



Dividend Reinvestment Plan Questions and Answers

The following series of questions and answers explains some of the key features of the Diversified Royalty Corp. (the “**Corporation**”) Dividend Reinvestment Plan (the “**DRIP**”).

The answers set forth below are of a summary nature only and are expressly subject to the complete text of the DRIP, a copy of which may be obtained from the Plan Agent (as defined below) or the Corporation at any time upon request or from the Corporation’s website at <http://diversifiedroyaltycorp.com>. Shareholders of the Corporation (“Shareholders”) should carefully read the complete text of the DRIP before making any decisions regarding participation in the DRIP.

Unless otherwise announced by the Corporation, holders of shares outside of Canada may not participate in the DRIP.

Terms used but not otherwise defined herein shall have the meaning attributed thereto in the DRIP.

1. What is the DRIP?

The DRIP permits eligible Shareholders (“**Participants**”) to automatically reinvest cash dividends paid on their common shares of the Corporation (“**Common Shares**”) into additional Common Shares. Common Shares distributed under the DRIP will, at the option of the Corporation, be issued from the treasury of the Corporation at a discount or purchased by Computershare Trust Company of Canada (the “**Plan Agent**”) in the open market on a stock exchange at no discount, or a combination of both and, in each case, in the manner specified in the DRIP. Common Shares acquired under the DRIP will automatically be enrolled in the DRIP.

2. Is participation in the DRIP required?

Shareholders are not required to participate in the DRIP. Shareholders that do not participate in the DRIP will continue to receive cash dividends in the normal course.

3. What are the advantages of the DRIP?

The DRIP offers Shareholders a convenient and cost-effective means to purchase Common Shares through the reinvestment of cash dividends paid on their Common Shares, without charge for any commissions, service charges or brokerage fees under the DRIP. See Question #10.

4. Is the DRIP available to all Shareholders?

Unless otherwise announced by the Corporation, holders of Common Shares who are residents outside of Canada may not participate in the DRIP.

The Corporation and the Plan Agent also reserve the right to refuse or terminate participation in the DRIP in certain extraordinary circumstances, which are described in the DRIP.

5. How do I participate in the DRIP?

Beneficial Owners of Common Shares

You are a beneficial owner of Common Shares if you hold your Common Shares through a broker, investment dealer, financial institution or other nominee. If you are a beneficial holder of Common Shares and wish to participate in the DRIP you must arrange with your broker, investment dealer, financial institution or other nominee to enroll in the DRIP on your behalf.

Registered Shareholder

If you are a registered holder of Common Shares (other than CDS Clearing and Depository Services Inc. (“CDS”)) and wish to enroll all or any portion of your Common Shares in the DRIP, you must deliver a completed and executed enrollment form in the form provided by the Corporation and the Plan Agent for this purpose (the “**Enrollment Form**”) to the Plan Agent.

Registered Shareholders may obtain an Enrollment Form by contacting the Plan Agent in any of the manners specified in Question #17 below.

Nominee Holders of Common Shares

If you are a nominee holding Common Shares on behalf of one or more eligible beneficial owners of Common Shares who wish to participate in the DRIP, you may arrange for such participation on their behalf. If the Common Shares are registered in your name, you may enroll on behalf of the beneficial owners by providing a completed Enrollment Form to the Plan Agent. If the Common Shares are registered in the name of CDS through the depository service offered by the intermediary, you must either: (i) arrange for CDS, to enroll on behalf of the beneficial owners; or (ii) make other arrangements to transfer the registration of the Common Shares.

Once you have enrolled in the DRIP, your participation in the DRIP continues automatically until terminated by you voluntarily, or until the DRIP is terminated by the Corporation.

6. When must the Plan Agent receive an Enrollment Form for it to be effective?

As a shareholder you can enroll in the DRIP at any time however there are some time restrictions with respect to when your enrollment will take effect.

