS

#### Compensation-Key Components

Alaris' compensation program seeks to evaluate an executive based on both corporate and individual performance. Corporate performance is measured through two primary means, namely:

- (1) an evaluation of financings completed by Alaris to raise funds for reducing debt utilized for or to directly fund contributions to new and existing Private Company Partners; and
- (2) Total Cash Available for Distribution per Common Share (see "*RSU Plan – Definition of Total Cash Available for Distribution*" on page 32 of this Information Circular for more detail on the concept of Total Cash Available for Distribution).

Individual performance is generally evaluated based on individual expertise and responsibilities, leadership and achievement of personal performance as well as individual contribution to corporate performance (including a review of a NEO's specific contribution on equity financings, partner contributions and public company administration).

The key components and guidelines of Alaris' compensation program for executives are outlined in the table below.

Component	Purpose	Form	How it is Determined
<b>Base Pay (Salary)</b>	Forms a relatively small component of total compensation and compensates individuals for fulfilling their role responsibilities.	Cash	Salaries are based on available market place information, as well as an executive's experience, performance and level of responsibility. Salaries are also determined with consideration to Alaris' total compensation package. An approach of moderate base salaries and a higher incentive component to employee compensation continues to be appropriate to encourage long-term corporate and individual performance. It is intended that base salaries will increase as Alaris' corporate size, complexity and responsibilities, increase. In addition, salaries may be adjusted based on corporate performance. All salary adjustments are at the discretion of the Board.
<b>Option Plan</b>	Promotes an ownership perspective among executives, encourages executive retention, encourages executives to generate sustained share price growth over the longer term (4 years) and aligns Management's interests with Shareholders interests.	Options	Option Plan awards are made upon the commencement of an executive's employment with Alaris and will be based on the executive's experience, skill set and level of responsibility within Alaris. Additional grants may be made at the discretion of the board and are based on the individual's contribution to corporate performance during the compensation period, as well as the overall competitiveness of the executive compensation package. As a general guideline, the number of outstanding Options granted to Alaris employees under the Option Plan shall not exceed approximately 6% of Alaris' outstanding Common Shares (calculated at the time of grant of new Options); provided that the Board maintains discretion to grant options in excess of this threshold to new employees or in such other circumstances as the Board deems appropriate.  It is intended that an annual grant of Options to employees, with the number of such Options being calculated with reference to several factors, including the number of outstanding Common Shares during the applicable Compensation Period, corporate performance over the Compensation Period and the options available to be issued during the applicable Compensation Period. New Options may also be issued once Options have expired to ensure the approximate 6% threshold is maintained. No Options were granted in 2016. However, an aggregate of 521,014 Options were issued to all employees (395,501 of which were granted to NEOs) in January 2017. These Options were intended to be granted as a part of 2016's compensation period. However, due to restrictions under Alaris' Trading and Blackout Policy the granting of these Options was delayed until 2017.
<b>Bonuses</b>	To recognize and encourage short term efforts which are critical to the long-term success and positive performance of Alaris.	Cash	Bonuses are intended to be awarded annually but are discretionary in nature based on the Board's assessment of individual contribution, performance and level of responsibility and overall corporate performance (including a review of contributions of capital to new and existing Private Company Partners during the Compensation Period as well as increases in Total Cash Available for Distribution per Share). See "Equity Incentive Plans – Alaris RSU plan – Definition of Total Cash Available for Distribution per Share" on page 32. As a general guideline, the aggregate annual bonus paid to Alaris employees is intended to be based upon 20% of the incremental annual increase, if any, to Alaris' "Total Cash Available for Distribution per Share" and again multiplied by the weighted average shares outstanding for that period. In 2016, an aggregate of \$1,042,000 (\$825,000 in 2015 and \$2,076,500 in 2014) in bonuses were paid to Alaris employees, of which \$711,880 (\$600,000 in 2015 and \$1,725,000 in 2014) was paid to NEOs. Alaris achieved Total Cash Available for Distribution of \$72.8 million from July 1, 2015 to June 30, 2016 versus \$61.1 million in the comparative period (\$2.0483 and \$1.9036 of Total Cash Available for Distribution per Share respectively). The bonus pool for 2016 of \$1,042,000 was calculated by taking the per share difference of Total Cash Available for Distribution per Share from 2016 to 2015 multiplied by 20% and multiplied again by the weighted average shares outstanding for the period ended June 30, 2016 (36,016,017).

Component	Purpose	Form	How it is Determined
RSU Plan	Encourages executives to create sustainable Shareholder value and returns over a three-year performance cycle and aligns Management's interests with Shareholders interests.	Restricted Share Units (RSUs)	<p>RSU vesting is based on the achievement of Total Cash Available for Distribution and performance targets (described on page 32 of this Information Circular). RSU Plan awards are made upon the commencement of an executive's employment with Alaris and will be based on the executive's level of responsibility within Alaris, experience and skill set. Additional grants may be made at the discretion of the Board and will be based on the individual's contribution to corporate performance during the Compensation Period, as well as the overall competitiveness of the executive compensation package. As a general guideline, the number of outstanding RSUs granted to Alaris employees under the RSU Plan shall not exceed approximately 0.5% of the outstanding Common Shares (calculated at the time of a grant of RSUs); provided that the Board maintains discretion to grant RSUs in excess of this threshold (subject to the aggregate limits discussed below in "Equity Incentive Plans – RSU Plan") to new employees or in such other circumstances as the Board deems appropriate.</p> <p>It is intended that there will be an annual grant of RSUs to executives with the number of such RSUs being calculated with reference to several factors, including: the number of outstanding Common Shares during the applicable Compensation Period, corporate performance over the Compensation Period and the RSUs available to be issued during the applicable Compensation Period. New grants may also be made once RSUs have expired or vested. In 2016 an aggregate of 42,080 RSUs were issued to employees (of which 34,188 were granted to NEOs).</p>

### **Compensation Ancillary Components**

#### **Benefits**

All employees including executives also receive health care insurance benefits that promote employee health and productivity in the workplace.

#### **Perquisites**

All employees including executives are entitled to an additional health spending account of \$2,000 per year and a paid parking stall.

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## EQUITY INCENTIVE PLANS

The tables below provide a description of the material features of each plan. The first table below sets out information about the equity plans as at December 31, 2016. A full copy of the Corporation's current Option Plan and RSU Plan are attached hereto as Schedule 5 of this Information Circular.

### Alaris' Share Option Plan

<b>Date of Implementation</b>	July 31, 2008
<b>Eligibility</b>	Options may be granted by the Board to officers, directors, employees of, and consultants and service providers to Alaris or a subsidiary of Alaris, at the Board's discretion.
<b>Maximum Number of Shares Issuable &amp; that May be Reserved for Issuance</b>	Under the Option Plan, the maximum number of Common Shares issuable under the Option Plan and the RSU Plan (and that may be reserved by Alaris for issuance under the Option Plan and RSU Plan at any given time) is limited to 8.5% of the total number of outstanding Shares at such time. As at April 4, 2017, 3,097,752 Common Shares have been reserved for issuance under the Option Plan (representing 8.5% of issued and outstanding Common Shares).
<b>Currently Issued (dilution)</b>	2,079,671 Common Shares to be issued upon exercise of outstanding options (representing 5.71% of Alaris' issued and outstanding Common Shares).
<b>Available for Issue</b>	As at April 4, 2017, 1,018,081 Common Shares remained available for issuance (representing approximately 2.79% of Alaris' issued and outstanding Shares; provided that the maximum number of shares available for reservation under the Option Plan is 8.5% of the issued and outstanding Common Shares).
<b>Other Limits</b>	Maximum number of Common Shares reserved for issuance in any one year period under Options to any one participant cannot exceed 5% of the Common Shares then issued and outstanding. Maximum number of Common Shares issuable to insiders at any time pursuant to all security-based compensation arrangements of Alaris cannot exceed 9.75% of all Common Shares then issued and outstanding. Maximum number of Common Shares issued to insiders within any one year period under all security-based compensation arrangements of Alaris cannot exceed 9.75% of all Common Shares then issued and outstanding. Maximum number of Common Shares issuable at any time pursuant to Options granted to Alaris' directors who are not officers or employees of Alaris is limited to 0.5% of all Common Shares then issued and outstanding. See also "Plan Changes" below.
<b>Maximum option term</b>	<ul style="list-style-type: none"> <li>• 5-year expiry date from date of grant</li> <li>• Unless not permitted by the TSX, if the expiry falls during an Alaris trading black-out period the term is extended by 10 business days after the end of the black-out period.</li> </ul>
<b>Exercise price</b>	• Equal to VWAP on the TSX for the 5 trading days immediately preceding the date of grant
<b>Vesting and exercise of options</b>	<ul style="list-style-type: none"> <li>• Before Options can be exercised, they must have vested. The currently issued and outstanding Options vest at 25% per year over four years</li> <li>• The CG Committee has full discretion to determine the number of Options to be granted, and the vesting conditions.</li> </ul>
<b>Expiry of options</b>	The earlier of: <ol style="list-style-type: none"> <li>1) 90 days following a participant's resignation or retirement date;</li> <li>2) Within 6 months of the date of cessation of full-time employment due to death;</li> <li>3) the 5-year anniversary of date of grant</li> </ol>
<b>Transfer</b>	Options cannot be assigned or transferred by the participant.
<b>Change of Control</b>	Upon a change of control, the vesting of an executive's Options may be accelerated at the discretion of the Board.
<b>Surrender Option</b>	A participant is entitled to make a surrender offer to Alaris at any time to dispose of and surrender his Options to the Corporation, for an amount (not to exceed fair market value) specified by the participant. Subject to any required regulatory approval, Alaris may accept such offer but is not obligated to do so. Options surrendered under a surrender offer that is accepted are deemed to be terminated and cancelled and upon payment of the surrender amount to the participant, all further rights to the participant under the Options cease.
<b>Cashless Exercise</b>	Optionees have the right (the "Cashless Exercise Right") to exercise, for all or any part of the Options held by a Participant, on a cashless basis. Upon the exercise of the Cashless Exercise Right, for each Option held for which a cashless exercise notice is delivered, Alaris will issue such number of Common Shares to the Participant as is equal to the number determined as follows: (i) dividing the difference between the Market Price and the Exercise Price of such Options by the Market Price and multiplying it by (ii) the number of Options specified in the cashless exercise notice. Alaris may accept such offer but is not obligated to do so. Options surrendered under the Cashless Exercise Right are deemed to be terminated on the issuance of Common Shares thereunder, and all further rights to the participant under the Options cease.
<b>Anti-Dilution Provisions</b>	The Board has authority to make appropriate adjustments in the number of Common Shares optioned and in the exercise price under any granted Options to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by Alaris, or other relevant changes in the capital of Alaris.
<b>Assignment of Options</b>	Options are not assignable or otherwise transferable.
<b>Plan changes</b>	The Board may amend, modify or terminate the Option Plan at any time provided that any changes are consented to by any applicable regulatory bodies, including the TSX and, where required, by Shareholders. Changes are subject to shareholder approval where such change: <ol style="list-style-type: none"> <li>1) increases the percentage of Common Shares reserved for issuance under the Option Plan;</li> <li>2) reduces the exercise price of an option;</li> <li>3) extends the term of an option beyond the expiry date (except where an expiry date would have fallen within a blackout period of Alaris);</li> <li>4) increase the maximum number of shares that may be issued to insiders;</li> </ol>

	<p>5) increase the number of Common Shares issuable on exercise of options granted to directors who are not officers or employees of Alaris;</p> <p>6) permit a participant to assign or transfer their options (other than the death of a participant);</p> <p>7) amend the amendment provisions of the Option Plan; and</p> <p>8) do anything else where the TSX requires Shareholder approval.</p> <p>From 2014 through the date hereof, the following amendments were made to the Option Plan:</p> <p>1) <u>April, 2014 Amendments:</u></p> <p>a) Adding an annual limit for grants to each non-employee director of Alaris of \$100,000 in grant date fair value; and</p> <p>b) Adding a restriction on increasing the foregoing limit without shareholder approval.</p> <p>2) <u>April, 2017 Amendments:</u></p> <p>a) The aggregate number of Common Shares that may be reserved for issuance under the Option Plan was reduced to 8.5% from 10.0% of the total outstanding shares, along with certain consequential changes necessary to give effect to the foregoing reduction in the reserve maximum.</p>
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### Alaris RSU Plan

<b>Date of Implementation</b>	July 31, 2008
<b>Eligibility</b>	RSUs may be provided to officers, directors, employees, consultants and other eligible service providers of Alaris and its subsidiaries who provide services to Alaris
<b>Award Upon Vesting</b>	Upon vesting participant receives 1 Common Share for each RSU held for no additional consideration
<b>Performance Vesting Criteria and Schedule</b>	<p>The CG Committee has full discretion to determine the vesting conditions for any RSUs that are granted. All currently outstanding RSUs granted to employees vest 3 years from the date the RSUs are granted in accordance with the following conditions (see page 21 of this Information Circular for the vesting conditions for RSUs granted to non-employee directors):</p> <p>1) ¼ of the RSUs vest automatically;</p> <p>2) ¼ of the RSUs vest if Total Cash Available for Distribution per Share remains flat or increases slightly (as specified by the Board at the time of the RSU grant);</p> <p>3) ¼ of the RSUs vest if Total Cash Available for Distribution per Share increases by 4% compounded annually;</p> <p>4) ¼ of the RSUs vest if Total Cash Available for Distribution per Share increases by 7.5% compounded annually;</p> <p>All RSUs granted to non-employee directors have time based vesting and vest after three years (unless delayed in connection with the Corporation's Trading and Blackout Policy).</p>
<b>Definition of "Total Cash Available for Distribution"</b>	<p>"Total Cash Available for Distribution" means Alaris':</p> <p>A. ongoing revenues from Private Company Partners less cash compensation (including cash and non-cash bonuses), overhead expenses, out-of-pocket expenses and general expenses;</p> <p>"Total Cash Available for Distribution per Share" means:</p> <p>Letter A from immediately above divided by:</p> <p>B. the weighted average Common Shares outstanding for the period.</p> <p>Such amounts are to be determined with reference to the audited or reviewed financial statements of Alaris for the trailing twelve month period ending June 30 for the particular period in question. For simplicity, the calculation of "Total Cash Available for Distribution per Share" can be calculated with reference to the "Cash-Flows from Operating Activities" line of the "Condensed Consolidated Statement of Cash Flows" statement with adjustments being made for non-cash compensation, interest payments and cash taxes.</p>
<b>Maximum Number of Shares Issuable &amp; that May be Reserved</b>	<p>Under the RSU Plan, the maximum number of Common Shares issuable under the RSU Plan (and that may be reserved by Alaris for issuance under the RSU Plan at any given time) is limited to 1.25% of the total number of outstanding Shares at such time.</p> <p>As of April 4, 2017, 455,552 Common Shares have been reserved for issuance under the RSU Plan (representing approximately 1.25% of issued and outstanding Common Shares)</p>
<b>Currently Issued (dilution)</b>	265,545 Common Shares to be issued upon vesting of outstanding RSUs (representing approximately 0.73% of Alaris' issued and outstanding Common Shares as at April 4, 2017).
<b>Available for Issue</b>	As of April 4, 2017, 190,007 Common Shares remaining available for issuance (representing approximately 0.52% of Alaris' issued and outstanding Common Shares; provided that the maximum number of Common Shares available for reservation under the RSU plan is 1.25% of the issued and outstanding Common Shares).
<b>Restrictions on Vesting</b>	The Board has sole discretion to permit all unvested RSUs to vest immediately. The Board did not exercise any such discretion in 2016.
<b>Other Limits</b>	Maximum number of Common Shares reserved for issuance in any one year period under RSUs to any one participant cannot exceed 1.25% of the Common Shares then issued and outstanding. Maximum number of Common Shares issuable to insiders at any time pursuant to all security-based compensation arrangements of Alaris cannot exceed 9.75% of all Common Shares then issued and outstanding. Maximum number of Common Shares issued to insiders within any one year period under all security-based compensation arrangements of Alaris cannot exceed 9.75% of all Common Shares then issued and outstanding. See also "Plan Changes" below.
<b>RSU Terms</b>	<ul style="list-style-type: none"> <li>• Effective July 2014, The Company ceased paying Dividend Equivalents.</li> <li>• Valued at the Common Share price at date of payout.</li> <li>• Unless otherwise determined by the Board, non-vested RSUs are forfeited on retirement, resignation or termination with cause.</li> <li>• RSUs continue to vest upon termination without cause in accordance with specific termination provisions outlined under the heading "Termination and Change of Control Benefits", subject to applicable non-solicit and non-compete provisions.</li> <li>• all RSUs vest immediately upon death of a participant.</li> <li>• the Board has discretion to determine, at the time of grant, whether Common Shares to be issued upon vesting of RSUs are to be purchased on the open market, issued from treasury, or a combination. The Board has determined that all Common Shares to be issued pursuant to the RSUs currently outstanding will be issued from treasury.</li> </ul>



<b>Surrender Option</b>	A participant is entitled to make a surrender offer to Alaris at any time to dispose of and surrender his RSUs to the Corporation, for an amount (not to exceed fair market value) specified by the participant. Subject to any required regulatory approval, Alaris may accept such offer but is not obligated to do so. RSUs surrendered under a surrender offer that is accepted are deemed to be terminated and cancelled and upon payment of the surrender amount to the participant, all further rights to the participant under the RSUs cease.
<b>Anti-Dilution Provisions</b>	The Board has authority to make appropriate adjustments in the number of Common Shares under any granted RSUs to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations, exchanges or reclassifications of the Common Shares, the payment of stock dividends by Alaris, or other relevant changes in the capital of Alaris.
<b>Transfer</b>	RSUs cannot be assigned or transferred by any participant.
<b>Change of Control</b>	Upon a change of control, the vesting of an executive's RSU may be accelerated at the discretion of the Board.
<b>Assignment of RSUs</b>	RSUs are not assignable or otherwise transferrable.
<b>Plan Changes</b>	<p>The Board may amend, modify or terminate the RSU Plan at any time provided that any changes are consented to by any applicable regulatory bodies, including the TSX and, where required, by Shareholders. Changes are subject to shareholder approval where such change:</p> <ol style="list-style-type: none"> <li>1) increases the number of Common Shares reserved for issuance under the RSU Plan;</li> <li>2) extends the term of an RSU under the treasury component of the RSU Plan held by an insider;</li> <li>3) increases the maximum number of securities that may be issued to insiders;</li> <li>4) permit a participant to transfer or assign their RSUs;</li> <li>5) amend the amendment provisions of the RSU Plan;</li> <li>6) do anything else which requires shareholder approval.</li> </ol> <p>From 2014 through the date hereof, the following amendments were made to the RSU Plan:</p> <ol style="list-style-type: none"> <li>1) <u>April, 2014 Amendments:</u> <ol style="list-style-type: none"> <li>a) Adding an annual limit for grants to each non-employee director of Alaris of \$150,000 in grant date fair value, provided that the maximum annual equity award value for each non-employee director under all equity compensation plans shall not exceed \$150,000;</li> <li>b) adding a limit on the number of Common Shares that may be reserved for issuance to non-employee directors at any time pursuant to outstanding RSUs equal to 0.5% of the issued and outstanding Common Shares;</li> <li>c) adding a limit on the maximum number of Common Shares available for issuance under the RSU Plan equal to 2.0% of the issued and outstanding Common Shares; and</li> <li>d) adding a restriction on increasing the limits in (a) through (c) without shareholder approval.</li> </ol> </li> <li>2) <u>July, 2014 Amendments:</u> <ol style="list-style-type: none"> <li>a) Removing the requirement to pay mandatory Dividend Equivalents on outstanding RSUs.</li> </ol> </li> <li>3) <u>April, 2017 Amendments:</u> <ol style="list-style-type: none"> <li>a) The aggregate number of Common Shares that may be reserved for issuance under the RSU Plan was reduced to 1.25% of the total outstanding shares (down from 2.0%), along with certain consequential changes necessary to give effect to the foregoing reduction in the reserve maximum.</li> </ol> </li> </ol>

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## EXECUTIVE COMPENSATION TABLES

## Summary Compensation Table

The table below shows the compensation earned in the last three fiscal years by our NEOs.

