

DIVERSIFIED

—▶ DIV ◀—

ROYALTY CORP.

NOTICE OF ANNUAL MEETING

and

MANAGEMENT INFORMATION CIRCULAR

of

DIVERSIFIED ROYALTY CORP.

to be held on

June 13, 2016

May 3, 2016

DIVERSIFIED ROYALTY CORP.
902-510 Burrard Street,
Vancouver, British Columbia, V6C 3A8

LETTER TO SHAREHOLDERS

May 3, 2016

Dear Shareholder:

It is my pleasure to invite you to join your board of directors (the “**Board**”) and the senior management (the “**Management**”) of Diversified Royalty Corp. (“**DIV**” or the “**Corporation**”) for an annual meeting of the holders of common shares of DIV (the “**shareholders**”), which is scheduled to convene at 9:00 a.m. (Vancouver time) on Monday, June 13, 2016 at the offices of Farris, Vaughan, Wills & Murphy LLP, located at the 25th Floor of 700 West Georgia Street, Vancouver, British Columbia (the “**Meeting**”).

I urge you to attend if you can. There have been a number of developments since the last shareholders’ meeting and this will be your opportunity to hear first hand from Management about the Corporation’s progress.

Over the past year, Management and the Board have made great strides in laying the foundation for the creation of sustainable long-term shareholder value, and there have been a number of developments since the last shareholders’ meeting. These developments include:

- the acquisition of its second royalty – an initial annual royalty and management fee of approximately \$3.6 million from Sutton Group Realty Services Ltd. for a purchase price of \$30.6 million;
- the issuance of 42,595,000 subscription receipts (which were converted to common shares on a one-for-one basis) for net proceeds of \$108.4 million through a bought-deal offering that closed on August 18, 2015;
- the acquisition of its third royalty – an initial annual royalty and management fee of approximately \$12.7 million from Mr. Lube Canada Limited Partnership for a purchase price of approximately \$138.9 million; and
- the increase in monthly dividends from \$0.0157 per common share to \$0.01667 per common share, and then subsequently to \$0.01854 per common share.

Should you have any questions for the Board or Management, the Meeting is an excellent place to raise those questions. If you cannot attend in person, I encourage you to exercise the power of your proxy, which is well explained in the accompanying information circular.

I appreciate your participation, and I look forward to seeing you this June in Vancouver.

Sincerely,

"Lawrence Haber"

Lawrence Haber
Chair

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DIVERSIFIED

DIV

ROYALTY CORP.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual meeting (the “**Meeting**”) of the holders of the common shares of Diversified Royalty Corp. (“**DIV**” or the “**Corporation**”) is scheduled to be held at the offices of Farris, Vaughan, Wills & Murphy LLP, located at the 25th Floor of 700 West Georgia Street, Vancouver, British Columbia on Monday, June 13, 2016 at 9:00 a.m. (Vancouver time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2015, together with the report of the auditors thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint KPMG LLP as auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix their remuneration; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment or postponement thereof.

Accompanying this notice of meeting (the “**Notice of Meeting**”) are: (1) the Circular; (2) a form of proxy if you are a registered shareholder, or a voting instruction form if you are a non-registered shareholder; and (3) a reply card for use by shareholders who wish to receive the Corporation’s interim and/or annual financial statements and accompanying management’s discussion and analysis.

If you are a registered shareholder of DIV and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and either fax it to Computershare Investor Services Inc. at 416-263-9524 or toll-free to 1-866-249-7775 or mail or hand deliver it to Computershare Investor Services Inc. at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department. Registered shareholders may also submit their proxy online or by telephone by following the instructions set forth on the form of proxy. In order to be valid, proxies must be submitted before 9:00 a.m. (Vancouver time) on Thursday, June 9, 2016 or, in the event that the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for any adjournment or postponement of the Meeting. The Chair of the Meeting may waive this cut-off at his or her discretion without notice.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you fail to follow these instructions, your shares may not be eligible to be voted at the Meeting.**

Vancouver, British Columbia
May 3, 2016

By Order of the Board

“*Sean Morrison*”

Sean Morrison
President & Chief Executive Officer

DIVERSIFIED ROYALTY CORP.

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management (the “Management”) of Diversified Royalty Corp. (“DIV” or the “Corporation”) for use at the annual meeting (the “Meeting”) of the holders (“shareholders”) of the common shares (“DIV Shares”) of the Corporation scheduled to be held on Monday, June 13, 2016, at 9:00 a.m. (Vancouver time), or any adjournment or postponement thereof, at the offices of Farris, Vaughan, Wills & Murphy LLP, located at the 25th Floor of 700 West Georgia Street, Vancouver, British Columbia for the purposes set out in the accompanying notice of meeting (the “Notice of Meeting”).

INFORMATION CONTAINED IN THIS MANAGEMENT INFORMATION CIRCULAR

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The information contained herein is given as of May 3, 2016, except as otherwise indicated. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Circular.

All dollar amounts in this Circular are in Canadian dollars unless specifically otherwise indicated. Unless the context otherwise requires, all references to the “Meeting” in this Circular include all adjournments and postponements thereof.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The enclosed form of proxy is being solicited by Management in connection with the Meeting and the associated costs of solicitation will be borne by DIV. The solicitation of proxies will be made primarily by telephone and mail but proxies may also be solicited personally or by facsimile or email by officers, directors or regular employees of DIV or by a proxy solicitation agent retained by DIV. Employees of DIV will not receive any extra compensation for such activities.

Appointment of Proxies

The persons named in the form of proxy accompanying this Circular are officers and/or directors of the Corporation. **A shareholder has the right to appoint a person, who need not be a shareholder, other than the persons specified in such form of proxy to attend and act for and on behalf of such shareholder at the Meeting. Such right may be exercised by either striking out the names of the persons specified in the form of proxy accompanying this Circular and inserting the name of the person to be appointed in the blank space provided in such form of proxy or by completing and executing another form of proxy and, in either case, returning such completed and executed form of proxy in the manner described herein.**

A form of proxy must be in writing and signed by the shareholder or by the shareholder’s attorney duly authorized in writing or, if the shareholder is a body corporate or association, under its seal or by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing. A proxy will not be valid unless the completed form of proxy is: (i) faxed to Computershare Investor Services Inc. at 416-263-9524 or toll-free to 1-866-249-7775; (ii) hand-delivered or mailed to Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department; (iii) submitted online at www.investorvote.com; or (iv) submitted by telephone at 1-866-732-VOTE (8683). In order to be valid, proxies must be submitted before 9:00 a.m. (Vancouver time) on Thursday, June 9, 2016 or, in the event that the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for any adjournment or postponement of the Meeting. The Chair of the Meeting may waive this cut-off at his or her discretion without notice.

DIV shareholders who hold their DIV Shares through an intermediary/broker are not entitled, as such, to vote at the Meeting through a proxy. Regulatory policy requires intermediaries/brokers to seek voting instructions from non-registered shareholders in advance of the Meeting. Such shareholders should carefully follow the instructions of their intermediary/broker, including those on how and when voting instructions are to be provided, in order to have their DIV Shares voted at the Meeting. See “– Beneficial Shareholders”.

Revocation of Proxies

In addition to revoking a proxy by any other manner permitted by law, a shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast by completing an instrument in writing executed by the shareholder or his or her attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, and by depositing such instrument of revocation either with the Secretary of DIV, c/o Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, at any time up to and including the last business day preceding the day of the Meeting, or with the Chair of the Meeting on the date of the Meeting immediately prior to the commencement thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his or her DIV Shares.

Voting of Proxies

The persons named in the form of proxy accompanying this Circular will vote the DIV Shares in respect of which they are appointed proxy in accordance with the instructions in the form of proxy and including on any ballot that may be called for at the Meeting. The persons named in the form of proxy accompanying this Circular may be instructed to vote for or to withhold from voting with respect to election of directors and appointment of auditors. In the absence of instructions, such persons will vote such DIV Shares in favour of or for each of the matters referred to in the accompanying Notice of Meeting.

The form of proxy accompanying this Circular confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly be brought before the Meeting. At the date of this Circular, Management of the Corporation knows of no such amendment or variations to the matters identified in the Notice of Meeting to be brought before the Meeting. However, if any other matters which are not now known to Management of the Corporation should properly be brought before the Meeting, the DIV Shares represented by any proxy will be voted on such matters in accordance with the judgement of the person named in such proxy.

Beneficial Shareholders

The information set forth in this section is important to all shareholders. These meeting materials are being sent to both registered and non-registered shareholders. If you are a non-registered shareholder and DIV or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the broker, intermediary or agent holding your DIV Shares on your behalf.

Shareholders whose DIV Shares are not registered in their own name are referred to in this Circular as “**Beneficial Shareholders**”. There are two kinds of Beneficial Shareholders: those who have objected to their name being made known to the Corporation (called “**OBOs**” for Objecting Beneficial Owners) and those who have not objected (called “**NOBOs**” for Non-Objecting Beneficial Owners). **Beneficial Shareholders should note that only a shareholder whose name appears on the records of DIV as a registered holder of DIV Shares or a person they appoint as a proxy can be recognized and vote at the Meeting.** The majority of issued and outstanding DIV Shares are held in a book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). Consequently, the majority of DIV Shares are registered under the name of CDS & Co. (the registration name for CDS). CDS also acts as nominee for brokerage firms through which Beneficial Shareholders hold their DIV Shares. DIV Shares held by CDS can only be voted upon the instructions of the Beneficial Shareholders provided through their intermediaries/brokers.

Proxy-related materials will be delivered indirectly to the Corporation’s OBOs and NOBOs. As a result, both OBOs and NOBOs can expect to receive Meeting materials from their intermediary/broker, including a voting instruction form as more particularly described immediately below. The Corporation intends to pay for intermediaries/brokers to deliver Meeting materials to the Corporation’s NOBOs and OBOs.

Applicable regulatory policy requires intermediaries/brokers to whom meeting materials have been sent to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their DIV Shares are voted at the Meeting. Often, the voting instruction form supplied to a Beneficial Shareholder by its intermediary/broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of intermediaries/brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a special voting instruction form, mails those forms to the Beneficial Shareholders and asks for appropriate instructions respecting the voting of DIV Shares to be represented at the Meeting. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number or access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and vote the DIV Shares held by them. Broadridge then tabulates the results of all voting instructions received and provides appropriate instructions respecting the voting of DIV Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote DIV Shares directly at the Meeting. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the DIV Shares voted. Beneficial Shareholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their DIV Shares at the Meeting.

Without specific instructions, intermediaries/brokers are prohibited from voting shares for their clients. If you are a Beneficial Shareholder, it is vital that the voting instruction form provided to you by your broker, intermediary or agent is returned according to their instructions, sufficiently in advance of the deadline specified by the broker, intermediary or agent, to ensure that they are able to provide voting instructions on your behalf.

Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their DIV Shares in person or by way of depositing a form of proxy. If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your intermediary well in advance of the Meeting to determine how you can do so.

Beneficial Shareholders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their DIV Shares voted at the Meeting.

Registered Shareholders

There are four ways for registered shareholders to vote. Registered shareholders can vote by mail, fax, online or phone. If your DIV Shares are held in your own name, you are a "registered shareholder" and must submit your proxy in the postage paid envelope in sufficient time to ensure your votes are received **no later than 9:00 a.m. (Vancouver time) on June 9, 2016**, by:

- **Mail:** To the offices of Computershare Investor Services Inc. Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1; or
- **Fax:** Computershare Investor Services Inc.: 416-263-9524 toll free 1-866-249-7775; or
- **Online:** Visit www.investorvote.com and enter your 15 digit control number; or
- **Phone:** 1-866-732-VOTE (8683) toll free to cast your vote over the telephone by quoting your 15 digit control number located at the bottom left hand corner of your proxy.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Circular, which includes, without limitation, the letter to shareholders, the Notice of Meeting and all schedules thereto, contains certain information that may constitute forward-looking information within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by the use of terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not statements about the present or historical facts. Forward-looking information may relate to management’s future outlook and anticipated events or results, and may include statements or information regarding the future financial position, business strategy and strategic goals, projected costs and capital expenditures, financial results, taxes and plans and objectives of, or involving, the Corporation.

Forward-looking information is based on certain factors and assumptions regarding, among other things, market acceptance of the Corporation’s corporate strategy and corporate endeavours and the success of the Corporation’s announced corporate strategy and future transactions, including the completion or success of proposed royalty acquisitions. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what the Corporation currently expects. Undue importance should not be placed on forward-looking information, nor should reliance be placed upon this information as of any other date. Unless required by law, DIV does not undertake to update this information at any particular time. These forward-looking statements are made as of the date of this Circular.

RECORD DATE AND QUORUM

DIV’s board of directors (the “**Board**” or the “**Directors**”) has set the close of business on May 9, 2016 as the record date (the “**Record Date**”) for determining which shareholders shall be entitled to receive notice of and to vote at the Meeting. Only shareholders of record as of the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting. Shareholders who acquire DIV Shares after the Record Date will not be entitled to vote such shares at the Meeting. Each DIV Share is entitled to one vote on those items of business identified in the Notice of Meeting.

The quorum for the transaction of business at the Meeting consists of two persons present in person, each being a shareholder entitled to vote at the Meeting or a duly appointed proxyholder holding or representing, in the aggregate, not less than 10% of the total number of DIV Shares issued and outstanding on the Record Date.

Subject to the *Canada Business Corporations Act* (the “**CBCA**”), any question at the Meeting shall be decided by a show of hands, unless a ballot thereon is required or demanded by the By-laws of the Corporation, and upon a show of hands every person present and entitled to vote will be entitled to one vote.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

DIV’s authorized capital consists of an unlimited number of DIV Shares. As of the date of this Circular, 113,250,924 DIV Shares were issued and outstanding. Each DIV Share held at the Record Date is entitled to one vote on a ballot.

As of the date of this Circular, to the knowledge of the directors and officers of DIV, no person beneficially owns or controls or directs, directly or indirectly, more than 10% of the issued and outstanding DIV Shares.

ADVANCE NOTICE BY-LAW

On March 20, 2013, the Board adopted an advance notice by-law (the “**Advance Notice By-law**”), which was subsequently ratified and approved by shareholders of the Corporation at the shareholders’ meeting held on May 3, 2013, for the purpose of providing shareholders, directors and management of the Corporation with a clear framework for nominating directors of the Corporation in connection with any annual or special meeting of shareholders.

The purpose of the Advance Notice By-law is to: (i) ensure that all shareholders receive adequate notice of director nominations and sufficient time and information with respect to all nominees to make appropriate deliberations and register an informed vote; and (ii) facilitate an orderly and efficient process for annual or special meetings of shareholders of the Corporation. The Advance Notice By-law fixes the deadlines by which holders of record of DIV Shares must

submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in a written notice to the Corporation for any director nominee to be eligible for election at such annual or special meeting of shareholders.

In the case of an annual meeting of shareholders, notice to the Corporation must be given no less than 30 days and no more than 65 days prior to the date of the annual meeting provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be given no later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting) called for any purpose which includes the election of directors to the Board, notice to the Corporation must be given no later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

As at the date hereof, no shareholder proposals for the Meeting have been received by the Corporation under the Advance Notice By-law.

DIV BOARD AGREEMENT

The following is a summary of certain material terms of the DIV Board Agreement (the “DIV Board Agreement”) between DIV and Franworks Franchise Corp. (“Franworks”) dated June 30, 2014 and is subject to, and qualified in its entirety by, the full text of the DIV Board Agreement, a copy of which is available on SEDAR at www.sedar.com.

Nominees of Franworks on the Board

The DIV Board Agreement provides that so long as Franworks satisfies the minimum ownership threshold for DIV Shares prescribed by such agreement (the current minimum ownership threshold is 5,484,778 DIV Shares), at each annual meeting of shareholders of DIV, Franworks shall be entitled to nominate:

- (a) two nominees for inclusion on the slate of nominees proposed for election to the Board at such meeting, so long as the royalty payments paid by Original Joe’s Franchise Group Inc. (“**OJFG**”) for the preceding calendar year exceed 25% of the annual consolidated revenue of DIV for the same period; or
- (b) one nominee for inclusion on the slate of nominees proposed for election to the Board at such meeting, so long as the royalty payments paid by OJFG for the preceding calendar year exceed 10% of the annual consolidated revenue of DIV for the same period.

The appointment of any Franworks nominee to the Board is subject to such nominee being qualified to act as a director under the corporate law applicable to DIV and being approved by any stock exchange(s) upon which DIV Shares are then listed or traded.

The DIV Board Agreement will terminate: (i) upon mutual written consent of Franworks and DIV, (ii) without any further action, upon termination of the Licence and Royalty Agreement (as defined below) in accordance with its terms, or (iii) without any further action, upon Franworks ceasing to meet the aforementioned minimum ownership threshold.

Franworks currently indirectly owns or exercises control or direction over 8,992,187 DIV Shares. Accordingly, the minimum ownership threshold has been satisfied for the purposes of the Meeting. In addition, royalty payments made by OJFG pursuant to the Licence and Royalty Agreement constituted over 25% of DIV’s annual consolidated revenue for the 2015 fiscal year. As a result, Franworks has exercised its right to put forward two nominees (Mr. Derek Doke and Mr. Murray Coleman) for inclusion in the Corporation’s list of nominees proposed for election to the Board at the Meeting. See “*Particulars of Matters to be Acted Upon – Election of Directors*” below for additional information with respect to Mr. Doke and Mr. Coleman.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Canadian securities regulatory authorities have adopted National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), which requires disclosure of the approach of the Corporation to corporate

governance, and National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”), which provides guidance on corporate governance practices. A detailed description of the Corporation’s governance practices is provided in Schedule A to this Circular.

