



Empress Royalty Corp.

Management's Discussion and Analysis – Quarterly Highlights
For The Three Months Ended March 31, 2024



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 three months ended March 31, 2024 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, 2023, and the accompanying unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 ("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 May 29, 2024.

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 focuses 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 holds 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, Galaxy, 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

During the three months ended March 31, 2024, the Company earned a total stream and royalty revenue of \$956,056 (2023 - \$741,242) and recorded cost of sales of \$72,454 (2023 - \$97,072), excluding depletion. The following provides further breakdown by investment:

- During the period ended March 31, 2024, the Company earned stream revenue of \$433,534 (2023 – \$485,359) and recorded cost of sales of \$67,425 (2023 – \$97,072) from the gold stream agreement on the Sierra Antapite mine in Peru.
- During the period ended March 31, 2024, the Company earned royalty revenue of \$497,372 (2023 - \$255,882) from the royalty agreement on gold from the Manica gold project in Mozambique.
- During the period ended March 31, 2024, the Company earned stream revenue of \$ 25,149 (2023 – \$nil) and recorded cost of sales of \$5,029 (2023 – \$nil) from the gold stream agreement on the Galaxy mine in South Africa.
- On December 5, 2023, the Company entered into a \$28,500,000 Accordion Credit Facility (the "Credit Facility") with Nebari Gold Fund 1, LP and Nebari Natural Resources Credit Fund II, LP (collectively, "Nebari"), an arm's length party. The Credit Facility replaced \$15,000,000 Nebari Facility. The Credit Facility bears interest at a rate of 7.5% per annum plus 3-month Term SOFR (3.5% floor). An arrangement fee of 2.0% of each draw made under the Credit Facility is payable on closing, together with reimbursement of Nebari's costs for each draw made. In addition, an original issue discount (the "OID") of 4.25% is applicable to all loans made under the Credit Facility. The Credit Facility is secured against the existing investment assets of the Company. The Initial Loan has a term of three years, and any addition draws under the Accordion Feature will have a term of three years from that date of drawdown.



On December 5, 2023, the Company's made an initial drawdown of \$3,443,983 upon closing of the Credit Facility. These funds were used to repay the balance outstanding on the existing Nebari Facility of \$2,943,983 and provide \$500,000 for working capital. An original issue discount (the "OID") of 4.25% applicable to all loans made under the Credit Facility resulted in the Initial Loan being \$3,596,849.

- On February 27, 2024 the Company closed a US\$5,000,000 metal purchase and sale agreement with Galaxy Gold Reefs (Pty) Ltd., a subsidiary of Golconda, and Golconda and certain of its affiliates, for payable gold production from the Galaxy mine in South Africa. The investment is based on 3.5% of the payable gold production from the Galaxy mine for an initial 8,000 payable ounces; thereafter, the percentage will reduce to 2.0% of the payable gold production until the earlier of: (i) 20,000 ounces having been paid to Empress; or (ii) 20 years after the first payment was made. The purchase price for the payable gold delivered pursuant to the agreement is 20% of the gold spot price.

The investment was funded by the Company's Accordion Credit Facility with Nebari. In accordance with the terms of the Credit Facility, the Company issued 5,000,000 common share purchase bonus warrants to Nebari. Each bonus warrant exercisable at \$0.31 and is exercisable into one common share of the Company for a period of three years from the drawdown date.

Corporate Matters:

- On January 15, 2024, the Company granted 500,000 stock options to the vice president of corporate development of the Company exercisable at a price of C\$0.35 until January 15, 2029. The options granted vest one-third on date of grant, one-third 12 months from grant date, and one-third 24 months from grant date.
- On May 1, 2024 the Company granted 200,000 stock options to the vice president of investor relations of the Company exercisable at a price of C\$0.35 until May 1, 2029. The options granted vest one-third on date of grant, one-third 12 months from grant date, and one-third 24 months from grant date.

