



**Empress Resources Corp.**

**Condensed Interim Financial Statements**

**For the six months ended September 30, 2019**

(Unaudited – Expressed in Canadian dollars)

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**NOTICE TO READER**

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These condensed interim financial statements of Empress Resources Corp. have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management's Discussion and Analysis.

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## Empress Resources Corp.

Condensed interim Statements of Financial Position  
(Unaudited – Expressed in Canadian dollars)

		September 30, 2019	March 31, 2019
	<i>Note</i>		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	\$ 2,074,505	\$ 2,532,706
Receivables	5	9,695	25,959
Prepaid expenses	6	20,109	24,684
		2,104,309	2,583,349
<b>Deposit</b>	<b>11</b>	<b>-</b>	<b>16,275</b>
		\$ 2,104,309	\$ 2,599,624
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	7	\$ 240,564	\$ 62,521
		240,564	62,521
<b>Shareholders' equity</b>			
Share capital	8	10,607,241	10,580,515
Share-based payment reserve	8	1,414,113	1,414,113
Deficit		(10,157,609)	(9,457,525)
		1,863,745	2,537,103
		\$ 2,104,309	\$ 2,599,624
Nature of operations and going concern	1		
Commitments	11		
Contingency	12		

These condensed interim financial statements are approved for issue by the Audit Committee of the Board of Directors of the Company on November 26, 2019.

They are signed on the Company's behalf by:

"Paul Mainwaring", Director

"Jeremy Bond", Director

*The accompanying notes are an integral part of these condensed interim financial statements*

**Empress Resources Corp.**

Condensed Interim Statements of Loss and Comprehensive Loss  
(Unaudited – Expressed in Canadian dollars)

		Three months ended September 30,		Six months ended September 30,	
		2019	2018	2019	2018
	<i>Note</i>				
<b>Expenses</b>					
Consulting fees	9	\$ 48,476	\$ 62,500	\$ 98,608	\$ 423,415
Director fees	9	-	20,833	4,167	20,833
Investor relations		5,952	-	11,903	-
Office and administration		21,991	4,771	31,802	7,744
Professional fees		48,553	(10,486)	62,304	11,575
Project evaluation and business development fees	9 & 12	200,000	75,000	405,000	125,000
Project investigation costs		18,331	-	36,114	-
Rent	9	-	8,250	32,550	16,500
Transfer agent and filing fees		5,123	17,800	13,227	28,901
Travel		15,256	8,029	21,086	21,594
		(363,682)	(186,697)	(716,761)	(655,562)
<b>Foreign exchange</b>		1,647	(2,212)	(234)	(5,535)
<b>Gain on cancellation of escrow shares</b>	8	3,274	-	3,274	-
<b>Interest expense</b>		-	-	-	(1,883)
<b>Interest income</b>		5,908	5,200	13,637	5,200
<b>Loss and comprehensive loss for the period</b>		\$ (352,853)	\$ (183,709)	\$ (700,084)	\$ (657,780)
<b>Basic and diluted loss per common share</b>		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>		60,566,739	56,479,081	60,567,448	42,658,291

*The accompanying notes are an integral part of these condensed interim financial statements*

