



Annual Information Form

as of November 13, 2008

November 13, 2008

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements. Statements other than statements of historical fact contained in this AIF may be forward looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance and business prospects and opportunities of Alaris and the Portfolio Companies, the general economy, the amount and timing of the payment of dividends by Alaris, the future financial position or results of the Corporation, business strategy, proposed acquisitions, growth opportunities, budgets, litigation, projected costs and plans and objectives of or involving the Alaris or the Portfolio Companies. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this AIF. Statements containing forward looking information reflect Management's current beliefs and assumptions based on information in its possession on the date of this AIF. There can be no assurance that such expectations will prove to be correct.

Statements containing forward-looking information by their nature involve numerous assumptions and significant known and unknown facts and uncertainties of both a general and a specific nature. Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward looking statements contained herein include risks relating to: the dependence of Alaris on the Portfolio Companies; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefits of investments; limited diversification of Alaris' investments; management of future growth; availability of future financing; competition; government regulation; leverage and restrictive covenants under credit facilities; the ability of the Portfolio Companies to terminate the Investment Agreements; risks relating to the Portfolio Companies and their businesses; unpredictability and potential volatility of the trading price of the Common Shares; fluctuations of dividends; restrictions on the potential growth of Alaris as a consequence of the payment by Alaris of substantially all of its operating cash flow; income tax related risks; future sales of Common Shares by significant shareholders; ability to recover from the Portfolio Companies for defaults under the Investment Agreements; conflicts of interest; dilution; and liquidity of Common Shares. The information contained in this AIF, including the information set forth under "*Risk Factors*", identifies additional factors that could affect the operating results and performance of the Corporation.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this AIF are made as of the date of this AIF and Alaris does not undertake or assume any obligation to update or revise such statements to reflect new events or circumstances except as expressly required by applicable securities legislation.

CONVENTIONS

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars.

GLOSSARY OF TERMS

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

"**409 Alberta**" means 409790 Alberta Ltd., a company incorporated under the ABCA;

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

"**AIG Fund**" means Alaris Income Growth Fund, a trust formed under the laws of the Province of Alberta.

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

"**ACT**" means Alaris Commercial Trust, a trust established under the laws of the Province of Alberta.

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

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

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

"**Alaris GP**" means Alaris IGF Corp., the general partner of Alaris LP.

"**Alaris LP**" means Alaris Income Growth Fund L.P.

"**Amalgamation**" means the amalgamation of CanadaCo and 653Co to form the Corporation.

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

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

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

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

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

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

"**Investment Agreements**" means the license and royalty, limited partnership and loan agreements pursuant to which Alaris has made its investments in the four initial Portfolio Companies as more particularly described under "*Description of the Business and Operations*".

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

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

"**LP Units**" means the ordinary limited partnership units of Alaris LP.

"**Management**" means senior management of the Corporation.

"**MEDIchair**" means MEDIchair Ltd., a corporation incorporated under the CBCA.

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

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

"**Portfolio Company**" means a corporation, partnership or other entity in which Alaris LP has invested, directly or indirectly.

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

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

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

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

DATE OF INFORMATION

Unless otherwise specified, information in this AIF is as of November 13, 2008.

DESCRIPTION OF THE BUSINESS AND OPERATIONS

General

The Corporation's business involves investing in private companies using a unique investment structure with the principal objective of providing predictable and stable cash flows to support the payment of dividends to Shareholders. Specifically, the Corporation invests in a diversified portfolio of Portfolio Companies in exchange for royalties or distributions from the Portfolio Companies. Royalties or distributions to the Corporation from the Portfolio Companies are structured as a percentage of a "top line" financial performance measure such as gross margin and same-store sales and rank in priority to the owners' common equity position.

The current Portfolio Companies consist of: (i) LifeMark Health; (ii) MEDIChair; (iii) End of the Roll; and (iv) Lower Mainland Steel.

LifeMark Health



Business Overview

LifeMark Health provides rehabilitation and physiotherapy services to private users, workers' compensation and safety boards, private insurance companies and government agencies. Management of LifeMark Health believes that LifeMark Health is one of Canada's largest providers of integrated physical rehabilitation services.

LifeMark Health operates 81 clinics in Canada and has over 1,200 dedicated healthcare staff, consultants and medical doctors. The headquarters of LifeMark Health are located in Calgary, Alberta with an additional corporate office located in Toronto, Ontario. LifeMark Health operates in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia.

LifeMark Health and its predecessor have been in business since 1989.

Operations and Services

Since inception, LifeMark Health's strategy has been to combine leading Canadian physiotherapy clinics under a common operating company.

LifeMark Health offers customers single and multidisciplinary services that include: outpatient physiotherapy; sports medicine/athletic therapy; orthotics, prosthetics and bracing; program-based approach services such as return to work, chronic pain, head injury, vocational and medical rehabilitation and coordination; occupational health and injury; disability management; and dizziness and balance therapy.

The majority of LifeMark Health's facilities are freestanding outpatient physiotherapy clinics.

LifeMark has developed its diversity of services through years of operating experience and through strategic acquisitions.

LifeMark Health operates in leased facilities that range in size from 1,000 to 50,000 square feet with the average location being approximately 5,000 square feet. Most clinics focus on the provision of general outpatient physiotherapy services. LifeMark Health has five multidisciplinary facilities located in Vancouver, Kelowna, Calgary, Edmonton, Saskatoon and Halifax, which offer a broader suite of services.

Each site office is managed by a Clinic Director who is responsible for day-to-day operations. In several locations, the Clinic Director is also a practicing clinician who provides direct services to patients.

Customers

LifeMark Health receives its revenue from three primary sources: (i) private and other payors, (ii) governmental agencies, provincial workers' compensation boards and regional health and safety boards (collectively, "**Governmental Agencies**" or individually a "**Government Agency**"), and (iii) insurance companies.

Private and Other Payors — Private and other payors represent LifeMark Health's primary customer base. A private payor is a customer who pays LifeMark Health directly and in turn submits the billing to his or her private health insurance plan to have a portion of the cost reimbursed or who is self-insured. Private payors are generally referred to LifeMark Health by physicians, rehabilitation caseworkers, family or friends and walk-in patients aware of LifeMark Health from personal referrals or local advertising.

Governmental Agencies — LifeMark Health and its predecessor organizations have had ongoing business relationships with various Governmental Agencies for more than 25 years. LifeMark Health's management views these relationships as a core financial and operational strength. These relationships provide new opportunities for LifeMark Health to expand and modify its range of services with provincial boards. They also allow LifeMark Health the opportunity to capitalize on its record and develop relationships with other Governmental Agencies for whom it does not currently provide services.

When a worker is injured on the job, a caseworker from the applicable Governmental Agency directs the worker to an approved rehabilitation clinic to undergo rehabilitation treatment.

Governmental Agencies enter into contracts with approved rehabilitation service providers for terms of three to four years. Such contracts set out the fees to be charged for various services. Governmental Agencies use a limited number of approved service providers, each of which operates under a similar contract and fee structure. A key determinant in referrals from Governmental Agencies is the ability of the clinic to effectively rehabilitate the worker in the quickest, most cost efficient manner. Better patient outcomes also contribute to increases in referrals from Governmental Agencies.

LifeMark Health's contracts with Governmental Agencies typically have terms of **three to four** years. Management of LifeMark Health believes that such contracts will, upon expiry, be renewed upon similar terms and conditions.

Insurance Companies — Other users of LifeMark Health's services include insurance companies (who are typically paying for the costs of rehabilitation of physical injuries resulting from motor vehicle accidents) and referrals from public health regions and employees.

Competition

The Canadian marketplace for private rehabilitation and medical services is relatively fragmented. Management of LifeMark Health believes that there is only one other provider, CBI Health (Canadian Back Institute Limited), with similar scope of operations and geographic diversification to LifeMark Health. However, management of LifeMark Health believes LifeMark Health differentiates itself from its other competitors by offering a wider range of health services than other entities operating in the Canadian market.

Lower Mainland Steel Business Overview

Lower Mainland Steel is a British Columbia-based concrete reinforcing steel ("**rebar**") contractor and fabricator. Lower Mainland Steel fabricates and installs rebar for construction projects, primarily in British Columbia and Alberta.

Lower Mainland Steel is owned and operated by its founders who have collectively more than 50 years of experience in rebar installation. The company primarily services the multi-unit residential construction market (such as condominium and apartment projects) but has increased its commercial and infrastructure business over the past several years. Lower Mainland Steel employs between 300 to 450 employees depending on the number of projects that are active at the time.

Operations

Lower Mainland Steel bids on contracts either directly to the project developer or through a general contractor. Approximately 90% of Lower Mainland Steel's projects are fixed price or fixed unit price contracts based on drawings approved before the start of construction.

Lower Mainland Steel operates out of two fabricating and warehousing yards near Vancouver and diversifies its individual project risk by typically being involved in as many as 60 separate projects at a time.

