



**EMPRESS ROYALTY CORP.**  
(the "Company")

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**CORPORATE DISCLOSURE POLICY**

**Objective and Scope**

The objective of this Disclosure Policy is to ensure that communications to the investing public about the Company are timely, complete, factual and accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements.

This Disclosure Policy extends to all employees, consultants, officers, advisors and directors of the Company and its affiliates (each, an "**Employee**") and those individuals authorized to speak on behalf of the Company. It covers disclosure in documents filed with the securities regulatory authorities, financial and non-financial disclosure (including management's discussion and analysis) and written statements made in the Company's annual and quarterly reports, news releases, material change reports, letters to shareholders, presentations by senior management, information contained on the Company's website and other electronic communications. It also extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

**Responsibility**

The Company's Board of Directors (the "**Board**") is responsible for overseeing the Company's disclosure practices.

The Board will set standards for a preliminary assessment of materiality and will determine when developments justify public disclosure.

It is essential that the Board be kept fully apprised of all pending material developments relating to the Company in order to evaluate and discuss those events and to determine the appropriateness and timing for public release of information. If it is deemed that the information should remain confidential, the Board will determine how that information will be controlled and whether any regulatory filings on a confidential basis need to be made.

The Board will review and update, if necessary, this Disclosure Policy on an annual basis or as needed to ensure compliance with changing regulatory requirements.

**Disclosure of Material Information**

Material information is information relating to the business, operations, assets, or securities of the Company that would reasonably be expected to have a significant effect on the market price or price of the Company or a security of the Company, and includes a decision to implement a change made by the Board or senior management of the Company who believe that confirmation by the Board is probable.

Securities legislation requires that all material information must be disclosed to the public by way of news release as soon as practicable. In complying with the requirement to disclose forthwith all material information under applicable laws and stock exchange rules, the Company will adhere to the following basic disclosure principles:



1. Material information will be publicly disclosed as soon as practicable via news release disseminated through a widely circulated news or wire service. Examples of potential material information giving rise to a material change include but are not limited to the following:

*Changes in Corporate Structure*

- Changes in share ownership that may affect control of the Company;
- Major reorganizations, amalgamations, or mergers;
- Take-over bids, issuer bids, or insider bids.

*Changes in Capital Structure*

- Public or private sale of additional securities;
- Planned repurchases or redemptions of securities;
- Planned splits of common shares or offerings of warrants or rights to buy shares;
- Any share consolidation, share exchange, or stock dividend;
- Changes in the Company's dividend payments or policies;
- Possible initiation of a proxy fight;
- Material modifications to rights of security holders.

*Changes in Financial Results*

- Significant increase or decrease in near-term earnings prospects;
- Unexpected changes in the financial results for any period;
- Shifts in financial circumstances, such as cash flow reductions, major asset write offs or write-downs;
- Changes in the value or composition of the Company's assets;
- Any material change in the Company's accounting policy.

*Changes in Business and Operations*

- Any development that affects the Company's resources, products or markets;
- A significant change in capital investment plans or corporate objectives;
- Major labour disputes or disputes with a major contractor or supplier;



- Significant new contracts, products, patents, or services or significant losses of contracts or business;
- Significant changes in the status of any of the Company's power projects;
- Changes to the Board or executive management, including the departure of the company's CEO, COO or CFO (or persons in equivalent positions);
- Commencement of, or developments in, material legal proceedings or regulatory matters;
- Departure from the Company's Code of Business Conduct and Ethics by officers, directors, and other key employees;
- Any notice that reliance on a prior audit is no longer permissible;
- De-listing of the Company's securities or their movement from one quotation system or exchange to another.

#### *Acquisitions and Dispositions*

- Significant acquisitions or dispositions of assets, property or joint venture interests;
- Acquisitions of other companies, including a take-over bid for, or merger with, another company.

#### *Changes in Credit Arrangement*

- Borrowing or lending of a significant amount of money;
- Any mortgaging or encumbering of the Company's assets;
- Defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors;
- Changes in rating agency decisions;
- Significant new credit arrangements.



An immediate statement containing the major points of the material information is the first objective. Additional details may follow in a further news release. When several significant actions are resolved or occur at one time, disclosure of all should be released as soon as practicable so that the full implications may be assessed by the public.

Certain developments will require disclosure at the proposal stage or before an event actually occurs if the proposal gives rise to material information at that stage. Announcement of an intention to proceed with a transaction or activity giving rise to material information should be made when a decision has been made to proceed by the Board or senior management with the expectation of concurrence from the Board. Updates should be announced on a regular basis unless the original announcement indicated that an update would be disclosed on a specific date. In addition, prompt disclosure is required of any material change to the proposed transaction or to the previously disclosed information.

