



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY HIGHLIGHTS**

FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2021

## **EMPRESS ROYALTY CORP.**

### Management's Discussion and Analysis – Quarterly Highlights For the twelve months ended September 30, 2021

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The following is management's discussion and analysis, quarterly highlights ("MD&A") of the results of operations and financial condition of Empress Royalty Corp. ("Empress" or the "Company") for the twelve months ended September 30, 2021 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management's discussion and analysis for the period from March 2, 2020 to September 30, 2020 (the "Annual MD&A").

This MD&A should be read in conjunction with the Annual MD&A and the audited financial statements for the period from March 2, 2020 to September 30, 2020, together with the notes thereto, and the accompanying unaudited condensed interim financial statements, and related notes thereto, for the twelve months ended September 30, 2021 (the "Financial Report").

All financial information in this MD&A is derived from the Company's Financial Report prepared in accordance with International Financial Reporting Standards and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is November 23, 2021.

In September 2021, the Company filed the required notice to change its financial year end from September 30 to December 31. The change in financial year end is being completed to align the Company's financial statement reporting periods with its peer group. As a result of this change, the Company will have a transitional 15 month financial year ending December 31, 2021.

## **DESCRIPTION OF COMPANY'S STRATEGY AND OUTLOOK**

Empress is a publicly traded company incorporated under the laws of British Columbia, Canada on March 2, 2020. 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. On December 29, 2020, the Company's shares commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol EMPR. On February 19, 2021, the Company commenced trading on the OTCQB Venture Market in the United States under the symbol EMPYF and are eligible for electronic settlement through the Depository Trust Company in the United States.

Empress is in the business of acquiring royalty and streaming interests in precious metal mines and mining projects and its objective is to become a leading global precious metals royalty and streaming company to maximize returns for its shareholders.

The Company is focused on investing in precious metals royalty or streaming opportunities with small to mid-tier producing or development stage mining companies, where immediate or near-term revenue may be generated. The Company may also invest in new grassroots mineral royalties.



In summary, the Company intends to hold investments in all phases of mining projects, including:

1. **Grassroots projects:** In grassroots projects, the geological risk is high, as the operator may not ever make a discovery, possibly resulting in the investment being written-off, but the cost of the investment is low. If an economic discovery is made that is then developed into a mine, the returns on that royalty against the cost of investment could be significant. The Company holds 13 net smelter return (“NSR”) royalties on projects located in Canada that fit within this category and because there are several royalties, the odds of one of those projects making such a discovery is improved. However, there is still no guarantee of a return, but if successful, the return can be many multiples of the investment.
2. **Development or near-term production projects:** In near-term projects, the geologic risk has been reduced and studies have been completed confirming the viability of the project to be a profitable producing mine within the next 24 months. The risk for near-term production projects is substantially reduced compared to grassroots projects, however, risks with respect to near term projects include uncertainty of funding to meet forecasted production levels. The Company's Pinos, Manica, and Tahuehueto investments (as defined below) fit into this category.
3. **Producing mines:** Producing mines are already in operation and historic data is available to provide a high level of confidence on the forward-looking projections for the mine. The Company's Sierra Antapite investment (as defined below) fits into this category.

The Company's focus is near-term and producing mines and target investments ranging in size from US\$500,000 to US\$25,000,000. Empress' vision is to be a global precious metal stream and royalty provider and it is investigating investment opportunities with the same investment criteria and target size located globally. Its management team and strategic advisors have a global reach, which have identified multiple opportunities. To finance the acquisition of such royalty and streaming investments, Empress may undertake one or more financings. As the Company grows its portfolio and revenue stream, it expects to fund future investments by cash flow and generate free cashflow to pay dividends.

