



Empress Royalty Corp.

Management's Discussion and Analysis – Quarterly Highlights
For The Six Months Ended June 30, 2023



Management's discussion and analysis, quarterly highlights ("MD&A") for Empress Royalty Corp. ("Empress" or the "Company") are intended to provide the reader with a review of the factors that affected our performance during the periods presented, including matters that have affected reported operations, and matters that are reasonably likely based on management's assessment to have a material impact on future operations and results.

The information contained in this MD&A for the six months ended June 30, 2023 and up to the date of this MD&A should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2022, and the accompanying unaudited condensed interim consolidated financial statements for the six months ended June 30, 2023 ("Financial Report"), and the notes thereto, and the accompanying MD&A for the prior fiscal year. The information contained within this MD&A is as of August 28, 2023.

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 ("US") dollars unless otherwise indicated.

BUSINESS OVERVIEW

Empress Royalty Corp. ("Empress" or the "Company") was incorporated on March 2, 2020, under the laws of the Province of British Columbia, Canada. The Company commenced trading on the TSX Venture Exchange ("TSX-V") on December 29, 2020, 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. On January 11, 2023, the Company graduated to the OTCQX Venture Market in the United States under the same symbol EMPYF. The corporate office and registered and records office is located at Suite 3123, 595 Burrard Street, Vancouver, BC, Canada, V7X 1J1.

BUSINESS STRATEGY

Empress is an investment company focused on creating gold and silver metal purchase agreements ("Streams"), net smelter return ("NSR") royalties, gross value return royalties, net profit interests, gross proceeds royalties, and acquiring non-operating interests in mining projects that provide the right to the holder of a percentage of the gross revenue from metals produced from the project or a percentage of the gross revenue from metals produced from the project after deducting specified costs, respectively.

Empress intends to focus the majority of its resources on investing in the creation of precious metals royalty or streaming opportunities with small to mid-tier producing or development stage mining companies, where immediate or near-term revenue can be generated. In very limited cases, Empress may invest in new grass roots royalties.

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

1. 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, Tahuehueto, and Manica investments (as defined below) fit into this category.



2. Development or near-term production projects: In near-term production 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 production projects include uncertainty of funding to meet forecasted production levels. The Company's Pinos investment (as defined below) fit 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' strategy is to continue expanding the portfolio with globally diversified assets and is evaluating projects with aligned investment criteria including appropriate target sizes for risk mitigation, jurisdiction, and company stage. The Empress management team and strategic advisors have a global reach and have identified multiple investment opportunities. To finance the execution of such royalty and streaming investments, Empress may undertake one or more financings through debt financing, equity financing or other means. 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 Interests:

- During the six months ended June 30, 2023, the Company earned stream revenue of \$858,336 (2022 - \$750,422) and recorded cost of sales of \$166,577 (2022 - \$150,084), excluding depletion, from the gold stream agreement on the Sierra Antapite mine in Peru.
- During the six months ended June 30, 2023, the Company earned gold royalties of \$696,964 from the gold royalty agreement on the Manica Project in Mozambique.
- On May 1, 2023, Empress entered into an amending agreement with Luca Mining Corp. ("Luca") with respect to the silver stream on the Tahuehueto project to defer deliveries of silver for the period from October 1, 2022 to June 30, 2023. Pursuant to the agreement, the Company received the sum of \$150,000 as compensation for the amendment. The life of the stream agreement will be extended by nine months.

Corporate Matters:

- In January 2023, the Company graduated from the OTCQB to the OTCQX.
- On June 26, 2023, the Company granted 1,150,000 stock options to directors, officers, employees and consultants. Each Option is exercisable into one Common Share at an exercise price of \$0.35. The Options are subject to certain vesting conditions and expire five years from the grant date.
- On June 26, 2023, the Company also issued 1,500,000 restricted share units ("RSU") to its directors and 1,750,000 deferred share units ("DSU") to certain members of its management team. Both RSU and DSU have a two year vesting period.



