



Unit 1 – 15782 Marine Dr.
White Rock, BC
Canada V4B 1E6

May 29, 2020

**NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
RELATING TO THE SPECIAL MEETING
OF THE SHAREHOLDERS AND WARRANTHOLDERS
TO BE HELD ON JUNE 30, 2020**

TAKE ACTION AND VOTE TODAY.

These materials are important and require your immediate attention. The shareholders and warrant holders of Empress Resources Corp. are required to make important decisions. If you have questions as to how to deal with these documents or the matters to which they refer, please contact your financial, legal or other professional advisor. If you have any questions or require more information with respect to voting your shares or warrants at the Meeting please contact Empress Resources Corp. by email at info@empressresources.com or by telephone at (604) 331-5080 or toll free at 1 (855) 536-2711.

THE ARRANGEMENT AND THE RELATED SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES REGULATORY AUTHORITY OF ANY U.S. STATE OR CANADIAN PROVINCE OR TERRITORY NOR HAS ANY OF THEM PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

While as of the date of this circular, we are intending to hold the Meeting in physical face to face format, we are continuously monitoring the current coronavirus (COVID-19) outbreak. In light of the rapidly evolving news and guidelines related to COVID-19, we ask that, in considering whether to attend the Meeting in person, you follow, among other things, the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>) and any applicable additional provincial and local instructions. You should not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days prior to the Meeting. All shareholders are strongly encouraged to vote prior to the Meeting by proxy as described in this Circular.

We reserve the right to take any additional precautionary measures we deem appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak including, if we consider necessary or advisable, hosting the Meeting solely by means of remote communication in accordance with the Interim Order. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Please monitor our press releases as well as our Company website at www.empressresources.com for updated information. We advise you to check our Company website one week prior to the Meeting date for any updated information. We do not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.

EMPRESS RESOURCES CORP.

May 29, 2020

Dear Shareholders and Warrantholders:

You are invited to attend an annual and special meeting (the "**Meeting**") of the shareholders (the "**Empress Shareholders**") and the warrantholders (the "**Empress Warrantholders**" and together with the Empress Shareholders, the "**Empress Securityholders**") of Empress Resources Corp. ("**Empress**") to be held at the offices of Stikeman Elliott LLP at Suite 1700, 666 Burrard Street, Vancouver, BC V6C 2X8, on June 30, 2020 commencing at 10:00 am (Vancouver time).

At the Meeting, you will be asked to consider and vote upon a proposed arrangement (the "**Arrangement**") under which Alto Ventures Ltd. ("**Alto**") will acquire all of the issued and outstanding common shares of Empress ("**Empress Shares**") in exchange for approximately one common share of Alto ("**Alto Share**"), on a pre-consolidation basis, in respect of each Empress Share, such that on completion of the Arrangement, Empress Shareholders will hold 52% of the outstanding Alto Shares. Holders of Empress Shares will also receive from Empress approximately 0.08 of a common share ("**Spinco Share**") of a new investment company, Empress Royalty Corp. ("**Spinco**") in respect of each Empress Share. Spinco will own all of the royalties currently held by Alto plus some newly created royalties on Alto's properties, a portfolio of marketable securities from Alto and approximately C\$250,000 in cash. Alto will undertake a five (5) for one (1) share consolidation in conjunction with the Arrangement (the "**Alto Share Consolidation**").

Each Empress common share purchase warrant (each an "**Empress Warrant**") outstanding immediately prior to the Effective Time shall be cancelled and each holder thereof will be issued Alto replacement warrants (each, a "**Replacement Warrant**") to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the effective time of the Arrangement (the "**Effective Time**") had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price will be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the Alto Share Consolidation.

In order to be effective, the Arrangement must be approved by a resolution passed by at least a two-thirds majority of the votes cast by the Empress Shareholders and Empress Warrantholders voting in person or by proxy at the Meeting as a single class and by a resolution passed by not less than a simple majority of the votes cast by the Empress Shareholders voting in person or by proxy at the Meeting. In addition to that approval, completion of the Arrangement is subject to receipt of required regulatory approvals, including the approval of the TSX Venture Exchange and the Supreme Court of British Columbia (the "**Court**"), and other customary closing conditions, all of which are described in more detail in the attached Management Information Circular (the "**Circular**").

All directors and senior officers of Empress, together with Endeavour Financial Ltd. (Cayman), Endeavour Financial AG, and Terra Capital Natural Resource Fund Pty Ltd., who collectively held approximately 30.06% of the Empress Shares and 35.73% of the Empress Warrants entitled to vote at the Meeting as at March 6, 2020 (the date on which the execution of the Arrangement Agreement was announced), have entered into agreements with Alto to vote in

favour of the Arrangement, provided that the Arrangement Agreement has not been terminated by either Alto or Empress.

After taking into consideration, among other things, the recommendation of a special committee of Empress directors established to review the Arrangement, the Empress board of directors (the "**Empress Board**") has unanimously concluded that the Arrangement is in the best interests of Empress and is fair to the Empress Securityholders, and has approved the Arrangement and authorized its submission to the Empress Shareholders and Empress Warrantholders and to the Court for approval. **Accordingly, the Empress Board unanimously recommends that the Empress Shareholders and Empress Warrantholders vote FOR the Arrangement.**

The attached Notice of Meeting and Circular contain a detailed description of the Arrangement and include certain other information to assist you in considering the matters to be voted upon. You are urged to carefully consider all of the information in the accompanying Circular including the documents incorporated by reference therein. If you require assistance, you should consult your financial, legal, or other professional advisors.

Your vote is important regardless of the number of Empress Shares and Empress Warrants you own.

Voting

If you are not registered as the holder of your Empress Shares or Empress Warrants but hold your shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Empress Shares or Empress Warrants. See the section in the accompanying Circular entitled "*General Proxy Information — Non-Registered Holders*" for further information on how to vote your Empress Shares.

If you are a registered Empress Shareholder or an Empress Warrantholder, we encourage you to vote by completing the enclosed form of proxy. You should specify your choice by marking the box on the enclosed form of proxy and by dating, signing and returning your proxy in the enclosed return envelope addressed to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by fax number 1(866) 249-7775 (toll free)/ 1 (416) 263-9524 (international) at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting. Please do this as soon as possible. Voting by proxy will not prevent you from voting in person if you attend the Meeting and revoke your proxy, but will ensure that your vote will be counted if you are unable to attend.

While we are currently intending to hold the Meeting in physical face to face format, we are continuously monitoring the current coronavirus (COVID-19) outbreak. In light of the rapidly evolving news and guidelines related to COVID-19, we ask that, in considering whether to attend the Meeting in person, you follow, among other things, the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>) and any applicable additional provincial and local instructions. You should not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within 14 days prior to the Meeting. All Empress Shareholders and Empress Warrantholders are strongly encouraged to vote prior to the Meeting by proxy as described in the Circular.

We reserve the right to take any additional precautionary measures we deem appropriate in relation to the Meeting in response to further developments in respect of the COVID-19

outbreak including, if we consider necessary or advisable, hosting the Meeting solely by means of remote communication in accordance with the Interim Order. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Please monitor our press releases as well as our company website at www.empressresources.com for any updated information. We advise you to check our company website one week prior to the Meeting date for the most current information. We do not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

Letters of Transmittal

If you hold your Empress Shares through a broker or other person please contact that broker or other person for instructions and assistance in receiving the Spinco Shares and Alto Shares in respect of such Empress Shares.

If you are a registered Empress Shareholder, we also encourage you to complete and return the enclosed Letter of Transmittal (printed on blue paper) together with the certificate(s) or direct registration system advices representing your Empress Shares and any other required documents and instruments, to the depositary, Computershare Investor Services Inc., in the enclosed return envelope in accordance with the instructions set out in the Letter of Transmittal so that if the Arrangement is approved the consideration for your Empress Shares can be sent to you as soon as possible following the Arrangement becoming effective. The Letter of Transmittal contains other procedural information related to the Arrangement and should be reviewed carefully.

* * * * *

While certain matters, such as the timing of the receipt of Court approval, are beyond the control of Empress, if the resolution approving the Arrangement is passed by the requisite majority of Empress Shareholders and Empress Warranholders at the Meeting, as set out above, it is anticipated that the Arrangement will be completed and become effective on or about July 3, 2020.

If you have any questions, please contact Empress Resources Corp. by email at info@empressresources.com or by telephone at (604) 331-5080 or toll free at 1 (855) 536- 2711.

Sincerely,

"Alexandra Woodyer Sherron"
Chief Executive Officer & President
Empress Resources Corp.

FREQUENTLY ASKED QUESTIONS ABOUT THE ARRANGEMENT AND THE MEETING

Following are some questions that you, as an Empress Shareholder or Empress Warrantholder, may have relating to the Meeting and answers to those questions. These questions and answers do not provide all of the information relating to the Meeting or the matters to be considered at the Meeting and are qualified in their entirety by the more detailed information contained elsewhere in this Circular. You are urged to read this Circular in its entirety before making a decision related to your Empress Shares.

Q: What am I voting on?

A: You are being asked to consider and, if deemed advisable, to vote IN FAVOUR OF the Arrangement Resolution approving the Arrangement between Empress and Alto, which provides for, among other things, Alto acquiring all of the issued and outstanding Empress Shares and Empress Warrants. Through the Arrangement, Empress Shareholders will receive approximately one Alto Share, on a Pre-Consolidation Basis, such that on completion of the Arrangement, Empress Shareholders will hold 52% of the outstanding Alto Shares, and approximately 0.08 of a Spinco Share in exchange for every one Empress Share held.

Each Empress Warrant outstanding immediately prior to the Effective Time will be cancelled and each holder thereof will be issued Replacement Warrants by Alto to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the Effective Time had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the Alto Share Consolidation.

Q: When and where is the Meeting?

A: The Meeting will take place on June 30, 2020 at 10:00 am (Vancouver time), at the offices of Stikeman Elliott LLP at Suite 1700, 666 Burrard Street, Vancouver, BC V6C 2X8.

While as of the date of this Circular, we are intending to hold the Meeting in physical face to face format, we are continuously monitoring the current coronavirus (COVID-19) outbreak. In light of the rapidly evolving news and guidelines related to COVID-19, we ask that, in considering whether to attend the Meeting in person, you follow, among other things, the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>) and any applicable additional provincial and local instructions. You should not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days prior to the Meeting. All Empress Securityholders are strongly encouraged to vote prior to the Meeting by proxy as described in this Circular.

We reserve the right to take any additional precautionary measures we deem appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak including, if we consider necessary or advisable, hosting the Meeting solely by means of remote communication in accordance with the Interim Order. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Please monitor our press releases as well as our company website at www.empressresources.com for any updated information. We advise you to check our company website one week prior to the Meeting date for the most current information. We do not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

Q: Who is soliciting my proxy?

A: Your proxy is being solicited by management of Empress. This Circular is furnished in connection with that solicitation. The solicitation of proxies for the Meeting will be made primarily by mail, and may be supplemented by telephone.

Q: Who can attend and vote at the Meeting and what is the quorum for the Meeting?

A: Only Empress Shareholders and Empress Warrantholders of record as of the close of business on May 28, 2020, the record date for the Meeting, are entitled to receive notice of and to attend, and to vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting.

The quorum for the transaction of business at the Meeting will be two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares of Empress entitled to be voted at the meeting.

Q: How many Empress Shares and Empress Warrants are entitled to vote?

A: As of May 28, 2020, there were 60,737,940 Empress Shares and 49,001,720 Empress Warrants outstanding and entitled to vote on the Arrangement Resolution at the Meeting. You are entitled to one vote for each Empress Share and Empress Warrant that you own.

Q: What will I receive in the Arrangement?

A: If the Arrangement is completed, Empress Shareholders will be entitled to receive consideration of approximately one Alto Share, on a Pre-Consolidation Basis, such that on completion of the Arrangement, Empress Shareholders will hold 52% of the outstanding Alto Shares, and approximately 0.08 of a Spinco Share in exchange for every one Empress Share held. Each Empress Warrant outstanding immediately prior to the Effective Time will be cancelled and each holder thereof will be issued Replacement Warrants by Alto to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the Effective Time had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the Alto Share Consolidation.

Q: What vote is required at the Meeting to approve the Arrangement Resolution?

A: To be effective, the Arrangement Resolution must be passed by the affirmative vote of at least 66⅔% of the votes cast by the Empress Shareholders and Empress Warrantholders voting in person or by proxy at the Meeting as a single class and by a resolution passed by not less than a simple majority of the votes cast by the Empress Shareholders voting in person or by proxy at the Meeting.

Q: What if I return my proxy but do not mark it to show how I wish to vote?

A: If your proxy is signed and dated and returned without specifying your choice or is returned specifying both choices, your Empress Shares and Empress Warrants will be voted IN FAVOUR OF the Arrangement Resolution in accordance with the recommendation of the Empress Board.

Q: When is the cut-off time for delivery of proxies?

A: Proxies must be delivered to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by fax number 1 (866) 249-7775 (toll free)/ 1 (416) 263-9524 (international) at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. In this case, assuming no adjournment, the proxy-cut off time is 10:00 a.m. (Vancouver time) June 26, 2020.

Q: Can I change my vote after I submitted a signed proxy?

A: Yes. If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the Meeting and voting in person if you were a Registered Empress Shareholder or Registered Empress Warrantholder at the Record Date; (b) signing a proxy bearing a later date; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the Registered Office of Empress at Unit 1 – 15782 Marine Drive, White Rock, British Columbia, Canada, V4B 1E6 or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 4:00 p.m. (Vancouver time) on the last Business Day before the day of the Meeting or delivered to the person presiding at the Meeting before it commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your Empress Securities, but to do so you must attend the Meeting in person.

Q: What are the recommendations of the Special Committee and the Empress Board?

A: The Special Committee unanimously recommended that the Empress Board approve the Arrangement and recommend that Empress Shareholders and Empress Warrantholders vote for the Arrangement, and the Empress Board unanimously recommends that Empress Shareholders and Empress Warrantholders vote IN FAVOUR OF the Arrangement Resolution to approve the Arrangement.

Q: Why are the Special Committee and the Empress Board making this recommendation?

A: In reaching their conclusion that the Arrangement is fair to Empress Securityholders and that the Arrangement is in the best interests of Empress, the Special Committee and the Empress Board considered and relied upon a number of factors, including those described under the headings "*The Meeting – The Arrangement – Reasons for the Arrangement*" in this Circular.

Q: In addition to the approval of Empress Shareholders and Empress Warrantholders, are there any other approvals required for the Arrangement?

A: Yes, the Arrangement requires the approval of the Court and also is subject to the receipt of certain regulatory approvals, including the approval of the TSX-V. See "*The Meeting – The Arrangement – Court Approval of the Arrangement*" and "*The Meeting – The Arrangement – Regulatory Approvals*" in this Circular.

Q: Are Alto Shareholders required to approve the Arrangement?

A: The Arrangement does not require Alto to seek the approval of Alto Shareholders.

Q: Do any directors and executive officers of Empress have any interests in the Arrangement that are different from, or in addition to, those of the Empress Shareholders or Empress Warrantholders?

A: In considering the recommendation of the Empress Board to vote in favour of the matters discussed in this Circular, Empress Shareholders and Empress Warrantholders should be aware that some of the directors and executive officers of Empress have interests in the Arrangement that are different from, or in addition to, the interests of Empress Shareholders and Empress Warrantholders generally. See "*The Meeting – The Arrangement – Interests of Certain Persons in the Arrangement*" in this Circular.

Q: Will the Empress Shares continue to be listed on the TSX-V after the Arrangement?

A: No. Empress will be merged with Alto when the Arrangement is completed. Former Empress Shareholders will hold Alto Shares and Spinco Shares. Alto Shares are listed on the TSX-V. It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date.

Q: Should I send my Empress Share certificates or DRS Advices now?

A: You are not required to send your certificates or DRS Advices representing Empress Shares to validly cast your vote in respect of the Arrangement Resolution. We encourage Registered Empress Shareholders to complete, sign, date and return the enclosed Letter of Transmittal, together with their Empress share certificate(s) or DRS Advices, as applicable, at least two business days prior to the Effective Date which will assist in arranging for the prompt exchange of their Empress Shares if the Arrangement is completed.

Empress Warrantholders do not need to complete a Letter of Transmittal in connection with their Empress Warrants. Each Empress Warrant outstanding immediately prior to the Effective Time shall be cancelled and each holder thereof will be issued a Replacement Warrant by Alto to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the Effective Time had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the Alto Share Consolidation.

Q: When can I expect to receive consideration for my Empress Shares?

A: Assuming completion of the Arrangement, if you hold your Empress Shares through an intermediary, then you are not required to take any action and the Alto Shares and Spinco Shares will be delivered to your intermediary through the procedures in place for such purposes between CDS & Co. or similar entities and such intermediaries. If you hold your Empress Shares through an intermediary, you should contact your intermediary if you have questions regarding this process.

In the case of Registered Empress Shareholders, following the Effective Date, assuming due delivery of the required documentation, including the applicable Empress Share certificates or DRS Advices and a duly and properly completed Letter of Transmittal, the Depository will promptly arrange for delivery of DRS Advices representing the Alto Shares and Spinco Shares to which the Registered Empress Shareholder is entitled by first class mail to the address of the Empress Shareholder in accordance with the instructions set forth in the Letter of Transmittal.

Empress Shareholders who do not deliver their Empress Share certificates and all other required documents to the Depository on or before the date which is six years after the Effective Date will lose their right to receive Alto Shares and Spinco Shares for their Empress Shares.

See "*The Meeting – The Arrangement – Procedure for Exchange of Empress Shares*" in this Circular.

Q: Will I receive a replacement warrant certificate for my Empress Warrants?

A: Yes. Each Empress Warrant outstanding immediately prior to the Effective Time will be cancelled and each holder thereof will be issued Replacement Warrants by Alto to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the Effective Time had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants will be further adjusted to reflect the Alto Share Consolidation.

Q: How will the votes be counted?

A: Computershare Investor Services Inc., Empress' Transfer Agent, counts and tabulates the proxies. Proxies are counted and tabulated by the Transfer Agent in such a manner as to preserve the confidentiality of the voting instructions of Registered Empress Shareholders and Registered Empress Warrantholders subject to a limited number of exceptions.

Q: How will I know when the Arrangement will be implemented?

A: The Effective Date will occur upon satisfaction or waiver of all of the conditions to the completion of the Arrangement. If the requisite level of approval is obtained at the Meeting, the Effective Date is expected to occur on or about July 3, 2020. Promptly following the Effective Date, Empress and Alto will publicly announce that the conditions are satisfied or waived and that the Arrangement has been implemented.

Q: Are there risks I should consider in deciding whether to vote for the Arrangement Resolution?

A: Yes. Empress Securityholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on Empress; (ii) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) Empress will incur costs even if the Arrangement is not completed, and also may be required to pay the Termination Fee or the \$100,000 expense reimbursement to Alto; (iv) Empress Shareholders will receive a fixed number of Alto Shares based on a fixed percentage of Alto Shares to be held by former Empress Shareholders, and therefore the Alto Shares received by Empress Shareholders under the Arrangement may have a lower market value than expected; (v) directors and executive officers of Empress may have interests in the Arrangement that are different from those of the Empress Securityholders; (vi) the market price for Empress Shares may decline; (vii) an Empress Shareholder may realize a capital gain if such Empress Shareholder's ACB of its Empress Shares is not sufficient so that the portion deemed to be the ACB of its Class B Common Shares received pursuant to the Arrangement is less than the Fair Market Value of the Spinco Shares received on the redemption of such Class B Common Shares under the Arrangement; and, (viii) Empress Shareholders may realize a deemed dividend on the redemption of the Class B Common Shares for Spinco Shares pursuant to the Arrangement if the paid-up capital of the Empress Shares immediately prior to the Effective Time is less than the Fair Market Value of the Spinco Shares received on the redemption of such Class B Common Shares under the Arrangement.

See "*The Meeting – The Arrangement – Risks Associated with the Arrangement*" and "*Certain Canadian Federal Income Tax Considerations*" in this Circular. See also Appendix "D" - "*Information Concerning Alto - Risk Factors*" and Appendix "E" - "*Information Concerning Spinco - Risk Factors*", for a description of these risks.

Q: What are the Canadian income tax consequences of the Arrangement?

A: For a summary of certain material Canadian income tax consequences of the Arrangement, see "*Certain Canadian Federal Income Tax Considerations*". Such summary is not intended to be legal or tax advice to any particular Empress Securityholder. Empress Securityholders should consult their own tax and investment advisors with respect to their particular circumstances.

U.S. Empress Securityholders should consult their own tax advisors with respect to their particular circumstances.

Q: Am I entitled to Dissent Rights?

A: The Interim Order provides the Registered Empress Shareholders with Dissent Rights in connection with the Arrangement that will be available in the event that the Arrangement Resolution is approved by the Empress Shareholders and Empress Warrantholders. **Registered Empress Shareholders considering exercising Dissent Rights should seek the advice of their own legal counsel and tax and investment advisors and should carefully review the description of such rights set forth in this Circular and the Interim Order, and comply with the provisions of the Dissent Rights the full text of which is set out on Appendix C to this Circular.** See "*The Meeting – The Arrangement – Dissent Rights*" in this Circular.

Q: What will happen to the Empress Shares and Empress Warrants that I currently own after completion of the Arrangement?

A: Upon completion of the Arrangement, certificates representing Empress Shares will represent only the right of the Registered Empress Shareholder to receive consideration of approximately one Alto Share, on a Pre-Consolidation Basis, such that on completion of the Arrangement, Empress Shareholders will hold 52% of the outstanding Alto Shares, and approximately 0.08 of a Spinco Share in exchange for every one Empress Share held. **Trading in Empress Shares on the TSX-V will cease and Empress will terminate its status as a reporting issuer under Canadian securities laws and will cease to be required to file reports with the applicable Canadian Securities Administrators. Alto Shares will continue to be listed on the TSX-V.**

It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date.

Empress Warrants not exercised by the Effective Date will be assumed by Alto, adjusted as described herein (see "*The Meeting – The Arrangement – Treatment of Empress Warrants*").

Q: Who can I contact if I have questions?

A: Empress Securityholders who have additional questions about the Arrangement, including the procedures for voting, should contact Empress Resources Corp. by email at info@empressresources.com or by telephone at (604) 331-5080 or toll free at 1 (855) 536- 2711. Empress Securityholders who have questions about deciding how to vote should contact their financial, legal or professional advisors.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders of common shares ("**Empress Shareholders**") and the holders of common share purchase warrants ("**Empress Warrantholders**") of Empress Resources Corp. ("**Empress**") will be held at the offices of Stikeman Elliott LLP at Suite 1700, 666 Burrard Street, Vancouver, BC V6C 2X8, on June 30, 2020 at 10:00 am (Vancouver time) to consider pursuant to an interim order of the Supreme Court of British Columbia dated May 28, 2020 (the "**Interim Order**") and, if thought advisable, to pass, with or without amendment, a special resolution (the "**Arrangement Resolution**") approving an arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia), the full text of which is set forth in Appendix "A" to the accompanying Management Information Circular (the "**Circular**").

The Circular provides additional information relating to the matters to be addressed at the Meeting, including the Arrangement, and is deemed to form part of this Notice.

Empress Shareholders and Empress Warrantholders are entitled to vote at the Meeting either in person or by proxy. Registered Empress Shareholders and registered Empress Warrantholders who are unable to attend the Meeting in person are encouraged to read, complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular. In order to be valid for use at the Meeting, proxies must be received by Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by fax number 1 (866) 249-7775 (toll free)/ 1 (416) 263-9524 (international) at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting. Please advise Empress of any change in your mailing address.

While as of the date of this Circular, we are intending to hold the Meeting in physical face to face format, we are continuously monitoring the current coronavirus (COVID-19) outbreak. In light of the rapidly evolving news and guidelines related to COVID-19, we ask that, in considering whether to attend the Meeting in person, you follow, among other things, the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>) and any applicable additional provincial and local instructions. You should not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days prior to the Meeting. All Empress Shareholders and Empress Warrantholders are strongly encouraged to vote prior to the Meeting by proxy as described in this Circular.

We reserve the right to take any additional precautionary measures we deem appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak including, if we consider necessary or advisable, hosting the Meeting solely by means of remote communication in accordance with the Interim Order. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Please monitor our press releases as well as our company website at www.empressresources.com for any updated information. We advise you to check our company website one week prior to the Meeting date for the most current information. We do not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

If you are a non-registered Empress Shareholder or non-registered Empress Warrantholder, please refer to the section in the Circular entitled "*General Proxy Information — Non-Registered Holders*" for information on how to vote your Empress Shares and Empress Warrants.

Take notice that, pursuant to the Interim Order, each registered Empress Shareholder, has been granted the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of the common shares of Empress in respect of which such registered Empress Shareholder dissents by Alto Ventures Ltd., the acquirer under the Arrangement, in accordance with the dissent procedures contained in the Interim Order. To exercise such right, (a) a written notice of dissent with respect to the Arrangement Resolution from the registered Empress Shareholder must be received by Empress c/o Stikeman Elliott LLP, Suite 1700, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8, Attention: Neville McClure, by not later than 4:00 p.m. (Vancouver time) on June 26, 2020, or two Business Days prior to any adjournment of the Meeting, and (b) the registered Empress Shareholder must have otherwise complied with the dissent procedures in the Interim Order. The right to dissent is described in the Circular and the text of the Interim Order is set forth in Appendix "C" to the Circular.

Failure to strictly comply with the requirements set forth in the Interim Order may result in the loss of any right of dissent.

DATED at Vancouver, British Columbia this 29th day of May, 2020.

BY ORDER OF THE BOARD OF DIRECTORS
OF
EMPRESS RESOURCES CORP.

"David Rhodes"
Director

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APPENDICES

APPENDIX "A"	ARRANGEMENT RESOLUTION
APPENDIX "B"	PLAN OF ARRANGEMENT
APPENDIX "C"	COURT MATERIALS
APPENDIX "D"	INFORMATION CONCERNING ALTO
APPENDIX "E"	INFORMATION CONCERNING SPINCO

INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR

The information contained in this Circular, unless otherwise indicated is given as of May 29, 2020. References throughout this Circular to Alto Shares and the number of Alto Shares that Empress Shareholders will receive upon completion of the Arrangement are on a Pre-Consolidation Basis, unless expressly stated otherwise.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Circular and, if given or made, such information or representation should be considered or relied upon as not having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice and Empress Securityholders are urged to consult their own professional advisors in connection with the matters considered in this Circular.

The Arrangement has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

Information in this Circular regarding Alto

The information concerning Alto, its affiliates and the Alto Shares contained in this Circular and all Alto documents filed by Alto with a securities commission or similar authority in Canada that are incorporated by reference herein have been provided by Alto for inclusion in this Circular. In the Arrangement Agreement, Alto provided a covenant to Empress that it would ensure that no information provided by it for the preparation of this Circular will include any untrue statement of a material fact or omit to state a material fact required to be stated in this Circular in order to make any information so furnished or any information concerning Alto, its affiliates and the Alto Shares not misleading in light of the circumstances in which it is disclosed. Although Empress has no knowledge that would indicate any statements contained herein relating to Alto, its affiliates or the Alto Shares taken from or based upon such information provided by Alto are untrue or incomplete, neither Empress nor any of its officers or directors assumes any responsibility for the accuracy or completeness of the information relating to Alto, its affiliates or the Alto Shares, or for any failure by Alto to disclose facts or events that may have occurred or may affect the significance or accuracy of any such information but which are unknown to Empress.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISKS

This Circular and the documents incorporated into this Circular by reference, contain "forward-looking statements" within the meaning of applicable U.S. securities laws and "forward-looking information" within the meaning of the applicable Canadian securities legislation (forward-looking information and forward-looking statements being collectively herein after referred to as "**forward-looking statements**") that are based on expectations, estimates and projections as at the date of this

Circular or the dates of the documents incorporated herein by reference, as applicable. These forward-looking statements include but are not limited to statements and information concerning: the Arrangement; covenants of Empress, Spinco and Alto; the timing for the implementation of the Arrangement and the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; principal steps of the Arrangement; statements relating to the business and future activities of, and developments related, to Empress, Spinco and Alto after the date of this Circular and prior to the Effective Time, including the Alto Financing, Empress Financing and the Spinco Financing, and to and of Alto and Spinco after the Effective Time; Empress Securityholder Approval and Court approval of the Arrangement; regulatory approval of the Arrangement; listing of the Spinco Shares on any stock exchange; participation by Spinco in any transaction resulting in the exchange of Spinco Shares for shares of another issuer that is listed on a stock exchange; market position, and future financial or operating performance of Alto, Empress, or Spinco; participation of Empress Shareholders in the Empress Royalty Purchases, Alto Royalties and Alto Marketable Securities through Spinco; participation by Empress Shareholders in Alto's mining properties through Alto; liquidity of Alto Shares and Spinco Shares following the Effective Time; statements based on the unaudited pro forma financial statements attached as Schedule 1 to Appendix "D" and Schedule 4 to Appendix "E" to this Circular; continuity in developing the business of Alto and Spinco; ability of Alto to develop the mineral properties; payment of royalties to Spinco; anticipated developments in operations or activities of Alto or Spinco; the future price of metals; the timing and amount of estimated future production; costs of production and capital expenditures; mine life of mineral projects, the timing and amount of estimated capital expenditure; costs and timing of exploration and development and capital expenditures related thereto; operating expenditures; success of exploration activities, estimated exploration budgets; currency fluctuations; requirements for additional capital; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; the timing and possible outcome of pending litigation in future periods; the timing and possible outcome of regulatory and permitted matters; goals; strategies; future growth; planned exploration activities, planned investments and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements, which include statements relating to, among other things, the ability of Empress, Spinco or Alto to continue to successfully compete in the market.

These forward-looking statements are based on the beliefs of Empress' and Alto's management, as the case may be, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement, including the approval of the Arrangement and its fairness by the Court, and the receipt of the required governmental and regulatory approvals and consents.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Empress, Alto or Spinco to be materially different from any future results,

performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: the Arrangement Agreement may be terminated in certain circumstances; general business, economic, competitive, political, regulatory and social uncertainties; the effect of the COVID-19 pandemic or any other epidemic or pandemic; precious metal price volatility; uncertainty related to mineral exploration properties; risks related to the ability to finance the continued exploration of mineral properties; potential for future losses for Spinco and Alto; risks related to factors beyond the control of Empress, Alto or Spinco; limited business history of Spinco; risks and uncertainties associated with investments, exploration and mining operations; risks related to the ability to obtain adequate financing for planned development activities, investments or acquisitions; lack of infrastructure at mineral exploration properties; risks and uncertainties relating to the interpretation of drill results and the geology, grade and continuity of mineral deposits; uncertainties related to title to mineral properties and the acquisition of surface rights; risks related to governmental regulations, including environmental laws and regulations and liability and obtaining permits and licences; future changes to environmental laws and regulations; unknown environmental risks for past activities; commodity price fluctuations; risks related to reclamation activities on mineral properties; risks related to political instability and unexpected regulatory change; currency fluctuations and risks associated with a fixed exchange ratio; influence of third party stakeholders; conflicts of interest; risks related to dependence on key individuals; risks related to the involvement of some of the directors and officers of Empress, Alto and Spinco with other natural resource companies; enforceability of claims; the ability to maintain adequate control over financial reporting; risks related to the common shares of Empress, Alto and Spinco, including price volatility due to events that may or may not be within such parties' control; disruptions or changes in the credit or security markets; risks related to international operations; risks related to joint venture operations; actual results of exploration activities; reserve and resource estimate risk; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; 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; the ability to renew existing licenses or permits or obtain required licenses and permits; increased infrastructure and/or operating costs; risks of not meeting production and cost targets; discrepancies between actual and estimated production; mineral reserves and resources and metallurgical recoveries; mining operational and development risk; litigation risks; risks of sovereign investment and operating in foreign countries; foreign countries' regulatory requirements; speculative nature of gold exploration; risks related to directors and officers of Empress possibly having interests in the Arrangement that are different from other Empress Securityholders; risks relating to the possibility that more than 5% of Empress Shareholders may exercise their dissent rights; global economic climate; dilution; ability to complete acquisitions, enter into royalty or streaming agreements, or exercise any options thereunder; environmental risks; community and non-governmental actions and regulatory risks; the risk that Spinco may not receive royalty payments with respect to the Alto Royalties or the Empress Royalty Purchases, if any, or that such payments may be delayed.

This list is not exhaustive of the factors that may affect any of forward-looking statements of Empress, Alto and Spinco. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of Empress, Alto and Spinco. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "*The Meeting – The Arrangement – Risks Associated with the Arrangement*" and in Appendices "D" and "E" to this Circular under the

respective headings "*Information Concerning Alto — Risk Factors*" and "*Information Concerning Spinco — Risk Factors*" and in other documents incorporated by reference in this Circular. Empress, Alto and Spinco do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, Empress Securityholders should not place undue reliance on forward-looking statements.

NOTE TO UNITED STATES SECURITY HOLDERS

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE IN THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE IN THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Alto Shares to be issued and Spinco Shares to be distributed to Empress Shareholders pursuant to the Arrangement have not been registered under the U.S. Securities Act or applicable state securities laws, and are being issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to Empress Shareholders as further described in this Circular under the heading "*The Meeting – The Arrangement – Regulatory Law Matters and Securities Law Matters*", and in reliance on exemptions from registration under applicable state securities laws.

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the Exchange Act. Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Empress Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the Exchange Act.

The financial statements and information included or incorporated by reference in this Circular have been prepared in accordance with Canadian generally accepted accounting principles and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements prepared in accordance with United States standards.

Likewise, information concerning the properties and operations of Alto has been prepared in accordance with Canadian disclosure standards under applicable Canadian corporate and securities laws, and may not be comparable to similar information prepared in accordance with United States standards. In particular, disclosure of scientific or technical information in this Circular has been made in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Institute of Mining, Metallurgy and Petroleum and incorporated into a national instrument issued by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" are used in this Circular to comply with the reporting standards in Canada. There is a great amount of uncertainty as to the existence of "measured mineral resources", "indicated mineral resources" and "inferred mineral

resources", and great uncertainty as to their economic and legal feasibility. While "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" are recognized and required by Canadian regulations, these terms are not defined terms under standards established by the SEC. Accordingly, information contained in this Circular containing descriptions of Empress', Alto's and Spinco's respective mineral properties may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements of the SEC. For example, under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Empress Securityholders are cautioned not to assume that all or any part of measured mineral resources or indicated mineral resources will ever be converted into mineral reserves or that all or any part of an inferred mineral resource exists or is economically or legally mineable. Empress Securityholders are also cautioned not to assume that all or any part of measured mineral resources, indicated mineral resources or inferred mineral resources will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. In addition, the definitions of proven and probable mineral reserves used in NI 43-101 differ from SEC standards as set forth in SEC Industry Guide 7. Disclosure of "contained ounces" is permitted disclosure under Canadian regulations, however, the SEC normally only permits issuers to report mineralization that does not constitute reserves as in place tonnage and grade without reference to unit measures.

Empress Securityholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

The enforcement by investors of civil liabilities under United States securities laws may be affected adversely by the fact that each of Empress, Alto and Spinco is incorporated or organized outside the United States, that some or all of their respective officers and directors and the experts named herein are residents of a foreign country, and that all or a portion of the assets of Empress, Alto and/or Spinco and said persons are located outside the United States. As a result, it may be difficult or impossible for U.S. Empress Securityholders to effect service of process within the United States upon Empress, Alto and Spinco, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. Empress Securityholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, references in this Circular to "\$" refer to Canadian dollars.

The historical financial statements of Empress incorporated by reference in this Circular are reported in Canadian dollars and have been prepared in accordance with GAAP. The historical financial statements of Alto incorporated by reference in this Circular are reported in Canadian dollars and have been prepared in accordance with GAAP.

GLOSSARY OF TERMS

In this Circular and accompanying Notice of Meeting, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

- "ACB"** means adjusted cost base for purposes of the Tax Act.
- "Acquisition Proposal"** means, other than the transactions contemplated by the Arrangement Agreement, any *bona fide* offer, proposal, expression of interest, or inquiry from any Person (other than Alto or any of its affiliates) made after the date of the Arrangement Agreement relating to:
- (i) any acquisition or sale, direct or indirect, whether in a single transaction or a series of related transactions, of: (a) the assets of Empress and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Empress and its subsidiaries taken as a whole; or (b) 20% or more of any voting or equity securities of Empress or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Empress and its subsidiaries;
 - (ii) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of Empress or any of its subsidiaries that, if consummated, would result in any such Person beneficially owning 20% or more of any voting or equity securities Empress or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Empress and its subsidiaries; or
 - (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Empress or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of Empress and its subsidiaries.
- "affiliate"** has the meaning ascribed to that term in the Securities Act.
- "Alto"** means Alto Ventures Ltd., a corporation existing under the laws of British Columbia.
- "Alto Board"** means the board of directors of Alto as the same is constituted from time to time.
- "Alto Financing"** means the offering of subscription receipts by Alto on terms acceptable to Empress, acting reasonably, so as to realize gross proceeds of a minimum of \$1,000,000, such subscriptions receipts to be exchangeable without further consideration for securities of Alto upon closing of the Arrangement and completion of the Alto Share

	Consolidation.
"Alto Marketable Securities"	means the marketable securities described in " <i>Information Concerning Spinco – Business of Spinco</i> " in Appendix "E" to this Circular.
"Alto Mining Properties"	means the mineral properties of Alto described in Schedule E to the Arrangement Agreement.
"Alto Royalties"	means the royalties described in " <i>Information Concerning Spinco – Business of Spinco</i> " in Appendix "E" to this Circular.
"Alto Share Consolidation"	means the five (5) for one (1) consolidation of the Alto Shares to occur at or prior to the Effective Time.
"Alto Shares"	means common shares in the authorized share capital of Alto, as currently constituted.
"Arrangement"	means the arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set forth in the Arrangement Agreement and the Plan of Arrangement, subject to any amendments or variations thereto in accordance with Section 10.1 of the Arrangement Agreement or the Plan of Arrangement or at the direction of the Court in the Final Order.
"Arrangement Agreement"	means the Arrangement Agreement dated as of March 5, 2020, as amended, between Alto, Empress and Spinco, as the same may be further amended, supplemented or otherwise varied from time to time in accordance with its terms.
"Arrangement Resolution"	means: (i) the special resolution of the Empress Shareholders and Empress Warranholders approving the Arrangement which is to be considered at the Meeting, voting together as a single class; (ii) the ordinary resolution of the Empress Shareholders approving the Arrangement which is to be considered at the Meeting, in each case present in person or represented by proxy at the Meeting, substantially on the terms and in the form of Appendix "A" hereto.
"BCBCA"	means the <i>Business Corporations Act</i> (British Columbia), and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto.
"Business Day"	means any day, other than a Saturday, a Sunday, or a statutory or civic holiday in Vancouver, British Columbia.
"Canadian Securities Administrators"	means the voluntary umbrella organization of Canada's provincial and territorial securities regulators.
"Circular"	means, collectively, the Notice of Meeting and this Management Information Circular of Empress, including all appendices hereto, sent to Empress Shareholders and Empress Warranholders in connection with the Meeting.
"Class A Common Shares"	means the Class A voting common shares of Empress which are to be created in accordance with the Plan of Arrangement and which shall have the rights and restrictions set out in Section 3(a)(ii)(A) of the Plan of Arrangement.
"Class B Common"	means the Class B voting common shares of Empress which are to be

Shares"	created in accordance with the Plan of Arrangement and which shall have the rights and restrictions set out in Section 3(a)(ii)(B) of the Plan of Arrangement.
"Code"	means the United States Internal Revenue Code of 1986, as amended.
"Code of Ethics and Business Conduct"	means the code of ethics and business conduct to be adopted by the Spinco Board following completion of the Arrangement.
"Contracts"	means any contract, agreement, license, franchise, lease, arrangement or other right or obligation.
"Court"	means the Supreme Court of British Columbia.
"CRA"	means the Canada Revenue Agency.
"Depository"	means Computershare Investor Services Inc.
"Dissent Notice"	means a written objection to the Arrangement Resolution by a Registered Empress Shareholder in accordance with the Dissent Procedures.
"Dissent Procedures"	means the dissent procedures described in this Circular under the heading " <i>The Meeting – The Arrangement - Dissent Rights</i> ".
"Dissent Rights"	means the rights of dissent in respect of the Arrangement described in Section 5 of the Plan of Arrangement.
"Dissent Shares"	means Empress Shares held by a Dissenting Empress Shareholder and in respect of which the Dissenting Empress Shareholder has duly and validly exercised the Dissent Rights.
"Dissenting Empress Shareholder"	means a Registered Empress Shareholder who duly and validly exercised Dissent Rights.
"DRS Advices"	means direct registration system advices.
"Effective Date"	means the date upon which the Arrangement becomes effective, as set out in the Plan of Arrangement.
"Effective Time"	means the time on the Effective Date that the Arrangement becomes effective, as set out in the Plan of Arrangement.
"Eligible Institution"	means a Canadian Schedule I chartered bank, a major trust company in Canada, a commercial bank or trust company in the United States, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).
"Empress" or "the Company"	means Empress Resources Corp., a corporation existing under the laws of British Columbia.
"Empress Board"	means the board of directors of Empress as the same is constituted from time to time.
"Empress Disclosure Letter"	means the disclosure letter executed by Empress and delivered to Alto on March 5, 2020 in connection with the execution of the Arrangement Agreement.

"Empress Financing"	means a financing by Empress by the sale of its common shares (which may be conducted by the sale of subscription receipts) to raise net proceeds at least equal to the amount expended by Empress prior to the Effective Date in respect of the Empress Royalty Purchases.
"Empress Royalty Purchases"	means any royalty purchases from third parties completed by Empress prior to the Effective Date.
"Empress Securities"	means the Empress Shares and Empress Warrants.
"Empress Securityholders"	means the Empress Shareholders and Empress Warrantholders.
"Empress Securityholder Approval"	means approval of at least two-thirds of the votes cast on the Arrangement Resolution by Empress Shareholders and Empress Warrantholders present in person or represented by proxy at the Meeting voting as a single class and by a resolution passed by not less than a simple majority of the votes cast by the Empress Shareholders voting in person or by proxy at the Meeting.
"Empress Shareholders"	means the holders of Empress Shares.
"Empress Shares"	means common shares in the capital of Empress, as currently constituted.
"Empress Warrantholders"	means holders of Empress Warrants.
"Empress Warrants"	means outstanding warrants to purchase Empress Shares.
"Endeavour Financial"	means, collectively, Endeavour Financial Ltd. (Cayman) and Endeavour Financial AG.
"Exchange Act"	means the <i>United States Securities Exchange Act of 1934</i> , as the same has been, and hereafter from time to time may be, amended.
"Fair Market Value"	when applied to Empress Shares, means the volume weighted average price of the Empress Shares over the five trading days on the TSX-V ending the day prior to such determination; when applied to the Spinco Shares, means the value determined as of the Effective Time by the directors of Spinco, acting reasonably, and a certificate setting out such value shall forthwith thereafter be provided to Alto; and, when applied to any other property, means the fair market value thereof as determined by Empress and Alto, acting reasonably.
"Final Order"	means the final order of the Court pursuant to Section 291 of the BCBCA, after hearing upon the fairness of the terms and conditions of the Arrangement, approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.
"Former Empress Shareholder"	means a Registered Empress Shareholder immediately prior to the Effective Time.
"GAAP"	means Canadian generally accepted accounting principles.
"Governmental Entity"	means any applicable: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or

public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) stock exchange, including the TSX-V.

"IFRS"

means International Financial Reporting Standards.

"Indemnified Liabilities"

means any liability for any Tax which is payable to any Governmental Entity by Empress in connection with the disposition of Spinco Shares by Empress to Empress Shareholders (but only to the extent that such Tax is payable after Empress has claimed the maximum amount of all credits, deductions, and other amounts available to it (including any loss carryforwards) for the taxation year of Empress that includes the disposition of Spinco Shares).

"Interim Order"

means the interim order of the Court made in connection with the Arrangement and providing for, among other things, the calling and holding of the Meeting, as the same may be amended, supplemented, or varied by the Court.

"IRS"

means the Internal Revenue Service of the United States.

"Key Regulatory Approvals"

means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities set out in Schedule C to the Arrangement Agreement, namely, the approval of the TSX-V for the issuance and listing of the Alto Shares under the Arrangement and the acceptance of the TSX-V of the Arrangement and the transactions contemplated thereby.

"Key Third Party Consents"

means those consents, approvals and notices required from any third party to proceed with the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement, set out in Schedule D of the Arrangement Agreement, namely, the consent of Wesdome Gold Mines Ltd. to the assignment of Coldstream royalty and the consent of Endeavour Financial Ltd. (Cayman) pursuant to the May 28, 2018 Relationship Agreement between Empress and Endeavour Financial Ltd. (Cayman).

"Law" or "Laws"

means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking,

assets, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, assets, property or securities.

"Letter of Transmittal" means the letter of transmittal(s) delivered by Empress to Empress Shareholders together with this Circular, providing for the delivery of the Empress Shares to the Depositary.

"Lien" means any hypothec, mortgage, pledge, assignment, lien, charge, security interest, encumbrance or adverse right or claim, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing.

"Material Adverse Effect" means, in respect of any Person, any change, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, effects, events, circumstances, facts or occurrences, is or would reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (including any contingent liabilities), operations or results of operations of that Person and its subsidiaries, taken as a whole, except any change, effect, event, circumstance, fact or occurrence resulting from or relating to: (i) the announcement of the execution of the Arrangement Agreement or the transactions contemplated hereby; (ii) general political, economic or financial conditions; (iii) the state of securities or commodity markets in general (provided that it does not have a materially disproportionate effect on that Person relative to comparable exploration and/or mining companies); (iv) changes affecting the mining industry generally (provided that such changes do not have a materially disproportionate effect on that Person relative to comparable mining and/or exploration companies); (v) any change in the price of silver, gold, lead or zinc; (vi) the commencement or continuation of any war, armed hostilities or acts of terrorism (provided that it does not have a materially disproportionate effect on that Person relative to comparable exploration and/or mining companies); (vii) any decrease in the trading price or any decline in the trading volume of that Person's common shares (it being understood that the causes underlying such change in trading price or trading volume (other than those in items (i) to (vi) above) may be taken into account in determining whether a Material Adverse Effect has occurred); or (viii) any actions taken (or omitted to be taken) upon the written request of Alto pursuant to section 5.6(c) of the Arrangement Agreement.

