



EMPRESS
RESOURCES

Empress Resources Corp.

Management's Discussion and Analysis

For the year ended March 31, 2020

(Expressed in Canadian dollars)

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The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Empress Resources Corp. (the "Company" or "Empress") for the year ended March 31, 2020 and up to the date of this MD&A, should be read in conjunction with the accompanying audited financial statements for the year ended March 31, 2020, together with the notes thereto (the "Financial Report").

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

The effective date of this MD&A is July 23, 2020.

DESCRIPTION OF COMPANY

Empress was a publicly traded company incorporated under the laws of British Columbia, Canada. The Company changed its name from Cipher Resources Inc. to Empress Resources Corp. on June 26, 2019. The Company's shares were listed on the TSX Venture Exchange ("TSX-V") and traded under the symbol EMPX, until they were delisted on July 7, 2020. The corporate office and the registered and records office of the Company is located at Unit 1 – 15782 Marine Drive, White Rock, BC, Canada, V4B 1E6.

BUSINESS COMBINATION

On July 8, 2020, the Company and Alto Ventures Ltd. ("Alto") completed a merger by way of a plan of arrangement (the "Arrangement").

Under the Arrangement, Alto acquired all of the issued and outstanding common shares of Empress (each, an "Empress Share") in exchange for approximately one common share of Alto (each, an Alto Share), in respect of each Empress Share (a total of 12,214,211 Alto Shares were issued to Empress Shareholders), such that at the effective time of the Arrangement, holders of Empress Shares ("Empress Shareholders") held 52% of the outstanding Alto Shares upon completion of the Arrangement.

In addition, Empress Shareholders received approximately 0.08 of a common share of a new precious metals royalty and streaming investment company, Empress Royalty Corp., in respect of each Empress Share held (each, a "Spinco Share"). Alto shareholders also received 0.4 of a Spinco Share by way of a dividend distribution.

A \$75,000 financial advisory service fee is payable in connection with this transaction.

Additional information regarding the Arrangement is set out in Empress' management information circular dated May 29, 2020, which is filed under Empress' SEDAR profile at www.sedar.com.

Registered holders of Empress Shares should send their completed and executed letters of transmittal and certificates/DRS advices representing their Empress Shares to the depositary, Computershare Investor Services Inc., in order to receive the Alto Shares and Spinco Shares to which they are entitled

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under the Arrangement. A copy of the letter of transmittal is available under Empress’ profile at www.sedar.com.

Holders of Empress warrants will receive replacement warrants from Alto, adjusted in accordance with the Arrangement.

Empress Royalty is a private corporation with \$250,000 cash, marketable securities at a current fair value of approximately \$250,000, and net smelter return royalties on 13 properties with a value of approximately \$378,000. Empress Royalty’s board of directors will include Alexandra Woodyer Sherron (President and CEO), David Rhodes, Jeremy Bond, Paul Mainwaring, Richard Mazur and Wes Roberts. Empress Royalty intends to pursue opportunities in the royalties business.

Alto Ventures has a 100% interest in the Destiny Gold project located in the prolific Abitibi gold belt, the deposit has an NI43-101 compliant Indicated Resource of approximately 10.8 million tonnes averaging 1.05 g/t gold (364,000 ounces) plus an Inferred Resource of approximately 8.3 million tonnes averaging 0.92 g/t gold (247,000 ounces). Alto also owns the Oxford Lake gold property located in central Manitoba. Historical Resources of 800,000 tonnes at an average grade of 6 g/t gold and containing approximately 154,000 ounces of gold have been reported for the Rusty Deposit. It is open along strike and to depth*. Alto Ventures strong balance sheet and new management team are well positioned to advance their Canadian gold assets and continue building a portfolio of high quality Canadian gold projects.

**The Historical Resource was estimated in 1990 and a Qualified Person (QP), as defined in NI 43-101, has not done sufficient work to classify this historical estimate as current mineral resources. Alto is not treating the historical estimate as current mineral resources, as defined by NI 43-101, and thus the historical estimate should not be relied upon.*

SELECTED ANNUAL INFORMATION

Annual information for the last three years is outlined below:

	For the years ended March 31,		
	2020	2019	2018
Revenue	-	-	-
Total Assets	\$ 1,634,059	\$ 2,599,624	\$ 971,433
Total Liabilities	\$ 64,795	\$ 62,521	\$ 1,700,954
Loss and comprehensive loss:			
(i) Total for the year	\$ (997,839)	\$ (1,096,016)	\$ (907,973)
(ii) Per share - basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.08)
Cash Dividends Declared	-	-	-

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RESULTS OF OPERATIONS

During the year ended March 31, 2020, the Company recorded a net loss of \$997,839 (2019 – \$1,096,016).