ROYALTY AND STREAM INTERESTS

Sierra Antapite Stream, Peru

Empress structured and entered into a stream agreement with Sierra Sun Group (“Sierra Sun”), a private corporation, in respect of its Sierra Antapite producing gold mine located in Peru in July 2021. The Company purchased an amount of gold equal to 2.25% of the payable gold production in return for upfront cash consideration of \$5,000,000 plus an additional amount for each ounce delivered equal to 20% of the prevailing market price. Subsequently, in both October 2021 and December 2021, the Company agreed to purchase an additional 1.125% in exchange for upfront cash of \$2,500,000 each time. As such, the Company receives a total of 4.5% of payable gold production until 11,000 oz have been delivered, thereafter dropping to 1% for the life of mine. Through June 2023, Sierra Antapite has delivered 1,364 oz of gold to Empress since the inception of the stream in July 2021.

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.

On May 2, 2023, the Company announced based on recent reports provided by Sierra Sun that gross mine production, before the Empress stream, averaged 1,050 oz per month during the first half of 2021 and since the full stream has been in place, they have increased their production by 32% to an average of ~1,450 oz per month. This increase from July 2021 to June 2023 is in large part due to the stream proceeds to optimize the plant and increase underground mine development. Since the investment in July 2021, the mill feed tonnage per month has increased by 13%, the gold grades by 12% and metallurgical recovery has increased by 1% as reported by Sierra Sun.

Tahuehueto Stream, Mexico

Empress structured and entered into a stream agreement with Luca Mining Corporation (“Luca”) (formerly Altaley Mining Corporation), a publicly traded company (TSX.V: LUCA) in respect of its Tahuehueto silver project located in Mexico in April 2021. Empress purchased an amount of silver equal to 100% of the payable silver production in return for upfront cash consideration of \$5,000,000 plus an additional amount for each ounce delivered equal to 20% of the prevailing market price until 1,250,000 oz have been delivered. Thereafter, the amount of payable silver will drop, to 20% on the same terms for a maximum of 10 years from the date of initial production. The cash consideration was paid in two tranches of \$2,000,000 and \$3,000,000 respectively in April 2021 and 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.

On January 9, 2023, Luca provided an update on the Tahuehueto mine in a press release stating that their current installed comminution capacity was 350 tonnes per day and that since crusher commissioning, the mill had processed approximately 18,341 tonnes of ore at an average of 297 tonnes per day over 62 operating



days. In that same press release, Luca announced that precious metal recoveries achieved since September 1, 2022, averaged 89.95% gold and 83.23% silver.

On January 30, 2023 Luca announced in a press release they had appointed a new Construction Manager and were recruiting for a new site General Manager. In the press release, Luca reiterated their previous guidance that construction of the 500 tonnes per day operation would be completed in Q2 2023 and the expansion up to the nameplate capacity of 1,000 tonnes per day is expected to be completed in Q4 2023.

On March 2, 2023, Luca announced in a press release that the Company was changing their name to Luca Mining Corporation. The press release also said that they had entered into a series of debt settlements in respect of approximately \$9.4M of loan debts owed to various creditors.

On March 31, 2023, Luca announced in a press release an overall financing package of CAD\$33.2M in place of the previously proposed rights offering comprised of a private placement and two strategic debt settlements including CAD\$8M with its offtake partner Trafigura and CAD\$4.9M with its lead Investor Calu Opportunity Fund. The press release said Luca agreed to waivers on loans for twelve months commencing on November 30, 2022 for the Tahuehueto loan. The press release stated that net proceeds will allow Luca to complete the construction of its Tahuehueto phase 1 goal of 500 tonnes per day by Q2 2023 and that Luca's management anticipates construction of the 1,000 tonnes per day project before the end of 2023.