## HIGHLIGHTS

### *Royalty and Stream Acquisitions:*

- In November 2020, Empress completed the acquisition of a combined 1% NSR royalty on Candelaria Mining Corp.'s Pinos gold and silver project in Mexico.
- In April 2021, the Company completed the acquisition of 2.25% gross royalty on production from the Manica hard rock gold project located in Mozambique.
- In April 2021, the Company executed a streaming agreement on production from Altaley Mining Corporation's Tahuehueto project in Mexico.
- In July 2021, the Company completed the execution of a gold stream agreement on the Sierra Antapite mine in Peru.

*Corporate Matters:*

- On December 29, 2020, the Company's shares commenced trading on the TSX-V under the symbol EMPR.
- On February 4, 2021, the British Columbia Securities Commission issued a receipt for the Company's short form base shelf prospectus.
- On March 25, 2021, the Company raised gross proceeds of \$16.4 million from public and private equity raises.
- On April 19, 2021, the Company appointed Natascha Kiernan to the Board of Directors. In addition, Empress appointed David Laing as Technical Advisor to the Company.
- On February 19, 2021, the Company commenced trading on the OTCQB Venture Market in the United States under the symbol EMPYF and are eligible for electronic settlement through the Depository Trust Company in the United States.

**Royalty and Stream Acquisitions***Pinos Royalty, Mexico*

In November 2020, Empress completed the acquisition of a combined 1% NSR royalty on Candelaria Mining Corp.'s ("Candelaria") Pinos gold and silver project in Mexico for an aggregate consideration of \$1,954,950 (US\$1,500,000) cash. The acquisition was a combination of a newly created 0.5% NSR royalty on the Pinos project from Candelaria for consideration of US\$750,000 and the purchase of a 0.5% NSR royalty on the Pinos project from an existing royalty holder for consideration of an additional US\$750,000. Empress' royalties are registered against title.

The Pinos project is located in the high-grade historical gold and silver district of the Zacatecas mining belt in north-central Mexico, just 67 kilometers northwest of San Luis Potosi, Zacatecas state, the second largest gold producing district in the country after Sonora. Zacatecas state is a stable, mining-friendly state that includes Newmont Mining's Peñasquito mine and Capstone Mining's Cozamin mine. Pinos has excellent infrastructure with paved roads to the mine and electricity supplied from the Mexican power grid.

The Pinos project consists of 29 concessions comprising 3,816 hectares which is roughly 17 kilometers of strike length of veins containing gold and silver mineralization. The veins have been mined historically to a depth of only 180 meters, due to reaching the water table, but mineralization has been shown to continue at depth.

The Pinos mining district dates back to the 17th century. It was one of two bonanza gold districts discovered by the Spanish. Towards the end of the 19th century, Cornish miners revived the district and continued mining throughout the Dorada or "Golden" era. Zacatecana Mining Company and Pachuca Mining Company then took over the project and operated in the district between 1920 and 1940.

Historical records indicate over 800,000 ounces of gold have been produced from the Pinos district with average grades of 30 to 50 grams per tonne gold from 33 shafts located throughout the district. Candelaria



currently has an Indicated mineral resource of 175,697 tonnes at a grade of 4.7 grams per tonne of gold equivalent estimated to contain 26,358 ounces of gold equivalent and the Inferred mineral resource a further 529,267 tonnes at a grade of 4.6 grams per tonne gold equivalent estimated to contain 56,146 ounces of gold equivalent. The 2018 Preliminary Economic Assessment ("PEA") plans for average yearly production of ~12,700 ounces gold equivalent for a life of mine of seven years with potential for growth, at both depth and along strike, and it's estimated that 80% of the district has yet to be explored.

The PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and, as such, there is no certainty that the PEA results will be realized. The information in the PEA is subject to certain assumptions, qualifications and procedures described therein, and reference should be made to the full text of the PEA. The PEA is of a certain point-in-time and the Company is not able to determine if any material information subsequent to the date of the PEA exists.

Pinos has all permits in-place for production and is currently being moved towards construction under its PEA and will begin construction of a 200 tonnes per day mining operation with a path to ramp-up to 400 tonnes per day within two years of initial production.