	Year	Salary (\$) <sup>(7)</sup>	Share-based award (RSUs) <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Annual Incentive Plans (Bonus) (\$)		Pension value (\$)	All other compensation <sup>(4)(5)</sup> (\$)	Total compensation <sup>(6)</sup> (\$)
					Bonus <sup>(3)</sup> (\$)	Long-term incentive plans(\$)			
Stephen King Chief Executive Officer	2016	354,596	295,680	273,483	240,500	-	-	8,000	1,172,259
	2015	348,180	958,230	372,691	60,000	-	-	8,000	1,747,101
	2014	289,664	132,356	375,550	725,000	-	-	58,038	1,580,608
Darren Driscoll Chief Financial Officer	2016	278,085	224,717	207,848	182,780	-	-	8,000	901,430
	2015	271,514	589,680	213,484	100,000	-	-	8,000	1,182,678
	2014	237,797	58,811	166,910	325,000	-	-	37,180	825,698
Curtis Krawetz Vice-President Investments & Investor Relations	2016	164,807	106,445	98,453	86,580	-	-	8,000	464,285
	2015	147,704	393,120	141,574	140,000	-	-	8,000	830,398
	2014	130,830	33,081	104,320	205,000	-	-	15,985	489,216
Mike Ervin Chief Legal Officer & Corporate Secretary	2016	193,149	118,272	109,393	96,200	-	-	8,000	525,014
	2015	167,406	298,840	112,360	100,000	-	-	8,000	682,606
	2014	162,333	22,054	62,594	125,000	-	-	2,175	374,156
Amanda Frazer VP Investments	2016	159,670	130,099	120,333	105,820	-	-	8,000	523,923
	2015	136,610	319,410	125,843	90,000	-	-	8,000	679,863
	2014	126,080	36,788	93,888	152,707	-	-	9,450	452,707

## Notes:

- (1) The amount shown is based on the fair value of RSUs awarded under the RSU Plan on the date of grant to the executive officers noted above. However, the value of an RSU to be recognized by the executive officer for income tax purposes on the date an RSU vests will be the fair market value of the Common Shares on such date and can therefore fluctuate from the grant date fair value used to calculate the value disclosed in the table above. As of the date of this Information Circular, none of the RSUs granted to the NEOs have vested.
- (2) The amount shown is based on the fair value of Options granted under the Option Plan on the date of grant to the executive officers noted above. The fair value on the grant date for compensation purposes is calculated using Black Scholes Option pricing methodology, using the following assumptions: a five year term for the Options; a four year vesting period; a risk free interest rate of 1.14% (2015 – 0.96%, 2014 - 1.46%); a dividend yield of 7.17% (2015 – 6.51%, 2014 – 4.82%); and a 27% (2015 - 25%, 2014 - 26%) volatility in share price. This methodology was selected due to its acceptance as an appropriate evaluation methodology for companies of similar size as Alaris. The value of the Options disclosed in the table above can fluctuate from the imputed value derived under the Black Scholes method of evaluation. The Options for 2016 were not granted until January 2017 but were approved and intended to be granted in 2016 as part of the NEOs 2016 compensation. The Options were not granted in 2016 due to restrictions in the Option Plan and the Corporation's Trading and Blackout Policy.
- (3) Alaris paid an aggregate amount of \$1,042,000 in bonuses to all employees in 2016 (refer to page 29 and the calculation provided under the "Bonuses" section for more information on how the 2016 bonus was derived). The CEO makes a recommendation to the CG Committee for the allocation of the bonus pool for all non-executive employees, NEOs, non-NEO executives, other than the CEO, based on an individual's contribution to corporate performance, performance, level of responsibility and corporate performance. The CG committee evaluates the CEO based on the same criteria and determines the allocation of the bonus pool for the CEO and then the CEO determines the allocation for non-executive employees and other NEOs.
- (4) The value of perquisites received by each of the NEOs, including property or other personal benefits provided to the NEOs that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year.
- (5) This amount represents the value of perquisites and Dividend Entitlements received by the NEO during the fiscal year 2014 pursuant to the RSU Plan. The value of a Dividend Entitlement is determined by multiplying the amount of a dividend declared and paid per Common Share by the number of RSUs recorded in a participant's account on the dividend record date. Effective July, 2014, the Company ceased paying Dividend Equivalents to NEO's (along with all other employees') salaries were increased as a result thereof.
- (6) No compensation paid to Mr. King reflected in this column was paid to him in his capacity as a Director of the Corporation.
- (7) The salaries set forth in this column represent the actual salaries paid for the fiscal year, including any increases in salary for the given year.

### Outstanding Share-Based Awards and Option-based Awards

The table below shows the value of all option-based and share-based awards outstanding as at December 31, 2016 for each of the NEOs

Name	Grant Date	Option-based awards				Stock-based awards	
		Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of all unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)
Steve King	November 20, 2015	165,847	24.78	November 20, 2020	\$0	54,799	\$1,312,436
	August 1, 2014	90,579	31.15	August 1, 2019	\$0		
	August 2, 2013	240,000	33.87	August 2, 2018	\$0		
	September 4, 2012	202,011	23.53	September 4, 2017	\$84,845		
	December 12, 2011	64,000	16.87	December 12, 2016	\$453,120		
Darren Driscoll	November 20, 2015	95,000	24.78	November 20, 2020	\$0	34,666	\$830,251
	August 1, 2014	40,257	31.15	August 1, 2019	\$0		
	August 2, 2013	130,285	33.87	August 2, 2018	\$0		
	September 4, 2012	119,000	23.53	September 4, 2017	\$49,980		
	December 12, 2011	49,000	16.87	December 12, 2016	\$346,920		
Curtis Krawetz	November 20, 2015	63,000	24.78	November 20, 2020	\$0	21,220	\$508,219
	August 1, 2014	25,161	31.15	August 1, 2019	\$0		
	August 2, 2013	37,275	33.87	August 2, 2018	\$0		
	September 4, 2012	32,000	23.53	September 4, 2017	\$13,440		
	December 12, 2011	2,650	16.87	December 12, 2016	\$18,762		
Mike Ervin	November 20, 2015	50,000	24.78	November 20, 2020	\$0	17,328	\$415,006
	August 1, 2014	15,097	31.15	August 1, 2019	\$0		
	January 20, 2014	30,000	26.79	January 20, 2019	\$0		
Amanda Frazer	November 20, 2015	56,000	24.78	November 20, 2020	\$0	19,263	\$461,349
	August 1, 2014	22,645	31.15	August 1, 2019	\$0		
	January 20, 2014	15,000	26.79	January 20, 2019	\$0		

#### Notes to outstanding share based awards and option based awards table:

- (1) Calculated based on the difference between the market price of the securities underlying the Options, which was \$23.95 at December 31, 2016 and the exercise price of the Options and includes total vested and unvested options. The options expiring on December 12, 2016 could not be exercised until January 2017 due to restrictions under Alaris' Trading and Blackout Policy. These Options have since been exercised. Also, Options intended to be granted as a part of the 2016 compensation period were also not granted in 2016 due to restrictions under Alaris' Trading and Blackout Policy. These Options were granted in January 2017 (395,501 options granted to NEOs) with a strike price of \$22.47. As of the date hereof there are no Options outstanding that are in the money based on the closing price on April 4, 2017.
- (2) Calculated based on the market price of the Common Shares on the TSX as of December 31, 2016, which was \$23.95. The payout value of RSUs that have not vested assumes that the performance targets have been met. The value of an RSU to be recognized by the executive officer for income tax purposes on the date the RSU vests will be the market value of the Common Shares on such date and therefore can fluctuate from the price used to calculate the value disclosed in the table above. Excluded from this column are RSUs that were intended to be vested in 2016 but could not be due to restrictions under Alaris' Trading and Blackout Policy. The RSUs were subsequently vested and exercised in January 2017 in the following amounts: Mr. King 16,500; Mr. Driscoll 9,368; Mr. Krawetz 2,680; Mr. Ervin 3,000; and Ms. Frazer 2000.

### Incentive Plan Awards – Value Vested or Earned During the Year

The table below shows, the value of option-based and share-based awards and non-equity incentive plan compensation for each NEO that vested or were earned during the fiscal year ended December 31, 2016.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(3)</sup> (\$)
Stephen King	\$177,298	\$377,355	\$240,500
Darren Driscoll	\$132,235	\$214,246	\$182,780
Curtis Krawetz	\$47,334	\$61,292	\$86,580
Mike Ervin	\$0	\$68,610	\$96,200
Amanda Frazer	\$0	\$45,740	\$105,820

**Notes:**

- (1) Calculated based on the difference between the volume weighted average price of the Common Shares underlying the Options 5 days preceding the vesting date and the exercise price of the Options on the vesting date. A value of \$0 is recorded for all options that were out of the money.
- (2) Other than the RSU Plan, the Corporation does not have any share based awards. These amounts reflect the value of the RSUs that vested on January 27, 2017 that were initially intended to vest in 2016, but were delayed in vesting due to restrictions under Alaris' Trading and Blackout Policy, with the value of such vested RSUs being based on the volume weighted average price for the 5 trading days preceding January 27, 2017, which was \$22.87. All vesting conditions for such RSUs were satisfied and as such 100% of the underlying Common Shares were issued. Alaris had to achieve a cumulative Total Cash Available for Distribution per Share of \$5.0177 for the periods of 2014, 2015 and 2016 (from July 1 to June 30 of each of those periods). Alaris achieved \$1.7752, \$1.9036 and \$2.0483 in those periods respectively for a total of \$5.7271 or \$0.7094 in excess of its target.
- (3) The Corporation does not have non-equity incentive plans in place for NEOs, other than a discretionary annual bonus structure. The table above describes the bonuses that were paid to the NEOs in 2016.

### Pension Plan Benefits

The Corporation does not have a pension plan or similar benefit program.

### Termination and Change of Control Benefits

The table below explains how the components of Alaris' executive compensation program are treated under four termination scenarios and in accordance with the employment agreements in place for each of the NEOs.

Compensation Element	Retirement or Resignation <sup>(1)</sup>	Termination With Cause	Termination Without Cause	Change in Control <sup>(2)</sup>
Base Pay (Salary)	Pro rata base salary, vacation pay and expenses earned or due, but not yet paid, up to and including the Termination Date (as such term is defined in the employee's employment agreement) are paid as a lump sum.	Pro rata base salary, vacation pay and expenses earned or due, but not yet paid, up to and including the Termination Date are paid as a lump sum.	Pro rata base salary, vacation pay and expenses earned or due, but not yet paid, up to and including the Termination Date are paid as a lump sum.	No incremental payment
Bonus	Forfeited	Forfeited	Forfeited	No incremental payment
RSUs	Forfeited (subject to negotiation)	Forfeited	Vesting provisions depend upon when the executive is terminated after grant of RSUs <sup>(3)</sup>	Board may accelerate vesting of all or a portion of RSUs.
Stock Options	Options expire in 90 days.	All options are cancelled	Vesting of options which would vest within 18 months of Termination Date vest, and expire in 90 days following termination. <sup>(4)</sup>	Board may accelerate vesting of all or a portion of options.
Retiring Allowance	No incremental payment	No incremental payment	Severance payment equal to 1.5 (i) times the annual salary plus (ii) 1.5 times the most recent annual bonus paid and (iii) 15% of the sum of (i) and (ii) <sup>(5)</sup>	The payment is the same as Termination Without Cause.
Benefits	None	None	None	None
Perquisites	Cease	Cease	Cease	No incremental payment

**Notes to Termination and Change of Control Benefits:**

- (1) NEOs may resign upon 90 days' notice (30 days for Mr. Krawetz, Mr. Ervin and Ms. Frazer).

- (2) Within 90 days after a change of control, Messrs. King and Driscoll may resign upon 7 days written notice and will be entitled to receive the payments set forth above. Mr. Krawetz, Mr. Ervin and Ms. Frazer are not entitled to a payment upon a resignation following a change of control.
- (3) The following terms apply with respect to the RSUs granted to the NEOs in 2016, 2015 and 2014, as applicable, in the event of a termination of employment (and for these purposes, the terms "First Quarter", "Second Quarter", "Third Quarter" and "Fourth Quarter" are defined in the NEO's RSU Agreement with Alaris and refer to a particular quarter of the total RSUs granted to the NEO, as more particularly described beginning on page 32 of this Information Circular.):

*2016 Grants (continuation of note 3 – Termination and Change of Control Benefits)*

Portion of RSUs	Vesting Upon Termination in First Year of Grant	Vesting Upon Termination in Second Year of Grant	Vesting Upon Termination in Third Year of Grant
First Quarter	1/3 of these RSUs vest on the Termination Date	2/3 of these RSUs vest on the Termination Date	All of these RSUs vest on the Termination Date
Second Quarter	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$2.0483 (equal to 1/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$4.0966 (equal to 2/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$6.1449 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Third Quarter	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$4.4331 (equal to 2/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$6.6497 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Fourth Quarter	Nil	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$7.1152 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)

*2015 Grants (continuation of note 3 – Termination and Change of Control Benefits)*

Portion of RSUs	Vesting upon Termination in First Year of Grant	Vesting Upon Termination in Second Year of Grant	Vesting Upon Termination in Third Year of Grant
First Quarter	1/3 of these RSUs vest on the Termination Date	2/3 of these RSUs vest on the Termination Date	All of these RSUs vest on the Termination Date
Second Quarter	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$1.9036 (equal to 1/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$3.8072 (equal to 2/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$5.7108 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Third Quarter	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$4.1200 (equal to 2/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$6.1800 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Fourth Quarter	Nil	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$6.6111 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)

*2014 Grants (continuation of note 3 – Termination and Change of Control Benefits)*

Portion of RSUs	Vesting upon Termination in First Year of Grant	Vesting Upon Termination in Second Year of Grant	Vesting Upon Termination in Third Year of Grant
First Quarter	1/3 of these RSUs vest on the Termination Date	2/3 of these RSUs vest on the Termination Date	All of these RSUs vest on the Termination Date
Second Quarter	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$1.8078 (equal to 1/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$3.6156 (equal to 2/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$5.4234 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)

Portion of RSUs	Vesting upon Termination in First Year of Grant	Vesting Upon Termination in Second Year of Grant	Vesting Upon Termination in Third Year of Grant
Third Quarter	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$3.9127 (equal to 2/3 of the 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$5.8690 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)
Fourth Quarter	Nil	Nil	All of these RSUs will vest on the Termination Date if Total Cash Available for Distribution per Share is at least \$6.2783 (the full 3 year performance target) as at June 30 (if terminated prior to June 30, then as at June 30 of the prior year)

**Notes to Termination and Change of Control Benefits (continued):**

For all RSUs that vest in accordance with the foregoing, the shares corresponding thereto shall be delivered to the Executive within twenty (20) business days of the Termination Date. As of the date of this Information Circular, none of the current RSUs issued to the NEOs have vested. All other RSUs which do not vest in accordance with this paragraph shall terminate and become null and void. Should the Board grant additional RSUs to the NEOs in the future, the Board has the discretion to determine the terms that will apply to such RSUs upon a termination of an NEO without cause.

- 4) Applies to Messrs. King, and Driscoll. For Mr. Krawetz, Mr. Ervin and Ms. Frazer vesting of options which would vest within 12 months of Termination Date vest, and expire in 90 days following termination.
- 5) This is the retiring allowance for Messrs. King, and Driscoll. For Mr. Krawetz, Mr. Ervin and Ms. Frazer the payment is equal to (i) one (1) times the annual salary; plus (ii) one (1) times the most recent annual bonus paid, and (iii) 15% of the sum of (i) and (ii).

**Termination Payments as of December 31, 2016**

The table below shows the incremental payments that would be made to each NEO at, following, or in connection with one of the termination scenarios below as at December 31, 2016.