**Empress Resources Corp.**Condensed Interim Statements of Cash Flows  
(Unaudited – Expressed in Canadian dollars)

		Six months ended September 30,	
		2019	2018
	Note		
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES</b>			
Loss for the period		\$ (700,084)	\$ (657,780)
Items not affecting cash:			
Deposit	11	16,275	-
Project evaluation and business development fees	9	30,000	-
Gain on cancellation of escrow shares	8	(3,274)	-
Accrued interest expense		-	1,883
Accrued interest income		(3,649)	(5,200)
Changes in non-cash working capital items:			
Receivables		19,913	30,597
Prepaid expenses		4,575	(66,667)
Trade and other payables		178,043	(542,755)
Net cash used in operating activities		(458,201)	(1,239,922)
<b>CASH FLOWS FROM (TO) INVESTING ACTIVITIES</b>			
Deposit		-	(16,275)
Net cash used in investing activities		-	(16,275)
<b>CASH FLOWS FROM (TO) FINANCING ACTIVITIES</b>			
Private placements		-	4,778,900
Share issue costs		-	(428,260)
Share subscriptions		-	(924,700)
Restricted cash		-	-
Loans repaid		-	(178,365)
Net cash provided by financing activities		-	3,247,575
<b>Change in cash for the period</b>		(458,201)	1,991,378
<b>Cash, beginning of period</b>		2,532,706	931,394
<b>Cash, end of period</b>		\$ 2,074,505	\$ 2,922,772
<b>Non-cash investing and financing activities</b>			
Finders' warrants issued		\$ -	\$ 106,103
<b>Supplementary information</b>			
Interest paid		\$ -	\$ -
Income taxes paid		-	-

*The accompanying notes are an integral part of these condensed interim financial statements*

**Empress Resources Corp.**

Condensed interim Statements of Changes in Equity  
(Unaudited – Expressed in Canadian dollars)

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	Number of Shares	Share Capital	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity
<b>Balance, March 31, 2019</b>	60,006,690	\$ 10,580,515	\$ 1,414,113	\$ (9,457,525)	\$ 2,537,103
Issuance of shares for project evaluation and business development fees	750,000	30,000	-	-	30,000
Cancellation of escrow shares	(18,750)	(3,274)	-	-	(3,274)
Comprehensive loss for the period	-	-	-	(700,084)	(700,084)
<b>Balance, September 30, 2019</b>	60,737,940	\$ 10,607,241	\$ 1,414,113	\$ (10,157,609)	\$ 1,863,745

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	Number of Shares	Share Capital	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity (Deficiency)
<b>Balance, March 31, 2018</b>	12,217,690	\$ 6,323,978	\$ 1,308,010	\$ (8,361,509)	\$ (729,521)
Private placements	47,789,000	4,778,900	-	-	4,778,900
Share issue costs	-	(534,363)	106,103	-	(428,260)
Comprehensive loss for the period	-	-	-	(657,780)	(657,780)
<b>Balance, September 30, 2018</b>	60,006,690	\$ 10,568,515	\$ 1,414,113	\$ (9,019,289)	\$ 2,963,339

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*The accompanying notes are an integral part of these condensed interim financial statements*

## **Empress Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

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Empress Resources Corp. (the “Company”) is a publicly traded company incorporated under the laws of British Columbia, Canada. The Company changed its name from Cipher Resources Inc. to Empress Resources Corp. on June 26, 2019. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol EMPX. The corporate office and registered and records office of the Company is located at Unit 1 – 15782 Marine Drive, White Rock, BC, Canada, V4B 1E6.

The Company is primarily focused on the identification and investment in opportunities in precious metals mining projects, specifically those in production and at a late stage of development.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenues from operations and as at September 30, 2019 had an accumulated deficit of \$10,157,609 and working capital of \$1,863,745. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. However, should the Company be successful in negotiating the acquisition of one or more investments the Company may need to raise additional financial resources. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate.

### **2. BASIS OF PRESENTATION**

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#### **Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at the date the Board of Directors approved these interim financial statements for issue.

These interim financial statements do not include all of the information and disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the Company’s annual financial statements for the year ended March 31, 2019.

**Empress Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION (continued)**

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**Basis of presentation**

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Use of estimates, judgments and assumptions**

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

**(i) Critical accounting estimates**

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

- the calculation of share-based compensation;
- fair value measurements for financial instruments; and
- the recoverability and measurement of deferred tax assets.

**(ii) Critical accounting judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification of financial instruments.

**Empress Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company as at and for the year ended March 31, 2019, except for those accounting policies which have changed as a result of the adoption of new and revised standards and interpretations as described below:

**Adoption of new and revised standards and interpretations**

The Company adopted the requirements of IFRS 16 – Leases (“IFRS 16”) as of April 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the leased asset. For assets that meet the definition of a lease, IFRS 16 requires a single, on-balance sheet accounting model similar to finance lease accounting, with exceptions for short-term leases, leases of low value assets, and mineral exploration leases. The Company does not have any leases that fall within the application of IFRS 16.