Projects which are placed into production without first establishing mineral reserves supported by a technical report and completing a feasibility study have a much higher risk of economic or technical failure. If Candelaria makes a production decision for the Pinos project which is not based on a feasibility study of mineral reserves demonstrating economic and technical viability, it faces increased uncertainty and technical and economic risks.

In October 2021, Candelaria closed their upsized private placement for a total \$8,441,770 which resulted in Agnico Eagle Mines Limited increasing their ownership in Candelaria from a 9.9% equity stake to 19.9% based on a pre-diluted basis. Candelaria has stated that the proceeds from the upsized private placement will be used for Caballo Blanco exploration, on-going development of the Pinos project and for working capital. Candelaria continues to advance the Pinos project and is currently in discussions with potential debt financiers. Empress completed site visits in 2020 and 2021 and continues to be provided progress updates by Candelaria.

Further information on the Pinos project can be found in Candelaria's "NI 43-101 Preliminary Economic Assessment Study for the Pinos Project Zacatecas Mexico" (the "Pinos Technical Report") titled authored by Jose Antonio Olmedo, Geol. Eng., M.Sc. and David J. Salari, P. Eng., dated October 16, 2018 and effective September 13, 2018. The Pinos Technical Report was prepared in accordance with NI 43-101 and is available on Candelaria's company profile at [www.sedar.com](http://www.sedar.com).

Candelaria has announced its decision to advance the project to development prior to the completion of a feasibility study.

*Manica Royalty, Mozambique*

In April 2021, the Company completed the acquisition of 2.25% gross royalty on production from the Manica hard rock gold project, located in Mozambique and operated by Mutapa Mining & Processing LDA (“MMP”), for an aggregate consideration of US\$2,000,000. Payments to Empress under the agreement are based on 2.25% of the revenues generated from the sale of gold from the project until a total of 95,000 oz of gold have been sold, and thereafter the percentage shall reduce to 0.75% and shall continue into perpetuity. The gross royalty is secured by a first-ranking security interest in certain assets of MMP.

Manica is located in the Odzi-Mutare-Manica Greenstone Belt of Mozambique and comprises several deposits on Xtract Resources Plc’s (“Xtract”) mining concession licence 3990C which includes four main deposits being Fair Bride, Guy Fawkes, Boa Esperanza, and Dots Luck.

MMP and Xtract have entered into a collaboration and profit-share arrangement whereby MMP will build, finance and operate a carbon-in-leach (“CIL”) plant to process ore mined from Xtract’s concession.

Minxcon Pty Ltd (“Minxcon”), an engineering and consulting firm from South Africa, prepared a technical report (the “Manica Technical Report”) entitled “NI43-101 Technical Report on the Fair Bride Gold Project, Mozambique, Mineral Resource Report” dated February 1, 2021 by U. Egelmann B.Sc. (Zoo. & Bot.), B.Sc. Hon. (Geol.), Pr.Sc.Nat., MGSSA (a copy is available at [www.sedar.com](http://www.sedar.com) under Empress' profile).

The Manica Technical Report provides a Total Mineral Resource estimate for Fair Bride at a cut-off grade of 0.5 g/t. The Mineral Resource estimate is further subdivided into a Surface Mineable Mineral Resource (“Open Cut Mineral Resource”) and an Underground Mineable Mineral Resource. A cut-off grade of 0.5 g/t was used for the Open Cut Mineral Resource and higher cut-off grade of 1.5 g/t was used for the Underground Mineable Mineral Resource.

A mineral reserve estimate was prepared for Fair Bride in 2016 as part of a SAMREC-compliant Definitive Feasibility Study (“DFS”). However, significant changes to the mine plan and strategy since the DFS means this mineral reserve estimate is no longer current and does not comply with the requirements of NI 43-101. MMP plans to exploit the Open Cut Mineral Resource at Fair Bride without updating the DFS or its mineral reserve estimate or completing further studies.

