



**Empress Resources Corp.**

**Financial Statements**

**For the year ended March 31, 2020**

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Empress Resources Corp.

### Opinion

We have audited the financial statements of Empress Resources Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

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**DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC  
July 23, 2020



An independent firm  
associated with Moore  
Global Network Limited

**Empress Resources Corp.**  
 Statements of Financial Position  
 (Expressed in Canadian dollars)

	<i>Note</i>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	\$ 1,607,189	\$ 2,532,706
Receivables	5	20,620	25,959
Prepaid expenses	6	6,250	24,684
		1,634,059	2,583,349
<b>Deposit</b>	<b>11</b>	<b>-</b>	<b>16,275</b>
		\$ 1,634,059	\$ 2,599,624
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	7	\$ 64,795	\$ 62,521
		64,795	62,521
<b>Shareholders' equity</b>			
Share capital	8	10,610,515	10,580,515
Share-based payment reserve	8	1,414,113	1,414,113
Deficit		(10,455,364)	(9,457,525)
		1,569,264	2,537,103
		\$ 1,634,059	\$ 2,599,624
Nature of operations	1		
Business combination	16		

These financial statements are approved for issue by the Board of Directors of the Company on July 23, 2020.

They are signed on the Company's behalf by:

"Rick Mazur", Director

"Michael Bandrowski", Director

*The accompanying notes are an integral part of these financial statements*

**Empress Resources Corp.**Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

		For the years ended March 31,	
		2020	2019
	Note		
<b>Expenses</b>			
Consulting fees	9	\$ 186,768	\$ 588,475
Director fees	9	4,167	45,833
Investor relations		13,354	5,687
Office and administration		49,755	29,217
Professional fees		107,829	34,010
Project evaluation and business development fees	9	205,000	275,000
Project investigation costs		73,702	-
Rent	9	32,550	51,880
Transfer agent and filing fees		22,934	42,922
Travel		38,318	39,898
		(734,377)	(1,112,922)
<b>Foreign exchange</b>		3,988	(1,085)
<b>Interest expense</b>		-	(1,883)
<b>Interest income</b>		27,550	19,874
<b>Settlement of civil claim</b>	12	(295,000)	-
<b>Loss and comprehensive loss for the year</b>		\$ (997,839)	\$ (1,096,016)
<b>Basic and diluted loss per common share</b>		\$ (0.02)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>		60,652,694	51,308,726

*The accompanying notes are an integral part of these financial statements*

**Empress Resources Corp.**  
**Statements of Cash Flows**  
(Expressed in Canadian dollars)

	<b>For the years ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES</b>		
Loss for the year	\$ (997,839)	\$ (1,096,016)
Items not affecting cash:		
Project evaluation and business development fees	30,000	-
Accrued interest expense	-	1,883
Accrued interest income	-	(19,874)
Changes in non-cash working capital items:		
Receivables	5,339	33,954
Prepaid expenses	18,434	(24,684)
Deposit	16,275	-
Trade and other payables	2,274	(537,251)
<b>Net cash used in operating activities</b>	<b>(925,517)</b>	<b>(1,641,988)</b>
<b>CASH FLOWS FROM (TO) INVESTING ACTIVITIES</b>		
Deposit	-	(16,275)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(16,275)</b>
<b>CASH FLOWS FROM (TO) FINANCING ACTIVITIES</b>		
Private placements	-	3,854,200
Share issue costs	-	(416,260)
Loans repaid	-	(178,365)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>3,259,575</b>
<b>Change in cash for the year</b>	<b>(925,517)</b>	<b>1,601,312</b>
<b>Cash, beginning of year</b>	<b>2,532,706</b>	<b>931,394</b>
<b>Cash, end of year</b>	<b>\$ 1,607,189</b>	<b>\$ 2,532,706</b>
<b>Non-cash investing and financing activities</b>		
Finders' warrants issued	\$ -	\$ 106,103
<b>Supplementary information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

*The accompanying notes are an integral part of these financial statements*

**Empress Resources Corp.**

## Statements of Changes in Equity

(Expressed in Canadian dollars)