Customers

Lower Mainland Steel typically works with approximately 200 separate customers. Larger customers include contractors such as PCL Constructors Inc., Ledcor Industries Inc. and Intertech Construction Group and developers such as Cressey Development Corporation, Bosa Development Corporation and Axiom Construction Ltd. Lower Mainland Steel is currently involved in several high profile projects in the Vancouver area including bridge work on the Sea-to-Sky Highway between Vancouver and Whistler and the \$700 million expansion of the Vancouver Convention Centre.

Business Strengths

Steel Supply — Lower Mainland Steel has a supply arrangement with a steel producer in China, which management of Lower Mainland Steel believes provides it with a competitive advantage given the highly competitive market for steel supply in western Canada. A related competitive advantage is the company's long-standing relationship with the two bulk carrier port docks in the Vancouver area.

Labour — In addition to a local labour force that has exhibited strong loyalty since the company's inception, Lower Mainland Steel has been a leader in bringing skilled labour from outside of Canada. The company has dedicated resources to recruiting labourers and trained foremen from Europe, Korea and Mexico. In an extremely competitive labour market in Western Canada, Lower Mainland Steel considers this access to labour to be a competitive advantage.

Customer Service — Lower Mainland Steel focuses on providing superior customer service and developing long-term relationships. Because a large percentage of the rebar business is based on fixed price or fixed unit price contracts, Lower Mainland Steel considers an excellent relationship between the customer and the supplier to be an essential component of the business. Starting from accurate and timely detailing, to the company's track record of completing on schedule, Lower Mainland Steel attributes much of its growth to its performance for its customers.

Outsourcing — Due to the large number of projects being bid on at any given time, Lower Mainland Steel outsources detailed drawings for projects to a company in India. Management of Lower Mainland Steel considers this outsourcing arrangement to be a competitive advantage in Western Canada's highly competitive labour environment.

Growth Strategy

Lower Mainland Steel intends to continue to grow its business by increasing its market share in Western Canada. With the growth expected from the overall economic strength in Western Canada, Lower Mainland Steel expects that its business will continue to grow.

Competition

The largest competitor to Lower Mainland Steel in British Columbia is Harris Steel Group Inc. ("**Harris Steel**"), which is the largest company in the rebar industry in Canada. As Lower Mainland Steel expands its business in Western Canada, it expects that it will compete with Harris Steel and other companies.

End of the Roll



Business Overview

Management of End of the Roll believes that the company is Canada's largest dedicated flooring retailer, selling a range of products including vinyl, berber, trackless and commercial carpets, laminate and hardwood flooring. The company targets "budget minded" customers who arrange for their own installation contractors and tend to purchase smaller areas of flooring than customers of full service retailers. End of the Roll sells products primarily to consumers who are renovating their homes rather than consumers or builders involved in new home construction.

End of the Roll is the only franchise chain in the Canadian flooring industry. As master franchisor, End of the Roll's business model focuses on selling franchises and providing the required support services to franchisees in return for a royalty payment based on franchisee revenue. End of the Roll has 55 franchises with 21 locations in British Columbia, 18 locations in Ontario, 10 locations in Alberta, three locations in Saskatchewan, two locations in Quebec and one in Manitoba.

End of the Roll began operations in 1990, when its founders identified an opportunity to sell flooring to budget minded customers by providing a large selection of merchandise at discount prices. Previously, retailers bundled flooring products with delivery and installation services. End of the Roll found that while full service retailing worked well for large area purchases, the model was inefficient for smaller area purchases, such as customers renovating a portion of their homes. End of the Roll began offering franchises in 1994 and has grown by an average of five stores per year since 1997. End of the Roll is headquartered in Surrey, British Columbia, and employs eleven people at its head office.

Operations

End of the Roll sells a variety of flooring products including carpets, laminates, vinyl, hardwood, ceramic and cork flooring, area rugs and bamboo floors. Under the terms of End of the Roll's franchise agreements, purchasing of specific styles and quality is left to each franchisee, who makes purchases from a list of preferred vendors.

The majority of End of the Roll's stores are full size warehouse stores with approximately 8,000 to 10,000 square feet in size. In early 2002, End of the Roll developed an alternative store model more suited to a smaller market location. The new store models are approximately 5,000 square feet in size. Management of End of the Roll believes that the company's competitive advantage is provided by offering high quality flooring at prices that are lower than those available at its competitors. Customers also seek quality advice on how to select and install their flooring. Management of End of the Roll believes that the company's focus on flooring and service distinguishes it from "big box" general retailers, such as Home Depot. End of the Roll controls the quality of its service through sales training and compensation programs.

End of the Roll has a consistent record of same store sales growth. Management of End of the Roll believes that increasing levels of home ownership, high employment rates and increased disposable income in the markets in which it operates have all helped to stimulate strong home improvement demand and housing activity over the past decade. Management of End of the Roll intends to continue to increase brand awareness and enhance its store decor in an effort to improve same store sales.

Franchise Agreements

End of the Roll is the master franchisor of the End of the Roll chain and grants and administers franchises for End of the Roll retail floor covering outlets in Canada. End of the Roll grants five-year terms to its franchisees. Under the terms of the franchise agreement, franchisees are required to use proprietary software of End of the Roll to track sales and manage inventory. The software allows End of the Roll to monitor the performance of the stores in real-time and identify performance trends. This allows End of Roll to quickly identify market changes and help its

franchisees better focus on the tastes and demands of customers. The software also provides End of the Roll with significant information on the performance of its franchisees, ensuring that the stores are performing efficiently.

End of the Roll generates revenue from franchise fees, franchise royalties and supplier rebates and fees.

Competition

End of the Roll's competitors include local and regional flooring outlets and general home renovation retailers. End of the Roll is the only national franchise system in the flooring industry in Canada and, as such, management of End of the Roll believes it enjoys a competitive advantage over other local and regional competitors in advertising strength and in purchasing power. The main competitor in End of the Roll's market segment of value flooring is Home Depot. Other competitors are typically local and regional independently-owned companies.

MEDIchair



Business Overview

MEDIchair stores sell home medical equipment such as wheelchairs, scooters, lift chairs, bathroom safety products, home accessibility solutions and personal health care products, such as wound care, compression and bracing to the aging, injured or disabled. MEDIchair and its predecessor companies have been in business since 1985 and have offered MEDIchair franchises since 1988. MEDIchair currently has 67 locations with 450 employees system-wide in each of the regions of Canada other than Quebec. MEDIchair is headquartered in Calgary, Alberta and is a subsidiary of LifeMark Health.

Operations

MEDIchair has 53 different franchisees eleven of which have multiple locations and owns 3 corporate stores. MEDIchair stores range in size from 2,500 to 11,000 square feet, with an average size of approximately **5,000** square feet. MEDIchair sells home medical equipment products that facilitate independence and improve an individual's ability to function with increased ease outside the hospital environment. MEDIchair services include education and caregiver training necessary for the successful use of equipment that may be prescribed by a physician or other professional healthcare worker for use in the home.

MEDIchair stores sell products within five major product categories: bathroom safety, mobility products, elevating devices, aids to daily living (including lift chairs, dressing aides and specialty utensils) and soft and disposable goods (including incontinence products and orthopaedic supports). A portion of the costs of many of MEDIchair's products are covered by provincial health plans or private insurance.

MEDIchair provides every franchisee with the initial and ongoing training necessary to effectively operate a MEDIchair store. MEDIchair hosts an annual conference and educational seminar for its franchisees during which industry experts provide insight and knowledge on relevant subjects. Concurrent with the seminar is a nationwide supplier distribution show. MEDIchair utilizes cooperative advertising revenue for national awareness advertising. Each store is managed and operated independently and generally staffed by six to eight employees.

Management of MEDIchair believes that Canada's aging population is seeking an improved quality of life. Thus, management of MEDIchair expects that through continued branding and advertising, the company will experience continued increases in same store sales, as items sold include products targeted at ease of lifestyle.

Franchise Agreements

MEDIchair's franchise agreements have a five-year term and may be renewed by the franchisee upon expiry, subject to satisfactory past performance and execution of the then-current form of franchise agreement. As the master

franchisor, MEDIchair delivers a number of services to its franchisees, including: use of the MEDIchair brand; supplier discounts based on volume orders; marketing, sales promotion, management and administration support services; annual catalogue creation and publication; technology, such as the MEDIchair website and MEDIchair's private secure intranet; and obtaining and maintaining the appropriate credentials and certification, specifically the Rehabilitation Engineering Society of North America certification.

MEDIchair generates revenue under the franchise agreement from Franchise Fees and Franchise Royalties.

Suppliers

MEDIchair provides its franchisees with access to a variety of home medical equipment manufacturers and suppliers. MEDIchair negotiates trade terms, volume rebates, advertising contributions and other conditions with suppliers on behalf of its franchisees. The listing of authorized suppliers is updated on a regular basis, outlining suppliers by product category. The major suppliers to MEDIchair include Invacare Canada Inc., Pride Mobility Products Company and Sunrise Medical Canada Inc.