Name	Benefits and Payments	Retirement or Resignation (\$) <sup>(7)</sup>	Termination Without Cause (\$)	Termination With Cause (\$)	Change of Control (\$)
Stephen King	Salary (including expenses)	0	0	0	0
	Annual Bonus	0	0	0	0
	Retiring Allowance	0	1,026,541	0	1,026,541
	Accelerated Vesting of Options	0	0	0	0
	Accelerated Vesting of RSUs	0	940,612	0	0
	<b>Total</b>	<b>0</b>	<b>1,967,153</b>	<b>0</b>	<b>1,013,093</b>
Darren Driscoll	Salary (including expenses)	0	0	0	0
	Annual Bonus	0	0	0	0
	Retiring Allowance	0	794,992	0	794,992
	Accelerated Vesting of Options	0	0	0	0
	Accelerated Vesting of RSUs	0	581,434	0	0
	<b>Total</b>	<b>0</b>	<b>1,376,426</b>	<b>0</b>	<b>794,992</b>
Curtis Krawetz	Salary (including expenses)	0	0	0	0
	Annual Bonus	0	0	0	0
	Retiring Allowance	0	289,095	0	289,095
	Accelerated Vesting of Options	0	0	0	0
	Accelerated Vesting of RSUs	0	362,627	0	0
	<b>Total</b>	<b>0</b>	<b>651,722</b>	<b>0</b>	<b>289,095</b>
Mike Ervin	Salary (including expenses)	0	0	0	0
	Annual Bonus	0	0	0	0
	Retiring Allowance	0	332,751	0	332,751
	Accelerated Vesting of Options	0	0	0	0
	Accelerated Vesting of RSUs	0	287,831	0	0
	<b>Total</b>	<b>0</b>	<b>620,582</b>	<b>0</b>	<b>332,751</b>
Amanda Frazer	Salary (including expenses)	0	0	0	0
	Annual Bonus	0	0	0	0
	Retiring Allowance	0	305,314	0	305,314
	Accelerated Vesting of Options	0	0	0	0
	Accelerated Vesting of RSUs	0	322,654	0	0
	<b>Total</b>	<b>0</b>	<b>627,968</b>	<b>0</b>	<b>305,314</b>

**Notes to termination payments as of December 31, 2016 table:**

- (1) Assumes all payments have been made up to and including December 31, 2016.

- (2) Bonuses paid in 2016 are as more particularly detailed above in the table entitled "Summary Compensation Table". This assumes all bonus payments have been made up to and including December 31, 2016.
- (3) A retiring allowance is only payable on a termination without cause or on a change of control.
- (4) Options and RSUs only accelerate at the discretion of the Board.
- (5) As at December 31, 2016: (i) all options granted to NEOs in 2011 vested; (ii) all Options granted to NEOs in 2012 vested; (iii) three quarters of the Options granted to NEO's in 2013 vested; (iv) one-half of the Options granted to NEOs in 2014 vested; (v) one quarter of the Options granted to the NEOs in 2015 vested and (vi) 2016 options grants to NEOs were approved in 2016, but were not granted until January 2017 due to restrictions in the Corporation's Trading and Blackout Policy. None of the options granted to the NEOs in 2017 have vested.
- (6) Please see note (3) under the table entitled "Termination and Change of Control Benefits" for further information. For the purposes of this table we have assumed all performance targets relating to the RSUs have been satisfied.
- (7) The NEOs have the right to exercise vested in the money options under the terms of the Option Plan upon a termination of employment, for any reason, for a period of up to 90 days following the Termination Date (or the expiration date if earlier than 90 days following the Termination Date). Unless otherwise determined by the Board, no NEO is entitled to receive a payment upon a resignation or retirement.

### **Non-Solicitation and Non-Compete Provisions**

The employment agreements with each NEO provide that for a period of one year following the Termination Date the executive will not, regardless of the reason for cessation of employment, either alone or jointly with or as a manager, advisor, partner, investor, agent, consultant or employee of any person, firm or company, directly or indirectly, carry on or be engaged in the business of providing alternative financing for private businesses in exchange for royalties or distributions from such private businesses, or any activity in pursuit of engaging in such business anywhere within North America. In addition, the employment agreements provide that for a period of two years following the Termination Date each NEO will not, regardless of the reason for cessation of employment, on its own behalf or on behalf of any other person, firm or company, directly or indirectly, endeavor to entice or induce away from Alaris or any of its affiliates, any person who is an employee, consultant or Shareholder of Alaris and its affiliates.

### **Securities Authorized for Issuance Under Equity Compensation Plans**

The table below provides additional information relating to our equity compensation plans at March 31, 2017.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, RSUs and rights	(b) Weighted-average exercise price of outstanding options, RSUs and rights <sup>(1)</sup>	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	2,345,216 (6.44% of outstanding)	\$26.47	1,208,087 <sup>(2)</sup> (3.31% of outstanding)
Equity compensation plans not approved by security holders	NIL	NIL	NIL
<b>Total</b>	<b>2,345,216</b> <b>(6.44% of outstanding)</b>	<b>\$26.47</b>	<b>1,208,087 <sup>(2)</sup></b> <b>(3.31% of outstanding)</b>

**Note:**

- (1) Calculated in reference only to outstanding Options, as there is no exercise price for outstanding RSUs.
- (2) Based on the total number of Common Shares currently reserved for issuance under the Option Plan and RSU Plan.
- (3) There were a total of 33,321 shares issued from treasury in 2016 for the exercise of options (32,821) and RSUs (500). However, an additional 108,080 shares were issued from treasury in January 2017 following the exercise of 35,711 options and 72,369 RSUs. The shares underlying these options and RSUs were intended to be issued in 2016 however, such shares could not be issued due to restrictions under Alaris' Trading and Blackout Policy.

### **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICER AND SENIOR OFFICERS**

No director, executive officer or other senior officer of Alaris, or any associate of any such director or officer is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to Alaris or any of its subsidiaries nor is, or at any time since the beginning of the most recently completed financial year of Alaris has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Alaris or any of its subsidiaries.

### **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Except in connection with the election of directors, Management is not aware of any material interest of any director or director nominee or executive officer or anyone who has held office as such since the beginning of Alaris' last financial year or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors and the Exchange and as disclosed herein.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of:

- 1) the directors and senior officers of Alaris,
- 2) director nominees, any shareholder who beneficially owns directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares;
- 3) any other Informed Person (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations*);
- 4) or any known associate or affiliate of such persons;

had any material interests in any transaction since the commencement of the Corporation's last completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## DIRECTORS AND OFFICERS INSURANCE

Alaris has purchased, at its expense, a directors' and officers' liability insurance policy that provides protection for individual directors and officers of Alaris Royalty Corp. and its subsidiaries solely while acting in their capacity as such. The insurance policy provides for a limit of \$25 million per claim and in the aggregate. The policy is in effect until November 5, 2017 and has no deductible.

Premiums paid by Alaris for this policy are approximately \$83,333 per annum.

## MANAGEMENT CONTRACTS

Management functions of Alaris are not, to any substantial degree, performed by a person or company other than the directors or senior officers of Alaris and its subsidiaries.

## OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting of Shareholders. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

## ADDITIONAL INFORMATION

Financial Information about Alaris is contained in its comparative financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2016. Additional information about Alaris is available at [www.alarisroyalty.com](http://www.alarisroyalty.com) and on Alaris' corporate profile on SEDAR.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- a) the AIF together with any document, or the pertinent pages of any document, incorporated by reference therein;
- b) Financial Statements and any interim financial statements of Alaris for periods subsequent to December 31, 2016 and Management's Discussion and Analysis with respect thereto; and
- c) this Information Circular,

Please send your request to:

Alaris Royalty Corp.  
 Attn: Corporate Secretary  
 Suite 250, 333-24<sup>th</sup> Avenue SW  
 Calgary, Alberta T2S 3E6  
 Fax: (403) 228-0906  
 Telephone: (403) 228-0873  
 Email: [mervin@alarisroyalty.com](mailto:mervin@alarisroyalty.com)



## **CONTACTING THE BOARD OF DIRECTORS**

Shareholders, employees and other interested parties may communicate directly with the Board of Directors through the Chairman of the Board by writing to:

Chairman of the Board of Directors  
Alaris Royalty Corp.  
Suite 250, 333-24<sup>th</sup> Avenue SW  
Calgary, Alberta T2S 3E6

### ***Effective Date***

The effective date of this Information Circular is April 4, 2017.

## **DIRECTORS APPROVAL**

The Board of Directors has approved the contents and the dissemination of this Information Circular to the Shareholders.

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## SCHEDULE 1- STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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*At Alaris Royalty Corp., we aspire to uphold high standards of corporate governance which reflect not only applicable legal and regulatory requirements but also emerging best practices. As a Canadian reporting issuer with securities listed on the TSX, our corporate governance practices meet applicable rules adopted by the Canadian Securities Administrators ("CSA") and the TSX.*

We continue to monitor regulatory changes and best practices in corporate governance and will consider amendments to our governance practices as appropriate. Throughout this Schedule, references to documents and information available can be found at [www.alarisroyalty.com](http://www.alarisroyalty.com). In addition, any information located on the website is also available in print to any Shareholder upon request to the Corporate Secretary at the address set out on page 40 of this Information Circular.

### BOARD OF DIRECTORS (THE "BOARD")

#### *Director Independence*

*All directors, with the exception of Stephen King, standing for election to the Board on May 9, 2017 are 'independent' within the meaning of the relevant CSA rules.*

The Board has adopted categorical standards for determining whether a director is "independent" within the meaning of the CSA rules, and whether each member of the Audit Committee meets the applicable Canadian independence criteria for membership on public company audit committees. In summary, a director is "independent" under Alaris' standards if the Board determines that the director has no material relationship with Alaris or any of its affiliates or its Auditor, either directly or indirectly, or as a partner, shareholder or officer of an entity that has a material relationship with Alaris. For these purposes, a material relationship is one which could, in the view of the Board, be reasonably expected to interfere with the exercise of director's independent judgment. In addition, certain individuals are deemed to have a material relationship with an issuer (including certain key employees or executive officers, or family members thereof) for Audit Committee purposes.

On an annual basis, the CG Committee and the Board participate in the determination of director independence. The determinations are based on information concerning the personal, business and other relationships and dealings between the directors and Alaris, its affiliates, Shareholders and Auditors. The determinations take into account information derived from Alaris' records and reports, and information about entities with which the directors are involved. The Board examines the materiality of these relationships not only from Alaris' standpoint, but also from that of the persons or organizations with which the director has a relationship.

The Board had determined that all directors standing for election to the Board on May 9, 2017 are "independent" within the meaning of the relevant CSA rules and standards, with the exception of Stephen King who is considered to have a material relationship with Alaris and its subsidiaries by virtue of his position as the President and CEO of Alaris since 2008. The Board has also determined that all members of the Audit Committee meet the additional Canadian independence requirements for membership on public company audit committees (as set out in *National Instrument 52-110-Audit Committees*).

Additional information relating to each director standing for nomination, including other public company boards on which they serve, the value of their equity holdings in Alaris, and their attendance record for all Board and Committee meetings during fiscal 2016 can be found beginning on page 16 of this Information Circular.

#### *Independent Chair*

*The Chairman of the Board allows the Board to operate independently of management and provides directors with an independent leadership contact.*

The roles of Chairman of the Board and CEO are separate at Alaris. Mr. Lee, an independent member of the Board, was appointed Chairman of the Board effective July 31, 2008.

The Chairman of the Board ensures that the Board operates in partnership with but independently of management and that directors have an independent leadership contact. He manages the affairs of the Board, with a view to ensuring that the Board functions effectively and meets its obligations and responsibilities to facilitate the achievement of the goals of Alaris, and leads the Board in the execution of its responsibilities to Shareholders. The Chairman further sets Board agendas, oversees the quality and process of information sent to directors concerning Alaris' activities, and reviews any comments or requests made by an independent director. In addition, the Chairman is charged with the responsibility of assisting the independent directors with fulfilling their governance responsibilities and overseeing the governance obligations of the Board and each Board Committee generally.

At each regularly scheduled quarterly Board meeting, the Chairman of the Board presides over a session of the "independent" directors at which "non-independent" directors and members of management are not present. At each regularly scheduled Board Committee meeting, each Board Committee also has a session without management present during the course of each of its meetings. Information to be conveyed and actions undertaken as a result of the sessions are communicated by the Chairman to relevant parties, as appropriate.

#### **Board Size**

***The current membership and size of the Board provides the necessary breadth and diversity of experience, is generally of a size to provide for effective decision-making and staffing of Board committees, and addresses succession planning requirements.***

The matter of Board size is considered formally on an annual basis by the Board and on an ongoing basis by its CG Committee. The Board is of the view that its current membership has the necessary breadth and diversity of experience and is generally of a size to: (i) provide for effective decision-making, (ii) enable the staffing of Board committees, and (iii) address succession planning requirements. At the Meeting, seven (7) directors will stand for election.

#### **Board Mandate**

***The Board mandate sets out the responsibilities to be discharged by the Board as well as the personal and professional attributes and the duties of responsibilities required of each director.***

The Board, either directly or through its Committees, is responsible for the supervision of management of the business and affairs of Alaris with the objective of enhancing shareholder value.

The Board Mandate is set out in Schedule 3 of this Information Circular and outlines the responsibilities to be discharged by the Board as well as the personal and professional attributes and the duties and responsibilities required of each director. The Board reviews the Board Mandate at least annually. The Board has determined that the Board Mandate continues to sufficiently outline the Board's responsibilities and expectations, and as such, no material amendments were made to the Board Mandate during 2015.

#### **Meetings of Independent Directors**

***The Board and Board Committees regularly hold meetings of independent directors.***

After each Board meeting held to consider interim and annual financial statements, the Board is scheduled to meet without management and non-independent directors. In addition, the Board has the opportunity to hold additional meetings independently of management and non-independent directors at the request of any independent director, or may excuse members of management and non-independent directors from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. In 2016, the Board met without management and non-independent directors at each of the four regularly scheduled quarterly meetings and at none of the additional meetings held.

After each Audit Committee meeting held to consider interim and annual financial statements, the Audit Committee is scheduled to meet without management or non-independent directors and without auditors. In addition, the Audit Committee members have the opportunity to hold additional meetings independent of management, non-independent directors and auditors at their entire discretion, whenever they deem necessary. In 2016, the Audit Committee met without management and non-independent directors, and without auditors at each of the four regularly scheduled quarterly meetings and at none of the additional meetings held.

At each regularly scheduled CG Committee meeting, the CG Committee is scheduled to meet without management and non-independent directors during the compensation portion of such meeting. In addition, the CG Committee members have the opportunity to hold additional meetings independent of management and non-independent directors at their entire discretion, whenever they deem necessary. In 2016, the CG Committee met without management and non-independent directors during the compensation portion of each of the two regularly scheduled meetings.

#### **Position Descriptions**

***The Board has adopted Chairman of the Board, Committee Chairs and Director and CEO position descriptions.***

As described above, the Board Mandate defined the roles and responsibilities of the Board and management. In addition, the Board has adopted position descriptions for the Chairman of the Board and the Committee Chairs. These descriptions set out the responsibilities and duties of the Board and Committee Chairs in guiding the Board and the Committees, respectively, in the fulfillment of their duties. The Board has also adopted a Director position description and a position description for our CEO. The Board reviews these positions at least annually. The Board has determined that these position descriptions continue to sufficiently outline the responsibilities and expectations of each position, and as such, no material amendments were made to these position descriptions during 2016.

In addition, the CG Committee, with the assistance of the Chairman of the Board, reviews and approves corporate goals and objectives that the President and CEO is responsible for meeting each year. The Committee, with the assistance of the Chairman of the Board, also conducts an annual assessment of the President and CEO's performance in relation to those objectives and reports the results of the assessment to the Board.

#### *Orientation and Continuing Education*

***Directors are provided with orientation and ongoing education regarding Alaris, as required.***

The CG Committee is primarily responsible for the orientation and education of directors. All new directors receive a comprehensive orientation upon their election or appointment to the Board. The orientation includes:

- a detailed briefing with the Chairman of the Board;
- a detailed briefing with the chair of the CG Committee, regarding compensation and governance matters;
- a detailed briefing on the role and expectations of the director in Alaris and other matters by Alaris' Chief Legal Officer;
- a detailed briefing on the legal duties and obligations required of a director of a publicly-traded company, as well as Alaris' governance model, principles and practices;
- a detailed briefing on Alaris and its business; and
- a tour of Alaris' head office.

New directors are also provided with a Directors' Manual containing:

- details of Alaris' organizational structure and business;
- historical information about Alaris;
- information on Alaris' strategic plan and key agreements;
- the structure of the Board and its committees;
- relevant position descriptions; and
- corporate policies.

This Director's Manual is updated from time to time as information relating to Alaris and its business changes.

Prior to agreeing to join the Board, new directors are given a clear indication of the workload and time commitment required. The orientation program is reviewed regularly by either the Board or the CG Committee in connection with new appointments.

Directors are expected to attend all Board and Committee meetings in person, although attendance by telephone is permissible in appropriate circumstances. Directors are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

Alaris has a continuing education program for our directors, for which the CG Committee is responsible. The program was developed to help our directors maintain or enhance their skills and abilities, and update their knowledge and understanding of Alaris and its industry. The key components of the program include:

- A. **Regular briefings.** Directors are briefed regularly (and at least on a quarterly basis) on strategic issues affecting Alaris, and these briefings include reviews on the competitive environment and performance for Alaris and the Private Company Partners as well as any other developments that could materially affect the business of Alaris or its Private Company Partners. The briefings are conducted by the CEO, CFO and other members of Management.
- B. **Internal educational seminars and materials.** On an ongoing basis, as part of regular Board meetings, directors receive presentations on various aspects of Alaris' operations. In particular, during fiscal 2016, the Board and its Committees also received educational information and/or materials on a variety of matters and topics, such as:
  - Private Company Partner updates; developments; and key performance indicators;
  - new and pending changes in accounting standards;
  - corporate governance trends and current issues;
  - executive compensation, trends, issues and disclosure;
  - tax, corporate and securities laws in The Netherlands, the United States and Canada as they relate to the business activities and structure of Alaris and its subsidiaries;
  - new and pending changes in tax, securities and corporate legislation;
  - economic outlook for Canada and the United States.

Educational materials on economic matters and other topics relevant to the private equity industry are also included from time to time in the materials provided to directors in advance of meetings.

- A. **Annual Alaris Conference.** During 2016, Alaris hosted its fifth annual conference for the purpose of bringing together its directors and Management with the senior management teams of the Private Company Partners. The conference provided Alaris' directors the opportunity to obtain a more in-depth working knowledge of the business and affairs of each of the Private Company Partners, as well as the impact thereof on Alaris.
- B. **Annual Strategy Session.** The Board meets annually with management for a strategy session, where the board and management will review and consider, among other things: Alaris' annual performance, medium and long-term goals, strategic directives and any other material developments that may impact our performance.

