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Diversified Royalty Corp. Announces Filing of Final Prospectus and Update on Litigation involving John Bennett

Vancouver, B.C., October 31, 2014, For Immediate Release

Filing of Final Prospectus

Diversified Royalty Corp. (TSX: DIV) (the "**Corporation**" or "**DIV**") is pleased to announce that it has filed and obtained a receipt for a final short form prospectus (the "**Prospectus**") in respect of its previously announced bought deal public offering of common shares of the Corporation. The Prospectus was filed in each of the Provinces of Canada, except Québec. A copy of the Prospectus is available on SEDAR at www.sedar.com.

As previously announced, the Corporation has entered into an agreement with a syndicate of investment dealers co-led by Cormark Securities Inc. and GMP Securities L.P. (the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase an aggregate of 12,500,000 common shares at a price of \$2.40 per share for gross proceeds of \$30,000,000 (the "**Offering**"). In addition, the Corporation has granted the Underwriters an option ("**Over-Allotment Option**") to purchase up to an additional 1,875,000 shares from the treasury at a price of \$2.40 per share exercisable at any time up to 30 days following closing of the Offering, for market stabilization purposes and to cover over-allotments, if any. The Toronto Stock Exchange ("**TSX**") has conditionally approved the listing of up to an additional 14,375,000 common shares of the Corporation to be issued pursuant to the Offering and Over-Allotment Option. Listing is subject to the Corporation fulfilling all the requirements of the TSX on or before January 16, 2015. The closing of the Offering is expected to occur on or about November 12, 2014 and is subject to regulatory approval including that of the TSX.

Update on Litigation involving John Bennett

On October 30, 2014, the Supreme Court of Canada dismissed Mr. Bennett's application for leave to appeal an order of the British Columbia Court of Appeal ordering his extradition to the United States to stand trial for conspiracy to defraud and major fraud against the United States. The Corporation expects Mr. Bennett, currently under detention in Vancouver, to be transported in the very near future to Newark, New Jersey where he is to be tried before a jury in Federal District Court.

In October 2013, the Corporation brought a motion to the Ontario Superior Court (Commercial List) to set aside or suspend a December 29, 2010 interim order which required the reimbursement of Mr. Bennett's criminal defence expenses by the Corporation, pending a final determination of his entitlement to indemnification. In March 2014, Mr. Bennett served a cross-motion to strike the Corporation's motion and to require the Corporation to continue to reimburse his legal defence costs pending trial. In September 2014, both the motion and the cross-motion were scheduled for a hearing on December 19, 2014. On October 30, 2014, after

Mr. Bennett lost his application for leave to appeal to the Supreme Court of Canada, his counsel requested the Corporation pay a US\$2.5 million retainer to cover the criminal defence costs of his trial in New Jersey. Mr. Bennett's counsel further advised that they intended to amend their cross-motion currently scheduled for hearing on December 19, 2014 to seek this relief. They also advised that they would seek to expedite the hearing of the amended cross-motion.

While the Corporation intends to strenuously resist this motion, there is some possibility that the Corporation may be ordered to fund up to U.S. \$2.5 million to cover Mr. Bennett's criminal lawyer's retainer and that the advance of this retainer may not be funded by the Corporation's insurance. As of the date hereof, the Corporation has sufficient funds on hand (and, if needed, available under its line of credit) for such purposes.

About Diversified Royalty Corp.

DIV is a multi-royalty corporation, engaged in the business of acquiring top-line royalties from well-managed multi-location businesses and franchisors in North America. DIV's objective is to acquire predictable, growing royalty streams from a diverse group of multi-location businesses and franchisors.

DIV expects to increase cash flow per share by making accretive royalty purchases and through the growth of purchased royalties. DIV expects to pay a predictable and stable dividend to shareholders and increase the dividend as cash flow per share increases allow.

Forward Looking Statements

Certain statements contained in this news release and in certain documents incorporated herein by reference may constitute forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "intend", "may", "will", "project", "should", "believe", "confident", "plan" and "intends" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Specifically, forward-looking statements in this news release include, but are not limited to, statements made in relation to: the closing of the Offering and the exercise of the Over-Allotment Option; the listing on the TSX of the common shares of the Corporation to be issued pursuant to the Offering and the Over-Allotment Option; the extradition of Mr. Bennett to the United States and the related forthcoming legal proceedings in the United States involving Mr. Bennett; the timing and nature of the forthcoming legal proceedings in Canada involving Mr. Bennett; the possibility that DIV may have to fund Mr. Bennett's criminal defence in the United States; and the financial implications for DIV of the verdict in the criminal proceedings involving Mr. Bennett in the United States. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events, performance, or achievements of DIV to differ materially from those anticipated or implied in such forward-looking statements. DIV believes that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. Given these uncertainties, readers are cautioned that forward-looking statements included in this news release are not guarantees of future performance, and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this news release. DIV undertakes no obligation to publicly update or revise any forward-

looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

In formulating the forward-looking statements contained herein, management has assumed that business and economic conditions affecting DIV will continue substantially in the ordinary course, including without limitation with respect to general industry conditions, general levels of economic activity and regulations. These assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.

All of the forward-looking statements made in this news release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, DIV.

THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR THE ACCURACY OF THIS RELEASE.

Additional Information

Additional information relating to the Corporation and other public filings, is available on SEDAR at www.sedar.com.

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