If you are a registered Shareholder, the Plan Agent must receive an Enrollment Form from you not later than 4:00 p.m. (Toronto time) on the fifth (5th) business day immediately preceding a date for the payment of cash dividends on Common Shares (a “**Dividend Record Date**”) in order to take effect on the date on which cash dividends are paid on Common Shares (the “**Dividend Payment Date**”) to which that Dividend Record Date relates.

If you are an eligible Shareholder and hold your Common Shares through your broker, investment dealer, financial institution or other nominee, registered in the name of CDS, appropriate instructions must be received by CDS within one (1) day after the applicable Dividend Record Date, in order for the instructions to take effect on the Dividend Payment Date to which that Dividend Record Date relates.

7. How does the Plan Agent purchase Common Shares under the DRIP?

On each Dividend Payment Date, the Corporation will pay all cash dividends payable on Common Shares enrolled in the DRIP to the Plan Agent. Those cash dividends, after deduction of any applicable tax, will be aggregated and used by the Plan Agent to purchase Common Shares (including fractional Common Shares, calculated to six decimal places) (the “**DRIP Shares**”) by way of a purchase from the Corporation’s treasury (a “**Treasury Purchase**”) or by way of a purchase on the open market (a “**Market Purchase**”) through the facilities of the Toronto Stock Exchange on behalf of Participants. The Corporation, in its sole discretion, will determine whether the DRIP Shares will be acquired by way of a Treasury Purchase or a Market Purchase or a combination of both.

8. What will be the price of DRIP Shares purchased for my account under the DRIP?

The price allocated to each DRIP Share, or fraction thereof, acquired by the Plan Agent by way of a Market Purchase (each, a “**Market Purchase Share**”) will be the average cost of the actual price paid (excluding brokerage commissions, fees and transaction costs) per DRIP Share for all DRIP Shares purchased by the Plan Agent in respect of the relevant Dividend Payment Date, or as soon as available on the open market immediately thereafter.

The price allocated to each DRIP Share, or fraction thereof, acquired by the Plan Agent by way of a Treasury Purchase (each, a “**Treasury Purchase Share**”) will be the volume weighted average price of the Common Shares traded on the Toronto Stock Exchange for the five trading days immediately preceding the relevant Dividend Payment date, less a discount set by the Corporation. Such discount shall initially be 3%, and may be varied by the Corporation at any time and without notice.

9. When will DRIP Shares be purchased for Participants?

With respect to a Market Purchase, the Plan Agent will acquire the applicable aggregate number of Market Purchase Shares on the applicable Dividend Payment Date or such other date or dates as soon as practicable thereafter.

With respect to a Treasury Purchase, the Plan Agent will purchase Treasury Purchase Shares from the Corporation’s treasury on the applicable Dividend Payment Date.

10. What are the costs of participating in the DRIP?

Participants will not be responsible for any brokerage commissions, administration costs or other service charges in connection with the purchase by the Plan Agent of DRIP Shares. All such costs will be paid by the Corporation.

Beneficial owners of Common Shares who wish to participate in the DRIP through the broker, investment dealer, financial institution or other nominee who holds their Common Shares should consult that nominee to confirm what fees, if any, the nominee may charge to enroll all or any portion of such beneficial owners’ Common Shares in the DRIP on their behalf or whether the nominee’s policies might result in any costs otherwise becoming payable by such beneficial owners.

11. Will certificates be issued for new Common Shares purchased for me under the DRIP?

Certificates will not ordinarily be issued for Common Shares that are purchased and held for a Participant's account under the DRIP unless specifically requested in writing. Instead, such DRIP Shares will be held by the Plan Agent either in its own name or in the name of its nominee, and will be shown on the Participant's periodic statement of account. This service protects against loss, theft or destruction of share certificates.

Certificates for DRIP Shares will be issued to Participants if the DRIP is terminated by the Corporation, participation in the DRIP is terminated by a Participant or by the Corporation; a Participant withdraws all or any portion of its DRIP Shares from its account; or upon receipt of notification by the Plan Agent of the death of the Participant. No person shall be entitled to receive a certificate, by way of electronic issuance or otherwise, for any fraction of a Common Share.