While it is the responsibility of the Board to determine what information is material in the context of the Company's business, the Board may consult with market surveillance of the stock exchange on which the Company's shares are traded when in doubt as to whether disclosure should be made.

2. In certain circumstances, the Board may determine that such disclosure may be unduly detrimental to the Company (for example if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be immediately brought to the attention of the Board and will be kept confidential until the Board determines it is appropriate for public disclosure. In such circumstances, the Board will cause a confidential material change report to be filed with the applicable securities regulators, and will periodically (at least every five days) review its decision to keep the information confidential (also see "Rumours" below). The Board will only withhold material information from public disclosure where there is a reasonable basis to do so, and when the basis for maintaining confidentiality ceases to exist it will promptly disclose such material information to the public. At any time when material information is withheld from the public, the Company is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any officers, consultants, employees or advisors of the Company except in the necessary course of business. The Company will also make sure that there is no selective disclosure of confidential information to third parties. The Company should ensure that when such information is disclosed in the necessary course of business all recipients are aware that it must be kept confidential. If the material information being treated as confidential becomes disclosed in some manner, the Company will promptly disclose the material information publicly in the proper manner.
3. Disclosure must include any information the omission of which would make the rest of the disclosure misleading (for example, half truths are misleading).
4. Unfavourable material information must be disclosed as promptly and completely as favourable information.

The guiding principle should be to communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the announcement one way or the other.



5. There must not be any selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, such information must be broadly disclosed immediately via news release.
6. Disclosure should be consistent among all audiences, including the investment community, media and Company personnel.
7. Disclosure on the Company's website alone does not constitute adequate disclosure of material information.
8. Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was given.

### **Trading Restrictions and Blackout Periods**

It is illegal for anyone to purchase or sell securities of any public company with knowledge of material information affecting that company that has not been publicly disclosed. Except in the necessary course of business, it is also illegal for anyone to inform any other person of material non-public information. Therefore, insiders and employees with knowledge of confidential or material information about the Company or counter-parties in negotiations of material potential transactions, are prohibited from trading in securities of the Company or any counter-party until the information has been fully disclosed and a reasonable period of time has passed to allow for the information to be widely disseminated.

Blackout periods may be prescribed from time to time by the Board as a result of special circumstances relating to the Company, and during such periods insiders and employees of the Company will be precluded from trading in securities of the Company. All parties with knowledge of such special circumstances will be covered by the blackout. Such parties may include external advisors such as legal counsel, investment bankers and counter-parties in negotiations of material potential transactions.

### **Maintaining Confidentiality**

Any insider or employee privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to such confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential.

Communication by e-mail leaves a physical track of its passage that may be subject to subsequent decryption attempts. All confidential information being transmitted over the Internet must be secured by the strongest encryption methods available. Where possible, employees or insiders should avoid using e-mail to transmit confidential information.

Outside parties privy to undisclosed material information concerning the Company will be told that they must not divulge such information to anyone else, other than in the necessary course of business. Such outside parties will confirm their commitment to non-disclosure in the form of a written confidentiality agreement.



In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

1. Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who “need to know” that information in the necessary course of business. Code names should be used if necessary.
2. Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
3. Confidential matters should not be discussed on wireless telephones or other wireless devices.
4. Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.
5. Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
6. Transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
7. Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
8. Access to confidential electronic data should be restricted through the use of passwords.

### **Designated Spokespersons**

The Company will designate a limited number of spokespersons responsible for communication with the investment community, regulators or the media. The Chairman, President, CEO, CFO and senior investor relations/communications officer for the Company (if any) will be the official spokespersons for the Company. Individuals holding these offices may, from time to time, designate others within the Company to speak on behalf of the Company as backups or to respond to specific inquiries.

Personnel who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others unless specifically asked to do so by an authorized spokesperson. All such inquiries will be referred to the Chairman, President, CEO, CFO or senior investor relations/communications officer.

### **News Releases**

Once the Board determines that a development is material it will authorize the issuance of a news release, unless the Board determines that such development must remain confidential for the time being. If the Board determines this to be the case, appropriate confidential filings will be made and control of the inside information will be instituted. Should material information inadvertently be disclosed in a selective forum, the Company will immediately issue a news release in order to fully disclose that information.



If the stock exchange(s) upon which shares of the Company are listed is open for trading at the time of a proposed announcement, prior notice of a news release announcing material information may be provided to the market surveillance department to enable a trading halt, if deemed necessary by the stock exchange(s). If a news release announcing material information is issued outside of trading hours, market surveillance may be notified before the market opens.

Annual and interim financial results will be publicly released as soon as practicable following Board approval or review.

News releases will be disseminated through an approved news or wire service that provides simultaneous widespread distribution. News releases may also be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, national financial media and, at the option of the Company, the local media in areas where the Company has its headquarters or operations.