Directors identify their additional continuing education needs through a variety of means, including informal discussions with Management and at Board and Committee meetings.

The Board believes that these procedures are practical and effective in light of Alaris' particular circumstances, including the size of Alaris, limited turnover of the directors and the experience and expertise of the members of the Board.

#### *Ethical Business Conduct*

***The Board believes that providing a forum for employees and officers to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct.***

The Board has adopted a Comprehensive Code of Business Conduct (the "Code"), which provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work. The Board, through its Audit Committee, reviews the operation of the Code and any waivers thereof. Since inception, no waiver from the Code has been granted. The Code is available on our website. At least annually, the Code is reviewed by Alaris' Chief Legal Officer to ensure that it complies with all legal requirements and is in alignment with best practices. In the event that amendments are needed, recommendations are made to the CG Committee and the Board for approval. Each year, every director, officer and employee must sign an acknowledgement that they have read, understood and complied with the Code.

The full text of the Code can be found at: [www.alarisroyalty.com](http://www.alarisroyalty.com) under the "Investors" section, subsection "Corporate Governance - Policies."

The Board has also adopted whistle-blower procedures which allow officers and employees who feel that a violation of the Code has occurred to report this violation on a confidential and anonymous basis. The procedures allow concerns regarding accounting, internal accounting controls or auditing matters to be reported on a confidential and anonymous basis, as well. Concerns may be raised by e-mail or telephone directly to the Chair of the Audit Committee or alternatively, to the Chair of Governance Matters, CG Committee. Once received, concerns are forwarded to the Chief Legal Officer or to the CFO in the case of issues involving the CEO or the Chief Legal Officer. Accounting, internal control or auditing concerns are dealt with by both Chief Legal Officer and the CFO. The Chief Legal Officer or CFO makes a determination as to the most appropriate forum for the concern in accordance with an established framework.

The Chief Legal Officer reports to the Audit Committee quarterly regarding concerns received through the whistleblower procedures. The Chair of the Audit Committee is notified of concerns relating to accounting, legal, internal accounting controls or auditing matters, and the Chairman of the Board is notified if such concern involves the CEO, and that individual determines the appropriate investigation to be carried out and any action to be taken at the conclusion of the investigation. In the case of concerns not relating to accounting, internal accounting controls or auditing matters, the Chief Legal Officer determines the appropriate review and actions to be taken.

The Board believes that providing a forum for employees and officers to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct with Alaris.

The Board believes that its effectiveness is furthered when directors exercise independent judgment in considering transactions and agreements. As such, if at any Board meeting a director or executive officer has a material interest in a matter being considered, such director or officer must disclose the nature and extent of their interest and would not participate in any vote on the matter. In certain cases, an independent committee may be formed to deliberate on such matters in the absence of the interested third party.

#### *Nomination of Directors*

***When candidates for director positions are considered, the competencies and skills that the Board, as a whole, should possess as well as the skill sets of current Board members and any additional skill sets deemed to be beneficial are considered, assessed and identified in light of the opportunities and risks facing Alaris when candidates for director positions are considered.***

The CG Committee has responsibility for recruiting and recommending new candidates for appointment or election to the Board. At present, the CG Committee does not have a process by which it identifies new candidates for Board nomination but rather the identification of new candidates is done on an informal and ad hoc basis.

The CG Committee is also responsible for reviewing on a periodic basis the appropriate size of the Board and its composition, including the number of directors who are independent and analyze the needs of the Board and recommend nominees who meet such needs.

In March, 2013, the Board adopted By-Law No. 2, relating to advance notice of nominations of directors in circumstances where the nomination is made by Shareholders other than (i) pursuant to a requisition of a meeting made pursuant to the provisions of the CBCA and (ii) a Shareholder proposal made pursuant to the provisions of the CBCA (the "Advance Notice By-Law"). Shareholders subsequently approved the Advance Notice By-Law in April 2013. The purpose of the Advance Notice By-Law is to: (i) ensure all Shareholders are treated fairly by receiving proper notice of meetings and ensuring they are able to properly evaluate director nominees; and (ii) facilitate an orderly and efficient meeting process. A full copy of the Advance Notice By-Law is available as a securityholder document under Alaris' profile on [www.sedar.com](http://www.sedar.com), and Shareholders are encouraged to read the by-law in its entirety.

#### ***Director Term Limits and other Mechanisms of Board Renewal***

At this time, the Board does not believe that fixed term limits or mandatory retirement ages are in the best interest of Alaris; however, such matters continue to be under review by the Board. Therefore, it has not specifically adopted such limits or mechanisms for board renewal. When considering nominees for the Board, the CG Committee reviews: (i) the skills and experience of the current directors of Alaris to assess whether the Board's skills and experience need to be strengthened in any area; and (ii) assess the knowledge and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management.

#### ***Diversity and Representation of Women on the Board and in Executive Officer Positions***

Alaris has achieved a significant degree of gender diversity in its short history. Alaris currently has fourteen (14) employees, of which six (6) are female (representing approximately 43% of its total work force), including two (2) of the nine (9) officers of the Corporation (approximately 22% of its executive officers). In addition, there is currently one woman serving on the seven person Board, representing approximately 14% of the board members. Such diversity has been accomplished without any policies specifically addressing the identification and nomination of female directors or the appointment of female officers.

The Board believes that Board nominations and executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board and management at the time. Alaris is committed to a meritocracy and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve our business objectives, without reference to their age or gender, is in the best interests of Alaris and all of its shareholders and other stakeholders.

The Board does believe that diversity can deliver strength, as different perspectives can broaden our view on the business environment, enhance our ability to identify risks and enable us to be more creative in solving problems. As such the CG Committee and the Board will encourage the consideration of women who have the necessary, skills, knowledge, experience and character when considering new potential candidates for the Board or officer appointments. Accordingly, when candidates are being considered for new Board and executive officer positions the CG Committee and the Board will encourage the inclusion of women who have the necessary skills, knowledge and experience and ensure that women candidates are being fairly considered against other candidates.

Based on the foregoing, the Corporation has not imposed quotas or targets regarding the representation of women on the Board and in executive officer positions. The Board believes that imposing mandatory quotas or targets regarding the representation of women in executive officer positions would compromise the principles of meritocracy.

#### ***Director Compensation***

##### ***A non-employee director is compensated by the grant of Restricted Share Units.***

The CG Committee has the responsibility, among other things, for formulating and making recommendations to the Board in respect of compensation relating to directors. In arriving at its recommendations, the CG Committee conducts a periodic review of directors' compensation having regard to recommendations from an independent compensation consultant and various governance reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to Alaris. In 2014, the CG Committee and the Board determined that the payment of Dividend Equivalents on Director RSUs would be eliminated and that non-employee directors would be paid annual retainer fees in lieu thereof. The Board determined that director compensation is sufficient and continues to appropriately align director and Shareholder interests.

The compensation of Alaris' directors is described in this Information Circular under the heading "Directors Compensation" above.

#### ***Board Committees***

***The roles and responsibilities of each Committee are set out in formal written mandates, the full texts of which can be found at [www.alarisroyalty.com](http://www.alarisroyalty.com) under the "Investors" section, subsection "Corporate Governance".***

The Board has two Committees: Audit Committee and CG Committee. Both of the Committees are composed entirely of "independent" directors. The roles and responsibilities of each Committee are set out in formal written mandates, the full texts of which can be found on our website. These mandates are reviewed annually to reflect best practices as well as applicable regulatory requirements.

#### *CG Committee*

***The CG Committee is responsible for developing and maintaining governance principles, an orientation program for new directors, a director assessment process and identifying and recommending candidates for nomination to the Board. The Committee also assists the Board in ensuring that Alaris' compensation strategies support Alaris' objectives and sustain shareholder value.***

The CG Committee is responsible for reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of Alaris and its subsidiaries in the context of Alaris' budget and business plan. To achieve this, the CG Committee does the following:

- 1) review Alaris' compensation program and recommend any significant changes to the Board;
- 2) review and recommend to the Board the level and form of compensation to be paid to members of the Board;
- 3) review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO 's performance in light of those corporate goals and objectives, and make recommendations to the Board with respect to the CEO 's compensation level based on such evaluation;
- 4) review all incentive compensation plans and make recommendations to the Board;
- 5) make recommendations to the Board with respect to the compensation of directors and other officers of Alaris, including to review management's recommendations for proposed stock option, share purchase plans and other incentive-compensation plans and equity-based plans for officer and director compensation;
  - (i) review the annual disclosure in respect of compensation matters required by applicable securities laws to be made by Alaris;
  - (ii) considering the implications of the risks associated with Alaris' compensation program and whether such program encourages excessive risk taking.

In addition to these duties, the CG Committee is also responsible for developing and maintaining governance principles consistent with high standards of corporate governance. The Committee does the following in carrying out its mandate:

- 1) review on an ongoing basis the effectiveness of the Board and its Committees in fulfilling the mandate of the Board;
- 2) periodically review and assess Alaris' approach to corporate governance matters and recommend any changes to the Board;
- 3) acts as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
- 4) review and recommend to the Board for consideration the Code and take all reasonable steps to oversee the implementation of the Code, including reviewing with management the Code and the implementation and effectiveness of compliance programs under the Code;
- 5) as determined appropriate, develop and recommend to the Board for approval, and periodically review, structures and procedures designed to ensure that the Board can function independently of management;
- 6) recruit and recommend new members to the Board;
- 7) determine the appropriate size of the Board and its composition, including the number of directors who are independent, and the annual nomination of directors for election;
- 8) undertake a periodic performance review of each director and in the process ensure each Board member is aware of the contribution they are expected to make including the amount of time, energy and resources expected of each director;
- 9) review and recommend to the Board as to the acceptance of any offer to resign of any director;
- 10) develop for approval by the Board and periodically review, orientation and education programs for new directors;
- 11) annually review and recommend to the Board the appointments to each committee of the Board and any changes to the terms of reference of the committees;

- 12) periodically review and monitor Alaris' communication policy with a view to determining whether Alaris is communicating effectively with shareholders, other stakeholders, the investment community and the public generally; and
- 13) review and consider the engagement at the expense of the Corporation of professional and other advisors by any individual director when so requested by any such director.

The CG Committee meets at least twice per year and at such other times the Committee determines. All members of the Committee are expected to have, or acquire within a reasonable period of time following their appointment, a thorough understanding of governance and compensation issues.

#### ***Audit Committee***

***The Audit Committee oversees the integrity of Alaris' financial reporting, its internal controls, disclosure controls and procedures and internal audit function, and oversees compliance with legal and regulatory requirements, reviews and assesses the Auditor and sets standards of business conduct and ethics. The Audit Committee also considers risk issues in the context of Alaris' enterprise-wide strategic risk management framework.***

The Audit Committee oversees the integrity of Alaris' financial reporting, its internal controls (including internal control over financial reporting), disclosure controls and procedures and internal audit function, and its compliance with legal and regulatory requirements. The Audit Committee also reviews and assesses the qualifications, independence and performance of the Auditor. The Audit Committee also functions as Alaris' conduct review committee and as such its responsibilities include setting standards of business conduct and ethics for directors, senior management and employees. In addition to being "independent", each member of the Audit Committee has been determined to be "financially literate", as such term is defined under *National Instrument 52-110-Audit Committees* and under CSA standards. The definition of "financially literate" adopted by the Board pursuant to these rules and standards are set forth in the Audit Committee's Mandate, which may be found on our website and in our AIF.

At meetings of the Audit Committee, members of the Committee meet separately (without other management present) with the Auditor to review specific issues.

The Audit Committee requires management to implement and maintain appropriate internal controls. The Committee approves and oversees the internal control policy and audit mandate. The Committee meets quarterly with Auditor and management on matters of internal control. The Committee also pre-approves all audit and non-audit work performed by the Auditor.

The Audit Committee also oversees the framework to identify and manage risk, including adherence to risk management corporate policies, and compliance with risk-related regulatory requirements. The Audit Committee approves corporate policies and risk limits that address the management of the risk and return associated with credit, market, liquidity, operational and business risk, and such other risk management controls as are considered by the Committee to be appropriate for prudent business practice. Strategic decisions may be reviewed at the request of the Board to advice on the risk impact. The Audit Committee also reviews the methods and procedures established by management for control of key risks.

Additional information relating to the composition of the Audit Committee, the Committee Mandate, and the relevant education and experience of its members is set out under the heading "*Audit Committee Information*" in our AIF. The fees paid to the Auditor in the last two fiscal years are described in such AIF.

## **ASSESSMENT OF DIRECTORS AND BOARD COMMITTEE EFFECTIVENESS**

Alaris has instituted a variety of methods for assessing the effectiveness of the Board, its Committees, the Chairman of the Board, the Committee Chairs and the individual directors. The results of the assessments form the basis of recommendations to the Board on the appropriateness of the current mix of directors, improvements that can be made to Board processes and the continuing education needs of the Board.

#### ***Annual Assessment of Individual Directors***

***Individual Directors evaluate each other.***

The CG Committee annually conducts a peer evaluation process to provide feedback to individual directors on their effectiveness. Assessment forms are annually approved by the Board, and then provided to each director and the results are compiled by the Chair, Governance Matters, of the CG Committee and discussed with the Board. The survey requires that every director assess the contribution of each of his or her peers in relation to the standards of performance established in the Board Mandate, which sets out the personal and professional attributes and duties and responsibilities required of each director. The Chairman of the Board receives a copy of the scores for each individual director's peer assessment and then meets with each director to discuss his or her peer assessment.



*Annual Assessment of the Board****Individual Directors evaluate the Board as a whole.***

The CG Committee also conducts an annual evaluation of the effectiveness of the Board and its Committees through surveys completed by each director. This evaluation is conducted through assessment forms annually approved by the Board and provided to directors, which cover the operation of the Board and its Committees, the adequacy and timeliness of information provided to directors, Board and Committee structure, agenda planning for Board and Committee meetings, contributions of Board and Committee members, strategic direction and process, and takes into account the duties and responsibilities enumerated in the Board and Committee Mandates. The results of the forms are compiled by the Chair, Governance Matters of the CG Committee and discussed with the Board, who considers whether any changes to the Board processes, composition or committee structure are appropriate. Additionally, Management is advised of any suggestions made by directors for enhancement of processes to support the work of the Board.

*Annual Assessment of the Audit Committee****Individual Members of the Audit Committee evaluate the Audit Committee as a Whole.***

The CG Committee also conducts an annual evaluation of the effectiveness of the Audit Committee. This evaluation is conducted through assessment forms which are annually approved by the Board and provided to and completed by members of the Audit Committee. The assessment forms cover the purpose of the Audit Committee, its operation, composition, and process, and takes into account the duties and responsibilities enumerated in the Audit Committee Mandate. The results of the forms are compiled by the Chair, Governance Matters of the CG Committee, and discussed with the Audit Committee and the Board.

**COMMUNICATION POLICY*****A disclosure committee comprised of the CEO, CFO and Chief Legal Officer/Corporate Secretary is responsible for reviewing all annual and interim filings and ensuring the timely public release of material information relating to Alaris.***

The Board has approved an External Communication Policy covering the timely dissemination of all material non-public information. This policy, which is reviewed annually, establishes consistent guidance for determining what information is material and how it should be disclosed to avoid selective disclosure and to ensure that material information is widely disseminated. The guidelines and procedures outlined in this policy form the basis for how Alaris employees carryout Alaris' disclosure practices.

Pursuant to the terms of the External Communication Policy, Alaris has formed a Disclosure Committee comprised of the CEO, the CFO and the Chief Legal Officer and Corporate Secretary. This Disclosure Committee is responsible for reviewing all annual and interim filings, corporate presentations and marketing materials, and ensuring the timely public release of material information relating to Alaris. The CEO, together with the CFO, makes the final determination as to what information is material and must be publicly disclosed.

Alaris seeks to communicate with its shareholders and other stakeholders through a variety of channels, including the annual report, information circular, quarterly reports, annual information form, news releases, and website. Shareholder feedback is received through meetings with institutional shareholders. Feedback from retail shareholders is generally received by e-mail or telephone. Shareholder concerns are addressed promptly by Alaris' Investor Relations Manager. Wherever possible, appropriate changes are made in response to these concerns. Page 41 of the Information Circular contains the contact details for shareholders who wish to communicate directly with the Board. The Board believes these practices reflect best practices in shareholder engagement.

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## SCHEDULE 2- DESCRIPTION OF CAPITAL STRUCTURE

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Alaris is authorized to issue an unlimited number of Common Shares and Non-Voting Shares for unlimited consideration. As of the Record Date, 36,444,137 Common Shares and no Non-Voting Shares were outstanding as fully paid and non-assessable. In addition, as of the date hereof, there were stock options outstanding to acquire 2,079,671 Common Shares pursuant to the Option Plan, and there were restricted share units outstanding entitling the holders thereof to receive an aggregate of 265,545 Common Shares pursuant to the RSU Plan upon the satisfaction of certain vesting criteria.

The following describes the material provisions of our Common Shares:

- 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;
- 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; and
- d) The Common Shares also contain certain provisions designed to ensure that Alaris complies with applicable U.S. securities laws, including a restriction on treasury issuances to persons located in the United States or that are U.S. Persons that are not Qualified U.S. Purchasers. See "Schedule 4 – Ownership and Transfer Restrictions". A full copy of the terms of the Common Shares is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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## SCHEDULE 3- BOARD OF DIRECTORS MANDATE

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The board of directors ("**Board**") of Alaris Royalty Corp. ("**Company**") is responsible for managing, or supervising the management of, the business and affairs of the Company. The executive officers ("**Executive Officers**") of the Company are responsible for the management of the business and affairs of the Company within the strategic direction approved by the Board.

The Board has the oversight responsibility and specific duties described below. In addition, individual directors (**Directors**) have the responsibility and specific duties set out in the Individual Director Mandate and any other Mandate or Position Description that applies to them.

### COMPOSITION

- The Board will be comprised of between one (1) and eleven (11) directors, as determined by the shareholders.
- A majority of the Company's directors will be independent, pursuant to applicable law.
- All Board members will have the skills and abilities appropriate to their appointment as directors.
- It is recognized that the right mix of experiences and competencies will ensure that the Board will carry out its duties and responsibilities in the most effective manner.
- Except as set out in the Articles or By-Laws, Board members will be elected at the annual meeting of the Company's shareholders each year and will serve until their successors are duly elected.