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 March 2024, Sierra Antapite has delivered 1,838 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 40% to an average of ~1,540 oz per month during the quarter ended March 31, 2024. This increase from July 2021 to March 2024 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 14%, the gold grades by 16% and metallurgical recovery has increased by 5% as reported by Sierra Sun

Tahuehueto Stream, Mexico

In April 2021, the Company structured and entered into a stream agreement with Luca Mining Corporation, a publicly traded company (TSX-V: Luca) in respect of its Tahuehueto silver project located in Mexico. The Company agreed to purchase 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 ounces 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.

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, was extended by nine months.

After September 30, 2023, Luca publicly disclosed one of its lenders (Trafigura) agreed to extend waivers of certain debt repayments as part of a larger refinancing plan being undertaken by Luca to support the strategic initiatives being taken by Luca at the Campo Morado Mine. As a condition of such extension, Luca has not (since their delivery of silver credits to the Company in October 2023) delivered silver credits to the Company in connection with the stream agreement. The Company is currently in discussion with Luca in connection with the outstanding deliveries.

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.



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.

Galaxy Stream, South Africa

In November 2023, Empress completed the execution of a gold stream agreement on the Galaxy gold mine ("Galaxy") in South Africa owned and operated by Golconda Gold Ltd (TSXV:GG) ("Golconda"). The Company purchased an amount of gold equal to 3.5% of the payable gold production from the Galaxy mine for an initial 8,000 payable ounces; thereafter, the percentage will reduce to 2.0% of the payable gold production until the earlier of: (i) 20,000 ounces having been paid to Empress; or (ii) 20 years after the first payment was made. The initial upfront cash consideration paid by Empress was \$5,000,000 and the ongoing purchase price for the payable gold delivered pursuant to the agreement is 20% of the gold spot price.

The stream is on gold production from the Galaxy gold mine at 20% of the gold spot price based on 3.5% of payable gold production for the first 8,000 gold oz and 2% thereafter until the earlier of 20,000 oz having been paid to Empress, or 20 years after first payment was made. The stream is registered and secured against the mine. The stream was closed and funded on February 26, 2024. The mine will use Empress' investment to purchase underground equipment and development to maximise mill throughput and drive production ounces higher with commensurate reduction in AISC.

Golconda acquired the Galaxy mine in November 2015. Galaxy is situated 8 km west of the town of Barberton and 45 km west of the provincial capital of Nelspruit in the Mpumalanga Province of South Africa. The property covers 58.6 km² and is part of the prolific Barberton Greenstone Belt.

Galaxy consists of 22 ore bodies, all of which can be accessed via adits at level 17 and level 22. Galaxy is currently mining at the following two main ore bodies:

- Galaxy Ore Body – a large pipe shaped ore body with a thickness of 35m and a strike of around 100m (the "Galaxy Ore Body"); and
- Princeton Ore Body – a steeply dipping ore body with a thickness of 5m and a strike of 300m (the "Princeton Ore Body").

The current mine plan includes the mining of the Galaxy Ore Body and the Princeton Ore Body using a mechanised cut and fill mining method. There are also extensive tailings around the Galaxy mine site which Golconda intends to use to supplement production. Golconda has already upgraded the crushing circuit, float plant and filtration plant to 50,000 tonnes per month ("tpm"), from the original 15,000 tpm plant, which produces a gold concentrate.

Galaxy is currently in Phase 1 of its expansion program taking production to 15,000 tpm and 1,100 recovered gold ounces per month. The \$5,000,000 proceeds from the agreement is being used to fund the expansion required in Phase 2 to take production to 48,000 tpm and 2,800 recovered gold ounces per month.



Golconda Gold has completed the Galaxy Technical Report and the PEA (as such terms are defined below) for the Galaxy mine, which supports the expansion plans already undertaken and the future plans for expansion. In addition, Golconda has a drill ready plan to expand the resource to over 4 million ounces, which encompasses the other 20 identified ore bodies. Work is already underway to determine how this can support future expansion of Galaxy. Further information can be found in the technical report titled “NI 43-101 Technical Report on the Galaxy Gold Mine, South Africa” filed on sedarplus.ca on July 6, 2020.