On April 26, 2023 Luca announced that it closed the first tranche of its non-brokered private placement for proceeds of C\$18.34 million.

On May 1, 2023, as part of Luca's restructuring process, Empress entered into an amending agreement with Luca with respect to the silver stream on the Tahuehueto project to defer deliveries of silver for the period from October 1, 2022 to June 30, 2023. Pursuant to the agreement, the Company received the sum of \$150,000 as compensation for the amendment. The life of the stream agreement, which was originally 10 years from initial production, will be extended by nine months. The Company's 2023 revenue projections remain as forecasted as Luca's restructuring has been disclosed in their press releases and the potential for delays has been taken into account by the Company's management.

On June 28, 2023, Luca announced the Tahuehueto Gold Project has achieved a major milestone with a production capacity of 500 tonnes per day ("tpd"), on time and budget. The 500 tpd installed capacity is expected to generate positive cash flow at current metal prices. Based on the pre-feasibility study updated in April, 2022 (NI43-101 Technical Report "Preliminary Feasibility Study – Tahuehueto Project" dated April 25, 2022), at a capacity of 1,000 tpd the mine will have a net present value of US\$131.8M with an IRR of 65% (economic analysis based on gold US\$ 1,650/oz; silver US\$ 21.02/oz, lead US\$ 0.91/lb, and zinc US\$ 1.15/lb). This is the first of two major milestones for Tahuehueto construction. Luca reports commercial production will be achieved when a capacity of 1,000 tpd is completed which is expected by end 2023.

On June 28, 2023, Luca also announced it had successfully closed an oversubscribed non-brokered private placement for a total of CAD\$24,896,551 (see the Luca's news release dated June 28, 2023). Luca reports the Private Placement was heavily oversubscribed, and the aggregate gross proceeds exceed the original announced amount of CAD \$20,300,000, as well as, the 20% oversubscription amount of CAD \$4,060,000. With these two important milestones achieved, Luca reports it is fully funded to achieve commercial production of 1,000 tpd, scheduled for year-end 2023.



In July 2023, Luca resumed servicing the silver stream with an delivery of 3,198 ounces to Empress. Since inception of the silver stream, including the deferral period, Luca has delivered a total of 7,656 ounces.

Manica Royalty, Mozambique

Empress structured and entered into a royalty agreement with Endor (Mauritius) Limited (“Endor”) and Mutapa Mining & Processing LDA (“MMP”), a private corporation, in respect of its Manica hard rock gold project, located in Mozambique in April 2021. The Company paid \$2,000,000 for a 2.25% royalty interest. In January 2022, the Company paid an additional \$1,000,000 to increase the royalty interest to 3.375% on the first 95,000 oz of gold and a 1.125% royalty interest thereafter for the life of the mine. The royalty is subject to an agreement between Endor and MMP whereby Endor provides commodity brokerage services.

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.

On May 2, 2023, the Company announced, based on reports provided by MMP, that MMP has continued to de-risk the mine and plant with production increasing month over month, including through the rainy season in the fourth quarter of 2022 and first quarter of 2023. Gross mine production has grown from 460 oz in July 2022 to 2,260 oz in June 2023, an increase of 390%. MMP reports the plant is largely considered completed and the open pit operation continues to be de-risked. Grade control efforts are leading to a stable feed grade and the plant is averaging a metallurgical recovery of 89% in June 2023 as compared to 85% in the second half of 2022 as reported by MMP. Current throughput and grade provide further room for material growth in production for the longer-term, and as such, management expects continued increases in production, revenue, and revenue attributable to the royalty.