Competition

MEDIchair's primary competitors are Shoppers Home Health Care ("**Shoppers**") and the Motion Group. Shoppers is a division of Shoppers Drug Mart and is the largest home medical equipment company in Canada.

CORPORATE STRUCTURE

The Corporation was incorporated under the CBCA on May 23, 2006 on the amalgamation of CanadaCo and 653Co (the "**Amalgamation**"). CanadaCo was originally incorporated under the CBCA on April 7, 2006 and 653Co was originally incorporated under the CBCA on March 13, 2006. Following completion of the Amalgamation, the Corporation continued to use the name "6550568 Canada Inc."

On July 31, 2008, the Corporation filed Articles of Amendment to: (i) change the Corporation's name from "6550568 Canada Inc." to "Alaris Royalty Corp."; (ii) consolidate all of the issued and outstanding Common Shares and Non-Voting Shares on the basis 542.245 pre-consolidation shares for one (1) new post-consolidation share (the "**July 2008 Consolidation**"); and (iii) convert all of issued and outstanding Non-Voting Shares, as of July 29, 2008, on a post-consolidation basis, into Common Shares on the basis of one (1) Common Share (on a post-consolidation basis) for every one (1) Non-Voting Share (on a post-consolidation basis).

On October 12, 2008, the Corporation completed a one (1) for fifty (50) consolidation of its issued and outstanding Common Shares and Non-Voting Shares, which resulted in Shareholders with less than 50 pre-consolidation shares ceasing to hold shares of the Corporation and becoming entitled to receive \$12.00 per pre-consolidation share. Immediately following the consolidation, the outstanding post-consolidation shares were subdivided on a fifty (50) for one (1) basis. As a result of the consolidation and split, 29,911 Common Shares and 3 Non-Voting Shares held by approximately 5,000 shareholders were cancelled and the number of shares held by the remaining Shareholders were unchanged.

Alaris' registered office is located at 1400, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9 and its head office is located at 125-101 6 Street S.W. Calgary, AB T2P 5K7.

Intercorporate Relationships

The Corporation has two subsidiaries: (i) Alaris GP and (ii) Alaris LP. The following table provides the name, the percentage of voting securities owned by the Corporation and the jurisdiction of incorporation or formation of the Corporation's only material subsidiaries and partnerships either direct and indirect, as at the date hereof.

	Percentage of voting securities (directly or indirectly)	Nature of Entity	Jurisdiction of Incorporation/ Formation
Alaris GP	100%	Corporation	Alberta
Alaris LP	100% ⁽¹⁾	Limited Partnership	Alberta

Notes:

- (1) The Corporation owns 750,000 LP Units and Alaris GP owns 750,010 LP Units, representing, together, all the outstanding LP Units of Alaris LP.

GENERAL DEVELOPMENT OF THE BUSINESS

Prior to the Amalgamation, CanadaCo and 653Co were wholly-owned subsidiaries of ConjuChem Inc. ("**ConjuChem**") and carried on no active business. Pursuant to a plan of arrangement (the "**Arrangement**") effective May 23, 2006: (i) ConjuChem sold all of its existing assets including all contractual rights and obligations of ConjuChem, but excluding the shares of CanadaCo and 653Co, to ConjuChem Biotechnologies Inc. ("**CJB**") in consideration for the cancellation of preferred shares of ConjuChem held by CJB and the issuance of a promissory note (the "**ConjuChem Promissory Note**"); (ii) each issued and outstanding ConjuChem common share was transferred to CanadaCo in exchange for one (1) CanadaCo common share; (iii) the initial CanadaCo Common Share held by ConjuChem was cancelled in consideration of \$100; (iv) investors subscribed for \$6.4 million principal amount of 7% unsecured convertible debentures (the "**653Co Convertible Debentures**") of 653Co, and subsequently, 653Co advanced \$6.4 million to ConjuChem in consideration of a demand unsecured promissory note; (v) ConjuChem paid \$6.4 million to CJB in satisfaction of the amount owing under the ConjuChem Promissory Note; (vi) the ConjuChem Promissory Note was cancelled; and (vii) ConjuChem was wound up by (a) reducing the paid-up capital of all classes of shares of ConjuChem to \$1.00 in aggregate, (b) distributing all of the property of ConjuChem (including the common shares of 653Co) to CanadaCo and (c) CanadaCo assuming the obligations and liabilities of ConjuChem. In connection with the Amalgamation, which was completed as part of the Arrangement, the Corporation assumed the liabilities and obligations of the 653Co Convertible Debentures. The 653Co Convertible Debentures were subsequently converted into 220,262,400 Non-Voting Shares, which Non-Voting Shares were consolidated and converted into 406,205 Common Shares on July 31, 2008.

Following the completion of the Arrangement, the Corporation sought new business opportunities and did not carry on any active business until May 2008.

On May 27, 2008 the Corporation entered into a non-binding letter of intent (the "**LOI**") with AIG Fund to acquire 100% of the issued and outstanding LP Units (the "**Alaris Acquisition**") and on July 3, 2008 the Corporation entered into the following agreements with respect to the Alaris Acquisition:

- (i) a reorganization agreement whereby the Corporation agreed to, among other things: (a) carry out a brokered private placement financing (the "**Private Placement**"); (b) acquire a portion of the outstanding subordinated debt of AIG Fund; (c) acquire the 750,000 LP Units held by ACT; (d) acquire all of the issued and outstanding shares of Alaris GP; (e) seek approval of the TSX for the listing of the Common Shares; (f) reorganize the management of CanadaCo; and (g) seek approval of the Shareholders for, among other things, the consolidation of the Common Shares and the Non-Voting Shares of the Corporation, the conversion of the Non-Voting Shares of CanadaCo into voting common shares and the name change of the Corporation (the "**Reorganization Agreement**");
- (ii) an acquisition agreement whereby the Corporation agreed: (a) to acquire the 750,000 LP Units held by ACT, for an aggregate purchase price of approximately \$8,000,000, with such purchase price to be paid by way of a cash payment of \$8,000,000, or, solely at the option of the Corporation, the issuance of 666,667 Common Shares in the capital of the Corporation; (b) to acquire all of the issued and outstanding shares of Alaris GP for an aggregate purchase price of approximately \$8,000,000, with such purchase price being satisfied by way of a cash payment of \$8,000,000, or, solely at the option of the Corporation, the issuance of 666,668 Non-Voting Shares (collectively, the "**Acquisition Agreement**");

- (iii) an assignment of debt agreement whereby the Corporation purchased \$51.5 million of outstanding subordinated debt of Alaris LP from 409 Alberta for cash, or, solely at the option of CanadaCo, the issuance of Common Shares (the "**First Assignment Agreement**"); and
- (iv) an assignment of debt agreement whereby the Corporation purchased \$32 million of outstanding subordinated debt of Alaris LP from 409 Alberta for cash, or, solely at the option of CanadaCo, the issuance of Common Shares (the "**Second Assignment Agreement**").

On July 17, the Corporation closed the Private Placement, pursuant to which the Corporation issued 4,607,213 subscription receipts ("**Subscription Receipts**") at a price of \$12.00 per Subscription Receipt for total gross proceeds of \$55,286,556. Each Subscription Receipt entitled the holder to acquire one post-consolidation Common Share of the Corporation for no additional consideration upon the satisfaction of certain conditions in connection with the Alaris Acquisition (the "**Release Conditions**") and upon the Corporation providing notice (the "**Acquisition Notice**") confirming the satisfaction of such Release Conditions. Immediately prior to the closing of the Alaris Acquisition, the Corporation provided the Agents with the Acquisition Notice and issued an aggregate of 4,607,213 Common Shares (on a post-consolidation basis) to the holders of Subscription Receipts.

On July 31, 2008 the Corporation closed the Alaris Acquisition and in connection therewith: (i) the Corporation acquired 750,000 LP Units held by ACT, for an aggregate purchase price of approximately \$8,000,000, which was paid through the issuance of 666,667 Common Shares; (ii) the Corporation acquired all of the outstanding shares of Alaris GP from the holders thereof, for an aggregate purchase price of approximately \$8,000,000, which was paid through the issuance of 666,668 Non-Voting Shares; and (iii) the Corporation acquired \$83,500,000 of Alaris LP's outstanding \$90,000,000 subordinated debt from 409 Alberta through the payment of \$51,500,000 in cash and the issuance of 2,666,667 Common Shares. All of the Common Shares and Non-Voting Shares issued in connection with the Alaris Acquisition were issued on a post-consolidation basis. In connection with the Alaris Acquisition, the financial year-end of the Corporation was changed from October 31 to December 31.