### RESPONSIBILITY

The Board is responsible for the stewardship of the Company and the Company's strategy, providing independent, effective leadership to supervise the management of the Company's business and affairs.

### SPECIFIC DUTIES

The Board will:

#### *Leadership*

- 1) Provide leadership and vision to supervise the management of the Company in managing the Company and its subsidiaries in the best interests of the Company's shareholders.
- 2) Provide leadership in the development of the mission, vision, principles, values of the Company, in conjunction with the Chief Executive Officer (**CEO**).

#### *Strategy & Operations*

- 3) Approve the development of strategic direction & operational requirements for the Company, which takes into account, among other things, the opportunities and risks of the Company's business.

#### *CEO*

- 4) Select, appoint, evaluate and, if necessary, terminate the CEO.
- 5) Receive and approve recommendations on appropriate or required CEO competencies and skills from the Compensation and Governance Committee (CG Committee).
- 6) Approve or develop the corporate objectives that the CEO is responsible for meeting and assess the CEO against those objectives.

#### *Succession and Compensation*

- 7) Succession plan, including appointing, training and monitoring the performance of senior management (Management) of the Company.
- 8) With the advice of the CG Committee, approve the compensation of senior Management and approve appropriate compensation programs for the Company's employees.

#### *Corporate Social Responsibility, Ethics and Integrity*

- 9) Provide leadership to the Company in support of its commitment to corporate social responsibility.
- 10) Foster ethical and responsible decision-making by Management.
- 11) Set the ethical tone for the Company and its Management.

- 12) Take all reasonable steps to satisfy itself of the integrity of the CEO and Management and satisfy itself that the CEO and Management create a culture of integrity throughout the organization.
- 13) At the recommendation of the CG Committee, approve the Company's Code of Business Conduct.
- 14) Monitor compliance with the Company's Code of Business Conduct and grant and disclose, or decline, any waivers of the Code of Business Conduct for officers and directors.
- 15) With the CG Committee and/or the Audit Committee and the Board Chair, respond to potential conflict of interest situations.

#### *Governance*

- 16) With the CG Committee, develop the Company's approach to corporate governance, including adopting a Corporate Governance Policy that sets out the principles and guidelines applicable to the Company.
- 17) Once or more annually, as the CG Committee decides, receive for consideration that Committee's evaluation and any recommended changes, together with the evaluation and any further recommended changes of another Board Committee, if relevant, to each of the following:
  - a) Corporate Governance Policy;
  - b) Board Mandate;
  - c) Individual Director Mandate;
  - d) Chair of the Board Position Description;
  - e) Audit Committee Mandate;
  - f) Audit Committee Chair Position Description;
  - g) Compensation and Governance Committee Mandate;
  - h) Compensation and Governance Committee Chair Position Description;
  - i) CEO Position Description;
  - j) CFO Position Description; and
  - k) Secretary Position Description.
- 18) With the CG Committee, ensure that the Company's governance practices and policies are appropriately disclosed.
- 19) At the recommendation of the CG Committee, annually determine those individual Directors to be designated as independent and ensure appropriate disclosures are made.
- 20) At the recommendation of the CG Committee, annually determine those individual Directors on the Audit Committee possessing "financial literacy" under applicable law and ensure appropriate disclosures are made.

#### *Communications, Disclosure and Compliance*

- 21) Adopt an External Communications Policy for the Company that addresses disclosure matters.
- 22) At least annually, review the External Communications Policy and consider any recommended changes.
- 23) Ensure policies and procedures are in place to ensure the Company's compliance with applicable law, including timely disclosure of relevant corporate information and regulatory reporting.
- 24) Establish and disclose a process to permit stakeholders to directly contact the independent Directors as a group.

#### *Board Chair*

- 25) Annually appoint the Chair of the Board.

#### *Committees*

- 26) Appoint an Audit Committee comprised of at least three members, all of whom are independent directors, with the responsibility to assist the Board in fulfilling its audit oversight responsibilities with respect to: (i) the integrity of annual and quarterly financial statements to be provided to 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; and, (v) performance of the external audit process and of the external auditor. The Committee will also have the responsibility to assist the Board in fulfilling its financial oversight responsibilities with respect to: (i) financial policies and strategies including capital structure; (ii) financial risk management practices; and (iii) transactions or circumstances which could materially affect the financial profile of the Company.
- 27) Appoint a Compensation and Governance Committee comprised of a majority of independent directors with the responsibility to assist the Board in fulfilling its governance oversight responsibilities with respect to: (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for Director and Board Committee appointments; (iii) evaluations of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs; and, (iv) implementation and effectiveness of the Code of Business Conduct and the compliance programs under the Code of Business Conduct. The Committee will also have the responsibility to assist the Board in fulfilling its compensation oversight responsibilities with respect to: (i) key

compensation and human resources policies; (ii) CEO objectives, performance reviews and compensation; (iii) executive Management compensation; (iv) executive Management succession and development; and (v) reviewing executive compensation disclosure before its release.

- 28) In the Board's discretion, appoint any other Board Committees that the Board decides are needed and delegate to those Board Committees any appropriate powers of the Board.
- 29) In the Board's discretion, annually appoint the Chair of each Board Committee.

#### ***Delegations and Approval Authorities***

- 30) Annually delegate approval authorities to the CEO and review and revise them as appropriate.
- 31) Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
- 32) Require the Audit Committee to recommend to the Board for consideration the quarterly results, financial statements, MD&A and earnings related 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.
- 33) Require the Audit Committee to recommend to the Board for consideration and, in the Board's discretion, approve the monthly dividends for the quarter.
- 34) Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
- 35) Consider and, in the Board's discretion, approve any matters proposed by Management.
- 36) Approve all alternative financing structures entered into by the Company with various private businesses.

#### ***Risk Management***

- 37) Ensure policies and procedures are in place to: identify the principal business risks and opportunities of the Company; address what risks are acceptable to the Company; and ensure that appropriate systems are in place to manage the risks.
- 38) Ensure policies and procedures designed to maintain the integrity of the Company's disclosure controls and procedures are in place.
- 39) As required by applicable law, ensure policies and procedures designed to maintain the integrity of the Company's internal controls over financial reporting and management information systems are in place.
- 40) Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.
- 41) Ensure policies and procedures designed to maintain appropriate safety, environment and social responsibility principles and practices are in place.

#### ***Orientation / Education***

- 42) With the CG Committee, oversee the development and implementation of a Director orientation program covering the role of the Board and its Committees, the contribution individual Directors are expected to make and the nature and operation of the Company's business.
- 43) With the CG Committee, oversee the development and implementation of an ongoing Director education program designed to maintain and enhance skills and abilities of the Directors and to ensure their knowledge and understanding of the Company's business remains current.

#### ***Board Performance***

- 44) Oversee the process of the CG Committee's annual evaluation of the performance and effectiveness of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs, in light of the applicable Mandates and Position Descriptions.
- 45) Participate in an annual evaluation of Board performance by the CG Committee.
- 46) Receive and consider a report and recommendations from the CG Committee on the results of the annual evaluation of the performance and effectiveness of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs.

#### ***Board Meetings***

- 47) Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Board may in appropriate circumstances hold meetings by telephone conference call.
- 48) Meet in separate non-management and independent Director only in camera sessions at each regularly scheduled meeting.
- 49) Meet in separate, non-management and/or independent Director only closed sessions with any internal personnel or outside advisors, as needed or appropriate.

#### ***Advisors/Resources***

- 50) Retain, oversee, compensate and terminate independent advisors to assist the Board in its activities.

- 51) Receive adequate funding for independent advisors and ordinary administrative expenses that are needed or appropriate for the Board to carry out its duties.

*Other*

- 52) To honor 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 CG Committee at its next meeting.
- 53) Once or more annually, as the CG Committee decides, this Mandate will be fully evaluated and updates recommended to the Board for consideration.

**Approved:** March 7, 2017

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## SCHEDULE 4- OWNERSHIP AND TRANSFER RESTRICTIONS

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### *U.S. Investment Company Act Considerations and Restrictions*

Based on its current assets, and absent an exemption under the U.S. Investment Company Act, Alaris may be deemed to be an "investment company" as defined in the U.S. Investment Company Act. The U.S. Investment Company Act, among other things, prohibits foreign investment companies from publicly offering their securities in the United States. However, Alaris relies on the exemption provided in Section 3(c)(7) of the U.S. Investment Company Act, which provides that a company is excluded from the definition of an "investment company", and is therefore excluded from regulation under the U.S. Investment Company Act, if its securities have only been issued to persons located in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or, U.S. Persons that are Qualified Purchasers and it does not make a public offering of its securities in the United States. Consequently, Common Shares will be issued by Alaris only: (i) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, or (ii) inside the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons, that are Qualified U.S. Purchasers (which also requires the holder to be a Qualified Institutional Buyer under Rule 144A). Additionally, generally, Qualified U.S. Purchasers that hold Common Shares may not resell their Common Shares in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons.

### *ERISA Restriction of No Ownership by Plans*

For the reasons set forth in this section, Alaris will prohibit investment in Common Shares by "benefit plan investors" and other similar investors, and, therefore, will also prohibit transfers of Common Shares to such investors. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the U.S. Tax Code, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject Similar Law, and, therefore will be treated by Alaris as benefit plan investors (together with benefit plan investors, "ERISA Plans").

If benefit plan investors hold Common Shares, Alaris may become subject to ERISA and applicable Plan Asset Regulations. The Plan Asset Regulations generally provide that when a benefit plan investor acquires an equity interest in an entity that is neither a "publicly-offered security" (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the U.S. Investment Company Act, the benefit plan investor's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by benefit plan investors is not "significant" or that the entity is an "operating company," as defined in the Plan Asset Regulations. Under the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25% of the value of each class of equity interests of such entity, excluding equity interests held by certain persons described in the Plan Asset Regulations.

If under the Plan Asset Rules or Similar U.S. Law, Alaris' assets are deemed to be "plan assets" of a benefit plan investor in Alaris, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by Alaris, and (ii) the possibility that certain transactions that Alaris or its subsidiaries have entered into, or may enter into, in the ordinary course of business might constitute non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Tax Code or Similar U.S. Law and as such, might be subject to fines and penalties and have to be rescinded. A non-exempt prohibited transaction may, under certain circumstances, also result in the tax disqualification of an individual retirement account that invests in Alaris.

The currently issued and outstanding Common Shares and any Common Shares subsequently issued by Alaris are not and will not be "publicly-offered securities"; Alaris is not, and does not intend to become a registered investment company under the U.S. Investment Company Act; and Alaris will not qualify as an operating company within the meaning of the Plan Asset Regulations. In addition, Alaris does not intend to monitor whether the level of investment in Common Shares by benefit plan investors will be "significant" for purposes of the Plan Asset Regulations. Consequently, Common Shares and any beneficial interests therein may not be held by ERISA Plans nor acquired using "plan assets" of any such investor. Each investor in Common Shares and each subsequent transferee, by acquiring or holding Common Shares or a beneficial interest therein, will be deemed to have represented, warranted, agreed and acknowledged that it is not (and during the period it holds Common Shares will not be) an ERISA Plan and no portion of the assets used to acquire or hold its interest in the Common Shares constitutes or will constitute "plan assets" of an ERISA Plan. Any breach of such deemed representation will void the investment in Common Shares *ab initio*.

***Representations on Purchase for All Holders Whether or Not Located in the United States or U.S. Persons***

When acquiring Common Shares, each purchaser thereof, whether or not they are located in the United States or a U.S. Person, will either make or be deemed to have made the acknowledgements, representations, warranties and agreements set forth in "*Legends on All Securities for Holders Whether or Not Located in the United States or U.S. Persons*" immediately below. Qualified U.S. Purchasers may not resell their Common Shares in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons.

However, for the avoidance of doubt, a sale of the Common Shares on the TSX will be free of restriction and satisfy the obligations set forth herein and in "*Legends on All Securities For All Holders Whether or Not Located in the United States or U.S. Persons*", so long as the transaction is not pre-arranged with a buyer in the United States or a U.S. Person, or a person acting for the account or benefit of a person located in the United States or a U.S. Person or with a person otherwise known to be in the United States, a U.S. Person, or a person acting for the account or benefit of a person located in the United States or a U.S. Person, and is otherwise conducted in accordance with Regulation S.

In general, under Rule 904 of Regulation S, Qualified U.S. Purchasers who are either: (a) non-affiliates of Alaris or (b) affiliates of Alaris solely by virtue of their status as an officer or director of Alaris may sell their Common Shares outside the United States in an "offshore transaction" (which would include a sale through the TSX) if neither the seller nor any person acting on its behalf engages in "directed selling efforts" in the United States. For a sale of Common Shares by an officer or director who is an affiliate of Alaris solely by virtue of holding such position, there would be an additional requirement that no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. Under Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Certain additional restrictions apply to a Qualified U.S. Purchaser of Common Shares who is an affiliate of Alaris other than by virtue of his or her status as an officer or director of Alaris. As defined in Rule 144 under the *U.S. Securities Act*, an "affiliate" of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of the issuer as well as principal shareholders of the issuer.

***Legends on All Securities for All Holders Whether or Not Located in the United States or U.S. Persons***

All Common Shares issued, and all certificates (or other evidences of entitlement) issued in exchange therefor or in substitution thereof, will bear the legend set forth below (whether they are issued in certificated form or are held through the book-based system maintained by CDS). This legend will be placed on certificates (or other evidences of entitlement) for purchasers outside the United States, as well as on certificates (or other evidences of entitlement) for purchasers that are located in the United States, are U.S. Persons or are persons acting for the account or benefit of persons located in the United States or a U.S. Person. Consequently, each initial holder and each subsequent purchaser of the Common Shares will, or will be deemed to, represent, agree and acknowledge as follows:

ALARIS ROYALTY CORP. (THE "**CORPORATION**") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**U.S. INVESTMENT COMPANY ACT**"). THIS SECURITY AND ANY BENEFICIAL INTEREST HEREIN MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF PERSONS LOCATED IN THE UNITED STATES OR U.S. PERSONS.

BY ACQUIRING THIS SECURITY OR A BENEFICIAL INTEREST HEREIN, EACH HOLDER SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE WITH THE CORPORATION THAT: (1) IT IS EITHER: (A) OUTSIDE THE UNITED STATES AND NOT A U.S. PERSON AND NOT ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS OR (B) A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT; (2) IT WILL NOT OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR A BENEFICIAL INTEREST HEREIN IN THE UNITED STATES OR TO A U.S. PERSON OR TO A PERSON ACTING FOR THE ACCOUNT OR BENEFIT OF PERSONS LOCATED IN THE UNITED STATES OR U.S. PERSONS; AND (3) IT IS NOT, AND SHALL NOT BE WHILE IT HOLDS ANY INTEREST IN THIS SECURITY (i) AN "EMPLOYEE BENEFIT PLAN" (WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (ii) A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER



ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "U.S. INTERNAL REVENUE CODE"), (iii) ANY OTHER RETIREMENT OR BENEFIT PLAN SUBJECT TO ANY STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT WOULD HAVE THE SAME EFFECT AS ERISA SECTION 3(42) AND THE REGULATIONS OF THE U.S. DEPARTMENT OF LABOR CODIFIED AT 29 C.F.R. SECTION 2510.3-101 (TOGETHER, THE "PLAN ASSET REGULATIONS") TO CAUSE THE UNDERLYING ASSETS OF THE CORPORATION TO BE TREATED AS ASSETS OF THAT INVESTING ENTITY BY VIRTUE OF ITS INVESTMENT (OR ANY BENEFICIAL INTEREST) IN THE CORPORATION AND THEREBY SUBJECT THE CORPORATION TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS CONTAINED IN ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE ("SIMILAR LAW"), OR (iv) AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN (i)-(iii) UNDER THE PLAN ASSET REGULATIONS OR SIMILAR LAW (EACH OF (i)-(iv), A "PLAN") AND NO PORTION OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS SECURITY OR BENEFICIAL INTEREST THEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF A PLAN.

THE CORPORATION HAS THE RIGHT TO COMPEL ANY SECURITY HOLDER OR BENEFICIAL HOLDER TO SELL ITS SECURITIES OR INTEREST THEREIN, OR MAY SELL SUCH COMMON SHARES OR INTEREST THEREIN ON BEHALF OF SUCH PERSON, WHERE SUCH PERSON DOES NOT SATISFY THE REQUIREMENTS IN THE PARAGRAPH ABOVE.

THE CORPORATION AND ITS AGENTS SHALL NOT BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS.

TRANSFERS OF THIS SECURITY OR ANY INTEREST HEREIN TO A PERSON USING ASSETS OF A PLAN TO PURCHASE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN WILL BE VOID AND OF NO FORCE AND EFFECT AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO SUCH PERSON NOTWITHSTANDING ANY INSTRUCTION TO THE CONTRARY TO THE CORPORATION OR ANY OF ITS AGENTS.

THE TERM "U.S. PERSON" SHALL HAVE THE MEANING SET FORTH IN REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED.

**Rule 144 is not available for the removal of this legend on Common Shares, including upon transfers of the Common Shares outside the United States.**

***Because at one time Alaris may have been an issuer with no or nominal assets, Rule 144 will not be available for resale of the Common Shares.***

Alaris may be deemed to have been at one time previously an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents. Consequently, Rule 144 under the U.S. Securities Act may not be available for the removal of the legend on the Common Share or for resale of the Common Shares. We are not obligated to nor are we likely to, make Rule 144 under the U.S. Securities Act available for resale of the Common Shares.

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## SCHEDULE 5 – SHARE OPTION AND RESTRICTED SHARE UNIT (RSU) PLANS

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### SHARE OPTION PLAN

#### 1. Purpose of Plan

The purpose of this plan (the "Plan") is to develop the interest of officers, directors and employees of, and consultants to, Alaris Royalty Corp. and its subsidiaries (collectively, the "Corporation") in the growth and development of the Corporation by providing them with the opportunity through share purchase options to acquire an increased proprietary interest in the Corporation.

#### 2. Administration

The Plan shall be administered by the Board of Directors of the Corporation, or if appointed, by a special committee of Directors appointed from time to time by the Board of Directors of the Corporation (such committee, or if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the "Committee") pursuant to rules of procedure fixed by the Board of Directors.