MMP advised Empress that it intends to mine and process the oxide and transitional mineralization at Fair Bride and other deposits on the Concession by installing a processing plant utilising a CIL process capable of processing up to 42,000 tonnes per month. An existing grinding circuit is already in place and MMP is advancing the engineering, fabrication and installation of the CIL plant and preparation work for associated infrastructure.

Since closing the Manica gross royalty in April 2021, MMP has completed engineering and procurement and reports construction is well progressed. Specifically, the bulk of the earthworks is complete, concrete has been poured for the plant foundations, CIL tanks have been fabricated and the tailings dam construction is complete. Several items of the modular plant equipment have been fabricated and transported from South Africa to site and are currently undergoing installation. Further, the processing plant water storage tank and power is connected and available via a 40 mVA transformer. The mining contractor has been mobilized and preparations are underway for commencement of mining. MMP reports it expects to commence initial



production in the first quarter of 2022. Empress has completed two site visits in 2021 through a third-party engineering firm and receives weekly updates from management on construction progress.

#### Tahuehueto Stream, Mexico

In April 2021, the Company executed a streaming agreement on production from the Tahuehueto silver project, located in Mexico, owned and operated by Altaley Mining Corporation's (formerly Telson Mining Corporation) ("Altaley"). Pursuant to the streaming agreement, the Company has the right to acquire 100% of silver production at 20% of the related off-take price in cash for up to 1,250,000 ounces, and thereafter may acquire 20% of production at 20% of the related offtake price in cash. The streaming agreement terminates 10 years from the date of initial production. In consideration, the Company paid US\$5,000,000 in two tranches, of which US\$2,000,000 was paid in April 2021 and US\$3,000,000 was paid in July 2021.

Tahuehueto is located in the mining friendly jurisdiction of Durango, Mexico. It is a typical epithermal polymetallic mineral deposit in this part of Mexico, with metals consisting of gold silver, zinc, copper and lead. Based on the PFS completed in 2017, the project had a 21-year life-of-mine at a production rate of 550 tonnes per day.

The mine is fully permitted and has offtake agreements in place with Trafigura, and has already produced a saleable concentrate, processing over 42,000 tonnes of mineralization on a toll mill basis during 2018 - 2019. Altaley reported that this confirmed the metallurgy as uncomplicated, with no need for fine grinding, no refractory mineralization and the process uses conventional technology realizing excellent recoveries of payable metals.

Altaley continues to advance Tahuehueto toward production and announced in November 2021 that construction is on time and on budget. Altaley also announced that it has engaged MGA as an underground mining contractor. MGA is a well-known underground mining contractor with extensive experience in Mexico. Prior underground development at Tahuehueto provides about 75% of the initial two years of to-be-mined material, with the contractor completing the balance of underground development to supply feed for the initial two years of operation. This mine development materially de-risks ramp-up risk and accelerates initial and eventual steady-state production, resulting in silver by-product production, subject to the Empress silver stream. Initial production from Tahuehueto is expected by Altaley to be near the end of 2021 with ramp-up continuing into the first quarter of 2022. As noted by Altaley, contractors and construction have been working at site since July 2021 and multiple site visits have been completed by Empress in 2020 and 2021. Altaley expects initial production in early 2022.

#### Sierra Antapite Stream, Peru

In July 2021, as amended, the Company completed the execution of a gold streaming agreement on the Sierra Antapite mine in Peru owned by the private corporation Sierra Sun Group ("Sierra Sun"), through its 100% owned Peruvian company Sierra Antapite S.A.C. Mining Unit ("Sierra Antapite"). The stream is on gold production from the Sierra Antapite mine at 20% of the gold spot price based on 4.5% of gold production for the first 11,000 gold ounces and 1% thereafter for life of mine. The stream will be registered and secured against the mine title. In consideration, the Company paid US\$5,000,000 in July 2021 for 2.25% of gold production and a further US\$2,500,000 in October 2021 for a total 3.375% of gold production. Once the Company pays the final US\$2,500,000, it will have a total 4.5% of gold production.