The significant changes between the current period and the comparative period are discussed below:

Consulting fees for the year ended March 31, 2020 were \$186,768 compared to \$588,475 in the prior period. The higher consulting fees in the prior period were due to one-time fees of \$107,982 paid to Endeavour Financial and \$277,933 paid to a third party, who became a related party in July 2018.

Professional fees for the year ended March 31, 2020 were \$107,829 compared to \$34,010 in the prior period. Professional fees include legal fees of \$56,650 related to the settlement of the contingent liability fully described in Note 12 of the Financial Report.

Project evaluation and business development fees for the year ended March 31, 2020 were \$205,000 compared to \$275,000 in the prior period.

- The Company paid \$162,500 (2018 - \$137,500) to SGG Consulting Ltd. ("SGG") to provide the Company with additional financial and technical expertise. SGG is controlled by a former officer and director of the Company. In April 2019, the Company terminated its four-year agreement with SGG in exchange for the cash payment of \$150,000 in lieu of twelve months' notice.
- The Company paid \$42,500 (2018 - \$137,500) to Endeavour Financial Limited (Cayman) ("Endeavour Financial") to provide the Company with additional financial and technical expertise. Endeavour Financial became a related party to the Company when on May 11, 2018, an officer of Endeavour Financial became a director of the Company. In April 2019, the Company terminated its four-year agreement with Endeavour Financial in exchange for the issuance of 750,000 common shares valued at \$30,000 in lieu of twelve months' notice.

Property investigation costs for the year ended March 31, 2020 were \$73,702 compared to \$Nil in the prior year. The Company engaged unrelated third parties to investigate various projects for acquisition or investment.

Loss on settlement of civil claim – On November 27, 2019, the Company settled a civil claim for consideration of \$295,000 which was paid in December 2019.

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SELECTED QUARTERLY INFORMATION

The following table sets forth certain quarterly financial information of the Company for the eight most recent quarters:

	4th Quarter Ended March 31, 2020	3rd Quarter Ended December 31, 2019	2nd Quarter Ended September 30, 2019	1st Quarter Ended June 30, 2019
(a) Net loss	\$ (112,663)	\$ (185,092)	\$ (352,853)	\$ (347,231)
(b) Per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
(c) Total assets	\$ 1,634,059	\$ 1,729,619	\$ 2,104,309	\$2,276,009
	4th Quarter Ended March 31, 2019	3rd Quarter Ended December 31, 2018	2nd Quarter Ended September 30, 2018	1st Quarter Ended June 30, 2018
(a) Net loss	\$ (254,382)	\$ (183,854)	\$ (183,709)	\$ (474,071)
(b) Per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.02)
(c) Total assets	\$ 2,599,624	\$ 2,799,670	\$ 3,020,356	\$2,937,741

FOURTH QUARTER

The Company began the quarter with \$1,704,607 cash. In the fourth quarter the Company expended \$97,418 on operating activities, net of working capital changes, to end the quarter and the year with \$1,607,189 cash.

LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal year with \$2,532,706 cash. During the year ended March 31, 2020, the Company expended \$925,517 on operating activities, net of working capital changes, to end at March 31, 2020 with \$1,607,189 cash.

The Company has not generated revenues from operations and as at March 31, 2020 had an accumulated deficit of \$10,455,364 and working capital of \$1,569,264. The Company completed a merger, as disclosed in Note 16, and is now a wholly owned subsidiary of Alto Ventures Ltd., a publicly traded company which trades on the TSX-V under the symbol ATV.

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RELATED PARTY TRANSACTIONS

Description	For the years ended March 31,	
	2020	2019
Consulting fees	\$ 160,000	\$ 242,500
Director fees	4,167	45,833
Project evaluation and business development fees	205,000	275,000
Rent	-	19,250
	\$ 369,167	\$ 582,583

Consulting fees

During the year ended March 31, 2020, the Company paid or accrued \$90,000 (2019 - \$82,500) to Golden Oak Corporate Services Ltd. (“Golden Oak”). Golden Oak is a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, Corporate Secretary, and accounting and administrative staff to the Company.