In June 2023, Empress conducted a positive site visit with the on-site MMP management. MMP management reported that ore throughput has grown by 11% per month, grades have averaged 1.6 g/t, metallurgical recovery has risen to ~90%, and gold recovered has increased by 17% per month since production started in July, 2022. On July 6, 2023, the Company amended the Manica Royalty Agreement to reflect the fact that MMP, Manica royalty payor, successfully obtaining its own gold export licence. This has allowed the Company and MMP to significantly simplify the mechanics of how the Company receives its Manica royalty payments and the monthly reporting of sales and royalty payment information. The royalty payable under the amended royalty agreement is unchanged and the Company will continue to receive a monthly payment of 3.375% on gold sales until MMP has sold 95,000 troy ounces of gold, after which the payment shall be reduced to 1.125% of gold sales.

Pinos Royalty, Mexico

Empress structured and entered into a 1% NSR agreement with Candelaria Mining Corp., a publicly traded company (TSX.V: CAND), in respect of its Pinos project located in Mexico for cash consideration of \$1,500,000 in November 2020. The transaction was a combination of a newly created 0.5% NSR royalty on the Pinos project for consideration of \$750,000 and the purchase of an existing 0.5% NSR royalty for consideration of \$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 kilometres 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.

Investment Pipeline

In addition to the above investments, Empress is aggressively looking to expand the portfolio and currently has an active pipeline of approximately \$50,000,000 in potential producing and near-term producing precious metals investment opportunities. Empress currently has two executed exclusivity agreements and is currently conducting advanced due diligence. Empress is also in advanced discussions with several other investment opportunities.

QUALIFIED PERSON

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

CORPORATE MATTERS

Public Listings

On January 11, 2023, Empress' common shares graduated from the OTCQB Venture Market to the OTCQX Venture Market in the United States. This up listing is a continuation of the Company's investor relations strategy to increase Empress' public profile, expand global awareness and improve share liquidity by trading on a platform that is more accessible to a broader range of investors.

GENERAL OVERVIEW OF MARKET CONDITIONS

The political upheavals in various countries and the outbreak of COVID-19 from 2020 to 2022 have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated.

Many mining projects, including some of the properties in which the Company holds a royalty or stream interest, could be impacted by these events 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 these events, future pandemics or political upheavals, 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, and as such is focussed on identifying and creating royalties or streams on small to mid-sized companies, where it can use its global network to its advantage in sourcing potential opportunities. There can be no assurance that Empress may be able to source 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 six months ended June 30, 2023 was \$1,034,975 (2022 – \$1,791,921).

Revenue for the six months ended June 30, 2023, totaled \$1,555,300 (2022 - \$750,422). Revenue comprised of \$858,336 relating to the Sierra Antapite gold stream (2022 - \$427,032) and \$696,964 relating to Manica gold royalty (2022 - \$Nil). During the six months ended June 30, 2022, the Company recorded cost of sales, excluding depletion of \$166,577 (2022 - \$150,084) and depletion of \$557,793 (2022 - \$314,254).

General and administrative expenses for the six months ended June 30, 2023, totaled \$938,087 compared to \$727,733 in the comparative period and are summarized as follows:

- Consulting fees and salaries for the six months ended June 30, 2023 totaled \$378,515 compared to \$308,311 in the comparative period. The Company paid or accrued \$111,300 (2022 - \$70,783) to the Chief Executive Officer and \$74,200 (2022 – \$nil) to the former Chief Financial Officer of the Company and \$nil (2022 – \$58,985) to a company owned by a former Chief Financial Officer and Corporate Secretary of the Company.
- Directors' fees for the six months ended June 30, 2023 totaled \$146,546 compared to \$11,797 in the comparative year. During the current year the Company implemented a new compensation plan for directors.
- Investor communication and shareholder information for the six months ended June 30, 2023, totaled \$219,986 compared to \$172,344 in the comparable period. The increase was mainly due to the Company increasing its market profile in the United States.
- Professional fees for the six months ended June 30, 2023, totaled \$127,058 compared to \$97,594 in the comparative period. In the current period, the Company incurred additional expenditures related to accounting and legal fees to support the Company's growth.



- Regulatory fees for the six months ended June 30, 2023, totaled \$21,231 compared to \$30,333 in the comparable period.