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The Sierra Antapite mine is located in Huaytara province, department Huancavelica, Peru. It is classified as a vein-hosted low sulphidation epithermal deposit and has been operated by Peru-based management and shareholders since December 2016 when the mine was purchased from Buenaventura. Based on Sierra Antapite management's internal assessment and long-term planning, the mine has more than a five-year life-of-mine at a rate of 1,000 tonnes per day. Long Hole Stopping and Cut-and-Fill are the two mining methods utilized at the mine. Since initiation of operation in 2002, the mine has reported to have produced approximately one million ounces of gold.

The mine is fully permitted, has all social licenses to operate, and sells dore through either Metalor Technologies, a Switzerland-based refiner, or through Procesadora Sudmerica S.R.L, a Peru-based refiner. The cyanidation and Carbon-in-Carbon flowsheet is straight forward, with no need for fine grinding, with no refractory mineralization present and the flowsheet is conventional technology. Given this is an operating company with a track record, realized results de-risks many operating assumptions and inputs used in production forecasts derived from realized results.

Sierra Sun reports that it is conducting on-going expansion of operations at the Sierra Antapite gold mine. Proceeds from the Empress investment have been used to continue expansion of the plant from 750 tonnes to 1,000 tonnes per day, to expand and enhance the tailings storage facility, to retire payments and to further develop the underground mine. A site visit by a third-party engineering firm was completed in March 2021 and Empress visited the site in September 2021. Empress receives weekly updates from Sierra Sun on the production expansion progress. Sierra Sun continues to deliver gold to Empress since commencement in August 2021.

#### *Investment Pipeline*

In addition to the above investments, Empress has an active pipeline of approximately US\$75,000,000 in potential producing and near-term producing investment opportunities.

#### **Corporate Matters**

##### *Public Listings*

On December 29, 2020, the Company's shares commenced trading on the TSX-V under the symbol EMPR. The commencement of trading on the TSX-V is a significant milestone for Empress. The listing of our common shares is key in pursuing our goal of building a portfolio of cash and near-term cash producing precious metal investments.

On February 19, 2021, the Company commenced trading on the OTCQB Venture Market in the United States under the symbol EMPYF and are eligible for electronic settlement through the Depository Trust Company in the United States. Our listing on the OTCQB completes one of our core strategies to expand global awareness of Empress and provides us with exposure to a broader investor community, including United States investors. This milestone is an important component of our investor relations strategy to increase Empress' profile and develop further understanding of our business both within the global financial community and amongst potential mining company partners.

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### *Financing*

On February 4, 2021, the British Columbia Securities Commission issued a receipt for the Company's short form base shelf prospectus. On March 25, 2021, the Company raised gross proceeds of \$16.4 million from public and private equity raises.

### *Board of Directors and Advisors*

On April 19, 2021, the Company appointed Natascha Kiernan to the Board of Directors. In addition, Empress appointed David Laing as Technical Advisor.

- Natascha Kiernan is a lawyer and consultant with 17 years of experience specializing in transactions involving mining and other natural resources.
- David Laing has more than 35 years of experience in mining operations, projects, engineering studies, mining finance, M&A, and corporate development in both precious and base metals.

## **QUALIFIED PERSON**

Richard Mazur, P.Geo, a Qualified Person as defined by 43-101, has read and approved all technical and scientific information.

## **COVID-19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise funds or the impact on its investments.

Many mining projects, including some of the properties in which the Company holds a royalty or stream interest, could be impacted by the pandemic resulting in the slowdown of operations and other mitigation measures that impact production. If the operation or development of one or more of the properties in which the Company holds a royalty from which it receives or expects to receive significant revenue is slowed down or suspended as a result of the continuing COVID-19 pandemic or future pandemics or other public health emergencies, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's common shares on the TSX-V.



## TRENDS

The level of the Company's investments in royalties and streams is largely determined by the strength of resource capital and commodity markets and its ability to obtain investor support for its investments.