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	Number of Shares	Share Capital	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity
<b>Balance, March 31, 2019</b>	60,006,690	\$ 10,580,515	\$ 1,414,113	\$ (9,457,525)	\$ 2,537,103
Issuance of shares for project evaluation and business	750,000	30,000	-	-	30,000
Cancellation of escrow shares	(18,750)	-	-	-	-
Comprehensive loss for the year	-	-	-	(997,839)	(997,839)
<b>Balance, March 31, 2020</b>	60,737,940	\$ 10,610,515	\$ 1,414,113	\$ (10,455,364)	\$ 1,569,264

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	Number of Shares	Share Capital	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity (Deficiency)
<b>Balance, March 31, 2018</b>	12,217,690	\$ 6,323,978	\$ 1,308,010	\$ (8,361,509)	\$ (729,521)
Private placements	47,789,000	4,778,900	-	-	4,778,900
Share issue costs	-	(522,363)	106,103	-	(416,260)
Comprehensive loss for the year	-	-	-	(1,096,016)	(1,096,016)
<b>Balance, March 31, 2019</b>	60,006,690	\$ 10,580,515	\$ 1,414,113	\$ (9,457,525)	\$ 2,537,103

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*The accompanying notes are an integral part of these financial statements*

## **Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
(Expressed in Canadian dollars)

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### **1. NATURE OF OPERATIONS**

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Empress Resources Corp. (the “Company” or “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 (Note 16). The corporate office and registered and records office of the Company is located at Unit 1 – 15782 Marine Drive, White Rock, BC, Canada, V4B 1E6.

On July 7, 2020, the Company and Alto Ventures Ltd. completed a merger by way of a plan of arrangement (Note 16).

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. 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.

These financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate.

### **2. BASIS OF PRESENTATION**

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#### **Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board and interpretations of the International Reporting Interpretations Committee.

#### **Basis of Presentation**

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## **Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
(Expressed in Canadian dollars)

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### **2. BASIS OF PRESENTATION (continued)**

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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 and assumptions are 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.

## **Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

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#### **Foreign currency translation**

The Company's functional and presentation currency is the Canadian Dollar.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in operations.

#### **Financial instruments**

IFRS 9 Financial Instruments ("IFRS 9") uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

##### *Amortized cost*

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

##### *Fair value through other comprehensive income ("FVTOCI")*

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at FVTPL to present subsequent changes in FVTOCI.

**Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**Financial instruments (continued)***Fair value through profit or loss ("FVTPL")*

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

**Loss per share**

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding warrants on loss per share would be anti-dilutive.

**Warrants**

The Company uses the residual method for accounting for warrants. Under this method warrants are assigned a value equal to the excess of the unit purchase price over the then prevailing market price of the Company's shares. When the units are priced at or below market there is no excess and the warrants are valued at \$Nil.

**Share-based compensation**

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

**Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**Share-based compensation (continued)**

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

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

**Income taxes**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and there is the intention to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are adjusted to the extent that it is probable that the related tax benefit will be realized.

**Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**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**

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.

**4. CASH**

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	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Canadian dollar denominated deposits held in Canada	\$ 1,543,390	\$ 2,436,321
US dollar denominated deposits held in Canada	63,799	96,385
<b>Total</b>	<b>\$ 1,607,189</b>	<b>\$ 2,532,706</b>

**5. RECEIVABLES**

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	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Amounts due from the Government of Canada pursuant to input tax credits	\$ 3,058	\$ 6,085
Interest income	17,562	19,874
<b>Total</b>	<b>\$ 20,620</b>	<b>\$ 25,959</b>

**Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
(Expressed in Canadian dollars)

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**6. PREPAID EXPENSES**

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	March 31, 2020	March 31, 2019
Prepaid insurance	\$ 6,250	\$ 6,422
Prepaid investor relations	-	18,262
Total	\$ 6,250	\$ 24,684

**7. TRADE AND OTHER PAYABLES**

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	March 31, 2020	March 31, 2019
Accounts payable	\$ 29,197	\$ 20,146
Accrued liabilities	35,000	25,000
Amounts due to related parties (Note 9)	598	17,375
Total	\$ 64,795	\$ 62,521

**8. SHARE CAPITAL**

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**Authorized**

The Company has an unlimited number of common shares without par value authorized for issue.