Prior to closing the Alaris Acquisition, the Corporation held an annual and special meeting of Shareholders (the "**AGM**") at which the Shareholders approved the appointment of the following new directors: Clay Riddell, Jack C. Lee, Mitch Shier, Mary Ritchie, John P.A. Budreski, Stephen King and Gary Patterson. At such time, Sheldon Reid (former President and Chief Executive Officer), Gary Bentham (former Chief Financial Officer) and Bruce Allford (former Corporate Secretary) resigned as officers of the Corporation and Stephen W. King (President) and Darren Driscoll (Chief Financial Officer) were appointed as officers of the Corporation. At the AGM, Shareholders also approved the appointment of the Auditors, the July 2008 Consolidation, the changing of the name of the Corporation from "6550568 Canada Inc." to "Alaris Royalty Corp.", a new stock option plan and restricted share unit plan for the Corporation, the conversion (the "**Conversion**") of all of the Non-Voting Shares outstanding as of July 29, 2008 into Common Shares on a one (1) for one (1) basis, with such Conversion to take place at the discretion of the board of directors of the Corporation and the conversion of any subsequently issued Non-Voting Shares (the "**Subsequent Conversion**") on a one (1) for one (1) basis, with such conversion to take place at the discretion of the board of directors, provided that the authority for the board to change subsequently issued Non-Voting Shares into Common Shares is to expire on December 31, 2008. Following the AGM, and concurrent with the closing of the Alaris Acquisition, the board of directors of the Corporation approved the Conversion. As of the date hereof, the Board had not approved the Subsequent Conversion.

Upon the completion of the Alaris Acquisition and all related matters, the Corporation continued the business and operations of Alaris LP. See "*Description of the Business and Operations*" above.

Significant Acquisitions and Recent Developments

The only significant acquisition of the Corporation since its inception has been the Alaris Acquisition. A form 51-102F4 – *Business Acquisition Report* (a "**BAR**") was not filed in connection with the Alaris Acquisition, as the Corporation was exempt from filing a BAR pursuant to Sub-Section 8.1(2) of NI 51-102, which Sub-Section provides that a BAR is not required to be filed for a transaction that is a "reverse takeover", as such term is defined in NI 51-102.

RISK FACTORS

Investing in Alaris involves risks. In addition to the other information contained in this AIF, prospective investors should carefully consider the risk factors set out below in making an investment decision with respect to the Corporation. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones facing the Corporation and the Portfolio Companies. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently considers immaterial, may also impair the operations of the Corporation.

Risks Relating to Investments in Portfolio Companies

Financial Health of Portfolio Companies

The Corporation is entirely dependent on the operations and assets of the Portfolio Companies through its indirect partnership interests and royalty and loan arrangements. The Corporation's ability to pay dividends is dependent on the distributions received in respect of its investments in the Portfolio Companies. This is affected by many factors including the profitability and capital expenditures of the Portfolio Companies. Distributions to Alaris from Portfolio Companies are generally based on a percentage of the Portfolio Company's revenues, same-store sales, gross margin or other similar top-line measure. Accordingly, subject to certain conditions, to the extent that the financial performance of a Portfolio Company declines with respect to the relevant performance measure, cash payments to Alaris will decline. The failure of any Portfolio Company to fulfill its distribution obligations to Alaris could adversely affect the Corporation's financial condition and cash flows.

The Investment Agreements provide Alaris with certain remedies in the event of non-payment of royalty, distribution or interest by the applicable Portfolio Company. In addition, some of Alaris' investments are secured by the assets of the Portfolio Companies. However, Alaris' rights to payment and its security interests are usually subordinated to the payment rights and security interests of a Portfolio Company's commercial and trade lenders.

For a discussion of the particular risk factors applicable to the Portfolio Companies, see "*Risk Factors — Risks Relating to the Portfolio Companies*" below.

Reliance on Key Personnel

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

General Economic Conditions

The Corporation's business and the business of each of the Portfolio Companies are subject to changes in national or North American economic conditions, including but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. Changes in any of the above economic conditions could have a material adverse effect on the Corporation's and the Portfolio Companies' business, financial condition, results of operations and cash flows.

Failure to Complete or Realize Anticipated Benefits of Investments

A key element of the Corporation's growth plan is investing in additional Portfolio Companies and making additional investments in the initial Portfolio Companies in the future. The ability of Alaris to identify and complete new investment opportunities is not guaranteed. Achieving the benefits of future investments will depend in part on successfully identifying and completing such opportunities in a timely and efficient manner and in structuring such investments to ensure a stable and growing stream of distributions. The identification and completion of future investments will require the dedication of management effort, time and resources, which may divert management's focus, and resources from other strategic opportunities.

Limited Diversification of Alaris' Investments

Alaris does not have stringent fixed guidelines for diversification of its investments in Portfolio Companies. At any given point in time, Alaris may have a significant portion of its assets invested in a single business or industry. In the event that any such business or industry is unsuccessful or experiences a downturn, Alaris could incur significant losses, which could, in turn, have a material adverse effect on Alaris' business, results from operations and financial condition.

Ability to Manage Future Growth

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

Availability of Future Financing for Operations, Dividends and Growth

The Corporation expects that its principal sources of funds will be cash generated from the Portfolio Companies. The Corporation believes that funds from these sources will provide it with sufficient liquidity and capital resources to meet its ongoing business operations at existing levels. Despite the Corporation's expectations, however, the Corporation may require additional equity or debt financing to meet its financing and operational requirements. There can be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to Alaris, in which event the Corporation's financial condition may be materially adversely affected.

The payout by Alaris of substantially all of its operating cash may make additional investment capital and operating expenditures dependent on increased cash flow or additional financings in the future. Alaris will require equity or debt financing in order to acquire interests in new Portfolio Companies or make additional investments in the initial Portfolio Companies. There can be no assurance that such financing will be available when required or on commercially favourable terms which could limit Alaris' growth.

Competition with other Investment Entities

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

assurance that Alaris will be able to identify and make investments that satisfy Alaris' business objectives or that it will be able to meet Alaris' business goals.

New Portfolio Company Risks

If Alaris is successful in investing in one or more new Portfolio Companies, the business of these Portfolio Companies may be subject to one or more of the risks referred to under "*Risk Factors — Risks Relating to the Portfolio Companies*" or similar risks and may be subject to other risks particular to such business or businesses.

Regulation

Alaris and the Portfolio Companies are subject to a variety of federal, provincial and local laws, regulations, and guidelines and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on Alaris' and the Portfolio Companies' business, financial condition, results of operations and cash flows. Such laws and regulations are subject to change. Accordingly, it is impossible for Alaris or the Portfolio Companies to predict the cost or impact of such laws and regulations on their respective future operations.

Leverage

The ability of the Corporation to pay dividends will be subject to applicable laws and contractual restrictions in the instruments governing any of its indebtedness. The degree to which Alaris is leveraged could have important consequences for Shareholders including: (i) Alaris' ability to obtain additional financing for working capital or investments in the future may be limited; (ii) all or part of Alaris' cash flow from operations may be dedicated to the payment of the principal of and interest on Alaris' indebtedness, thereby reducing funds available for future operations or for payment of dividends; (iii) certain of Alaris' borrowings are at variable rates of interest, which exposes Alaris to the risk of increased interest rates; and (iv) Alaris may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. These factors may adversely impact Alaris' cash flow, and, as a result, the amount of cash available for payment of dividends.

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

Investment Termination Rights

Each of the Portfolio Companies has the right to terminate Alaris' investment through a repurchase or redemption right that arises after a fixed period of time following the closing of Alaris' investment in the applicable Portfolio Company. Although Management believes that the repurchase or redemption purchase price would adequately compensate Alaris for the foregone payments, Alaris would be required to reinvest the cash received including possibly investing in its own shares through the repurchase and cancellation of its Common Shares or Non-Voting Shares, in order to maintain dividend levels. There is no assurance that Alaris would be able to successfully identify and complete any such alternative investments or complete any such share repurchase.

Risks Relating to the Portfolio Companies

Risks Relating Generally to the Portfolio Companies

Alaris invests in private businesses. There is generally no publicly available information about these businesses and the boards of directors and management of these companies are not subject to the same governance and disclosure requirements applicable to public companies. Therefore, Alaris relies on its management and consultants to investigate these businesses. There can be no assurance that Alaris' due diligence efforts will uncover all material information about the privately held businesses necessary to make fully informed decisions. Portfolio Companies

may have significant variations in operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position or may be adversely affected by changes in the business cycle. Numerous factors may affect the quantum of, or the ability of a Portfolio Company to service, its distribution obligations to Alaris, including the failure to meet its business plan, a downturn in its industry or negative economic conditions. Deterioration in a Portfolio Company's financial condition and prospects may be accompanied by a material reduction in the distributions or payments received by Alaris.

The following represent key risk factors challenging the businesses of each of the Portfolio Companies and the industries in which they operate.

Competition

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

Supplier and Brand Reputations

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

Additional Franchises and Franchise Operations

Two of the Portfolio Companies, End of the Roll, and MEDiChair are franchisors. The growth of revenues of these companies is largely dependent upon their ability to maintain and grow their franchise systems and to execute their current growth strategy for both increasing the number of franchisees and increasing the number of locations. If these companies are unable to attract qualified franchisees, their operations could be adversely affected. The slowing of growth could lead potential and existing franchisees to begin to look elsewhere for better opportunities. The growth of the franchise network through adding new franchisees is somewhat dependant upon available personnel.