12. Will Common Shares that are enrolled in the DRIP continue to be enrolled? What about DRIP Shares that are acquired under the DRIP?

Common Shares enrolled by a Participant in the DRIP will remain enrolled in and will automatically continue to be enrolled in the DRIP until such time as the DRIP is terminated by the Corporation or until the Participant's enrollment is terminated by the Participant or by the Corporation. The DRIP Shares acquired under the DRIP for the account of the Participant will automatically be enrolled in the DRIP.

Common Shares purchased by a Participant outside of the DRIP and registered in exactly the same manner as Common Shares enrolled in the DRIP will be automatically enrolled in the DRIP. Common Shares purchased by a Participant outside of the DRIP that are not registered in exactly the same name or manner as Common Shares enrolled in the DRIP will not be automatically enrolled in the DRIP.

Participants are advised to contact the Plan Agent in the event that the Participant wishes to enroll such additional Common Shares in the DRIP.

13. Once I have enrolled in the DRIP, can I withdraw DRIP Shares?

Participants may withdraw and request a certificate for their DRIP Shares at any time upon written request to the Plan Agent.

14. How can I terminate my participation under the DRIP?

Participants may terminate their participation in the DRIP by written notice to the Plan Agent at any time. Once the termination becomes effective, the Plan Agent will send to the Participant a certificate representing all whole Common Shares held for the Participant's account under the DRIP or a Direct System Registration Advice, and a cheque in payment of the value of any fractional Common Shares remaining in the Participant's account, by reference to the prevailing market price of Common Shares on the Toronto Stock Exchange.

If a notice of termination is not received by the Plan Agent before 4:00 p.m. (Toronto time) on the fifth (5th) business day immediately preceding a Dividend Record Date, the Participant's account will not be closed, and the Participant's enrollment in the DRIP will not be terminated, until after the Dividend Payment Date to which that Dividend Record Date relates.

15. Can I sell DRIP Shares?

Participants who wish to sell all or any portion of their DRIP Shares must withdraw such shares from the DRIP prior to such sale in the manner outlined in Question #13 above. The Plan Agent will not sell all or any portion of a Participant's DRIP Shares on behalf of any Participants and Participants are advised to consult their own brokers, investment dealer, financial institution or other advisors should they wish to sell all or any portion of their DRIP Shares.

Participants should recognize that Common Shares acquired under the DRIP are no different from an investment in Shares directly held. Accordingly, neither the Corporation nor the Plan Agent can assure a profit or protect Participants against a loss on the Common Shares purchased under the DRIP.

16. What are the income tax consequences of participating in the DRIP?

Participation in the DRIP does not relieve Shareholders of any liability for taxes that would otherwise be payable in respect of cash dividends that are reinvested in Common Shares as part of the DRIP. Shareholders should consult their own tax advisors concerning the implications of their participation in the DRIP having regard to their particular circumstances.

Participants should recognize that Common Shares acquired under the DRIP are no different from an investment in Shares directly held. Accordingly, neither the Corporation nor the Plan Agent can assure a profit or protect Participants against a loss on the Common Shares purchased under the DRIP.

17. Where can I get further information?

If you have any questions regarding the DRIP, please direct them to the Plan Agent or to the Corporation as follows:

Computershare Trust Company of Canada
100 University Ave., 9th Floor
Toronto, Ontario M5J 2Y1

Attention: Dividend Reinvestment Department
Or the National Customer Contact Centre at 1-800-564-6253

Notices to Diversified Royalty Corp. shall be sent to:

Diversified Royalty Corp.
902 – 510 Burrard Street
Vancouver, BC
V6C 3A8

Attention: Greg Gutmanis, Chief Financial Officer
Fax No: (604) 685-9970

EFFECTIVE DATE OF THE DRIP

The effective date of the DRIP is November 2, 2015