**Issued and outstanding**

As at March 31, 2020, the Company had 60,737,940 common shares issued and outstanding (2019 – 60,006,690). A summary of changes in share capital and reserves is contained on the statements of changes in equity for the years ended March 31, 2020 and 2019.

During the year ended March 31, 2020, the Company completed the following share issuances:

- In May 2019, the Company issued 750,000 common shares valued at \$30,000 in termination of its four-year agreement with Endeavour Financial (Note 9) in lieu of twelve months' notice.
- In September 2019, the Company cancelled 18,750 common shares that were previously held in escrow.

## **Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
(Expressed in Canadian dollars)

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### **8. SHARE CAPITAL (continued)**

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#### **Issued and outstanding (continued)**

During the year ended March 31, 2019, the Company completed the following share issuances:

- On May 11, 2018, the Company closed the first tranche of a non-brokered private placement through the issuance of 21,587,000 units at a price of \$0.10 per unit for gross proceeds of \$2,158,700, of which \$924,700 was received in fiscal 2018. Each unit consisted of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.15 until May 11, 2021.

The Company paid finders' fees of \$184,370 in cash and issued 330,000 common share purchase warrants on the same terms as described above. The finder's warrants were valued at \$27,494. The finder's warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 2.07%; an expected volatility of 143.21%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero.

- On June 14, 2018, the Company closed the second and final tranche a non-brokered private placement through the issuance of 20,192,000 units at a price of \$0.10 per unit for gross proceeds of \$2,019,200. Each unit consisted of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.15 until June 14, 2021.

The Company paid finders' fees of \$158,320 in cash and issued 565,920 common share purchase warrants of the same terms as described above. The finder's warrants were valued at \$55,095. The finder's warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 2.01%; an expected volatility of 145.33%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero. The Company paid other share issue costs of \$41,890.

- On August 7, 2018, the Company closed a non-brokered private placement through the issuance of 6,010,000 units at a price of \$0.10 per unit for gross proceeds of \$601,000. Each unit consisted of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.15 until August 7, 2021.

The Company paid finders' fees of \$31,680 in cash and issued 316,800 common share purchase warrants on the same terms as described above. The finder's warrants were valued at \$23,514. The finder's warrants were valued using the Black-Scholes pricing model with the following assumptions: a risk-free interest rate of 2.16%; an expected volatility of 142.06%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero.

**Empress Resources Corp.**

Notes to the Financial Statements  
 For the year ended March 31, 2020  
 (Expressed in Canadian dollars)

**8. SHARE CAPITAL (continued)****Warrants**

The continuity of warrants for the year ended March 31, 2020 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, March 31, 2019</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, March 31, 2020</b>		
May 11, 2021	\$0.15	21,917,000	-	-	-	21,917,000		
June 14, 2021	\$0.15	20,757,920	-	-	-	20,757,920		
August 7, 2021	\$0.15	6,326,800	-	-	-	6,326,800		
		49,001,720	-	-	-	49,001,720		
Weighted average exercise price	\$	0.15	\$	-	\$	-	\$	0.15

Subsequent to March 31, 2020, 47,789,000 warrants were repriced to \$0.10 per share and their expiry date was extended by one year.

The continuity of warrants for the year ended March 31, 2019 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, March 31, 2018</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, March 31, 2019</b>		
May 11, 2021	\$0.15	-	21,917,000	-	-	21,917,000		
June 14, 2021	\$0.15	-	20,757,920	-	-	20,757,920		
August 7, 2021	\$0.15	-	6,326,800	-	-	6,326,800		
		-	49,001,720	-	-	49,001,720		
Weighted average exercise price	\$	-	\$	0.15	\$	-	\$	0.15

**Stock options**

The Company has a shareholder approved rolling stock option plan (the "Plan") for senior officers, directors, employees and consultants of the Company. Under the Plan, the total outstanding stock options available for grant are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock option is ten years from the grant date. Vesting terms are at the discretion of the Board of Directors of the Company.