BOARD COMMITTEES

The Board has developed charters governing the purpose and composition of two standing committees: an audit committee (the “**Audit Committee**”) and a human resources, compensation, corporate governance and nominating committee (the “**HRCCGN Committee**”) each a “**Committee**” and together, the “**Committees**”.

The Board from time to time appoints *ad hoc* committees to assist Management and the Board on specific matters, such as acquisitions or financings. The Board does not develop charters for *ad hoc* committees.

On July 23, 2015, the Board of Directors of the Corporation appointed Ms. Paula Rogers and Mr. Murray Coleman as an *ad hoc* Special Committee to review and report to the Board in respect of the Corporation’s proposed assignment to certain non-arm’s length parties of the Corporation’s purchase rights with respect to three of the four parcels of real property (the “**ML Real Estate**”) required to be acquired by the Corporation in connection with its indirect acquisition of the trademarks and certain other intellectual property rights of Mr. Lube Canada Limited Partnership (“**Mr. Lube**”). The Special Committee reviewed the background to the ML Real Estate transactions, the negotiations leading up to the signing of the purchase and sale agreements in respect of the ML Real Estate and the terms and conditions of the ML Real Estate transactions. Based upon their review, the members of Special Committee reported to the Board at a meeting of the Board held on July 29, 2015 that the Special Committee had concluded that the proposed transactions with the non-arm’s length parties were in the best interests of the Corporation and recommended that the Board approve the proposed transactions. For further details, see “*Interests of Informed Persons in Material Transactions*” below.

The following sections discuss the mandates and activities of the current Committees of the Board.

AUDIT COMMITTEE

Composition of Audit Committee

The Audit Committee is currently composed of Ms. Paula Rogers (Chair), Mr. Mitchell Gropper and Mr. Murray Coleman, all of whom are independent. The Audit Committee was composed of Mr. Gropper and Mr. Coleman from January 1, 2015 until March 19, 2015. Mr. Johnny Ciampi was temporarily appointed as Audit Committee Chair for the purposes of the Audit Committee meeting held on March 20, 2015 (the Board relied on the exemption in section 3.5 of National Instrument 52-110 – *Audit Committees* in appointing Mr. Johnny Ciampi to, and as Chair of, DIV’s Audit Committee for the purposes of such meeting). At the meeting of the Board held on March 20, 2015, subsequent to the aforementioned meeting of the Audit Committee, Ms. Paula Rogers was appointed to the Board and as the Chair of the Audit Committee and Mr. Ciampi stepped down from, and as Chair of, the Audit Committee. Between January 1, 2015 and December 31, 2015, the Audit Committee met a total of four times.

The Audit Committee is discussed in further detail in DIV’s Annual Information Form dated March 29, 2016 (“**AIF**”) under the heading “*Audit Committee Information*”. The full text of the charter of the Audit Committee is attached as Schedule A to the AIF.

HUMAN RESOURCES, COMPENSATION, CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The HRCCGN Committee is currently composed of Mr. Mitchell Gropper (Chair), Mr. Derek Doke and Mr. Johnny Ciampi. Between January 1, 2015 and December 31, 2015, the HRCCGN Committee met once.

The Chair of the HRCCGN Committee is independent while the other members of the Committee are not independent. Recommendations of the HRCCGN Committee with respect to compensation of directors and officers of the Corporation and nominations of directors are ratified by the full Board in order to ensure that there is an objective process for determining compensation of the Corporation’s directors and officers and for director nominations.

The majority of the members of the HRCCGN Committee have served as directors of other public companies or have advised boards of directors and others on compensation arrangements and, as such, are believed to have the necessary

experience to make recommendations regarding the compensation plans of the Corporation. See “*Particulars of Matters to be Acted Upon – Election of Directors – Profile of the Board*” for additional details with respect to the background and experience of each of the HRCCGN Committee members.

The HRCCGN Committee currently operates according to the charter of the HRCCGN Committee. The purpose, authority and responsibilities of the HRCCGN Committee under the charter of the HRCCGN Committee are set out below:

Purpose

The HRCCGN Committee is appointed by the Board for the following purposes:

1. to establish, administer and evaluate the compensation philosophy, policies and plans for non-employee directors and executive officers, to make recommendations to the Board regarding director and executive compensation and to review the performance and determine the compensation of the Chair and Chief Executive Officer, based on criteria including the Corporation’s performance and accomplishment of long-term strategic objectives;
2. to establish criteria for the election and re-election of a director in regards to independence, competencies and skills; to identify individuals qualified to become Board members; to recommend to the Board proposed nominees for Board membership; to recommend to the Board directors to serve on each standing committee; to develop and recommend to the Board corporate governance principles applicable to the Corporation; to oversee the evaluation of the Board and management; and
3. to take such other actions within the scope of its charter as the HRCCGN Committee deems necessary or appropriate.

Committee Authority and Responsibilities

Human Resources and Compensation Responsibilities

1. **Compensation Objectives.** The HRCCGN Committee reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other executive officers to ensure that such compensation goals and objectives are aligned with the Corporation’s objectives and shareholder interests.
2. **CEO Compensation.** Based upon an annual evaluation of the Chief Executive Officer’s performance, the HRCCGN Committee reviews, determines and recommends to the Board the Chief Executive Officer’s compensation. In making its determination, the HRCCGN Committee may consider the Corporation’s performance and relative shareholder return, the compensation of chief executive officers at comparable companies, the awards given to the Chief Executive Officer in past years, and such other factors as the HRCCGN Committee deems relevant. The Chief Executive Officer shall not be present during voting or deliberations about the Chief Executive Officer’s compensation.
3. **Compensation of Other Executives.** The HRCCGN Committee reviews with the Chief Executive Officer his/her recommendation with respect to compensation and other benefits with respect to the other corporate officers of the Corporation. The HRCCGN Committee takes account of each individual corporate officer’s performance, the Corporation’s overall performance and comparable compensation paid to similarly-situated officers in comparable companies. The HRCCGN Committee makes recommendations to the Board.
4. **Directors Fees.** The HRCCGN Committee reviews and makes recommendations to the Board with respect to non-employee directors’ annual fees and compensation for participating in Board and Committee meetings.
5. **Executive Agreements.** The HRCCGN Committee reviews, and if appropriate, approves employment agreements, severance arrangements, retirement arrangements, change in control agreements and provisions, and any special or supplemental benefits for each officer of the Corporation.
6. **Incentive Compensation Plans.** The HRCCGN Committee administers the Corporation’s Stock Option Plan (as defined below), LTIP (as defined below) and other incentive compensation, variable pay and stock programs as may be adopted by the shareholders or the Board from time to time within the authority delegated by the Board.

7. Annual Report. The HRCCGN Committee prepares an annual report on executive compensation for inclusion in the Corporation's management information circular.

Identification and Evaluation of Director Candidates

1. The HRCCGN Committee establishes and recommends to the Board criteria for the selection of new candidates to serve on the Board (including the range of skills and expertise that should be represented by the Board and independence from management).
2. The HRCCGN Committee seeks individuals qualified to become Board members, including evaluating persons suggested by share owners or others. The HRCCGN Committee determines each proposed nominee's qualifications for service on the Board and conducts appropriate inquiries into the backgrounds and qualifications of possible nominees.
3. The HRCCGN Committee recommends to the Board the director nominees for the next annual meeting of shareholders. The HRCCGN Committee evaluates the performance of each director before recommending to the Board his or her nomination for an additional term as director.
4. The HRCCGN Committee evaluates and recommends to the Board when new members should be added to the Board. When a vacancy occurs on the Board by reason of disqualification, resignation, retirement, death or an increase in the size of the Board, the Committee is responsible for recommending a replacement member to the Board.
5. The HRCCGN Committee annually reviews the composition of each Board committee and presents recommendations for committee memberships to the Board as needed.

Corporate Governance Matters

The HRCCGN Committee has responsibility for developing and monitoring the Corporation's approach to corporate governance and its corporate governance principles, and makes recommendations to the Board as it may consider appropriate from time to time concerning the corporate governance of the Corporation, including:

- (a) the adequacy of the Corporation's corporate governance principles, including developing and recommending to the Board for adoption additional or revised principles as appropriate;
- (b) the effectiveness of the Corporation's system of corporate governance, including methods for assessing the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors;
- (c) oversight of the evaluation of the Board and management;
- (d) the size and composition of the Board and the criteria for eligibility for election, re-election or appointment of any individual to the Board (i) at any meeting of the shareholders; and (ii) at any meeting of the Board during the year to fill a vacancy which occurs on the Board during the year;
- (e) communication processes between the Board and management, including monitoring the quality of the relationship between management and the Board, assessing the adequacy and quality of the information provided to the Board prior to and during its meetings and recommending improvements as deemed necessary or advisable; including where appropriate (i) the frequency and content of meetings of the Board; and (ii) developing agendas of issues to be presented to the Board at its meetings;
- (f) appropriate committee structure and the mandates, composition and membership of each committee of the Board;
- (g) an appropriate orientation and education program for new members of the Board;
- (h) a retirement tenure policy for members of the Board; and

- (i) procedures to enable directors or committees of directors to engage special advisors at the expense of the Corporation in appropriate circumstances.

Report of the HRCCGN Committee on Human Resources and Compensation

The HRCCGN Committee's approach to executive compensation is to pay for performance and to ensure compensation programs are aligned with effective risk management. The HRCCGN Committee believes that approaching compensation in this way creates sustainable shareholder value over the long term. From a risk oversight perspective, the Committee has designed and developed a compensation policy, comprised largely of incentive-compensation plans and equity-based plans, which are designed to promote alignment of executive compensation with shareholder interests. The objectives, principles and practices that are the foundation of the HRCCGN Committee's approach to executive compensation are explained further under the heading "*Executive Compensation – Compensation Philosophy*" below.

The Corporation has adopted a policy to prohibit a Named Executive Officer ("NEO"), as described by applicable securities legislation, or director from purchasing financial instruments including prepaid variable forward contracts, equity swaps, collars, units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by an NEO or director.

Executive Compensation

Compensation Philosophy

Compensation programs must be designed to attract and retain the talent needed for the Corporation's continued success in a competitive marketplace, having regard to the strategic direction of the Corporation. The HRCCGN Committee's approach regarding the review of compensation programs during the fiscal year ended December 31, 2015, recognizes that the Corporation's activities were focused on completing accretive royalty acquisitions. During 2015, the Committee therefore focused on a review of the compensation of the President and Chief Executive Officer, the Chief Financial Officer and VP Acquisitions and the members of the Board in relation thereto. The HRCCGN Committee's approach to compensation is to align executive compensation with shareholder interests. In particular, the compensation of the President and Chief Executive Officer and Chief Financial Officer and VP Acquisitions is designed to provide a significant portion of their compensation as equity incentive awards, motivating them to focus on strategic transactions to propel DIV's longer-term success.

As of May 3, 2016, there were 685,500 outstanding stock options issued under the Corporation's Stock Option Plan, with exercise prices ranging from \$1.50 to \$2.12 per DIV Share and 525,360 RSUs outstanding which were issued under the Corporation's LTIP (as defined below) which vest between September 1, 2016 and April 1, 2019 in the form of 525,360 DIV Shares. During the 2015 fiscal year: (i) no stock options were granted under the Stock Option Plan; (ii) 20,000 stock options with an exercise price of \$2.12 per DIV Share were exercised by a former employee; (iii) 87,420 RSUs were issued to certain directors on April 21, 2015, all of which vest on April 1, 2018; (iv) 123,802 RSUs were issued to Mr. Gutmanis on October 26, 2015, which vest in three equal instalments on September 1, 2016, September 1, 2017, and September 1, 2018; and (v) 24,124 RSUs were issued as dividend equivalents over the course of the 2015 fiscal year. In addition, 55,002 RSUs were granted to DIV's former Chief Financial Officer Jason Granger on April 21, 2015 and were cancelled (along with all RSUs issued as dividend equivalents thereunder) upon his resignation, effective August 31, 2015.

For the fiscal year ended December 31, 2015, compensation of executive officers was mainly comprised of fixed salaries, short term cash bonuses, securities-based compensation and severance payments.

President and Chief Executive Officer

The HRCCGN Committee and the Board continue to be of the view that the President and Chief Executive Officer should provide leadership to enable the Corporation to achieve its strategic objectives.

Mr. Morrison's services as President and Chief Executive Officer are currently provided to the Corporation and its subsidiaries pursuant to the services agreement between the Corporation and Mr. Morrison's holding company Tri-X Capital Corp. ("**Tri-X**") dated effective September 26, 2014 (the "**CEO Services Agreement**"). The CEO Services Agreement was negotiated with Mr. Morrison by the Chair of the HRCCGN in consultation with the other members of the

Board. The HRCCGN Committee and the Board believe the CEO Services Agreement is commensurate with the role, responsibilities and objectives for Mr. Morrison's position.

When renegotiating the remuneration package for the President and Chief Executive Officer in 2014, the HRCCGN Committee sought to design a compensation package that was competitive with market requirements for a Chief Executive Officer, but which also reflected the strategic objectives of the Corporation. That strategy involves completing additional royalty transactions and encouraging the individual in the highest leadership position of the Corporation to accomplish such transactions. In order to align the compensation package with these goals, the HRCCGN Committee recommended that Mr. Morrison's annual service fee compensation remain at a similar level to what was paid to him under his preceding employment contract (this amount is less than the median amount of base salary compensation paid to chief executive officers of organizations of commensurate size and complexity), but also contain cash and non-cash incentives tied to the completion of accretive royalty transactions that support the payment of dividends by the Corporation. The design emphasis was placed on potential remuneration available through such incentive based compensation to bring the overall level of compensation to a market level.

Altogether, the components of the compensation package balance risk and reward, and support the strategic intent of the Corporation in that compensation is very much dependent upon performance, particularly the completion of additional accretive royalty transactions that support the payment of dividends to the Corporation's shareholders.

For details with respect to the CEO Services Agreement, see "*Termination of Employment, Change in Responsibilities and Employment Contracts – Current Executives – Sean Morrison*" below.

Chief Financial Officer and VP Acquisitions

Mr. Greg Gutmanis previously served as the Corporation's interim Chief Financial Officer from March 31, 2014 until January 15, 2015. Mr. Gutmanis was appointed as the Corporation's Chief Financial Officer and VP Acquisitions effective September 1, 2015.

Mr. Gutmanis' employment agreement and remuneration package was negotiated with the President and Chief Executive Officer of the Corporation and the Chair of the HRCCGN Committee. In negotiating Mr. Gutmanis' remuneration package, the President and Chief Executive Officer and HRCCGN sought to design a compensation package that was competitive with market requirements for a Chief Financial Officer and VP Acquisitions, but which also reflected the strategic objectives of the Corporation. That strategy involves completing additional royalty transactions and encouraging the Chief Financial Officer and VP Acquisitions to source, review and complete such transactions. In order to align the compensation package with these goals, the President and Chief Executive Officer and chair of the HRCCGN Committee recommended a compensation package consisting of a lower than market base salary along with cash and non-cash incentives tied to the completion of accretive royalty transactions that support the payment of dividends by the Corporation. The design emphasis was placed on potential remuneration available through such incentive based compensation to bring the overall level of compensation to a market level.

Consistent with the President and Chief Executive Officer's remuneration package, the components of the Chief Financial Officer and VP Acquisitions' compensation package balances risk and reward, and supports the strategic intent of the Corporation in that compensation is very much dependent upon performance, particularly the completion of additional accretive royalty transactions that support the payment of dividends to the Corporation's shareholders.

For details with respect to Mr. Gutmanis' employment agreement with DIV, see "*Termination of Employment, Change in Responsibilities and Employment Contracts – Current Executives – Greg Gutmanis*" below.

Independent Advice

In 2014, the HRCCGN Committee retained Roger Gurr and Associates ("**Roger Gurr**") as its external independent compensation advisor with regard to compensation to be paid to DIV's President and Chief Executive Officer and the non-executive members of the Board. Roger Gurr was utilized as an independent resource for advice and counsel and its role in 2014 was limited to reviewing and providing advice with respect to:

- the reasonableness and appropriateness of a revised compensation arrangement for the President and Chief Executive Officer of the Corporation;

- compensation and governance trends, issues and changes in non-executive director compensation; and
- compensation changes and the design of non-executive director compensation programs.

Neither Roger Gurr nor any other independent compensation consultant was retained to provide executive compensation consulting services to the Corporation during the 2015 financial year.

The table below shows the fees paid to Roger Gurr over the last two fiscal years.

Services performed	Fees paid in 2015	Fees paid in 2014
Executive Compensation-Related Fees ⁽¹⁾	Nil	\$17,535
All Other Fees	Nil	Nil

(1) Amounts exclude taxes paid.

EXECUTIVE COMPENSATION

Executive compensation is also discussed under the heading “*Corporate Governance, Nominating, Human Resources and Compensation Committee*” in this Circular.

SUMMARY COMPENSATION TABLE FOR NAMED EXECUTIVE OFFICERS

The following table sets forth all compensation paid in the years ended December 31, 2013, 2014 and 2015 to individuals who were NEOs during the year ended December 31, 2015.

Name and principal position	Year				Non-equity incentive plan compensation (\$)				
		Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Annual incentive plans	Long-term incentive plans	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Sean Morrison President and Chief Executive Officer ⁽¹⁾	2015	248,264	Nil	Nil	108,762 ⁽⁴⁾	Nil	Nil	85,990 ⁽⁵⁾	443,016
	2014	237,498	587,500 ⁽⁶⁾	Nil	125,000 ⁽⁷⁾	Nil	Nil	32,171 ⁽⁸⁾	982,169
	2013	96,624	Nil	429,185 ⁽⁹⁾	Nil	Nil	Nil	25,993 ⁽¹⁰⁾	551,802
Greg Gutmanis Chief Financial Officer and VP Acquisitions ⁽²⁾	2015	80,167	331,789 ⁽¹¹⁾	Nil	10,000 ⁽¹²⁾	Nil	Nil	17,326 ⁽¹³⁾	439,282
	2014	112,500	Nil	Nil	Nil	Nil	Nil	110,000 ⁽¹⁴⁾	225,500
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jason Granger Former Chief Financial Officer ⁽³⁾	2015	93,750	Nil	Nil	28,000 ⁽¹⁵⁾	Nil	Nil	16,635 ⁽¹⁶⁾	138,385
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Mr. Morrison became President and Chief Executive Officer of the Corporation effective August 6, 2013.