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.

During the year ended December 31, 2023, the Company re-evaluated the carrying value of the Pinos Project royalty after review of delayed estimated production commencement, as a result the Company recorded an impairment charge of \$729,598.

Investment Pipeline

In addition to the above investments, Empress is aggressively looking to expand the portfolio and currently has an active pipeline in potential producing and near-term producing precious metals investment opportunities currently evaluating over \$50M of potential 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 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 three months ended March 31, 2024, was \$526,126 (2023 – \$622,156).

Revenue for the three months ended March 31, 2024, totaled \$956,056 (2023 - \$741,242). Revenue comprised of \$433,534 relating to the Sierra Antapite gold stream (2023 - \$485,359), \$497,372 relating to Manica gold royalty (2023 - \$255,882) and \$25,149 relating to the Galaxy Stream (2023 - \$nil).

Pursuant to the agreements with Sierra Antapite, Galaxy and Tahuehueto, the Company's cost of purchasing streaming gold is 20% of the prevailing gold spot price for Sierra Antapite and Galaxy, and the cost of purchasing streaming silver is 20% of the prevailing silver spot price for Tahuehueto. During the three months ended March 31, 2024, the Company recorded cost of sales (excluding depletion) of \$72,454 (2023 - \$97,072) and depletion of \$292,787 (2023 - \$286,173).



General and administrative expenses for the three months ended March 31, 2024 totaled \$510,109 compared to \$473,637 in the three months ended March 31, 2023. General and administrative expenses are summarized as follows:

- Consulting fees and salaries for the three months ended March 31, 2024 of \$196,917 remained relatively consistent when compared to \$192,036 in the comparative period.
- Director fees for the three months ended March 31, 2024 of \$73,397 remained relatively consistent when compared to \$73,008 in the comparative period.
- Investor communication and shareholder information for the three months ended March 31, 2024, of \$119,901 remained relatively consistent when compared to \$87,694 in the comparative period.
- Professional fees for the three months ended March 31, 2024 totaled \$56,887 compared to \$66,971 in the comparative period. During the comparative period the Company was making certain corporate changes to accommodate growth and was also in the process of amending its Tahuehueto stream agreement which resulted in last years professional fees being higher than the current year's.
- Regulatory fees for the three months ended March 31, 2024, of \$21,199 remained relatively consistent when compared to \$17,542 in the comparative period.
- Travel for the three months ended March 31, 2024 decreased from \$25,721 from \$33,355 in the comparative period as the Copmpay is being more selective on the conferences it attends.

Project evaluation expenses for the three months ended March 31, 2024, totaled \$124,517 compared to \$34,872 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. The increase was due mostly to the fees incurred in the current period relating to evaluation of projects in the Company's pipeline as well as monitoring of existing projects while in the comparative period the amounts were incurred evaluating projects for which funds were eventually reimbursed.

Share-based compensation for the three months ended March 31, 2024, totaled \$221,702 compared to \$115,464 in the comparative period.

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 \$
Q1/24	March 31, 2024	956,055	(265,514)	(526,126)	(0.00)
Q4/23	December 31, 2023	954,022	(105,387)	(1,155,939)	(0.01)
Q3/23	September 30, 2023	1,012,940	(410,200)	(743,648)	(0.01)
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)

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

- 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.
- The increase in revenue in the quarter ended September 30, 2023 was due to the fact that the Company started receiving the Tahuehueto silver stream.
- Decrease in revenue from September 30, 2023 December 31, 2023 and March 31, 2024 is due to Tahuehueto not having delivered silver to the Company.
- Increase in total loss for the period ended December 2023 was due to an impairment charge to the Pinos royalty of \$729,598.

LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal year with \$1,171,687 cash and cash equivalents. During the three months ended March 31, 2024, the Company received \$330,657 from operating activities, net of working capital changes, incurred \$5,000,000 on investing activities as it closed the Galaxy stream agreement, and obtained \$4,540,699 on financing activities from the Nebari loan facility to fund the acquisition of the Galaxy stream agreement, the Company had a positive effect of foreign exchange on cash of \$24,293 ending with a cash balance of \$1,067,336 to end of March 31, 2024.

During the three months ended March 31, 2024, the Company made repayments of \$329,665 with respect to the Nebari Facility.

As at March 31, 2024, the Company had a net working capital deficit of \$1,955,989. The Company's continued operations and the ability of the Company to meet commitments are dependent upon royalty and



stream interests delivering cash or cash equivalents according to forecasts, which are outside the control of management, and the ability of the Company to continue to raise additional equity or debt financing. While the Company has been successful in obtaining financing to date, there can be no assurances that future equity financing, debt or debt refinancing alternatives will be available on acceptable terms to the Company or at all.

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 March 31, 2024 and 2023 are as follows:

	Three months ended March 31,	
	2024	2023
Consulting fees and management salaries	\$ 81,824 ⁽¹⁾	\$ 92,415
Director fees and consulting fees paid to directors related to project evaluation	\$ 73,397 ⁽²⁾	\$ 73,005
Share-based compensation	\$ 44,223	\$ 86,414
Total	\$ 199,444	\$ 251,837

⁽¹⁾ Includes \$58,693 (2023 - \$55,449) paid to the Chief Executive Officer, and \$23,131 (2023 - \$nil) to a company for which the to the Chief Financial Officer works and \$nil (2023 - \$36,966) to former Chief Financial Officers and Corporate Secretary of the Company.

⁽²⁾ Includes \$38,181 paid to Endeavour Financial Ltd. (Cayman) of which David Rhodes is also a director, \$11,121 (2023 - \$11,090) paid to Natascha Kiernan, \$16,681 (2023 - \$37,890) paid to Jeremy Bond and \$7,414 (2023 - \$7,393) paid to Wes Roberts

Amounts due to related parties

As at March 31, 2024, the Company had trade and other payables of \$77,071 (December 31, 2023 - \$130,676) owing to related parties, being, \$146,764 (December 31, 2023 - \$122,420) owing to Endeavour Financial Limited (Cayman) (“Endeavour”) a Company that has a director in common and \$8,256 (December 31, 2023 - \$8,256) owing to a Company for which the CFO works, \$5,643 (December 31, 2023 - \$nil) owing to the Chief Executive officer and \$16,605 (December 31, 2023 - nil) to Jeremy Bond. 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	
	May 29, 2024	March 31, 2024
Common shares issued and outstanding	118,205,418	118,205,418
Options	8,850,000	8,650,000
Warrants	16,770,819	16,770,819
Deferred Share Units	1,750,000	1,750,000
Restricted Share Units	1,500,000	1,500,000
Fully diluted common shares	147,076,237	146,876,237

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

In July 2021, the Company agreed to pay Endeavour a 2% success fee for sourcing, reviewing and negotiating mergers and acquisitions as well as debt opportunities for the Company.

In December 2021, the Company entered into a letter agreement with a third-party to confirm that the Company has agreed to pay a success fee of 1% of all cash proceeds received by the Company from the Nebari Facility.

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, 2023 and 2022. Refer to the audited consolidated financial statements for the years ended December 31, 2023 and 2022 for additional information.



New Accounting Standards Issued but not yet Effective

Amendment to IAS 1 – Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. These amendments are effective for annual periods beginning on or after January 1, 2024, adoption of these amendments did not have a material impact on the Company’s 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:

		March 31, 2024	December 31, 2023
Cash and cash equivalents	Amortized cost	\$ 1,067,336	\$ 1,171,687
Receivables	Amortized cost	539,918	693,422
Trade and other payables	Amortized cost	(732,789)	(539,473)
Loan	Amortized cost	(6,983,210)	(2,941,855)

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 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, 2023, 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.