"Material Contracts"	means, in respect of any Party, any Contract: (i) which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on such Party; (ii) under which such Party or any of its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course endorsements for collection) in excess of \$10,000; (iii) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of \$10,000; (iv) providing for the establishment, organization or formation of any joint ventures; (v) under which such Party or any of its subsidiaries is obligated to make or expects to receive payments in excess of \$25,000 over the remaining term of the Contract; (vi) that limits or restricts such Party or any of its subsidiaries from engaging in any line of business or any geographic area in any material respect or (vii) that is otherwise material to such Party and its subsidiaries, considered as a whole; and, for greater certainty, in respect of Empress includes the Material Contracts listed in Section 3.1(r) of the Empress Disclosure Letter, and in respect of Alto includes the Material Contracts listed in Section 4.1(v) of the Alto Disclosure Letter.
"MD&A"	means management's discussion and analysis.
"Meeting"	means the special meeting of Empress Shareholders and Empress Warranholders, including any adjournment or postponement thereof, to be held for the purpose of, among other things, obtaining the Empress Securityholder Approval.
"MI 61-101"	means <i>Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions</i> .
"NI 43-101"	means <i>National Instrument 43-101 – Standards of Disclosure of Disclosure for Mineral Projects</i> .
"Non-Registered Holder"	means an Empress Securityholder who is not a Registered Empress Shareholder or a Registered Empress Warranholder.
"Notice of Dissent"	means a written objection to the Arrangement by an Empress Shareholder in accordance with the Dissent Procedures.
"Notice of Meeting"	means the notice to the Empress Shareholders and Empress Warranholders which accompanies this Circular.
"Outside Date"	means August 31, 2020, or such later date as may be agreed to in writing by the Parties.
"paid up capital"	has the meaning ascribed to such term for the purposes of the Tax Act.
"Parties"	means Empress, Alto, and Spinco; and "Party" means any one of them.
"Person"	includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.
"Plan of Arrangement"	means the plan of arrangement substantially in the form and on the

	terms set out in Appendix "B" hereto, and any amendments or variations thereto made in accordance with Section 10.1 of the Arrangement Agreement or the Plan of Arrangement.
"Pre-Consolidation Basis"	means as calculated without giving effect to the Alto Share Consolidation.
"Record Date"	means May 28, 2020.
"Registered Plan"	means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a tax-free savings account or a registered education savings plan.
"Registered Empress Shareholder"	means a registered holder of Empress Shares.
"Registered Empress Warrantholder"	means a registered holder of Empress Warrants.
"Registrar"	has the meaning attributed to that term in the BCBCA.
"Regulation S"	means Regulation S under the U.S. Securities Act.
"Replacement Warrant"	means the warrants exercisable to acquire Alto Shares issued by Alto, on cancellation of each Empress Warrant outstanding immediately prior to the Effective Time. Each such warrant is exercisable for such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the Effective Time had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable upon exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the Alto Share Consolidation.
"Representatives"	means collectively, in respect of a Person, (a) its directors, officers, employees, agents, representatives and any financial advisor, law firm, accounting firm or other professional firm retained to assist the Person in connection with the transactions contemplated in the Arrangement Agreement, and (b) the Person's affiliates and subsidiaries and the directors, officers, employees, agents and representatives and advisors thereof.
"Royalty Payor"	means a grantor of royalties and other similar interests.
"Rule 144"	means Rule 144 under the U.S. Securities Act.
"SEC"	means the United States Securities and Exchange Commission.
"Securities Act"	means the <i>Securities Act</i> (British Columbia) and the rules, regulations, and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time.
"Securities Authority"	means the securities commissions or other securities regulatory authorities in British Columbia, Ontario and each of the other

	provinces and territories of Canada and the SEC, collectively.
"SEDAR"	means the System for Electronic Document Analysis and Retrieval as outlined in National Instrument 13-101 – <i>System for Electronic Document Analysis and Retrieval (SEDAR)</i> , which can be accessed online at www.sedar.com .
"Share Consideration"	means such fraction of an Alto Share for each Class A Common Share such that the total number of Alto Shares issued for the Share Consideration shall equal 52% of the outstanding Alto Shares after giving effect to such issuance.
"Special Committee"	means the special committee of the Empress Board formed to consider the Arrangement.
"Spinco"	means Empress Royalty Corp., a corporation formed under the laws of British Columbia.
"Spinco Assets"	means those assets listed in Schedule F to the Arrangement Agreement, namely \$250,000 in cash.
"Spinco Audit Committee"	means the audit committee of the Spinco Board.
"Spinco Board"	means the board of directors of Spinco.
"Spinco Financing"	means the private placement offering by Spinco sufficient to realize net proceeds estimated to be approximately \$1,060,000.
"Spinco Liabilities"	means all of the liabilities of Spinco or any of its subsidiaries, contingent or otherwise, described in Section 5.1 of the Empress Disclosure Letter, including all Indemnified Liabilities and any benefit plans relating to employees of Empress and its subsidiaries.
"Spinco Share"	means a common share in the capital of Spinco.
"subsidiary"	means, in respect of a Party, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event of contingency) are at the time owned directly or indirectly by such Party and shall include any body corporate, partnership, joint venture, or other entity over which such Party exercises direction or control or which is in a like relation to a subsidiary.
"Superior Proposal"	means a <i>bona fide</i> unsolicited, written Acquisition Proposal made after the date of the Arrangement Agreement that: <ul style="list-style-type: none"> (i) did not result from a breach of Section 7.1 or Section 7.2 of the Arrangement Agreement by Empress or its Representatives; (ii) relates to the acquisition of 100% of the outstanding Empress Shares (other than Empress Shares owned by the Person making the Acquisition Proposal together with its affiliates) or all or substantially all of the consolidated assets of Empress and its subsidiaries; (iii) is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other

aspects of such Acquisition Proposal and the Person making such Acquisition Proposal;

- (iv) is not subject, either by the terms of such Acquisition Proposal or by virtue of any applicable Law, rule or regulation of any stock exchange to any requirement that the approval of the shareholders of the Person making the Acquisition Proposal be obtained;
- (v) if it relates to the acquisition of outstanding Empress Shares, is made available to all Empress Shareholders on the same terms and conditions;
- (vi) is not subject to a due diligence condition;
- (vii) is fully financed or in respect of which the Empress Board has concluded, in good faith and after receiving the advice of its outside legal and financial advisors, there is a reasonable likelihood that any required financing will be obtained without undue delays or conditions (other than the conditions attached to such Acquisition Proposal); and
- (viii) in respect of which the Empress Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors, that
 - (A) failure to recommend such Acquisition Proposal to the holders of Empress Shares would be inconsistent with its fiduciary duties under applicable Law; and
 - (B) having regard to all of its terms and conditions, such Acquisition Proposal, would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the holders of Empress Shares from a financial point of view than the Arrangement (after taking into account any change to the Arrangement proposed by Alto pursuant to Section 7.3(b) of the Arrangement Agreement).

"Support Agreements"

means the support agreements entered into on or about March 4, 2020 between Alto and the Support Agreement Parties, pursuant to which the Support Agreement Parties have agreed, among other things, to vote the Empress Shares held by them in favour of the Arrangement Resolution.

"Support Agreement Parties"

means (i) each of the officers and directors of Empress, or any company under their control that holds Empress Shares, Endeavour Financial Ltd. (Cayman), Endeavour Financial AG, and Terra Capital Natural Resource Fund Pty Ltd.

"Tax" or "Taxes"

in respect of a Party means:

- (i) any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits, taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, *ad valorem* taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, Canada, British Columbia and other government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which such Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not; and
- (ii) any liability for the payment of any amount described in clause (i) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any Tax sharing or Tax allocation agreement, arrangement or understanding, or as a result of being liable to another Person's Taxes as a transferee or successor, by contract or otherwise.

"Tax Act"

means the *Income Tax Act* (Canada), including all regulations made thereunder, as amended from time to time.

"Termination Fee"

means a fee of \$100,000.

"Terra"

means Terra Capital Natural Resource Fund Pty Ltd.

"TSX-V"

means the TSX Venture Exchange.

**"United States" or
"U.S." or "USA"**

means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

"U.S. Securities Act"

means the *United States Securities Act of 1933*, as the same has been, and hereinafter from time to time may be, amended.

References throughout this Circular to Alto Shares and the number of Alto Shares that Empress Shareholders will receive upon completion of the Arrangement are on a Pre-Consolidation Basis, unless expressly stated otherwise.

SUMMARY

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the Appendices which are incorporated into and form part of this Circular. Terms with initial capital letters in this summary are defined in the Glossary of Terms immediately preceding this summary.

The Meeting

The Meeting will be held at the offices of Stikeman Elliott LLP at Suite 1700, 666 Burrard Street, Vancouver, BC V6C 2X8, on June 30, 2020 commencing at 10:00 am.

While as of the date of this Circular, we are intending to hold the Meeting in physical face to face format, we are continuously monitoring the current coronavirus (COVID-19) outbreak. In light of the rapidly evolving news and guidelines related to COVID-19, we ask that, in considering whether to attend the Meeting in person, you follow, among other things, the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>) and any applicable additional provincial and local instructions. You should not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days prior to the Meeting. All Empress Securityholders are strongly encouraged to vote prior to the Meeting by proxy as described in this Circular.

We reserve the right to take any additional precautionary measures we deem appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak including, if we consider necessary or advisable, hosting the Meeting solely by means of remote communication in accordance with the Interim Order. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Please monitor our press releases as well as our company website at www.empressresources.com for any updated information. We advise you to check our company website one week prior to the Meeting date for the most current information. We do not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

Record Date

Only Empress Shareholders and Empress Warranholders of record at the close of business on May 28, 2020 will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

Purpose of the Meeting

The Meeting is a special meeting of Empress Shareholders and Empress Warranholders. Empress Shareholders and Empress Warranholders will be asked to consider and, if deemed advisable, to pass, the Arrangement Resolution approving the Arrangement between Empress, Spinco and Alto. The full text of the Arrangement Resolution is set out in Appendix "A" to this Circular. In order to implement the Arrangement, the Arrangement Resolution must be approved, with or without amendment, by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Empress Shareholders and Empress Warranholders present in person or represented by proxy at the Meeting voting as a single class and at least a simple majority of the votes cast in respect of the

Arrangement Resolution by the Empress Shareholders present in person or represented by proxy at the Meeting. See "*The Meeting – The Arrangement – Approval of Arrangement Resolution*".

The Arrangement

Under the Plan of Arrangement, commencing at the Effective Time, the following principal steps shall occur and shall be deemed to occur in the following order without any further act or formality:

Dissent Shares

- (a) Each Empress Share held by a Dissenting Empress Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens, to Alto and thereupon each Dissenting Empress Shareholder shall have the right to be paid the fair value of his or her Dissent Shares in accordance with Section 5 of the Plan of Arrangement;

Changes in Authorized Share Capital of Empress

- (b) The authorized share capital of Empress will be amended by the creation of two new classes of shares consisting of an unlimited number of Class A Common Shares and an unlimited number of Class B Common Shares;

Acquisition of Spinco Shares by Empress

- (c) Empress will acquire 5,000,000 Spinco Shares plus a further number of Spinco Shares equal in value to the amount paid by Empress for the Empress Royalty Purchases at a deemed price of \$0.05 per Spinco Share;

Exchange of Empress Shares for Class A Common Shares and Class B Common Shares

- (d) Each Empress Share (excluding any Empress Shares transferred to Alto pursuant to paragraph (a) above will be exchanged (without any action on the part of the holder of the Empress Share) for one Class A Common Share and one Class B Common Share, and such Empress Shares shall thereupon be cancelled;
- (e) The stated capital of the Class B Common Shares will be an amount equal to the lesser of (i) the Fair Market Value of the Spinco Shares to be distributed to the holders of the Class B Common Shares on redemption of the Class B Common Shares pursuant to the Arrangement and (ii) the paid-up capital of Empress for the Empress Shares immediately prior to the Effective Time;

Redemption of Class B Common Shares for Spinco Shares

- (f) The Class B Common Shares will be redeemed by Empress for consideration consisting solely of the Spinco Shares held by Empress, which shall be satisfied by transferring to the holders of the Class B Common Shares on a *pro rata* basis of all of the issued and outstanding Spinco Shares held by Empress;
- (g) The stated capital of Empress for the outstanding Class A Common Shares will be an amount equal to the paid-up capital of Empress for the Empress Shares immediately prior to the Effective Time, less the Fair Market Value of the Spinco Shares distributed to the holders of the Class B Common Shares pursuant to the foregoing redemption;

Exchange of Class A Common Shares for the Alto Share Consideration

- (h) Each outstanding Class A Common Share will be transferred to, and acquired by Alto, free and clear of all Liens, from its holder in exchange for the Share Consideration, Empress will become a wholly-owned subsidiary of Alto; and

Issuance of Replacement Warrants

- (i) Each Empress Warrant outstanding immediately prior to the Effective Time shall be cancelled and each holder thereof will be issued Replacement Warrants by Alto to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the Effective Time had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the Alto Share Consolidation.

If you hold your Empress Securities through a broker or other person please contact that broker or other person for instructions and assistance in receiving the Spinco Shares and Share Consideration to be distributed under the Arrangement.

In order to receive the Spinco Shares and Share Consideration to be distributed under the Arrangement, a Registered Empress Shareholder must complete, sign, date and return the enclosed Letter of Transmittal and all documents required thereby in accordance with the instructions set out therein. Empress Warrantholders do not need to complete a Letter of Transmittal with respect to their Empress Warrants.

Background to the Arrangement

The provisions of the Arrangement Agreement are the result of arm's length negotiations between representatives of Empress and Alto and their respective legal advisors. In October 2019, Empress and Alto management had very preliminary discussions in respect of a possible business combination transaction. The Empress Board met on October 28, 2019 and discussed the benefits of the possible merger and it was determined to proceed with due diligence on the Alto. The technical due diligence report was completed at the end of November and presented to the Empress Board on November 29, 2019 and based upon the report the Empress Board authorized Empress management to proceed with business combination and commence term sheet negotiations.

On January 10, 2020, the Empress Board having previously been polled and being generally supportive of a business combination with Alto as a merger of equals authorized the CEO to continue negotiations and proceed to documenting a term sheet with final terms and documentation subject to board approval.

In anticipation of a potential forthcoming proposal, the Empress Board struck the Special Committee on January 21, 2020 to consider any such proposal from Alto. On January 21, 2020 the Board authorized the form of a non-binding term sheet to Alto.

On January 21, 2020, Empress delivered a non-binding term sheet to Alto which proposed, among other things, the acquisition of Empress by Alto and a spin-out of up to ten royalties and marketable

securities from Alto into Spinco. This led to intensive arm's length negotiations between Empress and Alto and their respective legal and financial advisors. The Empress Board authorized the final terms and approved the execution of a letter of intent at the of January.

Empress and Alto entered into a non-binding letter agreement for a proposed business combination on January 29, 2020. From January 29, 2020 until March 4, 2020, the parties completed mutual due diligence, and negotiated the Arrangement Agreement and Support Agreements. The Special Committee met several times to receive updates from management and legal advisors with respect to the conduct of negotiations and to provide feedback with respect to the terms of the Arrangement.

On March 3, 2020, the Special Committee unanimously resolved, subject to finalizing the terms of Arrangement Agreement, to recommend to the Empress Board that the Empress Board recommend to Empress Shareholders that they vote in favour of approving the Arrangement and the Arrangement Resolution. The Empress Board met on March 3, 2020 and unanimously passed a resolution that, among other things, approved the Arrangement, recommended that Empress Securityholders vote in favour of the Arrangement Resolution, approved a draft of the Arrangement Agreement and authorized the negotiation and settlement any final outstanding issue related to Arrangement Agreement.

On or about March 4, 2020, the Support Agreements were entered into by Alto and the Support Agreement Parties, and on March 5, 2020, the Arrangement Agreement was executed by Empress, Alto and Spinco. Prior to market open the following day, on March 6, 2020, Empress and Alto issued a joint press release announcing the execution of the Arrangement Agreement. On May 23, 2020, Empress, Alto and Spinco entered into an amending agreement which, among other things, extended certain dates under the Arrangement Agreement, required the Spinco Shares to be listed either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company within 180 days of the Effective Date and approved the Plan of Arrangement as attached as Appendix "B" to this Circular. Further details of the background to the Arrangement are set out under the heading "*The Meeting – The Arrangement – Background to the Arrangement*".

Recommendation of the Empress Board

After careful consideration of, among other things, the recommendation of the Special Committee as described under the heading "*The Meeting – The Arrangement – Reasons for the Arrangement*", the Empress Board has unanimously determined that the Plan of Arrangement is fair to Empress Securityholders and is in the best interests of Empress. **Accordingly, the Empress Board unanimously recommends that Empress Shareholders and Empress Warrantholders vote FOR the Arrangement Resolution.**

Reasons for the Arrangement

The Empress Board has reviewed and considered an amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from the Special Committee, Empress' senior management and its legal advisors. The following is a summary of the principal reasons for the unanimous recommendation of the Empress Board that Empress Securityholders vote FOR the Arrangement Resolution:

- (a) *Excellent Exploration Exposure.* The Arrangement will assist in establishing Alto as a great Canadian exploration company and provide it with resources to continue to advance its gold projects and potentially acquire advanced, high quality Canadian gold projects. The concurrent Alto Financing establishes a financial foundation that will allow Alto to develop its existing projects and internal growth plans while

providing the flexibility to consider additional strategic opportunities. The Alto management's plan is to have Alto evolve from an exploration company to a Canadian gold developer within the next 12 months and gold producer within five (5) years.

- (b) *Access to Royalty and Streaming Business Model.* The spin-out of Empress Royalty Corp., will establish Spinco as a precious metal royalty and streaming company with an initial portfolio of 13 royalties in mining-friendly jurisdictions. The anticipated listing of Spinco and the Spinco Financing will assist Spinco in the acquisition and creation of royalties and streams to build a portfolio of cash producing investments that will be expected to offer significant leverage to the price of gold and silver in what the Empress Board believes is a rising precious metal market.
- (c) *Shareholder Value.* The Empress Board is of the view that the Arrangement will result in more opportunities for existing and new investors, with increased liquidity, a stronger capital markets profile and exposure to exploration opportunities, as well as, the royalty and streaming business model. This is a merger of equals and the management of both Empress and Alto recognized the benefits and synergies of the combination and are aligned by their commitment to create long-term value for shareholders.
- (d) *Recommendation of Special Committee.* The Special Committee has concluded, after receiving advice from its legal advisors, that the Arrangement is fair to the Empress Securityholders and in the best interests of Empress and has recommended that the Empress Board approve the Arrangement.
- (e) *Empress Representation on the Alto Board.* Upon completion of the Arrangement, Empress will be entitled to nominate three directors to the Alto Board, and accordingly it is expected that this will provide some continuity for Empress Shareholders.
- (f) *Approval of Empress Shareholders, Empress Warranholders and the Court are Required.* The following required approvals protect the rights of Empress Securityholders: the Arrangement must be approved (i) by no less than two-thirds of the votes cast in respect of the Arrangement Resolution by Empress Shareholders and Empress Warranholders voting together as a class and (ii) by no less than a majority of the votes cast in respect of the Arrangement Resolution by the Empress Shareholders, in each case present in person or represented by proxy at the Meeting. The Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Empress Shareholders and Empress Warranholders.
- (g) *Superior Proposals.* The Arrangement Agreement allows the Empress Board, in the exercise of its fiduciary duties, to respond to certain unsolicited Acquisition Proposals, prior to the Empress Securityholder Approval, which may be superior to the Arrangement. The Empress Board received advice from its financial and legal advisors that the deal protection terms including the Termination Fee, and circumstances for payment of the Termination Fee, are not a significant deterrent to potential Superior Proposals.

- (h) *Dissent Rights.* Registered Empress Shareholders who oppose the Arrangement may, on strict compliance with certain conditions, exercise their Dissent Rights and receive the fair value of the Dissent Shares in accordance with the Arrangement.
- (i) *Support Agreements.* Each of the officers and directors of Empress, Endeavour Financial Ltd. (Cayman), Endeavour Financial AG and Terra Capital Natural Resource Fund Pty Ltd., who in aggregate held approximately 30.06% of the issued and outstanding Empress Shares and 35.73% of the issued and outstanding Empress Warrants as at March 6, 2020 (the date on which the execution of the Arrangement Agreement was announced), entered into the Support Agreements pursuant to which they agreed to vote in favour of the Arrangement.

See "*Cautionary Note Regarding Forward-Looking Statements and Risks*" and "*The Meeting – The Arrangement – Reasons for the Arrangement.*"

Support Agreements

On or about March 4, 2020, Alto entered into the Support Agreements with each of the directors and officers of Empress, and Endeavour Financial Ltd. (Cayman), Endeavour Financial AG and Terra Capital Natural Resource Fund Pty Ltd. (the "**Support Agreement Parties**"). The Support Agreements set forth, among other things, the agreement of the Support Agreement Parties to vote their Empress Shares and Empress Warrants in favour of the Arrangement. As of March 6, 2020 (the date on which the execution of the Arrangement Agreement was announced), 30.06% of the Empress Shares and 35.73% of the Empress Warrants were subject to the Support Agreements, representing approximately 45.71% of the outstanding Empress Shares (assuming exercise of the Empress Warrants held by the Support Agreement Parties). As of the Record Date, 18,260,000 of the Empress Shares and 17,510,000 Empress Warrants were subject to the Support Agreements, representing approximately 45.71% of the outstanding Empress Shares (assuming exercise of the Empress Warrants).

Alto has confirmed to Empress that neither Alto nor any of its affiliates held any Empress Shares (or securities convertible into Empress Shares) as at either the Record Date or the date of this Circular.

See "*The Meeting – The Arrangement – Support Agreement*".

Treatment of Empress Warrants

Unless exercised prior to the Effective Date, all of the Empress Warrants, following the Effective Time will be assumed by Alto and be exercisable for Alto Shares, adjusted so that the per share exercise price thereof will be reduced by the value of that fraction of a Spinco Share that Empress Shareholders will receive in return for Class B Common Shares of Empress pursuant to Arrangement.

There are 49,100,720 Empress Warrants outstanding on the date of the Circular. 21,917,000 of the Empress Warrants expire on May 11, 2021, a further 20,757,920 Empress Warrants expire on June 14, 2021, and a further 6,326,800 expire on August 7, 2021. All of the Empress Warrants are exercisable for one Empress Share at a price of \$0.15 per Empress Warrant.

Empress has applied to the TSX-V to extend the expiry date of each tranche of Empress Warrants by one year, to May 11, 2022, June 14, 2022 and August 7, 2022 respectively. The amended Warrants will include a term that the expiry date will be accelerated if, for any ten consecutive trading days (the "**Premium Trading Days**"), the closing price of the Empress Shares exceeds the exercise price of the repriced Empress Warrants by 25% or more. In such event, the Empress Warrants will expire 30 days

commencing on a day which will begin no more than 7 calendar days after the tenth Premium Trading Day.

In addition, Empress has applied to the TSX-V to reduce the exercise price of the Empress Warrants from \$0.15 to \$0.075. The disclosure in this Circular respecting the Alto Warrants outstanding at the Effective Time assumes that all of the Empress Warrants are repriced. However, there may be restrictions on the number of Empress Warrants held by insiders of Empress for which repricing is permitted by the TSX-V. To the extent that repricing is not permitted for Empress Warrants held by insiders, the exercise price will remain at \$0.15 per Empress Warrant, which will be reflected in the exercise price of the Alto Warrants issued in exchange for the Empress Warrants.

In addition to the approval of the TSX-V, the approval of all of the holders of Empress Warrants is required for the proposed amendments to the terms of the Empress Warrants. As at the date of this Circular, the amendment of the Empress Warrants has not been approved by either the TSX-V or the Empress Warrantholders. Empress will issue a press release on such approvals being obtained.

See "*The Meeting – The Arrangement – Treatment of Empress Warrants*"

Alto, Empress and Spinco

Alto is a TSX-V Tier 2 gold exploration company trading under the symbol ATV. Alto owns and operates gold exploration projects in Québec, Manitoba and Ontario. See Appendix "D" - "*Information Concerning Alto*".

Empress is a TSX-V Tier 2 issuer focused on building a strong portfolio of investment opportunities in precious metals mining companies. See "*Information Concerning Empress*".

Spinco is a wholly-owned subsidiary of Empress formed to acquire and expand its portfolio of royalties and marketable securities as suitable opportunities are identified, as well as, and upon completion of the Arrangement, to hold the Alto Royalties, the Empress Royalty Purchases, if any, and the Alto Marketable Securities and approximately \$250,000 in cash. The registered and records office of Spinco is located at Unit 1, 15782 Marine Drive, White Rock B.C. V4B 1E6. Upon completion of the Arrangement, it is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date. See Appendix "E" - "*Information Concerning Spinco*".

Conditions to the Arrangement

Completion of the Arrangement is subject to a number of specified conditions being met as of the Effective Time, including, but not limited to:

- the Empress Securityholder Approval having been obtained;
- the Interim Order and the Final Order each having been granted by the Court on terms consistent with the Arrangement Agreement and not having been set aside or modified in a manner unacceptable to Alto and Empress;

- there having been no prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, and there having been no action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins, prevents or prohibits the consummation of the Arrangement;
- the Alto Shares and Spinco Shares to be issued to the holders of Empress Shares pursuant to the Arrangement having been exempted from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and, in the case of the Alto Shares to be issued to holders of the Empress Shares in connection with the Arrangement, not subject to resale restrictions under the U.S. Securities Act, subject to restrictions applicable to affiliates (as defined in Rule 405 of the U.S. Securities Act) of Alto following the Effective Date;
- the Key Regulatory Approvals having been obtained applicable to the purchase of Empress Shares and contemplated by the Arrangement Agreement;
- the TSX-V shall have conditionally approved for listing the Alto Shares issuable pursuant to the Arrangement and upon the exercise of the Empress Warrants;
- the Arrangement Agreement not having been terminated in accordance with its terms;
- the distribution of the securities pursuant to the Arrangement or as otherwise contemplated in the Arrangement Agreement having been exempted from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Securities Laws and not subject to resale restrictions under applicable Securities Laws (other than as applicable to control Persons or pursuant to section 2.6 of National Instrument 45-102);
- all conditions precedent to the completion of the Spinco Financing and the Alto Financing having been met; and
- the Empress Financing having closed or been terminated.

The Arrangement Agreement also provides that the respective obligations of Empress and Alto to complete the Arrangement are subject to the satisfaction or waiver of certain additional conditions precedent, including, there having not occurred any Material Adverse Effect in respect of either Empress or Alto. The obligations of Alto under the Arrangement Agreement are also subject to the following conditions being met as of the Effective Time:

- holders of no more than five percent (5%) of the Empress Shares having exercised their Dissent Rights (and not withdrawn such exercise); and
- the Key Third Party Consents having been obtained.

See "*The Meeting – The Arrangement – The Arrangement Agreement – Conditions to the Arrangement Becoming Effective*".

Non-Solicitation of Acquisition Proposals

Pursuant to the Arrangement Agreement, Empress has agreed not to solicit, initiate, encourage, facilitate or participate in any discussion or negotiations with any Person (other than Alto, any of its affiliates or their Representatives) regarding any Acquisition Proposals. However, the Empress Board does have the right to consider and accept a Superior Proposal under certain conditions. Alto has the right to match any Acquisition Proposal that the Empress Board has determined is, or is reasonably likely to be or lead to, a Superior Proposal in accordance with the Arrangement Agreement. If Empress accepts a Superior Proposal or if Alto declines to match any Superior Proposal and terminates the Arrangement Agreement, Empress must pay Alto the Termination Fee of up to \$100,000. Empress' right to consider Superior Proposals continues only until Empress Securityholder Approval has been obtained.

See "*The Meeting – The Arrangement – The Arrangement Agreement – Covenants of Empress – Non-Solicitation Covenant*".

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated prior to the Effective Time in certain circumstances. Many of such termination events require payment by Empress to Alto of the Termination Fee or expense reimbursement of \$100,000, or the payment by Alto to Empress of expense reimbursement of \$100,000.

Generally, the Termination Fee is payable by Empress if (i) prior to obtaining the Empress Securityholder Approval, the Empress Board withdraws, amends or modifies, in a manner adverse to Alto, or fails to reaffirm its recommendation of the Arrangement within five Business Days (and in any case prior to the Meeting) after having been requested to do so by Alto and the Arrangement Agreement is terminated by Alto; (ii) Alto terminates because Empress is in breach or default of any of its obligations or covenants in the Arrangement Agreement with respect to non-solicitation, Acquisition Proposals and Superior Proposals; (iii) Alto terminates because Empress provides Alto with notice of a Superior Proposal; (iv) Empress terminates the Arrangement Agreement and proposes to enter into a definitive agreement with any third party providing for a Superior Proposal; or (v) Alto terminates the Arrangement Agreement as a result of the Effective Date not occurring by the Outside Date or the Meeting not occurring prior to August 31, 2020, Alto terminates the Arrangement Agreement because Empress breaches a representation or warranty in the Arrangement Agreement that would reasonably be expected to have a Material Adverse Effect on Empress or any covenant or material obligation in the Arrangement Agreement in any material respect, or Alto or Empress terminates the Arrangement Agreement as a result of the Empress Shareholder Approval not being obtained at the Meeting, but only if, in each case, prior to the earlier of the termination of the Arrangement Agreement or the holding of the Meeting, an Acquisition Proposal is made or announced by any Person (other than Alto or any of its affiliates) and, within twelve months following such termination, (A) an Acquisition Proposal with such Person is consummated by Empress or (B) Empress and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the Empress Board approves or recommends, an Acquisition Proposal with such Person and at any time thereafter (whether or not within twelve months of such termination) such Acquisition Proposal is consummated.

If Alto terminates the Arrangement Agreement as a result of, among other things, the Meeting not occurring prior to August 31, 2020, or if either Alto or Empress terminates the Arrangement Agreement as a result of the Empress Securityholder Approval not being obtained at the Meeting, or pursuant to any other section of the Arrangement Agreement as a result of a failure on the part of Empress to hold the Meeting or Empress breaches a representation or warranty in the Arrangement

Agreement that would reasonably be expected to have a Material Adverse Effect on Empress or any covenant or material obligation in the Arrangement Agreement in any material respect, then Empress shall promptly, but in no event later than two Business Days following the request by Alto, pay to Alto by wire transfer of same day funds an expense reimbursement fee of \$100,000.

If Empress terminates the Arrangement Agreement as a result of, among other things, Alto not obtaining approval for the issuance of the Alto Shares at a meeting of its shareholders (if such meeting is required by any Governmental Entity or Securities Authority), Alto breaching a representation or warranty in the Arrangement Agreement that would reasonably be expected to have a Material Adverse Effect on Alto or any covenant or material obligation in the Arrangement Agreement in any material respect or pursuant to any other section of the Arrangement Agreement in the event that Alto calls and holds a meeting of its shareholders to obtain their approval for the issuance of Alto Shares pursuant to the Arrangement or any other aspect of the Arrangement and such approval is not obtained at that meeting, then Alto shall promptly, but in no event later than two Business Days following the request by Empress, pay to Empress by wire transfer of same day funds an expense reimbursement fee of \$100,000.

See "*The Meeting – The Arrangement – The Arrangement Agreement – Termination*".

Spinco Condition Subsequent

Under the Arrangement Agreement, on or before 180 days following the Effective Date Spinco shall have:

- listed the Spinco Shares on a recognized Canadian stock exchange;
- completed a transaction resulting in the listing of the Spinco Shares on a recognized Canadian stock exchange; or
- completed a transaction resulting in the exchange of the Spinco Shares for shares of another issuer that is listed on a recognized Canadian stock exchange.

If the foregoing are does not occur within the 180-day timeframe, Spinco must either return the Alto Marketable Securities or the monetary equivalent of such securities. If the latter, such monetary equivalent for the Alto Marketable Securities will be deemed to equal the closing price of such securities on the trading day immediately preceding the 180th day following the Effective Date.

See "*The Meeting – The Arrangement – The Arrangement Agreement – Spinco Condition Subsequent*".

Procedure for Exchange of Empress Shares

Computershare Investor Services Inc. is acting as depositary under the Arrangement. The Depositary will receive deposits of certificates and DRS Advices representing Empress Shares and an accompanying Letter of Transmittal, at the office specified in the Letter of Transmittal and will be responsible for delivering DRS Advices representing Alto Shares and Spinco Shares to which Former Empress Shareholders are entitled to under the Arrangement.

At the time of sending this Circular to each Empress Shareholder, Empress is also sending to each Registered Empress Shareholder the Letter of Transmittal. The Letter of Transmittal is for use by Registered Empress Shareholders only and is not to be used by Non-Registered Holders or in respect of Empress Warrants. Non-Registered Holders should contact their broker or other intermediary for

instructions and assistance in receiving the Alto Shares and Spinco Shares in respect of the Class A Common Shares and Class B Common Shares received by Former Empress Shareholders in exchange for their Empress Shares.

The Letter of Transmittal contains instructions with respect to the deposit of certificates and DRS Advices representing Empress Shares with the Depository at its offices in Toronto, Ontario at the addresses set out in the Letter of Transmittal in order to receive certificates representing the Alto Shares and Spinco Shares to which they are entitled under the Arrangement. Following the Effective Date upon return of a properly completed Letter of Transmittal, together with share certificates or DRS Advices representing Empress Shares and such other documents as the Depository may require, DRS Advices for the appropriate number of Alto Shares and Spinco Shares to which the Former Empress Shareholder is entitled under the Arrangement will be delivered.

A Registered Empress Shareholder must deliver to the Depository at the office listed in the Letter of Transmittal:

- (a) the share certificates or DRS Advices representing their Empress Shares;
- (b) a Letter of Transmittal in the form provided with this Circular, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and
- (c) any other documentation required by the instructions set out in the Letter of Transmittal.

Except as otherwise provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the share certificate(s) deposited therewith, the share certificate(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney, duly and properly completed by the registered holder, with the signature on the endorsement panel or securities transfer power of attorney guaranteed by an Eligible Institution.

No fractional Alto Shares or Spinco Shares shall be issued to any Former Empress Shareholder. The number of Alto Shares to be issued to a Former Empress Shareholder shall be rounded down to the nearest whole Alto Share but such Former Empress Shareholder shall not be entitled to any compensation in respect of such fractional Alto Share. The number of Spinco Shares to be issued to a Former Empress Shareholder shall be rounded down to the nearest whole Spinco Share but such Former Empress Shareholder shall not be entitled to any compensation in respect of such fractional Spinco Share.

See "*The Meeting – The Arrangement – Procedure for Exchange of Empress Shares*".

Right to Spinco Shares

Only Empress Shareholders immediately prior to the Effective Time will be entitled to receive Spinco Shares. **Any holders of Empress Warrants that have not exercised their Empress Warrants prior to the Effective Time, will not be entitled to receive Spinco Shares pursuant to the Arrangement.**

Cancellation of Rights After Six Years

Any certificate which immediately prior to the Effective Time represented outstanding Empress Shares and which has not been surrendered, with all other documents required by the Depositary, on or before the date that is six years after the Effective Date, will cease to represent any claim against or interest of any kind or nature in Empress, Alto, Spinco or the Depositary. **Accordingly, Former Empress Shareholders who deposit with the Depositary certificates representing Empress Shares after the sixth anniversary of the Effective Date will not receive Alto Shares, Spinco Shares or any other consideration in exchange therefor, will not own any interest in Empress, Alto or Spinco, and such Former Empress Shareholders will not be paid any compensation.**

Dissent Rights

The Interim Order provides that each Registered Empress Shareholder will have the right to dissent and, if the Arrangement becomes effective, to have his or her Empress Shares cancelled in exchange for a cash payment from Alto equal to the fair value of his or her Empress Shares as of the day of the Meeting in accordance with the provisions of the Interim Order. In order to validly dissent, any such Registered Empress Shareholder must not vote any Empress Shares in respect of which Dissent Rights have been exercised in favour of the Arrangement Resolution, must provide Empress with written objection to the Arrangement by 4:00 p.m. (Vancouver time) on June 26, 2020, or two Business Days prior to any adjournment of the Meeting and must otherwise comply with the Dissent Procedures provided in the Interim Order. A Non-Registered Holder who wishes to exercise Dissent Rights must arrange for the Registered Empress Shareholder(s) holding its Empress Shares to deliver the Dissent Notice. See "*The Meeting – The Arrangement – Dissent Rights*".

If a Dissenting Empress Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order, it will lose its Dissent Rights. The Dissent Rights are set out in their entirety in the Interim Order, the text of which is set out in Appendix "C" to this Circular.

It is a condition of the Arrangement that holders of no more than five percent (5%) of Empress Shares shall have exercised Dissent Rights (and not withdrawn such exercise).

Income Tax Considerations

Canadian federal income tax considerations for Empress Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary under "*Certain Canadian Federal Income Tax Considerations*".

Empress Warrantholders should be aware that the exercise or other disposition of Empress Warrants may have tax consequences in Canada and elsewhere.

Empress Securityholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances.

U.S. Empress Securityholders should consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the acquisition, ownership, and disposition of Empress Shares, Spinco Shares and Alto Shares.

Court Approval

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the Empress

Shareholders. Prior to the mailing of this Circular, Empress obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. Following receipt of Empress Securityholder Approval, Empress intends to make application to the Court for the Final Order at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, on July 2, 2020 at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, or at any other date and time as the Court may direct. Stikeman Elliott LLP, counsel to Empress, has advised that, in deciding whether to grant the Final Order, the Court will consider, among other things, the fairness of the Arrangement to Empress Securityholders.

Any Empress Securityholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 4:00 p.m. (Vancouver time) on June 30, 2020 along with any other documents required, all as set out in the Interim Order and Notice of Petition, the text of which are set out in Appendix "C" to this Circular and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements.

The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit.

The Court will be advised, prior to the hearing, that the Court's approval of the Arrangement will form the basis for an exemption from registration of the Alto Shares distributed, and the Spinco Shares issued, in connection with the Arrangement under the U.S. Securities Act pursuant to section 3(a)(10) thereof. See "*The Meeting – The Arrangement – Court Approval of the Arrangement*".

Regulatory Law Matters and Securities Law Matters

Canadian Securities Law Matters

Empress is a reporting issuer in British Columbia and Alberta. The Empress Shares currently trade on the TSX-V. Alto Shares are listed on the TSX-V. After the Arrangement, Empress will become a wholly owned subsidiary of Alto and the Empress Shares will be delisted from the TSX-V (anticipated to be effective two or three business days following the Effective Date) and Alto expects to apply to the applicable Canadian securities regulators to have Empress cease to be a reporting issuer.

It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date.

As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares. There is no assurance that the Spinco Shares will be listed on any stock exchange.

The distribution of the Alto Shares and Spinco Shares pursuant to the Arrangement will constitute a distribution of securities that is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The Alto Shares and Spinco Shares received pursuant to the

Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102 "Resale of Securities" of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the Alto Shares or the Spinco Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of Alto or Spinco, as the case may be, the selling security holder has no reasonable grounds to believe that Alto or Spinco, as the case may be, is in default of applicable Canadian securities laws.

Each Empress Shareholder is urged to consult his or her professional advisors to determine the Canadian conditions and restrictions applicable to trades in Alto Shares and Spinco Shares.

See "*The Meeting – The Arrangement – Regulatory Law Matters and Securities Law Matters*".

United States Securities Law Matters

The Alto Shares and Spinco Shares to be issued to Empress Shareholders in the United States pursuant to the Arrangement will not be registered under the provisions of the U.S. Securities Act or any state securities laws and will be issued and distributed in reliance upon the exemption from registration provided by section 3(a)(10) of the U.S. Securities Act and similar exemptions from registration under applicable state securities laws. The restrictions on resale of the Alto Shares and Spinco Shares outstanding after the Arrangement imposed by the U.S. Securities Act will depend on whether the holder of the Alto Shares or Spinco Shares is an "affiliate" of Alto or Spinco, respectively, after the Arrangement or was an affiliate of Alto or Spinco within 90 days prior to the Arrangement. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer. Usually this includes the directors, executive officers and major shareholders of the issuer. See "*The Meeting – The Arrangement – Regulatory Law Matters and Securities Law Matters*".

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the Exchange Act. Accordingly, the solicitation of proxies and transactions contemplated herein are being made in accordance with Canadian corporate and securities laws. Empress Shareholders should be aware that requirements under such Canadian laws may differ from requirements under United States corporate and securities laws relating to United States corporations. The financial statements of Alto incorporated by reference in this Circular have been prepared in accordance with GAAP and thus may not be comparable to financial statements of United States corporations.

NEITHER THE ALTO SHARES NOR THE SPINCO SHARES TO WHICH EMPRESS SHAREHOLDERS WILL BE ENTITLED PURSUANT TO THE ARRANGEMENT HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

See "*The Meeting – The Arrangement – Regulatory Law Matters and Securities Law Matters*".

Risk Factors

Empress Securityholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on Empress; (ii) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) Empress will incur costs even if the Arrangement is not completed, and also may be required to pay the Termination Fee to Alto; (iv) Empress Shareholders will receive a fixed number of Alto Shares based on a fixed percentage, and therefore the Alto Shares received by Empress Shareholders under the Arrangement may have a lower market value than expected; (v) Directors and executive officers of Empress may have interests in the Arrangement that are different from those of the Empress Shareholders; (vi) the market price for Empress Shares may decline; (vii) Spinco may not receive payments from any of the royalties held by it, including in connection with the Alto Royalties and the Empress Royalty Purchases, if made.

For more information see "*The Meeting - The Arrangement - Risks Associated with the Arrangement*". Additional risks and uncertainties, including those currently unknown or considered immaterial by Empress, may also adversely affect the Empress Shares, the Alto Shares, the Spinco Shares, and/or the businesses of Empress, Alto, and Spinco following the Arrangement. In addition to the risk factors relating to the Arrangement set out in this Circular, Empress Securityholders should also carefully consider the risk factors associated with the businesses of Empress, Alto, and Spinco included in this Circular, including the documents incorporated by reference therein. See "*The Meeting – The Arrangement – Risks Associated with the Arrangement*", "*Information Concerning Empress*", Appendix "D" - "*Information Concerning Alto - Risk Factors*" and Appendix "E" - "*Information Concerning Spinco - Risk Factors*", for a description of these risks.

Tax Risks

Empress Securityholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances. Without limiting the generality of the foregoing, Empress Shareholders may realize a capital gain if such Empress Shareholders' ACB of its Empress Shares is not sufficient so that the portion deemed to be the cost of its Class B Common Shares received pursuant to the Arrangement is less than the Fair Market Value of the Spinco Shares received on the redemption of such Class B Common Shares under the Arrangement.

Empress Shareholders may realize a deemed dividend on the redemption of the Class B Common Shares for Spinco Shares pursuant to the Arrangement if the paid-up capital of the Empress Shares immediately prior to the Effective Time is less than the Fair Market Value of the Spinco Shares received on the redemption of such Class B Common Shares under the Arrangement.

Qualified Investment Status under the Tax Act for a Registered Plan

Where a Registered Plan acquires a share that is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, beneficiary or holder under the Registered Plan, including that the Registered Plan may be subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or may jeopardize the tax-exempt status of the Registered Plan. With respect to the Spinco Shares, there is no assurance when, or if, such Spinco Shares will be listed on any stock exchange. If the Spinco Shares are not listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy

the conditions in the Tax Act to be a "public corporation", the Spinco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of Empress for use at the Meeting, to be held on June 30, 2020, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of Empress at nominal cost. Costs of solicitation by management will be borne by Empress.

How a Vote is Passed

At the Meeting, Empress Securityholders will be asked to consider and to vote to approve the Arrangement Resolution approving the Arrangement. To be effective, the Arrangement must be approved by a resolution passed by not less than two-thirds of the votes cast by the Empress Shareholders and Empress Warrantholders voting in person or by proxy at the Meeting as a single class and by a resolution passed by not less than a simple majority of the votes cast by the Empress Shareholders voting in person or by proxy at the Meeting.

Who can Vote?

If you are a Registered Empress Securityholders as at May 28, 2020, you are entitled to attend at the Meeting and cast a vote for each Empress Security registered in your name on all resolutions put before the Meeting. If the Empress Securities are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer's authority should be presented at the Meeting. If you are a Registered Empress Securityholder but do not wish to, or cannot, attend the Meeting in person you can appoint someone who will attend the Meeting and act as your proxyholder to vote in accordance with your instructions. If your Empress Securities are registered in the name of a "nominee" (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled "*Non-Registered Holders*" set out below.

It is important that your Empress Securities be represented at the Meeting regardless of the number of Empress Securities you hold. If you will not be attending the Meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your Empress Securities will be represented.

Appointment of Proxies

If you do not come to the Meeting, you can still make your votes count by appointing someone who will be there to act as your proxyholder at the Meeting. You can appoint the persons named in the enclosed form of proxy, who are a director or an officer of Empress. Alternatively, you can appoint any other person to attend the Meeting as your proxyholder. Regardless of who you appoint as your proxyholder, you can either instruct that person or company how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy. In order to be valid, you must return the completed form of proxy forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting to our transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by fax number 1 (866) 249-7775 (toll free)/ 1 (416) 263-9524 (international).

What is a Proxy?

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. We have enclosed a form of proxy with this Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

Appointing a Proxyholder

The persons named in the enclosed form of proxy are officers of Empress, namely Alexandra Woodyer Sherron, President and Chief Executive Officer, and Doris Meyer, Corporate Secretary. **An Empress Securityholder who wishes to appoint some other person to represent such Empress Securityholder at the Meeting may do so by crossing out the name on the form of proxy and inserting the name of the person proposed in the blank space provided in the enclosed form of proxy. Such other person need not be an Empress Securityholder.** To vote your Empress Securities, your proxyholder must attend the Meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder. Those persons are directors and/or officers of Empress.

Instructing your Proxy and Exercise of Discretion by your Proxy

You may indicate on your form of proxy how you wish your proxyholder to vote your Empress Securities. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your Empress Securities in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your Empress Securities at the Meeting as follows:

✓ FOR the Arrangement Resolution.

The enclosed form of proxy gives the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Meeting. At the time of printing this Circular, the management of Empress is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Changing your mind

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the Meeting and voting in person if you were a Registered Empress Securityholder at the Record Date; (b) signing a proxy bearing a later date; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the Head Office of Empress at Unit 1 – 15872 Marine Drive, White Rock, BC, Canada V4B 1E6, or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 4:00 p.m. (Vancouver time) on the last Business Day before the day of the Meeting, or delivered to the person presiding at the Meeting before it commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your shares, but to do so you must attend the Meeting in person.

Non-Registered Holders

If your Empress Securities are not registered in your own name, they will be held in the name of an "intermediary", usually a bank, trust company, securities dealer or other financial institution and, as such, your intermediary will be the entity legally entitled to vote the Empress Securities and must seek your instructions as to how to vote your Empress Securities.

Accordingly, unless you have previously informed your intermediary that you do not wish to receive material relating to shareholders' meetings, you will have received this Circular from your intermediary, together with a form of proxy or a request for voting instruction form. If that is the case, it is most important that you comply strictly with the instructions that have been given to you by your intermediary on the voting instruction form. If you have voted and wish to change your voting instructions, you should contact your intermediary to discuss whether this is possible and what procedures you must follow.

If your Empress Securities are not registered in your own name, Empress' transfer agent will not have a record of your name and, as a result, unless your intermediary has appointed you as a proxyholder, will have no knowledge of your entitlement to vote. If you wish to vote in person at the Meeting, therefore, please insert your own name in the space provided on the form of proxy or voting instruction form that you have received from your intermediary. If you do this, you will be instructing your intermediary to appoint you as proxyholder. Please adhere strictly to the signature and return instructions provided by your intermediary. It is not necessary to complete the form in any other respect, since you will be voting at the Meeting in person. Please register with the transfer agent, Computershare Investor Services Inc., upon arrival at the Meeting.

The Notice of Meeting and this Circular are being sent to both registered and non-registered owners of Empress Securities. If you are a non-registered holder, Empress has distributed copies of the meeting materials to the clearing agencies and intermediaries for onward distribution to non-registered holders. However, as Empress does not intend to pay for intermediaries to deliver the meeting materials to those beneficial holders who have objected to their intermediary disclosing ownership information about themselves to Empress ("objecting beneficial owners" or "OBOs"), such holders will not receive the meeting materials unless their intermediary assumes the cost of delivery.

Non-Registered Holders should carefully follow the instruction of their intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

Voting Securities and Principal Holders

Each holder of Empress Shares is entitled to one vote for each Empress Share held on all matters to come before the Meeting, including the Arrangement Resolution, and each holder of Empress Warrants is entitled to one vote for each Empress Warrant held on the Arrangement Resolution, in each case, as registered in his or her name at the close of business on May 28, 2020, the date fixed by the Directors as the record date for determining who is entitled to receive notice of and to vote at the Meeting.

At the close of business on May 28, 2020, there were 60,737,940 Empress Shares and 49,001,720 Empress Warrants outstanding for a total of 109,739,660 outstanding Empress voting securities. To the knowledge of Empress' directors and officers, no persons or companies beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Empress Shares (assuming the exercise of Empress Warrants), except for Terra Capital Natural Resource Fund Pty Ltd., which holds 10,000,000 Empress Shares and 10,000,000 Empress Warrants representing 24.8% of the outstanding Empress Shares (assuming the

exercise of Empress Warrants held by such holder), and Endeavour Financial Ltd. (Cayman) and Endeavour Financial AG, which together hold 7,980,000 Empress Shares and 7,230,000 Empress Warrants representing 20.0% of the outstanding Empress Shares (assuming the exercise of Empress Warrants held by such holders).

Alto has confirmed to Empress that neither Alto nor any of its affiliates held any Empress Shares (or securities convertible into Empress Shares) as at either the Record Date or the date of this Circular.

THE MEETING – THE ARRANGEMENT

At the Meeting, Empress Securityholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Empress under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached to this Circular as Appendix "A".

In order to implement the Arrangement, the Arrangement Resolution must be approved by not less than two-thirds of the votes cast by the Empress Shareholders and Empress Warrantholders present in person or by proxy at the Meeting voting as a single class and by a simple majority of the votes cast by Empress Shareholders present in person or by proxy at the Meeting. A copy of the Arrangement Resolution is set out in Appendix "A" of this Circular.

Unless otherwise directed, it is management's intention to vote **FOR** the Arrangement Resolution. If you do not specify how you want your Empress Securities voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting **FOR** the Arrangement Resolution.

If the Arrangement is approved at the Meeting and the Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect at the Effective Time (which will be at 12:01 a.m. (Vancouver time)) on the Effective Date (which is expected to be on or about July 3, 2020).

Principal Steps of the Arrangement

Under the Plan of Arrangement, commencing at the Effective Time, the following principal steps shall occur and shall be deemed to occur in the following order without any further act or formality:

Dissent Shares

- (a) Each Empress Share held by a Dissenting Empress Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens, to Alto and thereupon each Dissenting Empress Shareholder shall have the right to be paid the fair value of his or her Dissent Shares in accordance with Section 5 of the Plan of Arrangement;

Creation of Class A and Class B Common Shares

- (b) the authorized share capital of Empress will be amended by the creation of two new classes of shares consisting of an unlimited number of Class A Common Shares and Class B Common Shares and the notice of articles and articles shall be deemed to be amended accordingly;

Acquisition of Spinco Shares by Empress

- (c) Empress will acquire 5,000,000 Spinco Shares plus such further number of Spinco Shares equal in value to the amount paid by Empress for the Empress Royalty Purchases at a deemed price of \$0.05 per Spinco Share;

Exchange of Empress Shares for Class A Common Shares and Class B Common Shares

- (d) each Empress Share (excluding any Empress Shares transferred to Alto pursuant to paragraph (a) above) will be exchanged with Empress (without any action on the part of the holder of the Empress Share) for one Class A Common Share and one Class B Common Share, and such Empress Shares shall thereupon be cancelled;
- (e) the stated capital of the Class B Common Shares will be an amount equal to the lesser of (i) the Fair Market Value of the Spinco Shares to be distributed to the holders of the Class B Common Shares on redemption of the Class B Common Shares pursuant to the Arrangement and (ii) the paid-up capital of Empress for the Empress Shares immediately prior to the Effective Time;

Redemption of Class B Common Shares for Spinco Shares

- (f) the Class B Common Shares will be redeemed by Empress for consideration consisting solely of the Spinco Shares held by Empress, which shall be satisfied by transferring to the holders of the Class B Common Shares on a *pro rata* basis of all of the issued and outstanding Spinco Shares held by Empress;
- (g) the stated capital of Empress for the outstanding Class A Common Shares will be an amount equal to the paid-up capital of Empress for the Empress Shares immediately prior to the Effective Time, less the Fair Market Value of the Spinco Shares distributed to the holders of the Class B Common Shares on pursuant to such the foregoing redemption;

Exchange of Class A Common Shares for the Alto Share Consideration

- (h) each outstanding Class A Common Share will be transferred to, and acquired by Alto, free and clear of all Liens, from its holder in exchange for the Share Consideration, being such fraction of an Alto Share for each Class A Common Share such that the total number of Alto Shares issued for the Share Consideration shall equal 52% of the outstanding Alto Shares after giving effect to such issuance; and

Issuance of Replacement Warrants

- (i) each Empress Warrant outstanding immediately prior to the Effective Time shall be cancelled and each holder thereof will be issued Replacement Warrants by Alto to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the Effective Time had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the Alto Share Consolidation.