**New standards, interpretations and amendments not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2019 and have not been applied in preparing these condensed interim financial statements. In addition, none of these standards are applicable to the Company.

**4. CASH**

	<b>September 30, 2019</b>	<b>March 31, 2019</b>
Canadian dollar denominated deposits held in Canada	\$ 2,009,199	\$ 2,436,321
US dollar denominated deposits held in Canada	65,306	96,385
Total	\$ 2,074,505	\$ 2,532,706

**Empress Resources Corp.**

Notes to the Condensed Interim Financial Statements  
For the six months ended September 30, 2019  
(Unaudited – Expressed in Canadian dollars)

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**5. RECEIVABLES**

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	September 30, 2019	March 31, 2019
Amounts due from the Government of Canada pursuant to input tax credits	\$ 6,046	\$ 6,085
Interest income	3,649	19,874
<b>Total</b>	<b>\$ 9,695</b>	<b>\$ 25,959</b>

**6. PREPAID EXPENSES**

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	September 30, 2019	March 31, 2019
Prepaid insurance	\$ 13,750	\$ 6,422
Prepaid investor relations	6,359	18,262
<b>Total</b>	<b>\$ 20,109</b>	<b>\$ 24,684</b>

**7. TRADE AND OTHER PAYABLES**

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	September 30, 2019	March 31, 2019
Accounts payable	\$ 37,572	\$ 20,146
Accrued liabilities	-	25,000
Provision for contingent liability (Note 12)	200,000	-
Amounts due to related parties (Note 11)	2,992	17,375
<b>Total</b>	<b>\$ 240,564</b>	<b>\$ 62,521</b>

**Empress Resources Corp.**

Notes to the Condensed Interim Financial Statements  
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**8. SHARE CAPITAL**

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**Authorized**

The Company has an unlimited number of common shares without par value authorized for issue.

**Issued and outstanding**

As at September 30, 2019, the Company had 60,737,940 common shares issued and outstanding (March 31, 2019 – 60,006,690). A summary of changes in share capital and reserves is contained on the condensed interim statements of changes in equity for the six months ended September 30, 2019 and 2018.

In May 2019, the Company issued 750,000 common shares valued at \$30,000 in termination of its four-year agreement with Endeavour Financial (Note 9) in lieu of twelve month's notice.

In September 2019, the Company cancelled 18,750 common shares that were previously held in escrow and recorded a gain on cancellation of \$3,274 on the statement of loss and comprehensive loss for the six months ended September 30, 2019.

**Warrants**

The continuity of warrants for the six months ended September 30, 2019 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, March 31, 2019</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, September 30, 2019</b>		
May 11, 2021	\$0.15	21,917,000	-	-	-	21,917,000		
June 14, 2021	\$0.15	20,757,920	-	-	-	20,757,920		
August 7, 2021	\$0.15	6,326,800	-	-	-	6,326,800		
		49,001,720	-	-	-	49,001,720		
Weighted average exercise price	\$	0.15	\$	-	\$	-	\$	0.15

**Empress Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

<b>Description</b>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Consulting fees	\$ 37,500	\$ 62,500	\$ 85,000	\$ 92,500
Director fees	-	20,833	4,167	20,833
Project evaluation and business development fees	-	75,000	205,000	125,000
Rent	-	8,250	-	16,500
	\$ 37,500	\$ 166,583	\$ 294,167	\$ 254,833

**Consulting fees**

During the three and six months ended September 30, 2019, the Company paid or accrued \$22,500 and \$45,000 (2018 - \$22,500 and \$37,500) respectively, to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by the CFO and Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, Corporate Secretary, and accounting and administrative staff to the Company.

During the three and six months ended September 30, 2019, the Company paid or accrued \$15,000 and \$25,000 (2018 - \$Nil and \$Nil) respectively, to the Chief Executive Officer of the Company.

During the three and six months ended September 30, 2019, the Company paid or accrued \$Nil and \$15,000 (2018 - \$15,000 and \$30,000) respectively, to the former Chief Executive Officer of the Company.

