



EMPRESS ROYALTY CORP.
(the “Company”)

AUDIT AND RISK COMMITTEE CHARTER

MANDATE

The purposes of the Audit and Risk Committee are to assist the Board of Directors:

1. in its oversight of the Company’s accounting and financial reporting principles and policies and internal audit controls and procedures;
2. in its oversight of the integrity, transparency and quality of the Company’s financial statements and the independent audit thereof;
3. in selecting, evaluating and, where deemed appropriate, replacing the external auditors;
4. in evaluating the qualification, independence and performance of the external auditors;
5. in its oversight of the Company’s risk identification, assessment and management program; and
6. in the Company’s compliance with legal and regulatory requirements in respect of the above.

The function of the Audit and Risk Committee is to provide independent and objective oversight. The Company’s management team is responsible for the preparation, presentation and integrity of the Company’s financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations.

The external auditors are responsible for planning and carrying out a proper audit of the Company’s annual financial statements and other procedures. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit and Risk Committee are not full-time employees of the Company and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing including in respect of auditor independence. As such, it is not the duty or responsibility of the Audit and Risk Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit and Risk Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and external to the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit and Risk Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of

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Directors) and (iii) representations made by management as to non-audit services provided by the auditors to the Company.

The external auditors are ultimately accountable to the Board of Directors and the Audit and Risk Committee as representatives of shareholders. The Audit and Risk Committee is directly responsible (subject to the Board of Directors' approval) for the appointment, compensation, retention (including termination), scope and oversight of the work of the external auditors engaged by the Company (including for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services or other work of the Company), and is also directly responsible for the resolution of any disagreements between management and any such firm regarding financial reporting.

The external auditors shall submit, at least annually, to the Company and the Audit and Risk Committee:

1. as representatives of the shareholders of the Company, a formal written statement delineating all relationships between the external auditors and the Company ("Statement as to Independence");
2. a formal written statement of the fees billed in compliance with the disclosure requirements of Form 52-110F1 of National Instrument 52-110; and
3. a report describing: the Company's internal quality-control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the Company, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Company, and any steps taken to deal with any such issues.

COMPOSITION

The Audit and Risk Committee shall be comprised of three directors, the majority of whom are independent directors as defined under applicable legislation and stock exchange rules and guidelines and are appointed (and may be replaced) by the Board of Directors on the recommendation of the Governance and Nomination Committee. Determination as to whether a particular director satisfies the requirements for membership on the Audit and Risk Committee shall be made by the Board of Directors.

All members of the Audit and Risk Committee shall be financially literate within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110") and any other securities legislation and stock exchange rules applicable to the Company, and as confirmed by the Board of Directors using its business judgement (including but not limited to be able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements), and at least one member of the Audit and Risk Committee shall have accounting or related financial expertise or sophistication as such qualifications are interpreted by the Board of Directors

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in light of applicable laws and stock exchange rules, including the requirement to have at least one “audit committee financial expert” as defined. The latter criteria may be satisfied by past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer of an entity with financial oversight responsibilities, as well as other requirements under applicable laws and stock exchange rules.

MEMBERSHIP, MEETINGS AND QUORUM

The Audit and Risk Committee shall meet at least four times annually or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, and all other related matters. The Audit and Risk Committee may request any officer or employee of the Company or the Company’s external counsel or external auditors to attend a meeting of the Audit and Risk Committee or to meet with any members of, or consultants to, the Audit and Risk Committee.

Proceedings and meetings of the Audit and Risk Committee are governed by the provisions of By-laws relating to the regulation of the meetings and proceedings of the Board of Directors as they are applicable and not inconsistent with this Charter and the other provisions adopted by the Board of Directors in regard to committee composition and organization.

The quorum at any meeting of the Audit and Risk Committee is a majority of members in office. All members of the Audit and Risk Committee should strive to be at all meetings.

DUTIES AND POWERS

To carry out its purposes, the Audit and Risk Committee shall have unrestricted access to information and shall have the following duties and powers:

1. With respect to the external auditor,
 - a. to review and assess, at least annually, the performance of the external auditors, and recommend to the Board of Directors the nomination of the external auditors for appointment by the shareholders, or if required, the revocation of appointment of the external auditors;
 - b. to review and approve the fees charged by the external auditors for audit services;
 - c. to review and pre-approve all services, including non-audit services, to be provided by the Company’s external auditors to the Company or to its subsidiaries, and associated fees and

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- to ensure that such services will not have an impact on the auditor's independence, in accordance with procedures established by the Audit and Risk Committee. The Audit and Risk Committee may delegate such authority to one or more of its members, which member(s) shall report thereon to the Audit and Risk Committee;
- d. to ensure that the external auditors prepare and deliver annually a Statement as to Independence (it being understood that the external auditors are responsible for the accuracy and completeness of such statement), to discuss with the external auditors any relationships or services disclosed in the Statement as to Independence that may impact the objectivity and independence of the Company's external auditors and to recommend that the Board of Directors take appropriate action in response to the Statement as to Independence to satisfy itself of the external auditors' independence; and
- e. to instruct the external auditors that the external auditors are ultimately accountable to the Audit and Risk Committee and the Board of Directors, as representatives of the shareholders;
2. With respect to financial reporting principles and policies and internal controls,
- a. to advise management that they are expected to provide to the Audit and Risk Committee a timely analysis of significant financial reporting issues and practices;
- b. to ensure that the external auditors prepare and deliver as applicable a detailed report covering 1) critical accounting policies and practices to be used; 2) material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; 3) other material written communications between the external auditors and management such as any management letter or schedule of unadjusted differences; and 4) such other aspects as may be required by the Audit and Risk Committee or legal or regulatory requirements;
- c. to understand the scope of the annual audit of the design and operation of the Company's internal control over financial reporting and the related auditor's report;
- d. to consider, review and discuss any reports or communications (and management's responses thereto) submitted to the Audit and Risk Committee by the external auditors, including reports and communications related to:
- significant finding, deficiencies and recommendations noted following the annual audit of the design and operation of internal controls over financial reporting;
 - consideration of fraud in the audit of the financial statements;