No fractional Alto Shares or Spinco Shares shall be issued to any Former Empress Shareholder. The number of Alto Shares to be issued to a Former Empress Shareholder shall be rounded down to the nearest whole Alto Share but such Former Empress Shareholder shall not be entitled to any compensation in respect of such fractional Alto Share. The number of Spinco Shares to be issued to a Former Empress Shareholder shall be rounded down to the nearest whole Spinco Share but such Former Empress Shareholder shall not be entitled to any compensation in respect of such fractional Spinco Share.

In order to receive the Alto Shares and the Spinco Shares to be distributed under the Arrangement, a Registered Empress Shareholder must complete, sign, date and return the enclosed Letter of Transmittal and all documents required thereby in accordance with the instructions set out therein.

Alto Share Consolidation

Alto has agreed to undertake a consolidation of the Alto Shares on a 5:1 basis at or prior to the Effective Time (the "**Alto Share Consolidation**"), and the Alto Shares distributed to Empress Shareholders pursuant to the Arrangement and any Alto Shares issued upon the exercise of Replacement will be issued on a post-consolidation basis after giving effect to the Alto Share Consolidation.

Background to the Arrangement

The provisions of the Arrangement Agreement are the result of arm's length negotiations between representatives of Empress and Alto and their respective legal advisors. The following is a summary of the principal events leading up to the public announcement of the entering into the Arrangement Agreement on March 6, 2020.

In October 2019, Empress and Alto management had very preliminary discussions in respect of a possible business combination transaction. The Empress Board met on October 28, 2019 and discussed the benefits of the possible merger and it was determined to proceed with due diligence on the Alto. Management engaged Vector Geological Solutions to provide a technical review of the Alto projects. This report was completed at the end of November and presented to the Empress Board on November 29, 2019. The consensus of the Empress Board was that Empress management should proceed with business combination and commence term sheet negotiations.

On November 29, 2019, members of Empress management and Empress Board attended a meeting and discussed the possibility of Endeavour Financial and Terra entering into the Support Agreements. Subsequent to that meeting, the Support Agreement Parties agreed to enter into the Support Agreements.

On January 10, 2020, the Empress Board having previously been polled and being generally supportive of a business combination with Alto as a merger of equals authorized the CEO to continue negotiations and proceed to documenting a term sheet with final terms and documentation subject to board approval.

In anticipation of a potential forthcoming proposal, the Empress Board struck the Special Committee of the Board of Directors on January 21, 2020 to consider any such proposal from Alto.

On January 21, 2020, Empress delivered a non-binding term sheet to Alto which proposed, among other things, the acquisition of Empress by Alto and a spin-out of up to ten royalties and marketable securities from Alto into Spinco. Between January 15 and 17, 2020, meetings took place in Toronto,

Ontario between Empress and Alto representatives to discuss further the possibility of consolidating the two companies. This led to intensive arm's length negotiations between Empress and Alto and their respective legal and financial advisors. The Empress Board authorized the final terms and approved the execution of the letter of intent on January 21, 2020.

Empress and Alto entered into a non-binding letter agreement for a proposed business combination on January 29, 2020 which provided for, among other things, confidentiality provisions, an exclusivity period to provide the Parties with the opportunity to complete due diligence and certain other customary provisions. From January 29, 2020 until March 4, 2020, the Parties completed mutual due diligence, negotiated the Arrangement Agreement and the Support Agreements were negotiated. The Special Committee met several times to receive updates from management and legal advisors with respect to the conduct of negotiations and to provide feedback with respect to the terms of the Arrangement.

On March 3, 2020, the Special Committee unanimously resolved, subject to finalizing the terms of Arrangement Agreement, to recommend to the Empress Board that the Empress Board recommend to Empress Shareholders that they vote in favour of approving the Arrangement and the Arrangement Resolution. The Empress Board met on March 4, 2020 and unanimously passed a resolution that, among other things, approved the Arrangement, recommended that Empress Shareholders vote in favour of the Arrangement Resolution, approved a draft of the Arrangement Agreement and authorize the negotiation and settlement any final outstanding issue related to Arrangement Agreement.

On March 5, 2020, Empress' and Alto's legal counsel and management finalized the Arrangement Agreement and related documents. On or about March 4, 2020, the Support Agreements were executed and on March 5, 2020, the Arrangement Agreement was executed. Prior to market open the following day, on March 6, 2020, Empress and Alto issued a joint press release announcing the execution of the Arrangement Agreement.

On May 23, 2020, Empress, Alto and Spinco entered into an amending agreement which, among other things, extended certain dates under the Arrangement Agreement, required the Spinco Shares to be listed either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company within 180 days of the Effective Date and approved the Plan of Arrangement as attached as Appendix "B" to this Circular.

Recommendation of the Special Committee

The Empress Board established the Special Committee to, among other things, review and consider the Arrangement.

The Special Committee, having taken into account due diligence materials provided by Alto, discussions with Alto management regarding properties, prospects and management of Alto and of Empress; and drafts of the Arrangement Agreement throughout the negotiation process, and such other matters as it considered relevant, including the factors set out below under the heading "*The Meeting – The Arrangement – Reasons for the Arrangement*", determined that the Plan of Arrangement is fair to the Empress Securityholders and that the Arrangement is in the best interests of Empress. Accordingly, the Special Committee recommended that the Empress Board approve the Arrangement and recommended that the Empress Board recommend that the Empress Securityholders vote FOR the Arrangement Resolution.

Recommendation of the Empress Board

The Empress Board, after consultation with its tax and legal advisors, and based upon the unanimous recommendation of the Special Committee, has unanimously determined that the Arrangement is in the best interests of Empress and is fair to the Empress Securityholders. **Accordingly, the Empress Board unanimously recommends that Empress Securityholders vote FOR the Arrangement Resolution.**

Each director of Empress intends to vote all of their Empress Securities in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement and the Support Agreements.

Reasons for the Arrangement

The Empress Board has reviewed and considered an amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from the Special Committee, Empress' senior management and its tax and legal advisors. The following is a summary of the principal reasons for the unanimous recommendation of the Empress Board that Empress Shareholders vote FOR the Arrangement Resolution:

- (a) *Excellent Exploration Exposure.* The Arrangement will assist in establishing Alto as a great Canadian exploration company and provide it with resources to continue to advance its gold projects and potentially acquire advanced, high quality Canadian gold projects. The concurrent Alto Financing establishes a financial foundation that will allow Alto to develop its existing projects and internal growth plans while providing the flexibility to consider additional strategic opportunities. The Alto management's plan is to have Alto evolve from an exploration company to a Canadian gold developer within the next 12 months and gold producer within five (5) years.
- (b) *Access to Royalty and Streaming Business Model.* The spin-out of Empress Royalty Corp., will establish Spinco as a precious metal royalty and streaming company with an initial portfolio of 13 royalties in mining-friendly jurisdictions. The anticipated listing of Spinco and the Spinco Financing will assist Spinco in the acquisition and creation of royalties and streams to build a portfolio of cash producing investments that will be expected to offer significant leverage to the price of gold and silver in what the Empress Board believes is a rising precious metal market.
- (c) *Shareholder Value.* The Empress Board is of the view that the Arrangement will result in more opportunities for existing and new investors, with increased liquidity, a stronger capital markets profile and exposure to exploration opportunities, as well as, the royalty and streaming business model. This is a merger of equals and the management of both Empress and Alto recognized the benefits and synergies of the combination and are aligned by their commitment to create long-term value for shareholders.
- (d) *Recommendation of Special Committee.* The Special Committee has concluded, after receiving advice from its financial and legal advisors, that the Arrangement is fair to the Empress Securityholders and is in the best interests of Empress, and has recommended that the Empress Board approve the Arrangement.

- (e) *Empress Representation on the Alto Board.* Upon completion of the Arrangement, Empress will be entitled to nominate three directors for the Alto Board, which Empress expects will provide some continuity for Empress Securityholders.
- (f) *Approval of Empress Securityholders and the Court are Required.* The following required approvals protect the rights of Empress Securityholders: the Arrangement must be approved by no less than two-thirds of the votes cast in respect of the Arrangement Resolution by Empress Shareholders and Empress Warrantholders voting as a class and at least a simple majority of Empress Shareholders, in each case as present in person or represented by proxy at the Meeting. The Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Empress Securityholders.
- (g) *Superior Proposals.* The Arrangement Agreement allows the Empress Board, in the exercise of its fiduciary duties, to respond to certain unsolicited Acquisition Proposals, prior to the Empress Securityholder Approval, which may be superior to the Arrangement. The Empress Board received advice from its financial and legal advisors that the deal protection terms including the Termination Fee, and circumstances for payment of the Termination Fee, are within the ranges typical in the market for similar transactions and are not a significant deterrent to potential Superior Proposals.
- (h) *Dissent Rights.* Registered Empress Shareholders who oppose the Arrangement may, on strict compliance with certain conditions, exercise their Dissent Rights and receive the fair value of the Dissent Shares in accordance with the Arrangement.
- (i) *Support Agreements.* The directors and officers of Empress, and Endeavour Financial Ltd. (Cayman), Endeavour Financial AG, and Terra Capital Natural Resource Fund Pty Ltd., who in aggregate held at March 6, 2020 (the date on which the execution of the Arrangement Agreement was announced) approximately 30.06% of the issued and outstanding Empress Shares and 35.73% Empress Warrants, representing approximately 45.71% of the outstanding Empress Shares (assuming exercise of the Empress Warrants), entered into the Support Agreements pursuant to which they agreed to vote in favour of the Arrangement.

In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Empress Board and the Special Committee did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching their conclusions and recommendations. In addition, individual members of the Empress Board and the Special Committee may have given different weights to different factors or items of information.

Treatment of Empress Warrants

Each Empress Warrant outstanding immediately prior to the Effective Time shall be cancelled and each holder thereof will be issued Replacement Warrants by Alto to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the Empress Warrantholder would have been entitled at the Effective Time had the Empress Warrantholder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the Alto Share Consolidation.

There are 49,100,720 Empress Warrants outstanding on the date of the Circular. 21,917,000 of the Empress Warrants expire on May 11, 2021, a further 20,757,920 Empress Warrants expire on June 14, 2021, and a further 6,326,800 expire on August 7, 2021. All of the Empress Warrants are exercisable for one Empress Share at a price of \$0.15 per Empress Warrant.

Empress has applied to the TSX-V to extend the expiry date of each tranche of Empress Warrants by one year, to May 11, 2022, June 14, 2022 and August 7, 2022 respectively. The amended Warrants will include a term that the expiry date will be accelerated if, for any ten consecutive trading days (the "**Premium Trading Days**"), the closing price of the Empress Shares exceeds the exercise price of the repriced Empress Warrants by 25% or more. In such event, the Empress Warrants will expire 30 days commencing on a day which will begin no more than 7 calendar days after the tenth Premium Trading Day.

In addition, Empress has applied to the TSX-V to reduce the exercise price of the Empress Warrants from \$0.15 to \$0.075. The disclosure in this Circular respecting the Alto Warrants outstanding at the Effective Time assumes that all of the Empress Warrants are repriced. However, there may be restrictions on the number of Empress Warrants held by insiders of Empress for which repricing is permitted by the TSX-V. To the extent that repricing is not permitted for Empress Warrants held by insiders, the exercise price will remain at \$0.15 per Empress Warrant, which will be reflected in the exercise price of the Alto Warrants issued in exchange for the Empress Warrants.

In addition to the approval of the TSX-V, the approval of all of the holders of Empress Warrants is required for the proposed amendments to the terms of the Empress Warrants. As at the date of this Circular, the amendment of the Empress Warrants has not been approved by either the TSX-V or the Empress Warrantholders. Empress will issue a press release on such approvals being obtained.

Approval of Arrangement Resolution

At the Meeting, the Empress Securityholders will be asked to approve the Arrangement Resolution, the full text of which is set out in Appendix "A" to this Circular. In order for the Arrangement to become effective, as provided in the Interim Order and by the BCBCA, the Arrangement Resolution must be approved by at least two-thirds of the votes cast on the Arrangement Resolution by Empress Shareholders and Empress Warrantholders voting together with the Empress Shareholders on the basis of one vote for each Empress Warrant and at least a simple majority of the Empress Shareholders, in each case as present in person or represented by proxy at the Meeting. Should Empress Securityholders fail to approve the Arrangement Resolution by the requisite majority, the Arrangement will not be completed.

The Empress Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and recommends that the Empress Securityholders vote FOR the Arrangement

Resolution. See "*The Meeting – The Arrangement — Recommendation of the Empress Board*" above.

Support Agreements

On or about March 4, 2020, Alto entered into the Support Agreements with each of the directors and officers of Empress and Endeavour Financial Ltd. (Cayman), Endeavour Financial AG, and Terra Capital Natural Resource Fund Pty Ltd (the "**Support Agreement Parties**"). The Support Agreements set forth, among other things, the agreement of the Support Agreement Parties to vote their Empress Shares and Empress Warrants in favour of the Arrangement. As of March 6, 2020 (the date on which the execution of the Arrangement Agreement was announced), 30.06% of the Empress Shares and 35.73% Empress Warrants were subject to the Support Agreements, representing approximately 45.71% of the outstanding Empress Shares (assuming exercise of such Empress Warrants). As of the Record Date, 18,260,000 of the Empress Shares and 17,510,000 Empress Warrants were subject to the Support Agreements, representing approximately 45.71% of the outstanding Empress Shares (assuming exercise of the Empress Warrants).

The Support Agreements require voting support, prohibit solicitation of an alternative Acquisition Proposal, and impose a contractual hold period on Empress Shares held by the Supporting Shareholders expiring upon completion of the Arrangement, or upon earlier termination of the Support Agreements.

Each Support Agreement Party has agreed to vote his or her owned (directly or indirectly) securities of Empress, to the extent it is so entitled, in favour of the Arrangement and against any other matter that could reasonably be expected to delay, prevent or frustrate the completion of the Arrangement. Under the terms of the Support Agreements, Alto has acknowledged that any supporting shareholder who is also a director or officer of Empress is bound under the Support Agreement only in such person's capacity as a securityholder, and not in his or her capacity as a director or officer.

The Support Agreements terminate upon: (i) mutual agreement; (ii) a party's election following a breach of the other party's covenant, representation or warranty; (iii) the completion of the Arrangement; or (iv) the date of termination of the Arrangement Agreement in accordance with the terms thereof.

Under the terms of the Support Agreements, Empress Warrants may be exercised in accordance with their terms.

Alto has confirmed to Empress that neither Alto nor any of its affiliates held any Empress Shares (or securities convertible into Empress Shares) as at either the Record Date or the date of this Circular.

Completion of the Arrangement

The Arrangement will become effective at 12:01 a.m. on the date following the date upon which all of the conditions to completion of the Arrangement as set out in Sections 6.1, 6.2 and 6.3 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, and the filings required under Section 292 of the BCBCA have been filed with the Registrar. Completion of the Arrangement is expected to occur on or about July 3, 2020; however, it is possible that completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis, but in no event shall completion of the Arrangement occur later than the Outside Date, unless extended by mutual agreement between

Empress and Alto in accordance with the terms of the Arrangement Agreement. The Alto Share Consolidation is expected to occur forthwith after the Effective Date.

Procedure for Exchange of Empress Shares

At the time of sending this Circular to each Empress Shareholder, Empress is also sending to each Registered Empress Shareholder the Letter of Transmittal. The Letter of Transmittal is for use by Registered Empress Shareholders only and is not to be used by Non-Registered Holders or Empress Warrantholders. Non-Registered Empress Shareholders should contact their broker or other intermediary for instructions and assistance in receiving the Spinco Shares and Alto Shares in respect of their Empress Shares. Empress Warrantholders who do not exercise their Empress Warrants prior to the Effective Date will be issued Replacement Warrants under the Plan of Arrangement and should not submit a Letter of Transmittal.

Registered Empress Shareholders are requested to tender to the Depositary any share certificates or DRS Advices representing their Empress Shares along with the duly completed Letter of Transmittal. Within three (3) Business Days after the Effective Date, the Depositary will forward to each Registered Empress Shareholder that submitted an effective Letter of Transmittal to the Depositary, together with the certificate(s) or DRS Advices representing the Empress Shares held by such Empress Shareholder immediately prior to the Effective Date, the DRS Advices representing the Alto Shares and Spinco Shares to which the Registered Empress Shareholder is entitled under the Arrangement, to be delivered to or at the direction of such Former Empress Shareholder. The DRS Advices representing the Alto Shares and Spinco Shares will be registered in such name or names as directed in the Letter of Transmittal will be either (i) delivered to the address or addresses as such Former Empress Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Former Empress Shareholder in the Letter of Transmittal. If a Former Empress Shareholder so elects, by separate written instruction to the Depositary, the Depositary may issue share certificates representing the Alto Shares and Spinco Shares to which such Former Empress Shareholder is entitled under the Plan of Arrangement.

A Registered Empress Shareholder that did not submit an effective Letter of Transmittal prior to the Effective Date may take delivery of the DRS Advices representing the Alto Shares and Spinco Shares to which such Former Empress Shareholder is entitled pursuant to the Arrangement, by delivering the certificate(s) or DRS Advices representing Empress Shares formerly held by them to the Depositary at the office indicated in the Letter of Transmittal at any time prior to the sixth anniversary of the Effective Date. Such certificates or DRS Advices must be accompanied by a duly completed Letter of Transmittal, together with such other documents as the Depositary may require. DRS Advices representing the Alto Shares and Spinco Shares will be registered in such name or names as directed in the Letter of Transmittal will be either (i) delivered to the address or addresses as such Former Empress Shareholder directed in its Letter of Transmittal or (ii) made available for pick up at the office of the Depositary in accordance with the instructions of the Former Empress Shareholder in the Letter of Transmittal, within five (5) Business Days of receipt by the Depositary of the required certificates/DRS Advices and documents.

If a certificate representing Empress Shares has been lost, destroyed or stolen, the Registered Empress Shareholder should complete the Letter of Transmittal as fully as possible and forward it, together with a letter describing the loss, to the Depositary. The Depositary and/or the registrar and transfer agent for the Empress Shares will correspond with the Registered Empress Shareholder regarding replacement requirements to permit issuance of the Alto Shares and the Spinco Shares in accordance with the Arrangement. Along with any other required documentation, such Registered Shareholder

will be required give a bond satisfactory to Alto, Empress, Spinco and the Depositary in such amount as Alto, Empress, Spinco and the Depositary may direct or otherwise indemnify Alto, Empress, Spinco and the Depositary in a manner satisfactory to them, against any claim that may be made against one or both of them with respect to the certificate alleged to have been lost, stolen or destroyed.

A Registered Empress Shareholder must deliver to the Depositary at the office listed in the Letter of Transmittal:

- (a) the certificates or DRS Advices representing their Empress Shares;
- (b) a Letter of Transmittal in the form accompanying this Circular, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and
- (c) any other relevant documents required by the instructions set out in the Letter of Transmittal.

Except as otherwise provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the certificate(s) deposited therewith, the certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel or securities transfer power of attorney guaranteed by an Eligible Institution.

No Fractional Shares to be Issued

No fractional Alto Shares or Spinco Shares shall be issued to any Former Empress Shareholder. The number of Alto Shares to be issued to a Former Empress Shareholder shall be rounded down to the nearest whole Alto Share but such Former Empress Shareholder shall not be entitled to any compensation in respect of such fractional Alto Share. The number of Spinco Shares to be issued to a Former Empress Shareholder shall be rounded down to the nearest whole Spinco Share but such Former Empress Shareholder shall not be entitled to any compensation in respect of such fractional Spinco Share.

Treatment of Dividends

No dividend or other distribution declared or made after the Effective Time with respect to Alto Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate or DRS Advice that, immediately prior to the Effective Time, represented outstanding Empress Shares unless and until the holder of such certificate or DRS Advice shall have complied with the requirement to deliver such certificate or DRS Advice, along with a duly completed Letter of Transmittal, to the Depositary, or if, in the case of a certificate, such certificate has been lost, stolen or destroyed shall have completed the deliveries and provided the bond or indemnities described above. Subject to applicable Law and the provisions of the Plan of Arrangement relating to the withholding of taxes where required, at the time of such compliance, there shall, in addition to the delivery of the DRS Advices representing Alto Shares, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Alto Shares.

Cancellation of Rights after Six Years

Any certificate or DRS Advice which immediately before the Effective Time represented outstanding Empress Shares and which has not been surrendered, with a duly completed Letter of Transmittal and all other documents required by the Depository, on or before the date that is six (6) years after the Effective Date, will cease to represent any claim for Alto Shares, Spinco Shares or any other claim against or interest of any kind or nature in Empress, Alto or Spinco. Accordingly, Former Empress Shareholders who do not deposit with the Depository a duly completed Letter of Transmittal and certificates or DRS Advices representing their Empress Shares on or before the date that is six (6) years after the Effective Date will not receive Alto Shares, Spinco Shares or any other consideration in exchange therefor and will not own any interest in Empress, Alto or Spinco and such Former Empress Shareholders will not be paid any other compensation.

Effects of the Arrangement on Empress Shareholders' Rights

Empress Shareholders receiving Alto Shares and Spinco Shares under the Arrangement will become shareholders of Alto and Spinco. Alto and Spinco, like Empress, are British Columbia companies governed by the BCBCA.

Court Approval of the Arrangement

An arrangement under the BCBCA requires Court approval.

Interim Order

On May 28, 2020, Empress obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. The text of the Interim Order is set out in Appendix "C" to this Circular.

Final Order

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Empress Securityholders at the Meeting in the manner required by the Interim Order, Empress intends to make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is currently scheduled for July 2, 2020 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, or at any other date and time as the Court may direct. Any Empress Securityholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Final Order must file and serve a response to petition no later than 4:00 p.m. (Vancouver time) on June 30, 2020 along with any other documents required, all as set out in the Interim Order and the Notice of Petition, the text of which are set out in Appendix "C" to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned then, subject to further order of the Court, only those persons having previously filed and served a response to petition will be given notice of the adjournment.

Empress has been advised by its counsel, Stikeman Elliott LLP, that the Court has broad discretion under the BCBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, Empress may determine not to proceed with the Arrangement.

The Alto Shares and Spinco Shares to be received by Empress Shareholders pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued and distributed respectively in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions provided under the securities laws of each state of the United States in which Empress Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts from registration a security that is issued in exchange for outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval and to hold such hearing. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Alto Shares and Spinco Shares to be received by Empress Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act pursuant to Section 3(a)(10) thereof. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the issuance of the Alto Shares by Alto and the distribution of the Spinco Shares by Empress to Empress Shareholders in connection with the Arrangement. See "*The Meeting – The Arrangement – Regulatory Law Matters and Securities Law Matters – United States Securities Law Matters*" below.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of Notice of Hearing of Petition attached at Appendix "C" to this Circular. The Notice of Hearing of Petition constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

Regulatory Approvals

The Empress Shares are listed and posted for trading on the TSX-V and the Alto Shares are listed and posted for trading on the TSX-V. It is a condition of the Arrangement that the TSX-V shall have approved for listing the Alto Shares to be issued in connection with the Arrangement. The TSX-V has conditionally approved the listing of the Alto Shares to be issued under the Arrangement and issuable on the exercise of Empress Warrants after completion of the Arrangement, subject to filing certain documents following the closing of the Arrangement. It is a further condition of the Arrangement that the TSX-V accept the transactions contemplated by the Arrangement.

It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date.

As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares. There is no assurance that the Spinco Shares will be listed on any stock exchange.

Regulatory Law Matters and Securities Law Matters

Other than the Final Order and the approvals of the TSX-V, Empress is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought, although any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, Empress currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date, which, subject to receipt of the Empress Securityholder Approval at the Meeting, receipt of the Final Order and the satisfaction or waiver of all other conditions specified in the Arrangement Agreement, is expected to be on or about July 3, 2020.

Canadian Securities Law Matters

Each Empress Securityholder is urged to consult such Empress Securityholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in the Alto Shares or Spinco Shares.

Status under Canadian Securities Laws

Empress is a reporting issuer in British Columbia and Alberta. The Empress Shares currently trade on the TSX-V. After the Arrangement, Empress and Alto will merge and the Empress Shares will be delisted from the TSX-V (anticipated to be effective two or three business days following the Effective Date) and Alto expects to apply to the applicable Canadian securities regulators to have Empress cease to be a reporting issuer.

It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date.

As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares. There is no assurance that the Spinco Shares will be listed on any stock exchange.

Distribution and Resale of Alto Shares and Spinco Shares under Canadian Securities Laws

The distribution of the Alto Shares and Spinco Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities laws and is exempt from or otherwise is not subject to the registration requirements under applicable Canadian securities laws. The Alto Shares and Spinco Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined National Instrument 45-102 - *Resale of Securities* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the Alto Shares or the Spinco Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a person or company in respect of such

sale, and (iv) if the selling security holder is an insider or officer of Alto or Spinco, as the case may be, the selling security holder has no reasonable grounds to believe that Alto or Spinco, as the case may be, is in default of applicable Canadian securities laws.

Each Empress Shareholder is urged to consult his or her professional advisors to determine the Canadian conditions and restrictions applicable to trades in Alto Shares and Spinco Shares.

It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date.

As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares. There is no assurance that the Spinco Shares will be listed on any stock exchange.

Multilateral Instrument 61-101 ("MI 61-101")

MI 61-101 governs transactions that raise the potential for conflicts of interest, including "related-party transactions" and "business combinations", as defined in MI 61-101. The Arrangement does not constitute an "issuer bid", "insider bid" or a "related party transaction" for the purposes of MI 61-101.

The Arrangement is considered to be a business combination under MI 61-101, and as a result, "minority approval" is required, unless certain exceptions can be met. No exception to minority approval is available where a "related party" (which includes the directors and officers of Empress) is entitled to receive a "collateral benefit" as a consequence of the Arrangement. A collateral benefit includes any benefit that a related party of Empress is entitled to receive, directly or indirectly, as a consequence of the Arrangement, including a lump sum payment or an enhancement in benefits related to past or future services as an employee, director or consultant of Empress as well as a payment for surrendering securities, regardless of the existence of any offsetting costs to the related party or whether such payment is provided or agreed to by Empress, Alto or Spinco; however, it does not include, among other things, such benefits that are (i) received solely in connection with the related party's service as an employee, (ii) not conferred for the purpose of increasing the value of the consideration paid to the related parties for the relinquishment of their securities, (iii) not conditional on the related party supporting the transaction, (iv) the full particulars of the benefit are disclosed, and (v) at the time the Arrangement is agreed to, the related party and its associated entities beneficially own or exercise control or direction over less than 1% of the outstanding securities of each class of equity securities (the "**1% Exception**").

For the purposes of MI 61-101, Alexandra Woodyer Sherron, Chief Executive Officer and President of Empress, Daniel O'Brien, Chief Financial Officer of Empress and Doris Meyer, Corporate Secretary, each of whom are related parties of Empress, will receive a collateral benefit, as it is expected that following completion of the Arrangement, Ms. Woodyer Sherron, Mr. O'Brien and Ms. Meyer will be appointed Chief Executive Officer and President, Chief Financial Officer and Corporate Secretary, respectively, of Spinco. Each of Ms. Woodyer Sherron, Mr. O'Brien, Ms. Meyer hold or exercise control over less than 1% of the outstanding Empress Shares, and as a result, their appointments as Chief Executive Officer and President, Chief Financial Officer and Corporate

Secretary of Spinco, respectively, following the completion of the Arrangement meet the 1% Exception, and accordingly minority approval is not required. Further, the executive officers of Empress who have entered into consulting agreements with Empress that provide for payments upon a change of control each hold or exercise less than 1% of the Empress Shares and accordingly also meet the 1% Exception; such executive officers have agreed to waive their respective change of control payment entitlements.

Duncan Gordon will also receive a collateral benefit, as upon completion of the Arrangement, Mr. Duncan will receive a fee of \$75,000 for financial advisory services he performed for Empress in connection with the Arrangement. As Mr. Duncan holds or exercises control over less than 1% of the outstanding Empress Shares, the 1% Exception is also met, and minority approval is not required.

It is expected that certain directors and officers of Empress will be directors of Alto or Spinco (or both) following completion of the Arrangement. At the time the Arrangement Agreement was agreed to, such director nominees were not ascertained. In any event, Empress has determined that the appointment to, or the retention of, a director position with Alto or Spinco following completion of the Arrangement is not a collateral benefit for the purposes of MI 61-101. Accordingly, minority approval of the Arrangement Resolution is not required.

United States Securities Law Matters

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Empress U.S. Shareholders. All Empress U.S. Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of Alto Shares or Spinco Shares issued or distributed to them under the Arrangement complies with applicable securities legislation.

Further information applicable to Empress U.S. Shareholders is disclosed under the heading "*Note to United States Security Holders*".

The following discussion does not address the Canadian securities laws that will apply to the issue of Alto Shares and Spinco Shares or the resale of these securities by Empress U.S. Shareholders within Canada. Empress U.S. Shareholders reselling their Alto Shares and Spinco Shares in Canada must comply with Canadian securities laws, as outlined elsewhere in this Circular.

Exemption from the Registration Requirements of the U.S. Securities Act

The Alto Shares and Spinco Shares to be received by Empress Shareholders pursuant to the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued and distributed, respectively, in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act and exemptions provided under the securities laws of each state of the United States in which Empress U.S. Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts from registration a security that is issued in exchange for outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue or distribute securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval and to hold such hearing. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the Alto Shares and Spinco Shares to be received by Empress Shareholders in connection with the Arrangement pursuant to Section 3(a)(10) thereof.

Resales of Alto Shares and Spinco Shares within the United States after the Completion of the Arrangement

The manner in which an Empress U.S. Shareholder may resell Alto Shares and Spinco Shares received on completion of the Arrangement in the United States will depend on whether such holder is an "affiliate" of Alto, in respect of the Alto Shares, or Spinco, in respect of the Spinco Shares, after the completion of the Arrangement or has been such an "affiliate" within 90 days of the Arrangement.

Alto Shares and Spinco Shares received by a holder who will be an "affiliate" of Alto, in respect of the Alto Shares, or of Spinco, in respect of the Spinco Shares, after the Arrangement or has been such an "affiliate" within 90 days of the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the issuer. Typically, persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be "affiliates".

Persons who are not affiliates of either Alto, in respect of the Alto Shares, or Spinco, in respect of the Spinco Shares, after the Arrangement and who have not been so affiliated within 90 days of the resale in question may resell the Alto Shares and Spinco Shares that they receive in connection with the Arrangement in the United States without restriction under the U.S. Securities Act. Persons who will be affiliates of Alto after the Arrangement or have been such an affiliate within 90 days of the Arrangement may resell the Spinco Shares that they receive in connection with the Arrangement in the United States without restriction under the U.S. Securities Act. Persons who will be affiliates of Spinco after the Arrangement or have been affiliates within 90 days of the Arrangement may resell the Alto Shares that they receive in connection with the Arrangement in the United States without restriction under the U.S. Securities Act.

Persons who are affiliates of Alto after the Arrangement or who have been affiliates within 90 days of the resale in question may not sell their Alto Shares, and persons who are affiliates of Spinco after the Arrangement or who have been affiliates within 90 days of the resale in question may not sell their Spinco Shares, as applicable, that they receive in connection with the Arrangement, in the absence of registration under the U.S. Securities Act, unless an applicable exemption from such registration requirements is available, such as the exemptions provided by Rule 144 under the U.S. Securities Act or Rule 904 of Regulation S under the U.S. Securities Act, if available.

Affiliates — Rule 144. In general, under Rule 144, persons who are affiliates of Alto, in respect of the Alto Shares, or Spinco, in respect of the Spinco Shares, after the Arrangement or who have been affiliates within 90 days of the resale in question will be entitled to sell in the United States the Alto Shares or Spinco Shares, as applicable, that they receive in connection with the Arrangement, during any three-month period after, with respect to Alto Shares, a period of six months, if Alto remains current in its SEC reporting requirements under the Exchange Act or, otherwise, a period of one year or, with respect to Spinco Shares, for a period of one year, provided that the number of such shares sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange, the average weekly trading volume of such securities during the four-week period preceding the date of sale, subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about Alto or Spinco, as applicable. Persons who are affiliates of Alto or Spinco after the Arrangement will continue to be subject to the resale restrictions described in this paragraph with regard to their affiliated issuer's securities for so long as they continue to be affiliates of Alto or Spinco and for 90 days after the termination of such affiliation.

Affiliates — Regulation S. In general, under Regulation S, persons who are affiliates of Alto, in respect of the Alto Shares, or of Spinco, in respect of the Spinco Shares, solely by virtue of their status as an officer or director of Alto or Spinco, respectively, may sell their Alto Shares or Spinco Shares, as applicable, outside the United States in an "offshore transaction" if (i) no offer is made to a person in the United States, (ii) either (A) at the time the buyer's buy order originated, the buyer is outside the United States, or the seller and any person acting on its behalf reasonably believes that the buyer is outside the United States, or (B) the transaction is executed in, on or through a "designated offshore securities market" (which would include a sale through the TSX-V) if neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States, and (iii) neither the seller, any affiliate of the seller or any person acting on any of their behalf engages in any "directed selling efforts." In the case of a sale of Alto Shares or Spinco Shares by an officer or director who is an affiliate of Alto or Spinco, respectively, solely by virtue of holding such position, there would be an additional requirement that no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Certain additional restrictions are applicable to a holder of Alto Shares or Spinco Shares who is an affiliate of Alto or Spinco after the Arrangement other than by virtue of his or her status as an officer or director of Alto or Spinco, such as by virtue of their being a significant shareholder of Alto or Spinco.

Fees and Expenses

All expenses incurred in connection with the Arrangement and the transactions contemplated thereby shall be paid by the Party incurring such expense, provided that if the Arrangement Agreement is terminated by Alto in certain circumstances pursuant to the terms thereof, then Empress shall promptly, but in no event later than two (2) Business Days following the request by Alto, pay to Alto by wire transfer of same day funds an expense reimbursement fee of \$100,000. If the Arrangement Agreement is terminated by Empress in certain circumstances pursuant to the terms therefor, then Alto shall promptly, but in no event later than two (2) Business Days following the request by Empress, pay to Empress by wire transfer of same day funds an expense reimbursement fee of \$100,000.

See "*The Meeting – The Arrangement – The Arrangement Agreement – Termination – Termination Fee and Expense Reimbursement*".

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Empress Board with respect to the Arrangement, Empress Securityholders should be aware that certain members of Empress' senior management and the Empress Board have certain interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement.

Directors

The directors of Empress (other than directors who are also executive officers) hold or exercise control or direction over, directly or indirectly, in the aggregate, 18,260,000 Empress Shares, representing approximately 30.06% of the Empress Shares outstanding on the Record Date. Such directors hold, or exercise control or direction over, directly or indirectly, in the aggregate, 17,510,000 Empress Warrants, representing approximately 35.73% of the Empress Warrants outstanding on the Record Date. The directors' holdings of Empress Shares and Empress Warrants represent, in the aggregate, approximately 45.71% of the outstanding Empress Shares as of the Record Date (assuming the exercise of the Empress Warrants held by such directors). All of the

Empress Securities held by the Empress directors will be treated in the same fashion under the Arrangement as Empress Securities held by every other Empress Securityholder.

Consistent with standard practice in similar transactions, in order to ensure that its directors do not lose or forfeit their protection under liability insurance policies maintained by Empress, the Arrangement Agreement provides for the maintenance of such protection for six years. See "*The Meeting – The Arrangement – Interests of Certain Persons in the Arrangement - Indemnification and Insurance*" below.

Following completion of the Arrangement, certain Empress directors will be appointed to the board of directors of Alto and Spinco, respectively.

Executive Officers

The current responsibility for the general management of Empress is held and discharged by a group of three executive officers, namely: (i) Alexandra Woodyer Sherron, Chief Executive Officer and President; (ii) Daniel O'Brien, Chief Financial Officer; and (iii) Doris Meyer, Corporate Secretary. As of the Record Date, none of the executive officers hold Empress Shares or Empress Warrants.

It is expected that Alexandra Woodyer Sherron, Daniel O'Brien and Doris Meyer will be appointed Chief Executive Officer and President, Chief Financial Officer and Corporate Secretary of Spinco, respectively, upon completion of the Arrangement.

Each of the executive officers has agreed to waive their change of control payment entitlements under their respective consulting agreements with Empress.

Special Committee

The Empress Board appointed a Special Committee consisting of David Rhodes, Paul Mainwaring and Jeremy Bond, to supervise the negotiation of the Arrangement Agreement and to make a recommendation to the Empress Board.

Indemnification and Insurance

Pursuant to the Arrangement Agreement, Alto has covenanted that all rights to indemnification or exculpation in favour of the present or former directors or officers of Empress and any Empress subsidiary, to the extent specifically disclosed to Alto in the disclosure letter delivered by Empress in connection with the Arrangement Agreement, existing as at the date of the Arrangement Agreement will survive the completion of the Arrangement and shall continue for a period of not less than six years from the Effective Date. In addition, Empress is entitled to purchase run off directors' and officers' liability insurance for a period of six years from the Effective Date with the prior written consent of Alto, not to be unreasonably withheld. Alto has agreed to ensure that the articles and/or by-laws of Empress and its subsidiaries (or their respective successors) shall contain the provisions with respect to indemnification set forth in Empress' or the applicable subsidiary's current articles and/or by-laws, which provisions shall not, except to the extent required by applicable Laws, be amended, repealed or otherwise modified for a period of six years from the Effective Date in any manner that would adversely affect any rights of indemnification of individuals who, immediately prior to the Effective Date, were directors or officers of Empress or any of its subsidiaries.

The Arrangement Agreement

The description of the Arrangement Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the

Arrangement Agreement, which is incorporated by reference herein and may be found under Empress' profile on SEDAR at www.sedar.com; Empress will provide a copy of the Arrangement Agreement free of charge to any Empress Securityholder upon request to the Corporate Secretary of Empress at Unit 1 – 15782 Marine Drive, White Rock, BC V4B 1E6, Telephone: (604) 536-2711.

Effective Date and Conditions of Arrangement

If the Arrangement Resolution is passed, the Final Order of the Court is obtained approving the Arrangement, every requirement of the BCBCA relating to the Arrangement has been complied with and all other conditions disclosed under "*The Meeting – The Arrangement – The Arrangement Agreement - Conditions to the Arrangement Becoming Effective*" are met or waived, the Arrangement will become effective at 12:01 a.m. on the Effective Date. It is currently expected that the Effective Date will be on or about July 3, 2020.

Financings by Empress and/or Spinco Prior to the Completion of the Arrangement

Empress and/or Spinco may undertake the Empress Financing or the Spinco Financing, as applicable, prior to completion of the Arrangement, in order to raise, in the case of the Empress Financing, net proceeds at least equal to the amount expended by Empress prior to the Effective Date in respect of any Empress Royalty Purchases, or, in the case of the Spinco Financing, funds estimated to be approximately \$1,060,000. For additional information on the Spinco Financing see "*Information Concerning Spinco – Description of Securities Distributed – Spinco Financing*" in Appendix "E".

Empress Royalty Purchases

Prior to the Effective Date, Empress may complete one or more Empress Royalty Purchases. Any royalties purchased by Empress before the Effective Date will be transferred to Spinco pursuant to the Arrangement at a deemed price of \$0.05 per Spinco Share – see "*The Meeting – The Arrangement – Principal Steps of the Arrangement*" in this Circular. Empress is currently exploring and evaluating potential Empress Royalty Purchases; there is no assurance that any such Empress Royalty Purchases will be made prior to the Effective Date. In the event of an Empress Royalty Purchase, Empress will raise sufficient funds under the Empress Financing equal to or greater than the amount of funds required for such Empress Royalty Purchase. Any Empress Royalty Purchases will likely be material for Empress and constitute a "material change" as such term is defined under Canadian securities laws.

Transactions Prior to and in Conjunction with the Arrangement

The Arrangement Agreement sets out a number of transactions that will also occur immediately prior to and in conjunction with the Arrangement, as follows: (a) Empress will transfer the Spinco Assets to Spinco; (b) Alto will transfer the Alto Royalties and the Alto Marketable Securities to Spinco in exchange for the issuance to Alto of 4,615,384 Spinco Shares; (c) Empress will transfer the Empress Royalty Purchases, if any, to Spinco; (d) Alto will declare a dividend in kind to the holders of the Alto Shares of the 4,615,384 Spinco Shares it receives from Spinco; and (e) Alto will effect the Alto Share Consolidation.

Representations and Warranties

The Arrangement Agreement contains representations and warranties made by Empress to Alto and representations and warranties made by Alto to Empress. Those representations and warranties were made solely for purposes of the Arrangement Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the parties in connection with negotiating its terms and as set out in the disclosure letters delivered by each of Alto and Empress to the other in

connection with the Arrangement Agreement. In particular, some of the representations and warranties are subject to a contractual standard of materiality or Material Adverse Effect different from that generally applicable to public disclosure to Empress Shareholders, or are used for the purpose of allocating risk between the parties to the Arrangement Agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

The representations and warranties provided by Empress in favour of Alto relate to, among other things: (a) the approval and recommendation of the Arrangement by the Empress Board; (b) the due incorporation, existence, capacity, authority, registration and licensing to conduct the business of Empress and Spinco; (c) the corporate power, authority and capacity of Empress to enter into the Arrangement Agreement and perform its obligations thereunder; (d) the execution, delivery and enforceability of the Arrangement Agreement, and the same not resulting in a violation, or breach of or default under Empress' constating documents and material agreements; (e) the capitalization of Empress; (f) Empress' ownership of its subsidiaries; (g) Empress' reporting issuer status and the absence of a cease trade order against the securities of Empress; (h) Empress having made all required filings under applicable securities laws and such filings not containing any untrue statement of a material fact or omitting to state a material fact; (i) the financial statements and related MD&A of Empress; (j) Empress' financial reporting; (k) the accuracy of the financial books, records, and accounts of Empress; (l) the completion and accuracy of the corporate minute books of Empress and Spinco; (m) the absence of undisclosed liabilities; (n) the absence of material changes in the business and affairs of Empress and its subsidiaries; (o) the absence of claims or proceedings against Empress; (p) the absence of material liabilities for unpaid Taxes of Empress or its subsidiaries; (q) Empress not holding an interest in any mineral properties; (r) the existence of, and good standing of Empress with respect to material contracts; (s) compliance with laws and permits; (t) compliance with applicable Laws; (u) employee benefits and labour and employment matters; (v) the existence of related party transactions; (w) the absence of registration rights; (x) the absence of rights of first refusal, options to purchase any of the assets owned by Empress; (y) the absence of any judgment or order restricting the business of Empress or Spinco; (z) the fees and commissions of brokers, bankers, and advisors in connection with the contemplated transaction; (aa) the existence and maintenance of insurance policies of Empress; (bb) the applicability of U.S. securities laws to Empress; (cc) the truth and accuracy of confidential information provided by Empress to Alto; and (dd) the business practices of Empress, its subsidiaries, and their directors, officers, agents, and employees.

The representations and warranties provided by Alto in favour of Empress relate to, among other things: (a) the corporate power, authority, and capacity of Alto to enter into the Arrangement Agreement and perform its obligations thereunder; (b) the due incorporation, existence, capacity, authority, registration, permitting and licensing to conduct business of Alto; (c) the absence of material changes in the business and affairs of Alto; (d) the authorization, execution, and delivery of the Arrangement Agreement, and the same not resulting in a violation or breach of or a default under Alto's constating documents and material agreements; (e) the capitalization of Alto; (f) Alto's ownership of securities and absence of subsidizing; (g) Alto's reporting issuer status and the absence of cease trade orders against the securities of Alto; (h) Alto having made all required filings under applicable securities laws and such filings not containing any untrue statement of material fact or omitting to state a material fact; (i) the financial statements of Alto; (j) the absence of undisclosed liabilities; (k) the absence of material liabilities for unpaid Taxes; (l) disclosure of Alto's mineral resources; (m) the absence of claims and proceedings against Alto; (n) Alto having all required permits and being in compliance under such permits; (o) the due and valid issuance of Alto Shares issuable as part of the Arrangement; (p) the absence of expropriation proceedings with respect to the property or assets of Alto; (q) the rights of first refusal, options to purchase, or any right of participation by any Person on any material property or asset of Alto; (r) the disclosure of material

information relating to the Alto Mining Properties and ownership of the property of Alto; (s) compliance with environmental laws and permits; (t) compliance with applicable Laws; (u) the existence of related party transactions; (v) the absence of any judgment or order restricting the business of Alto; (w) the truth and accuracy of confidential information provided by Alto to Empress; (x) the existence of, and good standing of Alto with respect to material contracts; (y) employee benefits and labour and employment matters; (z) the absence of registration rights; (aa) the applicability of U.S. securities laws to Alto; (bb) the fees and commissions of brokers, bankers, and advisors in connection with the contemplated transaction; (cc) the existence and maintenance of insurance policies of Empress; (dd) the absence of subsidiaries of Alto; (ee) Alto's ownership of mineral resources; (ff) the accuracy of the financial books, records, and accounts of Alto; (gg) the completion and accuracy of the corporate minute books of Alto; and (hh) the business practices of Alto and its directors, officers, agents, and employees.

Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, certain conditions must have been satisfied or waived which conditions are summarized below.

Mutual Conditions

The respective obligations of Empress and Alto to complete the transactions contemplated in the Arrangement Agreement are subject to the fulfillment of the following conditions on or before the Effective Time or such other time as is specified below:

- (a) the Arrangement Resolution shall have been approved and adopted by the Empress Shareholders and Empress Warrantholders at the Meeting in accordance with the Interim Order;
- (b) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, and shall not have been set aside or modified in a manner unacceptable to Empress and Alto, acting reasonably, on appeal or otherwise;
- (c) there shall not exist any prohibition at law, including a cease trade order, injunction or other prohibition or order at law or under applicable legislation, and there shall not have been any action taken under any law or by any Governmental Entity or other regulatory entity that makes it illegal or otherwise, directly or indirectly, restrains, enjoins, prevents or prohibits the consummation of the Arrangement;
- (d) the Alto Shares and Spinco Shares to be issued to Empress Shareholders pursuant to the Arrangement shall be exempt from the registration requirements under the U.S. Securities Act, and Alto Shares to be issued to Empress Shareholders in connection with the Arrangement will not be subject to resale restrictions under the U.S. Securities Act, subject to restrictions applicable to affiliates (as defined in Rule 405 of the U.S Securities Act) of Alto following the Effective Date;
- (e) the TSX-V shall have conditionally approved for listing, subject to the payment of fees and the filing of customary required documents, the Alto Shares issuable pursuant to the Arrangement and upon the exercise of the Empress Warrants;
- (f) the Key Regulatory Approvals shall have been obtained applicable to the purchase of Empress Shares as contemplated by the Arrangement Agreement;

- (g) the Arrangement Agreement shall not have been terminated in accordance with its terms;
- (h) the distribution of the securities pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Securities Laws, and shall not be subject to resale restrictions under applicable Canadian and provincial securities laws (other than as applicable to control Persons or pursuant to Section 2.6 of National Instrument 45-102);
- (i) all conditions precedent to the completion of the Spinco Financing and the Alto Financing shall have been met; and
- (j) the Empress Financing having closed or been terminated.

The foregoing conditions are for the mutual benefit of the parties and may be waived by mutual consent of Empress and Alto in writing at any time.

Alto Conditions

The obligations of Alto to complete the transactions contemplated in the Arrangement Agreement is subject to the fulfillment of the following additional conditions on or before the Effective Date or such other time as is specified below:

- (a) all covenants of Empress and Spinco under the Arrangement Agreement to be performed on or before the Effective Date which have not been waived by Alto shall have been duly performed by Empress and Spinco in all material respects, and Alto shall have received a certificate of Empress and Spinco addressed to Alto and dated the Effective Date, signed on behalf of Empress and Spinco by a senior executive officer of Empress and Spinco (on Empress' or Spinco's behalf and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of Empress and Spinco set forth in the Arrangement Agreement shall be true and correct in all respects as of the Effective Date as though made on and as of the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of any such representations and warranties to be so true and correct in all respects would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Empress or Spinco, as applicable; and Alto shall have received a certificate of Empress and Spinco addressed to Alto and dated the Effective Date, signed on behalf of Empress and Spinco by a senior executive officer of Empress or Spinco, as applicable (on Empress' or Spinco's behalf and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred, or have been disclosed to the public (if previously undisclosed to the public) any Material Adverse Effect in respect of Empress or Spinco, and Empress and Spinco shall have provided to Alto a certificate of a senior executive officer of Empress and Spinco certifying the same as at the Effective Date;

- (d) holders of no more than 5% of the Empress Shares shall have exercised Dissent Rights (and not withdrawn such exercise) and Alto shall have received a certificate of a senior executive officer of Empress confirming the same as at the Effective Date; and
- (e) the Key Third Party Consents shall have been obtained.

The foregoing conditions are for the exclusive benefit of Alto and may be waived by Alto in whole or in part at any time.