Project evaluation expenses for the six months ended June 30, 2023, totaled \$143,533 compared to \$231,041 in the comparative period. Included in project evaluation expenses are consulting fees, legal and accounting fees, and travel expenditures all related to evaluating future royalty and streaming opportunities.

During the six months ended June 30, 2023, the Company granted certain stock options, of which \$234,261 (2022 - \$483,440) was recorded as share-based compensation.

The loss for the three months ended June 30, 2023, was \$412,819 (2022 – \$911,161).

Revenue for the three months ended June 30, 2023, totaled \$814,058 (2022 - \$323,390). Revenue comprised of \$372,977 relating to the Sierra Antapite gold stream (2022 - \$323,390) and \$441,081 relating to Manica gold royalty (2022 - \$Nil).

Pursuant to the agreements with Sierra Antapite and Tahuehueto, the Company's cost of purchasing streaming gold is 20% of the prevailing gold spot price, and the price of streaming silver is 20% of the prevailing silver spot price, respectively. During the three months ended June 30, 2023, the Company recorded cost of sales (excluding depletion) of \$69,505 (2022 - \$64,678) and depletion of \$271,620 (2022 - \$135,741).

General and administrative expenses for the three months ended June 30, 2023 totaled \$464,450 compared to \$450,264 in the three months ended June 30, 2022. General and administrative expenses are summarized as follows:

- Consulting fees and salaries for the three months ended June 30, 2023 totaled \$186,479 compared to \$162,528 in the comparative period. The increase is as a result of changes to the executive team, to support the growth of the Company.
- Director fees for the three months ended June 30, 2023 totaled \$73,538 compared to \$5,874 in the comparative period. The Company implemented a new compensation plan for directors compared to the prior year.
- Investor communication and shareholder information for the three months ended June 30, 2023, totaled \$106,571 compared to \$85,415 in the comparative period. In the current period, the Company incurred certain expenditures related to the Company increasing its market profile.
- Professional fees for the three months ended June 30, 2023, totaled \$60,087 compared to \$88,029 in the comparative period. The decrease is mostly due to the timing of various expenditures incurred.
- Regulatory fees for the three months ended June 30, 2023, totaled \$3,689 compared to \$16,747 in the comparative period.



Project evaluation expenses for the three months ended June 30, 2023, totaled \$108,661 compared to \$81,270 in the comparative period. Included in project evaluation expenses are consulting fees, legal and accounting fees, and travel expenditures all related to evaluating future royalty and streaming opportunities. In the current period, the Company continued to build its pipeline and evaluate potential investments internally with less reliance on outside consultants and advisors.

In April 2021, the Company granted certain stock options, of which \$118,797 (2022 – \$172,253) was recorded as share-based compensation during the three months ended June 30, 2023.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected information from the Company's unaudited consolidated financial statements, prepared in accordance with IFRS, for the last eight quarters.

Quarter ended	Revenue \$	Income (loss) from operations \$	Total income (loss) \$	Basic and diluted earnings (loss) per common share \$
Q2/23 June 30, 2023	814,058	(218,975)	(412,819)	(0.01)
Q1/23 March 31, 2023	741,242	(265,976)	(622,156)	(0.01)
Q4/22 December 31, 2022	732,732	(331,215)	(729,845)	(0.01)
Q3/22 September 30, 2022	341,895	(493,696)	(858,194)	(0.01)
Q2/22 June 30, 2022	323,390	(580,816)	(911,161)	(0.01)
Q1/22 March 31, 2022	427,032	(575,314)	(880,760)	(0.01)
Q4/21 December 31, 2021	154,669	(775,977)	(950,948)	(0.00)
Q3/21 September 30, 2021	56,954	(885,164)	(853,551)	(0.01)

Variations in the Company's net income and loss for the periods above resulted primarily from the following factors:

- The progressive increases in revenue in September 30 and December 31, 2021 and March 2022 was due to the start of production from the Sierra Antapite gold stream.
- The increase in revenue in the quarter ended December 31, 2022 was due to the fact that the Company started receiving the Manica Gold royalty.
- The increase in revenue in the quarter ended June 30, 2023 was due to increased production from the Manica Royalty.

