Empress Royalty Corp.

Management's Discussion and Analysis

For The Fifteen Months Ended December 31, 2021

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Empress Royalty Corp. ("Empress" or the "Company") for the fifteen months ended December 31, 2021 and up to the date of this MD&A, and should be read in conjunction with the accompanying financial statements for the fifteen months ended December 31, 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 United States dollars unless otherwise indicated. The Company elected to change its presentation currency from Canadian dollars to United States ("US") dollars. The change in presentation currency is a voluntary change which is accounted for retrospectively.

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 was completed to align the Company's financial statement reporting periods with its peer group. As a result of this change, the Company is presenting a transitional fifteen-month financial year ending December 31, 2021 compared to the period from incorporation on March 2, 2020 to September 30, 2020.

The effective date of this MD&A is April 28, 2022.

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.

Empress is a growth-oriented precious metal royalty and streaming company that is focused on maximizing returns for its shareholders by growing its asset base, both organically and through accretive investments and other high-quality royalties, streams and similar interests.

Empress' main focus is on high quality, long-life precious metal assets located in jurisdictions that are favourable to mining and operated by established mining companies, as these assets provide the best risk/return profile. Given that a core aspect of Empress' business is the ability to compete for investment opportunities, Empress plans to maintain a strong balance sheet and ability to deploy capital.

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 $500,000 to $25,000,000. Empress' vision is to be a global precious metal stream and royalty provider and is investigating investment opportunities with the same investment criteria and target size located globally. The Empress management team and strategic advisors have a global reach and 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:

- In December 2020, the Company's shares commenced trading on the TSX-V under the symbol EMPR.
- In February 2021, the Company commenced trading on the OTCQB Venture Market in the United States under the symbol EMPYF.
- In February 2021, the British Columbia Securities Commission issued a receipt for the Company's short form base shelf prospectus.
- In March 2021, the Company raised gross proceeds of $13,011,661 from public and private equity raises.
- In April 2021, the Company appointed Natascha Kiernan to the Board of Directors. In addition, Empress appointed David Laing as Technical Advisor to the Company.
- In December 2021, the Company closed a $15,000,000 accordion credit facility agreement with Nebari Natural Resources Credit Fund I, LP. The Company's initial draw of $4,500,000 was funded on closing.
- In March 2022, the Company appointed Allison Rippin Armstrong as Environmental, Social, and Governance (ESG) Advisor to the Board.

Royalty and Stream Acquisitions

<u>Pinos Royalty, Mexico</u>

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 $1,500,000 cash. The acquisition was a combination of a newly created 0.5% NSR royalty on the Pinos project from Candelaria for consideration of $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 $750,000.

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 covering approximately 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 3.6 grams per tonne of gold and 47.4 grams per tonne silver and an inferred mineral resource of 529,267 tonnes at a grade of 3.6 grams per tonne gold and 47.7 grams per tonne silver. The 2018 Preliminary Economic Assessment ("PEA") plans for average yearly production of ~12,700 ounces gold equivalent over a life of mine of seven years with potential for growth, at both depth and along strike. It is 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.

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

In a news release dated February 3, 2022, Candelaria announced that permits had been received for an infill drilling program at the Pinos project.

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 $2,000,000. Pursuant to this agreement, payments to Empress 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 in perpetuity. The gross royalty is secured by a first-ranking security interest in certain assets of MMP.

In January 2022, the Company increased its royalty on the Manica project by investing an additional $1,000,000. Pursuant to this increased royalty agreement, payments to Empress are now based on a total of 3.375% 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 1.125% and shall continue in perpetuity.

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 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 Minable 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 that the Manica project development phase is nearing completion and is scheduled for commissioning in the second 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 $5,000,000 in two tranches, of which $2,000,000 was paid in April 2021 and $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, lead, zinc and copper.

Resource Development Associates Inc. prepared a technical report entitled, "NI43-101 Technical Report preliminary Feasibility Study, Altaley Mining Corporation Tahuehueto Project, Durango, Mexico. Effective date: February 23, 2022, Report Date: April 25, 2022, prepared by Resource Development Associates Inc., Lead Author Scott E. Wilson, C.P.G., Co-Authors: Zeke Blakeley, P.E., Jeffrey Woods, QP, Eric Titley, P.Geo."