(2) Mr. Gutmanis was appointed to the position of Chief Financial Officer on an interim basis from March 31, 2014 until January 15, 2015. Following the resignation of Mr. Granger on August 31, 2015, Mr. Gutmanis was appointed to the position of Chief Financial Officer and VP Acquisitions on September 1, 2015.

(3) Mr. Granger was the Chief Financial Officer of the Corporation from January 15, 2015 to August 31, 2015.

(4) The Corporation paid Mr. Morrison a cash bonus of \$108,762 (the Morrison Incentive Amount for new acquisitions completed by the Corporation). For a description of the “Morrison Incentive Amount”, see “*Termination of Employment, Change in Responsibilities and Employment Contracts – Current Executives – Sean Morrison*” below).

(5) Amount is composed of a health and welfare benefit allowance of \$30,000, \$51,997 in dividends accrued, but not paid on the unvested RSUs held by Mr. Morrison, and a parking allowance of \$3,993.

(6) The Corporation granted 250,000 RSUs to Mr. Morrison on June 27, 2014 pursuant to the LTIP at a grant date fair value of \$2.35 per RSU for total consideration of \$587,500. The grant date fair value was determined with reference to the closing price of the DIV Shares on September 26, 2014 (the date the Franworks Acquisition closed and that the RSUs were issued) as the price of a DIV Share on such date more accurately reflected the value of the RSUs granted to Mr. Morrison than the price of a DIV share on June 27, 2014. Both the LTIP and this grant were subsequently ratified and approved by DIV’s shareholders at a special meeting thereof held on September 18, 2014. All of these RSUs vest on December 31, 2017.

- (7) Mr. Morrison's holding company (Tri-X) was paid a lump sum cash signing bonus of \$125,000 upon entering into the CEO Services Agreement.
- (8) Amount is composed of a health and welfare benefit allowance of \$20,100, a parking allowance of \$4,200 and \$7,871 in dividends accrued, but not paid, on the unvested RSUs then held by Mr. Morrison.
- (9) 1,000,000 stock options were granted to Mr. Morrison in 2013 at an exercise price of \$1.72. All of such options vested immediately, however, only 500,000 of such options were immediately exercisable. The remaining 500,000 stock options would not become exercisable until the date that the Corporation entered into a transformational transaction provided that such transaction was not already being considered or was previously considered by the Corporation as of July 12, 2013 (in which case such remaining 500,000 stock options would be cancelled). The remaining 500,000 options became exercisable on September 26, 2014 upon the closing of the Franworks Acquisition, which was determined by the Board to be a transformational transaction. The fair value of the option grant was estimated on the date of the grant using the Black-Scholes option pricing model using the following assumptions: The dividend yield is equal to nil in all cases. Risk-free rate is equal to the Government of Canada Bond yield, at the time of the grant, corresponding to the expected life of the options (the expected life was estimated to be 3 years).
- (10) Prior to signing an employment agreement with the Corporation, Mr. Morrison was paid a consulting fee of \$19,500 in 2013. Mr. Morrison also received a car allowance in 2013 in the amount of \$6,493.
- (11) In accordance with the terms of the CFO Employment Agreement (as defined below), the Corporation granted 123,802 RSUs to Mr. Gutmanis on October 26, 2015 pursuant to the LTIP at a grant date fair value of \$2.68 per RSU for total consideration of \$331,789. The grant date fair value was determined with reference to the closing price of DIV's shares on October 26, 2015.
- (12) Mr. Gutmanis was paid a lump sum cash signing bonus of \$10,000 upon entering into the CFO Employment Agreement.
- (13) Amount is composed of a health and welfare benefit allowance of \$10,000, \$5,995 in dividends accrued, but not paid on the unvested RSUs held by Mr. Gutmanis, and a parking allowance of \$1,331.
- (14) The Corporation paid Mr. Gutmanis a success fee of \$110,000 subsequent to the closing of the Franworks Acquisition.
- (15) Mr. Granger was paid a retention bonus of \$28,000.
- (16) Amount is comprised of vacation pay of \$5,051 paid to Mr. Granger upon his resignation as Chief Financial Officer of the Corporation, a health and welfare benefit allowance of \$11,250, and a parking allowance of \$334.

TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS

Current Executives

Sean Morrison

The Corporation entered into the CEO Services Agreement with Tri-X effective September 26, 2014, pursuant to which Tri-X provides the services of Mr. Morrison as President and Chief Executive Officer to the Corporation, in return for a service fee of \$200,000 per annum from September 26, 2014 to September 30, 2015, and \$287,500 per annum for the first two years thereafter, subject to adjustments (the "**Service Fees**"). The Service Fees will be permanently increased on the first, second, or third anniversaries of the CEO Services Agreement by (i) an additional \$50,000 per annum if the Corporation is then paying aggregate annualized cash dividends of over \$15 million and less than or equal to \$20 million; (ii) an additional \$50,000 per annum if the Corporation is then paying aggregate annualized cash dividends of over \$20 million and less than or equal to \$25 million; and (iii) an additional \$100,000 per annum if the Corporation is then paying aggregate annualized cash dividends of over \$25 million.

In addition, the CEO Services Agreement provides for (i) the payment to Tri-X on behalf of Mr. Morrison of three percent per twelve month period of the Corporation's aggregate cash dividends on its then issued and outstanding shares that are derived from any new royalties (the "**Morrison Incentive Amount**") for the sixty (60) month period following the closing of each such new transaction, subject to adjustment, (ii) the one-time grant to Mr. Morrison of 250,000 RSUs, all of which vest on December 31, 2017 (and the entitlement to participate in the LTIP), and (iii) a lump sum signing bonus of \$125,000. Subject to limited exceptions, the CEO Services Agreement contains non-competition, non-solicitation and confidentiality covenants in favour of the Corporation which apply during the term of agreement and will continue for a specified period of time after termination.

Effective January 1, 2016, Mr. Morrison elected to receive at least 45% (or \$187,500) of his 2016 service fees in RSUs. These RSUs are issued quarterly pursuant to DIV's LTIP at the five-day weighted average trading price of the DIV Shares as at the end of each quarter. Accordingly, on April 11, 2016, Mr. Morrison was granted an aggregate of 20,430 RSUs, which vest on March 31, 2017 and will be settled in DIV Shares upon vesting.

Mr. Morrison, in his capacity as President and Chief Executive Officer of the Corporation, is entitled under the CEO Services Agreement to participate in the Corporation's health and welfare benefit plans in effect from time to time, namely dental and medical benefit plans, in accordance with the terms of the formal plan documents, to the extent permitted under the applicable plan(s) from time to time. The CEO Services Agreement may be terminated at any time, for the following reasons:

- (a) by the Corporation for cause (as defined therein) immediately upon written notice of termination;

- (b) automatically upon the death or permanent disability (as defined therein) of Mr. Morrison;
- (c) by the Corporation without cause by:
 - (i) providing notice of termination or, at the Corporation's sole discretion, Service Fees in lieu of such notice, equal to 18 months (the "**Morrison Notice Period**") of Service Fees;
 - (ii) providing to Tri-X any (A) accrued but unpaid Service Fees for services rendered to the date of termination, and (B) unpaid business expenses reasonably incurred by Tri-X up to the date of termination and required to be reimbursed;
 - (iii) providing any Morrison Incentive Amount earned;
 - (iv) RSUs will be governed by the LTIP, which provides that any unvested RSUs shall fully vest in the event of the Board approved retirement of Mr. Morrison, death or long-term disability of Mr. Morrison, the termination of Mr. Morrison without cause or the resignation of Mr. Morrison for good reason; and
 - (v) continuing Mr. Morrison's participation in the benefits plans in which Mr. Morrison was participating at the date of termination to the end of the Morrison Notice Period, subject to the benefit provider's ability to continue same.
- (d) by the Corporation without cause within a period of six months following a change of control, by:
 - (i) providing notice of termination or, at the Corporation's sole discretion, Service Fees in lieu of such notice, equal to 24 months' (the "**Morrison Change of Control Notice Period**") of Service Fees;
 - (ii) providing to Tri-X any (A) accrued but unpaid Service Fees for services rendered to the date of termination, and (B) unpaid business expenses reasonably incurred by Tri-X up to the date of termination and required to be reimbursed;
 - (iii) providing any Morrison Incentive Amount earned;
 - (iv) RSUs will be governed by the LTIP; which provides that any unvested RSUs shall fully vest in the event of the Board approved retirement of Mr. Morrison, death or long-term disability of Mr. Morrison, the termination of Mr. Morrison without cause or the resignation of Mr. Morrison for good reason; and
 - (v) continuing Mr. Morrison's participation in the benefits plans in which Mr. Morrison was participating at the date of termination to the end of the Morrison Change of Control Notice Period, subject to the benefit provider's ability to continue same.

The CEO Services Agreement defines a "change in control" as:

- (a) a merger, a consolidation, a reorganization, an amalgamation or an arrangement that results in a transfer of more than 50% of the total voting power of the Corporation's outstanding securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation);
- (b) a direct or indirect sale or other transfer of beneficial ownership of securities of the Corporation, possessing more than 50% of the total combined voting power of the Corporation's outstanding securities, to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation);

- (c) a direct or indirect sale or other transfer of all or substantially all of the assets of the Corporation to a person or a group of persons different from a person or a group of persons holding those assets immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation); or
- (d) a complete liquidation, dissolution or winding-up of the Corporation.

This CEO Services Agreement and the engagement of Tri-X as independent contractor may be terminated by Tri-X by providing eight weeks' written notice of termination to the Corporation.

Compensation to be provided to Tri-X on behalf of Mr. Morrison upon termination, on the grounds described above, includes (i) any accrued but unpaid Services Fees for services rendered to the date of termination, (ii) reimbursement for business expenses reasonably incurred by Tri-X up to the date of termination and required to be reimbursed, and (iii) any Morrison Incentive Amount earned to the end of the applicable incentive amount period. At such time of termination, the RSUs will continue to be governed by the LTIP. The incremental payments that would have been required to be made to Mr. Morrison had he been terminated without cause on December 31, 2015 are estimated as follows: (i) Service Fees and benefits of approximately \$626,250; (ii) the Morrison Incentive Amount of approximately \$1,933,000; and (iii) the issuance of 272,358 DIV Shares in exchange for 272,358 outstanding RSUs, which immediately vest and have an approximate fair value as of December 31, 2015 of \$659,106.

In order to ensure a smooth and orderly transition, at the reasonable request of the Corporation, Tri-X is required to provide, or cause Mr. Morrison to provide, following the term of the CEO Services Agreement and for a reasonable period of time thereafter, services to transition Mr. Morrison' role as Chief Executive Officer to a new Chief Executive Officer, for a per diem fee of \$1,000 per day (pro-rated for partial days), together with reimbursement of out-of-pocket expenses reasonably and properly incurred by Tri-X or Mr. Morrison in connection with its transitioning services thereunder.

Greg Gutmanis

On September 1, 2015, Mr. Gutmanis was appointed as Chief Financial Officer, VP Acquisitions and Corporate Secretary of the Corporation following the resignation of Mr. Granger on August 31, 2015. The Corporation entered into an employment agreement with Mr. Gutmanis effective September 1, 2015 (the "**CFO Employment Agreement**"). The CFO Employment Agreement is for an indefinite term. Mr. Gutmanis receives a base salary of \$200,000 per annum. During the term of the CFO Employment Agreement, the base salary will be cumulatively increased by the following amounts for each new acquisition completed by the Corporation: (i) \$12,500 per annum for each new acquisition completed by the Corporation between September 1, 2015 up to September 1, 2018, and (ii) \$25,000 per annum for each new acquisition completed after September 1, 2018, up to a maximum base salary of \$300,000 per annum, unless otherwise increased by the Board in its sole discretion.

In addition, the CFO Employment Agreement provides for (i) the payment to Mr. Gutmanis of 0.75% per twelve month period of the Corporation's aggregate cash dividends on its then issued and outstanding shares that are derived from any new royalties (the "**Gutmanis Incentive Amount**") for the forty-eight (48) month period following the closing of each such new transaction, subject to adjustment, (ii) a one-time grant to Mr. Gutmanis of 123,802 RSUs, which vest in three equal annual installments on September 1, 2016, 2017 and 2018, and (iii) a lump sum signing bonus of \$10,000. Subject to limited exceptions, the CFO Employment Agreement contains non-competition, non-solicitation and confidentiality covenants in favour of the Corporation which apply during the term of agreement and will continue for a specified period of time after termination.

In addition, Mr. Gutmanis is entitled to four weeks of vacation in the first two years of employment, increasing to five weeks of vacation thereafter, and receives a health and welfare benefit allowance of \$2,500 per month.

The CFO Employment Agreement may be terminated at any time, for the following reasons:

- (a) by the Corporation for cause (as defined therein) immediately upon written notice of termination;
- (b) automatically upon the death of Mr. Gutmanis;
- (c) by the Corporation without cause by:

- (i) providing notice of termination or, at the Corporation's sole discretion, base salary in lieu of such notice, equal to 12 months (the "**Gutmanis Notice Period**") of base salary, as in effect at the date of termination;
 - (ii) providing to Mr. Gutmanis any (A) accrued but unpaid base salary for services rendered to the date of termination, (B) the value of the accrued prorated vacation leave, and (C) the value of unpaid business expenses reasonably incurred by Mr. Gutmanis up to the date of termination and required to be reimbursed;
 - (iii) providing any Gutmanis Incentive Amount earned;
 - (iv) RSUs will be governed by the LTIP, which provides that any unvested RSUs shall fully vest in the event of the Board approved retirement of Mr. Gutmanis, the death or long-term disability of Mr. Gutmanis, the termination of Mr. Gutmanis without cause or the resignation of Mr. Gutmanis for good reason; and
 - (v) continuing Mr. Gutmanis' participation in the benefits plans in which Mr. Gutmanis was participating at the date of termination to the end of the Gutmanis Notice Period, subject to the benefit provider's ability to continue same.
- (d) by the Corporation without cause within a period of six months following a change of control, by:
- (i) providing notice of termination or, at the Corporation's sole discretion, base salary in lieu of such notice, equal to 18 months (the "**Gutmanis Change of Control Notice Period**") of base salary;
 - (ii) providing to Mr. Gutmanis any (A) accrued but unpaid base salary for services rendered to the date of termination, (B) the value of the accrued prorated vacation leave, and (B) unpaid business expenses reasonably incurred by Mr. Gutmanis up to the date of termination and required to be reimbursed;
 - (iii) providing any Gutmanis Incentive Amounts earned;
 - (iv) RSUs will be governed by the LTIP, which provides that any unvested RSUs shall fully vest in the event of the Board approved retirement of Mr. Gutmanis, the death or long-term disability of Mr. Gutmanis, the termination of Mr. Gutmanis without cause or the resignation of Mr. Gutmanis for good reason; and
 - (v) continuing Mr. Gutmanis' participation in the benefits plans in which Mr. Gutmanis was participating at the date of termination to the end of the Gutmanis Change of Control Notice Period, subject to the benefit provider's ability to continue same.

The CFO Employment Agreement defines a "change in control" as:

- (a) a merger, a consolidation, a reorganization, an amalgamation or an arrangement that results in a transfer of more than 50% of the total voting power of the Corporation's outstanding securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation);
- (b) a direct or indirect sale or other transfer of beneficial ownership of securities of the Corporation, possessing more than 50% of the total combined voting power of the Corporation's outstanding securities, to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation);
- (c) a direct or indirect sale or other transfer of all or substantially all of the assets of the Corporation to a person or a group of persons different from a person or a group of persons holding those assets

immediately prior to such transaction (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation); or

- (d) a complete liquidation, dissolution or winding-up of the Corporation.

The CFO Employment Agreement may be terminated by Mr. Gutmanis by providing 30 days written notice of termination to the Corporation.

Compensation to be provided to Mr. Gutmanis upon termination, on the grounds described above, includes (i) any accrued but unpaid base salary for services rendered to the date of termination, (ii) the value of prorated vacation leave with pay, (iii) reimbursement for business expenses reasonably incurred by Mr. Gutmanis up to the date of termination and required to be reimbursed, (iv) any Gutmanis Incentive Amount earned to the end of the applicable incentive amount period, and (v) accrued but unpaid amounts in lieu of benefits. At such time of termination, the RSUs will continue to be governed by the LTIP. The incremental payments that would have been required to be made to Mr. Gutmanis had he been terminated without cause on December 31, 2015 are estimated as follows: (i) base salary and benefits of approximately \$230,000; and (ii) the issuance of 126,551 DIV Shares in exchange for outstanding 126,551 RSUs, which immediately vest and had an approximate fair value as of December 31, 2015 of \$306,253.

If Mr. Gutmanis is terminated for cause, Mr. Gutmanis will not be entitled to any notice and will not be entitled to any compensation or benefits beyond the date of termination.

Former Executives

Lawrence Haber

The Corporation entered into an executive chair agreement with Mr. Lawrence Haber effective August 6, 2013 (the “**Haber Executive Chair Agreement**”). Mr. Haber received a fee of \$10,000 per month while serving in this capacity. Effective May 21, 2015, Mr. Haber transitioned from his role as Executive Chair of the Corporation to Chair. Accordingly, Mr. Haber ceased to be an officer of the Corporation on such date; however, he continues to serve as Chair of the Board in a non-executive role. Effective April 1, 2015, Mr. Haber’s compensation was revised so as to compensate him in substantially the same manner as the other non-executive directors of the Corporation (see “*Compensation of Directors*” below).

