

EMPIRE METALS CORP.
(formerly Empire Rock Minerals Inc.)
Management's Discussion and Analysis of Financial
Condition and Results of Operations
For the nine months ended September 30, 2018

November 27, 2018

This management's discussion and analysis ("MD&A") focuses on events and activities that affected Empire Metals Corp. ("Empire" or the "Company") during the nine months ended September 30, 2018 and to the date of this report. The MD&A supplements, but does not form part of, the interim consolidated financial statements of the Company and the notes thereto for the nine months ended September 30, 2018. Consequently, the following discussion and analysis should be read in conjunction with the interim consolidated financial statements for the nine months ended September 30, 2018 and the notes thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated. Additional information related to Empire is available for view on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and Empire undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

OVERVIEW

Empire Metals Corp. is a mineral resource exploration company. Empire's shares are listed and called for trading on the TSX Venture Exchange under the trading symbol "EP". Empire's principal business is the acquisition, exploration and development of mineral properties with a primary focus on exploration properties demonstrating strong potential for hosting large scale ore bodies.

In 2010, the Company entered into an option agreement with Leeta Gold Corp. (formerly Pierre Enterprises Ltd.) ("Leeta") for Leeta to acquire a 70% interest in the Beardmore Gold Property (part of Gwyn Lake Gold property) located in the Thunder Bay Mining Division, Northwestern Ontario, Canada.

In 2011, the Company granted an option agreement to Goldbank Mining Corporation ("Goldbank") to earn up to 90% of the Company's interest in the Buck Lake Project located in the Thunder Bay Mining Division, Ontario. On July 24, 2014, the Company entered into a purchase agreement with Goldbank for the Company to acquire Goldbank's 51% interest in the Buck Lake Property. Pursuant to the agreement, the Company issued 2,200,000 common shares to Goldbank and issued a promissory note in the amount of \$250,000 to Goldbank (paid with 1,500,000 common shares on June 21, 2016).

In 2015, the Company entered into an option agreement to acquire an 80% interest in 16 mineral claim units referred to as the Graphite West Project located in the Porcupine Mining Division, Ontario, Canada.

In 2015, the Company entered into an option agreement to acquire a 100% interest in two groups of mineral claims totaling 77 units known as the NAP Claims and Jordain Claims. The NAP Claims and Jordain Claims are adjacent to, or in the vicinity of, the Company's Buck Lake Platinum, Palladium and Nickel property where the Company is exploring for platinum, palladium and nickel mineralization in a mafic/ultramafic intrusive body.

In 2016 the Company entered into an option agreement to acquire a 70% interest in certain metallic and industrial mineral permits which are primarily located in the Fox Creek area in the province of Alberta, Canada and entered into another option agreement to acquire a 100% interest of the Well Permit in the province of Alberta, Canada.

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EXPLORATION AND EVALUATION EXPENDITURES

The following schedule presents exploration expenditures incurred by Empire during the nine months ended September 30, 2018 and the year ended December 31, 2017:

	Nine Months Ended September 30, 2018				Total
	Buck Lake Project \$	Lithium Project \$	Gwyn Lake \$	Graphite West \$	
Acquisition costs					
Balance, beginning of period	\$ 489,756	\$ 476,386	\$ 18,350	\$ 287,000	\$ 1,271,492
Additions	\$ 51,700	\$ (7,811)	\$ -	\$ -	\$ 43,889
Option payment	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000.00
Balance, end of period	\$ 561,456	\$ 468,575	\$ 18,350	\$ 287,000	\$ 1,335,381
Deferred exploration costs					
Balance, beginning of period	\$ 1,399,664	\$ 340,683	\$ 930,356	\$ -	\$ 2,670,703
Consulting	\$ 10,800	\$ 97,200	\$ -	\$ -	\$ 108,000
Staking	\$ -	\$ 9,525	\$ -	\$ -	\$ 9,525
Admin & Misc.	\$ -	\$ 1,182	\$ -	\$ -	\$ 1,182
Travel	\$ -	\$ 2,278	\$ -	\$ -	\$ 2,278
Geological exploration	\$ 31,439	\$ 291,526	\$ -	\$ 10,995	\$ 333,960
Write-off	\$ -	\$ -	\$ -	\$ -	\$ -
Balance, end of period	\$ 1,441,903	\$ 742,394	\$ 930,356	\$ 10,995	\$ 3,125,648
Total	\$ 2,003,359	\$ 1,210,969	\$ 948,706	\$ 297,995	\$ 4,461,029

