

## **ALARIS ROYALTY CORP.**

### **BOARD OF DIRECTORS MANDATE**

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

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

#### **COMPOSITION**

The Board will be comprised of between one (1) and eleven (11) directors, as determined by the shareholders.

A majority of the Company's directors will be independent, pursuant to applicable law.

All Board members will have the skills and abilities appropriate to their appointment as directors. It is recognized that the right mix of experiences and competencies will ensure that the Board will carry out its duties and responsibilities in the most effective manner.

Except as set out in the Articles or By-Laws, Board members will be elected at the annual meeting of the Company's shareholders each year and will serve until their successors are duly elected.

#### **RESPONSIBILITY**

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

#### **SPECIFIC DUTIES**

The Board will:

##### **Leadership**

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

##### **Strategy**

3. Approve the development of strategic direction.
4. Adopt a strategic planning process and, at least annually, approve a Strategic Plan for the Company to maximize shareholder value that takes into account, among other things, the opportunities and risks of the Company's business.

5. Monitor the Company's performance in light of the approved Strategic Plan.

### **CEO**

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

### **Succession and Compensation**

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

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

11. Provide leadership to the Company in support of its commitment to corporate social responsibility.
12. Foster ethical and responsible decision-making by Management.
13. Set the ethical tone for the Company and its Management.
14. Take all reasonable steps to satisfy itself of the integrity of the CEO and Management and satisfy itself that the CEO and Management create a culture of integrity throughout the organization.
15. At the recommendation of the CG Committee, approve the Company's Code of Business Conduct.
16. Monitor compliance with the Company's Code of Business Conduct and grant and disclose, or decline, any waivers of the Code of Business Conduct for officers and directors.
17. With the CG Committee and/or the Audit Committee and the Board Chair, respond to potential conflict of interest situations.

### **Governance**

18. With the CG Committee, develop the Company's approach to corporate governance, including adopting a Corporate Governance Policy that sets out the principles and guidelines applicable to the Company.
19. Once or more annually, as the CG Committee decides, receive for consideration that Committee's evaluation and any recommended changes, together with the evaluation and any further recommended changes of another Board Committee, if relevant, to each of the following:
  - (a) Corporate Governance Policy;

- (b) Board Mandate;
  - (c) Individual Director Mandate;
  - (d) Chair of the Board Position Description;
  - (e) Audit Committee Mandate;
  - (f) Audit Committee Chair Position Description;
  - (g) Compensation and Governance Committee Mandate;
  - (h) Compensation and Governance Committee Chair Position Description;
  - (i) CEO Position Description;
  - (j) Chief Financial Officer Position Description; and
  - (k) Secretary Position Description.
20. With the CG Committee, ensure that the Company's governance practices and policies are appropriately disclosed.
  21. At the recommendation of the CG Committee, annually determine those individual Directors to be designated as independent and ensure appropriate disclosures are made.
  22. At the recommendation of the CG Committee, annually determine those individual Directors on the Audit Committee possessing "financial literacy" under applicable law and ensure appropriate disclosures are made.

#### **Communications, Disclosure and Compliance**

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

#### **Board Chair**

27. Annually appoint the Chair of the Board.

#### **Committees**

28. Appoint an Audit Committee comprised of at least three members, all of whom are independent directors, with the responsibility to assist the Board in fulfilling its audit oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (iv) the system of internal accounting and financial reporting controls that Management has established; and, (v) performance of the external audit process and of the external auditor. The Committee will also have the responsibility to assist the Board in fulfilling its financial oversight responsibilities with respect to (i) financial policies and strategies including capital structure; (ii) financial risk

management practices; and (iii) transactions or circumstances which could materially affect the financial profile of the Company.

29. Appoint a Compensation and Governance Committee comprised of a majority of independent directors with the responsibility to assist the Board in fulfilling its governance oversight responsibilities with respect to (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for Director and Board Committee appointments; (iii) evaluations of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs; and, (iv) implementation and effectiveness of the Code of Business Conduct and the compliance programs under the Code of Business Conduct. The Committee will also have the responsibility to assist the Board in fulfilling its compensation oversight responsibilities with respect to (i) key compensation and human resources policies; (ii) CEO objectives, performance reviews and compensation; (iii) executive Management compensation; (iv) executive Management succession and development; and (v) reviewing executive compensation disclosure before its release.
30. In the Board's discretion, appoint any other Board Committees that the Board decides are needed and delegate to those Board Committees any appropriate powers of the Board.
31. In the Board's discretion, annually appoint the Chair of each Board Committee.

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

32. Annually delegate approval authorities to the CEO and review and revise them as appropriate.
33. Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
34. Require the Audit Committee to recommend to the Board for consideration the quarterly results, financial statements, MD&A and earnings related news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered.
35. Require the Audit Committee to recommend to the Board for consideration and, in the Board's discretion, approve the monthly dividends for the quarter.
36. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
37. Consider and, in the Board's discretion, approve any matters proposed by Management.
38. Approve all alternative financing structures entered into by the Company with various private businesses.

#### **Annual Operating Plan**

39. At least annually, approve an Annual Operating Plan for the Company including business plans, operational requirements, organizational structure, staffing and budgets, which support the Strategic Plan.
40. Monitor the Company's performance in light of the approved Annual Operating Plan.

### **Risk Management**

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

### **Orientation / Education**

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

### **Board Performance**

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

### **Board Meetings**

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

**Advisors/Resources**

- 54. Retain, oversee, compensate and terminate independent advisors to assist the Board in its activities.
- 55. Receive adequate funding for independent advisors and ordinary administrative expenses that are needed or appropriate for the Board to carry out its duties.

**Other**

- 56. 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.
- 57. Once or more annually, as the CG Committee decides, this Mandate will be fully evaluated and updates recommended to the Board for consideration.

**Approved:** March 11, 2009

On Behalf of the Board:

---

Director