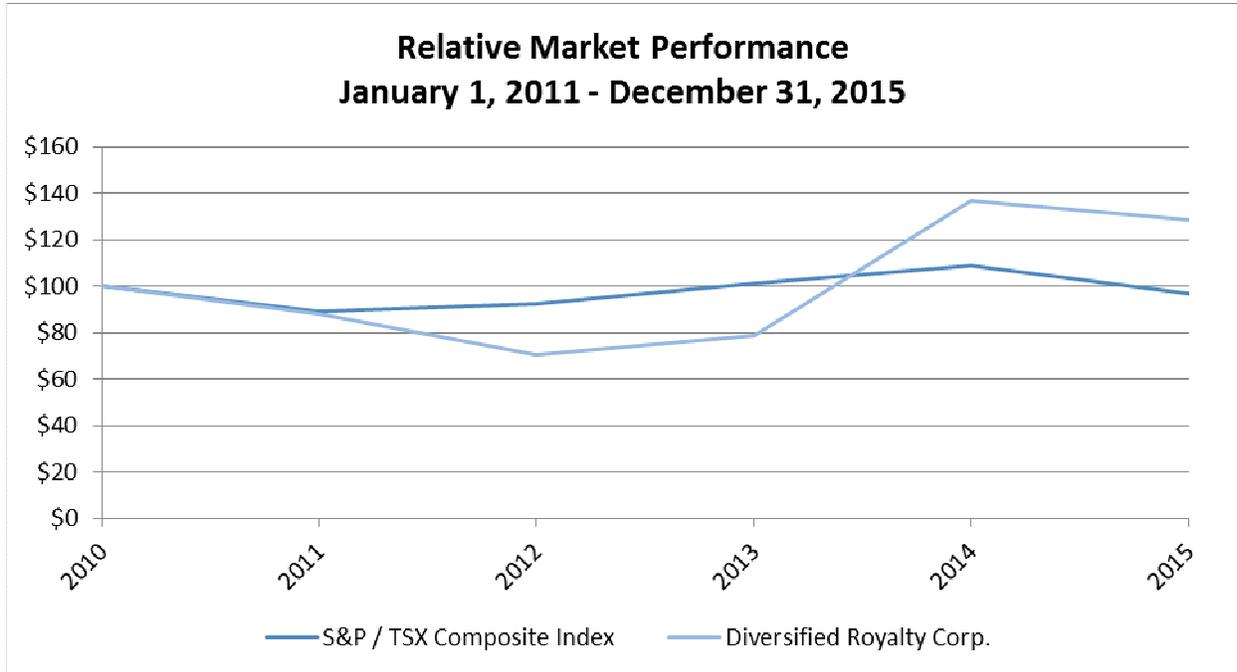
Jason Granger

Mr. Granger entered into an employment agreement with the Corporation effective January 15, 2015 at a base salary of \$150,000 per annum. Mr. Granger resigned as Chief Financial Officer and Corporate Secretary of the Corporation effective August 31, 2015. Mr. Granger received a retention bonus of \$28,000 during his term of employment. No severance or other termination benefits were paid to Mr. Granger in connection with his resignation. In addition, 55,002 RSUs previously granted to Mr. Granger were cancelled (along with all RSUs issued as dividend equivalents thereunder) upon his resignation.

PERFORMANCE GRAPH

The following graph compares the relative performance of \$100 invested in DIV Shares with \$100 invested in the S&P/TSX Composite Index for the period from January 1, 2011 to December 31, 2015 (assuming reinvestment of dividends). During the period, the total cumulative shareholder return for \$100 invested in DIV Shares was 29% (or an ending investment of \$129) as compared to -3% (or an ending investment of \$97) for the S&P/TSX Composite Index.

Although it may take it into account in its evaluation, the HRCCGN Committee does not base its compensation decisions on the trading price for DIV Shares on the Toronto Stock Exchange (the “TSX”). The Corporation believes that the trading price for DIV Shares is affected by external factors beyond the Corporation’s control which do not necessarily reflect the Corporation’s performance.



INCENTIVE PLAN AWARDS

The following table provides information regarding the incentive plan awards outstanding as of December 31, 2015 for each individual who was an NEO during the year ended December 31, 2015.

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Sean Morrison President and Chief Executive Officer	Nil	N/A	N/A	N/A	272,358 ⁽¹⁾	659,106 ⁽²⁾	N/A
Greg Gutmanis Chief Financial Officer ⁽³⁾	Nil	N/A	N/A	N/A	126,551 ⁽⁴⁾	306,253 ⁽²⁾	N/A
Jason Granger Former Chief Financial Officer ⁽³⁾	Nil	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Mr. Morrison was granted 250,000 RSUs on June 27, 2014 pursuant to the LTIP, and as of December 21, 2015, Mr. Morrison had received 22,358 dividend equivalent RSUs in accordance with the terms of DIV's LTIP. All of these RSUs vest on December 31, 2017.
- (2) The market value of the DIV share-based awards that did not vest during 2015 were calculated by multiplying the number of share-based awards that did not vest by the closing price of the DIV Shares on the TSX of \$2.42 as at December 31, 2015.
- (3) Mr. Gutmanis served as the interim Chief Financial Officer from January 1, 2015 to January 15, 2015. Mr. Granger was appointed as the Corporation's Chief Financial Officer on January 15, 2015. Following Mr. Granger's resignation on August 31, 2015, Mr. Gutmanis was appointed as the Corporation's Chief Financial Officer and VP Acquisitions on September 1, 2015.
- (4) Mr. Gutmanis was granted 123,802 RSUs on October 26, 2015, and as of December 31, 2015, Mr. Gutmanis had received 2,749 dividend equivalent RSUs in accordance with the terms of DIV's LTIP. These RSUs vest in three equal annual instalments on September 1, 2016, 2017 and 2018.

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each NEO for the financial year ended December 31, 2015.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Sean Morrison President and Chief Executive Officer	Nil	Nil	110,151 ⁽¹⁾
Greg Gutmanis Chief Financial Officer ⁽²⁾	Nil	Nil	10,000 ⁽³⁾
Jason Granger Former Chief Financial Officer ⁽²⁾	Nil	N/A	28,000 ⁽⁴⁾

- (1) The Corporation paid Mr. Morrison a cash bonus of \$110,151 (the Morrison Incentive Amount for new acquisitions completed by the Corporation). For a description of the "Morrison Incentive Amount", see "*Termination of Employment, Change in Responsibilities and Employment Contracts – Current Executives – Sean Morrison*" below).
- (2) Mr. Gutmanis served as the interim Chief Financial Officer from January 1, 2015 to January 15, 2015. Mr. Granger was appointed as the Corporation's Chief Financial Officer on January 15, 2015. Following Mr. Granger's resignation on August 31, 2015, Mr. Gutmanis was appointed as the Corporation's Chief Financial Officer and VP Acquisitions on September 1, 2015.
- (3) Mr. Gutmanis was paid a lump sum cash signing bonus of \$10,000 upon entering into the CFO Employment Agreement.
- (4) Mr. Granger was paid a retention bonus of \$28,000.

Option-based awards and share-based awards are also discussed under the headings “*Stock Option Plan*” and “*Long Term Incentive Plan*” in this Circular.

STOCK OPTION PLAN

The Corporation has established a stock option plan dated February 23, 1999, as amended on May 24, 2001, May 9, 2002, May 11, 2005, June 24, 2008, June 29, 2011 and June 30, 2014 (the “**Stock Option Plan**”), for the granting of incentive stock options and/or stock appreciation rights (“**SARs**”) to directors, officers and employees of the Corporation or any of its subsidiaries or to a consultant. The purpose of granting such options and/or SARs is to assist the Corporation in attracting, retaining and motivating directors, officers and employees of the Corporation or any of its subsidiaries, or a consultant, and to more closely align the personal interests of such directors, officers, employees and consultants to those of shareholders.

The maximum number of DIV Shares that may be issued pursuant to stock options granted under the Stock Option Plan is 10% of the issued and outstanding DIV Shares from time to time. Any increase in the issued and outstanding DIV Shares will result in an increase in the available number of DIV Shares issuable under the Stock Option Plan. Further, if options are exercised, additional options equal to the number of the exercised options will again be available for grant under the Stock Option Plan.

As at May 3, 2016: (i) up to 685,500 DIV Shares were issuable upon the exercise of outstanding stock options granted under the Stock Option Plan, representing 0.6% of the issued and outstanding DIV Shares on a non-diluted basis; and (ii) 10,114,232 DIV Shares remained eligible to be issued under the Stock Option Plan representing 8.9% of the issued and outstanding DIV Shares on a non-diluted basis. For greater clarity, the maximum number of DIV Shares eligible to be issued pursuant to stock options granted under the Stock Option Plan is inclusive of any DIV Shares reserved for issuance pursuant to any other security based compensation arrangement of DIV, including any outstanding RSUs and DSUs granted under the LTIP.

The Stock Option Plan permits the Board to grant options for the purchase of DIV Shares for a term of up to 10 years. The number of DIV Shares granted pursuant to each option is determined at the discretion of the Board, provided that: (i) in the case of any one person, the aggregate number of options granted may not exceed 5% of the DIV Shares outstanding at the time of the grant; (ii) the number of DIV Shares issuable to insiders (as a group), at any time, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding DIV Shares; and (iii) the number of options granted to insiders (as a group), within a one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding DIV Shares. The aggregate number of DIV Shares which may be reserved to non-executive directors cannot exceed 1% of the number of DIV Shares outstanding at any given point in time, and the annual equity value of all awards cannot exceed \$100,000 in value of equity per non-executive director.

In accordance with the provisions of the Stock Option Plan, the option price and the terms and conditions on which the options may be exercised (including vesting provisions of the options) are set out in written stock option agreements, in the form approved by the Board and entered into by the Corporation and each option holder. Under the Stock Option Plan, the option price is determined by the Board, provided that the price is not less than the “fair market value” as of the date of the grant. “Fair market value” is defined under the Stock Option Plan as the volume weighted trading price of the DIV Shares on the TSX for the five trading days immediately preceding the date of the grant of an option in Canadian dollars; provided that if the DIV Shares are suspended from trading or have not traded on the TSX or another stock exchange during the ten trading day period immediately preceding the date of the grant, the “fair market value” of the Shares shall be determined by the Board.

The options and SARs are not transferable and the options of all participants terminate on the earlier of the expiry date or that date not more than one year after the optionee ceases to be a director, employee, consultant or management company employee of the Corporation for any reason whatsoever as determined by the Board and set out in the agreement representing such option. In the event of the death of any optionee, vested options are fully exercisable by the optionee’s legal representative until the earlier of the expiry date and one year from the date of death. If within six months of a change in control of the Corporation an optionee ceases to be eligible to receive stock options for any reason other than death, the optionee will be permitted to exercise his or her options until the earlier of the expiry date for those options and the date that is 12 months from the date of such change in eligibility.

If the Corporation notifies a participant that it has made an election in respect of an option with a SAR, the Corporation shall pay by way of cash bonus to the participant, within five days following the date of exercise, an amount equal to the

fair market value of the DIV Shares, less the exercise price of the DIV Shares, multiplied by the number of options with SARs being exercised, less the applicable income tax withholding amount.

Subject to regulatory approval and the approval of any stock exchange on which the DIV Shares are then listed for trading, the Board may, by resolution, amend, vary or discontinue the Stock Option Plan, or any agreement or entitlement subject to the Stock Option Plan, at any time without notice to or approval of the securityholders of the Corporation, including, without limitation, for the purpose of: (i) changing the class of persons who will be eligible to be granted options pursuant to the Stock Option Plan and the authority of the Board in respect of the grant of options under the Stock Option Plan; (ii) ensuring continuing compliance with applicable laws and regulations and the requirements or policies of any governmental or regulatory authority, securities commission or stock exchange having authority over the Corporation or the Stock Option Plan; (iii) changing the method of determining the option price for options and/or SARs granted pursuant to the Stock Option Plan, subject to sections 2.2 and 3.2 of the Stock Option Plan; (iv) changing the vesting terms, exercise and payment method of the options; and (v) changing any terms relating to the administration of the Stock Option Plan.

Any of the following amendments by the Board, among others, will not become effective unless and until approved by a majority of the votes cast by securityholders of the Corporation, in person or by proxy, at a meeting of securityholders: (i) any increase in the maximum number of DIV Shares issuable under the Stock Option Plan as provided for in Section 1.4.1 of the Stock Option Plan or any change from a fixed maximum number of DIV Shares issuable under the Stock Option Plan to a fixed maximum percentage; (ii) any reduction in the option price of an outstanding option or exercise price of SARs; (iii) any extension of the option term (except for in accordance with subsection 2.3.9 of the Stock Option Plan in respect of a Blackout Period (as defined in the Stock Option Plan)); (iv) any extension of eligibility to participate in the Stock Option Plan to non-executive directors of the Corporation; and (v) changes to the insider participation limits which result in the securityholder approval to be required on a disinterested basis.

Grants of Stock Options

The HRCCGN Committee from time to time makes recommendations to the Board with respect to the making of grants of stock options and or SARs under the Stock Option Plan to executive officers and/or directors of DIV. All grants of stock options and SARs under the Stock Option Plan are approved by the full Board prior to being made. The Board considers, among other things, previous grants, including annual and aggregate grant limits set out in the Stock Option Plan, prior to approving any new grants under the Stock Option Plan.

Outstanding Stock Options

As of May 3, 2016, there were 685,500 outstanding stock options issued and outstanding under the Corporation's Stock Option Plan, with exercise prices ranging from \$1.50 to \$2.12 per share.

LONG TERM INCENTIVE PLAN

Overview

On June 27, 2014, the Board approved the adoption of DIV's Long Term Incentive Plan (the "**LTIP**"). The LTIP was subsequently ratified and approved by shareholders at the special meeting of DIV shareholders held on September 18, 2014.

The purpose of the LTIP is to advance the interests of DIV by: (i) providing eligible persons with incentives; (ii) rewarding performance by participants; (iii) increasing the proprietary interest of participants in the success of DIV; (iv) encouraging participants to remain with DIV or its affiliates; and (v) attracting new directors, employees, officers and consultants.

Under the terms of the LTIP, the Board or, if authorized by the Board, a committee of the Board or committee member may grant units ("**LTIP Units**"), which may be either restricted share units ("**Restricted Share Units**" or "**RSUs**") to directors, officers, employees or consultants of DIV or any of its affiliates and any such person's personal holding company (each, an "**RSU Participant**") or deferred share units ("**Deferred Share Units**" or "**DSUs**") to directors of DIV (who for greater certainty may also be employees, if applicable) (each, a "**DSU Participant**"). Each LTIP Unit represents the right to receive one DIV Share in accordance with the terms of the LTIP. Participation in the LTIP is voluntary and, if an eligible participant agrees to participate, the grant of LTIP Units will be evidenced by a grant agreement with each such

participant (each, a “**Grant Agreement**”). The interest of any participant in any LTIP Unit is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, except upon the death of the participant.

The maximum number of DIV Shares which may be reserved for issuance under the LTIP in respect of grants of RSUs to RSU Participants and grants of DSUs to DSU Participants and for dividend-equivalent payments in respect thereof shall not exceed 10% of the issued and outstanding DIV Shares from time to time on a non-diluted basis, provided that the Board has the right, from time to time, to increase such percentage subject to any required approvals of regulatory authorities and/or stock exchanges having jurisdiction over the affairs of DIV. The maximum number of DIV Shares issuable under the LTIP is inclusive of any DIV Shares reserved for issuance pursuant to any other security based compensation arrangement of DIV, including outstanding options under the Stock Option Plan. The number of DIV Shares subject to any grants of RSUs or DSUs (or portions thereof) that: (i) have vested and been redeemed; or (ii) have expired or been forfeited, surrendered, cancelled or otherwise terminated prior to the delivery of the DIV Shares pursuant to a grant of RSUs or DSUs in each case, shall automatically become available to be made and subject to new grants under the LTIP. In addition, the number of DIV Shares subject to grants of RSUs or DSUs (or portions thereof) that DIV permits to be settled in cash in lieu of settlement in DIV Shares shall automatically become available to be made the subject of new grants under the LTIP.

Unless DIV has received the requisite shareholder approval, the LTIP, together with all other previously established or proposed security based compensation arrangements of DIV, including the Stock Option Plan, may not result in:

- (a) the aggregate number of DIV Shares reserved for issuance to Insiders (as defined in the LTIP) of DIV (as a group) at any point in time exceeding 10% of the outstanding issue;
- (b) the issuance to insiders of DIV (as a group), within a 12 month period, of an aggregate number of DIV Shares exceeding 10% of the outstanding issue;
- (d) the aggregate number of DIV Shares reserved for issuance to all non-employee directors of DIV exceeding 1% of the outstanding issue; or
- (e) the grant to non-employee directors of DIV of more than \$150,000 worth of DIV Shares annually.

As at May 3, 2016: (i) up to 525,360 DIV Shares were issuable pursuant to outstanding RSUs granted under the LTIP, representing 0.5% of the issued and outstanding DIV Shares on a non-diluted basis; and (ii) 10,114,232 DIV Shares remained eligible to be issued under the LTIP representing 8.9% of the issued and outstanding DIV Shares on a non-diluted basis. For greater clarity, the maximum number of DIV Shares eligible to be issued under the LTIP is inclusive of any DIV Shares reserved for issuance pursuant to any other security based compensation arrangement of DIV, including any DIV Shares issuable upon the exercise of outstanding stock options granted under the Stock Option Plan.