	Buck Lake Project \$	Fox Creek Lithium Project \$	Gwyn Lake \$	Graphite West \$	Total \$
<i>Acquisition costs:</i>					
Balance, December 31, 2016	489,756	449,075	53,350	71,000	1,063,181
Additions	-	27,311	-	216,000	243,311
Option payment received	-	-	(35,000)	-	(35,000)
Balance, December 31, 2017	489,756	476,386	18,350	287,000	1,271,492
<i>Exploration costs:</i>					
Balance, December 31, 2016	1,265,891	38,556	916,208	-	2,220,655
Assays (Note 8)	3,099	-	304	-	3,403
Consulting (Note 8)	15,600	129,600	-	-	145,200
Fieldwork	-	2,528	1,233	-	3,761
Property exploration (Note 8)	105,310	145,649	11,286	-	262,245
Travel and accommodations (Note 8)	9,764	24,350	1,325	-	35,439
Balance, December 31, 2017	1,399,664	340,683	930,356	-	2,670,703
Net carrying value, December 31, 2017	1,889,420	817,069	948,706	287,000	3,942,195

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Buck Lake Platinum, Palladium, and Nickel Project, Thunder Bay, Ontario, Canada

The Company holds a 100% interest in the Buck Lake Platinum, Palladium, and Nickel Project located 25 kilometers west of newly reorganized North American Palladium Corp.'s Lac des Iles Mine near Thunder Bay, Ontario, Canada. The Buck Lake Project is subject to a 2.5% net smelter returns royalty in favour of the original vendors.

On July 24, 2014, the Company entered into a purchase agreement with Goldbank to acquire Goldbank's 51% interest in the Buck Lake Platinum, Palladium, and Nickel Project. Pursuant to the agreement, the Company issued 733,333 common shares to Goldbank and issued a promissory note in the amount of \$250,000 to Goldbank. During the year ended December 31, 2016, the Company issued 1,500,000 common shares to settle the promissory note owing to Goldbank.

The Company successfully completed its 2017 exploration program of Buck Lake.

On August 20, 2018, the Company has acquired the North Buck Lake Property from Ontario prospector William Richmond for \$7,500 (paid on August 20, 2018) and 35,000 common shares of Empire (issued on August 14, 2018), subject to a 1.5% net smelter returns royalty.

NAP and Jordain Claims – Ontario, Canada

On February 9, 2018, the Company has acquired a 100% interest in two groups of mineral claims totaling 77 units known as the NAP Claims and Jordain Claims. The NAP Claims and Jordain Claims are adjacent to, or in the vicinity of, the Company's Buck Lake Platinum, Palladium and Nickel property where the Company is exploring for platinum, palladium, and nickel mineralization in a mafic/ultramafic intrusive body.

Under the terms of the option agreement, the Company can acquire a 100% interest in the NAP Claims and Jordain Claims, subject to a 1% net smelter royalty, by making payments totalling \$74,000 and issuing a total of 80,000 common shares as follows:

Cash to be paid:

- \$24,000 upon TSX Venture Exchange acceptance of the option agreement (paid on December 18, 2015);
- \$30,000 on or before October 15, 2016 (issued 200,000 common shares on February 1, 2018); and
- \$20,000 on or before October 15, 2017 (paid on February 9, 2018).

Shares to be issued:

- 45,000 common shares within ten days of TSX Venture Exchange acceptance of the option agreement (issued on November 13, 2015); and
- 35,000 common shares to be issued on or before October 15, 2016 (issued on October 14, 2016).