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

Seasonality

Businesses that generate revenue from the sale of seasonal merchandise or products are subject to the risk of changes in consumer spending behaviour as a result of unseasonable weather patterns or other seasonal factors.

Reliance on Key Personnel

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

Leverage

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

Risks Relating Specifically to LifeMark Health

The following represents key risk factors affecting the integrated physical rehabilitation service industry and LifeMark Health's business.

Government Regulation

Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements. Unlike certain other healthcare industry segments, specifically pharmaceuticals, laboratory services and hospital management companies, LifeMark Health operates in markets that are not regulated. LifeMark Health does not require a special license or permit from any governmental body to operate, aside from the license required for the medical imaging business and those normally required for all businesses.

All of LifeMark Health's medical personnel, both physicians and registered nurses, are required to maintain the requisite professional licenses from their respective governing professional bodies. Notwithstanding that LifeMark Health operates in markets that are not currently regulated, any change in governmental regulation and licensing requirements or interpretation and application of same relating to healthcare services could have an adverse impact on the scope of LifeMark Health's activities.

Funding

LifeMark Health will continue to require additional working capital to conduct existing marketing activities and to expand its network of clinics. LifeMark Health will need to raise additional funds through collaborations with corporate partners or through private or public financings to support its long-term acquisition and marketing efforts. If adequate funds are not available, LifeMark Health would be required to curtail its business objectives in one or more areas. There can be no assurance that unforeseen developments or circumstances will not alter LifeMark Health's requirements for capital, and no assurance can be given that additional financing will be available on acceptable terms, if at all.

Customer Concentration

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

Confidentiality of Personal and Health Information

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

Risks Relating Specifically to Lower Mainland Steel

The following represents key risk factors affecting the steel manufacturing and installation industries and Lower Mainland Steel's business.

Volatility of Steel Prices

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

Inventory and Fixed Price Contracts

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

Lower Mainland Steel's other steel products are sold and shipped within a very short timeframe. These sales are often supported with large inventories of raw materials. During a period of falling prices for raw materials, Lower Mainland Steel would normally expect price realization on shipments of Lower Mainland Steel's finished products to deteriorate, producing inferior returns during the period when older inventories are being sold.

Supplier Base

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

Labour Relations Risk

Approximately one-half of Lower Mainland Steel's employees are unionized or governed by collective trade agreements (e.g., steelworkers or automotive). Labour disruptions could adversely affect Lower Mainland Steel's business; however, Lower Mainland Steel notes that the agreements are with multiple union locals within diverse regions.

Trade Policy Restrictions

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

Risks Relating Specifically to MEDChair

The following represents key risk factors affecting the home medical equipment industry and MEDChair's business.

Product Liability

MEDChair, like other retail and distributing companies, is subject to a variety of potential liabilities connected with its business operations, including potential liabilities and expenses associated with possible product defects. MEDChair's products are highly complex and sophisticated and, from time to time, contain design and manufacturing defects that are difficult to detect and correct. There can be no assurance that errors will not be found in new products after sales to consumers or, if discovered, that the manufacturers of such products will be able to successfully correct such errors in a timely manner or at all. The consequences of such errors and failures could have a material adverse affect on MEDChair's business, financial condition and results of operations.

Consistent with industry practice, MEDChair allows customers to return products for warranty repair, replacement or credit. Although MEDChair will provide allowances for anticipated returns, and management believes that the policies of MEDChair have resulted in the establishment of allowances that are adequate, there is no assurance that such product returns will not exceed such allowances in the future and as a result may have a material adverse effect on future operating results. If any of the products distributed by MEDChair prove defective, MEDChair may be required to refund the price of or replace the product.

MEDChair maintains product liability and other insurance coverage which it believes to be generally in accordance with industry practices. Nevertheless, such insurance coverage may not be adequate to protect MEDChair fully against substantial damage claims which may arise from product defects and failures.

Government Regulation

All MEDChair products are submitted to, and meet the requirements of the Canadian Standards Association. Although MEDChair intends to seek any other necessary approvals for future products, there can be no assurance that the codes and standards relating to such approvals will not change, thus requiring additional approvals, or that MEDChair will be able to secure all necessary approvals at acceptable costs or within desired time frames.

Healthcare Reimbursement

MEDChair's ability to grow sales of accessibility equipment may depend, in part, on the extent to which reimbursement for the cost of such products will be available from government health administration authorities, private health coverage insurers, and other organizations. Third-party payors are increasingly challenging the price of medical equipment. There can be no assurance that third-party coverage will be available to assist potential buyers of MEDChair's products.

Risks Relating to the Structure of the Corporation

Absence of Operating History as a Public Company

Management has limited experience operating the Corporation as a public entity. To operate effectively, the Corporation will be required to continue to implement changes in certain aspects of its business, improve and expand its management information systems and develop, manage and train management level and other employees, to comply with on-going public company requirements. Failure to take such actions, or delay in the implementation thereof, could adversely affect the Corporation's business, financial condition, liquidity and results of operations.

Dependence on the Portfolio Companies

Alaris' ability to pay dividends is entirely dependent upon its business operations, its ability to satisfy its debt service obligations and to pay its operating expenses. Alaris' sole source of cash flow is its interest in the Portfolio Companies. Alaris is subject to the risks encountered in the operation of its business, and the results of operations and financial condition of the Portfolio Companies.

Unpredictability and Volatility of Share Price

A publicly traded Corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly operating results and other factors.

In addition, the securities markets have experienced significant market-wide and sectoral price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating performance of particular issuers. Such fluctuations may adversely affect the market price of the Common Shares.

Dividends

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

Tax Related Risks

The Corporation has various unclaimed non-capital losses, Scientific Research and Experimental Development Expenditure pools and other deductions and credits available to it for Canadian federal income tax purposes. These unclaimed deductions and credits are subject to assessment and possible downward adjustment by Canadian tax authorities.

Ability to Recover from Portfolio Companies for Defaults under Investment Agreements

Each Portfolio Company provides certain representations and warranties and covenants to Alaris LP regarding the Portfolio Company and its business and certain other matters. Following the investment by Alaris LP in a Portfolio Company, the Portfolio Company may distribute all or a substantial portion of the proceeds that it receives from such investments to its securityholders. In the event that Alaris LP or the Corporation suffers any loss as a result of a breach of the representations and warranties or non-compliance with any other term of an Investment Agreement, Alaris LP may not be able to recover the amount of its entire loss from the Portfolio Company. The Portfolio Company may not have sufficient property to satisfy the Corporation's loss.

Conflicts of Interest

Certain directors of the Corporation are associated with other companies or entities, which may give rise to conflicts of interest. In accordance with the CBCA, directors who have a material interest in any person who is a party to a material contract or proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. See "*Conflicts of Interest*" and "*Interests of Management and Others in Material Transactions*".

The Corporation May Issue Additional Common Shares Diluting Existing Shareholders' Interests

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

DIVIDENDS

Any decision to pay dividends on the Corporation's shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such time and in accordance with the Corporation's dividend policy. Any dividend policy established by the board of directors can be changed at any time and such policy is not binding on the Corporation.

In August 2008 the board of directors approved a dividend policy to review dividends on a quarterly basis and to declare and pay dividends on the Common Shares and Non-Voting Shares on a monthly basis, provided specific financial and other conditions have been met by the Corporation and Alaris L.P. The first such monthly dividend was paid on September 15, 2008 to Shareholders of record at the close of business on August 31, 2008 at an amount of \$0.12 per share. The second such monthly dividend was paid on October 15, 2008 to Shareholders of record at the close of business on September 30, 2008 at an amount of \$0.12 per share.

The Corporation's revolving credit facility and subordinated loan facility agreements limit its ability to pay dividends in certain circumstances and, accordingly, its ability to pay dividends will depend on, among other things, the Corporation's level of indebtedness at the time of the proposed dividend and whether the Corporation is in compliance with such agreements. There is no certainty that any dividends will be declared or paid by the Corporation.

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the Non-Voting Shares of the Corporation.

Common Shares

The Corporation has an unlimited number of Common Shares authorized. As at the date hereof, there were • Common Shares of the Corporation issued and outstanding. All Common Shares have been issued as fully paid and non-assessable. The material characteristics of the Common Shares are as follows:

- (a) holders of Common Shares are entitled to notice of, to attend and to one vote per share held at any meeting of the Shareholders;
- (b) holders of Common Shares are entitled to receive dividends declared on the Common Shares; and
- (c) in the event of liquidation, dissolution or winding-up, or any other distribution of the assets of the Corporation among its shareholders, Holders of Common Shares are entitled to share rateably in such assets.