During the quarter ended March 31, 2022 the company's loss did not decrease despite the increase in revenue due to financing costs on its loan facility.



LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal year with \$707,010 cash and cash equivalents. During the six months ended June 30, 2023, the Company received \$472,236 from operating activities, net of working capital changes, \$Nil on investing activities, and spent \$101,189 on financing activities, with a positive effect of foreign exchange on cash of \$30,026 to end at June 30, 2023 with \$1,108,083 cash and cash equivalents.

During the six months ended June 30, 2023, the Company issued 4,964,367 shares for gross proceeds of \$980,748 on the exercise of warrants.

During the six months ended June 30, 2023, the Company made payments of \$1,081,937 with respect to the Nebari Facility.

As at June 30, 2023, the Company had a net working capital deficit of \$1,468,038. The Company's continued operations and the ability of the Company to meet commitments are dependent upon royalty interests delivering cash or cash equivalents according to forecasts and the ability of the Company to continue to raise additional equity or debt financing. While there may be uncertainty as to the success of the Company's future financings, the Company believes it is able to raise capital through a financing or financings to meet commitments and drive its long-term objectives.

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 period ended June 30, 2023 and the year ended December 31, 2022 are as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Consulting fees and management salaries ⁽¹⁾	\$ 93,086	\$ 64,613	\$ 185,501	\$ 129,768
Director fees ⁽²⁾	\$ 73,538	\$ 5,874	\$ 146,546	\$ 11,797
Project evaluation expenses - consulting fees				
Endeavour ⁽³⁾	\$ -	\$ 45,000	\$ -	\$ 90,000
Director ⁽⁴⁾	-	45,000	-	90,000
	\$ -	\$ 90,000	\$ -	\$ 180,000
Share-based compensation	\$ 46,449	\$ 152,270	\$ 132,863	\$ 394,032
Total	\$ 213,073	\$ 312,757	\$ 464,910	\$ 715,597

⁽¹⁾ Includes \$111,300 (2022 - \$70,783) paid to the Chief Executive Officer, and \$74,200 (2022 - \$nil) to the former Chief Financial Officer of the Company and \$nil (2022 - \$58,228) to a company owned by a former Chief Financial Officer and Corporate Secretary of the Company

⁽²⁾ Includes \$92,752 paid to Endeavour Financial Ltd. (Cayman) of which David Rhodes is also a director, \$22,260 (2022 - \$5,899) paid to Natascha Kiernan, \$33,390 paid to Jeremy Bond and \$14,840 (2022 - \$5,899) paid to Wes Roberts

⁽³⁾ Paid to Endeavour Financial Limited (Cayman) ("Endeavour") of which David Rhodes is also a director.

⁽⁴⁾ Paid to Jeremy Bond



Amounts due to related parties

As at June 30, 2023, the Company had trade and other payables of \$465 (December 31, 2022 - \$11,845) owing to related parties, \$465 owing to the former Chief Executive Officer (December 31, 2022 - \$Nil) and \$Nil (December 31, 2022 - \$11,845) owing to Endeavour. All amounts owed are unsecured and non-interest bearing.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company's authorized share structure consists of an unlimited number of common shares without par value.

	Number Outstanding as of	
	August 28, 2023	June 30, 2023
Common shares issued and outstanding	118,205,418	118,205,418
Options	8,650,000	8,650,000
Warrants	11,202,309	11,202,309
Deferred Share Units	1,750,000	1,750,000
Restricted Share Units	1,500,000	1,500,000
Fully diluted common shares	141,307,727	141,307,727

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

Other than previously disclosed, the Company has no proposed transactions.