The Company has now acquired a 100% interest in and to the NAP and Jordain Claims subject to a 1% net smelter returns royalty.

Orbit Lake Claims – Ontario, Canada

On October 11, 2016, the Company entered into a property purchase agreement to acquire a 100% interest in 2 mineral claim units located in the Thunder Bay Mining Division, Ontario, Canada, subject to a 1.5% net smelter returns royalty.

Pursuant to the terms of the agreement the Company acquired a 100% interest in the Orbit Lake claims, subject to a 1.5% net smelter returns royalty, by paying \$7,000 (paid) and issuing 25,000 common shares (issued on November 8, 2016). This "Orbit Property" is situated about 22 kilometres south of the Company's Buck Lake Platinum, Palladium and Nickel project where the Company is exploring for platinum, palladium and nickel mineralization in a mafic/ultramafic intrusive body, and near the NAP and Jordain Claims on which the Company has an option to acquire a 100% interest.

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Fox Creek Lithium Project – Fox Creek, Alberta, Canada

The Company has an interest in 741,000 contiguous acres covering numerous Devonian oil and gas fields at the Fox Creek Lithium project in Alberta, Canada, petroleum production is from lithium enriched brines at Fox Creek. The Fox Creek Lithium Project consists of 36 industrial minerals permits giving the Company the right to explore for and potentially extract lithium and other industrial minerals including potassium, boron, bromine and magnesium contained in the brines.

On April 11, 2016, the Company entered into an agreement to acquire the 70% interest in the 36 metallic and industrial mineral permits located in the Fox Creek area in the province of Alberta, Canada together with 100% ownership of two newly incorporated private Alberta companies for consideration of \$100,000 (paid) and the issuance of 1,200,000 common shares of the Company (issued on May 16, 2016). Following the acquisition of the 70% interest, the Company is responsible for incurring the first \$2,000,000 in development, production, and all other expenses with respect to the permits. The permits are subject to a 2.2% royalty in favour of one of the original vendors of the permits.

Well Permit – Alberta, Canada

The Company holds a 100% interest in the Well Permit, a metallic and industrial mineral permit adjacent to and contiguous with the Company's Fox Creek Mineral Permits at Fox Creek, Alberta, subject to a 2% net smelter returns royalty. On May 6, 2016, the Company entered into an option agreement to acquire a 100% interest in the Well Permit located in the Fox Creek area in the province of Alberta, Canada. The Well Permit is a 6,912 hectare metallic and industrial mineral permit which allows the Company to explore for and potentially recover lithium, potassium, boron, bromine and other important elements from brines underlying the permit area.

The terms of the option agreement provided that the Company can acquire a 100% interest in the Well Permit, subject to a 2% net smelter returns royalty, by making payments totalling \$20,000 and issuing 100,000 common shares as follows:

Cash to be paid:

- \$10,000 within five days of TSX Venture Exchange acceptance of the option agreement (paid on June 15, 2016); and
- \$10,000 on or before May 6, 2017 (paid on April 28, 2017).

Shares to be issued:

- 50,000 common shares within five days of TSX Venture Exchange acceptance of the option agreement (issued June 1, 2016); and
- 50,000 common shares on or before May 6, 2017 (issued on April 28, 2017).

Gwyn Lake Gold Property - Ontario, Canada

The Company holds a 100% interest in the Gwyn Lake claims located in the Thunder Bay Mining District of Ontario, subject to a 1% net smelter return royalty which the Company may purchase at any time for \$500,000.

The Company also holds a 100% interest in certain additional mineral claims contiguous to the Gwyn Lake Claims, which interest is also subject to a 1% net smelter royalty return.