Highlights of the report as announced in a news release dated April 26,2022 are:

- 2022 prefeasibility study improves 2017 PFS increasing throughput to 1,000 tonnes per day returning a post-tax NPV of $161.3 million, at a discount rate of 5%.
- IRR of 65% with a 2 year payback period (5% discount rate).
- Total Life of Mine Capital Cost estimate of $56.9 million with project construction over 95% complete and initial pre-production targeted during April 2022.
- Life of Mine All In Sustaining Costs (AISC) estimated at US$844 per gold equivalent ounce at $1,647.52/ounce gold, $21.64/ounce silver, $0.92/pound lead, $1.14/pound zinc and $3.60/pound copper.
- Proven and Probable Mineral Reserves of 3.58 million tonnes grading 2.55g/t gold, 50.06 g/t silver, 1.92% zinc and 0.26% copper.
- 9-year mine life utilizing mostly low cost bulk underground Sub-level Open Stoping mining method with average annual production of 25,987 oz. of gold, 453,952 oz. of silver, 827 tonnes of copper, 3,155 tonnes of lead and 6,123 k-lbs. of zinc.

Multiple site visits were completed by Empress in 2020 and 2021 and Empress receives regular updates from management on construction progress.

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 as well as concessions, equipment and the plant. In consideration, the Company paid $5,000,000 in July 2021 for 2.25% of gold production, a further $2,500,000 in October 2021 for a total 3.375% of gold production, and finally in December 2021, the Company invested a final $2,500,000 for a total 4.5% of gold production.

The Sierra Antapite mine is located in Huaytara province, department Huancavelica, Peru. It is classified as a vein-hosted low sulphidization epithermal deposit and has been operated by Peruvian 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 mine life at a rate of 1,000 tonnes per day. Longhole Stoping 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, without need of fine grinding, with no refractory mineralization present and consisting of 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 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 $75,000,000 in potential producing and near-term precious metals 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 was a significant milestone for Empress. The listing of our common shares was 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. The listing on the OTCQB completed a core strategy to expand global awareness of Empress and provide the Company with exposure to a broader investor community, including United States investors. This milestone was an important component of the investor relations strategy to increase Empress' public profile and further understanding of the Company's business both within the global financial community and amongst potential mining company partners.

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 $13,011,661 from public and private equity raises.

In December 2021, the Company closed a $15,000,000 accordion credit facility (the "Accordion Facility") agreement with Nebari Natural Resources Credit Fund I, LP ("Nebari"). The Company's initial draw of $4,500,000 (the "Loan") was funded on closing. The Company may apply to Nebari to draw down additional loans as the Company identifies investments it wishes to fund under the Accordion Facility. The Accordion Facility bears interest at Libor (1% floor) plus 10% per annum. The Accordion Facility has an initial term of two years from the date of the Loan and is secured against the existing investment assets of the Company. As at December 31, 2021, the Company is not in default of these covenants.

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. She has advised financial institutions, corporations and international governments on transactions with a total value of over $100 billion and has worked across six continents.
- 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.

In March 2022, the Company appointed Allison Rippin Armstrong as Environmental, Social, and Governance (ESG) Advisor to the Board. Allison is a visionary mining professional with over 25 years of industry-leading experience focused on environmental compliance, job creation for rural and Indigenous communities and fostering a more inclusive workplace for women and minority groups. She has been involved in the permitting of nine major projects in Canada and serves on the board of directors for various non-profit industry organizations including Tectonic, where she serves as Chair of the Governance Committee. Allison has worked internationally with regulatory agencies, Indigenous organizations, territorial and federal governments on their sustainability and community-development objectives, helping to establish new standards of excellence.

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.