Non-Voting Shares

The Corporation has an unlimited number of Non-Voting Shares authorized. As at the date hereof, there were 666,665 Non-Voting Shares of the Corporation issued and outstanding. All Non-Voting Shares have been issued as fully paid and non-assessable. The material characteristics of the Non-Voting Shares are as follows:

- (a) holders of Non-Voting Shares are entitled to receive notice of and to attend any meeting of the shareholders of the Corporation provided that, except as required by law, the holders of the Non-Voting Shares shall not be entitled to vote at any meeting of shareholders of the Corporation;
- (b) the holders of Non-Voting Shares shall be entitled to receive dividends as and when declared by the board of directors of the Corporation on the Non-Voting Shares as a class, provided that no dividend may be declared in respect of, or any other benefit conferred upon the holders of, Non-Voting Shares unless concurrently therewith the same dividend in respect of, or the same benefit is conferred upon the holders of, Common Shares;

- (c) the holders of Non-Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purposes of winding-up its affairs, to share rateably, together with the holders of Common Shares in such assets of the Corporation as are available for distribution; and
- (d) if an offer is made to purchase Common Shares which, by reason of applicable securities legislation or by-laws, regulations or policies of a stock exchange require that the offer be made to each holder of Common Shares, each outstanding Non-Voting Share shall be redeemed by the Corporation at the option of the holder of such Non-Voting Shares. The redemption right may be exercised by notice in writing given to the Corporation during the redemption period, which period is defined as the period of time commencing on the seventh business day after the date on which an offer is made and terminating on the last date upon which holders of Common Shares may accept the offer; however, the redemption right shall not come into effect if: (i) one or more shareholders of the Corporation who did not make or act in concert with the person or persons making the offer and who, in the aggregate, beneficially own, directly or indirectly, or exercise control or direction over, not less than fifty percent of the outstanding Common Shares determine within five business days of the date of an offer that he or they will continue to so own or exercise control or direction over, in the aggregate, of fifty percent or more of the outstanding Common Shares; (ii) contemporaneously with any such offer, and offers made to the holders of Non-Voting Shares upon the same terms and conditions as those contained in the offer to holders of Common Shares; (iii) the Board of Directors of the Corporation determines within five business days after the date that an offer is made that the offer is not bona fide or is made primarily for the purpose of causing the redemption right to come into effect and not primarily for the purpose of acquiring Common Shares; or (iv) the offer is not completed in accordance with its terms.

MARKET FOR SECURITIES AND PRIOR SALES

The Common Shares are not listed or posted for trading on any stock exchange. The TSX has conditionally approved the listing of the Common Shares subject to the Corporation fulfilling all of the listing requirements of the TSX by February 9, 2009.

In the 12 months prior to the date hereof, the following Common Shares and Non-Voting Shares of the Corporation were issued:

Date(s) of Issuance	Number and Type of Securities	Issue Price per Security	Aggregate Funds Received	Consideration Received
July 31, 2008	2,666,667 Common Shares	\$12.00	N/A ⁽¹⁾	Acquisition of Debt ⁽¹⁾
July 31, 2008	666,668 Non-Voting Shares	\$12.00	N/A ⁽²⁾	666,670 GP Shares ⁽²⁾
July 31, 2008	666,667 Common Shares	\$12.00	N/A ⁽³⁾	750,000 LP Units ⁽³⁾
July 31, 2008	4,607,213 Common Shares	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾
July 17, 2008	4,607,213 Subscription Receipts	\$12.00	\$55,286,556	Cash
May 1, 2008	18,277,716 Common Shares	\$0.0291	N/A ⁽⁵⁾	Settlement/retirement of debt ⁽⁵⁾

Notes:

- (1) On July 31, 2008, pursuant to the Alaris Acquisition, the Corporation acquired an aggregate of \$83,500,000 of Alaris LP's outstanding \$90,000,000 subordinated debt from 409790 Alberta Ltd. for \$51,500,000 in cash and the issuance of 2,666,667 Common Shares.
- (2) On July 31, 2008, pursuant to the Alaris Acquisition, the Corporation acquired all of the outstanding shares of Alaris GP, the general partner of Alaris LP, from the holders thereof, for an aggregate purchase price of \$8,000,000, with such purchase price being satisfied by way of the issuance of 666,668 Non-Voting Shares in the capital of the Corporation.
- (3) On July 31, 2008, pursuant to the Alaris Acquisition, the Corporation acquired 750,000 LP Units held by ACT, for an aggregate purchase price of \$8,000,000, with such purchase price being paid by way of the issuance of 666,667 Common Shares.
- (4) On July 31 the Corporation issued 4,607,213 Common Shares (on a post-consolidation basis) for no additional consideration, to the former holders of subscription receipts upon the Corporation satisfying the Release Conditions and providing the Agents with the Acquisition Notice.
- (5) On May 1, 2008 the Corporation issued 18,277,716 Common Shares (on a pre July 2008 Consolidation basis) in settlement of \$266,882 of loans from shareholders and \$265,000 of accounts payable.

DIRECTORS AND EXECUTIVE OFFICERS OF THE CORPORATION

The name, province or state, and country of residence of each director and executive officer of Alaris and their respective positions and offices held with Alaris and their respective principal occupations during the five preceding years are as follows:

<u>Name and Jurisdiction of Residence</u>	<u>Office Held</u>	<u>Director Since⁽¹⁾</u>	<u>Principal Occupation or Employment and Occupation during the Past Five Years</u>
Jack C. Lee ^{(2),(4)} Calgary, Alberta	Chairman	July 31, 2008	Mr. Lee is President of Facet Resources Ltd., a private investment company. In May 2008 he became Chairman of Sprott Inc., prior thereto he was Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee is also on the board of Ithaca Energy Inc. and two private oil and gas companies, Gryphon Petroleum Corp. and Darian Resources Ltd.
Clay Riddell ^{(3),(4)} Calgary, Alberta	Director	July 31, 2008	Mr. Riddell has been the Chairman of the Board and Chief Executive Officer of Paramount Resources Ltd. since 1978. Until June 2002 he was also the President. He is the Chairman of the Board of Paramount Energy Operating Corp., a wholly-owned subsidiary of Paramount Energy Trust, and Trilogy Energy Ltd., a wholly owned subsidiary of Trilogy Energy Trust. Mr. Riddell is a director of Newalta Income Fund and its wholly-owned subsidiary, Newalta Corporation.
Mitch Shier ⁽³⁾ Calgary, Alberta	Director	July 31, 2008	Mr. Shier is a partner with the law firm Heenan Blaikie LLP, which he joined in 2002. Mr. Shier is also a director of Trilogy Energy Ltd., a wholly-owned subsidiary of Trilogy Energy Trust.
Mary Ritchie ⁽²⁾ Edmonton, Alberta	Director	July 31, 2008	Mrs. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Before joining Richford Holdings in January 2002, Mrs. Ritchie was a senior member of Arnold Consulting Group Ltd., a management-consulting firm. Mrs. Ritchie is also a Chartered Accountant.
John P.A. Budreski ^{(3),(4)} Toronto, Ontario	Director	July 31, 2008	Independent businessman and also Advisor – Special Projects with Tricor Pacific Capital, Inc., a private equity firm based in Vancouver, British Columbia. Prior thereto, Mr. Budreski was the Chief Executive Officer of Orion Securities Inc. prior to its sale to the Macquarie Group. Prior thereto, Mr. Budreski was a Managing Director at Scotia Capital Inc.

Name and Jurisdiction of Residence	Office Held	Director Since⁽¹⁾	Principal Occupation or Employment and Occupation during the Past Five Years
Stephen King ⁽⁴⁾ Calgary, Alberta	President, Chief Executive Officer and a Director	July 31, 2008	Prior to joining the Corporation in July 2008, Mr. King was and continues to be the President and Chief Executive Officer of Alaris IGF Corp. and its predecessor since April 2004 when he co-founded Alaris. Prior thereto, Mr. King spent 12 years in the investment banking industry, most recently as director of investment banking for First Associates Investments Inc., a predecessor of Blackmont Capital Inc. He has also held similar positions with Research Capital Corporation from January 1996 to January 2003 and Sprott Securities Inc. from May 1992 to January 1996. Mr. King is a director of Metropolitan Investment Corporation, a private investment company and a director of the general partner of LifeMark Health.
Gary Patterson ⁽²⁾ Kelowna, British Columbia	Director	July 31, 2008	Since June 2003 Mr. Patterson is the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Prior to June 2003, Mr. Patterson was Executive Vice-President and Chief Financial Officer of Invest Investments Ltd., and its wholly-owned real estate company, Wesbild Holdings Ltd. Mr. Patterson was also Executive Vice President and Chief Financial Officer of Future Shop Ltd., a retailer of consumer electronics products previously listed on the TSX, with broad responsibility for finance, accounting, real estate and public relations. Mr. Patterson is currently a director of EarthFirst Canada Inc., a developer of renewable wind energy projects listed on the TSX. In addition, he was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust. Mr. Patterson received a Bachelor of Commerce from Mount Allison University, New Brunswick. Mr. Patterson is also a Fellow of the Institute of Chartered Accountants of British Columbia. Mr. Patterson also sits on the board of Seaclyff Construction Corp., a diversified construction company providing general contracting and electrical contracting services to public and private sector clients.
Darren Driscoll	Chief Financial Officer	n/a	Prior to joining Alaris in July 2008, Mr. Driscoll was the Chief Financial Officer of Alaris IGF Corp. and its predecessor since November 2004. Mr. Driscoll has been actively involved in the development of Alaris and plays an integral role in the screening of potential investments, the due diligence process and monitoring of current investments. Before joining Alaris, Mr. Driscoll was the Chief Financial Officer of the Canadian Association of Petroleum Producers, the industry association for the upstream oil and natural gas industry in Canada, from 1996 to 2004. Mr. Driscoll obtained his Chartered Accountant designation in 1995 while working with KPMG LLP in Calgary.