**Empress Resources Corp.**

Notes to the Financial Statements  
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**8. SHARE CAPITAL (continued)****Stock options (continued)**

There was no stock option activity for the year ended March 31, 2020.

The continuity of stock options for the year ended March 31, 2019 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, March 31, 2018</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Forfeited</b>	<b>Balance, March 31, 2019</b>
December 24, 2018	\$1.00	85,000	-	-	(85,000)	-
July 5, 2022	\$0.15	225,000	-	-	(225,000)	-
		310,000	-	-	(310,000)	-
Weighted average exercise price	\$ 0.38	\$ -	\$ -	\$ -	\$ 0.38	\$ -

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

<b>Description</b>	<b>For the years ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
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.

**Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
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**9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

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**Consulting fees (continued)**

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 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.

## Empress Resources Corp.

Notes to the Financial Statements  
For the year ended March 31, 2020  
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### 10. SEGMENTED INFORMATION

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The Company operates in one business segment being the acquisition of, or investment in, projects in the mineral and resource sector and has no geographic segment at this time.

### 11. COMMITMENTS

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In September 2018, the Company entered into a sub-lease agreement for office space in Vancouver, BC for a term of two years at a basic rent of \$39,822 per year plus operating expenses and building property taxes. On signing, the Company paid a deposit of \$16,275, of which one-third was to be held as a security deposit and two-thirds will be applied to the last two month's rent. In June 2019, the Company terminated its office lease in exchange for the surrender of the deposit of \$16,275.

### 12. SETTLEMENT OF CIVIL CLAIM

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A Notice of Civil Claim was filed on May 28, 2019, by Rod Husband against the Company, Endeavour Financial Limited (Cayman) and Endeavour Financial AG (together "Endeavour") seeking judgment for (a) \$80,000 and \$313,184 against the Company for consulting fees and expenses and (b) damages. In December 2019, the Company settled the claim for consideration of \$295,000 and the exchange of mutual releases.

### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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#### 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:

			<b>March 31, 2020</b>	<b>March 31, 2019</b>
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

**Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
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**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

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**Financial instruments (continued)**

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 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 risk on cash is not considered significant.

**Empress Resources Corp.**

Notes to the Financial Statements  
For the year ended March 31, 2020  
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**14. MANAGEMENT OF CAPITAL**

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The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue operations and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages its common shares, warrants and stock options as capital. As the Company is in the project evaluation stage, its principal source of funds is from the issuance of common shares. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. The Board of Directors has not established quantitative capital structure criteria for management but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year.

In order to facilitate the management of its capital requirements, the Company may issue new equity. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

**Empress Resources Corp.**

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**15. INCOME TAXES**

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	<b>For the years ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Loss for the year	\$ (997,839)	\$ (1,096,016)
Expected Income tax recovery	\$ (269,000)	\$ (296,000)
Non-deductible items and other	48,000	(7,000)
Share issue costs	(26,000)	(112,000)
Temporary differences not recognized	247,000	415,000
Income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets are as follows:

	<b>March 31,</b>	<b>March 31,</b>
	<b>2020</b>	<b>2019</b>
Non-capital loss carry forward	\$ 1,626,000	\$ 1,353,000
Share issue costs	74,000	100,000
Exploration and evaluation assets	774,000	774,000
Total unrecognized deferred tax assets	\$ 2,474,000	\$ 2,227,000

Deferred tax assets have not been recognized in these financial statements as it is not probable that they will be realized.

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	<b>March 31,</b>	
	<b>2020</b>	<b>Expiry date range</b>
<b>Temporary differences</b>		
Non-capital losses available for future periods	\$ 6,023,000	2027 to 2040
Share issue costs	274,000	2021 to 2023
Exploration and evaluation assets	2,865,000	no expiry date

Tax carry forward balances which give rise to deferred tax assets are subject to review, and potential adjustment, by tax authorities.

## **Empress Resources Corp.**

Notes to the Financial Statements  
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### **16. BUSINESS COMBINATION**

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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.

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

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

The Company was delisted from the TSX-V effective July 7, 2020.