On January 12, 2010, the Company entered into an option agreement granting Leeta Gold Corp. ("Leeta"), a public company with two common former directors, the option to acquire a 70% interest in the Beardmore Gold Property, which comprises a portion of Gwyn Lake claims. As consideration, Leeta was to pay \$180,000 over four years as follows:

Cash to be paid:

- \$10,000 on or before June 1, 2010 (settled with 74,074 shares);
- \$20,000 on or before June 28, 2011 (settled with 37,037 shares);

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- \$50,000 on or before June 28, 2012 (\$25,000 paid in 2013); and
- \$100,000 on or before December 31, 2013 (extended).

Under the terms of the option agreement, Leeta must also incur exploration and development expenditures on the property of \$500,000 on or before September 30, 2013 (extended).

By letter agreement dated September 1, 2016, the Company and Leeta confirmed the following new terms completing the acquisition of a 70% interest in the Beardmore gold property by Leeta:

- Immediate cash payment of \$135,000 by Leeta to the Company for payment of outstanding property obligations (paid \$100,000); and
- \$265,000 payment by Leeta to the Company for exploration (paid on September 26, 2016).

Leeta subsequently transferred its 70% interest in the Beardmore gold property to a third party.

Graphite West Claims – Ontario, Canada

On November 4, 2015, the Company entered into an option agreement to acquire an 80% interest in 16 mineral claim units referred to as the Graphite West Project located in the Porcupine Mining Division, Ontario, Canada.

Under the terms of the option agreement, the Company can acquire an 80% interest in the Graphite West Project, subject to a 1% net smelter returns royalty, by paying \$20,000 (paid) and issuing a total of 1,800,000 common shares to Bluenose over three years as follows:

- 600,000 common shares to be issued within five days of TSX Venture Exchange acceptance of the option agreement (issued on December 15, 2015);
- 300,000 common shares to be issued on or before February 15, 2016 (issued on February 12, 2016); and
- 900,000 common shares to be issued on or before December 31, 2017 (issued on September 12, 2017).

The Company is responsible for incurring exploration and related business development expenditures totalling \$400,000 over four years.

SELECTED ANNUAL INFORMATION

The following table presents selected consolidated financial information for the years ended December 31, 2017, 2016 and 2015.

	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
	\$	\$	\$
Revenue	–	–	–
Net loss	(877,631)	(614,882)	(1,119,884)
Basic and diluted loss per share	(0.12)	(0.12)	(0.12)
Total assets	4,091,305	2,702,342	2,702,342

Empire incurred a net loss of \$877,631 for the year ended December 31, 2017, as compared to a net loss of \$620,883 for the comparable period in the previous year. The increase in net loss of \$256,748 was mainly due to the following expenses:

- investor relations/shareholder communication for \$15,000 (2016: \$nil);
- bad debts for \$8,000 (2016: \$nil);
- interest and bank charges for \$214,370 (2016: \$212,041);

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- management fees for \$30,000 (2016: \$nil);
- share-based compensation for \$365,813 (2016: \$nil); and
- transfer agent and filing fees for \$24,057 (2016: \$23,204).

Empire incurred a net loss of \$614,882 for the year ended December 31, 2016, as compared to a net loss of \$1,119,884 for the comparable period in the previous year. The decrease in net loss of \$505,002 was mainly due to the following expenses:

- bad debts for \$nil (2015: \$2,000);
- impairment of exploration and evaluation assets for \$nil (2015: \$695,090);
- professional fees for \$24,905 (2015: \$88,550);
- management fees for \$nil (2015: \$30,000); and
- travel and promotion for \$nil (2015: \$9,996)

With corresponding increase in net loss due to the following expense:

- interest and bank charges for \$259,847 (2015: \$178,452) due to interest charged on unpaid principal and outstanding interest;
- office and miscellaneous for \$146,117 (2015: \$112,906);
- salaries for \$36,365 (2015: \$10,729);
- transfer agent and filing fees for \$23,204 (2015: \$19,912);
- unrealized gain on marketable securities for \$nil (2015: \$17,569);
- loss on disposal of marketable securities for \$6,285 (2015: \$nil);
- financing costs for \$34,959 (2015: \$nil);
- loss on settlement of debt for \$50,000 (2015: \$nil); and
- write-off of debt for \$400 (2015: \$43,782).

