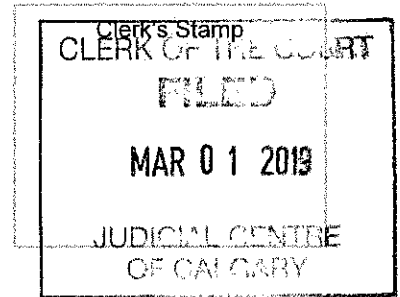


COURT FILE NUMBER 1801-16746
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFFS ALTIUS ROYALTY CORPORATION,
GENESEE ROYALTY LIMITED
PARTNERSHIP and GENESEE ROYALTY
GP INC.
DEFENDANTS HER MAJESTY THE QUEEN IN RIGHT OF
ALBERTA and ATTORNEY GENERAL OF
CANADA
DOCUMENT STATEMENT OF DEFENCE



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Alberta Justice and Solicitor General
Legal Services Division**
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**Attention: Melissa N. Burkett /
Cynthia R. Hykaway**
File No. LIT-10710

Statement of facts relied on:

1. This Statement of Defence is filed on behalf of Her Majesty the Queen in Right of Alberta ("HMQ"). Except as expressly admitted, HMQ denies each and every allegation in the Amended Statement of Claim.
2. HMQ states that the trial of this action should be held in the Judicial Centre of Calgary, and that the trial will not take longer than 25 days.

The Climate Leadership Plan

3. In 2015, the Government of Alberta introduced the Climate Leadership Plan (the "CLP"), a policy decision which includes, among other things, a commitment to phase out pollution from coal-fired electricity generation by 2030.

The Off-Coal Agreement with Capital Power

4. As part of the implementation of the CLP, HMQ entered into an Off-Coal Agreement with Capital Power Corporation ("**Capital Power**") to phase out coal-fired emissions, including emissions from the Genesee 1, Genesee 2, and Genesee 3 power plants (the "**Plants**") by December 31, 2030 (the "**Off-Coal Agreement**"). The Off-Coal Agreement includes an obligation to make certain transition payments to Capital Power.

Any matters that defeat the claim of the plaintiff:

5. In response to the Amended Statement of Claim as a whole, HMQ denies that it breached any duty (statutory or otherwise) owed to, or committed any tortious acts against, Altius Royalty Corporation ("**Altius**"), Genesee Royalty Limited Partnership ("**Genesee LP**"), and Genesee Royalty GP Inc. ("**Genesee GP**") (collectively, the "**Plaintiffs**") as alleged in the Amended Statement of Claim or at all, and states that, at all material times, it acted in an appropriate manner through its servants, employees, or agents.

6. In further response to the Amended Statement of Claim as a whole, HMQ denies that it has any obligation to provide compensation to the Plaintiffs as a result of the implementation of the CLP or the entering into the Off-Coal Agreement.

7. In specific response to paragraphs 40 to 42 of the Amended Statement of Claim, HMQ denies that it made any statements and representations to the Plaintiffs regarding environmental policies.

8. In the alternative, if any statements and representations were made to the Plaintiffs regarding environmental policies (which is expressly denied), said statements and representations were not made to induce the Plaintiffs, did not reasonably induce the Plaintiffs to take any steps, and HMQ denies that any legitimate expectations were created.

9. In specific response to paragraphs 43 to 45 of the Amended Statement of Claim, HMQ denies that it took any of Genesee LP's or the other Plaintiffs' property interests as alleged or at all.

10. HMQ denies that it has acquired any beneficial interest in either Genesee LP's or the other Plaintiffs' property rights.

11. In further response to paragraphs 43 to 45 of the Amended Statement of Claim, HMQ has not removed all reasonable uses of coal.

12. In specific response to paragraph 46 of the Amended Statement of Claim, HMQ denies that it interfered with Genesee LP's economic relations.

13. HMQ denies that:

- a. it engaged in any unlawful acts;
- b. it intended to cause loss to the Plaintiffs; and
- c. the Plaintiffs suffered any economic loss.

14. In further response to the Amended Statement of Claim as a whole, HMQ denies that the Plaintiffs have suffered any losses or damages as alleged in the Amended Statement of Claim, or at all.

15. Further, and in the alternative, if HMQ did breach any duty or commit any tortious acts (which is denied), then the breach or the acts did not cause any losses or damages suffered by the Plaintiffs, as alleged in the Amended Statement of Claim, or at all.

16. Further, and in the alternative, if the Plaintiffs did suffer loss or damages (which is denied), HMQ states that they did not suffer loss or damage in the amounts claimed in the Amended Statement of Claim.

17. Further, and in the alternative, if the Plaintiffs did suffer loss or damages (which is denied), HMQ states that the Plaintiffs failed to mitigate any losses or damages by, and without restricting the generality of the foregoing, failing to make other reasonable use of the coal.

18. HMQ pleads and relied upon the provisions of the *Proceedings Against the Crown Act*, RSA 2000, c P-25 and the *Limitations Act*, RSA 2000, c. L-12.

19. HMQ states that some or all of the Amended Statement of Claim is an abuse of the Court process with no reasonable prospect of success. This Statement of Defence is filed by HMQ without prejudice to its ability to make an application pursuant to Rules 1.4, 3.68, 7.2, and/or 7.3 of the *Alberta Rules of Court*.

Remedy sought:

20. HMQ asks that this action be dismissed with costs.