News releases will be posted on the Company's website immediately after release over the news wire. The news release page of the website will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

### **Insider Reports**

Insiders will be personally responsible for filing accurate and timely insider trading reports as required by applicable securities regulatory authorities.

### **Conference Calls**

Conference calls may be held for major corporate developments, such as quarterly financial results, whereby discussion of key aspects is accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. A conference call will be preceded by a news release containing all relevant material information. At the beginning of the call, a Company spokesperson will provide appropriate cautionary language with respect to any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties applicable to the information being discussed.

The Company will provide advance notice of the conference call and/or webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and/or webcast. The Company may also send invitations to analysts, institutional investors, the media and others invited to participate. Any non-material supplemental information provided to participants will also be posted to the Website for others to view. A tape recording of the conference call and/or an archived audio webcast on the Internet will be made available following the call for a minimum of 30 days, for anyone interested in listening to a replay.



The Board will hold a debriefing meeting immediately after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed material information, the Company will immediately disclose such information broadly via news release.

### **Rumours**

The Company will generally not comment, affirmatively or negatively, on rumours. This will also apply to rumours on the Internet. The Company's spokespersons will respond consistently to any rumours, by saying, "It is our policy not to comment on market rumours or speculation."

Should the stock exchange request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the Board will consider the matter and decide whether to make a policy exception.

### **Contacts with Analysts, Investors and the Media**

The Company recognizes that meetings with analysts and significant investors are an important element of the Company's investor relations program. The Company will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Disclosure Policy.

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material information. If the Company intends to announce material information at an analyst or shareholder meeting, a press conference or conference call, the announcement must be preceded by a news release.

The Company will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. The Company cannot alter the materiality of information by breaking down the information into smaller, nonmaterial components.

The Company will provide the same sort of detailed, non-material information to individual investors or reporters that it has provided to analysts and institutional investors, primarily by posting the information on its website.

Spokespersons will keep notes of telephone conversations with analysts and investors and where practicable more than one Company representative will be present at all individual and group meetings. A debriefing with the Board will be held after such meetings and if such debriefing uncovers selective disclosure of previously undisclosed material information, the Company will immediately take steps to ensure that a full public announcement is made. Such steps will include contacting the market surveillance department of the stock exchange(s) on which the Company's shares are traded and requesting that trading be halted pending the issuance of a news release and pending such issuance of the news release notifying all parties who have knowledge of the information that such information is material and that it has not been generally disclosed.

### **Reviewing Analyst Draft Reports and Models**

It is the Company's policy to review, upon request, analysts' draft research reports or models. The Company will review the report or model for the purpose of pointing out errors in fact based on publicly disclosed information. It is the Company's policy, when an analyst inquires with respect to its estimates, to question an analyst's assumptions if the estimate is significantly outside of the range of "street" estimates or the Company's published earnings guidance. The Company will limit its comments in responding to such





inquiries to non-material information. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model and earning estimates.

In order to avoid appearing to "endorse" an analyst's report or model, the Company will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

### **Distributing Analyst Reports**

Analyst reports are proprietary products of the analyst's firm. Re-circulating a report by an analyst may be viewed as an endorsement by the Company of the report. For these reasons, the Company will not provide analyst reports through any means to persons outside of the Company, including a posting of such information on the Company's website. The Company may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Company.

### **Forward-Looking Information**

Generally, the Company should not disclose forward looking information ("FLI") unless required by law to do so, or unless the Company believes such disclosure will enhance a reasonable investor's investment decision, whether positively or negatively.

Should the Company determine it has a reasonable basis for the disclosure of FLI and so elects to disclose it (in continuous disclosure documents, speeches, conference calls, etc.), the following guidelines will be observed.

1. If deemed material, FLI will be broadly disseminated via news release in accordance with this Disclosure Policy.
2. The FLI will be clearly identified as forward looking.
3. The Company will identify all material assumptions and factors used in preparation of the FLI.
4. The FLI will be accompanied by a reasonable, meaningful cautionary statement that identifies, in very specific terms, the risks, uncertainties and material factors that may cause the actual results to differ materially from those projected in the statement.
5. The FLI will be accompanied by a statement that disclaims the Company's intention or obligation to update or revise the FLI, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, the Company may choose to issue a news release explaining the reasons for the difference. In this case, the Company will update its guidance on the anticipated impact on revenue and earnings (or other key metrics).
6. Any oral FLI (such as that disclosed in conference calls, analyst interviews or "road shows") must be accompanied by a statement:
  - (a) that the statement is "forward-looking";
  - (b) that actual results may differ materially from those projected in the forward looking statement; and
  - (c) that additional information concerning factors that could cause actual results to differ from those projected is contained in an identified, readily available written document.
7. The Board will continuously monitor all FLI contained in its continuous disclosure record to



ensure it does not become misleading over the passage of time.