Empress Conditions

The obligations of Empress to complete the transactions contemplated by the Arrangement Agreement is subject to the fulfillment of the following additional conditions on or before the Effective Date or such other time as is specified below:

- (a) all covenants of Alto under the Arrangement Agreement to be performed on or before the Effective Date shall have been duly performed by Alto in all material respects, and Empress shall have received a certificate of Alto addressed to Empress and dated the Effective Date, signed on behalf of Alto by a senior executive officer of Alto as the case may be (on Alto's behalf and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of Alto set forth in the Arrangement Agreement shall be true and correct in all respects as of the Effective Date as though made on and as at the Effective Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of a specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Alto; and Empress shall have received a certificate of Alto addressed to Empress and dated the Effective Date, signed on behalf of Alto by a senior executive officer of Alto (on Alto's behalf and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred, or have been disclosed to the public (if previously undisclosed to the public) any Material Adverse Effect in respect of Alto, and Alto shall have provided to Empress a certificate of a senior executive officer of Alto certifying the same as at the Effective Date; and
- (d) Alto shall have delivered to the Depositary in escrow pending the Effective Time, sufficient Alto Shares in escrow to pay the aggregate Share Consideration to be paid to Former Empress Shareholders (other than the dissenting Empress Shareholders) under the Arrangement.

The foregoing conditions are for the exclusive benefit of Empress and may be waived by Empress in whole or in part at any time.

Covenants of Empress

Covenants relating to Conduct of Business

Empress has agreed to certain covenants intended to ensure that Empress and each of its subsidiaries carry on business until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms in the ordinary course of business consistent with past practice, except as required or permitted by the Arrangement Agreement. These covenants include, among other things, prohibitions on: taking any action except in the ordinary course of business of Empress and its material subsidiaries; amending constating documents; transferring, disposing or encumbering any interest in the Alto Mining Properties; acquiring any assets, securities, properties or business or making any investment in any other Person other than as permitted by the Arrangement Agreement; capital alterations; issuing securities; changing accounting policies and tax accounting policies; incurring, creating or assuming any liabilities or making any loans, capital contributions or advances other than pursuant to a Contract in existence on the date of the Arrangement Agreement; waiving, granting or transferring rights or assets of material value; modifying employment arrangements and benefits; entering into, assigning, waiving or amending any agreements; settling or releasing any material action, claim or proceeding brought against Empress or any of its subsidiaries or any action or claim in connection with the Arrangement; entering into an agreement which restricts Empress' or any of its material subsidiaries' from competing in any manner; waiving, releasing or assigning any material rights of Empress or any of its subsidiaries; taking any action which would result in a material loss or that is reasonably expected to cause any Governmental Entity to institute proceedings relating to any material permits or approvals necessary to conduct business; taking any action that is reasonably expected to materially impede Empress' ability to consummate the Arrangement; taking any action would preclude Canadian tax "bump" rules from applying upon an amalgamation or winding-up of Empress; and cancelling existing insurance coverage.

Covenants relating to the Arrangement

Empress has also covenanted and agreed with Alto that it will, and will cause its subsidiaries, to perform all obligations required or desirable to be performed by Empress or any of its subsidiaries under the Arrangement Agreement, cooperate with Alto in connection therewith and do or cause to be done all such acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by the Arrangement, including:

- (a) provide to Alto at least two Business Days prior to the Effective Date (i) a reasonable estimate of the cash that will be held by Spinco and its subsidiaries immediately before the Effective Time that is not held in trust for, or for the benefit of, any joint venture partner or similar Person and (ii) a statement of all intercompany payables that will be owing by Spinco or any of its subsidiaries to Empress or any of the material subsidiaries immediately prior to the Effective Time;
- (b) subject to obtaining confirmation that insurance coverage is maintained as contemplated in Section 7.5 of the Arrangement Agreement and subject to Section 5.4(e) thereof, Empress shall use commercially reasonable efforts to cause to be delivered to Alto on the Effective Date resignations and releases, effective on the Effective Date or at such other time and in the manner requested by Alto, of the directors and officers of Empress or its subsidiaries designated in writing by Alto, together with any employees or consultants, with nominees of Alto to be appointed to the Empress Board immediately after each such resignation;

- (c) apply for and use commercially reasonable efforts to obtain all required approvals from Governmental Entities, including the Key Regulatory Approvals, relating to Empress or any of its subsidiaries which are typically applied for by an Empress company and, in doing so, keep Alto informed as to the status of the proceedings related to obtaining such approvals, including providing Alto with copies of all related applications and notifications, in draft form (except where such material is confidential in which case it will be provided (subject to applicable Laws) to Alto's outside counsel on an "external counsel" basis), in order for Alto to provide its comments thereon, which shall be given due and reasonable consideration;
- (d) use commercially reasonable efforts to obtain as soon as practicable following execution of the Arrangement Agreement all third party consents, approvals and notices required under any of the Material Contracts, including all Key Third Party Consents;
- (e) at the request of Alto, take all commercially reasonable steps to ensure that, on or prior to the Effective Date, the Spinco Assets have been duly transferred to Spinco and Spinco has assumed all of the Spinco Liabilities in a manner satisfactory to Alto, acting reasonably; provided that taking any such step does not result in, and would not reasonably be expected to result in, any Taxes being imposed on, or any adverse Tax on or being suffered by, the Empress Shareholders or the Empress Warrantholders;
- (f) defend all lawsuits or other legal, regulatory or other proceedings against Empress challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated thereby;
- (g) allow representatives of Alto (including legal and financial advisors) to attend the Empress Meeting; and
- (h) use commercially reasonable efforts to have the holders of greater than 10% of the issued and outstanding Empress Shares enter into a voting support agreement in a form acceptable to Alto, acting reasonably, wherein they agree to vote for management nominees for directors at any Alto meeting held prior to January 1, 2023 called to elect directors.

Non-Solicitation Covenant

Empress has covenanted and agreed that, except as otherwise provided in the Arrangement Agreement, Empress shall not, directly or indirectly, or through any of its Representatives, and shall cause its subsidiaries and their Representatives not to:

- (a) solicit, initiate, encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals whatsoever which would constitute an Acquisition Proposal;
- (b) participate in any discussions or negotiations with any Person (other than Alto, any of its affiliates or its or their Representatives) regarding an Acquisition Proposal;
- (c) approve, accept, endorse or recommend any Acquisition Proposal, or publicly propose to do so;

- (d) accept or enter into any agreement, understanding or arrangement or other contract in respect of an Acquisition Proposal, or publicly propose to do so; or
- (e) change the recommendation of the Empress Board to Empress Securityholders in respect of the Arrangement, unless (A) it does not relate to an Acquisition Proposal and (B) in the opinion of the Empress Board, acting in good faith and after receiving advice from its outside financial advisors and outside legal counsel, the Empress Board is required to make such change in order to comply with the fiduciary duties of such directors under applicable Law.

Empress has also agreed that, except as otherwise provided in the Arrangement Agreement, Empress shall, and shall cause its subsidiaries and its and their Representatives to, immediately cease and cause to be terminated any solicitation or negotiation with any Persons (other than Alto and its Representatives) with respect to any potential Acquisition Proposal and Empress will discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so, the return or destruction of all confidential information regarding Empress and its subsidiaries previously provided to any such Person or any other Person. Empress has agreed that neither it nor any of its subsidiaries shall terminate or modify any provision of any existing confidentiality agreement relating to a potential Acquisition Proposal or any standstill agreement to which it or any of its subsidiaries is a party, other than as may occur automatically as a result of the announcement of the Arrangement, and Empress undertakes to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it or any of its subsidiaries have entered into; provided, however, that the foregoing shall not prevent the Empress Board from considering an Acquisition Proposal that is reasonably likely to lead to a Superior Proposal and accepting a Superior Proposal made by any such third party if the provisions of the Arrangement Agreement have been complied with.

Notwithstanding the above, any other provision of the Arrangement Agreement or any other agreement between Alto and Empress, if at any time prior to obtaining the Empress Securityholder Approval, Empress receives a written Acquisition Proposal (that was not solicited in contravention of the non-solicitation covenants), the Empress Board may:

- (a) if it believes, acting in good faith, that the Acquisition Proposal could reasonably lead to a Superior Proposal, contact the Person(s) making such Acquisition Proposal and its advisors solely for the purpose of clarifying such Acquisition Proposal and any material terms thereof so as to determine whether such proposal is, or is reasonably likely to lead to, a Superior Proposal; and
- (b) if, in the opinion of the Empress Board, acting in good faith and after receiving advice from its outside financial advisors and outside legal counsel, the Acquisition Proposal constitutes or is reasonably likely to be or lead to a Superior Proposal, then Empress may furnish information with respect to Empress and its subsidiaries to the Person making such Acquisition Proposal, participate in discussions or negotiations with the Person making such Acquisition Proposal, and/or waive any standstill provision or agreement that would otherwise prohibit such Person from making an Acquisition Proposal; provided that Empress shall not, and shall not allow its Representatives to, disclose any non-public information with respect to Empress to such Person (i) if such non-public information has not been previously provided to, or is not concurrently provided to, Alto; (ii) without entering into a confidentiality and standstill agreement which is no less favourable to Empress and no more

favourable to the counterparty than the confidentiality and standstill provisions contained in the confidentiality agreement between Alto and Empress dated November 7, 2019, as it may be amended; and (iii) without providing a copy of such confidentiality agreement to Alto.

Empress has agreed that it shall promptly notify Alto of any proposal, inquiry, offer or request received by Empress or its Representatives (i) relating to an Acquisition Proposal, or which could potentially lead to an Acquisition Proposal, (ii) for discussions or negotiations in respect of an Acquisition Proposal or potential Acquisition Proposal, or (iii) for non-public information relating to Empress or its subsidiaries, or for access to the properties, books or records of Empress or its subsidiaries or a list of the Empress Shareholders. Empress has agreed to keep Alto promptly and fully informed of the status of any such proposal, inquiry, offer or request, will respond promptly to all reasonable inquiries by Alto and will provide copies of any written documents or correspondence provided to Empress relating thereto.

Subject to the right to match below, at any time prior to obtaining the Empress Securityholder Approval, if Empress receives an Acquisition Proposal which the Empress Board concludes in good faith constitutes a Superior Proposal, the Empress Board may, subject to compliance with the termination procedures of the Arrangement Agreement, terminate the Arrangement Agreement to enter into a definitive agreement with respect to such Superior Proposal.

Right to Match

Empress has agreed that it will not enter into a definitive agreement in respect of a Superior Proposal unless it has provided Alto with written notice that the Empress Board has determined that it has received a Superior Proposal, identified the party making the Superior Proposal, specified the cash amount that the Empress Board has ascribed to any non-cash consideration being offered in the Superior Proposal, provided Alto with a copy of any proposed agreement and allowed five Business Days to elapse from the date such notice and proposed agreement was provided to Alto.

During such five (5) Business Day period, Alto will have the right, but not the obligation, to offer to amend the terms of the Arrangement Agreement and the Plan of Arrangement (including increasing or modifying the consideration to be received by Empress Shareholders) in order to provide for terms at least equivalent to those provided for in the Superior Proposal. The Empress Board shall review any such proposal by Alto to determine (acting in good faith and in accordance with its fiduciary duties) whether the Acquisition Proposal to which Alto is responding would continue to be a Superior Proposal when assessed against the amended Arrangement Agreement and Plan of Arrangement as proposed by Alto. If the Empress Board determines that the Acquisition Proposal would cease to be a Superior Proposal, it will cause Empress to enter into an amendment to the Arrangement Agreement and the Plan of Arrangement reflecting the offer by Alto to amend the terms of the Arrangement Agreement and the Plan of Arrangement and will further agree not to enter into the applicable proposed agreement and not to withdraw, modify or change any recommendation regarding the Plan of Arrangement save and except to reaffirm its recommendation of the amended Plan of Arrangement.

If Alto does not offer to amend the terms of the Arrangement Agreement and the Plan of Arrangement during the five (5) Business Day period or the Empress Board determines acting in good faith and in the discharge of its fiduciary duties that the Acquisition Proposal would nonetheless remain a Superior Proposal with respect to Alto's proposal to amend the Arrangement Agreement and Plan of Arrangement, and therefore rejects Alto's offer to amend the Arrangement Agreement and Plan of Arrangement, Empress shall be entitled to terminate the Arrangement Agreement and enter into the proposed agreement upon payment to Alto of the Termination Fee. Each successive

modification of any Acquisition Proposal that results in an increase in, or modification of, the consideration to be received by the Empress Shareholders shall constitute a new Acquisition Proposal for the purposes of the requirement to initiate an additional five (5) Business Day match period.

Access to Information

Until the earlier of the Effective Time and the termination of the Arrangement Agreement, and subject to compliance with applicable Law and the terms of any existing contracts, Empress has agreed to provide, and to cause its subsidiaries to provide, Alto and its Representatives with reasonable access to data and information as Alto may reasonably request, provided that such information shall be subject to the terms and conditions of the Confidentiality Agreement.

Covenants of Spinco

Spinco has agreed to indemnify and save harmless Alto, Empress and its subsidiaries from all losses suffered or incurred by Alto, Empress or its subsidiaries arising directly or indirectly out of or in connection with any Indemnified Liabilities, provided that Spinco shall have no liability in respect of any such claims, proceedings or other matter unless Alto or Empress has delivered notice to Spinco giving the particulars of such claim, proceeding or other matter within six (6) years following the Effective Date.

Spinco shall have the right to receive notice specifying the particulars of any claim, proceeding or other matter arising in connection with any Indemnified Liabilities made against Alto, Empress or any of its subsidiaries by a third party for which Alto, Empress or any of its subsidiaries may be entitled to indemnification, the right to participate in any negotiations or proceedings with respect thereto and to assume defence of such claim in the name of Alto, Empress or its subsidiaries. Alto, Empress or its subsidiaries, as applicable, shall not settle or compromise any such claim without Spinco's prior written consent unless Spinco has failed to give notice to Alto, Empress or its subsidiaries that it wishes to dispute such claim within 20 Business Days after receiving notice thereof. Alto, Empress and its subsidiaries shall also provide Spinco with all information in their control which may be relevant to such defence. If Spinco fails to diligently and reasonably defend the claim or proceeding throughout the period such claim or proceeding exists, Spinco's right to defend the claim or proceeding will terminate and Alto, Empress or its subsidiaries may assume the defence of such claim and may compromise or settle such claim without Spinco's consent.

Spinco has also covenanted that, until the third anniversary of the Effective Date, none of Spinco or its subsidiaries will, without Alto's prior written consent, stake, lease or otherwise purchase or acquire or become entitled to acquire directly or indirectly any interest whatsoever in any real property, land rights, surface rights, water rights or mineral concessions, leases, claims or other form of mineral rights whatsoever, any part of which lies within the boundary of the Alto Mining Properties. Spinco will notify Alto immediately if Spinco or any of its subsidiaries acquires such interest directly or indirectly, and such Spinco party will hold such interest in trust for Alto and promptly convey such interest to Alto.

Covenants of Alto

Covenants relating to Conduct of Business

Alto has agreed to certain covenants intended to ensure that Alto and each of its subsidiaries carry on business until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms in the ordinary course of business consistent with past practice, except as required or permitted by the Arrangement Agreement. These covenants include, among other things, prohibitions on: taking any action except in the ordinary course of business,

amending constating documents; undertaking certain capital alterations; adopting a plan of liquidation; or changing accounting policies or tax accounting policies (except as required in accordance with IFRS); transferring, disposing or encumbering any of its interest in the Alto Mining Properties; acquiring any assets, securities, properties or business or making any investment in any other Person other than as permitted by the Arrangement Agreement; incurring, creating or assuming liability for any indebtedness of any other Person; waiving, releasing, granting or transferring any rights of material value; disposing or encumbering any assets, securities, properties, interests or businesses of Alto; paying or discharging material liabilities or obligations; modifying employment arrangements and benefits; settling or releasing any material action, claim or proceeding brought against Alto or any claim, action or proceeding in connection with the Arrangement; entering into an agreement which restricts Alto from competing in any manner; waiving, releasing or assigning any material rights of Alto; entering into, amending in a material respect, terminating or waiving, assigning or releasing any rights under a Material Contract; taking any action which would result in a material loss or that is reasonably expected to cause any Governmental Entity to institute proceedings relating to any material permits or approvals necessary to conduct business; taking any action that is reasonably expected to materially impede Alto's ability to consummate the Arrangement; taking any action would preclude Canadian tax "bump" rules from applying upon an amalgamation or winding-up of Alto; and cancelling existing insurance coverage.

Covenants relating to Performance of Obligations

Alto has also covenanted and agreed with Empress that it will perform all obligations required to be performed by Alto under the Arrangement Agreement, co-operate with Empress in connection therewith and use commercially reasonable efforts to do or cause to be done all acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement, including:

- (a) obtaining, using commercially reasonable efforts, conditional and final listing approval of the TSX-V with respect to the listing of all Alto Shares to be issued (including the number of Alto Shares issuable upon exercise of all of the outstanding Empress Warrants) in connection with the Arrangement;
- (b) reserving for issuance a sufficient number of Alto Shares to meet Alto's obligations under the Plan of Arrangement;
- (c) obtaining, using commercially reasonable efforts, all Key Regulatory Approvals relating to Alto which are typically applied for by an acquiror;
- (d) subject to the terms and conditions of the Arrangement Agreement and applicable Laws, paying the aggregate Share Consideration to be paid pursuant to the Arrangement and making arrangements for the prompt delivery of certificates representing the Alto Shares issuable under the Plan of Arrangement;
- (e) take all necessary actions such that at the Effective Time, three nominees of Empress and Richard Mazur and Michael Bandrowski, nominees of Alto, shall be appointed to the Board of Directors of Alto and shall be nominated for re-election to the Board of Directors of Alto at, and included in the meeting materials for, the first two annual general meetings of Alto following the Effective Date. At the Effective Time and at the time of nomination for re-election, the board of directors of Alto will be comprised of no more than five (5) directors (including the Empress Nominees and the Alto Nominees);

- (f) providing Empress and its Representatives reasonable access to the books, contracts and records as well as to the management personnel of Alto and its subsidiaries for the purpose of confirming the representations and warranties of Alto contained in the Arrangement Agreement;
- (g) take all necessary actions to: (i) issue Alto Shares upon the exercise by the holders of Empress Warrants in accordance with the adjustment provisions (the "**Adjustment Provisions**") included in the certificates representing the Empress Warrants and to execute all necessary documents, instruments, or supplemental indentures required to ensure that each unexercised Empress Warrant outstanding after the Effective Time will entitle the holder thereof to receive upon exercise the Share Consideration, and for greater certainty the exercise price of such Empress Warrants shall be adjusted downward in accordance with their terms to reflect the distribution of Spinco Shares to the Empress Shareholders at the Effective Time, and (ii) if necessary, make such changes to the Plan of Arrangement to give effect to the foregoing as it relates to the Empress Warrants;
- (h) effect a five (5) for one (1) consolidation of the Alto Shares at or prior to the Effective Date;
- (i) at the Effective Time, transfer the Alto Royalties and the Alto Marketable Securities to Spinco in consideration for the issuance of 4,615,384 Spinco Shares, which it will distribute to the Alto Shareholders as a dividend;
- (j) use commercially reasonable efforts to have the holders of greater than 10% of the issued and outstanding Empress Shares enter into a voting and support agreement acceptable to Alto, acting reasonably, wherein they agree to vote for management nominees for directors at any Alto meeting held prior to January 1, 2023 called to elect directors; and
- (k) document the new Alto Royalties in a form acceptable to Empress, acting reasonably.

Insurance and Indemnification

Alto has agreed that, with the prior written consent of Alto, not to be unreasonably withheld, Empress shall be entitled to purchase run off directors' and officers' liability insurance for a period of six (6) years from the Effective Date. For a period of six (6) years from the Effective Date, Alto shall cause Empress to ensure that the provisions with respect to indemnification in the articles and/or by-laws of Empress and its subsidiaries are not modified, except as required by Law, in any manner that would adversely affect any rights of indemnification of the former directors or officers of Empress or any of its subsidiaries.

Alto has further agreed that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of Empress and its subsidiaries to the extent that they have been disclosed to Alto.

Termination

The Arrangement Agreement may be terminated prior to the Effective Time in certain circumstances, many of which require payment of the Termination Fee or expense reimbursement of up to \$100,000, including:

1. Either Empress or Alto is entitled to terminate the Arrangement Agreement in the following circumstances, among others:
 - (a) by mutual written agreement;
 - (b) if the Effective Date has not occurred on or before the Outside Date (except that a party shall not be entitled to terminate the Arrangement Agreement if its failure to fulfil its obligations or breach of its representations and warranties is the cause of, or resulted in, the failure of the Effective Date to occur by the Outside Date);
 - (c) any applicable Law has been enacted or any injunction or court order exists that is final and not subject to appeal which makes consummation of the Arrangement illegal or otherwise prohibits or enjoins Empress or Alto from consummating the Arrangement; or
 - (d) Empress Securityholder Approval is not obtained at the Meeting.
2. Empress is also entitled to terminate the Arrangement Agreement in the following circumstances, among others:
 - (a) if Empress proposes to enter into a transaction with respect to a Superior Proposal;
 - (b) if any of the conditions to Empress' obligation to complete the Arrangement has not been satisfied or waived by the Outside Date or it is clear that such condition is incapable of being satisfied by the Outside Date (provided that Empress is not then in breach of the Arrangement Agreement so as to have caused any of the conditions to Alto's obligations to complete the Arrangement not to be satisfied);
 - (c) if Alto breaches any of its representations or warranties set out in the Arrangement Agreement (and has not cured such breach within 10 Business Days of Empress giving notice of its intention to terminate), which breach would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on Alto, or Alto breaches any of its covenants or material obligations in the Arrangement Agreement, in each case in any material respect (provided that Empress is not then in breach of the Arrangement Agreement so as to have caused any of the conditions to Alto's obligations to complete the Arrangement not to be satisfied); or
 - (d) if, after the date of the Arrangement Agreement, there is a change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of Alto and its subsidiaries, taken as a whole.
3. Alto is also entitled to terminate the Arrangement Agreement in the following circumstances, among others:
 - (a) prior to obtaining Empress Securityholder Approval, the Empress Board withdraws, amends or modifies, in a manner adverse to Alto, or fails to reaffirm its recommendation of the Arrangement within five Business Days (and in any case prior to the Meeting) after having been requested in writing by Alto to do so;
 - (b) any of the conditions to Alto's obligation to complete the Arrangement has not been satisfied or waived by the Outside Date or if it is clear that such condition is

incapable of being satisfied by the Outside Date (provided that Alto is not then in breach of the Arrangement Agreement so as to have caused any of the conditions to Empress' obligations to complete the Arrangement not to be satisfied);

- (c) if Empress breaches any of its representations or warranties set out in the Arrangement Agreement (and has not cured such breach within 10 Business Days of Alto giving notice of its intention to terminate), which breach would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on Empress, or Empress breaches any of its covenants or material obligations in the Arrangement Agreement, in each case in any material respect (provided that Alto is not then in breach of the Arrangement Agreement so as to have caused any of the conditions to Empress' obligations to complete the Arrangement not to be satisfied);
- (d) if Empress is in breach of any of its non-solicitation obligations, obligations with respect to notifying Alto of Acquisition Proposals or obligations with respect to Alto's right to match any Superior Proposal;
- (e) if the Meeting has not occurred on or before August 31, 2020 (unless such failure to hold the Meeting is a result of Alto's failure to fulfil any of its obligations under the Arrangement Agreement);
- (f) if Empress provides Alto with notice of a Superior Proposal; or
- (g) if, after the date of the Arrangement Agreement, there is a change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of Empress and its subsidiaries, taken as a whole.

In addition, either Empress or Alto may terminate the Arrangement Agreement in the event that Alto is required by any Governmental Entity or Securities Authority to obtain the approval of Alto's shareholders for the issuance of the Alto Shares pursuant to the Arrangement or any other aspect of the Arrangement and such approval is not obtained.

Termination Fee and Expense Reimbursement

Upon the occurrence of any of the following events and termination by Alto, Empress shall pay or cause to be paid and Alto shall be entitled to the Termination Fee by wire transfer in immediately available funds:

- (a) if prior to obtaining Empress Securityholder Approval, the Empress Board withdraws, amends or modifies, in a manner adverse to Alto, or fails to reaffirm its recommendation of the Arrangement within five Business Days (and in any case prior to the Meeting) after having been requested in writing by Alto to do so;
- (b) if Empress is in breach of any of its non-solicitation obligations, obligations with respect to notifying Alto of Acquisition Proposals or obligations with respect to Alto's right to match any Superior Proposal;
- (c) if Empress provides Alto with notice of a Superior Proposal;
- (d) if Empress proposes to enter into a definitive agreement with any third party providing for a Superior Proposal;

- (e) (i) if the Effective Date has not occurred on or before the Outside Date (except that a party shall not be entitled to terminate the Arrangement Agreement if its failure to fulfil its obligations or breach of its representations and warranties is the cause of, or resulted in, the failure of the Effective Date to occur by the Outside Date); (ii) if Empress breaches a representation or warranty in the Arrangement Agreement that would reasonably be expected to have a Material Adverse Effect on Empress or any covenant or material obligation in the Arrangement Agreement, in each case in any material respect (provided that Alto is not then in breach of the Arrangement Agreement so as to cause Empress' conditional obligations in the Arrangement Agreement not to be satisfied); (iii) if the Meeting has not occurred on or before August 31, 2020 or such later date to which the Meeting may have been postponed or adjourned pursuant to the Arrangement Agreement provided that the right to terminate will not be available to Alto if the failure by Alto to fulfil any obligation under the Arrangement Agreement is the cause of the failure of the Meeting to occur by such date; (iv) or if either Alto or Empress terminates the Arrangement Agreement as a result of the Empress Shareholder Approval not being obtained at the Meeting, but only if, prior to the earlier of the termination of the Arrangement Agreement or the holding of the Meeting, an Acquisition Proposal is made or announced by any Person (other than Alto or any of its affiliates) and, within twelve months following such termination:

(A) an Acquisition Proposal is consummated by Empress with such Person;
or

(B) Empress and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the Empress Board approves or recommends, an Acquisition Proposal with such Person and at any time thereafter (whether or not within twelve months of such termination) such Acquisition Proposal is consummated,

in which case, the Termination Fee shall be payable within two Business Days following the closing of such transaction.

All expenses incurred in connection with the Arrangement and the transactions contemplated thereby shall be paid by the Party incurring such expense, provided that if the Arrangement Agreement is terminated by Alto in certain circumstances pursuant to the terms thereof, then Empress shall promptly, but in no event later than two Business Days following the request by Alto, pay to Alto by wire transfer of same day funds an expense reimbursement fee of \$100,000. If the Arrangement Agreement is terminated by Empress in certain circumstances pursuant to the terms therefor, then Alto shall promptly, but in no event later than two Business Days following the request by Empress, pay to Empress by wire transfer of same day funds an expense reimbursement fee of \$100,000.

Empress will pay an expense reimbursement fee of \$100,000 by wire transfer of same day funds to Alto if the Arrangement Agreement is terminated because:

- (a) the Empress Securityholder Approval is not obtained;
- (b) Empress breached a representation or warranty in the Arrangement Agreement that would reasonably be expected to have a Material Adverse Effect on Empress or any covenant or material obligation in the Arrangement Agreement, in each case in any material respect (provided that Alto is not then in breach of the Arrangement

Agreement so as to cause Empress' conditional obligations in the Arrangement Agreement not to be satisfied, and such breach has not been cured within 10 Business Days of notice thereof);

- (c) the Meeting has not occurred on or before August 31, 2020 (unless such failure to hold the Meeting is a result of Alto's failure to fulfil any of its obligations under the Arrangement Agreement); or
- (d) the Arrangement Agreement is terminated as a result of a failure on the part of Empress to hold the Meeting.

Alto will pay an expense reimbursement fee of \$100,000 by wire transfer of same day funds to Empress if the Arrangement Agreement is terminated because:

- (a) Alto breaches any of its representations or warranties set out in the Arrangement Agreement which breach would, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on Alto, or Alto breaches any of its covenants or material obligations in the Arrangement Agreement, in each case in any material respect (provided that Empress is not then in breach of the Arrangement Agreement so as to have caused any of the conditions to Alto's obligations to complete the Arrangement not to be satisfied, and such breach has not been cured within 10 Business Days of notice thereof);
- (b) either Empress or Alto terminated the Arrangement Agreement in the event that Alto is required by any Governmental Entity or Securities Authority to obtain the approval of Alto's shareholders for the issuance of the Alto Shares pursuant to the Arrangement or any other aspect of the Arrangement and such approval is not obtained; or
- (c) the Arrangement Agreement is terminated in the event that Alto calls and holds a meeting of its shareholders to obtain their approval for the issuance of Alto Shares pursuant to the Arrangement or any other aspect of the Arrangement and such approval is not obtained at that meeting.

Spinco Condition Subsequent

Under the Arrangement Agreement, on or before 180 days following the Effective Date Spinco shall have:

- (a) listed the Spinco Shares on a recognized Canadian stock exchange;
- (b) completed a transaction resulting in the listing of the Spinco Shares on a recognized Canadian stock exchange; or
- (c) completed a transaction resulting in the exchange of the Spinco Shares for shares of another issuer that is listed on a recognized Canadian stock exchange;

failing which Spinco shall either return the Alto Marketable Securities or the monetary equivalent of same to Alto and for such purposes the Alto Marketable Securities shall be deemed to have a value equal to the closing price of such securities on the trading day immediately preceding the 180th day following the Effective Date.

Risks Associated with the Arrangement

In evaluating the Arrangement, Empress Securityholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by Empress, may also adversely affect the Empress Shares, the Alto Shares, the Spinco Shares and/or the businesses of Empress, Spinco and Alto following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, Empress Securityholders should also carefully consider the risk factors associated with the businesses of Alto and Spinco included in this Circular and in the documents incorporated by reference herein. See "*Information Concerning Alto – Risk Factors*" in Appendix "D" to this Circular and "*Information Concerning Spinco – Risk Factors*" in Appendix "E" to this Circular. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

The risks associated with the Arrangement include:

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a material adverse effect on Empress.

Each of Empress and Alto has the right to terminate the Arrangement Agreement and Arrangement in certain circumstances. Accordingly, there is no certainty, nor can Empress provide any assurance, that the Arrangement Agreement will not be terminated by either Empress or Alto before the completion of the Arrangement. For example, Alto has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, in the aggregate, have a material adverse effect on Empress. Although a material adverse effect excludes certain events that are beyond the control of Empress (such as general changes in the global economy or changes that affect the mining industry generally and which do not have a materially disproportionate effect on Empress), there is no assurance that a change having a material adverse effect on Empress will not occur before the Effective Date, in which case Alto could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

There can be no certainty that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Empress, including receipt of the Final Order. There can be no certainty, nor can Empress provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the Empress Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will not be completed. If the Arrangement is not completed and the Empress Board decides to seek another merger or Arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

Empress will incur costs and may have to pay a termination fee.

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Empress even if the Arrangement is not completed. Empress and Alto are each liable for their own costs incurred in connection with the Arrangement, except that Empress is liable for Alto's costs in certain circumstances where the Arrangement is not completed. If the Arrangement is not completed, Empress may be required to pay Alto the Termination Fee. See "*The Meeting – The Arrangement – The Arrangement Agreement – Termination - Termination Fees and Expense Reimbursement*".

Risks associated with a fixed exchange ratio.

Empress Shareholders will receive a fixed number of Alto Shares under the Arrangement, rather than Alto Shares with a fixed market value. Because the number of Alto Shares to be received in respect of each Empress Share under the Arrangement will not be adjusted to reflect any change in the market value of the Alto Shares, the market value of Alto Shares received under the Arrangement may vary significantly from the market value at the dates referenced in this Circular. If the market price of the Alto Shares increases or decreases, the value of the consideration that Empress Shareholders receive pursuant to the Arrangement will correspondingly increase or decrease. There can be no assurance that the market price of the Alto Shares on the Effective Date will not be lower than the market price of such shares on the date of the Meeting. In addition, the number of Alto Shares being issued in connection with the Arrangement will not change despite decreases or increases in the market price of Empress Shares. Many of the factors that affect the market price of the Alto Shares and the Empress Shares are beyond the control of Alto and Empress, respectively. These factors include fluctuations in commodity prices, fluctuations in currency exchange rates, changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets and interest rate fluctuations.

Empress directors and executive officers may have interests in the Arrangement that are different from those of Empress Securityholders.

In considering the recommendation of the Empress Board to vote in favour of the Arrangement Resolution, Empress Securityholders should be aware that certain members of the Empress Board and management team have agreements or arrangements that provide them with interests in the Arrangement that differ from, or are in addition to, those of Empress Securityholders generally. See "*The Meeting – The Arrangement — Interests of Certain Persons in the Arrangement*".

The market price for the Empress Shares may decline.

If the Arrangement is not approved by the Empress Securityholders, the market price of the Empress Shares may decline to the extent that the current market price of the Empress Shares reflects a market assumption that the Arrangement will not be completed. If the Arrangement Resolution is not approved and the Empress Board decides to seek another merger or Arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

The market price for the Alto Shares may decline.

The issue of Alto Shares under the Arrangement and their subsequent sale may cause the market price of Alto Shares to decline.

As of May 28, 2020, 56,373,295 Alto Shares were outstanding and an aggregate of 8,267,057 Alto Shares were subject to outstanding options or warrants to purchase or acquire Alto Shares. Up to 60,513,940 Alto Shares may be issued or issuable in connection with the Arrangement (including Alto Shares reserved for issue on exercise of Empress Warrants after the Effective Date). The issue of these new Alto Shares and their sale and the sale of additional Alto Shares that may become eligible for sale in the public market from time to time could depress the market price for Alto Shares.

Empress does not have any assets and may not be able to raise funds to acquire any assets.

Empress currently has no assets and will need to raise funds to acquire assets. There is no guarantee that Empress will be able to raise such funds or that the funds raised will be on reasonable terms.

Empress Shareholders may realize a capital gain or deemed dividend.

An Empress Shareholder may realize a capital gain if such Empress Shareholder's ACB of its Empress Shares is not sufficient so that the portion deemed to be the ACB of its Class B Common Shares received pursuant to the Arrangement is less than the Fair Market Value of the Spinco Shares received on the redemption of such Class B Common Shares under the Arrangement. An Empress Shareholder may realize a deemed dividend on the redemption of the Class B Common Shares for Spinco Shares pursuant to the Arrangement if the paid-up capital of its Empress Shares immediately prior to the Effective Time is less than the Fair Market Value of the Spinco Shares received on the redemption of such Class B Common Shares under the Arrangement. Empress Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances. See also in this Circular, "*Canadian Federal Income Tax Considerations*".

Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan.

Where a Registered Plan acquires a share that is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, beneficiary or holder under the Registered Plan, including that the Registered Plan may be subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or may jeopardize the tax-exempt status of the Registered Plan. With respect to the Spinco Shares, there is no assurance when, or if, such Spinco Shares will be listed on any stock exchange. If the Spinco Shares are not listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Spinco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue.

Dissent Rights

The following description of Dissent Rights is not a comprehensive statement of the procedures to be followed by a Dissenting Empress Shareholder who seeks payment of the fair value of its Empress Shares from Alto and is qualified in its entirety by the reference to the full text of the Interim Order which is attached at Appendix "C" to this Circular. A Dissenting Empress Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of the Interim Order. Failure to strictly comply with the provisions of the Interim Order, and to adhere to the procedures established therein, may result in the loss of all rights thereunder.

There is no mandatory statutory right of dissent and appraisal in respect of plans of arrangement under the BCBCA. However, as contemplated in the Plan of Arrangement, Empress has granted to Empress Shareholders who object to the Arrangement Resolution the Dissent Rights which are set out in their entirety in the Interim Order, the text of which is attached at Appendix "C" to this Circular.

Pursuant to the Interim Order, a Registered Empress Shareholder who intends to exercise the Dissent Rights must deliver a Dissent Notice to Empress c/o Stikeman Elliott LLP, Suite 1700, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8, Attention: Neville McClure, to be received not later than 4:00 p.m. (Vancouver time) on June 26, 2020, or two (2) Business Days prior to any adjournment of the Meeting and must not vote any Dissent Shares in favour of the Arrangement. A Non-Registered Holder who wishes to exercise the Dissent Rights must arrange for the Registered Empress Shareholder(s) holding its Empress Shares to deliver the Dissent Notice. The Dissent Notice must contain all of the information specified in the Interim Order. A vote against the Arrangement Resolution does not constitute a Dissent Notice and an Empress Shareholder who votes in favour of the Arrangement Resolution will not be considered a Dissenting Empress Shareholder.

If the Arrangement Resolution is passed at the Meeting, Empress must send by registered mail to every Dissenting Empress Shareholder, prior to the date set for the hearing of the Final Order, a notice (the "**Notice of Intention**") stating that, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, Empress intends to complete the Arrangement, and advising the Dissenting Empress Shareholder that if the Dissenting Empress Shareholder intends to proceed with its exercise of its Dissent Rights, it must deliver to Empress, within 14 days after the mailing of the Notice of Intention, a written statement containing the information specified by the Interim Order, together with the certificate(s), if any, representing the Dissent Shares.

A Dissenting Empress Shareholder delivering such a written statement may not withdraw from its dissent and, at the Effective Time, will be deemed to have transferred to Alto all of its Dissent Shares (free of any claims). Such Dissenting Empress Shareholders shall cease to have any rights as Empress Shareholders other than the right to be paid the fair value of their Empress Shares. Alto will pay to each Dissenting Empress Shareholder for the Dissent Shares the amount agreed on by Alto and the Dissenting Empress Shareholder. Either Alto or a Dissenting Empress Shareholder may apply to Court if no agreement on the amount to be paid for the Dissent Shares has been reached, and the Court may:

- (a) determine the fair value that the Dissent Shares had immediately before the passing of the Arrangement Resolution, excluding any appreciation or depreciation in anticipation of the Arrangement unless such exclusion would be inequitable, or order that such fair value be established by arbitration or by reference to the registrar or a referee of the Court;
- (b) join in the application each other Dissenting Empress Shareholder who has not reached an agreement with Alto as to the amount to be paid for the Dissent Shares; or
- (c) make consequential orders and give directions it considers appropriate.

Dissenting Empress Shareholders who are ultimately entitled to be paid fair value for their Empress Shares will be entitled to be paid such fair value and will not be entitled to any other payment or consideration, including any payment or consideration that would be payable under the Plan of Arrangement had they not exercised their Dissent Rights. The names of such holders shall be removed from Empress' central securities register as of the Effective Time.

If a Dissenting Empress Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order, it will lose its Dissent Rights, Empress will return to the Dissenting Empress Shareholder the certificate(s) representing the Dissent Shares that were delivered to Empress, if any, and, if the Arrangement is completed, that Dissenting Empress Shareholder shall be deemed to have participated in the Arrangement in respect of those Empress Shares on the same terms as all other Empress Shareholders who are not Dissenting Empress Shareholders. In no case will Empress, Alto, Spinco or any other Person be required to recognize such Dissenting Empress Shareholders as holding Empress Shares at or after the Effective Time.

Registered Empress Shareholders wishing to exercise the Dissent Rights should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement and the Dissent Rights. Registered Empress Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive procedure.

The Interim Order outlines certain events when Dissent Rights will cease to apply where such events occur before payment is made to the Dissenting Empress Shareholders of their fair value of the Empress Shares surrendered (including if the Arrangement Resolution does not pass or is otherwise not proceeded with). In such events, the Dissenting Empress Shareholders will be entitled to the return of the applicable share certificate(s), if any, and rights as a shareholder of Empress in respect of the applicable Empress Shares will be regained.

If, as of the Effective Date, the aggregate number of Empress Shares in respect of which Empress Shareholders have duly and validly exercised Dissent Rights exceeds 5% of the Empress Shares then outstanding, Alto is entitled, in its discretion, to not complete the Arrangement. See "*The Meeting - The Arrangement - The Arrangement Agreement - Conditions to the Arrangement Becoming Effective*".

Certain Canadian Federal Income Tax Considerations

U.S. Empress Securityholders should consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the transactions contemplated by the Arrangement and the acquisition, ownership, and disposition of Empress Shares, Class A Common Shares, Class B Common Shares, Spinco Shares and Alto Shares.

In the opinion of Stikeman Elliott LLP, Canadian counsel to Empress, the following summary fairly describes the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to Empress Shareholders who, at all relevant times, for purposes of the Tax Act: (i) hold their Empress Shares and will hold their Class A Common Shares, Class B Common Shares, Alto Shares and Spinco Shares, as capital property, (ii) deal at arm's length with Empress, Alto, and Spinco, and (iii) are not affiliated with Empress, Alto, or Spinco.

The Empress Shares, Class A Common Shares, Class B Common Shares, Alto Shares and Spinco Shares will generally be considered to be capital property to a holder thereof, unless the shares are held in the course of carrying on a business or were acquired in a transaction considered to be an adventure in the nature of trade. Certain shareholders who are resident in Canada and who might not otherwise be considered to hold their shares as capital property may be entitled, in certain circumstances, to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such shares and all other "Canadian securities" as defined in the Tax Act owned by such shareholder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Any person contemplating making such an election should consult their own tax advisor for advice as to whether the election is available or advisable in their own particular circumstances.

This summary is not applicable to an Empress Shareholder (i) that is a "financial institution" (as defined in the Tax Act) for the purposes of the mark-to-market rules, (ii) that is a "specified financial institution" (as defined in the Tax Act), (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, (v) who has entered into, or will enter into, a "synthetic disposition arrangement" or a "derivative forward arrangement" (as such terms are defined in the Tax Act) in respect of Empress Shares, Class A Shares, Class B Shares, Alto Shares or Spinco Shares, (vi) that is a "foreign affiliate" (as such term is defined in the Tax Act) of a taxpayer resident in Canada, or (vii) that has acquired the Empress Shares on the exercise of an employee stock option. All such Empress Shareholders should consult their own tax advisors having regard to their own particular circumstances.

This summary is based upon the current provisions of the Tax Act and counsel's understanding of the current published administrative practices and assessing policies of the CRA. This summary also takes into account all specific proposals to amend the Tax Act (the "**Proposed Amendments**") announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. It is assumed that all Proposed Amendments will be enacted in their present form. However, there can be no assurance that the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, or the administrative practices and assessing policies of CRA, whether by legislative, governmental, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. This summary assumes that the Empress Shares will, at all relevant times, be listed on the TSX-V. It is also assumed that the paid-up capital (as such term is used in the Tax Act) of the Empress Shares immediately prior to the Effective Time will not be less than the fair market value of the Spinco Shares to be transferred to the Empress Shareholders on the redemption of the Class B Common Shares as part of the Arrangement, and this summary is qualified accordingly.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Empress Shareholder. Accordingly, Empress Shareholders should consult their own tax advisors for advice as to the income tax consequences to them of the Arrangement in their particular circumstances.

Empress Warrantholders should be aware that the exercise or other disposition of Empress Warrants may have tax consequences in Canada and elsewhere. This Circular does not describe the Canadian or foreign tax consequences of an exercise or other disposition of Empress Warrants. Empress Warrantholders should consult their own tax advisors in this regard.

Empress Shareholders Resident in Canada

The following portion of the summary is applicable to an Empress Shareholder who is, at all relevant times, resident, or deemed to be resident, in Canada for purposes of the Tax Act (a "**Resident Shareholder**").

Exchange of Empress Shares for Class A Common Shares and Class B Common Shares

A Resident Shareholder whose Empress Shares are exchanged for Class A Common Shares and Class B Common Shares pursuant to the Arrangement will not realize any capital gain or loss as a result of the exchange. The Resident Holder will be required to allocate the ACB of the Resident Holder's Empress Shares, determined immediately before the Arrangement, *pro rata* to the Class A Common Shares and the Class B Common Shares received on the exchange based on the relative Fair Market Value of those Class A Common Shares and Class B Common Shares immediately after the exchange. The Fair Market Value of the Class A Common Shares and the Class B Common Shares is a question of fact to be determined having regard to all of the relevant circumstances.

Redemption of Class B Common Shares for Spinco Shares

Pursuant to the Arrangement, the paid-up capital of the Empress Shares immediately before the Effective Time will be allocated to the Class B Common Shares to be issued pursuant to the Arrangement to the extent of an amount equal to the Fair Market Value of the Spinco Shares held by Empress and the balance of such paid-up capital will be allocated to the Class A Common Shares to be issued pursuant to the Arrangement.

Empress has advised that the Fair Market Value of the Spinco Shares to be issued to the holders of the Class B Common Shares upon redemption thereof will be less than the paid-up capital of the Empress Shares immediately before the Effective Time. Accordingly, no dividend should be deemed to have been paid by Empress to the Resident Shareholders, and no Resident Shareholder should be deemed to have received a dividend, as a result of the redemption of the Class B Common Shares for the Spinco Shares held by Empress pursuant to the Arrangement.

Each Resident Shareholder whose Class B Common Shares are redeemed for Spinco Shares pursuant to the Arrangement will realize a capital gain (or capital loss) equal to the amount, if any, by which the Fair Market Value of the Spinco Shares less reasonable costs of disposition, exceed (or are exceeded by) their ACB immediately before the redemption. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below. See "*Taxation of Capital Gains and Capital Losses*" below.

The cost to a Resident Shareholder of Spinco Shares acquired on the redemption will be equal to the Fair Market Value of the Spinco Shares at the time of their distribution on the redemption of the Class B Common Shares.

Exchange of Class A Common Shares for Alto Shares

In general, the exchange of Class A Common Shares for Alto Shares under the Arrangement will not give rise to a capital gain (or capital loss) to a Resident Shareholder unless such shareholder elects to report such capital gain or capital loss in its income tax return.

Except where a particular Resident Shareholder chooses to recognize a capital gain (or capital loss) on the exchange of Class A Common Shares for Alto Shares (as discussed below), Resident Shareholders shall be deemed to have disposed of their Class A Common Shares for proceeds of disposition equal to the ACB of such shares immediately before the exchange and to have acquired their Alto Shares at an ACB equal to that same amount. The ACB of such Alto Shares must be averaged with the ACB of all other Alto Shares held by such Resident Shareholder as capital property immediately before the exchange to determine the adjusted cost base of each Alto Share to the holder.

A Resident Shareholder may choose to recognize a capital gain (or capital loss) on the exchange of Class A Common Shares for Alto Shares by including the capital gain (or capital loss) in such Resident Shareholder's tax return for the taxation year in which the exchange occurs. In those circumstances, the Resident Shareholder will realize a capital gain (or capital loss) equal to the amount by which the Fair Market Value of the Alto Shares received on the exchange exceeds (or is exceeded by) the ACB of the Class A Common Shares exchanged therefor and any costs associated with the disposition and will acquire the Alto Shares at an ACB equal to the Fair Market Value of the Alto Shares determined at that time. Such capital gains (or capital losses) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*". The ACB of such Alto Shares must be averaged with the ACB of all other Alto Shares held by such Resident Shareholder immediately before the exchange as capital property to determine the ACB of each Alto Share to the holder.

Dividends

In the case of a Resident Shareholder who is an individual, any dividends received or deemed to be received on any Empress Shares, Class A Common Shares, Class B Common Shares, Alto Shares or Spinco Shares will be included in computing the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends that are designated as "eligible dividends".

In the case of a Resident Shareholder that is a corporation, any dividends received or deemed to be received on any Empress Shares, Class A Common Shares, Class B Common Shares, Alto Shares or Spinco Shares will be included in computing the corporation's income and will generally be deductible in computing its taxable income. Although, based on information provided to counsel, no dividend is expected to be deemed to be received on the redemption of the Class B Common Shares for Spinco Shares under the Arrangement, Resident Shareholders that are corporations may wish to consult their tax advisors on the tax consequences of a deemed receipt of such a dividend including the potential application of subsection 55(2) of the Tax Act that may result in a portion or all of such deemed dividend being treated as a capital gain.

A "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on such shares to the extent that such dividends are deductible in computing the corporation's taxable income.

Taxable dividends received by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

Disposition of Alto Shares and Spinco Shares

A Resident Shareholder who disposes or is deemed to dispose of Alto Shares or Spinco Shares will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Shareholder of those shares immediately before the disposition. See "*Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Shareholder in a taxation year will be included in the Resident Shareholder's income for the year. One-half of any capital loss (an "**allowable capital loss**") realized by a Resident Shareholder in a taxation year must generally be deducted against taxable capital gains realized in that taxation year, to the extent and in the circumstances specified in the Tax Act. Any excess of allowable capital losses over taxable capital gains realized in a particular taxation year may be carried back up to three taxation years and carried forward indefinitely and deducted against net taxable capital gains realized in those other years, to the extent and in the circumstances specified in the Tax Act.

If the Resident Shareholder is a corporation, the amount of any capital loss arising from a disposition or deemed disposition of an Empress Share, an Alto Share or a Spinco Share may be reduced by the amount of dividends received or deemed to be received by the corporation on the share, to the extent and under circumstances specified by the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

A Resident Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of net taxable capital gains and dividends or deemed dividends not deductible in computing taxable income.

Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

Dissenting Empress Shareholders

A Resident Shareholder who, as a result of the exercise of Dissent Rights, disposes of Empress Shares to Alto in consideration for a cash payment from Alto, will be considered to have disposed of the Empress Shares for proceeds of disposition equal to the amount of the cash payment (other than any portion of the payment that is interest awarded by the court). Such Dissenting Empress Shareholder will realize a capital gain (or capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to such Dissenting Empress Shareholder of the Empress Shares immediately before the disposition. See "*Taxation of Capital Gains and Capital Losses*" above for a general description of the treatment of capital gains and capital losses under the Tax Act.

Interest awarded by a court to a Resident Shareholder who is a Dissenting Empress Shareholder will be included in such shareholder's income for purposes of the Tax Act.

Empress Shareholders Not Resident in Canada

The following portion of the summary is applicable to an Empress Shareholder who (i) is not, or is not deemed to be, resident in Canada for purposes of the Tax Act, and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Empress Shares, Alto Shares or Spinco Shares in connection with carrying on a business in Canada (a "**Non-Resident Shareholder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Shareholder that is an insurer carrying on business in Canada and elsewhere.