RSUs and DSUs are non-assignable and non-transferable under the terms of the LTIP other than upon the death of an RSU Participant or DSU Participant.

In the event that an RSU Participant or DSU Participant receives DIV Shares from DIV in satisfaction of a grant of RSUs or DSUs during a Black-Out Period (as defined in the LTIP), such RSU Participant or DSU Participant shall not be entitled to sell or otherwise dispose of such DIV Shares until such Black-Out Period has expired.

Subject to any required approval by any stock exchange or regulatory authority, in certain circumstances, the Board will make appropriate adjustments in the DIV Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the LTIP, and any such adjustment (or non-adjustment) by DIV shall be conclusive, final and binding upon the RSU Participants and DSU Participants.

Future DIV shareholder approval of the LTIP will be required on or before September 18, 2017, such date being the third anniversary of the date of the original shareholder approval of the LTIP.

Restricted Share Units

Unless otherwise approved by the Board and except as otherwise provided in the RSU Participant’s Grant Agreement or any other provision of the LTIP, RSUs will vest as to 1/3 each on the first, second and third anniversary dates of the date

of grant, provided that the RSU Participant is continuously employed by or in service with DIV, or any of its affiliates, from the date of grant until each such vesting date.

DIV will maintain a notional account for each RSU Participant, in which shall be recorded the number of vested and unvested RSUs granted or credited to such RSU Participant. On each vesting date, the RSU Participant may elect in an election notice to settle its vested RSUs in cash, in DIV Shares issued from treasury, or a combination thereof based on the fair market value of the DIV Shares as at such date. If an RSU Participant fails to elect on or before the settlement date, in an election notice the manner of settlement of its RSUs, settlement shall take the form of DIV Shares issued from treasury. Notwithstanding the foregoing, no DIV Shares will be issued or transferred until an amount sufficient to cover the withholding taxes payable on the settlement of such RSUs, as applicable, has been received by DIV.

If an RSU Participant ceases to be an eligible participant under the LTIP due to termination for cause or voluntary termination without Good Reason (as defined in the LTIP) by the RSU Participant, all unvested RSUs previously credited to the RSU Participant's account shall expire on the termination date. If an RSU Participant ceases to be an eligible participant under the LTIP due to board approved retirement, long-term disability, or termination without cause or resignation for Good Reason (as defined in the LTIP), all unvested RSUs previously credited to the RSU Participant's account shall vest on the termination date. If an RSU Participant ceases to be an eligible participant under the LTIP as a result of death, all unvested RSUs previously credited to the RSU Participant's account shall vest on such date.

Deferred Share Units

Subject to Board approval, a DSU Participant may elect, once each calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs, with the balance being paid in cash. DSU will maintain a notional account for each DSU Participant, in which shall be recorded the number of DSUs granted or credited to such DSU Participant.

All DSUs recorded in a DSU Participant's DSU notional account will vest on the date on which the DSU Participant ceases to be a director (or employee, as applicable) of DIV (the "**DSU Termination Date**"), unless otherwise determined by the Board at its sole discretion. On the DSU Termination Date, payment in respect of the DSUs becomes payable and the Board, in its sole discretion, shall determine whether to make the payment in cash, DIV Shares issued from treasury or a combination thereof based on the fair market value of the DIV Shares as at the DSU Termination Date. Notwithstanding the foregoing, no DIV Shares will be issued or transferred until an amount sufficient to cover the withholding taxes payable on the settlement of such DSUs, as applicable, has been received by DIV.

Amendments and Termination of LTIP

The Board may, in its sole discretion, suspend or terminate the LTIP at any time or from time to time amend, revise or discontinue the terms and conditions of the LTIP or of any LTIP Unit granted under the LTIP and any Grant Agreement relating thereto, subject to any required regulatory and stock exchange approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any LTIP Unit previously granted except as permitted by the terms of the LTIP or as required by applicable laws.

If the LTIP is terminated, the provisions of the LTIP and any administrative guidelines and other rules and regulations adopted by the DIV Board and in force on the date of termination will continue in effect as long as any LTIP Unit or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the LTIP, the Board will remain able to make such amendments to the LTIP or the LTIP Unit as they would have been entitled to make if the LTIP were still in effect.

The Board shall have the power and authority to approve amendments relating to the LTIP or to the LTIP Units, without further approval of DIV's shareholders, to the extent such amendment:

- (a) is for the purpose of curing any ambiguity, error or omission in the LTIP or to correct or supplement any provision of the LTIP that is inconsistent with any provision of the LTIP;
- (b) is necessary to comply with applicable law or the requirements of the TSX;
- (c) is an amendment to the LTIP respecting administration and eligibility for participation under the LTIP;
- (d) alters, extends or accelerates the terms of vesting applicable to any LTIP Units;

- (e) changes the termination provisions of an LTIP Unit or the LTIP which does not entail an extension beyond the original expiry date of an LTIP Unit;
- (f) is an amendment to the LTIP of a “housekeeping nature”; or
- (g) does not require DIV shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of the TSX), provided that in the case of any alteration, amendment or variance referred to in Section (a) or (b) above, the alteration, amendment or variance does not:
 - (i) amend the number of DIV Shares issuable under the LTIP;
 - (ii) add any form of financial assistance by DIV for the exercise of an LTIP Unit;
 - (iii) result in a material or unreasonable dilution in the number of outstanding DIV Shares or any material benefit to an RSU Participant or a DSU Participant; or
 - (iv) change the class of eligible RSU Participants or DSU Participants to the LTIP which would have the potential of broadening or increasing participation by Insiders of DIV;

and further provided that:

- (v) any LTIP Units granted subject to the acceptance and approval of such amendments by the TSX shall be subject to such approval and acceptance being given and no such LTIP Units may be exercised unless and until such approval and acceptance are given.

No such amendment to the LTIP shall cause the LTIP in respect of RSUs to cease to be a plan described in: (i) paragraph (k) of the definition of “salary deferral arrangement” in subsection 248(1) of the *Income Tax Act* (Canada) (the “**Tax Act**”) or any successor to such provision, or (ii) section 7 of the Tax Act or any successor to such provision and no such amendment to the LTIP shall cause the LTIP in respect of DSUs to cease to be a plan described in regulation 6801(d) of the Tax Act or any successor to such provision. If any provision of the LTIP contravenes the Section 409A of the *Internal Revenue Code* (the “**Code**”), the DIV Board may, in its sole discretion and without the U.S. Participant’s consent, modify such provision to: (i) comply with, or avoid being subject to, Code Section 409A, or to avoid incurring taxes, interest or penalties under Code Section 409A, or otherwise; and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the U.S. Participant of the applicable provision without materially increasing the cost to DIV and contravening Code Section 409A.

Grants of RSUs and DSUs

The HRCCGN Committee from time to time makes recommendations to the Board with respect to the making of grants of RSUs and/or DSUs under the LTIP to executive officers and/or directors of DIV. All grants of RSUs and/or DSUs under the LTIP are approved by the full Board prior to being made. The Board considers, among other things, previous grants, including annual and aggregate grant limits set out in the LTIP, prior to approving any new grants under the LTIP.

Outstanding RSUs and DSUs

As of May 3, 2016, there were an aggregate of 525,360 unvested RSUs issued and outstanding with vesting dates ranging from September 1, 2016 to April 1, 2019.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out the number of DIV Shares to be issued upon the exercise of outstanding stock options under the Stock Option Plan, the weighted-average exercise price of the outstanding stock options, and the number of DIV Shares remaining available for future issuance under the Stock Option Plan and LTIP as at December 31, 2015:

Plan category ⁽¹⁾	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted-average exercise price of outstanding options and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	685,500	\$1.92	10,187,831 ⁽²⁾⁽³⁾

(1) There have been no equity compensation plans which have not been approved by DIV's securityholders.

(2) The maximum number of DIV Shares that are available for grant in the aggregate under the Stock Option Plan and the LTIP is determined based on 10% of the number of DIV Shares issued and outstanding from time to time. This means that as the outstanding share capital of the Corporation increases from time to time by the issuance of additional DIV Shares, whether due to the exercise of stock options, the vesting of RSUs or otherwise, the number of DIV Shares eligible to be issued under stock options, RSUs, DSUs and other awards issuable pursuant to either the Stock Option Plan or the LTIP will automatically increase to 10% of the number of DIV Shares then issued and outstanding. As at December 31, 2015, there were 113,065,496 DIV Shares issued and outstanding.

(3) The number of DIV Shares remaining available for future issuance under the Stock Option Plan and LTIP, as at December 31, 2015, was calculated as the difference of (X) 10% of the number of DIV Shares issued and outstanding as at December 31, 2015 (11,306,549), less (Y) the aggregate number of DIV Shares issuable upon the exercise of issued and outstanding Stock Options (685,500) and the vesting of issued and outstanding RSUs (433,218), in each case, as at December 31, 2015.

CERTAIN OBLIGATIONS TO FORMER MANAGEMENT

The Corporation and its subsidiaries do not have any pension arrangements.

Pursuant to a reward-for-tenure agreement between the Corporation and John Bennett on January 2, 2003, as amended on October 22, 2007 (the "**Reward-for-Tenure Agreement**"), the Corporation is obligated to pay \$79,000 per year to Mr. Bennett for the life of Mr. Bennett or until the year 2022, whichever is earlier, payable from January 1, 2005 either annually or monthly at Mr. Bennett's option (the "**Tenure Payment**"). In the event of Mr. Bennett's death, the agreement states that the Corporation will purchase a term annuity in favour of Mr. Bennett's beneficiary in an amount equal to 50% of the Tenure Payment which would have been payable to Mr. Bennett, for the life of the beneficiary. In the event of change of control of the Corporation, the Corporation agreed to ensure that funding for the Tenure Payment is in place and the Corporation continues to be bound by the obligation under the Reward-for-Tenure Agreement after the change of control.

Notwithstanding the above, Mr. Bennett was charged in 2009 with conspiracy to defraud and major fraud against the United States, and was extradited to New Jersey in November 2014. On March 16, 2016, the jury returned a guilty verdict on both counts against Mr. Bennett. The guilty verdict is subject to confirmation by the trial judge in the United States, which is expected to occur on or before his sentencing date of June 27, 2016. The Corporation has been required by an Ontario court order to indemnify Mr. Bennett on an interim basis for reasonable legal expenses in connection with his criminal defense. In light of the guilty verdict, the Corporation expects that it will be entitled to reimbursement from Mr. Bennett for amounts previously advanced to him. The Corporation intends to apply the amounts payable by the Corporation under the Reward-for-Tenure Agreement against any amounts required to be reimbursed to the Corporation by Mr. Bennett.

COMPENSATION OF DIRECTORS

The following table provides information regarding compensation paid by the Corporation during the financial year ended December 31, 2015 to individuals who were directors of the Corporation during such financial year.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Lawrence Haber	38,625	30,000 ⁽²⁾	Nil	Nil	Nil	31,680 ⁽¹⁾	100,305
Mitchell Gropper	37,125	30,000 ⁽²⁾	Nil	Nil	Nil	1,680 ⁽³⁾	68,805
Paula Rogers ⁽⁴⁾	31,275	30,000 ⁽²⁾	Nil	Nil	Nil	1,680 ⁽³⁾	62,955
Derek Doke ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Murray Coleman ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Johnny Ciampi ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Amount is comprised of \$1,680 in dividends accrued but not paid on unvested RSUs held, and the aggregate of the monthly retainer paid by DIV to Mr. Haber of \$30,000 for his services as Executive Chair of DIV. Mr. Haber transitioned from his role as Executive Chair of the Corporation to Chair effective May 21, 2015. Accordingly, Mr. Haber ceased to be an officer of the Corporation, on such date; however, he continues to serve as Chair of the Board in a non-executive role. For further details with respect to Mr. Haber's previous compensation arrangements with the Corporation in his past role as Executive Chairman, see "Executive Compensation – Termination of Employment, Change in Responsibilities and Employment Contracts – Former Executives – Lawrence Haber" above.
- (2) On April 21, 2015, the Corporation issued 10,806 RSUs to each of three directors of the Corporation at a grant date fair value of \$2.78 per RSU totaling approximately \$30,000 per director. These RSUs vest in their entirety on April 1, 2018.
- (3) Amount represents dividends accrued but not paid on the unvested RSUs held.
- (4) On March 20, 2015, Ms. Rogers was appointed to DIV's Board and as chair of its Audit Committee.
- (5) Messrs. Doke, Coleman and Ciampi waived their respective entitlements to be compensated as Directors for the year ended December 31, 2015.

For the year ended December 31, 2015, the Board had the following director cash compensation for non-employee directors, except for Messrs. Doke, Coleman and Ciampi, each of whom waived their Directors' compensation:

- Board member retainer fee: \$3,125 per calendar quarter;
- Chair of the Board retainer fee: \$6,250 per calendar quarter (in addition to base retainer fee);
- Chair of the Audit Committee retainer fee: \$2,500 per calendar quarter (in addition to base retainer fee);
- Chair of the HRCCGN Committee retainer fee: \$1,875 per calendar quarter (in addition to base retainer fee);
- Board meeting fee: \$1,500 per meeting;
- Committee meeting fee: \$1,300 per meeting; and
- Annual grant of RSUs under the LTIP to each director of the Corporation having a grant date fair value of \$30,000, all of which will be settled for DIV Shares and will cliff vest after three years; and
- Related travel and out-of-pocket expenses.

In accordance with the above, on: (i) April 21, 2015, certain non-executive directors of DIV were granted an aggregate of 32,418 RSUs at a grant date fair value of \$2.78 per RSU, all of which vest on April 1, 2018 and will be settled for DIV Shares on vesting; and (ii) April 11, 2016, certain non-executive directors of DIV were granted an aggregate of 39,225 RSUs at a grant date fair value of \$2.29 per RSU, all of which vest on April 1, 2019 and will be settled for DIV Shares on vesting.

Effective January 1, 2016, the Directors elected to receive their 2016 compensation in the form of RSUs in lieu of cash. These RSUs are issued quarterly pursuant to DIV's LTIP at the five-day weighted average trading price of DIV's common

shares as at the end of each quarter. Accordingly, on April 11, 2016, certain non-executive directors of DIV were granted an aggregate of 11,811 RSUs, which vest on March 31, 2017 and will be settled for DIV Shares on vesting.

No grants were made to any of the Directors under the Stock Option Plan in the year ended December 31, 2015.

Directors are granted RSUs and other securities-based compensation in order to encourage director retention and to better align the interests of directors with shareholders.

INCENTIVE PLAN AWARDS

The following table provides information regarding the incentive plan awards outstanding as of December 31, 2015 for each person who was a director during the year ended December 31, 2015.

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (mm/dd/yy)	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Lawrence Haber	170,100	2.12	09/02/16	51,030	11,436 ⁽³⁾	27,675	N/A
	129,900	1.79	08/15/18	81,837			
Mitchell Gropper	77,000	2.12	09/02/16	23,100	11,436 ⁽³⁾	27,675	N/A
	51,500	1.50	07/01/18	47,380			
Paula Rogers ⁽⁴⁾	Nil	N/A	N/A	N/A	11,436 ⁽³⁾	27,675	N/A
Derek Doke	Nil	N/A	N/A	N/A	Nil	N/A	N/A
Murray Coleman	Nil	N/A	N/A	N/A	Nil	N/A	N/A
Johnny Ciampi	Nil	N/A	N/A	N/A	Nil	N/A	N/A

- (1) The value is calculated as the closing price of a DIV Share as at December 31, 2015 (\$2.42) less the strike price of the stock option multiplied by the number of stock options held.
- (2) The market value of the DIV share-based awards that did not vest during 2015 were calculated by multiplying the number of share-based awards that did not vest by the closing price of the DIV Shares on the TSX of \$2.42 as at December 31, 2015.
- (3) On April 21, 2015, the Corporation issued 10,806 RSUs to each of three directors of the Corporation, and as of December 31, 2015, each such director had received 630 dividend equivalent RSUs in accordance with the terms of DIV's LTIP. These RSUs vest in their entirety on April 1, 2018.
- (4) On March 20, 2015, Ms. Rogers was appointed to DIV's Board and as chair of its Audit Committee.

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each individual who was a director during the financial year ended December 31, 2015.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Lawrence Haber	Nil	Nil	Nil
Mitchell Gropper	Nil	Nil	Nil
Paula Rogers ⁽¹⁾	Nil	Nil	Nil
Derek Doke	Nil	Nil	Nil
Murray Coleman	Nil	Nil	Nil
Johnny Ciampi	Nil	Nil	Nil

- (1) On March 20, 2015, Ms. Rogers was appointed to DIV's Board and as chair of its Audit Committee.

Option-based awards and share-based awards are also discussed under the headings “*Stock Option Plan*” and “*Long Term Incentive Plan*” in this Circular.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director or executive officer of the Corporation and no associate of any director or executive officer of the Corporation was indebted to the Corporation at any time during the year ended December 31, 2015 or is as of the date hereof.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no informed person of the Corporation, nominee for election as a director of the Corporation or any associate or affiliate of an informed person or nominee has or had any material interest, direct or indirect, in any transaction or any proposed transaction that has materially affected, or will materially affect, the Corporation or any of its subsidiaries since January 1, 2015.

Maxam Services Agreements

Pursuant to a services agreement (the “**Maxam Services Agreement**”) dated September 29, 2014, as amended, Maxam Capital Corp. provides certain administrative services to DIV for a monthly fee of approximately \$9,176. Maxam Capital Corp. is indirectly owned and controlled by Mr. Sean Morrison (President and Chief Executive Officer of DIV) and Mr. Johnny Ciampi (Director of DIV). Mr. Ciampi was not a director of DIV at the time the Maxam Services Agreement was entered into. During the period from January 1, 2015 to May 3, 2016, a total of \$145,500 was paid by DIV to Maxam under the Maxam Services Agreement.