CONTRACTUAL OBLIGATIONS

The Company has no commitments, material capital lease agreements and no material long-term obligations other than what has been previously stated in this MD&A.

SIGNIFICANT ACCOUNTING POLICIES

The Company's condensed interim consolidated financial statements have been prepared using accounting policies, judgments and estimates consistent with those used in the consolidated financial statements for the years ended December 31, 2022 and 2021. Refer to the audited consolidated financial statements for the years ended December 31, 2022 and 2021 for additional information.



New Accounting Standards Issued but not yet Effective

The Company has reviewed new and revised accounting pronouncements that have been issued, but are not yet effective. The Company has not early-adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed interim consolidated financial statements.

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:

		June 30, 2023	December 31, 2022
Cash and cash equivalents	Amortized cost	\$ 1,108,083	\$ 707,010
Receivables	Amortized cost	187,990	191,811
Trade and other payables	Amortized cost	(138,539)	(123,462)
Loan	Amortized cost	(2,788,130)	(3,171,187)

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.

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” and “forward looking information” as defined under applicable Canadian securities laws (“forward-looking statements”). Forward-



looking statements and information can generally be identified by the use of terms such as “may”, “will”, “should”, “expect”, “intend”, “estimate”, “continue”, “believe”, “plans”, “anticipate” or similar terms.

Forward-looking information and statements include, but are not limited to, statements with respect to the activities, events or developments that Empress expects or anticipates will or may occur in the future, including those regarding future growth and ability to create new streams or royalties, the development and focus of the Company, its acquisition strategy, the plans and expectations of the operators of the projects underlying its interests, including the proposed advancement and expansion of such projects; the results of exploration, development and production activities of the operators of such projects; and the Company's expectations regarding future revenues.

Forward-looking information and statements are based on the then current expectations, beliefs, assumptions, estimates and forecasts about Empress's business and the industry and markets in which it operates. Forward-looking information and statements are made based upon numerous assumptions and although the assumptions made by the Company in providing forward-looking information and statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate. Forward-looking information and statements also involve known and unknown risks and uncertainties and other factors, which may cause actual results, performances and achievements of Empress to differ materially from any projections of results, performances and achievements of Empress including, without limitation, any inability of the operators of the properties underlying the Company's royalty and stream interests to execute proposed plans for such properties or to achieve planned development and production estimates and goals, risks related to the operators of the projects in which the Company holds interests, including the successful continuation of operations at such projects by those operators, risks related to exploration, development, permitting, infrastructure, operating or technical difficulties on any such projects, risks related to international operations, government relations and environmental regulation, uncertainty relating to the availability and costs of financing needed in the future and the Company's ability to carry out its growth plans as well as the impact of the COVID-19 pandemic and other related risks and uncertainties. For a discussion of important factors which could cause actual results to differ from forward-looking statements, refer to the annual information form of Empress Royalty Corp. for the year ended December 31, 2022, and its other publicly filed documents under its profile at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information and statements. The Company undertakes no obligation to update or reissue forward-looking information as a result of new information or events except as required by applicable securities laws. Disclosure relating to properties in which Empress holds royalty or other interests is based on information publicly disclosed by the owners or operators of such properties. The Company generally has limited or no access to the properties underlying its interests and is largely dependent on the disclosure of the operators of its interests and other publicly available information. The Company generally has limited or no ability to verify such information. Although the Company does not have any knowledge that such information may not be accurate, there can be no assurance that such third-party information is complete or accurate. In addition, certain information publicly reported by operators may relate to a larger property than the area covered by the Company's interest, which often may only apply to a portion of the overall project area or applicable mineral resources or reserves.



ADDITIONAL INFORMATION

Additional information relating to the Company is available for viewing on SEDAR at www.sedarplus.ca and at the Company's website www.empressroyalty.com.