Exchange of Empress Shares for Class A Common Shares and Class B Common Shares

A Non-Resident Shareholder whose Empress Shares are exchanged for Class A Common Shares and Class B Common Shares pursuant to the Arrangement will not realize any capital gain or loss as a result of the exchange. The Non-Resident Shareholder will be required to allocate the ACB of the Non-Resident Shareholder's Empress Shares, determined immediately before the Arrangement, *pro rata* to the Class A Common Shares and the Class B Common Shares received on the exchange based on the relative Fair Market Value of those Class A Common Shares and Class B Common Shares immediately after the exchange. The Fair Market Value of the Class A Common Shares and the Class B Common Shares is a question of fact to be determined having regard to all of the relevant circumstances.

Redemption of Class B Common Shares

Pursuant to the Arrangement, the paid-up capital of the Empress Shares immediately before the Effective Time will be allocated to the Class B Common Shares to be issued pursuant to the Arrangement to the extent of an amount equal to the Fair Market Value of the Spinco Shares held by Empress and the balance of such paid-up capital will be allocated to the Class A Common Shares to be issued pursuant to the Arrangement.

Empress has advised that the Fair Market Value of the Spinco Shares to be issued to the holders of the Class B Common Shares upon redemption thereof will be less than the paid-up capital of the Empress Shares immediately before the Effective Time. Accordingly, no dividend should be deemed to have been paid by Empress to the Non-Resident Shareholders, and no Non-Resident Shareholder should be deemed to have received a dividend, as a result of the redemption of the Class B Common Shares for the Spinco Shares held by Empress pursuant to the Arrangement.

Each Non-Resident Shareholder whose Class B Common Shares are redeemed for Spinco Shares pursuant to the Arrangement will realize a capital gain (or capital loss) equal to the amount, if any, by

which the Fair Market Value of the Spinco Shares less reasonable costs of disposition, exceed (or are exceeded by) their ACB immediately before the redemption. A Non-Resident Shareholder will not be subject to tax under the Tax Act on any such capital gain provided that the Class B Common Shares are not "taxable Canadian property" of the Non-Resident Shareholder at the time of the exchange or, if such Class B Common Shares are "taxable Canadian property", the Non-Resident Shareholder is exempt from taxation in Canada on the disposition of Class B Common Shares under the terms of an applicable income tax convention or treaty between Canada and the country in which the Non-Resident Shareholder resides. The Class B Common Shares are not anticipated to be "taxable Canadian property".

Generally, a share listed on a designated stock exchange for purposes of the Tax Act (which includes the TSX-V) will not be "taxable Canadian property" to a Non-Resident Shareholder unless, at any particular time during the 60-month period immediately preceding the disposition (i) 25% or more of the issued shares of any class or series of the capital stock of the particular corporation were owned by such Non-Resident Shareholder, by persons with whom the Non-Resident Shareholder did not deal at arm's length, or any combination thereof, and (ii) the shares derived more than 50% of their fair market value directly or indirectly from one or any combination of real property situated in Canada, "timber resource property" or "Canadian resource property" (each as within the meaning of the Tax Act). **Non-Resident Holders should consult their own tax advisors to determine whether their Class B Common Shares are "taxable Canadian property" in their particular circumstances.**

The cost to a Non-Resident Shareholder of Spinco Shares acquired on the redemption will be equal to the Fair Market Value of the Spinco Shares at the time of their distribution on the redemption of the Class B Common Shares.

Exchange of Class A Common Shares for Alto Shares

A Non-Resident Shareholder who participates in the Arrangement will also not be subject to tax under the Tax Act on any capital gain realized on the exchange of Class A Common Shares for Alto Shares provided that the shares disposed of are not "taxable Canadian property" of the Non-Resident Shareholder at the time of the exchange. In the event that a Non-Resident Shareholder's Class A Common Shares constitute or are deemed to constitute "taxable Canadian property", the disposition thereof will generally not give rise to a capital gain (or capital loss) in the same manner as described above under the heading "*Empress Shareholders Resident in Canada - Exchange of Class A Common Shares for Alto Shares*" unless such holder elects to realize a capital gain (or capital loss) on such disposition. In the event the Class A Common Shares are "taxable Canadian property" to the Non-Resident Shareholder and the disposition of the Class A Common Shares does not qualify as a tax-deferred rollover, then the disposition will generally give rise to a capital gain (or capital loss) in the same manner as described above under the heading "*Empress Shareholders Resident in Canada - Exchange of Class A Common Shares for Alto Shares*". Any such capital gain may be exempt from tax under the Tax Act under the terms of an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Shareholder resides. See the discussion above regarding the description of "taxable Canadian property". The Class A Common Shares are not anticipated to be "taxable Canadian property". **Non-Resident Shareholders should consult their own tax advisors as to whether their Class A Common Shares are "taxable Canadian property" in their particular circumstances.**

Disposition of Alto Shares

Any capital gain realized by a Non-Resident Shareholder on the disposition or deemed disposition of Alto Shares acquired pursuant to the Arrangement will not be subject to tax under the Tax Act provided that (i) the shares disposed of are not "taxable Canadian property" of the Non-Resident

Shareholder at the time of the disposition, or (ii) the Non-Resident Shareholder is exempt from taxation in Canada on the disposition of such shares under the terms of an applicable income tax convention or treaty. See the discussion above regarding the description of "taxable Canadian property".

Disposition of Spinco Shares

Any capital gain realized by a Non-Resident Shareholder on the disposition or deemed disposition of Spinco Shares acquired pursuant to the Arrangement will not be subject to tax under the Tax Act provided that (i) the shares disposed of are not "taxable Canadian property" of the Non-Resident Shareholder at the time of the disposition, or (ii) the Non-Resident Shareholder is exempt from taxation in Canada on the disposition of such shares under the terms of an applicable income tax convention or treaty between Canada and the country in which the Non-Resident Shareholder resides.

Where the Spinco Shares are listed on a designated stock exchange for purposes of the Tax Act (which includes the TSX-V) at the time of disposition, the Spinco Shares will not be "taxable Canadian property" to a Non-Resident Shareholder unless, at any particular time during the 60-month period immediately preceding the disposition of (i) 25% or more of the issued shares of any class or series of the capital stock of Spinco were owned by such Non-Resident Shareholder, by persons with whom the Non-Resident Shareholder did not deal at arm's length, or any combination thereof, and (ii) the shares derived more than 50% of their fair market value directly or indirectly from one or any combination of real property situated in Canada, "timber resource property", "Canadian resource property"(each as within the meaning of the Tax Act), or options in respect of, or interests or rights in any of the foregoing.

If the Spinco Shares are not listed on a designated stock exchange for purposes of the Tax Act at the time of disposition, the Spinco Shares will be "taxable Canadian property" to a Non-Resident Shareholder if at any particular time during the 60-month period immediately preceding the disposition the shares derived more than 50% of their fair market value directly or indirectly from one or any combination of real property situated in Canada, "timber resource property", "Canadian resource property"(each as within the meaning of the Tax Act), or options in respect of, or interests or rights in any of the foregoing.

Non-Resident Shareholders whose Spinco Shares constitute "taxable Canadian property" at the time of disposition will generally be subject to taxation on capital gains on the same basis as Resident Shareholders as described above under "*Taxation of Capital Gains and Capital Losses*". Non-Resident Shareholders may nonetheless be exempted from taxation on capital gains to the extent that they can avail themselves of the provisions of an income tax convention or treaty between Canada and the country in which the Non-Resident Shareholder resides.

Reporting and withholding obligations under section 116 of the Tax Act apply when a person who is not resident in Canada for purposes of the Tax Act disposes of "taxable Canadian property", other than "excluded property". "Excluded property" includes shares of a class of shares of a corporation, if the class of shares is listed on a designated stock exchange. Therefore, if the Spinco Shares are listed on a designated stock exchange at the time of disposition, the reporting and withholding obligations under section 116 of the Tax Act will not apply. However, if (i) the Spinco Shares are not listed on a designated stock exchange at the time of disposition, (ii) the Spinco Shares are "taxable Canadian property" to the Non-Resident Shareholder, and (iii) the Non-Resident Shareholder is not exempt from Canadian income tax because of the application of an applicable income tax convention or treaty, the reporting and withholding obligations under section 116 of the Tax Act will apply. Where the reporting and withholding obligations under section 116 of the Tax Act apply, a Non-Resident Shareholder that disposes or is deemed to have disposed of Spinco Shares will be required to notify

the CRA of the disposition, either prior to the disposition or within 10 days thereafter, and should obtain a clearance certificate under section 116 of the Tax Act in respect of the disposition. To obtain a clearance certificate, a Non-Resident Shareholder may be required to make a prepayment on account of its Canadian income tax liability. If a clearance certificate is not obtained from the CRA or if the clearance certificate obtained by the Non-Resident Shareholder fixes a certificate limit which is less than the proceeds of disposition of such property, a purchaser of such Spinco Shares will be required to withhold 25% of the amount by which the cost of the Spinco Shares to the purchaser exceeds the certificate limit fixed by the clearance certificate, if any, and to remit the amount withheld to the Receiver General of Canada within 30 days after the end of the month in which the purchaser acquired the Spinco Shares (or such longer period as the CRA may permit). In addition, a Non-Resident Shareholder that disposes or is deemed to have disposed of Spinco Shares may be required to file a Canadian income tax return reporting the disposition or deemed disposition.

Dividends

Dividends paid, deemed to be paid, or credited on the Empress Shares, Class A Common Shares, Class B Common Shares, Alto Shares or Spinco Shares to a Non-Resident Shareholder will be subject to withholding tax under the Tax Act at a rate of 25% of the gross amount of the dividend unless the rate is reduced by an applicable income tax convention or treaty. In the case of a beneficial owner of dividends that is a resident of the United States and that is a "qualifying person" for purposes of the U.S. Treaty, the rate of withholding tax on dividends will generally be reduced to 15%.

Dissenting Empress Shareholders

A Non-Resident Shareholder who, as a result of the exercise of Dissent Rights, disposes of Empress Shares to Alto in consideration for a cash payment from Alto, will be subject to the same income tax considerations as those discussed above under "*Empress Shareholders Resident in Canada – Dissenting Empress Shareholders*", except that such dissenting Non-Resident Shareholders will not be subject to Canadian income tax in respect of capital gains realized on the disposition of Empress Shares where (i) the Empress Shares are not "taxable Canadian property" of the Non-Resident Shareholder at the time of the exchange, or (ii) the Non-Resident Shareholder is exempt from taxation in Canada on the disposition of the Empress Shares under the terms of an applicable income tax convention or treaty between Canada and the country in which the Non-Resident Shareholder resides.

Any interest awarded to the Non-Resident Shareholder by a court will not be subject to withholding tax under the Tax Act, unless such interest constitutes "participating debt interest" (as defined in the Tax Act).

ELIGIBILITY FOR INVESTMENT

The Class A Common Shares and Class B Common Shares issued pursuant to the Arrangement will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a tax-free savings account ("**TFSA**") and a registered education savings plan (collectively, the "**Registered Plans**") provided such shares were either then listed on a "designated stock exchange" as defined for purposes of the Tax Act (which includes the TSX-V) or that Empress is a "public corporation" for purposes of the Tax Act.

The Alto Shares issued as of the date hereof pursuant to the Arrangement would, if issued on the date hereof, be qualified investments under the Tax Act for a trust governed by the Registered Plans provided such shares are then listed on a "designated stock exchange" as defined for purposes of the Tax Act (which includes the TSX-V) or that Alto is a "public corporation" for purposes of the Tax Act.

The Spinco Shares would, if issued on the date hereof, be qualified investments under the Tax Act for Registered Plans, provided that, at that time, the Spinco Shares are listed on a designated stock exchange or Spinco is a "public corporation" as defined in the Tax Act. If the Spinco Shares are not listed on a designated stock exchange at the time they are distributed pursuant to the Arrangement, but they become listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return and Spinco makes the appropriate election in that return, or Spinco otherwise satisfies the conditions in the Tax Act to be a "public corporation" and so elects before the due date for Spinco's first income tax return and Spinco makes the appropriate election in that return, the Spinco Shares will be considered to be a qualified investment for Registered Plans from their date of issue.

Where a Registered Plan acquires a share that is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

Notwithstanding the foregoing, a holder of Empress Shares, Class A Common Shares, Class B Common Shares, Alto Shares or Spinco Shares will be subject to a penalty tax if such shares are held in a TFSA and are "prohibited investments" under the Tax Act. An Empress Share, Class A Common Shares, Class B Common Share, Alto Share or Spinco Share will not be a "prohibited investment" for a trust governed by a TFSA provided that the holder thereof deals at arm's length with Empress, Alto and Spinco, as applicable, and does not have a "significant interest" (within the meaning of the Tax Act) in Empress, Alto or Spinco, as applicable, or in a corporation, partnership or trust with which Empress, Alto or Spinco, as applicable, does not deal at arm's length for purposes of the Tax Act.

Information Concerning Empress

Incorporation

Empress is a corporation governed by the BCBCA. Empress's head office and registered office is located at Unit 1 - 15782 Marine Drive White Rock, B.C. V4B 1E6

Available Information

Empress is a reporting issuer or the equivalent in the Provinces of British Columbia and Alberta and files reports and other information with the securities commissions or securities regulatory bodies of such provinces. These reports and information are available to the public free of charge on Empress's SEDAR profile at www.sedar.com.

Comparative Market Prices of Empress

The Shares are listed and posted for trading on the TSX-V under the symbol "EMPX". The following table sets forth information relating to the trading of the Shares on the TSX-V for the six-month period preceding the date of this circular.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
May 1 – 28, 2020	\$0.03	\$0.02	1,196,000

April 2020	\$0.03	\$0.02	935,170
March 2020	\$0.025	\$0.01	1,371,846
February 2020	\$0.03	\$0.02	388,050
January 2020	\$0.03	\$0.025	590,000
December 2019	\$0.03	\$0.02	1,808,700
November 2019	\$0.03	\$0.02	1,184,250

The price of the Shares as reported by the TSX-V at the close of business on March 5, 2020, the last trading day immediately before the announcement of the Arrangement, was \$0.025.

Prior Sales

In the 12 months prior to the date of this Circular, Empress has not purchased or sold any securities, excluding securities purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights.

Dividends or Capital Distributions

Empress has not declared or paid any cash dividends or capital distributions on the Empress Shares during the two preceding years. Management anticipates that Empress will retain all future earnings and other cash resources for the future operation and development of its business. Empress does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board after taking into account many factors including Empress's operating results, financial condition and current and anticipated cash needs.

Ownership of Empress Securities

The table below outlines, as at the date of this Circular, the number of Empress Securities owned or controlled, directly or indirectly, by each of the directors and officers of Empress, and, as known after reasonable inquiry, each associate or affiliate of an insider of Empress, each associate or affiliate of Empress, each insider of Empress (other than the directors or officers), and each person acting jointly or in concert with Empress.

<u>Name</u>	<u>Position</u>	<u>Shares</u>	<u>Warrants</u>
Alexandra Woodyer Sherron	Chief Executive Officer and President	nil	nil
Daniel O'Brien	Chief Financial Officer	nil	nil
Doris Meyer	Corporate Secretary	nil	nil
David Rhodes ⁽¹⁾	Director	7,980,000	7,230,000

Jeremy Bond ⁽²⁾	Director	10,000,000	10,000,000
Duncan Gordon	Director	280,000	280,000
Paul Mainwaring	Director	nil	nil
Endeavour Financial ⁽³⁾	Insider	7,980,000	7,230,000
Terra Capital Natural Resource Fund Pty Ltd.	Insider	10,000,000	10,000,000

⁽¹⁾ Mr. Rhodes exercises control over the Empress Securities held by Endeavour Financial.

⁽²⁾ Mr. Bond exercises control over the Empress Securities held by Terra Capital Natural Resource Fund Pty Ltd

⁽³⁾ Endeavour Financial AG and Endeavour Financial Limited (Cayman)

Information Concerning Alto

Upon completion of the Arrangement, each Empress Shareholder will become a shareholder of Alto. Information relating to Alto is contained in Appendix "D" to this Circular.

Information Concerning Spinco

Upon completion of the Arrangement, each Empress Shareholder will become a shareholder of Spinco. Information relating to Spinco after the Arrangement is contained in Appendix "E" to this Circular.

Other Information

Interest of Informed Persons in Material Transactions

Other than as disclosed in this Circular and below no informed person of Empress or any associate or affiliate of an insider, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect Empress or any of its subsidiaries.

On May 5, 2018 until termination on April 30, 2019, Empress was party to an agreement with Endeavour Financial pursuant to which Endeavour Financial was to identify, evaluate, structure and assist in the execution of opportunities primarily in lower-mid market precious and base metal mining projects, specifically those in production or development stage (the "Services"). The agreement was for an initial term of four years, renewable for one-year terms annually thereafter unless terminated pursuant to their terms. Endeavour Financial was paid the minimum monthly fee of \$12,500 while the agreement was in force. On termination of the agreement the Empress issued 750,000 Empress Shares at a deemed value of \$0.10 per share in lieu of twelve months notice. Addresses for Endeavour Financial are as follows: (i) Endeavour Financial AG, c/o Embe Finanz GMBH, Bahnhofstrasse 20, Zurich 6300; (ii) Endeavour Financial Limited (Cayman), 190 Elgin Avenue, Georgetown, Grand Cayman KY1-9005.

On November 1, 2018 until termination on April 30, 2019, Empress was party to an agreement with SGG Consulting Ltd. ("SGG") (from May 5, 2018 until October 31, 2018 with Cipher Research Ltd.) Unit 6-to provide the same Services as Endeavour Financial. The agreement was for an initial term of four years, renewable for one-year terms annually thereafter unless terminated pursuant to their terms. SGG, (and before Cipher Research) was paid the minimum monthly fee of \$12,500 while the agreement was in force. On termination of the agreement, Empress paid SGG \$150,000 in lieu of twelve months notice. Both companies were controlled by the former President and CEO, Elena Tanzola. Address for SGG is: 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC V6C 3E8.

On May 8, 2020, Empress and Duncan Gordon, a director of Empress, entered into a letter agreement documenting the terms of a prior oral agreement between the parties, whereby upon completion of the Arrangement, Empress will pay \$75,000 to Mr. Gordon as a fee for financial advisory services that he provided in connection with the Arrangement. The fee is not payable if the Arrangement is not completed. Address for Mr. Gordon is: Unit 1 – 15782 Marine Drive, White Rock, BC V4B 1E6.

Management Contracts

The management functions of Empress and its subsidiaries are not performed to any substantial degree by any person or company other than the directors and officers of Empress or its subsidiaries.

Auditors

Empress's auditors are Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, 1140 W Pender St #1500-1700, Vancouver, BC V6E 4G1, and were appointed auditors of Empress on April 1, 2015.

Additional Information

Additional Information relating to Empress is available on SEDAR at www.sedar.com.

Financial information is provided in Empress's comparative interim and annual financial statements and interim and annual management discussion and analysis, which are available online at www.sedar.com. Copies may be obtained by Empress Securityholders without charge upon request to Empress at: Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6 - telephone (604) 536-2711; fax (604) 536-2788.

INTERESTS OF EXPERTS

To the best of Empress' knowledge, as at the date hereof, Stikeman Elliott LLP, Dale Matheson Carr-Hilton Labonte LLP and Davidson & Company LLP each being companies, partnerships or persons who have prepared certain sections of this Circular, or are named as having prepared or certified a report, statement or opinion in or incorporated by reference in this Circular, or any director, officer, employee or partner thereof, as applicable, have not received a direct or indirect interest in a property of Empress, Spinco or Alto or any associate or affiliate thereof. As of the date hereof, the partners and associates of Stikeman Elliott LLP as a group beneficially owned, directly or indirectly, less than one percent of the Empress Shares and none of the Spinco Shares.

Dale Matheson Carr-Hilton Labonte LLP are the auditors for Empress. Dale Matheson Carr-Hilton Labonte LLP certified the auditors' report on the annual financial statements of Empress for the year ended March 31, 2019 and has confirmed that they are independent with respect to Empress within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

See "*Information Concerning Spinco – Interests of Experts*" for disclosure regarding Spinco's legal advisors, Stikeman Elliott LLP, and Spinco's auditors, Davidson and Company LLP.

See "*Information Concerning Alto – Experts*" for disclosure regarding experts that have provided geological, scientific or technical information with respect to Alto's properties, and disclosure regarding Alto's auditors, Davidson and Company LLP.

None of the aforementioned persons nor any directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships, is currently expected to be elected, appointed or employed as a Director, officer or employee of Empress, Alto or Spinco or any associate or affiliate of Empress, Alto or Spinco.

DOCUMENTS INCORPORATED BY REFERENCE

Information in respect of Empress and its subsidiaries has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request by Empress Securityholders, without charge, from the Corporate Secretary of Empress at Unit 1 – 15782 Marine Drive, White Rock, BC V4B 1E6, Telephone: (604) 536-2711. These documents are also available through the internet on SEDAR and can be accessed online at www.sedar.com.

The following documents of Empress, in addition to the Arrangement Agreement, filed by Empress with the securities commissions or similar authorities in Canada, are specifically incorporated by reference into and form an integral part of this Circular:

- (a) annual consolidated financial statements as at March 31, 2019 and 2018, together with the auditors' report thereon and management's discussion and analysis filed in connection with those annual consolidated financial statements on June 27, 2019;
- (b) annual consolidated financial statements as at March 31, 2018 and 2017, together with the auditors' report thereon and management's discussion and analysis filed in connection with those annual consolidated financial statements on July 30, 2018;
- (c) annual consolidated financial statements as at March 31, 2017 and 2016, together with the auditors' report thereon and management's discussion and analysis filed in connection with those annual consolidated financial statements on July 31, 2017; and
- (d) material change report dated March 11, 2020, announcing the execution of the Arrangement Agreement and filed on March 17, 2020.

Any documents of the type referred to above as well as any financial information, management information circulars, business acquisition reports and any material change reports (excluding confidential material change reports) subsequently filed by Empress with securities regulatory authorities in Canada, after the date of this Circular and prior to the Effective Time or withdrawal of the Arrangement, shall be deemed to be incorporated by reference in this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular, to the extent that a statement contained in this Circular or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making

of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Circular, except as so modified or superseded.

QUESTIONS AND FURTHER ASSISTANCE

If you have any questions about the information contained in this Circular or require assistance in completing your proxy form, please contact Empress Resources Corp. by email at info@empressresources.com or by telephone at (604) 331-5080 or toll free at 1 (855) 536- 2711.

Approval of directors

The contents and sending of this Circular, including the Notice of Meeting, have been approved and authorized by the Empress Board.

May 29, 2020

**BY ORDER OF THE BOARD OF
DIRECTORS**

"David Rhodes" (Signed)

David Rhodes

Director

Consent of Expert

I have read the management information circular of Empress Resources Corp. dated May 29, 2020 relating to a special meeting of Empress (the "**Circular**").

I hereby consent to the information from the NI 43-101 Report on the Destiny Project being included in Appendix "D" – *Information Concerning Alto* of the Circular.

"TODD MCCRACKEN"

P. Geo.

Sudbury, Ontario

May 29, 2020

Consent of Expert

I have read the management information circular of Empress Resources Corp. dated May 29, 2020 relating to a special meeting of Empress (the "**Circular**").

I hereby consent to the inclusion of the scientific and technical information, of which I am responsible, in Appendix "D" – *Information Concerning Alto* of the Circular.

"MIKE KOZIOL"

P. Geo.

Sudbury, Ontario
May 29, 2020

APPENDIX "A"
ARRANGEMENT RESOLUTION

"BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 288 of the British Columbia Business Corporations Act (the "**BCBCA**") involving Empress Resources Corp. ("**Empress**"), all as more particularly described and set forth in the Management Proxy Circular (the "**Proxy Circular**") of Empress dated May 29, 2020, accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted;
2. The plan of arrangement, as it may be or has been amended (the "**Plan of Arrangement**"), involving Empress and implementing the Arrangement, the full text of which is set out in Appendix B to the Proxy Circular, is hereby authorized, approved and adopted;
3. The arrangement agreement, as amended (the "**Arrangement Agreement**") between Empress and Alto Ventures Ltd. and Empress Royalty Corp. dated March 5, 2020 and all the transactions contemplated therein, the actions of the directors of Empress in approving the Arrangement and the actions of the officers of Empress in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Empress are hereby authorized and empowered, without further notice to, or approval of, any securityholders of Empress:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;
5. Any one or more directors or officers of Empress is hereby authorized, for and on behalf and in the name of Empress, to execute and deliver, whether under corporate seal of Empress or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of Empress, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Empress; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing."

APPENDIX "B"
PLAN OF ARRANGEMENT
UNDER SECTION 288 OF THE
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

1. **INTERPRETATION**

- (a) **Definitions:** In this Plan of Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:
- (i) "**affiliate**" has the meaning given to such term in the Arrangement Agreement;
 - (ii) "**Alto**" means Alto Ventures Ltd., a corporation existing under the laws of British Columbia;
 - (iii) "**Alto Shares**" means the common shares of Alto after giving effect to the 5:1 consolidation of such common shares to be undertaken immediately prior to the Effective Time;
 - (iv) "**Arrangement**" means the arrangement under the provisions of section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, as may be amended, varied or supplemented from time to time in accordance with section 10.1 of the Arrangement Agreement and the provisions hereof;
 - (v) "**Arrangement Agreement**" means the Arrangement Agreement dated March 5, 2020 to which this Plan of Arrangement is attached as Schedule A, as the same may be amended, varied or supplemented from time to time;
 - (vi) "**Arrangement Resolution**" means the resolution of Empress Shareholders and Empress Warrantholders approving the Arrangement to be considered at the Empress Meeting;
 - (vii) "**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto;
 - (viii) "**Business Day**" means any day, other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario, or Vancouver, British Columbia;
 - (ix) "**Class A Common Shares**" means the Class A voting common shares of Empress which are to be created in accordance with this Plan of Arrangement and which shall have the rights and restrictions set out in Section 3(a)(ii)(A) hereof;

- (x) "**Class B Common Shares**" means the Class B voting common shares of Empress which are to be created in accordance with this Plan of Arrangement and which shall have the rights and restrictions set out in Section 3(a)(ii)(B) hereof;
- (xi) "**Court**" means the Supreme Court of British Columbia;
- (xii) "**Depositary**" means any trust company, bank or financial institution agreed to in writing between Alto and Empress for the purpose of, among other things, receiving Letters of Transmittal and distributing certificates or other evidence representing the Alto Shares and Spinco Shares in connection with the Arrangement;
- (xiii) "**Dissenting Empress Shareholder**" means a registered Empress Shareholder who has duly exercised a Dissent Right;
- (xiv) "**Dissent Rights**" shall have the meaning set out in Section 5 hereof;
- (xv) "**Dissent Shares**" means the Empress Shares held by a Dissenting Empress Shareholder and in respect of which the Dissenting Empress Shareholder has validly exercised Dissent Rights;
- (xvi) "**DRS Advice**" means a direct registration system advice evidencing the book entry issuance or holding of shares issued to the holder by the transfer agent of such shares;
- (xvii) "**Effective Date**" means the date upon which all of the conditions to completion of the Arrangement as set out in sections 6.1, 6.2 and 6.3 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably (or such other date as Alto and Empress may agree);
- (xviii) "**Effective Time**" means 12:01 a.m. (Vancouver time) on the Effective Date;
- (xix) "**Empress**" means Empress Resources Corp., a corporation existing under the laws of British Columbia;
- (xx) "**Empress Meeting**" means the special meeting of Empress Shareholders and Empress Warranholders, including any adjournment or postponement thereof, to be held for the purpose of, among other things, obtaining approval by Empress Shareholders and Empress Warranholders of the Arrangement Resolution;
- (xxi) "**Empress Royalty Purchases**" has the meaning given to such term in the Arrangement Agreement;

- (xxii) "**Empress Shareholders**" means the holders of Empress Shares;
- (xxiii) "**Empress Shares**" means common shares in the capital of Empress, as currently constituted;
- (xxiv) "**Empress Warrantholders**" means holders of Empress Warrants;
- (xxv) "**Empress Warrants**" means warrants to purchase Empress Shares;
- (xxvi) "**Fair Market Value**", when applied to Empress Shares, means the volume weighted average price of the Empress Shares over the five trading days on the TSX-V ending the day prior to such determination; when applied to the Spinco Shares, means the value determined as of the Effective Time by the directors of Spinco, acting reasonably, and a certificate setting out such value shall forthwith thereafter be provided to Alto; and, when applied to any other property, means the fair market value thereof as determined by Empress and Alto, acting reasonably;
- (xv) "**Final Order**" means the final order of the Court pursuant to section 291 of the BCBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (xvi) "**Former Empress Shareholder**" means a Person who is a registered holder of Empress Shares as shown on the share register of Empress Shares immediately prior to the Effective Time;
- (xvii) "**Governmental Entity**" has the meaning given to such term in the Arrangement Agreement;
- (xx) "**Interim Order**" means the interim order of the Court providing for, among other things, the calling and holding of the Empress Meeting, as such order may be amended, supplement or varied by the Court;
- (xxi) "**Letter of Transmittal**" means the letter of transmittal(s) to be delivered by Empress to the Empress Shareholders providing for the delivery of the Empress Shares to the Depositary;
- (xxii) "**Lien**" means any hypothec, mortgage, pledge, assignment, lien, charge, security interest, encumbrance or adverse right or claim, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (xxiii) "**paid-up capital**" has the meaning ascribed to such term for purposes of the Tax Act;

- (xxvii) "**Person**" means an individual, general partnership, limited partnership, corporation, company, limited liability company, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
 - (xxviii) "**Replacement Warrants**" has the meaning ascribed thereto in Section 3(a)(ix);
 - (xxv) "**Spinco**" means Empress Royalty Corp., a corporation existing under the laws of British Columbia;
 - (xxvi) "**Share Consideration**" means such fraction of an Alto Share for each Class A Common Share such that the total number of Alto Shares issued for the Share Consideration shall equal 52% of the outstanding Alto Shares after giving effect to such issuance;
 - (xxvii) "**Spinco Shares**" means the common shares of Spinco; and
 - (xxviii) "**Tax Act**" means the Income Tax Act (Canada) and the regulations thereunder, as amended from time to time.
- (b) Interpretation Not Affected by Headings. The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular article, section, subsection, paragraph, subparagraph, clause or sub-clause hereof and include any agreement or instrument supplementary or ancillary hereto.
- (c) Date for any Action. If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.
- (d) Number and Gender. In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders and neuter.
- (e) Reference to Persons. A reference to a Person includes any successor to that Person. A reference to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.
- (f) Currency. Unless otherwise stated in this Plan of Arrangement, all references herein to amounts of money are expressed in lawful money of Canada.

2. EFFECT OF THE ARRANGEMENT

- (a) This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement.
- (b) At the Effective Time, the Arrangement shall without any further authorization, act or formality on the part of the Court be binding upon Alto, Empress, Spinco, the Empress Shareholders and Empress Warrantholders.

3. THE ARRANGEMENT

- (a) The Arrangement. Commencing at the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:
 - (i) Each Empress Share held by a Dissenting Empress Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens, to Alto and thereupon each Dissenting Empress Shareholder shall have the rights set out in Section 5;
 - (ii) the authorized share capital of Empress will be amended by the creation of two new classes of shares consisting of an unlimited number of Class A Common Shares and an unlimited number of Class B Common Shares and the notice of articles and articles of Empress shall be deemed to be amended accordingly;
 - (A) the following rights, privileges, restrictions and conditions shall attach to the Class A Common Shares:
 - (I) entitled to one vote per share;
 - (II) dividends may be paid on the Class A Common Shares to the exclusion of any other classes of shares;
 - (III) on dissolution, liquidation or winding-up participate on pro-rata basis with the holders of the Class B Common Shares; and
 - (IV) the special rights and restrictions attached to the Class A Common Shares shall not be modified, abrogated, dealt with or affected unless the holders of the Class A Common Shares consent thereto by separate resolution. Such consent may be obtained in writing signed by the holders of all of the issued and outstanding Class A Common Shares or by a resolution passed by at least seventy-five percent (75%) of the votes cast at a separate meeting of the holders of Class A Common

Shares who are present in person or represented by proxy;

- (B) the following rights, privileges, restrictions and conditions shall attach to the Empress Class B Common Shares:
 - (I) entitled to one vote per share;
 - (II) dividends may be paid on the Class B Common Shares to the exclusion of any other classes of shares;
 - (III) on dissolution, liquidation or winding-up participate on pro-rata basis with the holders of the Class A Common Shares;
 - (IV) the special rights and restrictions attached to the Class B Common Shares shall not be modified, abrogated, dealt with or affected unless the holders of the Class B Common Shares consent thereto by separate resolution. Such consent may be obtained in writing signed by the holders of all of the issued and outstanding Class A Common Shares or by a resolution passed by at least sixty six and two-thirds percent (66 2/3%) of the votes cast at a separate meeting of the holders of Class B Common Shares who are present in person or represented by proxy;
- (iii) Empress will acquire 5,000,000 Spinco Shares plus a further number of Spinco Shares equal in value to the amount paid by Empress for the Empress Royalty Purchases at a deemed price of \$0.05 per Spinco Share;
- (iv) each Empress Share (excluding any Empress Shares transferred to Alto pursuant to Section 3(a)(i)) will be exchanged with Empress (without any action on the part of the holder of the Empress Share) for one Class A Common Share and one Class B Common Share, and such Empress Shares shall thereupon be cancelled, and:
 - (A) each Former Empress Shareholder (other than Dissenting Empress Shareholders with respect to Dissent Shares) shall cease to be the holder of such Empress Shares so exchanged and such holder's name shall be removed from the central securities register of Empress in respect of such shares at such time;
 - (B) each Former Empress Shareholder (other than Dissenting Empress Shareholders with respect to Dissent Shares) shall be the holder of one Class A Common Share and one Class B

Common Share, (in each case, free and clear of any Lien) exchanged for each Empress Share on the Effective Date and shall be entered in the central securities register of Empress or Spinco, as the case may be, as the holder thereof;

- (v) the stated capital of the Class B Common Shares will be an amount equal to the lesser of (i) the Fair Market Value of the Spinco Shares to be distributed to the holders of the Class B Common Shares on redemption of the Class B Common Shares pursuant to the Arrangement and (ii) the paid-up capital of Empress for the Empress Shares immediately prior to the Effective Time;
- (vi) the Class B Common Shares will be redeemed by Empress for consideration consisting solely of the Spinco Shares held by Empress, which shall be satisfied by the transferring to the holders of the Class B Common Shares on a *pro rata* basis of all of the issued and outstanding Spinco Shares held by Empress;
- (vii) the stated capital of Empress for the outstanding Class A Common Shares will be an amount equal to the paid-up capital of Empress for the Empress Shares immediately prior to the Effective Time, less the Fair Market Value of the Spinco Shares distributed to the holders of the Class B Common Shares pursuant to the foregoing redemption;
- (viii) each outstanding Class A Common Share will be transferred to, and acquired by Alto, free and clear of all Liens, from its holder in exchange for the Share Consideration, and in respect of each Class A Common Share:
 - (A) each holder shall cease to be the holder of such Class A Common Share and such holder's name shall be removed from the central securities register of Empress in respect of such share at such time; and
 - (B) Alto shall be deemed to be the transferee of such Class A Common Share (free and clear of any Lien) and shall be entered in the central securities register of Empress as the holder thereof;
- (ix) each Empress Warrant outstanding immediately prior to the Effective Time shall be cancelled and each holder thereof will be issued Alto replacement warrants (each, a "**Replacement Warrant**") to acquire upon exercise, for each such Empress Warrant so cancelled, such fraction of an Alto Share as the holder of the Empress Warrants would have been entitled at the Effective Time had the holder exercised such Empress Warrants immediately prior to the Effective Time. The per share exercise price shall be equal to the exercise price of the Empress

Warrants less the value of that fraction of a Spinco Share that Empress Shareholders are entitled to receive pursuant to the Arrangement. The number of Alto Shares issuable on exercise of the Replacement Warrants and the per share exercise price of the Replacement Warrants shall be further adjusted to reflect the consolidation of the Alto Shares on a 5:1 basis which Alto has agreed to undertake at or prior to the Effective Time pursuant to the Arrangement Agreement.

- (b) No Fractional Shares. Following the Effective Time, if the aggregate number of Alto Shares to which an Empress Shareholder would otherwise be entitled would include a fractional share, then the number of Alto Shares that such Empress Shareholder is entitled to receive shall be rounded down to the preceding whole number and no Empress Shareholder will be entitled to any compensation in respect of such fractional Alto Share. In addition, following the Effective Time, if the aggregate number of Spinco Shares to which an Empress Shareholder would otherwise be entitled would include a fractional share, then the number of Spinco Shares that such Empress Shareholder is entitled to receive shall be rounded down to the preceding whole number.

4. DELIVERY OF ALTO SHARES AND SPINCO SHARES

- (a) Entitlement to Spinco DRS Advices/Certificates and Alto DRS Advices/Certificates.
- (i) At or prior to the Effective Date, Alto shall deposit with the Depository, for the benefit of the Former Empress Shareholders DRS Advice(s) or certificate(s) representing the Share Consideration at the Effective Time after giving effect to the steps in section 3(a)(i) – (vii) above and after giving effect to all exercises of Empress Warrants prior to the Effective Time.
- (ii) Until such time as a Former Empress Shareholder deposits with the Depository a duly completed Letter of Transmittal, documents, DRS Advices or certificates and instruments contemplated by the Letter of Transmittal and such other documents and instruments as the Depository or Alto reasonably requires, all DRS Advices or certificates to Alto Shares to which such Former Empress Shareholder is entitled (and all dividends paid or distributions made in respect thereof) shall, subject to Section 4(a)(iii), in each case be delivered or paid to the Depository to be held in trust for such Former Empress Shareholder for delivery to the Former Empress Shareholder, without interest and net of all applicable withholding and other taxes, if any, upon delivery of the Letter of Transmittal, documents, DRS Advices or certificates and instruments contemplated by the Letter of Transmittal and such other documents and instruments as the Depository or Alto reasonably requires.

- (iii) Upon surrender to the Depository for cancellation of a DRS Advice or certificate which immediately prior to the Effective Time represented one or more Empress Shares which were exchanged for Class A Common Shares and Class B Common Shares which were exchanged for Spinco Shares and Alto Shares respectively in accordance with Section 3 hereof, if applicable, a completed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered DRS Advice or certificate or the deliverer of such Letter of Transmittal, as applicable, shall be entitled to receive in exchange therefor, and the Depository shall deliver to such Former Empress Shareholder following the Effective Time, DRS Advices or certificates representing the Alto Shares and the Spinco Shares to which such Former Empress Shareholder is entitled to receive in accordance with Section 3 hereof.
 - (iv) After the Effective Time and until surrender for cancellation as contemplated by Section 4(a)(iii) hereof, each DRS Advice or certificate which immediately prior to the Effective Time represented one or more Empress Shares shall be deemed at all times to represent only the right to receive in exchange therefor DRS Advices or certificates representing the Alto Shares and the Spinco Shares to which the holder of such DRS Advice or certificate is entitled to receive in accordance with Section 4(a)(iii) hereof.
- (b) Lost Certificates. In the event that any certificate which immediately prior to the Effective Time represented one or more Empress Shares which were exchanged for Alto Shares and Spinco Shares in accordance with Section 3 hereof shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depository shall deliver in exchange for such lost, stolen or destroyed certificate, certificates representing the Alto Shares and the Spinco Shares which such Former Empress Shareholder is entitled to receive in accordance with Section 3 hereof. When authorizing such delivery of DRS Advices or certificates representing the Alto Shares and the Spinco Shares such Former Empress Shareholder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the Former Empress Shareholder to whom certificates representing such Alto Shares and Spinco Shares are to be delivered shall, as a condition precedent to the delivery of such Alto Shares and Spinco Shares give a bond satisfactory to Alto, Spinco and the Depository in such amount as Alto, Spinco and the Depository may direct, or otherwise indemnify Alto, Spinco and the Depository in a manner satisfactory to Alto, Spinco and the Depository, against any claim that may be made against Alto, Spinco or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the by-laws of Empress.

- (c) Termination of Rights. Any DRS Advice or certificate formerly representing Empress Shares that is not deposited, with all other documents as provided in this Section 4 on or before the sixth anniversary of the Effective Date, shall cease to represent any claim or interest of any kind or nature against Alto, Empress, Spinco or the Depositary.
- (d) Replacement Warrant Certificates. After the Effective Time, Alto shall issue new certificates representing the Replacement Warrants and such certificate formerly representing Empress Warrants shall be deemed to be cancelled.
- (e) Dividends or other Distributions. No dividends or distributions declared or made after the Effective Date with respect to Alto Shares with a record date after the Effective Date will be payable or paid to the holder of any unsurrendered DRS Advice(s) or certificate(s) which, immediately prior to the Effective Date, represented outstanding Empress Shares unless and until the holder of such DRS Advice or certificate shall have complied with the provisions of this Section 4. Subject to Applicable Law and to Section 4 hereof, at the time of such compliance, there shall, in addition to the delivery of a DRS Advice or certificate representing the Alto Shares and the Spinco Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Alto Shares and Spinco Shares.
- (f) Withholding Rights. Alto, Empress, Spinco and the Depositary shall be entitled to deduct and withhold from all dividends, distributions, other payments or other consideration otherwise payable to any person such amounts as Alto, Empress, Spinco or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. For greater certainty, to the extent Alto, Empress or the Depositary is required to deduct and withhold from any consideration that is not cash, Alto, Empress or the Depositary shall be entitled to liquidate such consideration to the extent necessary in order to fund its deduction, withholding and remittance obligations.

5. DISSENT RIGHTS

- (a) Each registered Empress Shareholder may exercise rights of dissent ("**Dissent Rights**") with respect to the Empress Shares held by it pursuant to and in the manner set forth in the Interim Order. Dissenting Empress Shareholders who:

- (i) are ultimately entitled to be paid by Alto the fair value for their Dissent Shares shall be deemed to have transferred such Dissent Shares (free of any liens, claims or encumbrances) to Alto for cancellation in accordance with Section 3(a)(i); or
 - (ii) are ultimately not entitled, for any reason, to be paid by Alto fair value for their Dissent Shares in respect of which they dissent, shall be deemed to have participated in the Arrangement in respect of those Empress Shares on the same basis as a non-dissenting Empress Shareholder and shall be entitled to receive only the Spinco Shares and Alto Shares that such non-dissenting Empress Shareholders are entitled to receive, on the basis set forth in Sections 3(a)(vi) and 3(a)(viii) and, for greater certainty, will be considered to have exchanged such Empress Shares for Class A Common Shares and Class B Common Shares pursuant to, and at the same time as Empress Shares were exchanged pursuant to Section 3(a)(iv) and to have subsequently had such Class B Common Shares redeemed by Empress for Spinco Shares pursuant to and at the same time as Class B Common Shares held by the Former Empress Shareholders were redeemed by Empress for Spinco Shares pursuant to Section 3(a)(vi) and to have subsequently transferred such Class A Common Shares in exchange for Alto Shares pursuant to, and at the same time as Class A Common Shares were transferred by Former Empress Shareholders to Alto pursuant to Section 3(a)(viii).
- (b) In no event shall Alto, Empress or Spinco or any other person be required to recognize a Dissenting Empress Shareholder as a registered or beneficial owner of Empress Shares at or after the Effective Time, and at the Effective Time the names of such Dissenting Empress Shareholders shall be deleted from the central securities register of Empress as at the Effective Time.
 - (c) For greater certainty, in addition to any other restrictions in the Interim Order, no person shall be entitled to exercise Dissent Rights with respect to Empress Shares in respect of which a person has voted in favour of the Arrangement.

6. AMENDMENT

- (a) Alto, Empress and Spinco reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Empress Meeting, then: (i) approved by the Court, and (ii) if the Court directs, approved by the Empress Shareholders and Empress Warrantholders voting as a single class and in any event communicated to them, and in either case in the manner required by the Court.

- (b) Any amendment, modification or supplement to this Plan of Arrangement, if agreed to by Empress and Alto, may be made at any time prior to or at the Empress Meeting, with or without any other prior notice or communication and, if so proposed and accepted by the Persons voting at the Empress Meeting (other than as may be required under the Interim Order) shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Empress Meeting will be effective only if it is consented to by Empress and Alto and, if required by the Court, by the Empress Shareholders and Empress Warrantholders, voting as a single class.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made by Empress and Alto without approval of the Empress Shareholders and the Empress Warrantholders provided that it concerns a matter which, in the reasonable opinion of Empress and Alto is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Empress Shareholders and the Empress Warrantholders.
- (e) Notwithstanding the foregoing provisions of this Section 6, no amendment, modification or supplement of this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.

APPENDIX "C"
COURT MATERIALS

SPECIAL MEETING

2. Pursuant to section 291(2)(b)(i) and section 289(1)(a)(i) and (e) of the BCBCA, Empress is authorized and directed to call, hold and conduct a special meeting (the "**Meeting**") of the holders (the "**Empress Shareholders**") of common shares (the "**Empress Shares**") and the holders (the "**Empress Warrantholders**," and together with the Empress Shareholders, the "**Empress Securityholders**") of warrants (the "**Empress Warrants**," and together with the Empress Shares, the "**Empress Securities**") to purchase Empress Shares to be held at the offices of Stikeman Elliott LLP at Suite 1700, 666 Burrard Street, Vancouver, BC V6C 2X8, on June 30, 2020 at 10:00 am (Vancouver time) to, *inter alia*, consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") approving and adopting in accordance with section 289(1)(a)(i) and (e) of the BCBCA an arrangement under Section 288 of the BCBCA (the "**Arrangement**") substantially as contemplated in the plan of arrangement (the "**Plan of Arrangement**"), a draft of which special resolution is attached as Appendix "A" to the Information Circular.
3. Notwithstanding the provisions of the BCBCA and the articles of Empress, the board of directors of Empress (the "**Empress Board**") by resolution shall be entitled to hold the Meeting as a virtual meeting (that is, by telephone conference or other method of electronic communication that enables securityholders to speak and hear each other) without the necessity of first convening the Meeting or first obtaining any vote of the Empress Securityholders respecting the virtual Meeting, and without the need for approval of this Court. If the Empress Board resolves to hold the Meeting as a virtual meeting, Empress shall provide notice of and details about how Empress Securityholders may participate in the virtual Meeting by press release, newspaper advertisement or notice sent to the Empress Securityholders by one of the methods specified in paragraph 10 of this Interim Order, as determined to be the most appropriate method of communication by the Empress Board.
4. The Meeting shall be called, held and conducted in accordance with the BCBCA, the Notice, the Information Circular, the articles of Empress and applicable securities laws, subject to the terms of this Interim Order and any further Order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency, this Interim Order shall govern.

AMENDMENTS

5. Empress is authorized to make, in the manner contemplated by and subject to the Arrangement Agreement, such amendments, modifications or supplements to the Arrangement, the Plan of Arrangement, the Arrangement Agreement, the Notice and the Information Circular as it may determine without any additional notice to or authorization of any of the Empress Securityholders or further orders of this Court. The Arrangement, the Plan of Arrangement, the Arrangement Agreement, the Notice and the Information Circular as so amended, modified or supplemented, shall be the Arrangement, the Plan of Arrangement, the Arrangement Agreement,

the Notice and the Information Circular to be submitted to the Meeting and the subject of the Arrangement Resolution.

ADJOURNMENTS AND POSTPONEMENTS

6. Notwithstanding the provisions of the BCBCA and the articles of Empress, and subject to the terms of the Arrangement Agreement, the Empress Board by resolution shall be entitled to adjourn or postpone the Meeting or the date of the Application for the Final Order (defined at paragraph 35 below) on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Empress Securityholders respecting the adjournment or postponement, and without the need for approval of this Court. Empress shall provide notice of any such adjournment or postponement by press release, newspaper advertisement or notice sent to the Empress Securityholders by one of the methods specified in paragraph 10 of this Interim Order, as determined to be the most appropriate method of communication by the Empress Board.

RECORD DATE

7. The record date for determining the Empress Securityholders entitled to receive the Notice, the Information Circular, the form of proxy or voting instruction form and the letter of transmittal, all as applicable, for use by the Empress Securityholders (collectively, the “**Meeting Materials**”) shall be the close of business on May 28, 2020 (the “**Record Date**”), as previously approved by the Empress Board and published by Empress.
8. The Record Date will not change in respect of any adjournments or postponements of the Meeting.

NOTICE OF SPECIAL MEETING

9. The Information Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and Empress shall not be required to send to the Empress Securityholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.
10. The Meeting Materials, with such amendments or additional documents as counsel for Empress may advise are necessary or desirable, and as are not inconsistent with the terms of this Interim Order, shall be sent:
 - (a) to registered Empress Shareholders (those whose names appear in the securities register of Empress) determined as at the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or delivery, by prepaid ordinary mail or by delivery in person or by recognized courier service, addressed to the registered Empress Shareholder at its address as it appears in the central securities register of Empress as at the Record Date;

- (b) to beneficial Empress Shareholders (those whose names do not appear in the securities register of Empress), by providing, in accordance with National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the requisite number of copies of the Meeting Materials to intermediaries and registered nominees to facilitate the distribution of the Meeting Materials to beneficial Empress Shareholders;
- (c) to the registered Empress Warrantholders at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or delivery, by prepaid ordinary mail or by delivery in person or by recognized courier service, addressed to the registered Empress Warrantholder at its address as it appears in the register of warrantholders of Empress as at the Record Date;
- (d) at any time by email or facsimile transmission to any Empress Securityholder who identifies himself, herself, itself to the satisfaction of Empress (acting through its representatives), who requests such email or facsimile transmission and, if required by Empress, agrees to pay the charges related to such transmission,

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Meeting.