Franworks Royalty

On September 26, 2014, DIV acquired, through FW Royalties Limited Partnership (“**FW LP**”) (an entity controlled by DIV), all of the Canadian and U.S. trademarks and other intellectual property rights related to the Original Joe’s, State & Main and Elephant & Castle restaurant businesses (the “**FW Rights**”) from Franwork’s wholly owned subsidiary OJFG (the “**Franworks Acquisition**”).

On September 26, 2014, FW LP and OJFG entered into a licence and royalty agreement (the “**Licence and Royalty Agreement**”) pursuant to which FW LP licenses the use of the FW Rights to OJFG for the payment of a royalty equal to 6% of the gross sales of the Franworks restaurants included in the Royalty Pool (as defined in the Licence and Royalty Agreement). The amounts paid by OJFG to FW LP are reported on an annual and quarterly basis in DIV’s financial statements and MD&A, copies of which are available on SEDAR at www.sedar.com.

Mr. Derek Doke, a Director of DIV and of the general partner of FW LP, is also the President, Chief Executive Officer, a director and the controlling shareholder of Franworks. Mr. Murray Coleman, a director of DIV, is also a minority shareholder and legal advisor to Franworks. Neither Mr. Doke nor Mr. Coleman was a director of DIV or any of its subsidiaries at the time the: (i) Franworks Acquisition was agreed to or closed; or (ii) Licence and Royalty Agreement was entered into.

Franworks Royalty Pool Adjustment

Effective April 1, 2015, the Royalty Pool was adjusted to include the royalties from five new restaurants opened across Canada and to remove one restaurant in the U.S. that had been permanently closed. With the adjustment for these five openings and one closure, the Royalty Pool now includes 82 restaurants (the “**2015 FW Royalty Pool Amendment**”).

The initial consideration paid for the estimated net additional royalty revenue of approximately \$0.6 million was approximately \$4.9 million, representing 80% of the total estimated consideration of approximately \$6.2 million payable to OJFG for such additional royalty revenue. The adjustment for net additional royalty revenue added to the Royalty Pool is designed to be accretive to shareholders, as the consideration paid to OJFG is calculated using a 7.5% discount of the estimated net royalty revenue added to the Royalty Pool. The consideration was paid on the basis of the 20-day volume weighted average closing price of the DIV Shares for the period ending March 25, 2015. Based on a weighted average closing price of \$2.69 per DIV Share, the initial consideration payable for the net additional royalty revenue was paid to OJFG in the form of 1,835,728 DIV Shares on April 1, 2015.

On March 24, 2016, DIV, FW LP, FW Royalties GP Inc. and OJFG entered into an extension agreement (the “**Extension Agreement**”) pursuant to which the parties agreed to: (i) extend the date for the payment of the remaining consideration payable by FW LP to OJFG in respect of the 2015 FW Royalty Pool Amendment from April 1, 2016 to April 3, 2017; and (ii) extend the deadline under the Licence and Royalty Agreement from March 26, 2016 to April 3, 2017 for the expenditure by OJFG of a minimum of \$8.0 million to refurbish and renovate certain Elephant & Castle restaurants in the Royalty Pool.

The remaining consideration payable by FW LP for the net additional royalty revenue has been determined on the basis of an audit for the actual gross sales of the five new restaurants for the year ended December 31, 2015. The actual sales were approximately \$14.2 million compared to the original estimate of \$13.5 million. The remaining consideration will be paid in the form of 637,051 DIV Shares. In addition, OJFG will receive a lump sum cash payment equal to the amount of the dividends that OJFG would have received on such DIV Shares if the DIV Shares had been issued on April 1, 2015. The remaining consideration will be paid on April 3, 2017 in accordance with the Extension Agreement.

As a result of the aforementioned adjustment to the Royalty Pool, and after taking into account the DIV Shares previously sold by Franworks, as of May 3, 2016, Franworks owns 8,992,187 DIV Shares, representing 7.9% of the issued and outstanding DIV Shares, on a non-diluted basis.

Mr. Doke and Mr. Coleman abstain from voting on all matters related to Franworks, including the approval of the 2015 FW Royalty Pool Amendment and the Extension Agreement.

Mr. Lube Real Estate

On July 23, 2015, DIV and its direct subsidiary ML Royalties Limited Partnership entered into an acquisition agreement (the “**ML Acquisition Agreement**”) with Mr. Lube to acquire the trademarks and certain other intellectual property rights used by Mr. Lube in its business as well as the ML Real Estate. DIV’s agreement to acquire the ML Real Estate was a condition of Mr. Lube to its execution of the ML Acquisition Agreement. DIV management initially negotiated the assignment of its purchase rights with respect to the ML Real Estate to an unrelated third party (the “**Third Party**”) pursuant to which the Third Party agreed to acquire the ML Real Estate for \$12.3 million. However, the Third Party ultimately only agreed to acquire one of the four properties comprising the ML Real Estate for a price of \$3.7 million. DIV subsequently negotiated the assignment of its purchase rights for the remaining three properties comprising the ML Real Estate to the following non-arm’s length parties: (i) Bradley Newby, a partner at Farris, Vaughan, Wills & Murphy LLP, DIV’s legal counsel, on behalf of himself and his business associate with respect to two of the properties, which were agreed to be acquired for an aggregate price of \$4.0 million; and (ii) Mr. Sean Morrison, the President and CEO of DIV and Mr. Johnny Ciampi, a director of DIV, with respect to one of the properties, which was agreed to be acquired for a price of \$4.6 million (such transaction, however, was subsequently abandoned upon the mutual agreement of Mr. Lube and Messrs. Morrison and Ciampi). The terms on which such non-arm’s length parties agreed to acquire the remaining three properties were substantially the same as the terms that had been previously agreed with the Third Party.

As disclosed above under the heading “*Committees*”, the Board of Directors appointed an *ad hoc* Special Committee to review and report to the Board in respect of DIV’s assignment of its purchase rights with respect to the ML Real Estate. The Special Committee reviewed the background to the ML Real Estate transactions, the negotiations leading up to the signing of the purchase and sale agreements in respect of the ML Real Estate and the terms and conditions of the ML Real Estate transactions. Based upon their review, the members of Special Committee reported to the Board at a meeting of the Board held on July 29, 2015 that the Special Committee had concluded that the proposed transactions with the non-arm’s length parties were in the best interests of DIV and recommended that the Board approve the proposed transactions. Having received the report of the Special Committee, and having asked questions of the Special Committee and management of DIV, and following careful deliberation of the ML Real Estate transactions, the disinterested members of the Board concluded that the transactions with Mr. Newby and his business associate and Messrs. Morrison and Ciampi with respect to the ML Real Estate were in the best interests of DIV, and unanimously resolved to approve the ML Real Estate transactions on August 6, 2015 following their preliminary approval on July 29, 2015.

Legal Fees

During 2015, the Corporation paid legal fees of approximately \$1.1 million to Farris, Vaughan, Wills & Murphy LLP, a law firm where a director of DIV is a partner.

Other

The Audit Committee reviewed all related party transactions between the Corporation and its subsidiaries and the officers and directors of the Corporation. Other than as previously disclosed in the Corporation's financial statements which have been filed on SEDAR, the Audit Committee determined that there were no undisclosed related party transactions that required disclosure under any securities laws.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, no person who was a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no person who is a proposed nominee for election as a director of the Corporation and no associate or affiliate of any such director, executive officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

PARTICULARS OF MATTERS TO BE ACTED UPON

FINANCIAL STATEMENTS

The shareholders will receive and consider the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2015 together with the auditor's report thereon.

ELECTION OF DIRECTORS

The Board believes that good corporate governance starts with good directors and an effective board. These elements are essential to the effective management of the Corporation and to the protection of its investors, employees and other stakeholders. In furtherance of this, the charter of the HRCCGN Committee requires it to, among other things:

- (i) Establish criteria for the election and re-election of a director in regards to independence, competencies and skills;
- (ii) Recommend enhancements to the Board in terms of its composition and size; and
- (iii) Identify, evaluate and recommend prospective directors who possess the requisite skill set.

The Board is a variable board consisting of not fewer than three and not more than fifteen directors, and the Board has the power to fix by resolution the actual number of directors from time to time. **The Board has fixed the number of directors at six for purposes of the Meeting.**

Upon the recommendation of the HRCCGN Committee and pursuant to the DIV Board Agreement, the six persons listed below are proposed by the Corporation as nominees for election as Directors. All of the Corporation's proposed nominees are currently directors. All nominees have established their eligibility and willingness to serve as Directors.

Each director elected will hold office until the next annual meeting or until his or her successor is appointed, unless his or her office is earlier vacated in accordance with the CBCA and the by-laws of the Corporation.

The following table and the notes thereto state the names and municipality, province and country of residence of all persons proposed to be nominated for election as Directors, all other positions or offices with the Corporation and its subsidiaries now held by them, their principal occupations or employment, the year in which they became directors of the Corporation and the date of the expiry of their term of office, the approximate number of DIV Shares beneficially owned, directly or indirectly, by each of them, or over which they exert control or direction as of May 3, 2016, and the number of options and RSUs held as of May 3, 2016. The information as to municipality, province and country of residence, principal occupation or employment, and DIV Shares beneficially owned, is generally not within the knowledge of Management of the Corporation and has been furnished by the respective nominees.

<u>Name and municipality, province and country of residence</u>	<u>Principal occupation(s) within the last 5 years</u>	<u>Position with DIV</u>	<u>Year first became director and expiration of current term of office</u>	<u>DIV Shares beneficially owned, controlled or directed</u>	<u>Number of options and RSUs held</u>
LAWRENCE HABER ⁽¹⁾ Toronto, Ontario, Canada	Private Adviser and Consultant, (2015 – present) Executive Chair of DIV, (2013 – 2015) President and Chief Executive Officer of DIV, (2011 – 2013)	Chair	2011 June 13, 2016	50,000	300,000 options ⁽²⁾ 30,092 RSUs ⁽³⁾
MITCHELL GROPPER ⁽⁴⁾⁽⁵⁾ Vancouver, BC, Canada	Senior Partner at Farris, Vaughan, Wills & Murphy LLP, (1998 – present)	Director	2011 June 13, 2016	18,856	128,500 options ⁽⁶⁾ 28,727 RSUs ⁽³⁾
DEREK DOKE ⁽⁵⁾ Calgary, Alberta, Canada	President and CEO of Franworks Franchise Corp., (2000 – present)	Director	2014 June 13, 2016	8,992,187 ⁽⁷⁾	Nil
MURRAY COLEMAN ⁽⁴⁾ Calgary, Alberta, Canada	Senior Partner at Bennett Jones LLP, (1996 – present)	Director	2014 June 13, 2016	Nil	Nil
JOHNNY CIAMPI ⁽⁵⁾ Vancouver, BC, Canada	Managing Partner of Maxam Capital Corp., (2008 – present)	Director	2014 June 13, 2016	6,999,502 ⁽⁸⁾	Nil
PAULA ROGERS ⁽⁴⁾⁽⁹⁾ North Vancouver, BC, Canada	Corporate Director, (2015 – present) Chief Financial Officer of Castle Peak Mining Ltd., (2010 – 2014) Vice President, Treasurer of Goldcorp Inc., (2005 – 2010)	Director	2015 June 13, 2016	41,698	29,004 RSUs ⁽³⁾

- (1) Mr. Haber transitioned from his role as Executive Chair of the Corporation to Chair effective May 21, 2015. Accordingly, Mr. Haber ceased to be an officer of the Corporation, on such date; however, he continues to serve as Chair of the Board in a non-executive role.
- (2) 170,100 of such options are exercisable at a price of \$2.12 and expire September 2, 2016. 129,900 of such options are exercisable at a price of \$1.79 and expire August 15, 2018.
- (3) The RSUs vest in their entirety on April 1, 2018 in the form of an equivalent number of DIV Shares.
- (4) Member of the Audit Committee.
- (5) Member of the HRCCGN Committee.
- (6) 77,000 of such options are exercisable at a price of \$2.12 and expire September 2, 2016. 51,500 of such options are exercisable at a price of \$1.50 and expire July 1, 2018.
- (7) Mr. Doke has control and direction over the 8,992,187 DIV Shares, the registered holder of which is OJFG.
- (8) Mr. Ciampi shares control and direction over 6,380,964 DIV Shares with Mr. Sean Morrison (President and Chief Executive Officer of DIV), the registered holders of which are Maxam Opportunities Fund II LP (5,780,964 of such DIV Shares) and Maxam Diversified Strategies Fund (600,000 of such DIV Shares). Mr. Ciampi owns or controls 618,538 DIV Shares.
- (9) On March 20, 2015, Paula Rogers was appointed to DIV's Board and as chair of its Audit Committee.

Profile of the Board

The following are brief profiles of the above named director nominees:

Lawrence Haber. Mr. Haber was appointed Executive Chair effective August 6, 2013. Effective May 21, 2015, Mr. Haber transitioned from his role as Executive Chair of the Corporation to Chair. Accordingly Mr. Haber ceased to be an officer of the Corporation on such date; however, he continues to serve as Chair of the Board in a non-executive role. Prior to that Mr. Haber served as President and Chief Executive Officer of DIV from June 29, 2011. Mr. Haber was a securities

lawyer and a senior partner in a Toronto law firm from 1985 to 2000. He then spent 10 years as a senior executive in the financial industry with National Bank Financial and Dundee Wealth Inc., and previously acted as Special Advisor to the Ontario Securities Commission staff regarding a number of policy projects. Mr. Haber is also currently a member of an Expert Committee tasked by the Ontario government to provide its advice regarding the regulation of financial planning, and is a member of the Advisory Boards of Westcourt Capital Corp. (portfolio manager in the alternative asset sector) and Laurus Capital Corp. (portfolio manager in the Canadian small cap sector).

Mitchell Gropper. Mr. Gropper is a senior partner with Farris, Vaughan, Wills & Murphy LLP, a full-service law firm based out of Vancouver, British Columbia, and is rated as one of Vancouver's leading lawyers in mergers and acquisitions, corporate finance, mid-market advisory services, income funds and corporate commercial law. Mr. Gropper has extensive experience with royalty funds having worked on the structuring and initial public offering of both A&W Revenue Royalties Income Fund and The Keg Royalties Income Fund.

Derek Doke. Mr. Doke has worked as an executive in the restaurant and hospitality sector for 24 years. From 1995 to 1999, Mr. Doke was President of Ruckers Amusement Centre, a 22 unit chain of family amusement centers. Mr. Doke founded Franworks in 2000. Franworks was initially a restaurant consulting firm, but in 2002 shifted its focus to owning and operating two emerging restaurant concepts, Opa! Souvlaki and Original Joe's. After growing Opa! Souvlaki from two units to 50 units, Franworks sold its 50% interest in Opa! Souvlaki in 2006. As President and Chief Executive Officer of Franworks, Mr. Doke has overseen the growth of Original Joe's restaurants from two locations to 63 locations and oversaw the launch of State & Main and the acquisition of Elephant & Castle in 2012.

Murray Coleman. Mr. Coleman is a senior partner with Bennett Jones LLP, a full-service law firm based out of Calgary, Alberta, and acts as co-head of the firm's corporate commercial practice group and head of the firm's franchise practice group. For franchisors and franchisees, Mr. Coleman advises on matters relating to franchise structures, compliance with franchise legislation, negotiation and preparation of franchise agreements, and franchise litigation and disputes.

Johnny Ciampi. Mr. Ciampi is a co-founder and managing partner of the Maxam Opportunities Funds – private equity funds, which focus on structured investments in both publicly traded and private companies. Prior to forming the Maxam Opportunities Funds, Mr. Ciampi was the Executive Vice President and Chief Financial Officer of Gibralt Capital and a partner of Second City Capital Partners, Vancouver-based private equity groups. Mr. Ciampi also serves on the board of directors of Premium Brands Holding Corporation. Mr. Ciampi is a graduate of the University of British Columbia with a degree in Commerce and holds a Chartered Accountant designation.

Paula Rogers. Ms. Rogers has over 20 years of experience working for Canadian-based international public companies and has a strong background in corporate governance, treasury, mergers and acquisitions, financial reporting and tax. Ms. Rogers is currently a Corporate Director and is Chair of the Audit Committee of Timmins Gold Corp. and NeutriSci International Inc., and a Volunteer Director of Take a Hike Youth at Risk Foundation. Ms. Rogers was recently the Chief Financial Officer of Castle Peak Mining Ltd., a gold exploration company in Ghana, West Africa. From 2004 to 2010, she was the Vice-President, Treasurer of Goldcorp Inc., Treasurer of Wheaton River Minerals Ltd. and Treasurer of Silver Wheaton Corp. and was responsible for the financing and tax structuring of several significant transactions during the companies' significant growth. Ms. Rogers is a graduate of the University of British Columbia with a Bachelor of Commerce degree and holds a Chartered Accountant designation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set forth below, no director nominee is at the date hereof, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Johnny Ciampi, a director nominee, was a director of Radiant Communications Corp. ("**Radiant**"), a public corporation traded on the TSX Venture Exchange under the symbol "RCN", from April 16, 2010 to October 17, 2013. On

October 17, 2013, 8612536 Canada Inc. (“**8612536**”) acquired all of Radiant’s outstanding common shares at a price of \$1.43 per share. The transaction was completed by way of a plan of arrangement pursuant to an arrangement agreement between Radiant and 8612536 dated August 23, 2013. Upon closing of the transaction, Radiant applied to cease to be a reporting issuer.

Other than as set forth below, no director nominee (i) is at the date hereof, or within ten years prior to the date hereof has been, 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; or (ii) has, within 10 years prior to 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.

Mr. Johnny Ciampi, a director nominee, was a director and Chairman of the board of directors of Skyservice Airlines Inc. from October 19, 2007 to March 30, 2010. Subsequent to Mr. Ciampi’s resignation on March 31, 2010, a receiver was appointed to oversee Skyservice Airlines Inc. by the Ontario Superior Court of Justice.