SELECTED ANNUAL INFORMATION

		Fifteen months ended December 31, 2021		**Period from incorporation on March 2, 2020 to September 30, 2020**
Royalty and stream interests	$	18,751,117	$	1
Total assets	$	20,829,287	$	1,350,335
Total non-current liabilities	$	2,331,257	$	-
Loss for the year	$	(3,999,812)	$	(300,500)
Comprehensive loss for the year	$	(3,774,116)	$	(310,354)
Basic and diluted loss per share	$	(0.04)	$	(0.03)

RESULTS OF OPERATIONS

The loss for the fifteen months ended December 31, 2021 was $3,999,812 (period from incorporation on March 2, 2020 to September 30, 2020 – $300,500). The Company's operating expenses for the fifteen months ended December 31, 2021 were $3,829,542. 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 fifteen months ended December 31, 2021 totaled $211,623 and all related to the Sierra Antapite stream. Pursuant to the agreement with Sierra Antapite, the Company's cost of purchasing streaming gold is 20% of the gold spot price. During the fifteen months ended December 31, 2021, the Company recorded cost of sales, excluding depletion of $42,325 and depletion of $93,358.

General and administrative expenses for the fifteen months ended December 31, 2021 totaled $2,043,093 compared to $181,950 in the comparative period. General and administrative expenses are summarized as follows:

- Consulting fees and salaries for the fifteen months ended December 31, 2021 totaled $581,547, made up primarily by $184,027 fees paid to the Chief Executive Officer and $148,409 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 $796,774 primarily relates to the Company establishing a market presence 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 fifteen months ended December 31, 2021 totaled $355,624, of which approximately $80,000 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 approximately $65,000 relating to the short form base shelf prospectus filed on February 4, 2021.

- Regulatory fees for the fifteen months ended December 31, 2021 totaled $158,133, of which approximately $65,000 are related to the cost of listing the Company's shares on the TSX-V and the OTCQB.

Project evaluation expenses for the fifteen months ended December 31, 2021 totaled $828,795, and included consulting fees, legal and accounting fees, and travel expenditures all related to evaluating future royalty and streaming opportunities. Consulting fees include $225,000 paid to Endeavour Financial Ltd. (Cayman), which has a director in common with the Company, and $225,000 paid to a director of the Company.

SUMMARY OF QUARTERLY RESULTS

	3 Months Ended December 31, 2021	3 Months Ended September 30, 2021	3 Months Ended June 30, 2021	3 Months Ended March 31, 2021
Stream revenue	$ 154,123	$ 57,500	$ -	$ -
Loss for the period	$ (1,077,393)	$ (853,472)	$ (900,312)	$ (742,904)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

	3 Months Ended December 31, 2020	3 Months Ended September 30, 2020	3 Months Ended June 30, 2020	Period from incorporation on March 2, 2020 to March 31, 2020
Stream revenue	$ -	$ -	$ -	$ -
Loss for the period	$ (425,731)	$ (300,253)	$ -	$ (247)
Basic and diluted loss per share	$ (0.00)	$ (0.03)	$ -	$ (0.00)

FIFTH QUARTER

The Company began the fifth quarter with $3,191,133 in cash. During the fifth quarter, the Company spent $321,309 on operating activities, net of working capital changes, spent $2,605,811 on investing activities, and received $4,320,000 from financing activities with a positive effect of foreign exchange on cash of $636,691 to end at December 31, 2021 with $2,027,874 cash and cash equivalents.

In December 2021, the Company closed a $15,000,000 accordion credit facility agreement with Nebari. The Company's initial draw of $4,500,000 was funded on closing.

In December 2021, the Company invested a further $2,500,000 in the Sierra Antapite gold mine for a total 4.5% of gold production.

LIQUIDITY AND CAPITAL RESOURCES

The Company began the reporting period with $1,136,123 cash and cash equivalents. During the fifteen months ended December 31, 2021, the Company spent $2,666,505 on operating activities, net of working capital changes, spent $18,716,082 on investing activities, and received $22,053,263 from financing activities with a positive effect of foreign exchange on cash of $221,075 to end at December 31, 2021 with $2,027,874 cash and cash equivalents.

In October and November 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 C$0.25 per share for gross proceeds of $6,095,471 (C$8,000,000). The Company paid cash finder's fees of $121,861 and issued 154,000 finders' shares valued at $29,300.