<u>Name and Jurisdiction of Residence</u>	<u>Office Held</u>	<u>Director Since⁽¹⁾</u>	<u>Principal Occupation or Employment and Occupation during the Past Five Years</u>
Rachel Colabella	Corporate Secretary	n/a	Prior to joining the Corporation in September of 2008, Ms. Colabella worked at Armstrong Osinski (law firm), Burnet Duckworth and Palmer LLP (law firm) and Ernst & Young LLP (Chartered Accountants) where she worked with their tax groups. Ms. Colabella has over 11 years of experience as a tax lawyer. Ms. Colabella received her Commerce Degree in Accounting from the University of Calgary in 1993 and her Law Degree from the University of Alberta in 1996 and was called to the Alberta Bar in 1997.
Stephen Reid	Vice President	n/a	Mr. Reid is a Calgary based independent businessman with a variety of diversified holdings and investments and is currently the President of Group West Corporation and Creative Restaurants Inc.

Notes:

- (1) Each director will hold office until the next annual general meeting or until his successor is duly elected or appointed or unless his office is earlier vacated.
- (2) Member of the Corporation's Audit Committee.
- (3) Member of the Corporation's Compensation and Corporate Governance Committee.
- (4) Member of the Corporation's Investment Committee.

As of the date hereof, the directors and executive officers of Alaris, as a group, beneficially own, control or direct, directly or indirectly, 3,304,591 Common Shares or 37.9% of the issued and outstanding Common Shares.

As of the date hereof, the directors and executive officers of Alaris, as a group, beneficially own, control or direct, directly or indirectly, 666,665 or 100% of the issued and outstanding Non-Voting Shares.

Cease Trade Orders

Except as disclosed below, no current director or officer has, within the last ten years prior to the date of this document, been a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that, (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; or (ii) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued, after the director or executive officer ceased to be a director, but which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer of the issuer.

Mr. Riddell has been a director and officer of Paramount Resources Ltd. ("**Paramount**") in various capacities since 1978. Paramount is, and has been since 1992, the general partner of T.T.Y. Paramount Partnership No. 5 ("**TTY**"), a limited partnership which is an unlisted reporting issuer in certain provinces of Canada. TTY was established in 1980 to conduct oil and gas exploration and development, but has not carried on operations since 1984 and currently has nominal assets. A cease trade order against TTY was issued by the Autorité des Marchés Financiers in 1999 for failing to file the June 30, 1998 interim financial statements in Quebec. The Autorité des Marchés Financiers revoked the cease trade order against TTY on April 9, 2008. TTY had received exemptions from filing interim financial statements in Alberta in 1985 and in Manitoba and Ontario in 1986 due to its inactive status but did not

receive a similar exemption from the Autorité des Marchés Financiers at that time. The limited partners of TTY voted in favour of dissolving TTY on May 20, 2008 at a Special Meeting of the limited partners.

Bankruptcies

Except as disclosed below, no current director or executive officer of the Corporation and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, as at the date hereof, or has been within the ten (10) years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that 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.

In addition, no current director or executive officer of the Corporation and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 director, executive officer or shareholder.

John Budreski and Gary Patterson are currently directors of EarthFirst Canada Inc. ("**EarthFirst**"). EarthFirst is engaged in the development of wind energy projects. On November 4, 2008 EarthFirst obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) (the "CCAA") pursuant to an order granted on November 4, 2008 by the Court of Queen's Bench of Alberta. The CCAA filing followed a review of EarthFirst's strategic alternatives by a Special Committee of EarthFirst's board of directors. While under CCAA protection, EarthFirst will continue with its efforts to pursue strategic alternatives.

Penalties or Sanctions

No current director or executive officer of the Corporation and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Corporation, there are no legal proceedings material to the Corporation to which the Corporation is a party, or was a party to in 2007, or that any of its properties is or was the subject matter of in 2007, nor are there any such proceedings known to the Corporation to be contemplated.

During the year ended December 31, 2007 there were: (i) no penalties or sanctions imposed against the Corporation or by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or

sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, and (iii) no settlement agreements the Corporation entered into before a court relating to a securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below, no director or executive officer of the Corporation, no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities and no associate or affiliate of any of these persons or companies, have any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

On July 3, 2008 the Corporation and AIG Fund entered into the Reorganization Agreement pursuant to which the Corporation agreed to acquire all the outstanding securities of Alaris LP and Alaris GP and to acquire certain indebtedness of Alaris LP.

Pursuant to the Reorganization Agreement and associated agreements, on July 31, 2008, the Corporation acquired (i) 166,667 common shares of Alaris GP from Mr. Driscoll in exchange for 166,667 Non-Voting Shares at a deemed price of \$12.00 per Non-Voting Share, (ii) 266,667 common shares of Alaris GP from Mr. King in exchange for 266,666 Non-Voting Shares at a deemed price of \$12.00 per Non-Voting Share, and (iii) \$83,500,000 of Alaris LP's outstanding \$90,000,000 subordinated debt from 409 Alberta, a company 100% owned by Mr. Riddell, for \$51,500,000 in cash and the issuance of 2,666,667 Common Shares. See "*General Development of the Business*". A total of \$6,500,000 of the Corporation's subordinated debt remains outstanding to 409 Alberta.

REGISTRAR AND TRANSFER AGENT

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

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Corporation has not entered into any material contract in the most recently completed financial year or in the current financial year nor does the Corporation have any material contracts entered into before the most recently completed financial year which are still in effect, other than:

1. the Reorganization Agreement;
2. the Acquisition Agreement;
3. the First Assignment Agreement;
4. the Second Assignment Agreement; and
5. the Investment Agreements.

Copies of the material contracts may be inspected at the head office of the Corporation at 125-101 6 Street S.W. Calgary, AB T2P 5K7, or at the offices of Burnet, Duckworth & Palmer LLP at 1400, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9, during normal business hours.

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

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report, valuation or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by the Corporation during, or related to, the Corporation's most recently completed financial year other than KPMG LLP, the Corporation's auditors and Ernst & Young LLP, the Corporation's former auditors. Each of KPMG LLP and Ernst & Young LLP is independent in accordance with the auditors' rules of professional conduct in Canada.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's information circular for the most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided for in the financial statements and management's discussion and analysis for the Corporation's most recently completed financial year.

SCHEDULE "A"

AUDIT COMMITTEE INFORMATION

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

The Audit Committee's Mandate

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

Composition of the Audit Committee

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

Relevant Education and Experience

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

<u>Name and Municipality of Residence</u>	<u>Independent</u>	<u>Financially Literate</u>	<u>Relevant Education and Experience</u>
Mary Ritchie Edmonton, Alberta	Y	Y	Mrs. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Before joining Richford Holdings in January 2002, Mrs. Ritchie was a senior member of Arnold Consulting Group Ltd., a management-consulting firm. Mrs. Ritchie is also a Chartered Accountant.
Jack C. Lee Calgary, Alberta	Y	Y	Mr. Lee is President of Facet Resources Ltd., a private investment company. In May 2008 he became Chairman of Sprott Inc., prior thereto he was Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee is also on the board of Ithaca Energy Inc. and two private oil and gas companies, Gryphon Petroleum Corp. and Darian Resources Ltd.

Name and Municipality of Residence	Independent	Financially Literate	Relevant Education and Experience
Gary Patterson Edmonton, Alberta	Y	Y	Since June 2003 Mr. Patterson is the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Prior to June 2003, Mr. Patterson was Executive Vice-President and Chief Financial Officer of Invest Investments Ltd., and its wholly-owned real estate company, Wesbild Holdings Ltd. Mr. Patterson was also Executive Vice President and Chief Financial Officer of Future Shop Ltd., a retailer of consumer electronics products previously listed on the TSX, with broad responsibility for finance, accounting, real estate and public relations. Mr. Patterson is currently a director of EarthFirst Canada Inc., a developer of renewable wind energy projects listed on the TSX. In addition, he was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust. Mr. Patterson received a Bachelor of Commerce from Mount Allison University, New Brunswick. Mr. Patterson is also a Fellow of the Institute of Chartered Accountants of British Columbia. Mr. Patterson also sits on the board of Seacliff Construction Corp., a diversified construction company providing general contracting and electrical contracting services to public and private sector clients.