If the Company has issued a forecast or projection in connection with an offering document, the Company will update that forecast or projection periodically, as required by the rules and policies of governing regulatory authorities.

### **Managing Expectations**

The Company will try to ensure, through its regular public dissemination of quantitative and qualitative information that analysts' estimates are in line with the Company's own expectations. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' models and earnings estimates.

If the Company has determined that it will be reporting results materially below or above publicly held expectations, it will disclose this information in a news release in order to enable discussion without risk of selective disclosure.

### **Quiet Periods**

In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Company will observe quiet periods when necessary, during which the Company will not initiate or participate in any meetings or telephone contacts with analysts and investors and no information or guidance will be provided to anyone, other than responding to unsolicited inquiries concerning factual matters. Without limitation, quiet periods will be observed commencing on the first day of the month following the end of a financial quarter and ending with the issuance of a news release disclosing quarterly results.

### **Disclosure Record**

The Board will maintain a five year file containing all public information about the Company, including continuous disclosure documents, news releases, analysts' reports, transcripts or tape recordings of conference calls, debriefing notes, notes from meetings and telephone conversations with analysts and investors, and newspaper articles.

### **Responsibility for Electronic Communications (including the Company's Website)**

This Disclosure Policy also applies to electronic communications. Accordingly, persons responsible for written and oral public disclosures will also be responsible for electronic communications.

The senior investor relations/communications officer (if any) will be responsible for updating the investor relations section of the Company's website and for monitoring all Company information placed on the website to ensure it is accurate, complete, up-to-date and in compliance with relevant securities laws.

All data posted to the website, including text and audiovisual material, will show the date such material was issued. Any material changes in information will be updated immediately, following issuance of a news release. The Company's website will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. The senior investor relations/communications officer will maintain a log indicating the date that material information is posted and/or removed from the investor relations website. The minimum retention period for material corporate information on the website will be two years.

Disclosure on the Company's website alone does not constitute adequate disclosure of information that is



considered material non-public information. Any disclosures of material information on the Company's website will be preceded by the issuance of a news release.

The senior investor relations/communications officer will also be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this Disclosure Policy will be utilized in responding to electronic inquiries.

In order to ensure that no material undisclosed information is inadvertently disclosed, personnel are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Company's activities or its securities. Personnel who encounter a discussion pertaining to the Company should advise the Board immediately, so the discussion may be monitored.

### **Liability to Investors in the Secondary Market**

Proposed securities legislation would give investors in the secondary market the right to sue any public company and key related people for making public misrepresentations about the Company or for failure to make timely disclosure as required by law.

The proposed legislation would provide secondary market investors with a limited right of action against an issuer of securities, its directors, responsible senior officers, "influential persons" (i.e., large shareholders with influence over disclosure), auditors and other responsible experts. Secondary market investors would have the right to seek limited compensation for damages suffered at a time when the issuer had made, and not corrected, public disclosure (either written or oral) that contained an untrue statement of a material fact or failed to make required material disclosure.

Investors would have the right to sue whether or not they actually relied on the misrepresentation or failure to make timely disclosure.

An issuer and other possible defendants would have varying defences based on the responsibility for the disclosure. For some types of disclosure, a person would have a defence if that person conducted due diligence. For other types of disclosure, a person would not be liable unless the plaintiff proves that the person knew about the misrepresentation, deliberately avoided acquiring knowledge or was guilty of gross misconduct in making the misrepresentation.

In order to limit potential exposure, the Board will conduct or cause to be conducted a reasonable investigation of the proposed disclosure to enable the Board to be satisfied that there would be no reasonable grounds to believe that the document or oral statement contains any misrepresentation. The Board will also conduct or cause to be conducted a reasonable investigation to ensure that there would be no reasonable grounds to believe that a failure to make timely disclosure would occur.

Strict adherence to the Company's Disclosure Policy will minimize exposure to potential liabilities under current and proposed legislation.

### **Communication and Enforcement**

New Employees of the Company will be provided with a copy of this Disclosure Policy and will be directed to review this Disclosure Policy. This Disclosure Policy will be circulated to all personnel of the Company whenever changes to it are made.

Any personnel of the Company who violate this Disclosure Policy may face disciplinary action up to and including termination of his or her employment or relationship with the Company without notice. The violation of this Disclosure Policy may also violate certain securities laws. If it appears that a violation of securities laws has occurred, the Company may refer the matter to the appropriate regulatory authorities,



which could lead to penalties, fines or imprisonment for the violator.

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I, \_\_\_\_\_, an Employee as defined in this Disclosure Policy, confirm that I have read and understand the terms and conditions of this Disclosure Policy, and agree to abide by the terms of the said Disclosure Policy.

Dated: this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Please Print)

\_\_\_\_\_  
(Address - Please Print)