Many companies are engaged in the search for and the acquisition of mineral interests, including royalties and other interests, and there is a limited supply of desirable mineral interests. The mineral exploration and mining businesses are competitive in all phases. Many companies are engaged in the acquisition of mineral interests, including large, established companies with substantial financial resources, operational capabilities and long earnings records. Empress may be at a competitive disadvantage in acquiring those interests, whether by way of royalty or other form of investment, as competitors may have greater financial resources and technical staffs. There can be no assurance that Empress will be able to compete successfully against other companies in acquiring new royalties or other interests. In addition, Empress may be unable to acquire royalties or other interests at acceptable valuations which may result in a material adverse effect on Empress' profitability, results of operations and financial condition and trading price of its securities.

## RESULTS OF OPERATIONS

The loss for the twelve months ended September 30, 2021 was \$3,676,383 (period from incorporation on March 2, 2020 to September 30, 2020 – \$409,912). The Company's operating expenses for the twelve months ended September 30, 2021 were \$3,654,350. This total included one-time expenses to: (a) list the Company's shares on the TSX-V; (b) list the Company's shares on the OTCQB; and (c) prepare and file a short form base shelf prospectus. Moving forward the Company expects its cash requirements to normalize.

Revenue for the twelve months ended September 30, 2021 totaled \$71,266. Pursuant to the agreement with Sierra Antapite, the Company can buy gold at 20% of the gold spot price. During the twelve months ended September 30, 2021, the Company recorded cost of sales of \$14,253.

Consulting fees for the twelve months ended September 30, 2021 totaled \$454,433, made up primarily by \$187,500 fees paid to the Chief Executive Officer and \$150,000 fees paid to a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company.

Investor communication and shareholder information of \$895,870 primarily relates to the Company establishing a market present in the wake of the Company going public in December 2020. The Company has engaged a number of investor relations companies and participated in a number of investor conferences.

Professional fees for the twelve months ended September 30, 2021 totaled \$270,785, of which \$101,063 are legal and accounting fees relating to the cost of listing the Company's shares on the TSX-V and the OTCQB. In addition, the Company incurred legal and accounting fees of \$82,218 relating to the short form base shelf prospectus filed on February 4, 2021.



Project evaluation expenses for the twelve months ended September 30, 2021 totaled \$844,401, and included consulting fees, legal and accounting fees, and travel expenditures all related to evaluating future royalty and streaming opportunities. Consulting fees include \$226,989 paid to Endeavour Financial Ltd. (Cayman) (“Endeavour Financial”), which has a director in common with the Company, and \$226,989 paid to a director of the Company.

Regulatory fees for the twelve months ended September 30, 2021 totaled \$169,136, of which \$84,559 are related to the cost of listing the Company's shares on the TSX-V and the OTCQB.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company began the fiscal quarter with \$1,515,475 cash and cash equivalents. During the twelve months ended September 30, 2021, the Company spent \$2,926,894 on operating activities, net of working capital changes, spent \$17,432,749 on investing activities, and received \$22,909,991 from private placements described below to end at September 30, 2021 with \$4,065,823 cash and cash equivalents.

On October 23 and November 10, 2020, the Company completed a non-brokered private placement in two tranches through the issuance of 32,000,000 common shares at a price of \$0.25 per share for gross proceeds of \$8,000,000. The Company paid cash finder's fees of \$160,125 and issued 154,000 finders' shares valued at \$38,500.

On March 25, 2021, the Company completed a bought deal public offering offered pursuant to the prospectus (described above) to raise gross proceeds of \$15,752,500 through the issuance of 31,505,000 units. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.75 until March 25, 2023. The Company paid cash commissions of \$1,031,975 and issued 854,550 broker warrants valued at \$190,834. Each broker warrant is exercisable into one common share at an exercise price of \$0.50 until March 25, 2023. The Company also incurred cash share issue costs of \$300,409. In addition, the Company closed a non-brokered private placement by the issue of an additional 1,300,000 units for gross proceeds of \$650,000.