Mr. Johnny Ciampi, a director nominee, served on the board of directors of Greening Donald Company Ltd. (“**GDC**”) until November 2006. Subsequent to Mr. Ciampi’s resignation, GDC sought protection from its creditors pursuant to an order dated November 17, 2006 and issued under the *Companies’ Creditors Arrangement Act* (Canada).

No director nominee has been subject to: (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director nominee.

Recommendation of the Board

The Board recommends that shareholders vote FOR the Corporation’s proposed nominees for directors.

SUBJECT TO THE FOLLOWING PARAGRAPH, PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE CORPORATION’S PROPOSED NOMINEE DIRECTORS UNLESS A SHAREHOLDER HAS SPECIFIED ON THIS MATTER IN THE PROXY THAT THE DIV SHARES ARE TO BE WITHHELD FROM VOTING OR VOTED IN FAVOUR OF OTHER PERSONS.

MAJORITY VOTING POLICY

Effective March 20, 2013, the Board adopted a majority voting policy with respect to the election of the directors of the Corporation. In an uncontested election of directors of the Corporation, each director shall be elected by the vote of a majority of the DIV Shares represented in person or by proxy at the shareholders’ meeting convened for such election of directors. If any director nominee receives a greater number of votes “withheld” from his or her election than votes “for” such election, that director shall promptly tender his or her resignation to the chair of the Board following the meeting.

The HRCCGN Committee shall consider any such offer of resignation and recommend to the Board whether or not to accept it. In its deliberations, the HRCCGN Committee may consider any stated reasons as to why shareholders “withheld” votes from the election of the relevant director, the length of service and the qualifications of the director, the director’s contributions to the Corporation, the effect such resignation may have on the Corporation’s ability to comply with any applicable governance rules and policies, the dynamics of the Board, and any other factors that the members of the HRCCGN Committee consider relevant.

The Board shall act on the HRCCGN Committee’s recommendation within 90 days following the applicable shareholders’ meeting and announce its decision through a news release, after considering the factors identified by the HRCCGN Committee and any other factors that the members of the Board consider relevant. Subject to any applicable corporate law restrictions or requirements, if a resignation is accepted, the Board may leave the resulting vacancy unfilled until the next annual meeting of shareholders. Alternatively, it may fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or it may call a special meeting of

shareholders at which there would be presented a management nominee or nominees to fill the vacant position or positions.

APPOINTMENT OF AUDITORS

At the Meeting, the shareholders of the Corporation will be called upon to appoint KPMG LLP as auditors of the Corporation, to hold office until the close of the next annual meeting of the shareholders of the Corporation, at remuneration to be fixed by the Board. KPMG LLP has served as the Corporation's auditors since 1992.

The Board recommends that shareholders vote FOR the appointment of KPMG LLP as auditors of the Corporation, at remuneration to be fixed by the Board.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPOINTMENT OF KPMG LLP AS THE CORPORATION'S AUDITORS UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE DIV SHARES ARE TO BE WITHHELD FROM VOTING ON THIS MATTER.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the Management representatives named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

SHAREHOLDER PROPOSALS

Pursuant to section 137 of the CBCA, any notice of a shareholder proposal intended to be raised at the 2017 annual meeting of shareholders of the Corporation must be submitted to the Corporation at its head office, to the attention of the Secretary, on or before February 3, 2017, to be considered for inclusion in the management information circular for the 2017 annual meeting of the shareholders.

It is the position of the Corporation that shareholder proposals need to be recognized only if made in accordance with the foregoing procedure and the provisions of the CBCA.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2015 and additional information relating to the Corporation is available on SEDAR at www.sedar.com. If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the latest AIF of the Corporation together with any document, or the pertinent pages of any document, incorporated by reference therein;
- (b) the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2015, together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for the periods subsequent to December 31, 2015, and any Management's Discussion and Analysis with respect thereto; and/or
- (c) this Circular:

please send your request to: Diversified Royalty Corp.
902-510 Burrard Street
Vancouver, British Columbia V6C 3A8
Attn: Greg Gutmanis, Chief Financial Officer and VP Acquisitions

APPROVAL OF CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Directors of the Corporation.

DATED at Vancouver, British Columbia this 3rd day of May, 2016.

By Order of the Board,

“Sean Morrison”

Sean Morrison
President & Chief Executive Officer

SCHEDULE A – STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Canadian securities regulatory authorities have adopted National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), which requires disclosure of the approach of Diversified Royalty Corp. (the “**Corporation**”) to corporate governance, and National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”), which provides guidance on corporate governance practices.

ASSUMPTION OF RESPONSIBILITIES BY THE BOARD

The board of directors of the Corporation (the “**Board**”), either directly or through Committees (as defined below), is responsible for management or supervision of management of the business and affairs of the Corporation with the objective of enhancing shareholder value. The roles and responsibilities of the Board and each of its committees are set out in formal written charters. These charters are reviewed annually to ensure they reflect the best practices as well as any applicable regulatory requirements. Further details with respect to the activities of each Committee are included in this management information circular (the “**Circular**”) under the headings “*Board Committees*”, “*Audit Committee*” and “*Human Resources, Compensation, Corporate Governance and Nominating Committee*”.

The Board participates in assessing and approving strategic plans and prospective decisions proposed by Management (as defined below). A significant portion of each regular Board meeting is devoted to strategic plans and opportunities available to the Corporation. Such discussions enable directors to gain a fuller appreciation of planning and priorities and provide the opportunity for directors to give constructive feedback to Management.

In order to ensure that the principal business risks borne by the Corporation are appropriate, the Board receives and comments on periodic reports from senior management of the Corporation (“**Management**”) of the Corporation’s assessment and management of such risks. The Board considers risk issues and approves corporate policies addressing the management of the risk including the Corporation’s operations, regulatory compliance, technology implementation and disaster planning. The Board also reviews the methods and procedures established by Management with respect to the control of key risks.

The Board regularly monitors the financial performance of the Corporation, including receiving and reviewing detailed financial information contained in Management reports. The Board, directly and through the Audit Committee (as defined below), assesses the integrity of the Corporation’s internal control and management information systems. As required by National Instrument 52-109 – *Certification of Disclosure in Issuer’s Annual and Interim Filings*, the Chief Executive Officer and Chief Financial Officer have provided certificates relating to the contents of the statutory reports and have evaluated and reported on the design and effectiveness of the Corporation’s internal controls over financial reporting, disclosure controls and procedures and any material changes to internal controls for financial reporting which has or may have a material impact on the Corporation’s internal controls over financial reporting.

In March 2005, the Board adopted a Disclosure Policy (which was amended in 2014 and 2016), which governs, among other things, the appropriateness and timing of the release of information with respect to developments at the Corporation. The policy establishes guidelines for determining what information is material, how it is to be disclosed and, to avoid selective disclosure, making all material disclosures on a widely disseminated basis. The Corporation seeks to communicate with its shareholders and other stakeholders through a variety of channels, including its annual and quarterly financial statements and accompanying management’s discussion and analysis, annual information form, news releases, website, briefing sessions, group meetings and industry conferences.

The Board regularly receives reports regarding the training and monitoring of Management of the Corporation and its subsidiaries. Input is received at meetings of the Audit Committee, the HRCCGN Committee (as defined below) and the Board regarding the performance of Management. Both the HRCCGN Committee and the Board have specifically assumed responsibility for reviewing the performance of Management.

The Board meets at least four times each year, and more frequently as required. The frequency of meetings, as well as the nature of the agenda items, changes depending on the state of the Corporation’s affairs and in light of opportunities or risks which the Corporation faces from time to time. In 2015, the full Board met eight times. Please see page A-4 of this Schedule A for the attendance record of each director for all Board meetings and Committee meetings during the fiscal year ended December 31, 2015.

The full text of the mandate of the Board is attached as Schedule B to the Circular.

CORPORATE GOVERNANCE PRINCIPLES

In March 2005, the Board initially formally adopted a set of corporate governance principles. In November 2014 the Board adopted a revised and updated set of principles. These principles provide guidelines on Board size, independence of Board members, nominating and orientation of new directors, retirement and resignation of Board members, conduct of Board meetings, conflicts of interest, share ownership by directors, compensation review, assessing Board and Committee performance, interaction with third parties and confidentiality. The principles also require each of the Committees to adopt a written charter approved by the Board, as well as set out minimum numbers for Committee meetings.

The Board has explicitly delegated to the Audit Committee the obligation to periodically review and provide recommendations from time to time with a view to seeking to ensure that the corporate financial reporting practices of the Corporation comply with NI 58-101, NP 58-201 and all other securities law requirements.

The Board has explicitly delegated to the HRCCGN Committee the obligation to periodically review and provide recommendations from time to time with a view to seeking to ensure that the corporate governance practices of the Corporation comply with NI 58-101, NP 58-201 and all other securities law requirements.

The Board is satisfied that the Corporation's comprehensive governance program is consistent with NI 58-101 and NP 58-201.

COMPOSITION OF THE BOARD

NI 58-101 defines an "independent director" as one who has no direct or indirect material relationship with the Corporation. It further defines a "material relationship" as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Board member's independent judgement. This Circular adopts such definitions.

Mr. Mitchell Gropper, Ms. Paula Rogers and Mr. Murray Coleman are each independent directors of the Corporation. Mr. Lawrence Haber is not independent by virtue of having been an executive officer of the Corporation within the last three years. Mr. Derek Doke has been determined by the Board to be in a material relationship with DIV given that he is the President and Chief Executive Officer, a director and the controlling shareholder of Franworks Franchise Corp. ("**Franworks**"), the entity from which the Corporation derives a significant portion of its income. Mr. Johnny Ciampi has been determined by the Board to be in a material relationship with DIV given his past and ongoing business relationship with the Corporation's Chief Executive Officer.

The Board currently has an even number of independent and non-independent directors. When appropriate, in camera sessions are held at Board and Committee meetings in the absence of Management and non-independent directors. The Board also believes that the directors are sensitive to conflicts of interest and excuse themselves from deliberations and voting in appropriate circumstances. For further details with respect to how the Board facilitates its exercise of independent judgment in carrying out its responsibilities, see "*Board Function and Independence*" below.

The Board believes that the size and composition of the Board serves the Corporation and its shareholders well. The Board believes that all of its directors make a valuable contribution to the Board and the Corporation. The directors who are not independent possess extensive knowledge of the Corporation's business and/or have extensive business experience, both of which have proven to be beneficial to the other directors, and their participation as directors contributes to the effectiveness of the Board.

The following table sets out the current directorships held by the current directors of the Board in other public companies.

Director	Other Reporting Issuer
Lawrence Haber	None
Mitchell Gropper	None
Derek Doke	None
Murray Coleman	None
Johnny Ciampi	Premium Brands Holding Corporation
Paula Rogers	Timmins Gold Corp. and NeutriSci International Inc.

COMMITTEES

The Board has developed charters governing the purpose and composition of two standing committees: an audit committee (the “**Audit Committee**”) and a human resources, compensation, corporate governance and nominating committee (the “**HRCCGN Committee**”) each a “**Committee**” and together, the “**Committees**”). For 2015, the standing Committees of the Board consisted of: the Audit Committee and the HRCCGN Committee.

All members of the Audit Committee are required to be independent according to National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). The Audit Committee was composed of Mr. Gropper and Mr. Coleman from January 1, 2015 until March 19, 2015, both of whom are independent. Mr. Ciampi was temporarily appointed as Audit Committee Chair for the purposes of the Audit Committee meeting held on March 20, 2015 (the Board relied on the exemption in Section 3.5 of NI 52-110 in appointing Mr. Ciampi to, and as Chair of, DIV’s Audit Committee for the purposes of such meeting). At the meeting of the Board held on March 20, 2015, subsequent to the aforementioned meeting of the Audit Committee, Ms. Paula Rogers was appointed to the Board and as the Chair of the Audit Committee and Mr. Ciampi stepped down from, and as Chair of, the Audit Committee. As of the date of this Circular all members of the Audit Committee are independent. The Audit Committee is discussed in further detail in DIV’s Annual Information Form dated March 29, 2016 under the heading “*Audit Committee Information*”. In addition, the full text of the charter of the Audit Committee is attached as Schedule A to the AIF.

The charter of the HRCCGN Committee requires that the members meet the independence requirements of NI 58-101. During the year ended December 31, 2015, all HRCCGN Committee members met these requirements. As of the date of this Circular, the Chair of the HRCCGN Committee is independent while the other members of the Committee are not independent. The two non-independent members of the HRCCGN Committee have waived their right to receive any compensation from DIV for their service as directors. Accordingly, the Board feels that the HRCCGN Committee, exercises independent judgement in making decisions and providing recommendations to the Board with respect to the compensation of DIV’s executive officers and directors.

The composition, mandate and activities of each committee are set out under the headings “*Board Committees*”, “*Audit Committee*” and “*Human Resources, Compensation, Corporate Governance and Nominating Committee*” in this Circular.

Board and Committee Statistics

Summary of Board and Committee Meetings Held from January 1, 2015 to December 31, 2015

Board	8
Audit Committee	4
HRCCGN Committee	1
Total number of meetings held	13

Summary of Attendance of Directors from January 1, 2015 to December 31, 2015

Director	Board meetings attended	Audit Committee meetings attended	HRCCGN Committee meetings attended
Lawrence Haber	8/8	N/A	N/A
Mitchell Gropper	8/8	4/4	1/1
Derek Doke	7/8	N/A	1/1
Murray Coleman	8/8	4/4	N/A
Johnny Ciampi ⁽¹⁾	8/8	1/1	1/1
Paula Rogers ⁽¹⁾	7/7	3/3	N/A

(1) On March 20, 2015, Ms. Rogers was appointed to the Board and as Chair of the Audit Committee and Mr. Ciampi stepped down from, and as Chair of, the Audit Committee

POSITION DESCRIPTIONS

The Board has not approved mandates for the Chief Executive Officer or the Chair of the Board, the HRCCGN Committee or the Audit Committee. Nevertheless, in each instance the person charged with such position is effectively charged with the responsibility of overseeing the efficient operation of Management of the Corporation, the Board, the HRCCGN Committee and the Audit Committee, respectively.

Pursuant to the by-laws of the Corporation, certain of the principal duties of the Chair of the Board are presiding over meetings of Directors and meetings of shareholders and to provide leadership to enhance the effectiveness and focus of the Board. Similarly, the Chair of the HRCCGN Committee and the Audit Committee are charged with similar duties for their respective Committees. The Chair's responsibilities include acting as liaison between the Board and the Chief Executive Officer and establishing, in consultation with the Chief Executive Officer and the Board, procedures to govern the Board's performance. Further, the Chair ensures that the Board operates independently of Management and that directors have an independent leadership contact. As part of his responsibilities, the Chair is responsible for obtaining peer reviews of the operation of the Board to obtain insight as to areas where the Board and its Committees could be operating more effectively. The Chair, if present, chairs all Board meetings including meetings at which only independent directors are present.

If the Chair is not independent, the independent directors may select one of their members to be appointed Lead Director of the Board for such term as the independent directors may determine. The Lead Director, if one is appointed, is responsible for chairing regular meetings of the independent directors and seeking to ensure that the Board is able to carry out its role.

The Chief Executive Officer of the Corporation is responsible for the day-to-day operation of the Corporation and, in fulfilling such responsibilities, is required to act honestly and in good faith with a view to the best interests of the Corporation.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

In accordance with NI 58-101 and NP 58-201, the Corporation has established a process to provide an orientation and education program for new recruits to the Board. The HRCCGN Committee is responsible for proposing new directors to the Board. In addition, the orientation of new directors and the ongoing development of existing directors is the responsibility of the HRCCGN Committee. New directors are advised of the Corporation's corporate governance practices and policies, are requested to review the Corporation's most recent significant public disclosure documents, and such other documents as the HRCCGN Committee may deem appropriate. In addition, Management makes regular presentations to the Board on the main areas of the Corporation's business. Directors are encouraged to meet regularly with Management and are invited to tour the Corporation's facilities.

BOARD FUNCTIONING AND INDEPENDENCE

The Board's mandate requires that all major strategic decisions, including any change in the strategic direction of the Corporation, be presented by Management to the Board for approval. As part of its ongoing activity, the Board regularly receives and comments upon reports of Management as to the performance of the Corporation's business and Management's expectations and planned actions in respect thereof.

The Board reviews the adequacy and form of the compensation of directors to ensure the compensation realistically reflects the responsibility and risk involved in being an effective director. The Board has made it a priority to continue to examine and develop the processes which it follows in its deliberations in order that it will continue to fulfil its mandate.

The Audit Committee, which is composed entirely of independent directors, reviews related party transactions.

The Board and the Chief Executive Officer engage in regular dialogue regarding the performance of Management, including the Chief Executive Officer, in achieving the Corporation's strategic objectives as determined by Management and the Board. As the Board has plenary power, any responsibility which is not delegated to Management or a Committee remains with the Board.

The Board's mandate requires the independent members of the Board to meet at least once annually without Management and the non-independent directors present. In addition, the Board conducts a session without Management present each year to review the recommendations of the HRCCGN Committee. The HRCCGN Committee also conducts part of its deliberations without Management present. As well, the Audit Committee has a policy to meet periodically and at least annually with the Corporation's external auditors without Management present.

The Board has implemented a system which enables an individual director to engage an outside adviser at the expense of the Corporation in appropriate circumstances. Prior approval of the Chair and Chief Executive Officer or the Chair of the Audit Committee is required for the retention of such an adviser.