- 11. The Meeting Materials shall not be sent to registered Empress Securityholders where mail previously sent to such holders by Empress or its registrar and transfer agent has been returned to Empress or its registrar and transfer agent on two or more previous consecutive occasions.
- 12. Accidental failure of or omission by Empress to give notice to any one or more Empress Securityholder or the non-receipt of such notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Empress (including, without limitation, any inability to use postal services) shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Empress, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

DEEMED RECEIPT OF NOTICE

- 13. The Meeting Materials and any amendments, modifications, updates or supplements thereto and any notice of adjournment or postponement of the Meeting, shall be deemed to have been received,
 - (a) in the case of mailing, the day, Saturday and holidays excepted, following the date of mailing as specified in section 6 of the BCBCA;

- (b) in the case of delivery in person, upon receipt thereof at the intended recipient's address or, in the case of delivery by courier, one (1) business day after receipt by the courier;
- (c) in the case of transmission by email or facsimile, upon the transmission thereof;
- (d) in the case of advertisement, at the time of publication of the advertisement;
- (e) in the case of electronic filing on SEDAR and EDGAR, upon the transmission thereof; and
- (f) in the case of beneficial Empress Shareholders, three (3) days after delivery thereof to intermediaries and registered nominees.

UPDATING MEETING MATERIALS

14. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Empress Securityholders by press release, news release or newspaper advertisement or by notice sent to the Empress Securityholders by any of the means set forth in paragraphs 10 and 11, as determined to be the most appropriate method of communication by Empress Board.

PERMITTED ATTENDEES

15. The only persons entitled to attend the Meeting shall be:
- (a) registered Empress Securityholders as at the close of business on the Record Date, or their respective proxyholders;
 - (b) directors, officers and advisors of Empress, Alto and Spinco; and
 - (c) other persons with the prior permission of the Chair of the Meeting,

and the only persons entitled to vote at the Meeting shall be the registered Empress Securityholders, or their respective proxyholders.

SOLICITATION OF PROXIES

16. Empress is authorized to use forms of proxy for Empress Securityholders, as applicable, in substantially the same form as attached as Exhibit "C" to the Sharron Affidavit, subject to Empress's ability to insert dates and other relevant information in the final forms thereof and to make other non-substantive changes and changes legal counsel advise are necessary or appropriate, as well as a voting instruction form for Empress Securityholders, as applicable. Empress is authorized, at its expense, to solicit proxies directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose and by mail, telephone or such other form of personal or electronic communication as it may determine.

17. The procedures for the use of proxies at the Meeting and revocation of proxies shall be as set out in the Notice and the Information Circular.
18. Empress may in its discretion generally postpone or waive the time limits for the deposit of proxies by Empress Securityholders if Empress deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

QUORUM AND VOTING

19. At the Meeting, the votes in respect of the Arrangement Resolution shall be taken on the following basis:
 - (a) each registered Empress Shareholder whose name is entered on the securities register of Empress at the close of business on the Record Date is entitled to one (1) vote for each Empress Share registered in his/her/its name;
 - (b) each registered Empress Warrantholder whose name is on record at the close of business on the Record Date is entitled to one (1) vote for each Empress Warrant in his/her/its name; and
 - (c) the vote required to pass the Arrangement Resolution shall be the affirmative vote of (i) at least 66 $\frac{2}{3}$ % of the votes cast by the Empress Shareholders and Empress Warrantholders voting in person or by proxy at the Meeting as a single class, and (ii) not less than a simple majority of the votes cast by the Empress Shareholders voting in person or by proxy at the Meeting.
20. The quorum required at the Meeting shall be two persons who are, or who represent by proxy, Empress Shareholders who, in the aggregate, hold at least 5% of the issued shares of Empress entitled to be voted at the Meeting.

SCRUTINEER

21. The scrutineer for the Meeting shall be Computershare Investor Services Inc. (acting through its representatives for that purpose). The duties of the scrutineer shall include:
 - (a) reviewing and reporting to the Chair on the deposit and validity of proxies;
 - (b) reporting to the Chair on the quorum of the Meeting;
 - (c) reporting to the Chair on the polls taken or ballots cast, if any, at the Meeting; and
 - (d) providing to Empress and to the Chair written reports on matters related to their duties.

SHAREHOLDER DISSENT RIGHTS

22. Each Registered Empress Shareholder who is an Empress Shareholder as of the Record Date will have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this Interim Order, the Plan of Arrangement and the Final Order.
23. Registered Empress Shareholders will be the only Empress Shareholders entitled to exercise rights of dissent. A beneficial holder of Empress Shares registered in the name of a broker, investment dealer or other intermediary who wishes to dissent must make arrangements for the Registered Empress Shareholder to dissent on behalf of the beneficial holder of Empress Shares or, alternatively, make arrangements to become a Registered Empress Shareholder.
24. In order for a Registered Empress Shareholder to exercise such right of dissent (the "**Dissent Rights**"):
 - (a) a Registered Empress Shareholder must deliver a Dissent Notice to Empress c/o Stikeman Elliott LLP, Suite 1700, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8, Attention: Neville McClure, to be received not later than 4:00 p.m. (Vancouver time) on June 26, 2020, or two (2) Business Days prior to any adjournment of the Meeting and must not vote any Dissent Shares in favour of the Arrangement. A Non-Registered Holder who wishes to exercise the Dissent Rights must arrange for the Registered Empress Shareholder(s) holding its Empress Shares to deliver the Dissent Notice. The Dissent Notice must contain all of the information specified in this Interim Order. A vote against the Arrangement Resolution does not constitute a Dissent Notice and an Empress Shareholder who votes in favour of the Arrangement Resolution will not be considered a Dissenting Empress Shareholder;
 - (b) if the Arrangement Resolution is passed at the Meeting, Empress must send by registered mail to every Dissenting Empress Shareholder, prior to the date set for the hearing of the Final Order, a notice (the "**Notice of Intention**") stating that, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, Empress intends to complete the Arrangement, and advising the Dissenting Empress Shareholder that if the Dissenting Empress Shareholder intends to proceed with its exercise of its Dissent Rights, it must deliver to Empress, within 14 days after the mailing of the Notice of Intention, a written statement containing the information specified by the Interim Order, together with the certificate(s), if any, representing the Dissent Shares;
 - (c) a Dissenting Empress Shareholder delivering such a written statement may not withdraw from its dissent and, at the Effective Time, will be deemed to have transferred to Alto all of its Dissent Shares (free of any claims). Such Dissenting Empress Shareholders shall cease to have any rights as Empress Shareholders other than the right to be paid the fair value of their Empress

Shares. Alto will pay to each Dissenting Empress Shareholder for the Dissent Shares the amount agreed on by Alto and the Dissenting Empress Shareholder. Either Alto or a Dissenting Empress Shareholder may apply to Court if no agreement on the amount to be paid for the Dissent Shares has been reached, and the Court may:

- (i) determine the fair value that the Dissent Shares had immediately before the passing of the Arrangement Resolution, excluding any appreciation or depreciation in anticipation of the Arrangement unless such exclusion would be inequitable, or order that such fair value be established by arbitration or by reference to the registrar or a referee of the Court;
 - (ii) join in the application each other Dissenting Empress Shareholder who has not reached an agreement with Alto as to the amount to be paid for the Dissent Shares; or
 - (iii) make consequential orders and give directions it considers appropriate.
- (d) dissenting Empress Shareholders who are ultimately entitled to be paid fair value for their Empress Shares will be entitled to be paid such fair value and will not be entitled to any other payment or consideration, including any payment or consideration that would be payable under the Plan of Arrangement had they not exercised their Dissent Rights. The names of such holders shall be removed from Empress' central securities register as of the Effective Time;
- (e) if a Dissenting Empress Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in this Interim Order, it will lose its Dissent Rights, Empress will return to the Dissenting Empress Shareholder the certificate(s) representing the Dissent Shares that were delivered to Empress, if any, and, if the Arrangement is completed, that Dissenting Empress Shareholder shall be deemed to have participated in the Arrangement in respect of those Empress Shares on the same terms as all other Empress Shareholders who are not Dissenting Empress Shareholders. In no case will Empress, Alto, Spinco or any other Person be required to recognize such Dissenting Empress Shareholders as holding Empress Shares at or after the Effective Time;
- (f) Registered Empress Shareholders wishing to exercise the Dissent Rights should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement and the Dissent Rights. Registered Empress Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive procedure;
- (g) this Interim Order outlines certain events when Dissent Rights will cease to apply where such events occur before payment is made to the Dissenting

Empress Shareholders of their fair value of the Empress Shares surrendered (including if the Arrangement Resolution does not pass or is otherwise not proceeded with). In such events, the Dissenting Empress Shareholders will be entitled to the return of the applicable share certificate(s), if any, and rights as a shareholder of Empress in respect of the applicable Empress Shares will be regained; and

- (h) if, as of the Effective Date, the aggregate number of Empress Shares in respect of which Empress Shareholders have duly and validly exercised Dissent Rights exceeds 5% of the Empress Shares then outstanding, Alto is entitled, in its discretion, to not complete the Arrangement.

APPLICATION FOR FINAL ORDER

- 25. Empress shall include in the Meeting Materials, when sent in accordance with paragraph 10 of this Interim Order, a copy of the Notice of Hearing of the Petition herein, in substantially the form attached as Exhibit "B" to the Sharron Affidavit, and the text of this Interim Order (collectively, the "**Court Materials**"), and such Court Materials shall be deemed to have been served at the times specified in accordance with paragraphs 10 and/or 13 of this Interim Order, whether such persons reside within British Columbia or within another jurisdiction.
- 26. The persons entitled to appear and be heard at any hearing to sanction and approve the Arrangement, shall be only:
 - (a) Empress;
 - (b) Alto;
 - (c) Spinco; and
 - (d) any Empress Securityholder and other person who has served and filed a Response to Petition and has otherwise complied with paragraph 27 of this Interim Order and the Supreme Court Civil Rules.
- 27. The sending of the Meeting Materials in the manner contemplated by paragraphs 10 and 11 shall constitute good and sufficient service and no other form of service need be effected and no other material need be served on such persons in respect of these proceedings, except with respect to any person who shall:
 - (a) file a Response to Petition, in the form prescribed by the Supreme Court Civil Rules, together with any evidence or material which is to be presented to the Court at the hearing of the Application; and
 - (b) deliver the filed Response to Petition together with a copy of any evidence or material which is to be presented to the Court at the hearing of the Application, to Empress's counsel at:

Stikeman Elliott LLP
Barristers and Solicitors
1700 - 666 Burrard Street
Vancouver, British Columbia
V6C 2X8

Attention: Darlene Crimeni

by or before 4:00 p.m. (Vancouver time) on June 30, 2020.

28. Upon the approval by the Empress Securityholders of the Arrangement Resolution, in the manner set forth in this Interim Order, Empress may apply to this Court (the "**Application**") for an Order:

- (a) pursuant to section 291(4)(a) of the BCBCA approving the Arrangement; and
- (b) pursuant to section 291(4)(c) of the BCBCA declaring that the Arrangement is procedurally and substantively fair and reasonable to the Empress Securityholders

(collectively the "**Final Order**"),

and the hearing of the Application will be held on July 2, 2020 at 9:45 a.m. (Vancouver time) or as soon thereafter as the Application can be heard or at such other date and time as the Empress Board may advise at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as the Court may direct.

29. In the event that the hearing of the Application is adjourned, then only those persons who filed and delivered a Response to Petition in accordance with paragraph 27, need be served and provided with the materials filed and notice of the adjourned hearing date.

VARIANCE

30. Empress, Alto and Spinco shall be entitled, at any time, to apply to vary this Interim Order.

31. To the extent of any inconsistency or discrepancy between this Interim Order and the Information Circular, the BCBCA, applicable Securities Laws or the articles of Empress, this Interim Order will govern.

32. Rules 8-1 and 16-1(8) - (12) will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

ENDORSEMENTS ATTACHED

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Lawyer for Empress Resources Corp.
Lawyer: Darlene Crimeni

BY THE COURT

Digitally signed by
Cameron, S

Digitally signed by
Leung, Winnie

Registrar

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BRITISH COLUMBIA BUSINESS
CORPORATIONS ACT, S.B.C. 2002, C.57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
EMPRESS RESOURCES CORP.

EMPRESS RESOURCES CORP.

PETITIONER

NOTICE OF PETITION

TO: The holders (the “**Empress Shareholders**”) of Empress Resources Corp. (“**Empress**”) common shares (the “**Empress Shares**”) and the holders (the “**Empress Warranholders**”) of warrants (the “**Empress Warrants**”) to purchase Empress Shares

NOTICE IS HEREBY GIVEN that a Petition to the Court has been filed by Empress in the Supreme Court of British Columbia for approval, pursuant to section 291 of the *Business Corporations Act*, S.B.C. 2002 c. 57 and amendments thereto, of an arrangement contemplated in an Arrangement Agreement dated March 5, 2020, as amended May 23, 2020 involving Empress, Empress Royalty Corp. (“**Spinco**”) and Alto Ventures Ltd. (“**Alto**”) (the “**Arrangement**”).

NOTICE IS FURTHER GIVEN that by Order of Master Cameron, a master of the Supreme Court of British Columbia, dated May 28, 2020, the Court has given directions by means of an interim order (the “**Interim Order**”) on the calling of a special meeting (the “**Meeting**”) of the Empress Shareholders and Empress Warranholders for the purpose of, among other things, considering and voting upon a special resolution to approve the Arrangement.

NOTICE IS FURTHER GIVEN that if the Arrangement is approved at the Meeting, the Petitioner intends to apply to the Supreme Court of British Columbia for a final order (the “**Final Order**”) approving the Arrangement and declaring it to be fair and reasonable to the Empress Shareholders and Empress Warranholders, which application will be heard at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia or as the Court may direct on July 2, 2020 at 9:45 a.m. (Vancouver time) or so soon thereafter as counsel may be heard or at such other date and time as the board of Empress or the Court may direct.

IF YOU WISH TO BE HEARD AT THE HEARING OF THE APPLICATION FOR THE FINAL ORDER OR WISH TO BE NOTIFIED OF ANY FURTHER PROCEEDINGS, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing a form entitled "Response to Petition" together with any evidence or materials which you intend to present to the Court at the Vancouver Registry of the Supreme Court of British Columbia or as the Court may direct and YOU MUST ALSO DELIVER a copy of the Response to Petition and any other evidence or materials to Empress's address for delivery, which is set out below, on or before June 30, 2020 at 4:00 p.m.

YOU OR YOUR SOLICITOR may file the Response to Petition. You may obtain a form of Response to Petition at the Registry (if open) or online from the BC Supreme Court website. The address of the Registry is 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

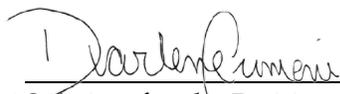
IF YOU DO NOT FILE A RESPONSE TO PETITION AND ATTEND EITHER IN PERSON (OR AS DIRECTED BY THE COURT) OR BY COUNSEL at the time of the hearing of the application for the Final Order, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court deems fit, all without further notice to you. If the Arrangement is approved, it will affect the rights of the Empress Shareholders and Empress Warrantholders.

A copy of the Petition to the Court and the other documents that were filed in support of the Interim Order and will be filed in support of the Final Order will be furnished to any Empress Shareholder or Empress Warrantholder upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out below.

The Petitioner's address for delivery is:

Stikeman Elliott LLP
Barristers and Solicitors
1700 - 666 Burrard Street
Vancouver, BC V6C 2X8
Attention: Darlene Crimeni

DATED this 28th day of May, 2020.



Solicitor for the Petitioner,
Empress Resources Corp.

APPENDIX "D"
INFORMATION CONCERNING ALTO

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INFORMATION CONCERNING ALTO

The following information is presented on a pre-Arrangement basis and reflects the current business, financial and share capital position of Alto. See this Appendix "D" to the Circular under the heading "Information Concerning Alto after the Arrangement" for pro forma business, financial and share capital information relating to Alto upon completion of the Arrangement. See also in this Circular "Cautionary Note Regarding Forward-Looking Statements and Risks" in respect of forward-looking statements that are included in this Appendix "D" and in the documents incorporated by reference herein.

All capitalized terms used in this Appendix "D" and not defined herein have the meaning ascribed to such terms in the "Glossary of Terms" or elsewhere in this Circular. Unless otherwise indicated herein, references to "\$" refers to "Canadian dollars". The information contained in this Appendix "D", unless otherwise indicated, is given as of May 29, 2020, the date of this Circular.

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents set out in this Appendix "D" under the heading "Documents Incorporated by Reference" which are incorporated by reference in this Circular may be obtained on request without charge from the Corporate Secretary, Alto Ventures Ltd., Suite 615, 800 West Pender Street, Vancouver, B.C., V6C 2V6 (telephone: 604 689-2599) and are also available electronically on SEDAR at www.sedar.com.

Preliminary Note

The information contained in this Appendix "D" has been prepared by the management of Alto and contains information in respect of the business and affairs of Alto. Information provided by Alto is the sole responsibility of Alto, and Empress does not assume any responsibility for the accuracy or completeness of such information.

Summary Description of the Business of Alto

Alto Ventures Ltd ("Alto" or "**the Company**") is a TSX Venture Exchange listed gold exploration company trading under the symbol ATV. The Company owns and operates gold exploration projects in Quebec, Manitoba and Ontario.

The Company's principal project is the Destiny project in Quebec. The project is located in Despinassy Township, approximately 75 km northeast of Val d'Or, Quebec and lies within the Archean age Abitibi greenstone belt in Quebec. The property is 100% owned by Alto subject to certain underlying production royalties.

The Company also owns properties in Manitoba and Ontario which are not material to the Company.

Further information regarding the business of Alto can be found below and in the other documents incorporated by reference herein. See this Appendix "E" to the Circular under the heading "Information Concerning Alto — Documents Incorporated by Reference". See also, "Information Concerning Alto — Risk Factors" for information about the risks of an investment in Alto Shares.

Corporate Structure

Alto was incorporated under the provisions of the British Columbia Business Corporations Act on June 6, 1987. The Company has no subsidiaries.

Alto's registered office is located at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7. Alto's head office is located at Suite 615, 800 West Pender Street, Vancouver, British Columbia V6C 2V6.

Description of the Business of Alto

Alto is a TSX Venture Exchange listed gold exploration company trading under the symbol ATV. The Company owns and operates gold exploration projects in Quebec, Manitoba and Ontario.

The Company's principal project is the Destiny project in Quebec. The project is located in Despinassy Township, approximately 75 km northeast of Val d'Or, Quebec and lies within the Archean age Abitibi greenstone belt in Quebec. The property is 100% owned by Alto subject to certain underlying production royalties.

The Destiny project is host to a Mineral Resource* calculated consistent with guidelines set out in National Instrument 43-101 and filed on Sedar in March 2011. At the 0.5 g/t gold cut-off grade, the Indicated Mineral Resources of the DAC Deposit total approximately 10.8 million tonnes at an average grade of 1.05 g/t gold. In addition, at the same gold cut-off grade, the Inferred Mineral Resources total approximately 8.3 million tonnes at an average grade of 0.92 g/t gold. The estimated contained ounces in the Indicated category are 364,000 plus 247,000 ounces in the Inferred classification. At a cut-off grade of 1.0 g/t gold from approximately 15 metres below surface to a depth of 400 metres, the DAC deposit was estimated to include 3,858,800 tonnes at an average grade of 1.71 gpt Au Indicated (212,310 contained ounces gold) and 2,521,400 tonnes at an average grade of 1.53 gpt Au Inferred (124,390 contained ounces gold). The gold mineralization is open to depth and along strike. Mineral Resources are not Mineral Reserves and by definition do not demonstrate economic viability.

The DAC Deposit is one of several significant gold occurrences on the Destiny project. The Darla Zone lies one kilometre east and along the same trend as the DAC Deposit. In 2012 the Company completed 12 diamond drill holes in the Gap Zone, the area between the DAC Deposit and the Darla Zone. The drilling at the Gap Zone has confirmed the presence of higher grade gold values in wide envelopes of anomalous gold mineralization. Some of the higher grades include 78.7 g/t gold over 1.0 m within an 8 m interval averaging 11.3 g/t gold in hole DES12-147 and 22.7 g/t gold over 1.05 m in DES12-154. The other wider mineralized intercepts include two zones in hole DES12-144 which assayed 1.05 g/t gold over 10 m in one zone and the other assayed 1.04 g/t gold over 11.0 m. The Darla Zone also has high grade intercepts including 19.5 g/t Au across 2.1 m and 20.6 g/t Au across 0.8 m.

** Todd McCracken, P.Geo, is a Qualified Person ("QP") for purposes of the NI 43-101 Report. He is responsible for preparing the Report and the Resource Estimate disclosed in the Report. Mr McCracken, at time of filing of the Report on SEDAR was an employee of Wardrop a Tetra Tech Company, and independent from the Companies as described in section 1.4 of NI 43-101.*

Mike Koziol, P.Geo., the President of the Company, is the Qualified Person and responsible for the scientific and technical information contained in this Appendix.

The Company also owns properties in Manitoba and Ontario which are not material to the Company.

In Manitoba, the Company owns a 100% interest in the Oxford Lake Property subject to underlying royalties on some of the claims. The property is located approximately 160 km southeast of Thompson in the Oxford-Stull Domain of the Western Superior geological province of the Canadian Shield. Currently the property comprises approximately 36,000 ha and is in good standing through 2021.

Alto owns six gold projects in Ontario five of which are in the Beardmore-Geraldton gold camp. The Company is currently active at Miner Lake located north of the Brookbank Deposit being explored by the Centerra Gold Inc.-Premier Gold Mines Ltd. Joint Ventures as part of their Greenstone Project.

History

The development of Alto's business in the last two completed financial years is set out in Alto's MD&A for the year ended June 30, 2019, which is incorporated by reference herein.

Trading Price and Volume of the Alto Shares

The Alto Shares are listed and traded in Canada on the TSX-V under the symbol "ATV". The registrar and transfer agent for Alto is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia, Canada.

The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the Alto Shares on the TSX-V for the 12-month period preceding the date of this Circular.

	TSX-V (prices in Canadian dollars)		
	High	Low	Volume
May 1 – 28, 2020	0.035	0.030	981,000
April 2020	0.03	0.02	922,950
March 2020	0.025	0.02	1,512,386
February 2020	0.035	0.02	1,473,215
January 2020	0.025	0.02	1,088,835
December 2019	0.025	0.02	631,800
November 2019	0.025	0.015	1,042,700
October 2019	0.025	0.02	1,167,820
September 2019	0.035	0.025	1,074,632
August 2019	0.03	0.025	293,000
July 2019	0.03	0.02	1,913,700
June 2019	0.03	0.02	1,147,650
May 2019	0.03	0.02	936,900

The closing price of the Alto Shares on the TSX-V on March 5, 2020, the last trading day immediately before the announcement of the execution of the Arrangement Agreement, was \$0.025. The closing price of the Alto Shares on the TSX-V on May 28, 2020 was \$0.035.

Listing Application

The Company has made application to the TSX-V for approval of the listing of the Alto Shares to be issued under the Arrangement and issuable on the exercise of Empress Warrants after completion of the Arrangement, subject to filing certain documents following the closing of the Arrangement.

Description of the Alto Shares

Alto is authorized to issue an unlimited number of Alto Shares. As of May 28, 2020, 56,373,295 Alto Shares were issued and outstanding. Holders of Alto Shares are entitled to receive notice of any meetings of shareholders of Alto, and to attend and to cast one vote per Alto Share at all such meetings. Holders of Alto Shares are entitled to receive on a pro rata basis such dividends on such Alto Shares, if any, as and when declared by the Alto Board at its discretion from funds legally available therefor, and, upon the liquidation, dissolution or winding up of Alto, are entitled to receive on a pro rata basis the net assets of Alto after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Alto Shares with respect to dividends or liquidation. Alto Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

Issued and outstanding:	56,373,295		
Options	2,000,000	\$0.05	Expire Sept 19, 2023
Options	325,000	\$0.05	Expire Dec 10, 2020
Options	700,000	\$0.10	Expire March 27, 2022
	3,025,000		
Warrants	1,775,000	\$0.06	Expire April 19, 2021
Warrants	2,002,857	\$0.06	Expire June 4, 2021
Finder Warrants	175,450	\$0.12	Expire June 4, 2020
Warrants	1,268,750	\$0.06	Expire June 27, 2021
	5,222,057		
Fully Diluted	64,620,352		

There are no restrictions that prevent Alto from paying dividends. However, Alto has not paid any dividends on Alto Shares since incorporation. At present, all available funds of Alto are invested to finance the growth of Alto and the exploration and development of its mineral properties. Any decision to pay dividends on the Alto Shares in the future will be made by the Alto Board from time to time, in its discretion, on the basis of many factors, including Alto's earnings, operating results, financial condition and anticipated cash needs and other conditions existing at such time.

Consolidated Capitalization

The following table sets out Alto's consolidated capitalization as at December 31, 2019, both actual and *pro forma* after giving effect to the Arrangement. The financial information set out below should

be read in conjunction with the audited consolidated financial statements of Alto for the years ended June 30, 2019 and June 30, 2018 (including the notes thereto), the related MD&A for the year ended June 30, 2019, the unaudited consolidated financial statements of Alto as at and for the six months ended December 31, 2019 and December 31, 2018 (including the notes thereto) and the related MD&A for the three and six months ended December 31, 2019, each incorporated by reference into this section. The financial information set out below should also be read in conjunction with the *pro forma* consolidated financial statements of Alto after giving effect to the Arrangement attached as Schedule 1 to this Appendix "D" to the Circular.

	Outstanding at December 31, 2019 (unaudited)	<i>Pro forma</i> Outstanding at December 31, 2019 ⁽¹⁾ (unaudited)
	(in thousands of Canadian Dollars)	
Cash and cash equivalents	534,900	2,799,597
Shareholder's equity	2,855,351	4,945,272
Share capital	21,893,673	24,017,497
Contributed surplus	2,599,499	3,014,328
Retained earnings (deficit)	(21,637,821)	(22,086,553)
Total capitalization	<u>2,962,511</u>	<u>5,004,117</u>

(1) After giving effect to the Arrangement.

Management's Discussion and Analysis

See the MD&A for the year ended June 30, 2019 and the six month period ended December 31, 2019 which are incorporated by reference herein.

Prior Sales

Alto did not issue any Alto Shares nor issue securities convertible into Alto Shares within the 12 months prior to the date hereof.

Material Contracts

In addition to the material contracts of Alto disclosed in the documents of Alto incorporated herein by reference, the Arrangement Agreement is a material contract of Alto and was entered into before the date of this Circular and is still in effect as of the date hereof.

Directors and Executive Officers

For information concerning directors and executive officers of Alto see Alto's 2019 Information Circular incorporated by reference herein.

Within the last 10 years before the date of this Information Circular no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Information Circular is prepared) acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Executive Compensation

For information on Alto's executive compensation see Alto's 2019 Information Circular incorporated by reference herein.

Audit Committee and Corporate Governance

For information on Alto's audit committee and corporate governance policies see Alto's 2019 Information Circular incorporated by reference herein. Alto is relying upon the exemption in Section 6.1 of National Instrument 52-110 – *Audit Committees*.

Documents Incorporated by Reference

The following documents, each of which has been filed by Alto and is available on SEDAR at www.sedar.com, are specifically incorporated by reference into, and form an integral part of, this Circular:

- (a) Alto's 2019 Information Circular as at November 4, 2019 and filed on November 12, 2019;
- (b) the audited consolidated financial statements and the related MD&A for the years ended June 30, 2019 and 2018 and filed on October 18, 2019; and
- (c) the unaudited consolidated financial statements and the related MD&A of Alto for the six months ended December 31, 2019 and 2018 and filed on February 26, 2020.

All documents of the type referred to above and any business acquisition reports, material change reports and financial statements filed by Alto with any securities commission or similar regulatory authority in Canada subsequent to the date of this Circular and prior to the date of the Meeting shall be deemed to be incorporated by reference into this Circular.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

Risk Factors

An investment in Alto Shares involves a significant degree of risk and should be considered speculative due to the nature of Alto's business and the present stage of its development. In evaluating the Arrangement, Empress Shareholders and Empress Warranholders should carefully consider all of the information in this section and the documents incorporated by reference herein, and, in particular, should evaluate the risk factors described in the audited consolidated financial statements and the related MD&A for the years ended June 30, 2019 and 2018 and filed on October 18, 2019 each of which is incorporated by reference herein. In addition, Empress Shareholders and Empress Warranholders should carefully consider all of the information disclosed in this Circular. See, in particular, "*The Meeting – The Arrangement – Risks Associated with the Arrangement*" and "*Certain Canadian Federal Income Tax Considerations*" in the Circular. However, such risks may not be the only risks faced by Alto. Risks and uncertainties not presently known by Alto or which are presently considered immaterial may also adversely affect Alto's business, properties, results of operations and/or condition (financial or otherwise).

Experts

Todd McCracken, P.Geo, is responsible for preparing the NI 43-101 Report on the Destiny Project. Mike Koziol, P.Geo., is responsible for the scientific and technical information contained in this Appendix. Mr. McCracken has no registered or beneficial interest in any securities or other property of Alto. Mr. Koziol holds 2,293,333 Alto Shares, 900,000 options to purchase Alto Shares and 75,000 warrants to purchase Alto Shares.

Davidson and Company LLP are the auditors for Alto. Davidson and Company LLP certified the auditors' report on the audited consolidated financial statements of Alto for the years ended June 30, 2019 and 2018 and has confirmed that they are independent with respect to Alto within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

INFORMATION CONCERNING ALTO AFTER THE ARRANGEMENT

General

Subsequent to completion of the Arrangement, as of the Effective Time, Alto will own all of the issued and outstanding Empress Shares and Empress will be a wholly-owned subsidiary of Alto. Alto will continue to be a corporation existing under the laws of the *Business Corporations Act* (British Columbia).

Empress is to be merged into Alto by way of amalgamation following completion of the Arrangement. Upon completion of the Arrangement, the material properties of Alto within the meaning of applicable Canadian securities laws will remain the same.

Share Capital

The authorized share capital of Alto following the completion of the Arrangement will continue to consist of an unlimited number of Alto Shares. The rights attaching to the Alto Shares will continue to be the same as those prior to the completion of the Arrangement. See this Appendix "D" to the Circular under the heading "*Information Concerning Alto — Description of the Alto Shares*".

Post-Arrangement Shareholdings

Immediately after completion of the Arrangement, assuming that no Empress Shareholder exercises Dissent Rights, current Empress Shareholders are expected to own approximately 52% of the outstanding Alto Shares and current shareholders of Alto are expected to own approximately 48% of the outstanding Alto Shares.

Market for Securities

Upon completion of the Arrangement, the Alto Shares will continue to be listed for trading on the TSX-V under the symbol "ATV". Following completion of the Arrangement, Alto intends to have the Empress Shares delisted from the TSX-V.

Directors and Officers of Post-Arrangement Alto

Upon completion of the Arrangement, the Board of Alto will consist of two nominees of Alto, namely, Richard Mazur and Michael Bandrowski, and three nominees of Empress, which are anticipated to be Duncan Gordon, Jeremy Bond and David Rhodes, each of whom shall be nominated for re-election to the board of directors of Alto at, and included in the meeting materials for, the first annual general meeting of Alto following the Effective Date. See "*Information Concerning Alto – Directors and Officers*" in this Appendix "D" for information on Richard Mazur and "*Information Concerning Spinco – Directors and Executive Officers*" in Appendix "E" for information on Jeremy Bond and David Rhodes. Information for Duncan Gordon and Michael Bandrowski is as follows:

Name and place of residence	Principal occupation during the five preceding years
Duncan Gordon British Columbia, Canada <i>Director</i>	President of Ivy Capital Corp., a private company providing financing services for companies seeking guidance through the capital raising process. Prior to that Vice President and Senior Investment Advisor at Canaccord Genuity Wealth Management for 17 years.
Michael Brandowski Ontario Canada <i>Director and Chief Executive Officer</i>	March 2015 to present, President Escarpment Capital Advisors Ltd., Collingwood, Ontario, personal advisory firm; March 2016-March 2018 Director, Mining Research, Beacon Securities Limited.

Upon completion of the Arrangement the directors and executive officers of Alto will collectively beneficially own, directly or indirectly, or will have control or direction over 5,909,647 Alto Shares (10.48% of the issued and outstanding).

At the Effective Time and at the time of nomination for re-election, the board of directors of the Alto will be comprised of no more than five (5) directors (including the Empress nominees). Empress has also agreed to use its commercially reasonable best efforts to have holders of greater than 10% of the outstanding Empress Shares enter into a voting support agreement wherein they agree to vote for management nominees for directors at any Alto shareholders meeting held prior to January 1, 2023 called to elect directors.

Transfer Agent and Registrar and Auditor

The registrar and transfer agent for Alto will continue after the Arrangement to be Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia, Canada.

Davidson & Company will continue as the auditor of Alto following the completion of the Arrangement.

Selected Unaudited Pro Forma Financial Information

The following selected unaudited *pro forma* consolidated financial information for Alto, giving effect to the Arrangement and related steps, is based on the assumptions and adjustments described in the respective notes to the Alto unaudited *pro forma* consolidated statement of financial position as at December 31, 2019 attached as Schedule 1 to this Appendix "D" to the Circular. The unaudited *pro forma* consolidated statement of financial position has been prepared based on the assumption that, among other things, the Arrangement occurred on December 31, 2019. The unaudited *pro forma* consolidated financial statements are not necessarily indicative of Alto's consolidated financial position and results from operations if the events reflected therein were in effect for the periods presented, nor do they purport to project Alto's consolidated financial position or results from operations for any future period.

The selected unaudited *pro forma* consolidated financial information given below should be read in conjunction with the description of the Arrangement contained in this Circular, the unaudited *pro forma* consolidated financial statements contained in Schedule 1 to this Appendix "D" to the Circular and the audited and unaudited consolidated financial statements of Alto incorporated by reference in this Circular.

	As at December 31, 2019	As at December 31, 2019	
	Historical		Pro Forma
	Alto	Empress	Alto
	(Expressed in thousands of Canadian dollars)		
Cash and Cash Equivalents	534,990	1,704,607	2,799,594
Assets	2,962,511	1,729,619	5,004,117
Liabilities.....	107,160	50,966	58,845
Shareholders' Equity.....	2,855,351	1,678,653	4,945,272

SCHEDULE 1

UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF ALTO

See attached.



ALTO VENTURES LTD.

(An Exploration Stage Company)

**Pro-Forma Consolidated Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)**

December 31, 2019

ALTO VENTURES LTD.
**Pro-Forma Consolidated Statement of Financial Position
(Unaudited – Prepared by Management) (Expressed in Canadian Dollars)**

ASSETS	Alto Ventures Ltd. As at December 31, 2019 \$	Empress Resources Corp. As at December 31, 2019 \$	Note	Pro-forma Adjustment \$	Pro-forma Consolidated As at December 31, 2019 \$
Current					
Cash	534,990	1,704,607	3 (a) 3 (b) 3 (c) 3 (d) 3 (e)	(37,500) (250,000) 947,500 (25,000) (75,000)	2,799,597
Receivables	8,983	14,605		-	23,588
Marketable securities	248,013	-	3 (b)	(248,013)	-
Prepaid expenses	14,364	10,407		-	24,771
	806,350	1,729,619		311,987	2,847,956
Exploration and evaluation assets	2,156,161	-		-	2,156,161
	2,962,511	1,729,619		311,987	5,004,117
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	7,879	50,966		-	58,845
Due to related parties	99,281	-	3 (d)	(99,281)	-
	107,160	50,966		(99,281)	58,845
Shareholders' equity					
Share capital	21,893,673	10,607,241	3 (a) 3 (a) 3 (a) 3 (c) 3 (c) 3 (d) 3 (e)	(10,607,241) 1,221,421 37,500 1,000,000 (85,097) 25,000 (75,000)	24,017,497
Share-based payment reserve	-	1,414,113	3 (a)	(1,414,113)	-
Contributed surplus – options	1,542,434	-		-	1,542,434
Contributed surplus – warrants	1,057,065	-	3 (a) 3 (c)	382,232 32,597	1,471,894
Deficit	(21,637,821)	(10,342,701)	3 (a) 3 (b) 3 (d)	10,342,701 (498,013) 49,281	(22,086,553)
	2,855,351	1,678,653		411,268	4,945,272
	2,962,511	1,729,619		311,987	5,004,117

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

1 PROPOSED ARRANGEMENT

The accompanying unaudited pro-forma consolidated financial statement of Alto Ventures Ltd. ("Alto" or the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the financial statements of Alto and the financial statements of Empress Resources Corp. ("Empress") using the same accounting policies as described in annual financial statements together with other information available to the Company. The unaudited pro-forma consolidated financial statement have been prepared for inclusion in the information circular in conjunction with the acquisition by Alto of all of the issued and outstanding commons shares of Empress and spinout of royalties and marketable securities to Empress Royalty Corp. ("Empress Royalty or Spinco"). As a newly formed company wholly owned by Empress, Empress Royalty will issue 4,615,384 shares representing 48% of the issued shares of Empress Royalty to Alto. The Empress Royalty shares will be dividended out to the shareholders of Alto.

(a) Merger Between Alto and Empress

Alto has entered into a definitive arrangement agreement dated March 5, 2020 (the "Arrangement Agreement") to acquire all of the outstanding shares of Empress, which is a publicly traded company incorporated under the laws of British Columbia, Canada. Empress changed its name from Cipher Resources Inc. to Empress Resources Corp. on June 26, 2019. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and trade under the symbol EMPX. 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. Empress is arm's-length to Alto.

Empress will be acquired by Alto, and former Empress shareholders will hold 52% of the issued and outstanding shares of the combined entity. The acquisition of Empress is accounted for as an asset acquisition.

(b) Share Consolidation

Alto will consolidate its outstanding common shares on the basis of 5 pre-consolidation Alto Shares for each one Alto post-consolidation share (the "Post-Consolidation Share") (the "Consolidation").

1 PROPOSED ARRANGEMENT (continued)

(c) Concurrent Financing

Alto will complete a private placement of a unit offering at a price of \$0.10 per unit (Post-Consolidation) for gross proceeds of \$1,000,000. Each unit consisting of one common share and one full warrant exercisable for one common share at a price of \$0.20 for a term of two years, provided that the warrant term may be accelerated by notice in circumstances where, at any time following 4 months from the date of issuance of the Subscription Receipts, the Shares of Alto close at or above \$0.25 for 10 consecutive trading days. In such case Alto may elect, by notice in writing, to shorten the exercise period of the Warrants to 30 days from the date of such notice. Share issuance costs are estimated to be 7% in cash and 7% in finders warrants on what the agent's raise.

(d) Spin-out of Assets to Empress Royalty

In connection with the merger, Alto is to transfer certain royalties and marketable securities to Empress Royalty for 4,615,384 shares of Empress Royalty, representing 48% of the issued shares of Empress Royalty prior to the acquisition of any further assets by Empress Royalty. The Empress Royalty shares will be dividended out to the shareholders of Alto.

(e) Conditions to Closing the Arrangement Agreement and Required Approvals

The completion of the Arrangement Agreement is subject to the approval of the TSX Venture Exchange and requires approval by the securityholders of Empress.

2 BASIS OF PRESENTATION (continued)

The accompanying unaudited pro forma consolidated financial statement have been prepared by management to give effect to (i) the merger between Alto and Empress, (ii) the Consolidation, (iii) the Concurrent Financing, and (iv) the Spin-out of Assets to Empress Royalty. In the opinion of management, the unaudited pro-forma consolidated financial statement include all adjustments necessary for the fair presentation of the transactions described in Note 1 in accordance with International Financial Reporting Standards (see Note 3 “Pro Forma Assumptions and Adjustments”).

The unaudited pro forma consolidated financial statement have been prepared for illustrative purposes only and may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited pro-forma consolidated financial statement are not a forecast or projection of future results. The actual financial statements and results of Alto for any period following December 31, 2019 will likely vary from the amounts set forth in the unaudited pro forma consolidated financial statement and such variation may be material.

The unaudited pro-forma consolidated financial statement should be read in conjunction with:

- (a) Alto’s condensed interim financial statements for the six months ended December 31, 2019.
- (b) Empress’s condensed interim consolidated financial statements for the nine months ended December 31, 2019.
- (c) Empress Royalty’s audited financial statements as at March 31, 2020.
- (d) The additional information set out in Note 3.

The unaudited pro-forma consolidated statement of financial position has been prepared as if the acquisitions described in Note 1 had occurred on December 31, 2019.

3 PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated statement of financial position incorporates the following pro-forma assumptions and adjustments to give effect to the transactions described in Note 1 and other transactions described below as if they had occurred on December 31, 2019:

a. Merger between Alto and Empress

Alto entered into the Arrangement Agreement to acquire all Empress's outstanding and issued common shares and warrants on March 5, 2020. Alto will issue 12,214,214 common shares (Post Consolidation) valued at \$1,221,421 and issue 9,800,344 warrants valued at \$382,232. The fair value of the warrants of \$382,232 at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions: expected dividend yield of Nil, Risk-free interest rate of 0.95%, expected life of 2.42 years and expected volatility of 117.52%.

Alto management has determined that this transaction is an asset acquisition as the assets acquired and the liabilities assumed do not constitute a business.

Alto has issued 375,000 shares (Post-Consolidation) with a value of \$37,500 and paid \$37,500 in cash which has been recorded as transaction costs within the asset acquisition.

Allocation of the purchase price is as follows:

Purchase Price	
Common shares issued to Empress	\$ 1,221,421
Warrants issued to Empress	382,232
Transaction costs	75,000
	<hr/>
	\$ 1,678,653
Allocation of Net assets Empress	
Cash	\$ 1,704,607
Receivables	14,605
Prepaid expense	10,407
Accounts payable and accrued liabilities	(50,966)
	<hr/>
	\$ 1,678,653

ALTO VENTURES LTD.

Notes to the Pro-Forma Consolidated Statement of Financial Position

3. PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

b. Spin-out of assets to Empress Royalty

Pursuant to the Arrangement Agreement and the Asset Purchase Agreement, Empress Royalty will be transferred \$250,000 cash, certain royalties and marketable securities. No value has been assigned to the royalties.

c. Concurrent Alto Financing

Alto completed a private placement of a unit offering at a price of \$0.10 per unit (Post-Consolidation) for gross proceeds of \$1,000,000, with each unit consisting of one common share and one full warrant exercisable for one common share at a price of \$0.20 for a term of two years, provided that the warrant term may be accelerated by notice in circumstances where, at any time following 4 months from the date of issuance of the Subscription Receipts, the Shares of Alto close at or above \$0.25 for 10 consecutive trading days. In such case Alto may elect, by notice in writing, to shorten the exercise period of the Warrants to 30 days from the date of such notice.

Finders fees were paid in the amount of \$52,500 and 525,000 agent warrants were issued, valued at \$32,597. The fair value of the warrants of \$32,597 at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions: expected dividend yield of Nil, Risk-free interest rate of 0.95%, expected life of 1 year and expected volatility of 175.24%.

d. Related party debt settlement

Alto has settled \$99,281 of debt to related parties by payment of \$25,000 in cash and issuing 250,000 shares (Post-Consolidation) with a value of \$25,000. This resulted in a gain on settlement of \$49,281.

e. Transaction costs

Alto has paid \$75,000 in transaction costs relating to the Arrangement Agreement which has been recorded as share issuance costs.

ALTO VENTURES LTD.

Notes to the Pro-Forma Consolidated Statement of Financial Position

4. CAPITAL STOCK AND RESERVES**Equity**

Authorized:

Unlimited common shares without par value

Issued:

	Share Capital		Contributed Surplus	
	Number of shares	Amount in \$	Options \$	Warrants \$
Balance as at December 31, 2019	11,274,659	21,893,673	1,542,434	1,057,065
Acquisition of Empress (Note 3 (a))	12,214,214	1,221,421	-	382,232
Alto Financing (Note 3(c))	10,000,000	1,000,000	-	-
Share issuance costs on Financing (Note 3(c))	-	(160,097)	-	32,597
Settlement of related party debt (Note 3(d))	250,000	25,000	-	-
Finder's fee (Note 3(e))	375,000	37,500	-	-
Balance, December 31, 2019	34,113,873	24,017,497	1,542,434	1,471,894

Stock Options

As at December 31, 2019, the following stock options were outstanding:

Number of Options	Weighted Average Exercise Price	Expiry Date
65,000	\$ 0.25	December 10, 2020
140,000	\$ 0.50	March 27, 2022
400,000	\$ 0.25	September 19, 2023
605,000		

Share Purchase Warrants

As at December 31, 2019, the following share purchase warrants were outstanding:

Number of Options	Weighted Average Exercise Price	Expiry Date
35,090	\$ 0.600	June 4, 2020
355,000	\$ 0.300	April 19, 2021*
400,571	\$ 0.300*	June 4, 2021*
253,750	\$ 0.300*	June 27, 2021*
10,000,000	\$ 0.200	March 2022
4,383,400	\$ 0.375*	May 11, 2022*
4,151,584	\$ 0.375*	June 14, 2022*
1,265,360	\$ 0.375*	August 7, 2022*
525,000	\$ 0.100	March 2022
21,369,755		

*The share purchase warrants were repriced, and the expiry dates extended.

ALTO VENTURES LTD.

Notes to the Pro-Forma Consolidated Statement of Financial Position

5. Pro Form Effective Income Tax Rate

The pro forma effective income tax rate that will be applicable to the consolidated operations of the Company is 27%.

APPENDIX "E"
INFORMATION CONCERNING SPINCO

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The following is a summary of Spinco, its business and operations, which should be read together with the more detailed information and financial data and statements contained elsewhere in the management information circular of Empress Resources Corp., to which this Appendix "E" is attached (the "Circular"). The information contained in this Appendix, unless otherwise indicated, is given as of May 29, 2020, the date of the Circular.

All capitalized terms used in this Appendix and not defined herein have the meaning ascribed to such terms in the "Glossary of Terms" or elsewhere in the Circular. Unless otherwise indicated herein, references to "\$" are to Canadian dollars. See also in the Circular "Cautionary Note Regarding Forward-Looking Statements and Risks".

CORPORATE STRUCTURE

Empress Royalty Corp. ("**Spinco**") was incorporated pursuant to the BCBCA on March 2, 2020. Spinco is not currently a reporting issuer and the common shares of Spinco (the "**Spinco Shares**") are not listed or quoted for trading on any stock exchange. It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date. **As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares. There is no assurance that the Spinco Shares will be listed on any stock exchange.**

See in this Appendix "E", "*General Development of Spinco's Business*", "*Description of Securities Distributed — Listing of Spinco Shares*" and "*Risks Associated with Spinco*".

Spinco's head office and registered and records office is located at Unit 1 – 15782 Marine Drive, White Rock, B.C. V4B 1E6.

Intercorporate Relationships

Spinco has no subsidiaries and on completion of the Arrangement, Spinco will have no subsidiaries.

GENERAL DEVELOPMENT OF SPINCO'S BUSINESS

Spinco was incorporated to acquire and hold investments and royalty interests in mineral properties that it will acquire connection with the Arrangement, namely the Alto Royalties and the Empress Royalty Purchases, if any, along with the Alto Marketable Securities. The Alto Royalties consist primarily of net smelter return ("**NSR**") royalty interests in a dozen mineral projects or properties in Manitoba, Ontario and Quebec, including the Destiny project and the Oxford Lake property – see "*Information Concerning Alto – Description of the Business of Alto*" in Appendix "D" and "*General Development of Spinco – Business of Spinco*", below, in this Appendix "E".

The Alto Marketable Securities consist of shares in seven public companies the majority of which are mining issuers and one of which declared bankruptcy – see "*General Development of Spinco – Business of Spinco*", below, in this Appendix "E".

Upon completion of the Arrangement, the Empress Shareholders, not taking into account the effect of the Spinco Financing or any Empress Royalty Purchases, will together hold in aggregate approximately 52% of the then issued Spinco Shares, and the board of directors will consist of four nominees of Empress, which are anticipated to be Alexandra Woodyer Sherron, David Rhodes, Jeremy Bond and Paul Mainwaring, and two nominees of Alto, which are anticipated to be Richard Mazur and Wes Roberts. Spinco's Chief Executive Officer will be Alexandra Woodyer Sherron and Spinco's Chief Financial Officer will be Dan O'Brien. Spinco will also have \$250,000 in cash, marketable securities and no debt.

Spinco intends to undertake the Spinco Financing prior to completion of the Arrangement to raise that amount of funds, estimated to be approximately \$1,060,000. On completion of the Spinco Financing, assuming that Spinco raises \$1,060,000 from the issue of 21,200,000 Spinco Shares at a price per share of \$0.05 there will be a total of 30,815,384 Spinco Shares outstanding. Assuming that no Empress and no Alto shareholders purchase any Spinco Shares under the Spinco Financing (or the Empress Financing, if any), Empress Shareholders would hold approximately 16.23% of the issued and outstanding Spinco Shares and the Alto Shareholders would hold 14.98% of the issued and outstanding Spinco Shares.

See in the Circular, *"The Meeting — The Arrangement"*. See in this Appendix "E", *"Available Funds and Principal Purposes"*, *"Management's Discussion and Analysis"*, *"Description of Securities Distributed — Listing of Spinco Shares"*, *"Consolidated Capitalization"*, *"Directors and Executive Officers"* and *"Promoters"*.

Spinco is subject to certain risks including risks related to its shares and the listing thereof, risks related to delay, non-payment or loss in connection with its royalty interests, financing risks and risks related to the nature of investment in royalties and streams. See *"Risks Associated with Spinco"* in the Appendix "E".

Information regarding Spinco's financial information, including Spinco's anticipated expenditures in order to achieve its business objectives is set out in the Appendix "E" under *"Information Concerning Spinco – Available Funds and Principal Purposes"*. Spinco's audited financial statements from its incorporation on March 2, 2020 to March 31, 2020 are included as Schedule "3" to this Appendix "E". See *"Information Concerning Spinco – Selected Financial Information"* and Schedule "4" to this Appendix "E" for Spinco's pro forma financial information.