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for the last eight quarters:

	2018	2018	2018	2017	2017	2017	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Net loss	(139,318)	(755,608)	(153,212)	(185,258)	(42,016)	(130,218)	(520,139)	(247,462)
Basic/diluted loss per share	(0.02)	(0.02)	(0.001)	(0.001)	(0.001)	(0.004)	(0.02)	(0.01)

The Company has no seasonality effect and its general trend is quite stable. The losses over the eight quarters are primarily due to consulting fees, professional fees and salaries. The first quarter net loss of 2017 is larger than usual due to stock based compensation of \$368,215. The second quarter net loss of 2018 is larger than usual due to stock based compensation of \$590,035.

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FINANCIAL INSTRUMENTS AND RISKS

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2018 as follows:

	Fair Value Measurements Using			Balance, September 30, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	765,961	–	–	765,961
Marketable securities	4,000	–	–	4,000
Total assets measured at fair value	769,961	–	–	769,961

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company may be exposed to the financial risk related to the fluctuation of foreign exchange rates. As at September 30, 2018, the Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

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OFF-BALANCE SHEET ARRANGEMENTS

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

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, Empire held cash on hand of \$765,961 (December 31, 2017: \$23,167), current assets totalled \$775,655 (December 31, 2017: \$149,110) and current liabilities totalled \$2,041,706 (December 31, 2017: \$1,875,224) which resulted in a working capital deficiency of \$1,266,051 (December 31, 2017: \$1,726,114).

In the short term, the Company will continue to rely on advances/ services from shareholders/ creditors to fund payment of immediate operating costs, such as sustaining fees, rent, accounting and audit fees.

In the long term, the Company will undertake a series of ongoing private placement equity offerings to regularly fund ongoing operations and its planned program of property exploration and development, acquisitions of property interests, and planned working capital requirements.

Management anticipates the raising of additional funding through sale of its securities to enable the Company to fund ongoing operations. The accompanying financial statements have been prepared on the basis of IFRS applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability to raise additional capital. Specifically, the recovery of the Company's investment in resource properties and related deferred costs is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties or from the proceeds of their disposition. If the Company were unable to continue as a going concern it is likely that assets would be realized at amounts significantly lower than the carrying value and the Company may not be able to satisfy all its obligations.

RESULTS OF OPERATIONS

Empire incurred a net loss of \$1,048,138 for the nine months ended September 30, 2018, as compared to a net loss of \$692,373 for the comparable period in the previous year. The variance in net loss of \$355,765 was mainly due to the following expenses:

- Interest and bank charges for \$286,873 (September 30, 2017: \$171,422) due to interest charges on prior unpaid principal and interest;
- Investor relations for \$27,362 (September 30, 2017: \$nil) due to new billings;
- Professional fees for \$21,500 (September 30, 2017: \$25,983);
- Property investigation costs for \$nil (September 30, 2017: \$5,000);
- Financing cost for \$nil (September 30, 2017: \$27,167);
- Office and miscellaneous for \$57,397 (September 30, 2017: \$29,119);
- Property investigation costs for \$nil (September 30, 2017: \$5,000); and
- Share-based compensation for \$590,035 (September 30, 2017: \$368,215).

TRANSACTIONS WITH RELATED PARTIES

- (a) As at September 30, 2018, the amount of \$1,413,881 (December 31, 2017 - \$1,289,390) was owed to a shareholder of the Company who has significant influence on the Company's operations and companies controlled by this shareholder, which was recorded in accounts payable and accrued liabilities. This amount bears interest at 2% per month, is unsecured, and due on demand.
- (b) During the nine months ended September 30, 2018, the Company incurred the following expenditures to a shareholder of the Company who has significant influence in the Company's operations and companies controlled by this shareholder:

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- Interest expense of \$286,873 (December 31, 2017 - \$212,067);
- Management fees of \$22,500 (December 31, 2017 - \$30,000);
- Corporate administration costs of \$916 (December 31, 2017 - \$67,083);
- Office and miscellaneous expenses of \$56,481 (December 31, 2017 - \$310);
- Professional fees of \$21,500 (December 31, 2017 - \$12,000);
- Rent of \$25,200 (December 31, 2017 - \$33,600);
- Assays of \$nil (December 31, 2017 - \$3,404);
- Fieldwork of \$nil (December 31, 2017 - \$169,596)
- Consulting of \$108,000 (December 31, 2017 - \$145,200); and
- Travel and accommodations of \$nil (December 31, 2017 - \$12,288).

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.

CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2017.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Accounting Standards Issued But Not Yet Effective

The following standards and interpretations have been issued but are not yet effective:

New standard IFRS 9, "*Financial Instruments*"

Amended standard IFRS 2, "Share-based Payment"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

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ADDITIONAL DISCLOSURES FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the interim consolidated financial statements for the nine months ended September 30, 2018 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at September 30, 2018 and as at the date of this report, outstanding share data for the Company is follows:

Common shares:	Authorized capital:	unlimited common shares without par value
	Issued capital:	49,010,829 common shares as at September 30, 2018 59,010,829 common shares as at the date of this report
Stock Options:	4,897,000	
Warrants:	35,083,333 as at September 30, 2018 45,083,333 as at the date of this report	

Subsequent to the period ended September 30, 2018, on October 9, 2018, the Company closed its non-brokered private placement financing of \$800,000 comprised of 10,000,000 units at \$0.08 per unit. Each unit consists of one common share and one five-year transferable warrant entitling the holder to purchase one additional share at a price of \$0.105 per share. The warrants will be subject to an accelerated expiry, wherein the expiry period of the warrants may be reduced, upon notice to holders and at the election of Empire, if the closing price of the shares is equal to or greater than \$0.50 per share for 10 consecutive trading days after any applicable hold periods. If this condition is met and Empire elects to accelerate all or a portion of the warrants, the exercise period will be reduced to 25 business days from the date notice is provided by Empire to the warrant holders. 2,812,500 units were issued on a flow-through basis. The flow-through shares comprising the flow-through units and flow-through shares issuable upon exercise of the warrants comprising the flow-through units will entitle holders to receive tax benefits applicable to flow-through shares in accordance with provisions of the Income Tax Act (Canada). Proceeds of the financing will be used for exploration and development of Empire's Alberta lithium properties, the Buck Lake platinum palladium nickel project and the Graphite West project, and for general working capital. The terms of the financing have been accepted for filing by the TSX Venture Exchange. The units are restricted from trading until February 10, 2019.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

RISKS AND UNCERTAINTIES

Empire competes with other junior mineral exploration companies, some of which have greater financial resources and technical facilities. The business of mineral exploration and extraction involves a high degree of risks and few properties that are explored are ultimately developed into production. In addition to specific risks disclosed throughout this discussion, other risks facing Empire include competition, reliance on third parties, environmental and insurance risks, statutory and regulatory requirements, metal prices and foreign currency fluctuations, share price volatility and title risks.

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Empire plans to continue to raise additional capital through the exercise of stock options and warrants, and issuing new share capital through equity financing. Empire's ability to raise additional capital will depend upon the progress of new property acquisitions, subsequent development of resource properties and the strength of resource equity markets, which are uncertain. There can be no assurance that additional capital will be available. Empire is in the process of developing plans to raise capital.

RISK FACTORS

In these turbulent financial markets, development- stage mineral exploration companies, such as ours, face a variety of risk and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even on such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting to assist in its risk management and to make timely adequate decisions.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The price of the commodities being explored is also a significant risk factor, as a substantial decline in their price could result in a decision to abandon a specific project. Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking 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, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A.

Although Empire has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated,

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estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. Empire does not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by Empire using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which Empire believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Empire is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.