Pre-Approval Policies and Procedures

The Audit Committee shall review and pre-approve all non-audit services to be provided to the Corporation by its external auditors.

External Auditor Service Fees

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2006	Fees Paid to Auditor in Year Ended December 31, 2007
Audit Fees	\$41,765	\$23,000
Audit Related Fees	-	-
Tax Fees	-	\$8,400
All Other Fees	-	-
Total	\$41,765	\$23,000

SCHEDULE "B"

AUDIT COMMITTEE MANDATE

ALARIS ROYALTY CORP.

AUDIT COMMITTEE MANDATE

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

COMPOSITION

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

All Committee members will be "financially literate" under the definition set out in applicable law.

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

RESPONSIBILITIES

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

SPECIFIC DUTIES

The Committee will:

Audit Leadership

1. Have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the Committee, as representatives of the shareholders of the Company.
2. Provide an avenue for communication between each of the external auditor, financial and senior management and the Board, and the Committee has the authority to communicate directly with the external auditors.

Auditor Qualifications and Selection

3. Subject to required shareholder approval of the appointment of auditors of the Company, be solely responsible for recommending to the Board: (i) the external auditor of the Company for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Company; and, (ii) the compensation of the external auditor of the Company. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Company, including the resolution of

disagreements between management and the external auditor regarding financial reporting. In all circumstances the external auditor reports directly to the Committee. The Committee is entitled to adequate funding to compensate the external auditor for completing an audit and audit report or performing other audit, review or attest services.

4. Evaluate the external auditor's qualifications, performance and independence. Take all reasonable steps to ensure that the external auditor does not provide non-audit services that would disqualify it as independent under applicable law.
5. Review the experience and qualifications of the senior members of the external audit team and the quality control procedures of the external auditor. Ensure that the lead audit partner of the external auditor is replaced periodically, according to applicable law. Take all reasonable steps to ensure continuing independence of the external audit firm. Present the Committee's conclusions on auditor independence to the Board.
6. Review and approve policies for the Company's hiring of senior employees and former employees of the external auditor who were engaged on the Company's account to the Board for consideration.

Process

7. Pre-approve all audit services (which may include consent and comfort letters in connection with securities offerings). Pre-approve and disclose, as required, the retention of the external auditor for non-audit services to be provided to the Company or any of its subsidiaries permitted under applicable law. In the discretion of the Committee, annually delegate to one or more of its members the authority to grant pre-approvals provided that those pre-approvals are presented in writing to the Committee at the next regularly scheduled meeting.
8. Meet with the external auditor prior to the audit to review the scope and general extent of the external auditor's annual audit including (i) the planning and staffing of the audit; and, (ii) an explanation from the external auditor of the factors considered in determining the audit scope, including the major risk factors.
9. Require the external auditor to provide a timely report setting out (i) all critical accounting policies, significant accounting judgments and practices to be used; (ii) all alternative treatments of financial information within Generally Accepted Accounting Principles (GAAP) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and, (iii) other material written communications between the external auditor and management.
10. Take all reasonable steps to ensure that officers and directors or persons acting under their direction are aware that they are prohibited from coercing, manipulating, misleading or fraudulently influencing the external auditor when the person knew or should have known that the action could result in rendering the financial statements materially misleading.
11. Upon completion of the annual audit, review the following with management and the external auditor:
 - (a) The annual financial statements, including related notes and the management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) of the Company for filing with applicable securities regulators and provision to the shareholders of the Company, as required, as well as all annual earnings press releases before their public disclosure.
 - (b) The significant estimates and judgements and reporting principles, practices and procedures applied by the Company in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption.

- (c) The results of the audit of the financial statements and whether any limitations were placed on the scope or nature of the audit procedures.
- (d) Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit, including any problems or disagreements with management which, if not satisfactorily resolved, would have caused the external auditor to issue a non-standard report on the financial statements of the Company.
- (e) The cooperation received by the external auditor during its audit, including access to all requested records, data and information.
- (f) Any other matters not described above that are required to be communicated by the independent auditor to the Committee.

Risk Management

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

Financial Statements and Disclosure

- 13. At least annually, as part of the review of the annual financial statements, receive an oral report from the Company's counsel concerning legal and regulatory matters that may have a material impact on the financial statements.
- 14. Based on discussions with management and the external auditor, in the Committee's discretion, recommend to the Board whether the annual financial statements and MD&A of the Company, together with any annual earnings press releases should be approved for filing with applicable securities regulators and provision to the Company's shareholders, as required, prior to their disclosure.
- 15. Review the general types and presentation format of information that it is appropriate for the Company to disclose in earnings news releases or other earnings guidance provided to analysts and rating agencies.
- 16. Review with management and the external auditor the quarterly financial statements and MD&A and quarterly earnings releases prior to their release and recommend to the Board for consideration the quarterly results, financial statements, MD&A and news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered, including a written report of the results of the external auditor's reviews of the quarterly financial statements, significant adjustments, new accounting policies, any disagreements between the external auditor and management and the impact on the financial statements of significant events, transactions or changes in accounting principles or estimates that potentially affect the quality of financial reporting.

Internal Control Supervision

- 17. As required by applicable law, review with management and the external auditor the Company's internal controls over financial reporting, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.
- 18. Review with management, the Chief Financial Officer and the external auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.

19. Meet with management and the external auditor to discuss any relevant significant recommendations that the external auditor may have, particularly those characterized as "material" or "serious" (typically, such recommendations will be presented by the external auditor in the form of a Letter of Comments and Recommendations to the Committee). Review responses of management to the Letter of Comments and Recommendations from the external auditor and receive follow-up reports on action taken concerning the recommendations.
20. Review with management and the external auditor any correspondence with regulators or government agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies of the Company (as required).
21. Review with management and the external auditor any off-balance sheet financing mechanisms, transactions or obligations of the Company.
22. Review with management and the external auditor any material related party transactions.
23. Review with the external auditor the quality of the Company's accounting personnel. Review with management the responsiveness of the external auditor to the needs of the Company.

Disclosure Controls and Procedures

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

Financial Leadership

25. Review the Company's financial strategy considering current and future business needs, capital markets and the Company's credit rating (if any).
26. Review the Company's capital structure including debt and equity components, current and expected financial leverage, and interest rate and foreign currency exposures and, in the Committee's discretion, make recommendations to the Board for consideration.
27. Review the financing of the Company's Annual Operating Plan and, in the Committee's discretion, make recommendations to the Board for consideration.
28. Periodically review and, in the Committee's discretion, recommend changes to the Company's distribution policy to the Board for consideration.

Financial Management

29. Review proposed dividends to be declared and, in the Committee's discretion, make recommendations to the Board for consideration.
30. Regularly review current and expected future compliance with covenants under all financing agreements.
31. Annually review the instruments the Company and its subsidiaries are permitted to use for short-term investments of excess cash and, in the Committee's discretion, make recommendations to the Board for consideration.

Financial Risk Management

32. Regularly review the financial risks arising from the Company's exposure to changes in interest rates, foreign currency exchange rates and credit. Review the management of these risks including any proposed

hedging of the exposures. Review a summary report of the hedging activities including a summary of the hedge-related instruments.

33. Annually review the insurance program including coverage for property damage, business interruption, liabilities, and directors and officers.
34. Review any other significant financial exposures of the Company to the risk of a material financial loss including tax audits or other activities.
35. Establish procedures (through approval of the relevant sections of the Code of Business Conduct) for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting and financial reporting controls, or auditing matters; and, (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Transactions

36. Review any proposed issues of securities of the Company or proposed issues of securities of the subsidiaries of the Company to parties not affiliated with the Company and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.
37. Review any proposed material issues of debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.
38. Receive reports on significant, non-material issues of or changes to debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases.
39. Review any proposed repurchases of shares, public and private debt or other securities and, in the Committee's discretion, make recommendations to the Board for consideration.

Committee Reporting

40. Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.
41. Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the financial statements of the Company, compliance with applicable law and the performance and independence of the external auditor of the Company.
42. Annually review and approve the information regarding the Committee required to be disclosed in the Company's Annual Information Form and Committee's report for inclusion in the annual Proxy Circular.
43. Prepare any reports required to be prepared by the Committee under applicable law.

Committee Meetings

44. Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Committee may, on occasion and in appropriate circumstances, hold meetings by telephone conference call.
45. Meet in separate, non-management, closed sessions with the external auditor at each regularly scheduled meeting.

- 46. Meet in separate, non-management, in camera sessions at each regularly scheduled meeting.
- 47. Meet in separate, non-management, closed sessions with any other internal personnel or outside advisors, as needed or appropriate.

Committee Governance

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

Advisors/Resources

- 49. Have the sole authority to retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities.
- 50. Receive adequate funding from the Company for independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

Other

- 51. With the CG Committee, the Board and the Board Chair, respond to potential conflict of interest situations, as required.
- 52. Carry out any other appropriate duties and responsibilities assigned by the Board.
- 53. To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Secretary, who will report any amendments to the CG Committee at its next meeting.

Approved: October 29, 2008