During the three and six months ended September 30, 2019, the Company paid or accrued \$Nil and \$Nil (2018 - \$25,000 and \$25,000) respectively, to a company controlled by a director of the Company.

**Director fees**

During the three and six months ended September 30, 2019, the Company paid or accrued \$Nil and \$4,167 (2018 - \$Nil and \$Nil) respectively, to two former independent directors of the Company for director fees.

**Empress Resources Corp.**

Notes to the Condensed Interim Financial Statements  
For the six months ended September 30, 2019  
(Unaudited – Expressed in Canadian dollars)

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**9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

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**Project evaluation and business development fees**

During the three and six months ended September 30, 2019, the Company paid \$Nil and \$162,500 (2018 - \$37,500 and \$62,500) respectively, to SGG Consulting Ltd. (“SGG”) to provide the Company with additional financial and technical expertise. SGG is controlled by a former officer and director of the Company. In April 2019, the Company terminated its four-year agreement with SGG in exchange for the cash payment of \$150,000 in lieu of twelve month’s notice.

During the three and six months ended September 30, 2019, the Company paid \$Nil and \$42,500 (2018 - \$37,500 and \$62,500) respectively, to Endeavour Financial Limited (Cayman) (“Endeavour Financial”) to provide the Company with additional financial and technical expertise. Endeavour Financial became a related party to the Company when on May 11, 2018, an officer of Endeavour Financial became a director of the Company. In April 2019, the Company terminated its four-year agreement with Endeavour Financial in exchange for the issuance of 750,000 common shares in lieu of twelve month’s notice (Note 8).

**Rent**

During the three and six months ended September 30, 2019, the Company paid or accrued \$Nil and \$Nil (2018 - \$8,250 and \$16,500) respectively, to the former Chief Executive Officer of the Company for office rent.

**Amounts due to related parties**

As at September 30, 2019, the Company owed \$2,992 (March 31, 2019 - \$17,375) to the Chief Executive Officer and Golden Oak for the reimbursement of expenditures. All amounts are unsecured and non-interest bearing.

**10. SEGMENTED INFORMATION**

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The Company operates in one business segment being the acquisition of, or investment in, projects in the mineral and resource sector and has no geographic segment at this time.

**11. COMMITMENTS**

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In September 2018, the Company entered into a sub-lease agreement for office space in Vancouver, BC for a term of two years at a basic rent of \$39,822 per year plus operating expenses and building property taxes. On signing, the Company paid a deposit of \$16,275, of which one-third was to be held as a security deposit and two-thirds will be applied to the last two month’s rent. In June 2019, the Company terminated its office lease in exchange for the surrender of the deposit of \$16,275.

## Empress Resources Corp.

Notes to the Condensed Interim Financial Statements  
For the six months ended September 30, 2019  
(Unaudited – Expressed in Canadian dollars)

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### 12. CONTINGENCY

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A Notice of Civil Claim was filed on May 28, 2019, by Rod Husband against the Company, Endeavour Financial Limited (Cayman) and Endeavour Financial AG (together “Endeavour”) seeking judgment for (a) \$80,000 and \$313,184 against the Company for consulting fees and expenses and (b) damages. On August 13, 2019, the Company and Endeavour filed a Response to Civil Claim and a Counterclaim seeking judgment for (a) \$667,994 and (b) damages. On September 19, 2019, Mr. Husband filed a Response to Counterclaim opposing the judgment sought.

The Company now believes that a settlement is probable and accordingly has recorded a provision of \$200,000 of project evaluation and business development fees, which is included in trade and other payables as at September 30, 2019.

### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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#### Financial Instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

		September 30, 2019	March 31, 2019
Cash	FVTPL	\$ 2,074,505	\$ 2,532,706
Receivables	Amortized cost	3,649	19,874
Trade and other payables	Amortized cost	240,564	62,521

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying value of receivables and trade and other payables approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy.

**Empress Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

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**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

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**Risk management**

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended March 31, 2019.