#### 3. Granting of Options

The Committee may from time to time designate bona fide directors, officers, employees and consultants of the Corporation (or in each case their personal holding companies) (collectively, the "Optionees"), to whom options ("Options") to purchase common shares ("Common Shares") of the Corporation may be granted, and the number of Common Shares to be optioned to each, provided that:

(a) the total number of Common Shares issuable pursuant to Options outstanding at any time under the Plan shall not exceed 8.5% of the aggregate number of Common Shares and non-voting common shares ("Non-voting Shares") of the Corporation outstanding, subject to adjustment as set forth herein, and further subject to the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Toronto Stock Exchange (the "TSX") or such other stock exchange as the common shares may be listed for trading;

(b) the maximum number of securities of the Corporation issuable at any time pursuant to all Security Based Compensation Arrangements shall not exceed 9.75% of the number of Outstanding Securities;

(c) the number of Common Shares reserved for issuance on exercise of Options, within a one-year period, to any one Optionee shall not exceed 5% of the Outstanding Securities;

(d) the maximum number of securities of the Corporation issuable to Insiders at any time pursuant to all Security Based Compensation Arrangements shall not exceed 9.75% of the number of Outstanding Securities;

(e) the maximum number of securities of the Corporation issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 9.75% of the number of Outstanding Securities;

(f) the maximum number of Common Shares issuable at any time pursuant to outstanding Options granted to directors of the Corporation who are not officers or employees of the Corporation shall be limited to 0.5% of the issued and Outstanding Securities; and

(g) the maximum participation for directors of the Corporation who are not officers or employees of the Corporation under the Plan is limited to an annual equity award value of \$100,000 per non-employee director, provided that this limit shall not apply in respect of an initial grant of options to a newly appointed or elected non-employee director.

Notwithstanding anything else in this Plan, including section 14, the Board may not, without the approval of shareholders of the Company, amend this section or any other provision of this Plan to increase the limit set forth in paragraph 3(f) above.

The Common Shares that are reserved for issuance on exercise of Options granted pursuant to this Plan that are cancelled, terminated or expired in accordance with terms of the Plan prior to the exercise of all or a portion thereof shall be available for a subsequent grant of Options pursuant to this Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, terminated or expired Options.

#### 4. Vesting

The Committee may, in its sole discretion, determine the time during which Options shall vest and the method of vesting. In the absence of any determination by the Committee as to vesting, vesting shall be as to one quarter (1/4) on each of the first, second, third and fourth anniversaries of the date of grant. For greater certainty, the Committee may, in its sole discretion, accelerate the

vesting of Options following their initial grant in the event of death, the occurrence of any other event giving rise to a Termination Date or in connection with a change of control (as such term may be determined by the Committee and which shall include a business combination or other transaction where a person or persons acting jointly or in concert acquire greater than 50% of the outstanding Common Shares).

#### 5. Exercise Price

The exercise price (the "Exercise Price") of any Option shall be fixed by the Committee when such Option is granted, provided that such price shall not be less than the Market Price at the time the Option is granted, and further provided that if the Common Shares are not then listed and posted for trading on the TSX or any other principal stock exchange the Exercise Price shall be determined by the Committee in its sole discretion acting reasonably and in good faith.

In the event that the Corporation proposes to reduce the Exercise Price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, said amendment shall not be effective until disinterested shareholder approval has been obtained in respect of said Exercise Price reduction.

#### 6. Option Terms

The period during which an Option is exercisable shall, subject to the provisions of the Plan requiring acceleration of rights of exercise, not be in excess of five years. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable or transferable. In addition, each Option shall provide that:

(a) Unless otherwise determined by the Committee or unless otherwise provided in a written option agreement pertaining to a particular Option or any written employment, consulting or other agreement governing an Optionee's role as a director, officer, employee of or consultant to, the Corporation or an affiliate of the Corporation, upon the death of the Optionee, the Option shall terminate on the date of death, unless the Optionee was a director, officer, employee of or consultant to, the Corporation or a subsidiary of the Corporation at least one year following the date of grant of the Options in question, in which case the Options shall terminate on the date that is six months following the date of death of the Optionee (the "Termination Date"); and

(b) Unless otherwise determined by the Committee or unless otherwise provided in a written option agreement pertaining to a particular Option or any written employment, consulting or other agreement governing an Optionee's role as a director, officer, employee of or consultant to, the Corporation or an affiliate of the Corporation, if the Optionee shall no longer be a director or officer of, be in the employ of, or be providing ongoing management or consulting services to, the Corporation, the Option shall terminate on the earlier of the expiry date of the Option and the expiry of a period of 90 days (the "Termination Date"), following the date that the Optionee ceases to be a director, officer or employee of the Corporation, or ceases to provide ongoing management or consulting services to, the Corporation, as the case may be;

provided that the number of Common Shares that the Optionee (or his heirs or successors) shall be entitled to purchase until the Termination Date shall be the number of Common Shares which the Optionee was entitled to purchase on the date of death or the date the Optionee ceased to be an officer, director or employee of, or ceased providing ongoing management or consulting services to, the Corporation, as the case may be.

If the normal expiry date of any Option falls within any Blackout Period or within 10 business days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) following the end of any Blackout Period (the "Restricted Options"), then the Expiry Date of such Restricted Options shall, without any further action, be extended to the date that is 10 business days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options as referred to in Section 14 hereof.

#### 7. Exercise of Options

Subject to the provisions of the Plan, an Optionee may:

(a) Exercise, from time to time, Options granted to the Optionee by delivery to the Corporation, at its head office or such other place as may be specified by the Corporation, of a written notice of exercise (the "Exercise Notice") specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Common Shares then being purchased and payment in full of any amount required to be paid pursuant to Section 8 herein;

(b) Make an offer (the "Surrender Offer") to the Corporation, at any time, for the disposition and surrender by the Optionee to the Corporation (and the termination thereof) of any Options granted hereunder for an amount specified therein (the "Surrender Price") and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval that may be required. If the Surrender Offer, either as made or as re-negotiated, is accepted:

(i) The Corporation will cause to be delivered to the Optionee a cheque representing the Surrender Price (less the amount of the withholding tax and any other amount required to be paid pursuant to Section 8 herein in connection with the exercise of the Surrender Offer) within three (3) business days of the date of receipt of the Surrender Offer; and

(ii) Upon the surrender and termination of the Options pursuant to the Surrender Offer, the Common Shares issuable pursuant to such Options shall, for purposes of the number of Common Shares reserved for issuance with the TSX, be available for further grants.

(c) Exercise the right (the "Cashless Exercise Right") from time to time to request the Corporation to issue Common Shares in exchange for all or any part of the Options of the Optionee by surrendering such Options and delivery to the Corporation, at its head office or such other place as may be specified by the Corporation, (1) a written notice of exercise ("Cashless Exercise Notice") specifying the number of Options with respect to which the Cashless Exercise is being exercised; and (2) any payment required to be paid pursuant to Section 8 herein. Upon exercise of the Cashless Exercise Right, for each Option held for which a Cashless Exercise Notice is delivered, the Corporation will issue such number of Common Shares to the Optionee as is equal to the number determined as follows:

(i) dividing the difference between the Market Price and the Exercise Price of such Stock Options by the Market Price;

multiplied by

(ii) the number of Options specified in the Cashless Exercise Notice (the date of receipt of the Cashless Exercise Notice being the "Cashless Exercise Right Notice Date").

Subject to any procedure as authorized by the Board of Directors and the approval of the Exchange, if applicable, the Corporation will use its reasonable efforts to deliver to the Optionee the number of Common Shares as determined in accordance with this subparagraph (c) within five (5) business days of the Cashless Exercise Right Notice Date. Notwithstanding the foregoing, the Corporation may, at its sole discretion, decline to accept and, accordingly, have no obligations with respect to the exercise of a Cashless Exercise Right at any time and from time to time.

#### 8. Tax Withholding & No Guarantees Regarding Tax Treatment

(a) The Corporation shall have the power and the right to deduct or withhold, or require (as a condition of exercise) an Optionee to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right to (and the Optionee consents to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to such Optionee (whether arising pursuant to the Optionee's relationship as a director, officer or employee of the Corporation or as a result of the Optionee providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs (which costs shall be the responsibility of the Optionee and which shall be and are authorized to be deducted from the proceeds of sale). The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares. Any reference in this Plan to the issuance of Common Shares or a payment of cash in connection with an Option is expressly subject to this Section 8.

(b) With respect to all Surrender Offers that are accepted by the Corporation pursuant to Section 7 hereof, the Corporation agrees to elect under subsection 110(1.1) of the Income Tax Act (Canada) so as to permit the Optionee to claim a deduction under paragraph 110(1)(d) of the said Act with respect to the Surrender Price.

(c) Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Option under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation and the Committee make no guarantees to any person regarding the tax treatment of an Option or payments made under the Plan and none of the Corporation or any of its employees or representatives shall have any liability to an Optionee with respect thereto.

#### 9. Mergers, Amalgamation and Sale

If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated within or with another corporation or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation, the Corporation shall, subject to this Section 9, make provision that, upon exercise of an Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee shall receive such number of shares of the continuing successor corporation in such merger or amalgamation or the securities or shares of the purchasing corporation as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Optionee in respect of the Common Shares subject to the Option shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof.

#### 10. Termination of Option in the Event of Take-Over Bid

In the event a take-over bid (as defined in the Securities Act (Alberta)), which is not exempt from the take-over bid requirements of Part 14 of the Securities Act (Alberta) (or its replacement or successor provisions) shall be made for the Common Shares of the Corporation, the Corporation may in the agreement providing for the grant of Options herein provide that the Corporation may require the disposition of the Optionee and the termination of any obligations of the Corporation to the Optionee in respect of any Options granted by paying to the Optionee in cash the difference between the exercise price of unexercised Options and the fair market value of the securities to which the Optionee would have been entitled upon exercise of the unexercised Options on such date, which determination of fair market value shall be conclusively made by the Committee, subject to approval by the stock exchanges upon which the Common Shares are then listed, if required by such exchanges. Upon payment as aforesaid, the Options shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof. The Corporation may, at its sole discretion, elect to allow an Optionee to claim such deductions in computing taxable income of such Optionee, if any, that may be available to the Optionee in respect of any amount received by the Optionee pursuant to this Section 10, however, the Corporation is under no obligation, express or implied, to make such election.

#### 11. Alterations in Shares

Appropriate adjustments in the number of Common Shares optioned and in the Exercise Price, as regards Options granted or to be granted, may be made by the Committee in its discretion to give effect to adjustments in the number of Common Shares of the Corporation resulting subsequent to the approval of the Plan by the Committee from subdivisions, consolidations or reclassifications of the Common Shares of the Corporation, the payment of stock dividends by the Corporation, or other relevant changes in the capital of the Corporation.

#### 12. Option Agreements

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, provisions as to vesting (if applicable) and expiry, and any other terms approved by the Committee, all in accordance with the provisions of this Plan. The agreement will be in such form as the Committee may from time to time approve, or authorize the officers of the Corporation to enter into, and may contain such terms as may be considered necessary in order that the Option will comply with this Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen, and the rules of any regulatory body having jurisdiction over the Corporation.

#### 13. Regulatory Authorities Approvals

The Plan shall be subject to the approval, if required, of any stock exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval shall be conditional upon such approval being given, and no such Options may be exercised unless such approval, if required, is given.

#### 14. Amendment or Discontinuance of the Plan

The Committee may not, without the prior approval of the holders of Common Shares: (i) make any amendment to the Plan to increase the percentage of Common Shares issuable on exercise of outstanding Options at any time pursuant to Section 3(a) hereof; (ii) reduce the exercise price of any outstanding Options; (iii) extend the term of any outstanding Option beyond the original expiry date of such Option; (iv) make any amendment to increase the maximum limit on the number of securities that may be issued to Insiders pursuant to Sections 3(c) or (d) hereof; (v) make any amendment to Section 3(e) to increase the maximum number of Common Shares issuable on exercise of Options granted to directors who are not officers or employees of the Corporation; (vi) make

any amendment to the Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or (vii) amend this Section 14.

Except as restricted by the foregoing, the Committee may amend or discontinue the Plan or Options granted thereunder at any time without shareholder approval provided that any amendment to the Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Plan or Options granted pursuant to the Plan may be made without the consent of the Optionee, if it adversely alters or impairs any Option previously granted to such Optionee under the Plan.

#### 15. Hold Period

In addition to any resale restrictions imposed under applicable securities laws, if required by the TSX or any other regulatory authority, Options granted under the Plan and Common Shares issued on exercise of such Options may be required to be legended evidencing that the Options and the Common Shares issued upon exercise of the Options are subject to a hold period or restricted period as required by the TSX or other applicable regulatory authority and the Optionee by accepting the Option agrees to comply therewith.

#### 16. Common Shares Duly Issued

Common Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefore in accordance with the terms of the Option, and the issuance of Common Shares thereunder will not require a resolution or approval of the Board of Directors of the Corporation.

#### 17. Prior Plans

This Plan shall come into force and effect on ratification approval by shareholders of the Corporation and, if necessary, approval of any stock exchange on which the Common Shares are listed for trading and entirely replaces and supersedes prior share option plans enacted by the Board of Directors of the Corporation, or its predecessor corporations.

#### 18. Definitions

(a) "Blackout Period" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option.

(b) "insider", "associate", "affiliate" have the meanings ascribed thereto in the Securities Act (Alberta).

(c) "Insider" means an insider of the Corporation and any person who is an associate or an affiliate of an insider of the Corporation.

(d) "Market Price" means the VWAP on the TSX or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, for the five (5) trading days immediately preceding the relevant date; provided that if the five (5) day VWAP does not accurately reflect the current market price for the Common Shares, the TSX may adjust the VWAP based on relevant factors as determined by the TSX, in which case the Market Price shall be the price so determined

(e) "Outstanding Securities" at the time of any share issuance or grant of Options means the aggregate number of Common Shares and Non-voting Shares that are outstanding immediately prior to the share issuance or grant of Options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSX or such other stock exchange as the Common Shares may be listed for trading.

(f) "Security Based Compensation Arrangements" means (i) stock option plans for the benefit of employees, insiders, Service Providers or any one of such groups; (ii) individual stock options granted to employees, Service Providers or Insiders if not granted pursuant to a plan previously approved by the Corporation's shareholders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances by the Corporation of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, Insider or Service Provider which is financially assisted by the Corporation by any means whatsoever.

(g) "Service Provider" means a person or company engaged by the Corporation to provide services for an initial, renewable or extended period of twelve months or more.

(h) "VWAP" means the volume weighted average trading price of the Common Shares, calculated by dividing the total value by the total volume of Common Shares traded for the relevant period; provided that the TSX may require the exclusion of certain internal crosses and certain other special terms trades from the calculation.

19. Effective Date

This Plan is effective on July 31, 2008 (as amended on November 18, 2008, March 11, 2009, July 28, 2010, November 1, 2010, March 25, 2011, March 13, 2013, April 29, 2014 and April 1, 2017).

ALARIS ROYALTY CORP.

Per: (signed) "Jack C. Lee"

Jack C. Lee

Chairman of the Board of Directors

## RESTRICTED SHARE UNIT PLAN

### ARTICLE 1

#### DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

For purposes of the Plans:

- (a) "Account" means an account maintained by the Plan Administrator for each Participant and which will be credited with RSUs in accordance with the terms of the Plans;
- (b) "Award Date" means the date or dates on which an award of RSUs is made to a Participant in accordance with section 4.2 or 5.2;
- (c) "Basic Administration Expenses", as determined in the Board's sole discretion, may include, but shall not be limited to, expenses incurred in connection with the establishment and tracking of Accounts and the preparation and distribution of Account statements, ancillary administration costs, fees and expenses payable pursuant to the terms of any agreement or agreements executed from time to time between the Corporation and either the Trustee or the Plan Administrator, any brokerage fees or commissions applicable to the purchase of Shares to be delivered to Participants following the vesting of RSUs granted under the Market Plan, and any fees of the Corporation's transfer agent incurred in connection with the issuance or transfer of Shares under the Plans;
- (d) "Blackout Period" means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an RSU.
- (e) "Board" means the board of directors of the Corporation as constituted from time to time;
- (f) "Change of Control" means:
  - (i) a successful takeover bid; or
  - (ii) (A) any change in the beneficial ownership or control of the outstanding securities or other interests of the Corporation which results in:
    - (I) a person or group of persons "acting jointly or in concert" (as defined in the OSA); or
    - (II) an affiliate or associate of such person or group of persons;
      - holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or interests of the Corporation; and
    - (B) members of the Board who are members of the Board immediately prior to the earlier of such change and the first public announcement of such change cease to constitute a majority of the Board at any time within sixty days of such change;
  - (iii) Incumbent Directors no longer constituting a majority of the Board; or
  - (iv) the winding up of the Corporation or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of the Corporation to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the Corporation is continued and where the shareholdings or other security holdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a "Change of Control" if paragraph (e)(ii) above was applicable to the transaction); or
  - (v) any determination by a majority of the Board that a Change of Control has occurred or is about to occur and any such determination shall be binding and conclusive for all purposes of the Plans;
- (g) "Committee" has the meaning ascribed thereto in section 2.4;
- (h) "Company Contributions" means the cash contributions made to the Trustee from time to time by the Corporation for purposes of allowing the Trustee to purchase Shares through the facilities of an Exchange, as contemplated in section 4.5;
- (i) "Corporation" means Alaris Royalty Corp., and includes any successor entity thereto;
- (j) "Director" means a person who is a director of the Corporation;