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- detection of illegal acts;
 - the external auditors' responsibilities under generally accepted auditing standards;
 - significant accounting policies;
 - management judgements and accounting estimates;
 - adjustments arising from the audit;
 - the responsibility of the external auditors for other information in documents containing audited financial statements;
 - disagreements with management;
 - consultation by management with other accountants;
 - major issues discussed with management prior to retention of the external auditors;
 - difficulties encountered with management in performing the audit;
 - the external auditors judgements about the quality of the entity's accounting principles; and
 - reviews of interim financial information conducted by the external auditors.
- e. to meet with management and external auditors:
- to discuss the scope, planning and staffing of the annual audit and to review and approve the audit plan;
 - to discuss the audited financial statements, including the accompanying management's discussion and analysis;
 - to discuss the unaudited interim quarterly financial statements, including the accompanying management's discussion and analysis;
 - to discuss the appropriateness and quality of the Company's accounting principles as applied in its financial reporting;
 - to discuss any significant matters arising from any audit or report or communication

referred to in item 2 (iii) above, whether raised by management or the external auditors, relating to the Company's financial statements;

- to resolve disagreements between management and the external auditors regarding financial reporting;
- to review the form of opinion the external auditors propose to render to the Board of Directors and shareholders;
- to discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the external auditors or management, and the financial impact thereof;
- to review any non-routine correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies;
- to review, evaluate and monitor the Company's risk management program including the revenue protection program. This function should include:
 - risk assessment;
 - quantification of exposure;
 - risk mitigation measures; and
 - risk reporting;
- to review the adequacy of the resources of the finance and accounting group, along with its development and succession plans;
- to monitor and review communications received in accordance with the Company's Internal Whistle Blowing Policy;
- following completion of the annual audit and quarterly reviews, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of the work or access to required information and the cooperation that the independent auditor received during the course of the audit and review;

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- to discuss with the Chief Financial Officer any matters related to the financial affairs of the Company;
 - to discuss with the Company's management any significant legal matters that may have a material effect on the financial statements, the Company's compliance policies, including material notices to or inquiries received from governmental agencies;
 - to periodically review with management the need for an internal audit function; and
 - to review and discuss with the Company's Chief Executive Officer and Chief Financial Officer the procedure with respect to the certification of the Company's financial statements pursuant to National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* and any other applicable law or stock exchange rule.
3. With respect to reporting and recommendations,
- a. to prepare/review any report or other financial disclosures to be included in the Company's annual information form and management information circular;
 - b. to review and recommend to the Board of Directors for approval, the interim and audited annual financial statements of the Company, management's discussion and analysis of the financial conditions and results of operations (MD&A) and the press releases related to those financial statements;
 - c. to review and recommend to the Board of Directors for approval, the annual report, management's assessment on internal controls and any other like annual disclosure filings to be made by the Company under the requirements of securities laws or stock exchange rules applicable to the Company;
 - d. to review and reassess the adequacy of the procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in paragraph 3(ii) above;
 - e. to prepare Audit and Risk Committee report(s) as required by applicable regulators; and
 - f. to report its activities to the Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit and Risk Committee may deem necessary or appropriate.
4. to review, discuss with management, and approve all related party transactions;

5. to review quarterly expenses of the Chief Executive Officer;
6. to establish and reassess the adequacy of the procedures for the receipt, retention and treatment of any complaint received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential anonymous submissions by employees of concerns regarding questionable accounting or auditing matters in accordance with applicable laws and regulations; and
7. to set clear hiring policies regarding partners, employees and former partners and employees of the present and, as the case may be, former external auditor of the Company.

RESOURCES AND AUTHORITY

The Audit and Risk Committee shall have the resources and authority appropriate to discharge its responsibilities, as it shall determine, including the authority to engage external auditors for special audits, reviews and other procedures and to retain special counsel and other experts or consultants. The Audit and Risk Committee shall have the sole authority (subject to the Board of Directors' approval) to determine the terms of engagement and the extent of funding necessary (and to be provided by the Company) for payment of (a) compensation to the Company's external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (b) any compensation to any advisors retained to advise the Audit and Risk Committee and (c) ordinary administrative expenses of the Audit and Risk Committee that are necessary or appropriate in carrying out its duties.

ANNUAL EVALUATION

At least annually, the Audit and Risk Committee shall, in a manner it determines to be appropriate review and assess the adequacy of its Charter and recommend to the Board of Directors any improvements to this Charter that the Audit and Risk Committee determines to be appropriate.