In March 2021, the Company completed a bought deal public offering offered pursuant to the prospectus (described above) to raise gross proceeds of $12,496,034 (C$15,752,500) through the issuance of 31,505,000 units at a price of C$0.50 per unit. 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 C$0.75 until March 25, 2023. The Company paid cash commissions of $818,638 and issued 854,550 broker warrants valued at $151,383. Each broker warrant is exercisable into one common share at an exercise price of C$0.50 until March 25, 2023. The Company also incurred cash share issue costs of $238,306. In addition, the Company closed a non-brokered private placement by the issue of an additional 1,3000,000 units for gross proceeds of $515,627 (C$650,000).

In December 2021, the Company closed a $15,000,000 accordion credit facility agreement with Nebari. The Company's initial draw of $4,500,000 was funded on closing.

As at December 31, 2021, the Company had working capital of $852,398. Management estimates that these funds along with projected royalty and stream revenues 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.

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 December 31, 2021 and September 30, 2020 are as follows:

	Fifteen months ended December 31, 2021	Period from incorporation on March 2, 2020 to September 30, 2020
Consulting fees		
Chief Executive Officer	$ 184,027	$ 32,989
Golden Oak *	148,409	27,491
	$ 332,436	$ 60,480
Director fees	$ 32,155	$ 5,498
Project evaluation expenses - Consulting fees		
Endeavour Financial **	$ 225,000	$ 30,000
Director	225,000	90,000
	$ 450,000	$ 120,000
Share-based compensation	$ 689,202	$ -
Total	$ 1,503,793	$ 185,978

* 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) ("Endeavour") and the Company have a director in common.

Amounts due to related parties

As at December 31, 2021, the Company had trade and other payables of $192,746 (September 30, 2020 - $95,823) owing to related parties, being $90,000 owing to a director for consulting fees, $90,000 owing to Endeavour for consulting fees, as well as $8,510 owing to Endeavour and $4,236 owing to Golden Oak for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing.

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 December 31, 2021	104,574,385	24,757,050	8,900,000
Balance as at the date of this MD&A	104,574,385	24,757,050	8,900,000

OFF-BALANCE SHEET ARRANGEMENTS

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

USE OF ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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 include, but are not limited to, the following:

<u>Impairment of royalty and stream interests</u>

In accordance with the Company's accounting policy, royalty and stream interests are evaluated on a periodic basis to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed, and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of a royalty and stream assets is measured at the higher of fair value less costs to sell and value in use. The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, the proportion of areas subject to royalty rights, commodity prices (considering current and historical prices, price trends and related factors), and reserves. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

Share-based compensation

The stock option plan allows Company directors, employees, and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from share-based reserve to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Accounting for the acquisition of royalty and streams

The Company's business is the acquisition of royalties and streams. Each royalty and stream interest has its own unique terms and judgement is required to assess the appropriate accounting treatment. The determination of whether an acquisition should be accounted for as a royalty or stream interest or a financial instrument requires the consideration of factors such as (i) the terms of the agreement; (ii) the applicability of the own use exemption under IFRS 9; (iii) whether there is a contractual commitment to repay amounts under the stream; and (iv) the expected timing and amount of future deliveries of gold, silver and other commodities under the stream with reference to the existing mine plan.

The assessment of whether an acquisition meets the definition of a business or whether assets are acquired is another area of key judgement. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of the consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of Stream, royalty and other interests generally require a high degree of judgement, and include estimates of mineral reserves and resources acquired, future metal prices, discount rates and conversion of reserves and resources. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities.

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:

		December 31, 2021	September 30, 2020
Cash and cash equivalents	FVTPL	$ 2,027,874	$ 1,136,123
Receivables	FVTPL	10,201	6,581
Marketable securities	FVTPL	-	171,420
Trade and other payables	Amortized cost	(416,198)	(155,662)
Loan	Amortized cost	(3,140,831)	-

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, trade and other payables and the loan approximates their 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 and at the Company's web site www.empressroyalty.com.