- (k) "Dividend Equivalent" means a bookkeeping entry whereby each RSU is credited with the equivalent amount of the dividend paid on a Share in accordance with section 4.3 or 5.3, as applicable;
- (l) "Dividend Market Value" means the Fair Market Value per Share on the dividend record date;
- (m) "Employee" means an employee of the Corporation, other than seasonal and contract employees and independent contractors, and who is not a Director of the Corporation;
- (n) "Exchange" means the TSX or any other stock exchange on which Shares are listed and posted for trading, as applicable;
- (o) "Fair Market Value" with respect to a Share, as at any date, means the higher of: (i) the weighted average of the prices at which the Shares traded on the TSX (or, if the Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Shares occurs) for the five (5) trading days on which the Shares traded on the said exchange immediately preceding such date; and (ii) the last offering price per Share for an offering of Shares approved by the Board. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith.
- (p) "Forfeited RSU" means a RSU that relates to an award of RSUs that does not vest and is forfeited by a Participant pursuant to section 6.4 or 6.6, as applicable;
- (q) "Forfeiture Date" means the date, as determined by the Board, on which a Participant:
- (i) resigns from employment with the Corporation as contemplated in section 6.4 and "Forfeiture Date" in such circumstances specifically does not mean the date on which any period of reasonable notice that the Corporation may be required at law to provide to the Participant, would expire; or
- (ii) is terminated as contemplated in section 6.6 and, except as specifically provided in section 6.6, "Forfeiture Date" specifically does not mean the date on which any statutory or common law severance period or any period of reasonable notice that the Corporation may be required at law to provide to the Participant, would expire;
- (r) "Incumbent Directors" means any member of the Board who was a member of the Board at the effective date of the Plans and any successor to an Incumbent Director who was recommended or elected or appointed to succeed any Incumbent Director by the affirmative vote of the Board, including a majority of the Incumbent Directors then on the Board, prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Change of Control;
- (s) "Insider", "associate" and "affiliate" each have the meaning ascribed thereto in Part VI of the Company Manual of the TSX, as amended from time to time;
- (t) "Market Plan" means the Restricted Share Unit Plan established by the Corporation under Article 4 and pursuant to which Shares are purchased by the Trustee through the facilities of an Exchange and held by the Trustee in the Market Plan Trust Fund pending delivery to Participants following the vesting of corresponding RSUs;
- (u) "Market Plan Trust Fund" means the assets held by the Trustee pursuant to the Market Plan, as more fully set out in section 4.7;
- (v) "Options" means options to purchase Shares granted under the Corporation's Share Option Plan, as amended from time to time;
- (w) "OSA" means the Securities Act (Ontario) or its successor, as amended from time to time;
- (x) "Participant" means a Service Provider determined to be eligible to participate in the Plans in accordance with section 3.1 and, where applicable, a former Service Provider deemed eligible to continue to participate in the Plans in accordance with section 6.5 or 6.6;
- (y) "Plans" means the Market Plan and the Treasury Plan;
- (z) "Plan Administrator" means the Corporation acting in its capacity as administrator of the Plans or any third party service provider, if any, retained from time to time by the Corporation to perform certain of the administrative functions of the Plans as delegated by the Board in accordance with section 2.4;
- (aa) "Retirement" means the retirement of a Participant at normal retirement age or earlier in accordance with the then policies and practices of the Corporation or as otherwise approved by the Board, and "Retire" has a corresponding meaning;
- (bb) "RSU" means a unit equivalent in value to a Share credited by means of a bookkeeping entry in the Participants' Accounts;

- (cc) "RSU Agreement" has the meaning set forth in section 3.2;
- (dd) "Security Based Compensation Arrangements" has the meaning ascribed thereto in Part VI of the Company Manual of the TSX, as amended from time to time;
- (ee) "Service Provider" means a director, officer, employee (including an Employee) of the Corporation or its subsidiaries and a person or company engaged by the Corporation or a subsidiary to provide services for an initial, renewable or extended period of twelve months or more;
- (ff) "Share" means a common share of the Corporation;
- (gg) "takeover bid" means a "take-over bid" as defined in the OSA pursuant to which the "offeror" would as a result of such takeover bid, if successful, beneficially own, directly or indirectly, in excess of 50% of the outstanding Shares;
- (hh) "Treasury Plan" means the Restricted Share Unit Plan established by the Corporation under Article 5 and pursuant to which Shares are issued to Participants by the Corporation from treasury following the vesting of corresponding RSUs;
- (ii) "Trustee" means such trustee or trustees from time to time appointed for purposes of the Market Plan pursuant to section 4.11; and
- (jj) "TSX" means the Toronto Stock Exchange.

## 1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include female persons, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this document as a whole and not to any particular article, section, paragraph or other part hereof.

## ARTICLE 2

### PURPOSE AND ADMINISTRATION OF THE PLANS

#### 2.1 Purpose

The Plans have been established to retain and motivate eligible Service Providers and to promote a greater alignment of interests between Service Providers and the shareholders of the Corporation.

#### 2.2 Administration of the Plans

Subject to section 2.4, the Plans shall be administered by the Board.

#### 2.3 Authority of the Board

The Board shall have the full power to administer the Plans, including, but not limited to, the authority to:

- (a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;
- (b) adopt, amend, suspend and rescind such rules and regulations for administration of the Plans as the Board may deem necessary in order to comply with the requirements of the Plans, or in order to conform to any law or regulation or to any change in any laws or regulations applicable thereto;
- (c) determine the individuals to whom RSUs may be awarded;
- (d) award such RSUs on such terms and conditions as it determines including, without limitation: the time or times at which RSUs may be awarded; the time or times when each RSU becomes exercisable and the term of the RSU; whether restrictions or limitations are to be imposed on the Shares issued pursuant to an RSU and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any RSU, based on such factors as the Board may determine;
- (e) take any and all actions permitted by the Plans; and
- (f) make any other determinations and take such other action in connection with the administration of the Plans that it deems necessary or advisable.

#### 2.4 Delegation of Authority

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the "Committee") of the Board all or any of the powers conferred on the Board under the Plans. In such event, the Committee will exercise the powers delegated to

it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of the Plans in this context is final and conclusive.

The Board or the Committee may delegate or sub-delegate to a Plan Administrator or any director or officer of the Corporation the whole or any part of the administration of the Plans and shall determine the scope of such delegation or sub-delegation in its sole discretion.

## 2.5 Discretionary Relief

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

## 2.6 Amendment, Suspension, or Termination of Plans

(a) The Board may, from time to time, amend the terms set out herein or suspend the Plans in whole or in part and may at any time terminate the Plans without prior notice. However, except as expressly set forth herein, no such amendment, suspension, or termination may adversely affect RSUs credited to the Participants' Accounts at the time of such amendment, suspension, or termination without the consent of the affected Participant(s). In addition, the Board may, by resolution, amend the Plans and any RSU, without shareholder approval, provided however, that the Board will not be entitled to amend the Treasury Plan without Exchange and shareholder approval: (i) to increase the maximum number of Shares issuable pursuant to the Treasury Plan; (ii) to extend the term of an RSU under the Treasury Plan held by an Insider; or (iii) to increase the maximum limit on the number of securities that may be issued to Insiders pursuant to Sections 5.6(b) or (c) hereof. Further provided, that the Board will not be entitled to amend either of the Plans without Exchange and shareholder approval to: (i) make any amendment to permit a Participant to transfer or assign any RSU to a new beneficial holder, other than as permitted by law; (ii) amend this Section 2.6; or (iii) in any other circumstances where Exchange and shareholder approval is required by the Exchange.

(b) Without limitation of paragraph 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in the Plans in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to the Plans, and may make such determinations as it deems necessary or desirable for the administration of the Plans.

(c) No amendment, change or modification shall be made to the Market Plan that will alter the duties of the Trustee without the Trustee's written consent.

(d) On termination of a Plan, any outstanding awards of RSUs under such Plan shall immediately vest and the number of Shares corresponding to the RSUs that have been awarded shall be delivered to the Participant in accordance with sections 4.9 and 5.7, as applicable. The Plans will finally cease to operate for all purposes when the last remaining Participant receives delivery of all Shares corresponding to RSUs credited to the Participant's Account and any Shares held in the Market Plan Trust Fund corresponding to any Forfeited RSUs are sold by the Trustee in accordance with section 6.8.

## 2.7 Final Determination

Any determination or decision by, or opinion of, the Board, the Committee or a director or officer of the Corporation made or held pursuant to the terms set out herein shall be made or held reasonably and shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Corporation, the Participants and their beneficiaries and legal representatives.

Subject to section 2.5, all rights, entitlements and obligations of Participants under the Plans are set forth in the terms hereof and cannot be modified by any other documents, statements or communications, except by amendment to the terms set out herein referred to in section 2.6.

## 2.8 Taxes

(a) A Participant shall be solely responsible for reporting and paying all taxes payable in respect of the Shares received by the Participant under the Plans. The Corporation makes no guarantees to any person regarding the tax treatment of an RSU, the Shares received by a Participant under the Plans or payments made under the Plans and none of the Corporation or any of its employees or representatives shall have any liability to a Participant with respect thereto. The Corporation will provide each Participant with (or cause each Participant to be provided with) a T4 slip or such requisite statement as may be required by applicable law to report income for income tax purposes.

(b) The Corporation shall have the power and the right to deduct or withhold, or require a Participant to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plans, including, but not limited to, the vesting of RSUs granted under the Plans. With respect to required withholding, the Corporation shall have the irrevocable right to (and the Participant

consents to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to such Participant (whether arising pursuant to the Participant's relationship as a director, officer or employee of the Corporation or as a result of the Participant providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Participant and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding, or directing the Trustee to withhold, such number of Shares as it determines are required to be sold by the Corporation, as trustee, or by the Trustee on behalf of the Corporation, to satisfy the withholding obligation net of selling costs (which costs shall be the responsibility of the Participant and which shall be and are authorized to be deducted from the proceeds of sale). The Participant consents to such sale and grants to the Corporation, or the Trustee, as the case may be, an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that neither the Corporation nor the Trustee accepts responsibility for the price obtained on the sale of such Shares. Any reference in the Plans to the issuance of Shares or a payment of cash in connection with a RSU is expressly subject to this Section 2.8.

## 2.9 Expenses

Subject to section 6.8, the Corporation shall pay all Basic Administration Expenses.

## 2.10 Information

Each Participant shall provide the Corporation with all of the information (including personal information) that it requires in order to administer the Plans. The Corporation may from time to time transfer or provide access to such information to the Trustee or the Plan Administrator for purposes of the administration of the Plans.

## 2.11 Account Information

Information pertaining to the RSUs in Participants' Accounts will be made available to the Participants at least annually in such manner as the Plan Administrator may determine and shall include such matters as the Board may determine from time to time or as otherwise may be required by law.

## 2.12 Indemnification

Each member of the Board or Committee is indemnified and held harmless by the Corporation against any cost or expense (including any sum paid in settlement of a claim with the approval of the Corporation) arising out of any act or omission to act in connection with the terms hereof to the extent permitted by applicable law. This indemnification is in addition to any rights of indemnification a Board or Committee member may have as director or otherwise under the by-laws of the Corporation, any agreement, any vote of shareholders, or disinterested Directors, or otherwise.

## ARTICLE 3

### ELIGIBILITY AND PARTICIPATION IN THE PLANS

#### 3.1 Participation

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the determination of which Service Providers will participate in either of the Plans.

#### 3.2 RSU Agreement

A Participant shall confirm acknowledgement of an award of RSUs made to such Participant in such form as determined by the Board from time to time (the "RSU Agreement"), within such time period and in such manner as specified by the Board or the Plan Administrator. If acknowledgement of an award of RSUs is not confirmed by a Participant within the time specified, the Corporation reserves the right to revoke the crediting of RSUs to the Participant's Account.

#### 3.3 Participant's Agreement to be Bound

Participation in either of the Plans by any Participant shall be construed as irrevocable acceptance by the Participant of the terms and conditions set out herein and all rules and procedures adopted hereunder and as amended from time to time.

## ARTICLE 4

### THE MARKET PLAN

#### 4.1 The Market Plan

The Market Plan is hereby established for Participants who are Directors or Employees. The Market Plan is intended to constitute an employee benefit plan as defined in subsection 248(1) of the Income Tax Act (Canada) or any successor provision under which

Company Contributions are made to the Trustee and under which payments are made to or for the benefit of a Participant under the Market Plan in the form of Shares purchased by the Trustee through the facilities of the Exchange.

#### 4.2 Grant of RSUs

Subject to section 3.2, an award of RSUs will be made and the number of such RSUs awarded will be credited to each Participant's Account, effective as of the Award Date. The number of RSUs to be credited to each Participant's Account shall be determined by the Board, or the Committee if delegated by the Board to do so, each in its sole discretion. The RSUs credited to a Participant's Account pursuant to this section shall be noted as having been granted under the Market Plan.

#### 4.3 Dividends

In the event that a dividend is declared and paid on the Shares, the Board shall have the discretion to award Participants (each of 4.3(a), (b) and (c) referred to in this section as a "Dividend Payment Method"):

- (a) a cash payment equivalent to the dividend that would have been paid on the Shares underlying the RSUs credited to a Participant's Account had such Shares been outstanding from the date of the grant of the RSUs;
- (b) Shares in an amount computed by dividing (A) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (B) the Dividend Market Value, with fractions computed to the nearest whole number;
- (c) a Dividend Equivalent in the form of additional RSUs as of the dividend payment date in respect of which dividends are paid on Shares, such Dividend Equivalent shall be computed by dividing (X) the amount obtained by multiplying the amount of dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (Y) the Dividend Market Value, with fractions computed to three decimal places; or
- (d) any combination of (a), (b) or (c);

provided that if the Board determines to award a Dividend Payment Method to Participants, the Board shall have the sole discretion to determine which Dividend Payment Method, or combination thereof, a Participant shall receive.

To the extent that a Participant receives any dividends in accordance with Section 4.3 in the form of Shares or additional RSU's, such Shares or additional RSU's shall be excluded for the purposes of determining any adjustments in accordance with Section 4.10.

#### 4.4 Vesting

- (a) Subject to Article 6, an award of RSUs under the Market Plan shall vest in accordance with the terms specified in the Participant's RSU Agreement. The vesting provisions in any RSU Agreement will be determined either by the Board, or the Committee if delegated by the Board to do so, each in its sole discretion; provided that unless forfeited prior to such date, all awards of RSUs under the Market Plan shall vest no later than December 15 of the third calendar year following the Award Date of the corresponding RSU, or such later date as may be permitted by applicable income tax laws.
- (b) For greater certainty, the vesting of RSUs may be determined from time to time by the Board, or the Committee if so delegated by the Board, to include criteria such as, but not limited to:
  - (i) time vesting, in which a Share is not delivered to a Participant until the Participant has held the corresponding RSU for a specified period of time; and
  - (ii) performance vesting, in which the number of Shares to be delivered to a Participant for each RSU that vests may fluctuate based upon the Corporation's performance and/or the market price of the Shares, in such manner as determined by the Board or, if so delegated, the Committee, in their sole discretion.

#### 4.5 Restricted Share Purchases by Trustee

At its discretion, the Corporation shall remit one or more Company Contributions to the Trustee in the amount necessary to allow the Trustee to arrange for the purchase of Shares equal to the maximum number of Shares that may be delivered to a Participant following the vesting of RSUs awarded to Participants under section 4.2 prior to the date that such RSUs vest in accordance with section 4.4.

The Trustee shall arrange for the purchase of the requisite number of Shares through an Exchange participating organization and the facilities of the Exchange as soon as practicable (but in any event within 30 calendar days) after receipt of any Company Contributions. The Shares shall be purchased at prevailing market prices and in accordance with any Exchange rules applicable thereto.

In the event that any Company Contribution received by the Trustee is insufficient to acquire the number of Shares required at a particular time, the Trustee will notify the Corporation of the additional Company Contribution required and the Corporation shall forthwith provide such amount to the Trustee.

The Corporation will be responsible for, and Company Contributions may be used by the Trustee to pay, all brokerage commissions or similar fees in connection with such purchases.

#### 4.6 Limit on Purchases

Notwithstanding the provisions of section 4.5, the Trustee, in its discretion, may limit the daily volume of purchases of Shares or cause such purchases to be made over several trading days to the extent that such action is deemed by it to be necessary to avoid disrupting the market price for Shares or otherwise be in the best interests of the Corporation.

#### 4.7 Assets of the Market Plan Trust Fund

The Trustee shall receive Company Contributions from the Corporation. Company Contributions and the Shares acquired therewith shall constitute the Market Plan Trust Fund and shall be held, administered and dealt with by the Trustee pursuant to the terms of the Market Plan.

#### 4.8 Registration of Shares and Rights of Ownership

All Shares purchased by the Trustee pursuant to the Market Plan shall be registered in the name of the Trustee or a nominee thereof and shall be held in the Market Plan Trust Fund in accordance with the terms hereof.

Each Participant shall have the right and shall be afforded the opportunity to instruct the Trustee in writing how to vote, on any issue coming before the holders of Shares, with respect to the Shares held for the benefit of such Participant by the Trustee in the Market Plan Trust Fund at the record date for any meeting of the holders of Shares. Instructions by a Participant to the Trustee shall be in such form and delivered pursuant to such regulations as the Board may prescribe, subject to the approval of the Trustee, and any such instructions to the Trustee shall remain in the strict confidence of the Trustee. If the Trustee does not receive timely and proper instructions from a Participant regarding the voting of Shares held for the benefit of such Participant by the Trustee in the Market Plan Trust Fund, such Shares shall not be voted. Similar procedures shall apply to any consent solicitation of the holders of Shares. Shares corresponding to Forfeited RSUs shall not be voted.

#### 4.9 Delivery of Shares by the Trustee following Vesting

Provided that the relevant vesting date of an award of RSUs under the Market Plan shall have occurred, unless the Corporation and the Participant have agreed in the Participant's RSU Agreement to a different withdrawal and delivery schedule to follow vesting, the Trustee shall, as soon as practicable after the earliest to occur of (i) the date on which the Shares corresponding to a vested award of RSUs are required to be delivered in accordance with Article 6, (ii) the date of delivery specified in a written notice from the Participant to the Trustee requesting the delivery of the Shares corresponding to the vested award of RSUs, provided that such delivery date may not be earlier than January 1st nor later than December 31st of the third calendar year following the calendar year of the Award Date of the RSUs, and (iii) December 31st of the third calendar year following the calendar year of the Award Date of the RSUs, withdraw from the Market Plan Trust Fund the number of Shares required to be delivered to a Participant pursuant to the vested RSUs in the Participant's Account and shall transfer title, register and deliver certificates for such Shares to the Participant by first class insured mail, unless the Trustee shall have received alternate instructions from the Participant (through the Plan Administrator) for the registration and/or delivery of the certificates. For greater certainty, unless forfeited prior to such date, all Shares to be delivered to Participants following the vesting of RSUs shall be delivered to Participants no later than December 31st of the third calendar year following the Award Date of the RSUs awarded to the Participants, or such later date as may be permitted by applicable income tax laws.