BUSINESS OF SPINCO

Upon completion of the Arrangement, Spinco will primarily be in the business of acquiring royalty and streaming interests in precious metal properties and mining projects. Spinco intends to review opportunities to acquire royalties or similar interests (such as streaming interests) through the financing of mine development or exploration, to acquire companies that hold royalties or similar interests, but may employ other investment instruments, including equity, bridge loans, secured loans, unsecured loans, convertible debentures, warrant and options, net profits interests and other hybrid instruments. Royalties are passive (non-operating) interests in mining projects that provide the right to revenue or production from a project after deducting specified costs, if any. A metal stream is a purchase agreement that provides the right to purchase a portion of one or more metals produced from a mine at a price determined by the purchase agreement. Upon completion of the Arrangement, Spinco will primarily hold NSRs, which are royalties based on the value of production or net proceeds received by the operator from a smelter or refinery. These proceeds are usually subject to deductions or charges for transportation, insurance, smelting and refining costs as set out in the

royalty agreement. This type of royalty typically provides cash flow that is free of any operating or capital costs and environmental liabilities.

In connection with the Arrangement, the Alto Royalties and any Empress Royalty Purchases made prior to the Effective Date will be transferred to Spinco. The Alto Royalties consist of the following royalties as summarized in the following table:

Project	Description/Summary	Property Name	Royalty
Windfall East Existing Quebec	The Windfall East property lies adjacent to Osisko's Windfall project in the Urban Township. Recent drilling by Osisko indicates that if the trend of their high-grade Lynx Zone extends to the northeast, it may pass onto the northwest corner of Alto's former Windfall East project.	Windfall East	1% NSR due from Osisko - adjacent to Osisko Lynx Zone. Osisko has a buyback right of 0.5% for \$1 million.
Coldstream Existing Ontario	Located in northwestern Ontario in the Shebandowan greenstone belt. The claims cover the East Coldstream gold deposit with NI43-101 compliant resources of 2.25 Mt Indicated at an average grade of 1.05 g/t Au (76,000 contained ounces) and 16.97 Mt Inferred at an average grade of 1.01 g/t Au (549,000 contained ounces), using a 0.6 g/t Au cut-off grade. The property adjoins Wesdome's Moss Lake gold deposit and Alto interprets that the northwestern extension of Moss extends onto the Coldstream project claims.	Coldstream	Several claims subject to 0.5% - 1.5% NSR from Wesdome.
Empress Existing Ontario	The Empress property lies within the Archean Hemlo-Schreiber Greenstone Belt in the Wawa sub-province in the Superior Province of Ontario. The property covers approximately 3 km segment of a mineralized shear zone with quartz veins locally carrying high-grade gold values.	Empress	1% NSR on all claims from Sanatana Resources.
Three Towers New Ontario	The property lies in the Beardmore-Geraldton greenstone belt, within the southern Wabigoon lithotectonic domain of the Superior Province.	Three Towers	0.5% NSR on all claims.
Miner Lakes & Greenoaks New Ontario	The Miner Lake and Greenoaks Properties are contiguous claims situated in the Eastern Wabigoon Subprovince of the Superior Province of Ontario, within the Elmhirst-Castlewood-Koltz greenstone belt north of the	Miner Lake - With NSR	0.5% NSR on claims which already have a 3.0% NSR.

	Beardmore-Geraldton greenstone belt. The Miner Lake property hosts numerous surface and in drill core gold occurrences that have geological similarities to the Cote gold deposit being developed by Iamgold approximately 100 km southwest of Timmins.	Miner Lake - No NSR	1.0% NSR on claims which have no NSR.
		Greenoaks	0.5% NSR on all claims.
Brookbank East New Ontario	The Brookbank East gold property is situated in the Beardmore-Geraldton greenstone belt south of the Pain Lake Fault.	Brookbank East	1.0 % NSR on all claims.
Golden Heart New Ontario	The property lies in the Beardmore-Geraldton gold belt and is located approximately 10 km west of Beardmore, covers over 5 km segment of a sheared package of intercalated clastic meta-sediments and banded iron formation (BIF). The property adjoins the southern property line of the former producing Leitch gold mine which produced almost 850,000 ounces of gold. The average head grade of the Leitch was over 31 g/t Au.	Golden Heart	1.0% NSR on all claims.
Mud Lake New Ontario	The Mud Lake Property is in the Onaman-Tashota greenstone belt (OTGB) in the southern Wabigoon Subprovince of the Superior Province, of Ontario. The property hosts at least 12 shear hosted gold occurrences along a six kilometer segment of the Mud Lake Shear Zone.	Mud Lake - With NSR	0.5% NSR on claims which already have a 2.5% NSR.
		Mud Lake - No NSR	1.0% NSR on claims which have no NSR.
Destiny New Quebec	The Destiny Property covers a 12 kilometer-long, gold endowed segment of the Amos-Barraute section of the southeastern portion of the Abitibi Greenstone Belt along the Despinassy Shear (a splay off the regionally extensive Chicobi Fault Zone). The Destiny property hosts the DAC gold deposit, one of several significant gold occurrences on the property. The DAC deposit host NI43-101 compliant resources of 10.8 Mt Indicated at an average grade of 1.05 g/t Au (364,000 contained ounces) and 8.3 Mt Inferred at an average grade of 0.92 g/t Au (247,000 contained ounces) using a 0.5 g/t Au cut-off grade. The mineralization is open on strike to the east and west and to depth.	Destiny – A Claims	No royalty due to existing royalties of 3.5% but right of first refusal if New Alto does any future royalty or stream financings in relation to these claims.
		Destiny – B Claims	0.5% NSR on all claims which have an NSR Royalty of <3.5%.
		Destiny – C Claims	0.5% NSR on all C Claims.
		Destiny – D Claims	1.0% NSR.

Oxford Lake New Manitoba	The Oxford Lake property lies in the southwest portion of the Archean Oxford-Knee Lake greenstone belt in the Oxford-Stull Domain of the western Superior Province of Manitoba. The principal target model for Oxford Lake is Banded Iron Formation (BIF) and there already is a historical deposit, the Rusty Gold Deposit that was discovered in the late 1980's. The Rusty deposit has reported historical resources of 800,000 tonnes averaging 6 g/t Au. The deposit is open on strike and to depth. Another significant area of mineralization is the Blue Jay zone, located approximately 2 km east of Rusty; gold mineralization here is also associated with BIF. To the west, a large target area, extending for over 10 km is interpreted to be BIF but it has been tested by only two drill holes, one of which returned almost 1 g/t over 3 m intercept in BIF.	Oxford Lake – Mineral Exploration Licenses	1.0% NSR.
		Oxford Lake – Disposition Number W46695	0.5% NSR.
		Oxford Lake – All Other Disposition Number	No royalty due to existing royalties of 3.5% on the claims but right of first refusal if New Alto does any future royalty or stream financing.
Fisher New Saskatchewan	The property is located in the Glennie Lake Domain, approximately 80 km northwest of Flin Flon. The property hosts a historical deposit containing 650,000 tons grading 3.5% Zn, 0.5% Cu. Main target is VMS style zinc mineralization.	Fisher	0.5% NSR on claims which already have NSR, 1% NSR on Alto staked claims.
Dog Lake New Ontario	The property is located in the Wawa area, approximately 14 km south of Missinabic. Historical work was limited, dating back to the 1960's and resulted in the discovery of a gold bearing shear that was traced for over 1.5 km along strike and returned up to 25 g/t Au in grab samples.	Dog Lake	1% NSR on all claims.

In addition to the Alto Royalties and any Empress Royalty Purchases, in connection with the Arrangement, the Alto Marketable Securities will be transferred to Spinco. Following completion of the Arrangement, Spinco will primarily be in the business of acquiring income generating interests in mineral properties; however, depending on market conditions and other factors, Spinco may from time to time acquire and/or dispose of marketable securities or continue to hold its current positions. The particulars of the Alto Marketable Securities are as follows:

Company	Ticker	Exchange	Number of Shares	Closing Price on May 28, 2020
Osisko Mining Inc.	OSK	TSX (Toronto Stock Exchange)	24,100	\$3.98
Canoe Mining Ventures Corp.	CLV	TSX-V	1,342,700	\$0.25

New Age Metals Inc.	NAM	TSX-V	16,667	\$0.07
Wescan Goldfields Inc.	WGF	TSX-V	305,000	\$0.06
Razore Rock Resources Inc.	RZR	Canadian Securities Exchange (CSE)	40,000	\$0.04
Sanatana Resources Inc.	STA	TSX-V	420,000	\$0.095
Trakopolis IOT Corp. (as announced January 17, 2020, it is a bankrupt person)	-	-	7,500	-

During the current financial year, Spinco intends to focus on growing its business by investing in precious metals royalty or streaming interests with small to mid-tier mining companies that are in the development or production stage. Spinco will consider projects globally with a target investment size ranging from \$500,000 to \$25,000,000 and may purchase existing royalties and streams or enter into agreements with mining companies to create royalties and streams. In order to finance the acquisition of such royalty and streaming interests, Spinco may undertake one or more financings. With respect to the Alto Marketable Securities, Spinco may hold or dispose of such securities as it determines is necessary or advisable.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Available Funds

Pursuant to the terms of the Arrangement Agreement, assuming completion of the Arrangement on the Effective Date it is anticipated that Spinco will have available working capital of approximately \$1,310,000, excluding the Alto Marketable Securities.

See in this Appendix "E", "*Management's Discussion and Analysis — from incorporation to March 31, 2020*": "*Overall Performance*", "*Liquidity and Capital Resources and Requirements*"; and see in the Circular, "*The Meeting — The Arrangement — Principal Steps of the Arrangement*".

Principal Purposes

The following table summarizes expenditures anticipated by Spinco required to achieve its business objectives during the 12 months following completion of the Arrangement (see in this Appendix "E", "*Business Objectives and Milestones*", which follows).

<u>Principal purpose</u>	<u>Amount</u>
Investment due diligence	\$410,000
General & administrative expenses for 12 months	\$800,000 ⁽¹⁾
Unallocated working capital	\$100,000
Total:	\$1,310,000

⁽¹⁾ Estimated general and administrative expenses for 12 months following completion of the Arrangement, comprised of consulting fees (\$385,000), directors fees (\$60,000) insurance (\$9,750), professional fees (\$32,500), regulatory and transfer agent fees (\$30,180), rent (\$0), salaries and benefits (\$0), shareholder relations (\$244,000), travel and related expenses (\$6,000) and office and miscellaneous expenses (\$32,570).

Spinco intends to spend the funds available to it as stated in the table above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

BUSINESS OBJECTIVES AND MILESTONES

Spinco's primary business objectives are to: (i) concurrently with completion of the Arrangement, acquire the Alto Royalties and Alto Marketable Securities pursuant to the Arrangement Agreement and (ii) following completion of the Arrangement, to investigate opportunities to acquire additional royalties, streams and similar interests. In order to achieve these stated business objectives, Spinco will issue 4,615,384 Spinco Shares to Alto as consideration for the Alto Royalties and the Alto Marketable Securities pursuant to the Arrangement Agreement. Under the Arrangement, Empress will subscribe for \$250,000 of Spinco Shares and Spinco also may raise approximately \$1,060,000 under the Spinco Financing in conjunction with completion of the Arrangement, which funds may be used to acquire such additional royalties, streams or similar interests. Spinco intends to raise additional funds to further its investment objectives. In addition, following the acquisition of the Alto Marketable Securities, Spinco may, based on market conditions and as it deems advisable, hold or dispose of the Alto Marketable Securities. Completion of the Arrangement is subject to a number of conditions and must be completed by August 31, 2020 or such later date as may be agreed to in writing by the Parties—see *"The Meeting – The Arrangement – The Arrangement Agreement – Conditions to the Arrangement Becoming Effective"* in the Circular. The costs of meeting such conditions will be borne by Empress and Alto; however, the costs related to the Spinco Financing will be borne by Spinco. See *"Information Concerning Spinco – Available Funds and Principal Purposes"* in this Appendix "E".

To assist with meeting Spinco's objective of investigating opportunities to acquire additional royalties, streams and similar interests following completion of the Arrangement, Spinco will follow its multi-stage investment process, which involves: (i) identification and evaluation of a potential project(s); (ii) discussions with the mining company holding such project(s); (iii) an economic review of the project(s); (iv) investment committee review and approval; (v) due diligence; and (vi) board approval and investment. For more information on Spinco's Investment Committee, see *"Information Concerning Spinco – Board Committees"* in this Appendix "E". It is unknown how long it may take for Spinco to evaluate and acquire such additional royalties, streams or similar interests.

SELECTED FINANCIAL INFORMATION

Financial Statements

Included as Schedule "3" to this Appendix "E" are audited financial statements of Spinco for the period from its incorporation on March 2, 2020 to March 31, 2020, comprised of a statement of financial position, a statement of loss and comprehensive, a statement of cash flows, statement of changes in equity (deficiency), and notes to such statements.

Included as Schedule "4" to this Appendix "E" are the unaudited pro-forma financial statements of Spinco after giving effect to the Arrangement as at March 31, 2020 and for the period ended March 31, 2020, comprised of a pro-forma statement of financial position, a pro-forma statement loss and

comprehensive, a pro-forma statement of cash flows, a pro-forma statement of changes in equity (deficiency), and notes to such statements.

Selected Unaudited Pro Forma Financial Information

The following tables set out selected unaudited pro forma financial information for Spinco as at March 31, 2020 and for the period ended March 31, 2020, assuming the Arrangement occurred on March 31, 2020, all of which is qualified by the more detailed information contained in the unaudited pro forma financial statements of Spinco as at March 31, 2020 included as Schedule "4" to this Appendix "E".

EMPRESS ROYALTY CORP.

Selected Pro forma Financial Statement Information Statement of Financial Position as at March 31, 2020 (unaudited — Canadian \$)

Assets	
Current Assets	
Cash	\$1,310,000
Marketable Securities.....	\$330,350
Current Assets	\$1,640,350
Exploration and evaluation assets	\$1
Total Assets	\$1,640,351
Liabilities	
Shareholders' Equity	
Share capital.....	\$1,540,769
Reserve.....	\$91,813
Retained Earnings	\$7,769
Total Liabilities and Shareholders' Equity	\$1,640,351

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis — from incorporation to March 31, 2020

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Empress Royalty Corp. (the "Company") for the period from incorporation on March 2, 2020 to ended March 31, 2020 and up to the date of this MD&A, and should be read in conjunction with the accompanying audited financial statements for the period from incorporation on March 2, 2020 to 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 May 13, 2020.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of British Columbia, Canada on March 2, 2020. 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 March 5, 2020, the Company entered into an agreement with Empress Resources Corp. ("Empress") and Alto Ventures Ltd. ("Alto") (the "Agreement") in which by way of a court approved plan of arrangement (the "Arrangement"), upon closing the Agreement, Empress will conduct a private placement with the Company for 5,000,000 common shares of the Company at \$0.05 for gross proceeds of \$250,000 and the Company will acquire 13 net smelter return ("NSR") royalties and certain marketable securities from Alto in exchange for the issue by the Company of 4,615,384 common shares (the "Transactions").

Following closing of the Transactions, the Company plans to conduct a private placement to raise up to \$1,060,000 by the issue of common shares at a price of \$0.05 per share.

SELECTED ANNUAL INFORMATION

	As at March 31, 2020
Total Assets	\$ 1
Total Liabilities	-
Total Shareholder's Equity	\$ 1
Net Loss	\$350
Common Shares Outstanding	1

RESULTS OF OPERATIONS

For the period ended March 31, 2020, the Company had administration expenses of \$350 related to its incorporation.

LIQUIDITY AND CAPITAL RESOURCES

To date, the Company's operations have been funded by Empress, its sole shareholder. As at March 31, 2020, the Company had share capital of \$1 and no working capital.

On completion of the Transactions, the Company will have \$250,000 in cash. In addition, following closing of the Transactions, the Company plans to conduct a private placement to raise up to \$1,060,000 by the issue of common shares at a price of \$0.05 per share.

RELATED PARTY TRANSACTIONS

To date, the Company's operations have been funded by Empress, its sole shareholder.

For the period ended March 31, 2020, Empress paid the incorporation costs of the Company which amounts are not repayable by the Company to Empress.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

For the period ended March 31, 2020, Empress paid the incorporation costs of the Company which amounts are not repayable by the Company to Empress.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares. One share of the Company has been issued to Empress.

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash. Cash is recorded at fair value using Level 1 of the fair value hierarchy.

On completion of the Transactions, the Company will carry on business as a royalty company. Further the Company intends on listing its common shares on a recognized Canadian stock exchange either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. Once completed, the principal risks and uncertainties faced by the Company will centre on realizing the net smelter return royalties held, resource and commodity prices and market sentiment.

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.

DESCRIPTION OF SECURITIES DISTRIBUTED

Spinco's authorized share capital consists of an unlimited number of common shares without par value, of which one Spinco Share (held by Empress) is issued and outstanding as fully paid and non-assessable as of the date of the Circular. Assuming completion of the Arrangement and pursuant to its terms, but not taking into account the Spinco Financing or any Empress Royalty Purchases, approximately 9,615,384 Spinco Shares will be issued and outstanding as fully paid and non-assessable on completion of the Arrangement, of which approximately 5,000,000 Spinco Shares or 52% (subject to adjustment as a result of elimination of fractional shares) will be distributed to the Empress Shareholders, and of which 4,615,384 Spinco Shares will be transferred to Alto in exchange for the Alto Royalties and the Alto Marketable Securities immediately prior to and in conjunction with the Arrangement (Alto will then immediately declare a dividend in kind to the holders of the Alto Shares of the 4,615,384 Spinco Shares it receives from Spinco).

Spinco Financing

Prior to completion of the Arrangement, Spinco intends to undertake the Spinco Financing, which is expected to be up to approximately \$1,060,000 by the issue of up to 21,200,000 common shares of Spinco issued at a price of \$0.05.

On completion of the Spinco Financing, assuming that Spinco raises \$1,060,000 from the issue of 21,200,000 Spinco Shares at a price per share of \$0.05, there will be a total of 30,815,384 Spinco Shares outstanding. Assuming that no Empress Shareholders and no Alto Shareholders purchase any Spinco Shares under the Spinco Financing (or the Empress Financing, if any) and that there are no Empress Royalty Purchases, Empress Shareholders would hold 16.23% of the issued and outstanding Spinco Shares, and the Alto Shareholders would hold 14.98% of the issued and outstanding Spinco Shares, upon completion of the Arrangement.

However, Endeavour Financial and Terra are expected to participate in the Spinco Financing (and the Empress Financing, if any) to a significant extent. Endeavour Financial currently holds 13.1% of the issued and outstanding Empress Shares (excluding Empress Warrants which will be assumed by Alto) and Terra currently holds 16.5% of the issued and outstanding Empress Shares (excluding Empress Warrants which will be assumed by Alto). After the 4,615,384 Spinco Shares are issued to Alto as consideration for the Alto Royalties and Alto Marketable Securities (which Alto is to distribute to its shareholders as a dividend in kind) and the 5,000,000 Spinco Shares are distributed to Empress Shareholders pursuant to the Arrangement, Endeavour Financial would hold approximately 6.8% of the issued and outstanding Spinco Shares and Terra would hold approximately 8.6% of the issued and outstanding Spinco Shares, in each case assuming neither acquires additional Spinco Shares under the Spinco Financing and does not exercise any Empress Warrants held by them prior to completion of the Arrangement.

The calculation in this Appendix "E" of the approximate aggregate number of Spinco Shares to be distributed pursuant to the Arrangement assumes that there are no Dissent Shares. For further details with respect to the distribution of the Spinco Shares on completion of the Arrangement, see in the

Circular, "*The Meeting — The Arrangement*" — and in particular: "*Principal Steps of the Arrangement*", "*Procedure for Exchange of Empress Shares*", "*No Fractional Shares to be Issued*", "*Cancellation of Rights After Six Years*" and "*Risks Associated with the Arrangement*".

Spinco Shares

Spinco Shares are not subject to any future call or assessment and do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the Spinco Shares, all of which rank equally as to all benefits which might accrue to the holders of the Spinco Shares. All holders of Spinco Shares are entitled to receive a notice of any general meeting to be convened by Spinco. At any general meeting of Spinco, subject to the restrictions on joint registered owners of Spinco Shares, every Shareholder has one vote for each Spinco Share of which he or she is the registered owner. Voting rights may be exercised in person or by proxy.

The holders of Spinco Shares are entitled to share pro rata in any: (i) dividends if, as and when declared by the Spinco Board, and (ii) such assets of Spinco as are distributable to shareholders upon liquidation of Spinco. The aggregate Spinco Shares outstanding upon completion of the Arrangement will be fully paid and non-assessable.

No Listing of Spinco Shares

It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities. For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date.

As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares. There is no assurance that the Spinco Shares will be listed on any stock exchange.

As at the date of the Circular, there is no market through which the Spinco Shares to be distributed pursuant to the Arrangement may be sold and Empress Shareholders may not be able to resell the Spinco Shares to be distributed to them pursuant to the Arrangement. This may affect the pricing of the Spinco Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Spinco Shares, and the extent of issuer regulation.

As at the date of the Circular, Spinco does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the TSX, a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

See in this Appendix "E", "*Risks Associated with Spinco*".

DIVIDENDS OR DISTRIBUTIONS

Spinco has not paid dividends since its incorporation. While there are no restrictions precluding Spinco from paying dividends, it has no source of cash flow and anticipates using all available cash resources toward its stated business objectives. At present, Spinco's policy is to retain earnings, if any, to finance its business operations. The Spinco Board will determine if and when dividends should be declared and paid in the future based on Spinco's financial position at the relevant time.

CONSOLIDATED CAPITALIZATION

The following table sets out the share and loan capital of Spinco. The table should be read in conjunction with the unaudited pro-forma consolidated financial statements attached as Schedule "4" to this Appendix "E", as well as with the other disclosure contained in this Appendix and in the Circular. See also in this Appendix "E", "*Description of Securities Distributed*" and "*Prior Sales*".

Capital	Authorized	Amount outstanding as of March 31, 2020 (1)	Amount outstanding as of the date of the Circular(1)	Amount outstanding assuming completion of the Arrangement(2)
Spinco Shares	Unlimited	\$1 (1 Spinco Share)	\$1 (1 Spinco Share)	\$1,540,769 (30,815,384 Spinco Shares)
Long term debt	N/A	Nil	Nil	Nil

(1) See in this Appendix : "E", "*Prior Sales*".

(2) These figures are extracted from the unaudited pro-forma financial statements of Spinco attached to this Appendix "E" as Schedule "4", which are presented on the basis that the Arrangement completed as at March 31, 2020. See in this Appendix "E", "*Description of Securities Distributed*". See also in the Circular, "*The Meeting — The Arrangement — Principal Steps of the Arrangement — Empress Contribution to Spinco*" and "*The Meeting — The Arrangement — Procedure for Exchange of Empress Shares*".

PRIOR SALES

During the 12 months prior to the date of the Circular, the following Spinco Shares have been issued:

Date	Number of Spinco Shares	Issue price per Spinco Share
March 2, 2020	1	\$1.00

See also in this Appendix "E", "*Description of Securities Distributed*" and "*Consolidated Capitalization*".

PRINCIPAL SECURITYHOLDERS

As of the date of the Circular, Empress holds 100% of the issued Spinco Shares.

Assuming completion of the Arrangement, but excluding participation in the Spinco Financing, and the Empress Financing, if any, of which the subscribers and the number of Spinco Shares or Empress Shares, as applicable, subscribed therefor has not been confirmed, to the knowledge of Spinco's directors and officers, no person will beneficially own, directly or indirectly, or exercise control or

direction over more than 10% of the issued Spinco Shares. Upon completion of the Arrangement, Empress will not hold any Spinco Shares. See "*The Meeting – The Arrangement*" in the Circular.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Address, Occupation and Security Holdings

As at the date of the Circular, Alexandra Woodyer Sherron, is the sole director of Spinco, having been elected by Empress, Spinco's sole shareholder. Ms. Woodyer Sherron is the Chief Executive Officer and President of Spinco, Dan O'Brien is the Chief Financial Officer of Spinco and Doris Meyer is the Corporate Secretary of Spinco. The directors of Spinco will be elected annually at each annual general meeting of the Spinco shareholders and will hold office until the next annual general meeting unless a director's office is earlier vacated in accordance with the articles of Spinco or he or she becomes disqualified to serve as a director. As at the date of the Circular, the sole director and officer of Spinco holds no Spinco Shares.

Following completion of the Arrangement, it is anticipated that the persons listed in the table below will be appointed as the directors and officers of Spinco, as described therein. Based on the number of outstanding Empress Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by such anticipated directors and officers of Spinco as a group as at the date of the Circular, but not taking into account the effect of the Spinco Financing, or Empress Financing, if any, the number and percentage of Spinco Shares that will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by all of the directors and executive officers of Spinco as a group will be approximately 1,745,265 or 18.15% of the then issued and outstanding Spinco Shares (assuming such persons do not exercise any Empress Warrants held by them prior to completion of the Arrangement). For more information on the assumptions used in calculating the foregoing Spinco security holdings, see in this Appendix "E", "*Description of Securities Distributed*". See in the Circular, "*The Meeting — The Arrangement - Support Agreements*".

The names, province or state and country of residence, positions and offices, and principal occupations of each of the anticipated directors and executive officers of Spinco following the completion of the Arrangement during the five preceding years are as follows:

Name and place of residence	Principal occupation	Director and/or Officer since
David Rhodes ⁽¹⁾ London, England <i>Director (Chairman)</i>	Managing Director of Endeavour Financial. Prior to joining Endeavour over fourteen years ago, he was at Standard Bank London Limited, Barclays Capital and Royal Bank of Scotland.	N/A ⁽¹⁾
Jeremy Bond ⁽¹⁾ Sydney, Australia <i>Director</i>	Chief Investment Officer of Terra Capital Natural Resource Fund since 2010. Jeremy has run the Terra Capital Emerging Companies Fund since 2016. Prior to Terra Capital, Jeremy worked at UK Hedge Fund RAB Capital's Special Situations Fund.	N/A ⁽¹⁾
Paul Mainwaring ⁽¹⁾ London, England <i>Director</i>	Associate Director at Endeavour Financial for the past 11 years. Prior to joining Endeavour in 2006, Paul worked for PricewaterhouseCoopers in their Valuation & Strategy department.	N/A ⁽¹⁾

Name and place of residence	Principal occupation	Director and/or Officer since
Richard Mazur British Columbia, Canada <i>Director</i>	Chief Executive Officer and director of Alto; President, CEO and director of Forum Energy Metals Corp., director of Impact Silver Corp. and Midnight Sun Mining Corp., each of which are publicly traded mineral exploration companies.	N/A ⁽¹⁾
Wes Roberts Toronto, Ontario <i>Director</i>	Professional engineer, currently acting as mining engineer to merchant bank Principle Capital Partners (PCP), and as a Mining Consultant to multiple Canadian-based First Nations. Mr. Roberts specializes in the economic evaluation and development of mineral deposits. He was previously Mineral Engineer at Gravitas Mining Corp. and Mineral Engineering Consultant for Dorsey & Whitney LLP.	N/A ⁽¹⁾
Alexandra Woodyer Sherron Vancouver, Canada <i>Director, Chief Executive Officer and President</i>	CEO to Empress and Spinco; Alexandra has over 20 years' experience in the mining industry and with public companies. She was previously Director Structured Financing at Endeavour Financial and prior to that Alexandra began her career at PricewaterhouseCoopers.	March 2, 2020
Dan O'Brien Vancouver, Canada <i>Chief Financial Officer</i>	Chief Financial Officer to Empress; Dan previously spent 8 years with Davidson & Company LLP Chartered Professional Accountants (D&Co) where he specialized in the audit of public companies in the mining and resource sector.	March 2, 2020
Doris Meyer Vancouver, Canada <i>Corporate Secretary</i>	Corporate Secretary to Empress; Doris organized Golden Oak in 1996 and has provided publicly traded mineral exploration companies with administrative, financial reporting and corporate compliance services for twenty-three years.	March 2, 2020

⁽¹⁾ It is anticipated that appointment will occur following completion of the Arrangement.

The members of the Spinco Audit Committee and Investment Committee will also be determined following completion of the Arrangement. See in this Appendix "E", "*Spinco Audit Committee*" and "*Corporate Governance - Board Committees*".

Management of Spinco

Brief biographies of each member of the anticipated management team of Spinco following completion of the Arrangement, are as follows:

Alexandra Woodyer Sherron — Chief Executive Officer, President and Director (Age: 45)

Alexandra Woodyer Sherron is the sole director of Spinco and is Spinco's Chief Executive Officer. She is also Chief Executive Officer and President of Empress. Ms. Woodyer Sherron has over 20 years of management experience in the mining industry. She started at PricewaterhouseCoopers before joining Endeavour Financial, a global mining finance advisory firm, which is still carrying on business. During her investment banking career in London, she was Director Structured Financing and involved in the successful completion of over US\$1.5 billion in financings for clients including Bema Gold (Kupol Mine), European Minerals (Varvarinskoye Mine), Nevsun Resources (Bisha Mine), Uranium One and Wheaton River Minerals. Ms. Woodyer Sherron holds Bachelor of Commerce degree from Royal Roads University.

As President and Chief Executive Officer of Spinco, working jointly with the CFO and Corporate Secretary, Ms. Woodyer Sherron is responsible for management of the affairs of Spinco, reporting directly to the Spinco Board. Ms. Woodyer Sherron will enter into a consulting agreement with Spinco, which includes certain non-disclosure and non-solicitation provisions. Ms. Woodyer Sherron intends to devote approximately 75% of her working time to the affairs of Spinco.

David Rhodes, Director, (Age: 53)

David Rhodes is currently a director of Empress and it is anticipated that he will be a director of Spinco following completion of the Arrangement. Mr. Rhodes' career in the finance industry has spanned more than twenty-five years. He is currently Managing Director of Endeavour Financial. Endeavour Financial is one of the top mining financial advisory firms, with an award-winning track record of success in the mining industry, specialising in arranging multi-sourced funding solutions for development companies. Prior to joining Endeavour over fourteen years ago, he was at Standard Bank London Limited, Barclays Capital and Royal Bank of Scotland. At Standard and Barclays, he sourced, structured and syndicated finance for mining projects and companies on a global basis (including advice on derivative products). Having lived and worked in London and New York he has international experience of the North/South American, European, CIS and African markets. As a result, he has arranged over US\$18 billion of funding for mining companies. Mr. Rhodes holds a BSc (Hons) in Financial Services from the University of Manchester, UK and he is a past member of the Chartered Institute of Bankers.

Mr. Rhodes intends to devote that percentage of his working time to the affairs of Spinco as is required to fulfill his responsibilities as a director. He has not entered into a non-competition or non-disclosure agreement with Spinco.

Paul Mainwaring, Director, (Age: 45)

Paul Mainwaring is currently a director of Empress and it is anticipated that he will be a director of Spinco following completion of the Arrangement. Mr. Mainwaring has over fifteen years' experience in corporate finance and in the last eleven years, whilst at Endeavour Financial, has focussed on financings in the natural resources sector. He is current Associate Director of Endeavour Financial. Mr. Mainwaring has extensive experience in cash flow modelling, financial analysis, valuation, debt advisory, deal structuring and the negotiation, documentation and execution of mining finance transactions and re-financings. Prior to joining Endeavour Financial in 2006, he worked for PricewaterhouseCoopers in their Valuation & Strategy department and was involved in valuation assignments and corporate transactions across a range of sectors and also previously worked as a chemical engineer in the petrochemical and pharmaceutical industries. CFA qualified.

Mr. Mainwaring intends to devote that percentage of his working time to the affairs of Spinco as is required to fulfill his responsibilities as a director. Mr. Mainwaring has not entered into a non-competition or non-disclosure agreement with Spinco

Jeremy Bond, Director, (Age: 39)

Jeremy Bond is currently a director of Empress and it is anticipated that he will be a director of Spinco following completion of the Arrangement. Mr. Bond is the Chief Investment Officer and founder of Terra Capital Natural Resource Fund ("**Terra Capital**") the holder of 10 million shares (16.46%) of Empress. Terra Capital is a specialist investment manager with a proven track record of performance, a focus on risk management and with a management team that is strongly aligned with investors. Mr. Bond previously worked at UK Hedge Fund RAB Special Situations Fund at RAB Capital Plc. The RAB Special Situations Fund had an investment bias towards natural resources and was previously rated the "Best Energy and Natural Resources Fund" by Hedge Fund Review and ranked No 1 in Barron's Hedge Fund 50 Global rankings in 2007. Prior to joining RAB, Mr. Bond was an Associate at Azure Capital, a boutique investment bank based out of Perth, WA. Here he worked on numerous merger and acquisitions, as well as being involved in a number of capital raisings in the small cap sector.

Mr. Bond intends to devote that percentage of his working time to the affairs of Spinco as is required to fulfill his responsibilities as a director. Mr. Bond has not entered into a non-competition or non-disclosure agreement with Spinco.

Richard Mazur, Director, (Age: 67)

Richard Mazur is currently CEO, President and a director of Alto Ventures and it is anticipated that he will be a director of Spinco following completion of the Arrangement. He is also CEO and director of Forum Energy Metals Corp., and a director of Impact Silver Corp. and Midnight Sun Mining Corp. Mr. Mazur, P. Geo, MBA is a geoscientist who has held positions in the international exploration and mining industry for over 40 years as a project geologist, financial analyst and senior executive on uranium, gold, base metals, coal and industrial minerals projects. Mr. Mazur graduated with a B.Sc. in Geology from the University of Toronto in 1975 and obtained an MBA from Queen's University in 1985. Mr. Mazur worked for seven years (1985 to 1991) as an integral member of the management team of Canamax Resources Inc. which discovered, financed and built three Canadian gold mines, two of which currently remain in production.

Mr. Mazur intends to devote that percentage of his working time to the affairs of Spinco as is required to fulfill his responsibilities as a director. Mr. Mazur has not entered into a non-competition or non-disclosure agreement with Spinco.

Wes Roberts, Director, (Age: 62)

It is anticipated that Wes Roberts will be a director of Spinco following completion of the Arrangement. Mr. Roberts has held numerous positions in the mining industry, which include Canada Talc Limited, Derry Michener Booth & Wahl, Davey International, Bharti Engineering, GMP Securities, Inco Ltd, Breakwater Resources Ltd (VP Corporate Development (2006 to 2008)) and VP Mining to the Canadian law firm Heenan Blaikie LLP (2008-2014). Since then Mr. Roberts has held positions as Mineral Engineering Consultant with the American law firm Dorsey & Whitney LLP, which is still carrying on business (2014 to 2016), Mineral Engineer for Gravitas Mining Corp, a predecessor to Principle Capital Partners (2016 -2019) and most recently (from June 2019-present) as Mining Engineer at Principle Capital Partners.

Mr. Roberts intends to devote that percentage of his working time to the affairs of Spinco as is required to fulfill his responsibilities as a director. Mr. Roberts has not entered into a non-competition or non-disclosure agreement with Spinco.

Dan O'Brien – Chief Financial Officer (Age: 50)

Dan O'Brien is currently Chief Financial Officer of Spinco and of Empress. Mr. O'Brien was Chief Financial Officer of Sunridge Gold Corp. (which is no longer carrying on business) from October 2013 to December 2016. He is a member of the Institute of Chartered Professional Accountants of British Columbia. Dan is a principal and employee of Golden Oak Corporate Services Ltd. ("**Golden Oak**") and he is also Chief Financial Officer for a number of publicly listed exploration companies trading on the TSX and TSX-V. Dan was previously a senior manager at a leading Canadian accounting firm where he specialized in the audit of public companies in the mining and resource sector.

Mr. O'Brien provides services to Spinco typical of that associated with his position as Chief Financial Officer to a junior mining company. Golden Oak will enter into a consulting agreement with Spinco, which includes certain non-disclosure and non-solicitation provisions. Golden Oak is an independent contractor and the Golden Oak team will devote approximately 20% of its time providing services to Spinco.

Doris Meyer – Corporate Secretary (Age: 67)

Doris Meyer is currently Corporate Secretary of Spinco and Empress. Ms. Meyer was Corporate Secretary and a Director of Sunridge Gold Corp. (which is no longer carrying on business) from February 2002 to December 2016 and Chief Financial Officer from February 2002 to October 2013. Ms. Meyer gained her early experience in the mining industry as Vice President Finance of Queenstake Resources Ltd. from 1985 to 2003. Ms. Meyer launched her private company Golden Oak in October 1996 with Queenstake as her first client. Since that time, Golden Oak has provided publicly traded mineral exploration companies with administrative, financial reporting and corporate compliance services. She is a principal and employee of Golden Oak and she is also Corporate Secretary for a number of publicly listed exploration companies trading on the TSX and TSX-V. Ms. Meyer is a past member of the Institute of Chartered Professional Accountants of British Columbia.

Ms. Meyer provides services to Spinco typical of that associated with her position as Corporate Secretary to a junior mining company. Golden Oak will enter into a consulting agreement with Spinco, which includes certain non-disclosure and non-solicitation provisions. Golden Oak is an independent contractor and the Golden Oak team will devote approximately 20% of its time providing services to Spinco.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders

As at the date of the Circular, no director or executive officer of Spinco is, or within the ten years prior to the date of the Circular has been, a director, chief executive officer or chief financial officer of any company (including Spinco), that while that person was acting in that capacity:

- (a) was subject to:

- (i) a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or
- (ii) an order similar to a cease trade order, or
- (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days

(each an "Order");

or

- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcy

To the knowledge of Spinco, as at the date of the Circular no director, executive officer, or shareholder holding a sufficient number of securities of Spinco to affect materially the control of Spinco is, or within the ten years prior to the date of the Circular has:

- (a) been a director or executive officer of any company (including Spinco) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties and Sanctions

To the knowledge of Spinco, as at the date of the Circular no director, executive officer, or shareholder holding a sufficient number of securities of Spinco to affect materially the control of Spinco has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority;

or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of the directors and officers of Spinco will not be devoting all of their time to the affairs of Spinco. Certain of the directors and officers of Spinco are or may become directors and officers of other companies, some of which are in the same business as Spinco.

The directors and officers of Spinco are required by law to act in the best interests of Spinco. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to Spinco may result in a breach of their obligations to the other companies, and in certain circumstances this could expose Spinco to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of Spinco. Such conflicting legal obligations may expose Spinco to liability to others and impair its ability to achieve its business objectives.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy

Spinco's overall compensation philosophy will be to provide a compensation package that will enable it to attract, retain and motivate named executive officers to achieve its short-term and long-term business goals. Consistent with this philosophy, the following goals provide a framework for Spinco's named executive officers' compensation program:

- pay competitively to attract, retain, and motivate named executive officers;
- relate total compensation for each named executive officer to overall company performance;
- aggregate the elements of total compensation to reflect competitive market requirements and to address strategic business needs;
- expose a portion of each named executive officer's compensation to risk, the degree of which will positively correlate to the level of the named executive officer's responsibility and performance; and
- align the interests of Spinco's named executive officers with those of Spinco's shareholders.

Oversight of Executive Compensation Program

The Spinco Board is responsible for establishing a compensation policy and administering the compensation programs of its executive officers. The amount of compensation proposed to be paid by Spinco to each of its directors and named executive officers and the terms of those persons' employment or consulting agreements is determined solely by the Spinco Board.

Executive Compensation Program Overview

The executive compensation package proposed for Spinco's named executive officers is comprised of a base salary or fees.

Base Salary/Consulting fees

Spinco does not intend to have any employees to begin with. The CEO will be retained under a consulting agreement. The CFO and Corporate Secretary will be retained through Golden Oak under a consulting agreement.

The base consulting fee proposed to be paid to Spinco's executive officers will be commensurate with the nature of Spinco's business and the individual's experience, duties and scope of responsibilities. Following completion of the Arrangement, Spinco intends to pay competitive consulting fees required to recruit and retain executives of the quality that it must employ to ensure success.

Spinco intends for consulting fee levels to be consistent with competitive practices of comparable institutions and each executive's level of responsibility. The Spinco Board is likely to determine, through discussion only, with no formal objectives (performance or otherwise) or criteria, the level of any consulting fee (or fee increase) after reviewing the qualifications, experience, and performance of the particular executive officer and the nature of Spinco's business, the complexity of its activities, and the importance of the executive's contribution to the success of the business.

The Spinco Board may also take into consideration salaries paid to others in similar positions in Spinco's industry based on the experience of the executive officers and review of publicly available information. The discussion of the information and factors considered and given weight by the Spinco Board is not intended to be exhaustive, but it is believed to include all material factors considered by the Spinco Board. In reaching the determination to approve and recommend the base fees of Spinco's executive officers following completion of the Arrangement, the Spinco Board will not assign any relative or specific weight to the factors which are considered, and the members may give a different weight to each factor. The Spinco Board will review and adjust the base fees of Spinco's executive officers when deemed appropriate and will also take into consideration the percentage of time spent by each executive officer on Spinco matters.

Benefits and Perquisites

Spinco's executive officers will not receive perquisites or benefits that are not generally available to all employees of Spinco. All Spinco's employees will receive reimbursement for the use of personal vehicles for valid company business.

Stock Options and Other Compensation Securities

As of the date of this Circular, Spinco has not issued stock options or other compensation securities to its executive officers. However, Spinco may, from time to time, grant options to purchase common shares to its executive officers.

Named Executive Officer Compensation

As of the date of the Circular, Spinco's "Named Executive Officers" as defined in applicable securities legislation are:

- Alexandra Woodyer Sherron – President and Chief Executive Officer
- Dan O’Brien – Chief Financial Officer

During the period from its incorporation on March 2, 2020 to March 31, 2020, and as at the date of the Circular, Spinco's Named Executive Officers have not been compensated by Spinco for their services as such. Spinco's Named Executive Officers are also Empress' Named Executive Officers, who have been compensated for their services to date by Empress. Concurrent with completion of the Arrangement, Spinco will enter into employment and/or consulting agreements with its Named Executive Officers pursuant to which the Named Executive Officers will provide management and administrative services to, and be compensated for those services by, Spinco, and which will provide for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of Spinco or a change in a Named Executive Officer's responsibilities, all as more particularly described in this Appendix "E" below under the heading "*Proposed Compensation — Employment and Consulting Agreements*".

Proposed Compensation — Consulting Agreements

The following is a summary of the consulting agreements which Spinco will enter into with each of its Named Executive Officers concurrent with completion of the Arrangement.

Alexandra Woodyer Sherron

On completion of the Arrangement, Spinco intends to enter into an executive consulting agreement (the "**Sherron Agreement**") with Alexandra Woodyer Sherron, Spinco's President and Chief Executive Officer.

Pursuant to the Sherron Agreement, Ms. Woodyer Sherron will carry out the duties and responsibilities of the position of President and Chief Executive Officer for Spinco. Ms. Woodyer Sherron is as an independent contractor to Spinco in consideration of an annual service fee of \$180,000 (the "**Annual Service Fee**") plus applicable taxes for 75% of Ms. Woodyer Sherron's time. Ms. Woodyer Sherron will be eligible for a bonus at the end of each fiscal year in an amount determined by the Spinco Board.

The Sherron Agreement shall continue for an initial term of two years and shall automatically renew for successive one-year terms unless otherwise terminated. The Sherron Agreement may be terminated by Spinco for cause without notice or without cause at any time upon written notice of termination or payment in lieu of notice an amount equal to the Annual Service Fee plus an amount equal to any bonus paid during the 12-month period prior to the date of termination and reimbursement of any amounts then due and owing. The Sherron Agreement may be terminated by Ms. Woodyer Sherron upon 90 days' written notice to Spinco provided that Spinco may waive such notice, in which case Ms. Woodyer Sherron's services will terminate upon Spinco giving such waiver. During the 90-day notice period, Ms. Woodyer Sherron will agree to perform her obligations to Spinco if Spinco requests such performance and will perform such obligations in the manner directed by Spinco. On a defined change of control event, if Spinco terminates the Sherron Agreement, or if Ms. Woodyer Sherron terminates the Sherron Agreement, within one year of the change of control event, Ms. Woodyer Sherron shall be paid an amount equal to the Annual Service Fee in effect at the time plus an amount equal to two times the amount of any bonus paid during the 12-month period prior to the date of termination and reimbursement of any amounts then due and owing.

Golden Oak Corporate Services Ltd.

On completion of the Arrangement, Spinco intends to enter into an executive consulting agreement (the "**GO Agreement**") with Golden Oak Corporate Services Ltd. (the "**Contractor**").

Pursuant to the GO Agreement, the Contractor will provide the services of qualified personnel employed by the Contractor to serve as the Chief Financial Officer and Corporate Secretary of Spinco and the provision as an independent contractor by the Contractor to Spinco of accounting, financial, corporate and regulatory compliance services in consideration of an annual service fee of \$150,000 (the "**Annual Service Fee**") plus applicable taxes and reimbursement of reasonable office costs and expenses and all pre-approved travel and out-of-pocket expenses incurred by the Contractor in furtherance of or in connection with the business of Spinco and any subsidiaries. Mr. O'Brien or Ms. Meyer are employees of Golden Oak are a paid a salary commensurate with their position and contribution to Golden Oak.

The GO Agreement shall continue for an indefinite term, unless otherwise terminated. The GO Agreement may be terminated by Spinco for cause without notice or without cause at any time upon payment of half the Annual Service Fee and reimbursement of any other amounts then due and owing. The GO Agreement may be terminated by the Contractor upon 60 days' written notice to Spinco provided that Spinco may waive such notice, in which case the Contractor's services will terminate upon Spinco giving such waiver. During the 60-day notice period, the Contractor will agree to perform its obligations to Spinco if Spinco requests such performance and will perform such obligations in the manner directed by Spinco. On a defined change of control event, if the GO Agreement is terminated by either Spinco or the Contractor, the Contractor shall be paid an amount equal to the Annual Service Fee.

Director Compensation

Since its incorporation, Spinco has not paid its directors a fee for acting as such, nor has it granted to its directors any option or share-based awards.

Non-Executive directors will each be paid a cash retainer of \$15,000 a year and they will be entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors. Spinco may, from time to time, grant options to purchase common shares to the directors. Any compensation granted to directors, and how and when it is determined, will be decided upon by the Spinco Board, which will consider, among other things, compensation paid to directors of companies in Spinco's industry and publicly available information.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since its incorporation and as of the date of the Circular, no director or officer of Spinco, or any associate or affiliate of such person, is or ever has been indebted to Spinco with respect to the purchase of securities or otherwise; nor has any such person's indebtedness to any other entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Spinco.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Spinco Board, the members of which are elected by and are accountable to Spinco's shareholders, and takes into account the role of the individual members of management who are appointed by the Spinco Board and who are charged with the day-

to-day management of Spinco. The Spinco Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The following is a summary of Spinco's approach to corporate governance.

Board of Directors

Currently, the Spinco Board is composed of only one director. Following completion of the Arrangement when the additional directors nominated by Empress and Alto are appointed, it is anticipated the Spinco Board will facilitate its exercise of independent supervision over management by ensuring that the Spinco Board is composed of a majority of independent directors. Once such directors are appointed, the Spinco Board will be comprised of six directors, and it is anticipated that five of out six directors will be considered to be independent. David Rhodes, Jeremy Bond, Paul Mainwaring, Rick Mazur and Wes Roberts will be considered to be independent, and Alexandra Woodyer Sherron will not be considered to be independent. In determining whether a director is independent, the Spinco Board chiefly considers whether the director has a direct or indirect material relationship with Spinco, which is a relationship which could, in the view of the Spinco Board, be reasonably expected to interfere with the exercise of such member's independent judgment. On this basis and in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, Ms. Woodyer Sherron, as the Chief Executive Officer of Spinco, is not considered to be an independent director.

The Spinco Board supervises the Chief Executive Officer and the Chief Financial Officer. Both the Chief Executive Officer and Chief Financial Officer are required to act in accordance with the scope of authority provided to them by the Spinco Board.

Other Directorships

Certain of the directors of the Company are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows: ⁽¹⁾

Name of Director	Directorships (other reporting issuer or equivalent in a foreign jurisdiction)
David Rhodes	Orsu Metals Corporation
Richard Mazur	Forum Energy Metals Corp. IMPACT Silver Corp. Midnight Sun Mining Corp.
Wes Roberts	Central Timmins Exploration Corp. Golden Share Resources Corporation Sparton Resources Inc.

⁽¹⁾ It is proposed that Empress will make the necessary applications to regulators to cease reporting upon completion of the Arrangement and that David Rhodes, Duncan Gordon and Paul Mainwaring will resign as directors of Empress upon the completion of the Arrangement pursuant to the terms of the Arrangement Agreement.

Orientation and Continuing Education

The Spinco Board does not have a formal process for the orientation of new Spinco Board members. Orientation is done on an informal basis. New Spinco Board members will be provided with such information as is considered necessary to ensure that they are familiar with the Spinco's business and understand the responsibilities of the Spinco Board.

The Spinco Board does not have a formal program for the continuing education of its directors. The Spinco Board expects its directors to pursue such continuing education opportunities as may be required to ensure that they maintain the skill and knowledge necessary to fulfill their duties as members of the Spinco Board. Directors can consult with Spinco's professional advisors regarding their duties and responsibilities, as well as recent developments relevant to Spinco and the Board.

Ethical Business Conduct

Following completion of the Arrangement, the Spinco Board will adopt a formal code of ethics. The Code of Ethics and Business Conduct will be intended to document the principles of conduct and ethics to be followed by Spinco's directors, officers, consultants and employees.

Once adopted, the Code of Business Ethics and Conduct will be electronically filed with regulators and be available for viewing under Spinco's profile on SEDAR at www.sedar.com.

Nomination of Directors

The identification of potential candidates for nomination as directors of Spinco is primarily done by the Chief Executive Officer, but all directors are encouraged to participate in the identification and recruitment of new directors. Potential candidates are primarily identified through referrals by business contacts.