During the year ended March 31, 2020, the Company paid or accrued \$55,000 (2019 - \$Nil) to the Chief Executive Officer of the Company.

During the year ended March 31, 2020, the Company paid or accrued \$15,000 (2019 - \$60,000) to the former Chief Executive Officer of the Company.

During the year ended March 31, 2020, the Company paid or accrued \$Nil (2019 - \$100,000) to a company controlled by a director of the Company.

Director fees

During the year ended March 31, 2020, the Company paid or accrued \$4,167 (2019 - \$45,833) to two former independent directors of the Company for director fees.

Project evaluation and business development fees

During the year ended March 31, 2020, the Company paid \$162,500 (2019 - \$137,500) to SGG Consulting Ltd. (“SGG”) to provide the Company with additional financial and technical expertise. SGG is controlled by a former officer and director of the Company. In April 2019, the Company terminated its four-year agreement with SGG in exchange for the cash payment of \$150,000 in lieu of twelve months’ notice.

During the year ended March 31, 2020, the Company paid \$42,500 (2019 - \$137,500) to Endeavour Financial Limited (Cayman) (“Endeavour Financial”) to provide the Company with additional financial

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and technical expertise. Endeavour Financial became a related party to the Company when on May 11, 2018, an officer of Endeavour Financial became a director of the Company. In April 2019, the Company terminated its four-year agreement with Endeavour Financial in exchange for the issuance of 750,000 common shares valued at \$30,000 in lieu of twelve months' notice (Note 8).

Rent

During the year ended March 31, 2020, the Company paid or accrued \$Nil (2019 - \$19,250) to the former Chief Executive Officer of the Company for office rent.

Amounts due to related parties

As at March 31, 2020, the Company owed \$598 to Golden Oak for the reimbursement of expenditures (2019 – owed \$17,375 of which \$5,000 was owing to a director for director fees and \$12,375 to a director and Golden Oak for the reimbursement of expenditures). All amounts are unsecured and non-interest bearing.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company has no deferred exploration and evaluation assets to report in the Financial Report.

SHARE CAPITAL

Outstanding share data as at the date of this MD&A is as follows:

	Common Shares Issued and Outstanding *	Common Share Purchase Warrants	Common Share Purchase Options
Balance at March 31, 2020	60,737,940	49,001,720	-
Replaced with Alto warrants	-	(49,001,720)	-
Balance at the date of this MD&A	60,737,940	-	-

* as at the date of this MD&A, all shares of the Company are held by Alto

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USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

- the calculation of share-based compensation;
- fair value measurements for financial instruments; and
- the recoverability and measurement of deferred tax assets.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification of financial instruments.

RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised standards and interpretations

The Company adopted the requirements of IFRS 16 – Leases ("IFRS 16") as of April 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the leased asset. For assets that meet the definition of a lease, IFRS 16 requires a single, on-balance sheet accounting model similar to finance lease accounting, with exceptions for short-term leases, leases of low value assets, and mineral exploration leases. The Company does not have any leases that fall within the application of IFRS 16.

New standards, interpretations and amendments not yet effective

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A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2020 and have not been applied in preparing these financial statements. In addition, none of these standards are applicable to the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

		March 31,	March 31,
		2020	2019
Cash	FVTPL	\$ 1,607,189	\$ 2,532,706
Receivables	Amortized cost	17,562	19,874
Trade and other payables	Amortized cost	64,795	62,521

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying value of receivables and trade and other payables approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy.

Risk management

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of loss associated with a counter party’s inability to fulfil its payment obligations. The Company’s credit risk is primarily attributable to its cash balances. The Company manages its credit

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risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to cash is low.

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's approach to managing liquidity risk is to closely monitor cash forecasts and manage resources to ensure that there is sufficient capital in order to meet short-term business requirements. All of the company's financial liabilities are classified as current and are anticipated to be settled in the next sixty days.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and loans payable are not considered significant.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that the Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by the Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed elsewhere in the MD&A and the Annual MD&A. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

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Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Unless otherwise required by law, the Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and the Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com.