As at September 30, 2021, the Company had working capital of \$4,020,636. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. Additional financing may be required by the Company to complete its long-term strategic objectives and continue as a going concern. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

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### RELATED PARTY TRANSACTIONS

#### *Compensation of key management personnel*

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel during the periods ended September 30, 2021 and 2020 are as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Twelve months ended September 30, 2021	Period from incorporation on March 2, 2020 to September 30, 2020
Consulting fees				
Chief Executive Officer	\$ 45,000	\$ 45,000	\$ 187,500	\$ 45,000
Golden Oak *	37,500	37,500	150,000	37,500
	82,500	82,500	337,500	82,500
Director fees	7,500	7,500	33,125	7,500
Project evaluation expenses				
Endeavour Financial **	57,334	39,481	226,989	39,481
Director	57,334	120,051	226,989	120,051
	114,668	159,532	453,978	159,532
Share-based compensation	312,922	-	557,817	-
	\$ 312,922	\$ -	\$ 557,817	\$ -
Total	\$ 517,590	\$ 249,532	\$ 1,382,420	\$ 249,532

\* Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

\*\* Endeavour Financial Limited (Cayman) and the Company have a director in common.

#### *Amounts due to related parties*

As at September 30, 2021, the Company had trade and other payables of \$122,972 (2020 - \$127,818) owing to related parties, being \$57,335 owing to a director for consulting fees, \$57,335 owing to Endeavour Financial for consulting fees, as well as \$5,559 owing to the Chief Executive Officer and \$2,743 owing to Golden Oak for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing.

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### DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at September 30, 2021	104,574,385	17,257,050	8,900,000
Balance as at the date of this MD&A	104,574,385	17,257,050	8,900,000

### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *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, 2021	September 30, 2020
Cash and cash equivalents	FVTPL	\$ 4,065,823	\$ 1,515,475
Receivables	FVTPL	14,290	8,779
Marketable securities	FVTPL	-	228,657
Trade and other payables	Amortized cost	(170,560)	(207,638)

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 approximates its fair value due to its short-term nature. Cash and cash equivalents and marketable securities are recorded at fair value using Level 1 of the fair value hierarchy.

***Risk management***

The Company's risk management objectives and policies are consistent with those disclosed by the Company in the Annual AIF.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains or incorporates by reference "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities legislation. Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, to be materially different from any future results, expectations, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved although not all forward-looking statements contain such identifying words. These statements reflect the Company's current expectations regarding future events, performance and results based on information currently available and speak only as of the date of this MD&A.

Specific statements contained in or incorporated by reference in this MD&A that constitute forward-looking statements or information include but are not limited to information concerning the Company's investments, statements or information concerning the Company's growth strategy and the Company's future performance and business prospects and opportunities. These statements reflect management's current assumptions and expectations and by their nature are subject to certain underlying assumptions, known and unknown risks and uncertainties and other factors which may cause actual results, performance or events to be materially different from those expressed or implied by such forward-looking statements.

These forward-looking statements are based on the beliefs of Empress' management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of Empress to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether such results will be achieved. These risks include but are not limited to the risks set out under the heading "Risk Factors" in the AIF. New risks may emerge from time to time and the importance of current factors may change from time



to time and it is not possible for the Company to predict all such factors, changes in such factors and to assess in advance the impact of such factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements contained in this MD&A.

Although the forward-looking statements contained in or incorporated by reference in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company's actual results could differ materially from those anticipated in these forward-looking statements, as a result of, amongst others, those factors noted above and those listed in the Company's Annual Information Form under the heading "Risk Factors". Accordingly, readers should not place undue reliance on forward-looking information. These forward-looking statements are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Subject to applicable Canadian securities laws, the Company assumes no obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this MD&A.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's web site [www.empressroyalty.com](http://www.empressroyalty.com).