Compensation

The compensation of directors and the Chief Executive Officer is determined by the Board as a whole. Such compensation is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. See in this Appendix "E", "*Executive Compensation — Compensation Discussion and Analysis*".

Board Committees

Following completion of the Arrangement and the nomination of the additional directors of Empress and Alto to the Spinco Board, the Spinco Board will determine the members of its committees. Spinco will have an Audit Committee and an Investment Committee. A description of the authority, responsibilities, duties and function of the Spinco Audit Committee can be found in this Appendix "E" under the heading "*Spinco Audit Committee*", which follows.

The Spinco Investment Committee will be responsible for:

- (i) reviewing those proposed investment opportunities formally submitted to the Investment Committee for consideration to ensure investment opportunities presented by the Investment Managers, meet the investment criteria established by the Spinco Board;

- (ii) assisting and advising on the terms of any investment;
- (iii) reviewing and recommending funding for the investment opportunities;
- (iv) overseeing legal, technical and know your client due diligence on investment opportunities;
- (v) identifying and managing potential conflicts of interest;
- (vi) making recommendations to the Board; and
- (vii) reviewing the performance and outlook of the portfolio.

The charter of the Spinco Investment Committee is attached to this Appendix "E" as Schedule "2".

Assessments

The Spinco Board does not have any formal process for assessing the effectiveness of the Board, its committees, or individual directors. Such assessments are done on an informal basis by the Chief Executive Officer and the Spinco Board as a whole.

SPINCO AUDIT COMMITTEE

Audit Committee Charter

The Spinco Audit Committee will be ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets, reliability of information, and compliance with laws. The Spinco Board has adopted an Audit Committee Charter mandating the role of the Spinco Audit Committee in supporting the Spinco Board in meeting its responsibilities to its shareholders. The charter of the Spinco Audit Committee is attached to this Appendix "E" as Schedule "1".

Audit Committee Members

Members of the Spinco Audit Committee will be appointed following completion of the Arrangement. In accordance with the Audit Committee charter attached to this Appendix "E" as Schedule "1", a majority of the members of the Spinco Audit Committee will be independent and each member will be financially literate.

Relevant Education and Experience

It is anticipated that each of the Spinco Audit Committee members will be experienced businesspeople with experience in financial matters and a broad understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor. For a biography of each of the anticipated directors of Spinco of which at least three members will comprise Spinco's Audit Committee, see in this Appendix "E", "*Directors and Executive Officers — Management of Spinco*".

Pre-Approved Policies and Procedures for Non-Audit Services

Spinco's Audit Committee Charter requires that management seek approval from the Spinco Audit Committee of all non-audit services to be provided to Spinco by Spinco's external auditor and the fees for those services.

External Auditor Service Fees

Since Spinco's incorporation on March 2, 2020, no fees, audit or otherwise, have been billed to Spinco by its auditor, Davidson & Company LLP, as all audit and related service fees in connection with the Arrangement and all transactions contemplated thereby will be borne by Empress, including fees for preparation of audited and pro-forma financial statements for Spinco.

Reliance on Exemption

As Spinco is a "venture issuer" for purposes of applicable securities legislation, Spinco is relying on the exemption in Section 6.1 of National Instrument 52-110 —*Audit Committees* ("**NI 52-110**") from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Reliance on Certain Other Exemptions

Spinco has not, since incorporation, relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

RISKS ASSOCIATED WITH SPINCO

An investment in Spinco Shares is highly speculative due to the high-risk nature of its business. Shareholders of Spinco may lose their entire investment. The risks described below are not the only ones facing Spinco. Additional risks not currently known to Spinco, or that Spinco currently deems immaterial, may also impair Spinco's operations. If any of the following risks actually occur, Spinco's business, financial condition and operating results could be adversely affected.

Empress Shareholders should consult with their professional advisors to assess the Arrangement and their resulting investment in Spinco. In evaluating Spinco and its business and whether to vote in favour of the Arrangement, Empress Securityholders should carefully consider, in addition to the other information contained in the Circular and this Appendix "E", the risk factors which follow, as well as the risks associated with the Arrangement (see in the Circular "*The Meeting — The Arrangement — Risks Associated with the Arrangement*"). These risk factors may not be a definitive list of all risk factors associated with the Arrangement, an investment in Spinco or in connection with Spinco's business and operations.

No Listing of Spinco Shares

It is expected that Spinco will be a reporting issuer following completion of the Arrangement; however, it will not be listed on any stock exchange. Under the Arrangement Agreement, Spinco is required to obtain a listing on a recognized Canadian stock exchange within 180 days of the Effective Date, either directly or indirectly as a result of an exchange of the Spinco Shares with a listed company. If Spinco fails to secure a listing in the time provided, it will be required to either return the Alto Marketable Securities to Alto or alternatively pay Alto the monetary value of such securities.

For such purposes, the Alto Marketable Securities will be valued based on the closing price on the trading day immediately preceding the 180th day following the Effective Date. **As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares. There is no assurance that the Spinco Shares will be listed on any stock exchange. Even if a listing is obtained, ownership of Spinco Shares will involve a high degree of risk.**

Competition for the Acquisition of Royalties and Streams

Spinco competes with other royalty investment companies and individuals for capital, acquisitions of royalty interests in mineral resources and reserves and other mining assets. Spinco also competes with other royalty investment companies to attract and retain key executives and employees. There can be no assurance that Spinco will continue to be able to compete successfully with its competitors in acquiring such royalty interests and assets or in attracting and retaining skilled and experienced employees. The mining industry has been impacted by increased worldwide demand for critical resources such as input commodities, drilling equipment, tires and skilled labor, and these shortages have caused unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

Spinco may be at a competitive disadvantage due to the fact that many of Spinco's competitors have greater financial resources to source mineral properties and attract and retain key executives and employees. Accordingly, there can be no assurance that Spinco will be able to compete successfully with industry competitors.

No Assurance of Royalty Payments and Limited Recourse

There is no guarantee that royalty agreements transferred to, or entered into by, Spinco will result in payment of such royalties to Spinco, or that the timing of the payment of such royalties to Spinco will be sufficient to support Spinco operations or to maintain any options it might have on acquisitions under such agreements, and as a result, such options may be lost.

Royalties and other interests in natural resource properties are largely contractual in nature. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalties and other similar interests (each a "**Royalty Payor**") do not abide by their contractual obligations, Spinco would be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly and there is no guarantee of success. While any proceedings or actions are pending, or if any decision is determined adversely to Spinco, there may be a material and adverse effect on the Spinco's profitability, results of operations and financial condition.

Spinco's rights to payment under any royalties must, in most cases, be enforced by contract without the protection of a security interest over property that the Corporation could readily liquidate. This inhibits Spinco's ability to collect outstanding royalties upon a default. In the event of a bankruptcy of an operator or owner, Spinco will be treated as an unsecured creditor and, therefore, have a limited prospect for full recovery of revenue.

No Assurance of Profit from Alto Marketable Securities

There is no guarantee that the Alto Marketable Securities to be transferred Spinco in connection with the Arrangement will result in a profit for Spinco and may have a lower market value than expected.

Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan

With respect to the Spinco Shares, there is no assurance when, or if, such Spinco Shares will be listed on any stock exchange. If the Spinco Shares are not listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Spinco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a share that is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, beneficiary or holder under the Registered Plan, including that the Registered Plan may be subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or may jeopardize the tax-exempt status of the Registered Plan. See in the Circular "*Certain Canadian Federal Tax Considerations*".

Additional Financing

Spinco will require additional financing to continue its operations. There can be no assurance that such financing will be available on favourable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of Spinco's investment programs, resulting in the possible loss of any exercising any option it may have under any of the royalty agreements it has entered into. Any such financing will dilute the ownership interest of Spinco's shareholders at the time of the financing, and may dilute the value of their shareholdings.

Spinco may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets, prices on the commodities markets or the loss of key management personnel.

Other Regulatory Requirements

The operations of Spinco are subject to laws and regulations governing investing in securities and royalties or streams, the application of contract and property laws governing private parties, and other matters. Spinco believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance, however, that all approvals which Spinco may require for future investments or royalty or stream purchases, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any investment that Spinco might make. Furthermore, royalties in many jurisdictions are contractual in nature, rather than interests in land, and therefore may be subject to change of control, bankruptcy or insolvency of operators, and to challenges of various kinds brought by operators or third parties.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures or remedial actions. Parties engaged in investment in mining activities may be impacted if such mining companies are required to compensate those suffering loss or damage by reason of their mining activities or receive civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of investment companies, or more stringent implementation thereof, could have a material adverse impact on Spinco. Further, disputes also could arise challenging, among other things, the existence or

geographic extent of the royalty, third party claims to the same royalty asset or to the property on which Spinco has a royalty, various rights of the operator or third parties in or to the royalty, methods for calculating the royalty, production and other thresholds and caps applicable to royalty payments, the obligation of an operator to make royalty payments, and various defects in the royalty agreement itself. Unknown defects in the royalty interests owned by Spinco may prevent Spinco from realizing the anticipated benefits from the royalty interests, and could materially adversely affect its profitability, revenue, results of operations and financial condition

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect Spinco's ability to invest in mining activities in the manner currently contemplated. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Nature of Investment in Royalties and Streams

The success of Spinco's royalty investments and streams are subject to a number of risks on the part of the Royalty Payors which are outside of Spinco's control. These risks may result in the failure or delay of Spinco receiving royalty payments or could possibly result in the loss of Spinco's interests under such royalty agreements. Such risks include the following:

- (i) *Mineral Exploration and Development:* Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is, therefore, no assurance that any mineral exploration and development activities by a Royalty Payor will result in any discoveries of bodies of commercial ore, and there is no assurance that minerals will be discovered in sufficient quantities to justify commercial operations, or at all, or that the funds required for development can be obtained on a timely basis. It is impossible to assure that the current programs planned by such Royalty Payors will result in milestones being met that will trigger payments under such royalty agreements or if such payments are triggered that such Royalty Payors will be able to make timely payments to Spinco, if at all. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or land slides, floods, environmental pollution, power outages or fuel shortages, labour disruptions, fires, explosions, personal injuries and the inability to obtain suitable or adequate machinery, equipment or labour are risks associated with the conduct of exploration programs and the operation of mines. Mineral exploration is subject to a high degree of risk (including considerable financing and technical risk), which even a combination of experience, knowledge, and careful evaluation may not be able to overcome.
- (ii) *Permits and Licenses.* The operations of the Royalty Payors will require licenses and permits from various governmental and non-governmental authorities prior to development of any mineral deposit they hold. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that such Royalty Payors will be able to obtain all necessary licenses and permits required to carry out development of a mine.
- (iii) *Joint Venture Risk:* Certain Royalty Payors may operate through joint ventures with other mining companies and be subject to the risks normally associated with the conduct of

joint ventures, including: inability to exert control over strategic decisions made in respect of such properties; disagreement with partners on how to develop and operate mines efficiently; inability of partners to meet their obligations to the joint venture or third parties; and litigation between partners regarding joint venture matters. Any of the foregoing could result in the failure of such Royalty Payors to meet certain milestones and/or fail to make royalty payments to Spinco, and as a royalty holder, in the event of litigation, Spinco will not generally have any influence on such litigation or access to data.

- (iv) *Changes in Metal Prices:* Metal prices can and do change by substantial amounts over short periods of time, and are affected by numerous factors beyond the control of the Royalty Payor or Spinco, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries. Further, the grade of any ore ultimately mined from a mineral deposit may differ from that predicted from drilling results, and there can be no assurance that any gold or other minerals recovered in small-scale laboratory tests will be achieved under production scale conditions. Depending on the price received for minerals produced, and any variation in production volumes and costs, which can be affected by factors such as the proximity and capacity of processing facilities, permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions, producers may determine that it is impractical to commence or continue commercial production.
- (v) *Environmental Risk.* Compliance with environmental laws may necessitate significant capital outlays or delays, may materially and adversely affect the economics of a given property, or may cause material changes or delays in a Royalty Payor's intended exploration and development activities. Further, Royalty Payors may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties.
- (vi) *Title to Property.* There may be challenges to title to the mineral properties in which a Royalty Payor holds a material interest. If there are title defects with respect to any properties, such Royalty Payor might be required to compensate other persons or perhaps reduce its interest in the affected property, and the investigation and resolution of title issues would divert management's time from ongoing exploration and development programs. To the extent Royalty Payor does not have title to the property, it may be required to cease operations or transfer operational control to another party which could negatively impact Spinco's royalty interests in such property.
- (vii) *Foreign Operations and Regulatory Risk.* Any limitation on the transfer of cash or other assets between the parent corporation of a Royalty Payor and its foreign subsidiaries could restrict such Royalty Payor's ability to fund its operations efficiently. A Royalty Payor's ability to advance development plans or bring the projects to production may be adversely affected by whatever political instability and legal and economic uncertainty might exist in such foreign countries. There can be no assurance that a Royalty Payor's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body. In addition, in the event of a dispute arising from foreign operations, a Royalty Payor may be subject to the exclusive jurisdiction of foreign courts.

Economic Downturn and Public Health Crises

In the event of a general economic downturn or a recession, there can be no assurance that the business, financial condition and results of operations of Spinco would not be materially adversely affected.

Spinco's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. The current COVID-19 (coronavirus) global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included a slowdown in economic activity and extreme volatility in commodity prices (including gold and silver) and financial markets, raising the prospect of an extended global recession. As well, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects is being impacted. If the operation or development of one or more of the properties over which Spinco has a royalty, streaming or similar interest is suspended, it may have a material adverse impact on Spinco's financial condition and the trading price of Spinco's securities. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Spinco's financial condition and the trading price of its securities.

These factors may impact Spinco's ability to obtain equity, debt, or bank financing on terms commercially reasonable to Spinco, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

Limited Business History

Spinco has a short history of operations and has no history of earnings. The likelihood of success of Spinco must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Spinco has limited financial resources and there is no assurance that funding will be available to it when needed. There is also no assurance that Spinco can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Royalty Interests May Be Speculative

Spinco may acquire royalty interests in respect of properties that are speculative and there can be no guarantee that mineable deposits will be discovered or developed. Exploration for metals and minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given project will result in discoveries of commercial quantities of minerals on lands where Spinco holds royalties. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained at all or on terms acceptable to the operator. Although Spinco intends to only hold royalty interests and not be responsible for these expenditures, the operator may not be in a financial position to obtain the necessary funds to advance the project.

Limited Access to Data

As a royalty holder, Spinco neither serves as the mine's operator nor does it have any input into how the operations are conducted. As such, Spinco has varying access to data on the operations or to the

actual properties themselves. This could affect its ability to assess the value of the royalty interest or enhance the royalty's performance. It is difficult or impossible for Spinco to ensure that the properties are operated in its best interest. Spinco's royalty payments may be calculated by the Royalty Payors in a manner different from Spinco's projections. The Corporation may or may not have rights of audit with respect to such royalty interests.

Registration of Royalty Interests may not protect Spinco's Interests

The right to record or register royalties in various registries or mining recorders offices may not necessarily provide any protection to the royalty holder. Accordingly, the royalty holder may be subject to risk from third parties.

Indemnified Liability Risk

Pursuant to the Arrangement Agreement, Spinco has covenanted and agreed that, following the Effective Time, it will indemnify Alto, Empress and its subsidiaries from all losses suffered or incurred by Alto, Empress or its subsidiaries as a result of or arising directly or indirectly out of or in connection with an Indemnified Liability (as such term is defined in the Arrangement Agreement), which means any liability for any Tax which is payable to any Governmental Entity by Empress in connection with the disposition of Spinco Shares by Empress to Empress Shareholders (but only to the extent that such Tax is payable after Empress has claimed the maximum amount of all credits, deductions, and other amounts available to it (including any loss carryforwards) for the taxation year of Empress that includes the disposition of Spinco Shares). Spinco will remain liable under this indemnity for six years following the Effective Date. Spinco does not expect to have to indemnify Empress for any material amount of Taxes; however, any liability of Empress for Tax cannot be determined for certain at this time because Empress' tax liability will depend on the fair market value of the Spinco Shares on the Effective Date and other factors including, but not limited to, the other deductions or credits available to Empress such as loss carryforwards in the taxation year of Empress that includes the distribution of the Spinco Shares. A successful indemnification claim made by Alto, Empress or its subsidiaries against Spinco pursuant to the Arrangement Agreement could have a material adverse effect on Spinco.

Dependence on Key Individuals

Spinco is dependent on a relatively small number of key personnel, particularly Alexandra Woodyer Sherron, Dan O'Brien and Doris Meyer, Chief Executive Officer, Chief Financial Officer and Corporate Secretary of Empress, respectively, and following completion of the Arrangement, of Spinco, the loss of any one of whom could have an adverse effect on Spinco. Spinco does not maintain key-person insurance on the lives of any of its key personnel. In addition, while certain of Spinco's officers and directors have experience in the investment industry, Spinco will remain highly dependent upon contractors and third parties in the performance of its activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of Spinco or be available upon commercially acceptable terms.

Conflicts of Interest

Some of the directors and officers of Spinco are directors and officers of other companies, some of which are in the same business as Spinco. Some of Spinco's directors and officers will continue to pursue investment in the acquisition, exploration and, if warranted, the development of mineral resource properties on their own behalf and on behalf of other companies, and situations may arise where they will be in direct competition with Spinco. Spinco's directors and officers are required by

law to act in the best interests of Spinco. They may have the same obligations to the other companies in respect of which they act as directors and officers. Discharge of their obligations to Spinco may result in a breach of their obligations to the other companies and, in certain circumstances, this could expose Spinco to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of Spinco. Such conflicting legal obligations may expose Spinco to liability to others and impair its ability to achieve its business objectives.

Fluctuation in Market Value of Spinco Shares

If the Spinco Shares or the shares of another issuer for which the Spinco Shares are exchanged are listed on the TSX-V or another stock exchange in the future, the market price of such shares, as a publicly traded stock, could be affected by many variables not directly related to the corporate performance of the company, including the market in which such shares are traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for such shares. The effect of these and other factors on the market price of such shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of such shares.

Other Acquisitions or Royalty Transactions

Spinco is continuously reviewing opportunities to acquire existing royalties to create new royalty interests. Any such acquisition or transaction could be material to Spinco and may involve the issuance of securities by Spinco or the incurring of indebtedness to fund any such acquisition. In addition, any such acquisition or other royalty transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the project operators or the jurisdictions in which assets may be acquired. Spinco may enter into one or more acquisitions or other royalty transactions at any time, and failure to complete any such royalty acquisitions may result in a material and adverse effect on Spinco's profitability, results of operation and financial condition.

Substantial Number of Authorized but Unissued Spinco Shares

Spinco has an unlimited number of common shares which may be issued by the Spinco Board without further action or approval of Spinco's shareholders. While the Spinco Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, Spinco Shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of Spinco's shareholders.

See also in the Circular, *"The Meeting — The Arrangement — Risks Associated with the Arrangement"*.

PROMOTERS

Empress took the initiative of founding and organizing Spinco and its business and operations and, as such, may be considered to be the promoter of Spinco for the purposes of applicable securities legislation. As at the date of the Circular, Empress is the sole (100%) shareholder of Spinco and will transfer assets to Spinco in conjunction with the reorganization of its business to allow Spinco to hold the Spinco Assets and the Empress Royalty Purchases, if any, as contemplated by the terms of the Arrangement Agreement. See in this Appendix "E", *"General Development of Spinco's Business"* and *"Prior Sales"*. See also in the Circular, *"The Meeting — The Arrangement — Background to the*

Arrangement", *"The Meeting — The Arrangement — Reasons for the Arrangement"* and *"Information Concerning Empress"*.

During the 10 years prior to the date of the Circular, Spinco has not been subject to:

- (a) a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or
- (b) an order similar to a cease trade order, or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days; nor has Empress been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision;

nor has Spinco become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS

There are no legal proceedings outstanding, threatened or pending, as of the date of the Circular, by or against Spinco or which Spinco is a party, nor to Spinco's knowledge are any such legal proceedings contemplated, which could become material to the shareholders of the outstanding Empress Shares or a shareholder of Spinco.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since Spinco's incorporation, no director, executive officer, or shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Spinco Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect Spinco other than Empress in connection with Spinco's incorporation (see in this Appendix "E", *"Corporate Structure"* and *"Promoters"*), the entering into of the Arrangement Agreement (see in the Circular, *"The Meeting — The Arrangement"*), and the transfer of assets to Spinco in connection with the Arrangement (see in this Appendix "E", *"General Development of Spinco's Business"*). See also in this Appendix "E", *"Material Contracts"* below.

The directors and officers of Empress are also the directors and officers of Spinco. See in the Circular under the heading *"The Meeting — The Arrangement"*: *"Background to the Arrangement"*,

"Recommendation of the Special Committee", "Recommendation of the Empress Board", "Reasons for the Arrangement" and "Support Agreements".

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditor of Spinco is Davidson & Company LLP, with offices at Suite 1200-609 Granville Street, Vancouver, B.C. V7Y 1G6.

The registrar and transfer agent of Spinco and for the Spinco Shares is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia, Canada.

INTERESTS OF EXPERTS

Davidson and Company LLP are the auditors for Spinco. Davidson and Company LLP certified the auditors' report on the financial statements of Spinco for the period from incorporation on March 2, 2020 to March 31, 2020 and has confirmed that they are independent with respect to Spinco within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations..

Certain legal matters relating to the Arrangement and Spinco will be passed upon by Stikeman Elliott LLP, legal counsel to Spinco.

None of the aforementioned persons nor any directors, officers, employees or partners, as applicable, of each of the aforementioned companies and partnerships, has received or will receive as a result of the Arrangement a direct or indirect interest in a property of Spinco or any associate or affiliate of Spinco, nor is currently expected to be elected, appointed or employed as a director, officer or employee of Spinco or any associate or affiliate of Spinco.

MATERIAL CONTRACTS

Since its incorporation, Spinco has entered into the Arrangement Agreement, which, under applicable securities legislation, will be considered material to Spinco upon completion of the Arrangement (see in the Circular, *"The Meeting - The Arrangement"*). A copy of the Arrangement Agreement is available on Empress's SEDAR profile at www.sedar.com.

OTHER MATERIAL FACTS

There are no other material facts other than as disclosed herein.

FINANCIAL STATEMENTS

See in this Appendix "E", *"Selected Financial Information — Financial Statements"* and Schedules "3" and "4".

SCHEDULE "1"

EMPRESS ROYALTY CORP. (the "Company")

CHARTER OF THE AUDIT COMMITTEE

1. MANDATE

The primary mandate of the audit committee (the "**Audit Committee**") of the board of directors (the "**Board**") of the Company is to assist the Board in overseeing the Company's financial reporting and disclosure. This oversight includes:

- (A) reviewing the financial statements and financial disclosure that is provided to shareholders and disseminated to the public;
- (B) reviewing the systems of internal controls to ensure integrity in the financial reporting of the Company; and
- (C) monitoring the independence and performance of the Company's external auditors and reporting directly to the Board on the work of the external auditors.

2. COMPOSITION AND ORGANIZATION OF THE COMMITTEE

- 2.1 The Audit Committee must have at least three directors.
- 2.2 The majority of the Audit Committee members must be independent. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's board of directors, reasonably interfere with the exercise of a member's independent judgment.
- 2.3 Every Audit Committee member must be financially literate. Financial literacy is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.
- 2.4 The Board will appoint from themselves the members of the Audit Committee on an annual basis for one-year terms. Members may serve for consecutive terms.
- 2.5 The Board will also appoint a chair of the Audit Committee (the "**Chair of the Audit Committee**") for a one-year term. The Chair of the Audit Committee may serve as the chair of the committee for any number of consecutive terms.
- 2.6 A member of the Audit Committee may be removed or replaced at any time by the Board. The Board will fill any vacancies in the Audit Committee by appointment from among members of the Board.

3. MEETINGS

- 3.1 The Audit Committee will meet at least four (4) times per year. Special meetings may be called by the Chair of the Audit Committee as required.

- 3.2 Quorum for a meeting of the Audit Committee will be two (2) members in attendance.
- 3.3 Members may attend meetings of the Audit Committee by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.
- 3.4 The Audit Committee Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to Audit Committee members for members to have a reasonable time to review the materials prior to the meeting.
- 3.5 Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the Audit Committee. Minutes of each meeting must be distributed to members of the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
- 3.6 A resolution consented to in writing, whether by document, telegram, telex, facsimile or any method of transmitting legibly recorded messages, by all of the members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the members of the Audit Committee duly called and held. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the Members of the Audit Committee and shall be effective on the date stated thereon. Copies of such consent resolutions must be distributed to members of the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

4. RESPONSIBILITIES OF THE COMMITTEE

- 4.1 The Audit Committee will perform the following duties:

External Auditor

- (a) select, evaluate and recommend to the Board, for shareholder approval, the external auditor to examine the Company's accounts, controls and financial statements;
- (b) evaluate, prior to the annual audit by external auditors, the scope and general extent of their review, including their engagement letter, and the compensation to be paid to the external auditors and recommend such payment to the Board;
- (c) obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs;
- (d) recommend to the Board, if necessary, the replacement of the external auditor;
- (e) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings;
- (f) pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services;

Financial Statements and Financial Information

- (g) review and discuss with management and the external auditor the annual audited financial statements of the Company and recommend their approval by the Board;
- (h) review and discuss with management, the quarterly financial statements and recommend their approval by the Board;
- (i) review and recommend to the Board for approval the financial content of the annual report;
- (j) review the process for the certification of financial statements by the Chief Executive Officer and Chief Financial Officer;
- (k) review the Company's management discussion and analysis, annual and interim earnings or financial disclosure press releases, and Audit Committee reports before the Company publicly discloses this information;
- (l) review annually with external auditors, the Company's accounting principles and the reasonableness of managements' judgments and estimates as applied in its financial reporting;
- (m) review and consider any significant reports and recommendations issued by the external auditor, together with management's response, and the extent to which recommendations made by the external auditors have been implemented;

Risk Management, Internal Controls and Information Systems

- (n) review with the external auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls;
- (o) review adequacy of security of information, information systems and recovery plans;
- (p) review management plans regarding any changes in accounting practices or policies and the financial impact thereof;
- (q) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements;
- (r) discuss with management and the external auditor correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure;
- (s) assist management in identifying the Company's principal business risks;
- (t) review the Company's insurance, including directors' and officers' coverage, and provide recommendations to the Board;

Other

- (u) review Company loans to employees/consultants; and
- (v) conduct special reviews and/or other assignments from time to time as requested by the Board.

5. PROCESS FOR HANDLING COMPLAINTS REGARDING FINANCIAL MATTERS

- 5.1 The Audit Committee shall establish a procedure for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, financial reporting, or auditing matters.
- 5.2 The Audit Committee shall ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting, or auditing matters will allow the confidential and anonymous submission of concerns by employees.

6. REPORTING

- 6.1 The Audit Committee will report to the Board on:
 - (a) the external auditor's independence;
 - (b) the performance of the external auditor and the Audit Committee's recommendations;
 - (c) the reappointment or termination of the external auditor;
 - (d) the adequacy of the Company's internal controls and disclosure controls;
 - (e) the Audit Committee's review of the annual and interim financial statements;
 - (f) the Audit Committee's review of the annual and interim management discussion and analysis;
 - (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
 - (h) all other material matters dealt with by the Audit Committee.

7. AUTHORITY OF THE COMMITTEE

- 7.1 The Audit Committee will have the resources and authority appropriate to discharge its duties and responsibilities. The Audit Committee may at any time retain outside financial, legal or other advisors at the expense of the Company without approval of management.
- 7.2 The external auditor will report directly to the Audit Committee.

SCHEDULE "2"

EMPRESS ROYALTY CORP. (the "Company")

CHARTER OF THE INVESTMENT COMMITTEE

I. COMMITTEE STRUCTURE

1. The Investment Committee of the Board of Directors ("**Committee**") shall consist of not less than three members two of whom shall be directors, including a Chairman. Nominees for the Committee shall be recommended by the Board of Directors ("**Board**").
2. The members of the Committee shall be appointed annually by the Board at the first Board meeting after the Annual Meeting of Shareholders or on such other date as the Board shall determine. Members of the Committee may be removed or replaced by the Board.
3. Each member of the Committee shall be financially literate.
4. Any Committee member may resign at any time by providing notice in writing or by electronic transmission to the Company Secretary. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
5. A director who is also the Chief Executive Officer ("**CEO**") is not eligible to be appointed Chairman of the Committee.
6. Subject to the above, officers of the Company may be members of the Committee.
7. A majority of the members of the Committee shall constitute a quorum. The business of the Committee shall be transacted at meetings at which a quorum is present, either in person or by telephone. A resolution consented to in writing, whether by document or any method of transmitting legibly recorded messages, by all of the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the members of the Committee duly called and held.

II. OPERATION OF THE COMMITTEE

1. The Committee is responsible for:
 - a. Reviewing those proposed investment opportunities either identified by or formally submitted to the Investment Committee for consideration to ensure investment opportunities, meet the investment criteria established by the Board (see Appendix "A" hereto);
 - b. Assisting and advising on the terms of any investment;
 - c. Review and recommend funding for the investment opportunities;
 - d. Oversee legal, technical and KYC due diligence on investment opportunities;

- e. Identifying and managing potential conflicts of interest;
 - f. Making recommendations to the Board; and
 - g. Reviewing the performance and outlook of the portfolio.
2. The Committee shall meet regularly as required (in person or via teleconference) on a best effort's basis. Committee members are expected to attend Committee meetings as frequently as required. The Chairperson may invite corporate officers and other advisors as appropriate to attend the meetings.
3. The Committee has no power to bind the Company to any potential transaction, and the Company is not bound to follow any advice or recommendation of the Investment Committee. Every proposed investment will be decided by the Board.
4. The Board has delegated the following powers to the Committee:
- a. To approve the issuance of non-binding term sheets, non-binding letters of intent, non-binding indications of stream value and similar non-binding documents that set out the high level of terms of potential investments by the Company providing that the potential investments are in line with the Company's investment strategy as set out in Appendix "A".
 - b. To approve the Company hiring of legal counsel and independent technical consultants (together "ITCs") to provide the Company with due diligence on potential investments for the benefit of the Company providing that;
 - i. the Investment Committee is unanimous that an ITC is required for any particular investment opportunity
 - ii. the cost of hiring any ITC has been approved by the Board and is in line with amounts allocated generally for property investigations in the Board Approved Budget
 - iii. The Committee has asked and received confirmation from the ITCs that they have no conflicts of interest in providing the services contemplated.

To sign engagement letters, appointment letters or similar agreements with the (ITCs) providing the items listed in 4b have been complied with and any out of ordinary clauses have been reviewed by the Company Secretary.

Notwithstanding paragraph 4(a), for potential investments outside of the Precious Metals Sector the Committee shall consult with the Board prior to issuing any non-binding documentation as set out in II 4 (a)

"Precious Metals Sector" is defined as investments that provide the Company with exposure to gold, silver and platinum group metal prices and includes, for the avoidance of doubt, investments linked to by-product Precious Metals of base metal or other mining projects.

5. The Committee shall ensure that the Company has adopted and enforces a policy that requires that the Committee be notified of all material business investments in circumstances where any of its directors, officers or employees has a direct or indirect interest in an investment opportunity.
6. The Committee agrees to adhere to the Code of Conduct and Corporate Disclosure Policy.
7. In the event a Committee member considers that the investment criteria established by the Board (Appendix "A") or the Code of Conduct and Corporate Disclosure Policy, are not being adhered to, the member shall call a meeting of the Investment Committee to review the matter. The conclusions and recommendations of the Committee after its review shall be reported to the Board for appropriate action and decision.
8. The Committee shall be responsible for making recommendations to the Board regarding potential investments and/or transactions and summarizing the key terms of any binding documentation (with the assistance of legal counsel as appropriate) prior to approval of such documentation by the Board.
9. The Committee shall be responsible for conducting an annual self-evaluation. The Board shall be responsible for monitoring the processes and evaluation criteria established by the Committee.

III. AMENDMENT, MODIFICATION AND WAIVER

1. These guidelines may be amended or modified by the Board, subject to disclosure and other provisions of the British Columbia *Securities Act* and the rules of the TSX Venture Exchange, or such other securities regulatory bodies where the Company reports or where the Company's shares are listed for trading.

APPENDIX “A”

1) INVESTMENT OBJECTIVES

- A. The Company’s objective is to seek high return investment opportunities in the resource sector.
- B. The Company will identify streaming and royalty opportunities primarily in lower mid-market precious and base metal mining projects, specifically those in production or development stage with attractive risk/reward ratios.
- C. The Company will prioritize target investments that provide the Company with exposure to the Precious Metals Sector. Subject to Board Approval, other sectors will be considered on an ad-hoc basis (subject to Board approval).

2) INVESTMENT STRATEGY

- A. In pursuit of investment opportunities, the Company, when appropriate, shall employ the following disciplines:
 - (i) Investments shall focus on the precious metals natural resources industries, concentrating on production and development stage projects.
 - (ii) The Company will maintain a flexible position with respect to the form of investment taken. The Company will focus on streams and royalties but may employ other investment instruments, including equity, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, net profit interests and other hybrid instruments.
 - (iii) Counterparties may be either private or public companies.
- B. The Company will target a minimum Internal Rate of Return (“**IRR**”) of 10% for investments in the Precious Metals Sector.
- C. For ad-hoc investments being considered outside of the Precious Metals Sector the Board shall approve a specific IRR target prior to making any investment.
- D. In addition, to IRR investments will be considered on the basis of their ability to potentially be accretive to the Company’s valuation by considering the amount and timing of the investments potential cashflow or net asset impact on the Company.
- E. Target IRR, pay-back of initial investment and other valuation metrics considered by the Committee and presented to the Board, will be based on prudent assumptions regarding metals pricing and with more emphasis on the use of the then spot price; the average historic price over the last 5 years; and downside sensitivity testing (as opposed to being reliant on forward looking analysts’ estimates to achieve targeted returns). Should the board approve investments in non-exchange traded commodities, or commodities where pricing is opaque, the Company may seek guidance from independent metal marketing consultants.

- F. Should the form of investment be a loan, stream or royalty, cashflow coverage and the ability of the investee company to ‘carry’ the proposed investment shall also be a key consideration.
- G. After US\$25 million of capital has been deployed, in the event an investment in any one issuer exceeds 20% of the investment capital base of the Company at the time of the investment, the Committee shall notify the Board for discussion and ongoing evaluation.
- H. After US\$25 million capital deployed, in the event an investment would result in 20% of the investment capital base of the Company being exposed to a particular geopolitical region, the Committee shall notify the Board for discussion and ongoing evaluation.
- I. The Company may take equity holdings in companies within the framework of the above guidelines, and which from time to time may result in the Company holding a control position in a target company. If the Company holds a control position in any issuer additional governance criteria will be established at that time, including board representation, anti-dilution provisions and trading restrictions among other things.
- J. The Company will utilize the services of both independent technical organizations and securities dealers to gain additional information on target investments where appropriate.
- K. Notwithstanding the foregoing, from time to time, the Board may authorize such investments outside of these disciplines as it sees fit for the benefit of the Company and its shareholders.

SCHEDULE "3"

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EMPRESS ROYALTY
CORP.
FROM INCORPORATION TO MARCH 31, 2020**

Please see attached.

Empress Royalty Corp.

Financial Statements

**For the period from incorporation on March 2, 2020
to March 31, 2020**

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Director of
Empress Royalty Corp.

Opinion

We have audited the accompanying financial statements of Empress Royalty Corp. (the "Company"), which comprise the statement of financial position as at March 31, 2020, and the statements of loss and comprehensive loss, changes in equity, and cash flows for the period from incorporation on March 2, 2020 to March 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the period from incorporation on March 2, 2020 to March 31, 2020, in accordance with International Financial Reporting Standards ("IFRS").

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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has limited capital and will require completion of the proposed transaction to continue operations for the upcoming year. These material uncertainties may cast significant doubt on the Empress Royalty Corp.'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 obtained at the date of this auditor's report includes 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 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 IFRS, 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.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

May 13, 2020

Empress Royalty Corp.

Statement of Financial Position
(Expressed in Canadian dollars)

		March 31, 2020
	<i>Note</i>	
ASSETS		
Current assets		
Cash		\$ 1
		\$ 1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	4	\$ 1
Reserve		350
Deficit		(350)
		\$ 1
Nature of operations and going concern	1	

These financial statements are approved for issue by the Board of Directors of the Company on May 13, 2020.

They are signed on the Company's behalf by:

"Alexandra Woodyer Sherron", Director

The accompanying notes are an integral part of these financial statements

Empress Royalty Corp.

Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Period from incorporation on March 2, 2020 to March 31, 2020	
	<i>Note</i>	
Expenses		
Incorporation costs	5	\$ 350
Loss and comprehensive loss for the period	\$	(350)

The accompanying notes are an integral part of these financial statements

Empress Royalty Corp.
Statement of Cash Flows
(Expressed in Canadian dollars)

	Period from incorporation on March 2, 2020 to March 31, 2020
CASH FLOWS FROM (TO) OPERATING ACTIVITIES	
Loss for the period	\$ (350)
Net cash used in operating activities	(350)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES	
Incorporation share issued for cash	1
Incorporation costs paid by Empress	350
Net cash provided by financing activities	351
Increase in cash for the period	1
Cash, beginning of period	-
Cash, end of period	\$ 1
Supplementary information	
Interest paid	\$ -
Income taxes paid	-

The accompanying notes are an integral part of these financial statements

Empress Royalty Corp.Statement of Changes in Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserve	Deficit	Total Shareholders' Equity
Balance, March 2, 2020	-	\$ -	\$ -	-	\$ -
Share issued for cash on	1	1	-	-	1
Comprehensive loss for the period	-	-	350	(350)	-
Balance, March 31, 2020	1	\$ 1	\$ 350	\$ (350)	\$ 1

The accompanying notes are an integral part of these financial statements

Empress Royalty Corp.

Notes to the Financial Statements

For the period from incorporation on March 2, 2020 to March 31, 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Empress Royalty Corp. (the “Company”) was incorporated under the laws of British Columbia, Canada on March 2, 2020. 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 March 5, 2020, the Company entered into an agreement with Empress Resources Corp. (“Empress”) and Alto Ventures Ltd. (“Alto”) (the “Agreement”) in which by way of a court approved plan of arrangement (the “Arrangement”), upon closing the Agreement, Empress will conduct a private placement with the Company for 5,000,000 common shares of the Company at \$0.05 for gross proceeds of \$250,000 and the Company will acquire 13 net smelter return (“NSR”) royalties and certain marketable securities from Alto in exchange for the issue by the Company of 4,615,384 common shares (the “Transactions”).

Following closing of the Transactions, the Company plans to conduct a private placement to raise up to \$1,060,000 by the issue of common shares at a price of \$0.05 per share.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s ability to raise funds or complete the Transactions.

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 limited capital and will require completion of the Transactions to continue operations for the upcoming year. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

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 Financial Reporting Interpretations Committee. The policies applied in these financial statements are based on the IFRS issued and outstanding as at the date the Board of Directors approved these financial statements for issue.

Basis of measurement

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

Empress Royalty Corp.

Notes to the Financial Statements

For the period from incorporation on March 2, 2020 to March 31, 2020

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Empress Royalty Corp.

Notes to the Financial Statements

For the period from incorporation on March 2, 2020 to March 31, 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade and other payables are classified as other financial liabilities and carried on the statement of financial position at amortized cost. For the period presented, the Company does not have any derivative financial liabilities.

Share capital

The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Income taxes

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

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.

New standards, interpretations and amendments not yet effective

There are no new standards that will have any significant effect on the Company.

Empress Royalty Corp.

Notes to the Financial Statements

For the period from incorporation on March 2, 2020 to March 31, 2020

(Expressed in Canadian dollars)

4. SHARE CAPITAL

Authorized

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

Issued and outstanding

On March 2, 2020, the date of incorporation, the Company issued one common share at a price of \$1.

5. RELATED PARTY TRANSACTIONS

To date, the Company's operations have been funded by Empress, its sole shareholder.

Empress paid the incorporation costs of the Company which amounts are not repayable by the Company to Empress. Accordingly, these amounts have been included in the reserve account of the Company.

6. INCOME TAXES

The Company has Canadian income tax losses of \$350 which are available to reduce future taxable income for the next 20 years. The potential benefits of income tax losses have not been recognized in the accounts.

SCHEDULE "4"
UNAUDITED PRO-FORMA FINANCIAL STATEMENTS OF
EMPRESS ROYALTY CORP.

Please see attached.

Empress Royalty Corp.

Pro-Forma Financial Statements

For the period ended March 31, 2020

(Unaudited – Expressed in Canadian dollars)

Empress Royalty Corp.

Pro-Forma Statement of Financial Position (Unaudited – Expressed in Canadian dollars)

	As at		Pro-Forma Adjustments					As at						
	March 31, 2020		Note 2(a)	Note 2(b)	Note 2(c)	Note 2(d)	Note 2(e)	March 31, 2020						
ASSETS														
Current assets														
Cash	\$	1	\$	250,000	\$	-	\$	1,060,000	\$	(1)	\$	-	\$	1,310,000
Marketable securities		-		-		322,231		-		-		8,119		330,350
		1		250,000		322,231		1,060,000		(1)		8,119		1,640,350
Exploration and evaluation assets				-		1		-		-		-		1
	\$	1	\$	250,000	\$	322,232	\$	1,060,000	\$	(1)	\$	8,119	\$	1,640,351
LIABILITIES AND SHAREHOLDERS' EQUITY														
Current liabilities														
Trade and other payables	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
		-		-		-		-		-		-		-
Shareholders' equity														
Share capital		1		250,000		230,769		1,060,000		(1)		-		1,540,769
Reserve		350		-		91,463		-		-		-		91,813
Retained earnings (deficit)		(350)		-		-		-		-		8,119		7,769
		1		250,000		322,232		1,060,000		(1)		8,119		1,640,351
	\$	1	\$	250,000	\$	322,232	\$	1,060,000	\$	(1)	\$	8,119	\$	1,640,351

The accompanying notes are an integral part of these pro-forma financial statements

Empress Royalty Corp.

Notes to the Pro-Forma Financial Statements

For the period ended March 31, 2020

(Unaudited – Expressed in Canadian dollars)

1. PLAN OF ARRANGEMENT AND BASIS OF PRESENTATION

The accompanying unaudited pro-forma financial statements have been compiled for purposes of inclusion in an Information Circular of Empress Resources Corp. (“Empress”) which gives effect to a proposed plan of arrangement (the “Arrangement”) among the Company, Empress and Alto Ventures Ltd. (“Alto”).

Empress Royalty Corp. (the “Company”) was incorporated under the laws of British Columbia, Canada on March 2, 2020 to facilitate the transfer of certain assets from Alto to form a more optimal structure that would allow Empress to prepare for a future spin-out of the shares of the Company should it wish to do so.

Through the Arrangement the Company:

- a) will receive \$250,000 cash from Empress in exchange for the issue of 5,000,000 common shares of the Company.
- b) will receive certain marketable securities valued at \$322,231 on the date of the Arrangement (Note 3) and certain net smelter return (“NSR”) royalties with a value of \$1 (Note 4) from Alto in exchange for the issue of 4,615,384 common shares of the Company valued at \$230,769. Accordingly, the Company recorded a credit to reserve of \$91,463.

The Arrangement has been approved by the Board of Directors of each of the Company, Empress and Alto and is subject to approval by holders of two thirds of the Empress common shares who will vote at an annual and special meeting of Empress security holders.

The unaudited pro-forma financial statements are not necessarily indicative of the Company as at the time of closing of the Arrangement. Actual amounts recorded should the Arrangement take place will likely differ from those recorded in the unaudited pro-forma financial information. The unaudited pro-forma financial statements should be read in conjunction with the audited financial statements of the Company as at March 31, 2020 and for the period from inception on March 2, 2020 to March 31, 2020 all of which are included in the Information Circular of Empress.

The unaudited pro-forma statement of financial position of the Company has been compiled from, and includes:

- Empress Royalty Corp. audited financial statements for the period ended March 31, 2020;
- The additional information set out in Notes 2 and 3 of these unaudited pro-forma financial statements.

Empress Royalty Corp.

Notes to the Pro-Forma Financial Statements

For the period ended March 31, 2020

(Unaudited – Expressed in Canadian dollars)

2. PRO-FORMA ASSUMPTIONS

The unaudited pro-forma statement of financial position gives effect to the completion of the Arrangement incorporating the assumptions within Note 1, as if it had occurred on the date presented being March 31, 2020. These unaudited pro-forma financial statements are based on the following assumptions:

- a) The Company will receive \$250,000 cash from Empress in exchange for the issue of 5,000,000 common shares of the Company.
- b) The Company will receive certain marketable securities valued at \$322,231 on the date of the Arrangement and certain NSR royalties valued at \$1 from Alto in exchange for the issue of 4,615,384 common shares of the Company valued at \$230,769. Accordingly, the Company recorded a credit to reserve of \$91,463.
- c) The Company will conduct a private placement of \$1,060,000 by the issue of 21,200,000 common shares at a price of \$0.05 per share.
- d) The Company will cancel the incorporation share value at \$1.
- e) The Company will record an unrecognized gain on marketable securities of \$8,119, being the difference on the value of the marketable securities from March 5, 2020 to March 31, 2020.

3. MARKETABLE SECURITIES

A summary of marketable securities transferred and estimated values (subject to change) are as follows:

Company	# Shares	As at	
		March 31, 2020	March 5, 2020
Trakopolis IOT Corp.	7,500	\$ -	\$ -
Canoe Mining Ventures Corp.	1,342,700	214,832	161,124
Wescan Goldfields Inc.	305,000	16,775	12,200
New Age Metals Inc.	16,667	1,000	1,167
Razore Rock Resources Inc.	40,000	2,000	2,800
Osisko Mining Inc.	24,100	53,743	81,940
Sanatana Resources Inc.	4,200,000	42,000	63,000
		\$ 330,350	\$ 322,231

Empress Royalty Corp.

Notes to the Pro-Forma Financial Statements

For the period ended March 31, 2020

(Unaudited – Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets include NSR royalties to be transferred from Alto with a value of \$1.

NSR royalties currently held by Alto are as follows:

Windfall East, Quebec

Alto was granted a 1% NSR royalty by Osisko Mining Inc. ("Osisko"). Osisko has the right to buy back 0.5% of the NSR royalty for \$1 million. The Windfall East property lies adjacent to Osisko's Windfall project.

Coldstream, Ontario

Alto was granted by Wesdome Gold Mines Ltd., NSR royalties ranging from 0.5% to 1.5% on certain staked mineral claims, patented mineral claims and licences of occupation that made up Alto's former Coldstream project in the northwestern Ontario.

Empress, Ontario

Sanatana Resources Inc. ("**Sanatana**") has exercised its option in respect of the Empress project, which is now 100% owned by Sanatana, and Alto has been granted a 1% NSR royalty on the claims making up the Empress project.

NSR royalties that Alto will grant to the Company on closing of the Arrangement are as follows:

Three Towers, Ontario

Alto will grant a 0.5% NSR royalty on claims making up the Three Towers property. Currently the property is dormant.

Miner Lake, Ontario

Alto will grant a 0.5% NSR royalty on those claims already burdened by underlying royalties and 1% NSR royalty on claims that were staked by Alto and do not have underlying royalties.

Greenoaks, Ontario

Alto will grant a 0.5% NSR royalty on the Greenoaks property.

Empress Royalty Corp.

Notes to the Pro-Forma Financial Statements

For the period ended March 31, 2020

(Unaudited – Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Brookbank East, Ontario

Alto will grant a 1% NSR royalty on claims making up the Brookbank East property.

Golden Heart, Ontario

Alto will grant a 1% NSR royalty on the two staked claims making up the Golden Heart property.

Mud Lake, Ontario

Alto will grant 0.5% NSR royalty on those claims already burdened by underlying royalties and 1% NSR royalty on claims that were staked by Alto and do not have underlying royalties.

Destiny, Quebec

Alto will grant royalties on claims making up the Destiny project ranging from 0.5% to 1% NSR royalty depending on the underlying royalty burdens. On claims with no royalties, Alto will grant 1% NSR royalty and 0.5% NSR royalties on those claims with moderate underlying royalty burdens. For those claims burdened by 3% or more underlying royalties, Alto will grant a right of first refusal if the Company decides to do any future royalty of streaming financing.

Oxford Lake, Manitoba

Alto will grant from 0.5% to 1% NSR royalty on certain claims and mineral exploration licences depending on level of underlying royalties payable on each. For those claims burdened by 3% or more underlying royalties, Alto will grant a right of first refusal if the Company decides to do any future royalty of streaming financing.

Fisher, Saskatchewan

Alto will grant a 0.5% NSR royalty on the claim that is burdened by and underlying royalty and 1% on the claim staked by Alto. The property is currently dormant.

Dog Lake, Ontario

Alto will grant a 1% NSR royalty on the patented claims making up the Dog Lake property.

Empress Royalty Corp.

Notes to the Pro-Forma Financial Statements

For the period ended March 31, 2020

(Unaudited – Expressed in Canadian dollars)

5. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value.

Pro-Forma Issued

A summary of share capital activity as disclosed in Note 2 is as follows:

		Number of Shares	Share Capital
	<i>Note</i>		
Incorporation share		1	\$ 1
Empress shares	<i>2a</i>	5,000,000	250,000
Alto shares	<i>2b</i>	4,615,384	230,769
Private placement	<i>2c</i>	21,200,000	1,060,000
Cancellation of incorporation share	<i>2d</i>	(1)	(1)
TOTAL		30,815,384	\$ 1,540,769

6. INCOME TAXES

The pro-forma effective income tax rate that will be applicable to the operations of the Company is 27%.