#### 4.10 Changes in Shares

In the event there is any change in Shares through the declaration of stock dividends or subdivisions, consolidations, or exchanges of Shares or otherwise, the number of Shares available for issuance following the vesting of RSUs granted under the Market Plan shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Market Plan.

#### 4.11 Trustee

The Committee will appoint one or more persons or a company to act as Trustee and purchasing agent for the Market Plan upon the grant of any RSUs under the Market Plan.

### ARTICLE 5

#### THE TREASURY PLAN

### 5.1 The Treasury Plan

The Treasury Plan is hereby established for Participants.

### 5.2 Grant of RSUs

Subject to section 3.2, an award of RSUs pursuant to the Treasury Plan will be made and the number of such RSUs awarded will be credited to each Participant's Account, effective as of the Award Date. The number of RSUs to be credited to each Participant's Account shall be determined by the Board, or the Committee delegated by the Board to do so, each in its sole discretion. The RSUs credited to a Participant's Account pursuant to this section shall be noted as having been granted under the Treasury Plan.

### 5.3 Dividends

In the event that a dividend is declared and paid on the Shares, the Board shall have the discretion to award Participants (each of 5.3(a), (b) and (c) referred to in this section as a "Dividend Payment Method"):

- (a) a cash payment equivalent to the dividend that would have been paid on the Shares underlying the RSUs credited to a Participant's Account had such Shares been outstanding from the date of the grant of the RSUs;
- (b) Shares in an amount computed by dividing (A) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (B) the Dividend Market Value, with fractions computed to the nearest whole number;
- (c) a Dividend Equivalent in the form of additional RSUs as of the dividend payment date in respect of which dividends are paid on Shares, such Dividend Equivalent shall be computed by dividing (X) the amount obtained by multiplying the amount of dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (Y) the Dividend Market Value, with fractions computed to three decimal places; or
- (d) any combination of (a), (b) or (c);

provided that if the Board determines to award a Dividend Payment Method to Participants, the Board shall have the sole discretion to determine which Dividend Payment Method, or combination thereof, a Participant shall receive.

To the extent that a Participant receives any dividends in accordance with Section 5.3 in the form of Shares or additional RSU's, such Shares or additional RSU's shall be excluded for the purposes of determining any adjustments in accordance with Section 5.6.

### 5.4 Vesting

- (a) Subject to Article 6, an award of RSUs under the Treasury Plan shall vest in accordance with the terms specified in the Participant's RSU Agreement. The vesting provisions in any RSU Agreement will be determined by the Board, or the Committee if delegated by the Board to do so, each in its sole discretion.
- (b) For greater certainty, the vesting of RSUs may be determined from time to time by the Board or the Committee if so delegated by the Board, to include criteria such as, but not limited to:
  - (i) time vesting, in which a Share is not delivered to a Participant until the Participant has held the corresponding RSU for a specified period of time; and
  - (ii) performance vesting, in which the number of Shares to be delivered to a Participant for each RSU that vests may fluctuate based upon the Corporation's performance and/or the market price of the Shares, in such manner as determined by the Board or, if so delegated, the Committee, in their sole discretion.

### 5.5 Allotment of Shares for Issuance by the Corporation

The Corporation shall allot for issuance from treasury such number of Shares corresponding to the maximum number of Shares that may be deliverable to Participants following the vesting of RSUs awarded to Participants under the Treasury Plan.

### 5.6 Limits on Issuances

Subject to adjustments in accordance with section 5.3 of the Treasury Plan, the maximum number of Shares available for issuance under the Treasury Plan at any time shall not exceed 1.25% of the aggregate number of Shares issued and outstanding from time to time and the maximum number of Shares available for issuance under the Treasury Plan and the Corporation's Share Option Plan shall not exceed 9.75% of the Shares issued and outstanding from time to time. This prescribed maximum may be subsequently increased to any specified amount, provided the change is authorized by a vote of the shareholders.

In the event there is any change in the Shares through the declaration of stock dividends or subdivisions, consolidations or exchanges of Shares, or otherwise, the number of Shares available for issuance upon the vesting of RSUs granted under the Treasury Plan shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Treasury Plan.

In addition, the number of Shares reserved for issuance and which may be issued pursuant to the Treasury Plan and other Security Based Compensation Arrangements established by the Corporation shall be limited as follows:

- (a) the number of Shares reserved for issuance to any one individual shall not exceed 1.25% of the issued and outstanding Shares;
- (b) the number of Shares reserved for issuance under all Security Based Compensation Arrangements granted to Insiders shall not exceed 9.75% of the issued and outstanding Shares;
- (c) the number of Shares that may be issued to Insiders within any one-year period under all Security Based Compensation Arrangements shall not exceed 9.75% of the issued and outstanding Shares; and
- (d) the maximum number of Shares issuable at any time pursuant to outstanding RSUs under the Treasury Plan granted to directors of the Corporation who are not officers or employees of the Corporation shall be limited to 0.5% of the issued and Outstanding Securities; and
- (e) the maximum participation for directors of the Corporation who are not officers or employees of the Corporation under the Treasury Plan is limited an annual equity award value of \$150,000 per non-employee director, provided that this limit shall not apply in respect of an initial grant of options to a newly appointed or elected non-employee director and further provided that the maximum annual equity award value for non-employee directors under all security based compensation plans shall not exceed \$150,000.

Notwithstanding anything else in the Plans, including Section 2.6, the Board may not, without the approval of shareholders of the Company, amend this section or any other provision of the Treasury Plan to increase the limits set forth in paragraphs 5.6(d) and (e) above.

For the purposes of this section 5.6, any increase in the issued and outstanding Shares (whether as a result of the issue of Shares pursuant to RSUs or Options or otherwise) will result in an increase in the number of Shares that may be issued pursuant to RSUs at any time and any increase in the number of RSUs granted will, upon issue of Shares pursuant to such RSUs, make new RSUs available under the Plan.

RSUs that are forfeited or otherwise cancelled, terminated or expire shall result in the Shares that were reserved for issuance thereunder being available for a subsequent grant of RSUs pursuant to this Plan to the extent of any Shares issuable thereunder that are not issued under such forfeited or otherwise cancelled, terminated or expired RSUs.

#### 5.7 Delivery of Shares by the Corporation following Vesting

Provided that the relevant vesting date of an award of RSUs under the Treasury Plan shall have occurred, unless the Corporation and the Participant have agreed in the Participant's RSU Agreement to a different issuance and delivery schedule to follow vesting, the Corporation shall, as soon as practicable after the earliest to occur of (i) the date on which the Shares corresponding to a vested award of RSUs are required to be delivered in accordance with Article 6, and (ii) the date of delivery specified a written notice from the Participant to the Corporation requesting the delivery of the Shares corresponding to the vested award of RSUs, issue from treasury to such Participant the number of Shares required to be delivered to the Participant pursuant to such Participant's vested RSUs in the Participant's Account. The Corporation shall register and deliver certificates for such Shares to the Participant by first class insured mail, unless the Corporation shall have received alternative instructions from the Participant (through the Plan Administrator) for the registration and/or delivery of the certificates. For greater certainty, unless forfeited prior to such date, all Shares to be delivered to Participants following the vesting of RSUs shall be delivered to Participants no later than December 31st of the third calendar year following the Award Date of the RSUs awarded to the Participants, or such later date as may be permitted by applicable income tax laws.

#### 5.8 Surrender Offer

At any time prior to the earliest of

- (i) the date on which the Shares corresponding to a vested award of RSUs are required to be delivered in accordance with Article 6, and
- (ii) the date of delivery specified a written notice from the Participant to the Corporation requesting the delivery of the Shares corresponding to the vested award of RSUs,



a Participant may make an offer (the "Surrender Offer") to the Corporation, at any time, for the disposition and surrender by the Participant to the Corporation (and the termination thereof) of any of the RSUs granted under the Plans for an amount (not to exceed fair market value) specified therein by the Participant and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval required. If the Surrender Offer, either as made or as renegotiated, is accepted, the RSUs in respect of which the Surrender Offer relates shall be surrendered and deemed to be terminated and cancelled and shall cease to grant the Participant any further rights thereunder upon payment of the amount of the agreed Surrender Offer by the Corporation to the Participant.

#### 5.9 Changes in Shares

In the event there is any change in Shares through the declaration of stock dividends or subdivisions, consolidations, or exchanges of Shares or otherwise, the number of Shares available for issuance following the vesting of RSUs granted under the Treasury Plan shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Treasury Plan.

### ARTICLE 6

#### ACCELERATED VESTING AND FORFEITURE

##### 6.1 Vesting During Blackout

If the normal vesting date of any RSU falls within any Blackout Period or within 10 business days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) following the end of any Blackout Period (the "Restricted RSUs"), then the vesting date of such Restricted RSUs shall, without any further action, be extended to the date that is 10 business days following the end of such Blackout Period. The foregoing extension applies to all RSUs whatever the date of grant.

##### 6.2 Accelerated Vesting

The Board in its sole discretion may, by resolution, permit all unvested awards of RSUs to vest immediately and the Shares corresponding to the RSUs in the Participants' Accounts to be delivered in accordance with section 4.9 or 5.7, as applicable.

##### 6.3 Delivery on Forfeiture

Unless otherwise determined by the Board or unless otherwise provided in a RSU Agreement pertaining to a particular RSU or any written employment, consulting or other agreement governing a Participant's role as a Service Provider, where a Participant ceases to be a Participant pursuant to sections 6.4 or 6.6, any Shares corresponding to any remaining vested award of RSUs shall be delivered to the former Participant in accordance with section 4.9 or 5.7, as applicable, as soon as practicable after the Forfeiture Date and the former Participant shall not be entitled to any further distribution of Shares or any payment from the Plans.

##### 6.4 Retirement

If a Participant Retires from employment with the Corporation before all awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, such RSUs shall vest on the effective date of Retirement, as determined by the Board, and the delivery of certificates for Shares shall be made to the Participant in accordance with sections 4.9 or 5.7, as applicable.

##### 6.5 Resignation

Unless otherwise determined by the Board or unless otherwise provided in a RSU Agreement pertaining to a particular RSU or any written employment, consulting or other agreement governing a Participant's role as a Service Provider, if a Participant resigns from employment with the Corporation, as determined by the Board in its sole discretion, before all of the awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, such Participant shall cease to be a Participant as of the Forfeiture Date, and the former Participant shall forfeit all unvested awards respecting RSUs in the Participant's Account effective as at the Forfeiture Date.

##### 6.6 Disability and Leaves of Absence

If a Participant becomes eligible for long-term disability benefits under the terms of a long-term disability plan of the Corporation or is eligible for short term disability or is on approved leave, as determined by the Board in its sole discretion, before all of the awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, such Participant shall be deemed to continue to be a Participant for purposes of the Plans. For greater certainty, so long as a Participant continues to be deemed a Participant for purposes of this paragraph, the vesting of such Participant's RSUs pursuant to section 4.4 or 5.4, as applicable, the delivery of certificates for Shares pursuant to sections 4.9 or 5.7, as applicable, and this Article 6 shall continue to apply to such Participant.

## 6.7 Termination of Employment

Unless otherwise determined by the Board or unless otherwise provided in an RSU Agreement pertaining to a particular RSU or any written employment, consulting or other agreement governing a Participant's role as a Service Provider, if a Participant is terminated from the Corporation for any reason (including involuntary termination without cause), as determined by the Board in its sole discretion, before all of the awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, such Participant shall cease to be a Participant as of the Forfeiture Date, and the former Participant shall forfeit all awards respecting unvested RSUs in his Account effective as at the Forfeiture Date. Notwithstanding the previous sentence, in the event of an involuntary termination without cause, the Board may, in its sole discretion, permit a Participant to continue to participate in the Plans during any statutory or common law severance period or any period of reasonable notice that the Corporation may be required at law or pursuant to any written employment, consulting or other agreement governing a Participant's role as a Service Provider to provide to the Participant. In such circumstances, the Participant shall cease to be a Participant following the expiry of the severance period.

## 6.8 Death

If a Participant dies before all of the awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, all unvested awards respecting RSUs will vest effective on the date of death. The Corporation and/or Plan Administrator will notify the Trustee as soon as practicable after receiving notice of such death. Upon receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant, the Shares corresponding to the number of RSUs in such Participant's Account shall be paid out to the legal representative of the deceased former Participant's estate in accordance with section 4.9 or 5.7, as applicable.

## 6.9 Forfeited Shares

The Trustee shall sell a sufficient number of Shares held in the Market Plan Trust Fund corresponding to Forfeited RSUs through an Exchange participating organization and the facilities of the Exchange and shall use the proceeds of such sale to pay Basic Administration Expenses of the Trustee under the Market Plan and to return amounts in respect of Company Contributions. The Trustee, in its discretion, may limit the daily volume of such sale(s) or cause such sales to be made over several trading days to the extent that such action is deemed by it to be necessary to avoid disrupting the market price for Shares or otherwise be in the best interests of the Corporation. To the extent that the proceeds of such sale(s) of such Shares exceed the Basic Administration Expenses of the Trustee, the excess sale proceeds shall revert to the Corporation as soon as practicable as a return of Company Contributions. The Trustee may also use Shares corresponding to Forfeited RSUs to satisfy any future awards of RSUs made pursuant to section 4.2. In no circumstances shall the Trustee transfer and deliver Shares (including any which correspond to Forfeited RSUs) to the Corporation.

## 6.10 Termination on Divestiture

(a) In the event that a divestiture of a business unit (including a divestiture by sale, closure or outsourcing) of the Corporation results in the termination of a Participant's term as an officer, director or employee of the Corporation and such Participant becomes a director, officer or employee of the person acquiring or operating such business unit, the Board may:

- (i) accelerate the vesting of all or any portion of a Participant's RSUs; or
- (ii) determine that such Participant shall continue to be a Participant for the purposes of the Plan, but subject to such terms and conditions (including vesting), if any, established by the Board in its sole discretion.

(b) In the event that a divestiture of a business unit (including a divestiture by sale, closure or outsourcing) of the Corporation results in the termination of employment of a Participant and such Participant is not offered another directorship, office or employment with the Corporation or a subsidiary of the Corporation, or with the entity to whom the divestiture is made (or any affiliate thereof), then the provisions of section 6.6 shall apply.

## 6.11 Change of Control

(a) Upon the Corporation entering into an agreement relating to, or otherwise becoming aware of, a transaction which, if completed, would result in a Change of Control, the Corporation shall give written notice of the proposed transaction to the Participants not less than ten days prior to the closing of the transaction resulting in the Change of Control.

(b) Upon the occurrence of a Change of Control, the Board may, in its sole discretion, accelerate the vesting of all or a portion of all the RSUs of all Participants.

## ARTICLE 7

## GENERAL

### 7.1 Compliance with Laws

The administration of the Plans, including without limitation all purchases of Shares under the Market Plan or issuance of Shares under the Treasury Plan, shall be subject to and made in conformity with all applicable laws and any applicable regulations of a duly constituted authority.

### 7.2 Reorganization of the Corporation

The existence of any RSUs or Shares corresponding to such RSUs shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

### 7.3 General Restrictions and Assignment

Except as required by law, the rights of a Participant hereunder are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The rights and obligations hereunder may be assigned by the Corporation to a successor in the business of the Corporation.

### 7.4 Market Fluctuations

No amount will be paid to, or in respect of, a Participant under the Plans to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

The Corporation makes no representations or warranties to Participants with respect to the Plans or the RSUs whatsoever. Participants are expressly advised that Company Contributions will be used to acquire Shares under the Market Plan and that the value of any RSUs and Shares under the Plans will fluctuate as the trading price of Shares fluctuates. If the Board or Committee has attached performance vesting criteria to any RSUs under sections 4.4 or 5.4, the number of Shares delivered to a Participant following the vesting of such RSU may fluctuate based upon the terms of such vesting criteria.

In seeking the benefits of participation in the Plans, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of RSUs.

### 7.5 No Rights to Employment

(a) Nothing in this document or in the opportunity to participate in the Plans shall confer upon any Participant any right to continued employment with the Corporation nor shall interfere in any way with the right of the Corporation to terminate the Participant's employment at any time.

(b) Nothing in this document or in the opportunity to participate in the Plans shall be construed to provide the Participant with any rights whatsoever to participate or to continue participation in the Plans, or to compensation or damages in lieu of participation or the right to participate in the Plans upon the termination of the Participant's employment for any reason whatsoever.

(c) A Participant shall not be entitled to any right to participate or to continue to participate in the Plans or to compensation or damages in lieu of participation or the right to participate in the Plans in consequence of the termination of his employment with the Corporation for any reason (including, without limitation, any breach of contract by the Corporation or in consequence of any other circumstances whatsoever).

### 7.6 No Trading on Undisclosed Information

No Participant shall in any manner participate in the trading of Shares based upon insider or undisclosed material corporate information. Any trading based on undisclosed material information by a Participant may be subject to prosecution and may result in discipline by the Corporation up to and including termination of a Participant's employment with the Corporation. Participants should consult the Disclosure, Confidentiality & Trading Policy of the Corporation available from the Corporation.

### 7.7 No Shareholder Rights

Under no circumstances shall RSUs be considered an interest in any Shares or other securities of the Corporation nor shall any Participant be considered to be the owner of any Shares by virtue of an award of RSUs until such RSUs have vested and Shares are

delivered to the Participant in accordance with the terms of the Plans. RSUs shall not entitle any Participant to exercise voting rights with respect to Shares (except as provided in section 4.8) nor any other rights attaching to the ownership of Shares or other securities of the Corporation. To the extent the assets that constitute the Market Plan Trust Fund are insufficient to satisfy the rights of Participants under the Market Plan, such rights shall be no greater than the rights of an unsecured creditor of the Corporation.

7.8 Governing Law

The validity, construction and effect of the Plans and any actions taken or relating to the Plans shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

7.9 Currency

All amounts paid or values to be determined under the Plans shall be in Canadian dollars.

7.10 Severability

The invalidity or unenforceability of any provision of this document shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this document.

ALARIS ROYALTY CORP.

(signed) "Jack C. Lee"

Per: Jack C. Lee

Chairman of the Board of Directors