The Board has adopted a Lead Director Mandate, as of June 2011 (which was amended in 2014), which provides for protocol which may be used when the Chair of the Board is not independent. If the Chair is not independent, the independent directors may select one of their members to be appointed Lead Director of the Board for such term as the independent directors may determine. The Lead Director, if one is appointed, is responsible for chairing regular meetings of the independent directors and seeking to ensure that the Board is able to carry out its role. In addition to other functions that the independent directors as a whole designate from time to time, the Lead Director's role includes: representing the Corporation's independent directors in discussions with Management on corporate governance issues and other matters; and generally assisting in seeking to ensure that the Board functions independently of Management. The Board has determined that the appointment of a Lead Director is not currently necessary given that the Corporation's current Chair, Mr. Lawrence Haber, no longer holds an executive position with the Corporation and, despite not being "independent" under applicable securities laws, is viewed by the other members of the Board to be exercising independent judgment as he is not seen by them to be in a material relationship with the Corporation.

In addition, the respective charters established by each of the Audit Committee and the HRCCGN Committee provide for authority for each such Committee to engage internal and external legal, accounting and other advisors, and for the Committee to determine the funding necessary for compensation to such advisors.

The HRCCGN Committee conducts an annual evaluation of the effectiveness of the Board, its committees and the contribution of individual directors. The HRCCGN Committee reviews the operation of the Board and committees, adequacy of information provided to directors, Board structure, agenda planning for Board meetings, and the effectiveness of the Chair in managing Board meetings.

ETHICAL BUSINESS CONDUCT

In 2004, the Corporation formally adopted a Code of Business Conduct and Ethics and related policies, which was amended in 2011, 2012, 2014, and 2016 which sets high standards for ethical behaviour throughout the organization. A copy of the current Code of Business Conduct and Ethics is available on SEDAR at www.sedar.com.

The Code of Business Conduct and Ethics provides the entire organization with the same frame of reference for dealing with sensitive and complex issues such as conflicts of interest, use of information, confidentiality of personal information, confidentiality of business information, corporate opportunities, use of inside information, fair trading, protection and use of company assets, accounting practices, records retention, compliance with laws, rules and regulations, and duty to report and consequences. The Code of Business Conduct and Ethics applies to employees of the Corporation as well as directors and officers of the Corporation. The Corporation also has a policy of encouraging anyone with a concern about unethical or illegal activities to inform their management and take appropriate and consistent action.

Where directors and any members of Management have a material interest in a transaction or an agreement that the Board may be considering, he or she is asked not to vote on resolutions pertaining to this subject matter.

NOMINATION OF DIRECTORS

Refer to the general discussion under the heading “*Human Resources, Compensation, Corporate Governance and Nominating Committee*” in the Circular and in particular to the discussion under the following subheading in that section “– *Committee Authority and Responsibilities*”.

COMPENSATION

Refer to the general discussion under the heading “*Human Resources, Compensation, Corporate Governance and Nominating Committee*” in the Circular and in particular to the discussion under the following subheading in that section “– *Executive Compensation*”.

ASSESSMENTS

The HRCCGN Committee has the responsibility to ensure that a process is in place for the annual review of the performance of individual directors, the Board as a whole and the individual committees. No review of the performance of individual directors, the Board as a whole and the individual committees occurred during the most recently completed financial year.

MAJORITY VOTING POLICY

On March 20, 2013, the Board adopted a majority voting policy with respect to the election of the directors of the Corporation. Refer to the discussion under the heading “*Majority Voting Policy*” in this Circular.

TERM LIMITS

The Corporation has not adopted term limits for the directors on the Board because the Board believes the imposition of arbitrary term limits may result in an effective director being disqualified and discounts the value of experience and continuity. The HRCCGN Committee is responsible for assessing the effectiveness of the Board and Board renewal is one of the factors the HRCCGN Committee utilizes in its evaluation.

DIVERSITY

The Corporation has not adopted a formal written policy for the identification and nomination of women directors. The HRCCGN Committee is required to annually develop and update a long term plan for the composition of the Board and one of the factors that it considers is diversity of backgrounds, including gender diversity. Other factors that the HRCCGN Committee takes into consideration include, but are not limited to, the current strengths, skills and experience on the Board, any planned retirement dates and the strategic direction of the Corporation. Accordingly, the Board does not currently believe a written policy relating solely to the identification of directors based upon gender is necessary.

The HRCCGN Committee considers the diversity of the Board, including the level of representation of women, as one of the factors in identifying and nominating candidates for election or re-election to the Board. The other factors that the Governance Committee considers include, but are not limited to, the following: the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; the competencies and skills each new nominee will bring to the Board; the time and energy of the proposed nominee to devote to the tasks; and the understanding by the proposed nominee of the nature of the business and operations of the Corporation. Following the departures of certain directors in 2014, the HRCCGN Committee and Board focussed their efforts for finding a replacement board member and Audit Committee Chair on qualified women candidates in light of their view that it is important to maintain a diverse Board. Following a thorough search process by the Board, Ms. Paula Rogers was appointed to the Board and as Chair of the Audit Committee on March 20, 2015.

The Corporation considers diversity in its executive officer positions, including the level of representation of women, as one of the factors in making executive officer appointments. The Corporation also considers the skills and experience necessary for the position.

The Corporation has not adopted a target regarding women on the Board. Diversity, including gender diversity, is one of the factors that the HRCCGN Committee considers in identifying and nominating candidates for election or re-election to the Board. The other factors that the HRCCGN Committee considers are described above. The HRCCGN Committee believes all of these factors are relevant to ensure high functioning Board members and that establishing targets based upon only gender may disqualify desirable director candidates.

The Corporation has not adopted a target regarding women in executive officer positions of the Corporation. Diversity, including gender diversity, is one of the factors that the Corporation considers in identifying executive officers. The other factors that the Corporation considers are described above. The Corporation believes all of these factors are relevant to ensure appropriate executive officers and that establishing targets based upon only gender may disqualify desirable executive officer candidates.

One of the six directors of the Corporation is a woman, representing approximately 17% of the Board.

None of the executive officers of the Corporation or any of its major subsidiaries are currently women.

SCHEDULE B – BOARD OF DIRECTORS’ MANDATE



DIVERSIFIED ROYALTY CORP.

BOARD OF DIRECTORS’ MANDATE

(adopted November 13, 2014)

1. Introduction

The Board of Directors (the “**Board**”) of Diversified Royalty Corp. (the “**Company**”) seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should be selected based upon the contributions they can make. Directors should plan to make a significant time commitment to the Company. The Board’s composition should reflect business experience compatible with the Company’s business objectives.

2. Chair of the Board

The chair of the Board will be appointed by the Board, after considering the recommendation of the Human Resources, Compensation, Corporate Governance and Nominating Committee, for such term as the Board may determine.

3. Meetings of Independent Directors

The independent directors should hold regularly scheduled meetings at which non- independent directors and members of management are not in attendance.

4. Composition and Independence of the Board

The Board is to be comprised of at least three members, a majority of whom are independent. Pursuant to the *Canada Business Corporations Act*, at least 25% of the directors of the Company must be resident Canadians. The Chair of the Board should be an independent director. Where the Chair is not independent, the independent directors of the Board may select one of their numbers to be appointed lead director of the Board for such term as the independent directors may determine. The lead director is responsible for chairing regular meetings of the independent directors and seeking to ensure that the Board is able to carry out its role.

The Human Resources, Compensation, Corporate Governance and Nominating Committee should establish and recommend to the Board criteria for the selection of new candidates to serve on the Board (including the range of skills and expertise that should be represented by the Board and independence from management).

5. Position Descriptions

Pursuant to the by-laws of the Corporation, certain of the principal duties of the Chair of the Board are presiding over meetings of Directors and meetings of shareholders, and to provide leadership to enhance the effectiveness and focus of the Board. Similarly, the Chairs of other Committees are charged with similar duties for their respective committees. The Chair’s role includes acting as liaison between the Board and the Chief Executive Officer and establishing, in consultation with the Chief Executive Officer and the Board, procedures to govern the Board’s performance. Further, the Chair seeks to ensure that the Board operates independently of management and that directors have an independent leadership contact. As part of his role, the Chair may seek to obtain peer reviews of the operation of the Board to obtain insight as to areas where the Board and its committees could be operating more effectively. The Chair, if present, chairs all Board meetings, including (unless he or she is not independent, in which case the lead director should chair) meetings at which only independent directors are present.

In addition to other functions that the independent directors as a whole designate from time to time, the lead director's role will include: representing the independent directors in discussions with senior management on corporate governance issues and other matters; and generally assisting in seeking to ensure that the Board functions (unless the Chair is independent, in which case the Chair should chair) independently of management, including through: chairing of meetings of independent directors without members of management present; participation in Board and Committee agenda-setting; selection and retention of independent advisors; and chairing of certain committees of the Board.

6. Role of the Board

The Board seeks to create shareholder value. The Board, in connection with the stewardship of the Company, has the duties set forth in the *Canada Business Corporations Act*, namely to supervise the management of the business and affairs of the Company. In furtherance thereof, the following is the mandate of the Board:

- Advocate and support what are in its view the best interests of the Company.
- Review and approve operating plans and budgets, strategic, business and capital plans for the Company, and monitor management's execution of such plans.
- Review whether specific and relevant corporate measurements are developed and adequate controls and information systems are in place with regard to business performance.
- Review the principal risks of the Company's business and pursue the implementation by management of appropriate systems to manage such risks.
- Monitor progress and efficiency of strategic, business, and capital plans and require appropriate action to be taken when performance falls short of goals.
- Review measures implemented and maintained by the Company to seek to ensure compliance with statutory and regulatory requirements.
- Monitor the practices of management against the Company's disclosure policy to seek to ensure appropriate and timely communication to shareholders of material information concerning the Company (in accordance with and subject to applicable law).
- Monitor the development and implementation of programs for management succession and development.
- Provide new directors with an orientation in order that new directors understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its directors). New directors should also understand the nature and operation of the issuer's business.
- Provide all directors with continuing education opportunities so that individuals may maintain or enhance their skills and abilities as directors, as well as to seek to ensure that their knowledge and understanding of the issuer's business remains current.
- Periodically conduct assessments of the effectiveness of the Board, as well as the effectiveness and contribution of each Board committee and each individual director.
- Provide advice to the CEO.
- To the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers and seek to ensure that the CEO and other executive officers create a culture of integrity throughout the organization.
- Directly or via the Human Resources, Compensation, Corporate Governance and Nominating Committee, monitor the Company's approach to corporate governance, including if appropriate developing a set of corporate governance principles and guidelines that are specifically applicable to the Company in addition

to those contained in the Human Resources, Compensation, Corporate Governance and Nominating Committee Charter and other instruments.

In addressing its mandate, the Board should approve the following documents:

Financial Approvals:

- Strategic plan (as applicable)
- Annual business and capital plans (as applicable)
- Annual financial statements and auditors' report
- Quarterly earnings and press releases
- Budgeted capital expenditures (as applicable)
- Material acquisitions/divestitures
- Significant financing transactions
- Dividend policy (if any)
- Share re-purchase programs (if any)

Meetings

The Board intends to hold a minimum of four meetings per year. Directors are expected to make reasonable efforts to attend all meetings and to have reviewed written meeting materials distributed to them prior to the meeting. The Board believes that attendance of key executive officers augments the meeting process. Directors are encouraged to be physically present at all meetings. However, conference telephone, videoconference, or similar communication equipment attendance at a meeting will generally be permitted, if necessary.

The Chair should establish the agenda for Board meetings after consultation with other board members. The Company should distribute, wherever practicable sufficiently in advance of meetings to permit meaningful review, written materials for use at Board meetings. Such written materials should generally be prepared with an emphasis on brevity and should generally include recommendations for action as appropriate in the circumstances.

The independent Directors of the Board will meet in executive session at least once each year without any non-independent Directors, management Directors or any other members of the Company's management who may otherwise be present. The independent Directors will designate a Director who will preside at the executive sessions.

7. Strategic Planning and Risk Management

The Board intends to adopt a strategic planning process to establish objectives and goals for the Company's business and to review, approve and modify as appropriate the strategies proposed by senior management to achieve such objectives and goals. The Board intends to review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business and affairs.

The Board, in conjunction with management, should seek to identify the principal risks of the Company's business and oversee management's implementation of appropriate systems to seek to effectively monitor, manage and mitigate the impact of such risks. Some of the more pertinent risk factors include: the cyclical nature of the business; cost control; and mergers and acquisitions opportunities.

8. Corporate Social Responsibility, Ethics and Integrity

The Board should provide leadership to the Company in support of its commitment to Corporate Social Responsibility, set the ethical tone for the Company and its management and foster ethical and responsible decision making by management. The Board should take all reasonable steps to satisfy itself of the integrity of the Chief Executive Officer and management and satisfy itself that the Chief Executive Officer and management create a culture of integrity in the organization.

9. Succession Planning, Appointment and Supervision of Management

Each director elected will hold office until the next annual meeting or until his or her successor is appointed, unless his office is earlier vacated in accordance with the *Canada Business Corporations Act* and the by-laws of the Company.

The Board should periodically receive reports regarding the training and monitoring of senior management of the Corporation and its subsidiaries. Input may be received at meetings of the Audit Committee, the Human Resources, Compensation, Corporate Governance and Nominating Committee and the Board regarding the performance of senior management. Both the Human Resources, Compensation, Corporate Governance and Nominating Committee and the Board should review the performance of senior management.

10. Delegations and Approval Authorities

The President and Chief Executive Officer of the Company is responsible for the day-to-day operation of the Company and, in fulfilling such responsibilities, is required to act honestly and in good faith with a view to the best interests of the Company. The Board should approve material delegations of authority.

11. Monitoring of Financial Reporting and Management

The Board should approve all regulatory filings, including the annual audited financial statements, interim financial statements, the notes and management discussion and analysis accompanying such financial statements, annual reports, management proxy circulars, annual information forms, prospectuses, and material capital investments, equity financings, borrowings and annual operating plans and budgets.

The Board should: seek to ensure the integrity of internal controls and management information systems; seek to ensure compliance with all applicable laws, rules and regulations in all material respects and seek to prevent violations of applicable laws, rules and regulations relating to financial reporting and disclosure, violation of the Company's Code of Business Conduct and Ethics and fraud against shareholders.

12. Corporate Disclosure and Communication Policy

The Board should seek to ensure that all corporate disclosure complies with all applicable laws, rules and regulations and the rules and regulations of the stock exchanges upon which the Company's securities are listed in all material respects. In addition, the Board should seek feedback from security holders on material issues.

Shareholders wishing to send communications to the Board should send such communications in writing to the Chair of the Board of Directors.

13. Committees

The Board has established the following committees, and has the ability to establish other committees as it sees fit from time to time.

(a) Human Resources, Compensation, Corporate Governance and Nominating Committee

The Board has established the Human Resources, Compensation, Corporate Governance and Nominating Committee to monitor and advise, *inter alia*, with respect to: (i) Human Resources and compensation related matters; and (ii) establishing criteria for the nomination of directors, identification of qualified individuals to become Board members, and recommending Board nominees for Board membership and service on committees.

The Human Resources, Compensation, Corporate Governance and Nominating Committee shall have the role set forth in its Charter and should wherever practicable consist entirely of independent directors. This includes reviewing and determining the Chief Executive Officer's and other executives' compensation. The Human Resources, Compensation, Corporate Governance and Nominating Committee may also administer the Corporation's Stock Option Incentive Plan and other incentive compensation.

The Human Resources, Compensation, Corporate Governance and Nominating Committee is appointed by the Board to establish, administer and evaluate the compensation philosophy, policies and plans for non-employee directors and executive officers, to make recommendations to the Board regarding director and executive compensation and to review the performance and determine the compensation of the Chair and Chief Executive Officer, based on criteria including the Corporation's performance and accomplishment of long-term strategic objectives.

(b) Audit Committee

The Audit Committee has the role set forth in its Charter and should except as permitted by law consist entirely of independent directors. The role of the Audit Committee is oversight. The members of the Audit Committee must be Directors who satisfy the independence and the financial literacy and experience requirements of the Toronto Stock Exchange, the American Stock Exchange and any other regulatory requirements. However, it is not the duty of the Audit Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of Management and the Company's independent auditors.

(c) Special Committees

The Board may from time to time establish one or more special committees to deal with any special matters that the Board deems advisable. The appointment of any special committee and the mandate of any special committee should be approved by the Board.

14. Administration and Compliance Approvals

Committee assignments and the designation of Committee Chairs should be based on the Director's knowledge, interests and areas of expertise. The Board does not favor mandatory rotation of Committee assignments or Chairs. The Board believes experience and continuity are more important than rotation. Board members and Chairs should be rotated only if rotation is likely to increase Committee performance.

15. Corporate Policies

The Board should adopt and periodically review policies and procedures designed to seek to ensure that the Company, its directors, officers and employees comply with all applicable laws, rules and regulations in all material respects and conduct the Company's business ethically and with honesty and integrity. Principal policies consist of:

- Code of Business Conduct and Ethics;
- Corporate Disclosure Policy;
- Whistleblower Policy; and
- Majority Voting Policy.

16. Amendments to the Mandate; Purpose

The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to security holders of the Company or other liability whatsoever.

17. Review of Mandate

The Human Resources, Compensation, Corporate Governance and Nominating Committee should periodically review and assess the adequacy of this mandate and recommend any proposed changes to the Board for its consideration.

18. Board Assessments

The Board should ensure that the Board itself and its committees and each individual director are regularly assessed regarding their, his or her effectiveness and contribution. An assessment should consider i) in the case of the Board or a

committee, its mandate or charter, and ii) in the case of an individual director, the position description(s), if any, as well as the competencies and skills that each director is expected to bring to the board.

19. Purpose

The Board may in its sole discretion from time to time amend and/or permit departures from the terms of this Mandate, either prospectively or retrospectively, and no provision of this Mandate is intended to give rise to civil liability to security holders of the Company or other liability whatsoever.