Empress Resources Corp.
(formerly Cipher Resources Inc.)

Management's Discussion and Analysis

For the year ended March 31, 2019

(Expressed in Canadian dollars)

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Empress Resources Corp. (formerly Cipher Resources Inc.) (the "Company" or "Empress") for the year ended March 31, 2019 and up to the date of this MD&A, should be read in conjunction with the accompanying audited financial statements for the year ended March 31, 2019, 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 June 26, 2019.

DESCRIPTION OF COMPANY

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

The Company is primarily focused on the identification and investment in opportunities in lower mid-market precious and base metal mining projects, specifically those in production and at a late stage of development.

OPERATIONAL HIGHLIGHTS

Empress is focused on building a portfolio of investment opportunities in precious and base metal mining companies, concentrating on finding partners with development and production stage projects who require additional non-dilutive capital. Empress will bring a focused, financially disciplined approach to invest in these cost-effective operations with strong experienced management teams and excellent exploration potential. Empress will focus on streams and royalties 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. The management team is supported in these efforts by its significant shareholders, Endeavour Financial Limited (Cayman) ("Endeavour Financial") and Terra Capital Natural Resource Fund ("Terra Capital").

The Board of Directors (all of whom are independent) consists of:

- David Rhodes – Mr. Rhodes is a Managing Director of Endeavour Financial
- Paul Mainwaring – Mr. Mainwaring is Vice-President of Endeavour Financial
- Jeremy Bond – Mr. Bond is the Chief Investment Officer and founder of Terra Capital
- Duncan Gordon

The management team consists of :

- Alexandra Woodyer Sherron – Chief Executive Officer
- Dan O'Brien – Chief Financial Officer
- Doris Meyer – Corporate Secretary

During the year ended March 31, 2019 and up to the date of this MD&A, the Company completed the following:

- The Company completed two non-brokered private placements through the issuance of an aggregate of 47,789,000 units at a price of $0.10 per unit for gross proceeds of $4,778,900. Each unit consists of one common share and one common share purchase warrant exercisable into one common share at a price of $0.15 for a period of three years from the date of issue.

- The Company repaid all outstanding loans with principal and interest totalling $178,000.

- The Company entered into agreements with each of Endeavour Financial Limited (Cayman) ("Endeavour Financial") and SGG Consulting Ltd. ("SGG") (formerly with Cipher Research Ltd.) to provide the Company with additional financial and technical expertise. Each of Endeavour Financial and SGG were paid a fee for its services of $12,500 each per month before the agreements were terminated in April 2019. Management continues to be supported in its efforts by its significant shareholders, Endeavour Financial and Terra Capital.

TRENDS

The Company is primarily focused on lower mid-market precious and base metal mining projects, specifically those in production and at a late stage of development.

Issues of seasonality or market fluctuations have a minor impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net loss for each quarter. The Company's treasury, in part, determines the levels of activities.

The level of the Company's project investigation expenditures is largely determined by the strength of the resource capital and commodity markets and its ability to obtain investor support for its activities.

SELECTED ANNUAL INFORMATION

Annual information for the last three years is outlined below:

	For the years ended March 31,		
	2019	**2018**	**2017**
Revenue	-	-	-
Total Assets	**$ 2,599,624**	**$ 971,433**	**$ 18,545**
Total Liabilities	**$ 62,521**	**$ 1,700,954**	**$ 576,139**
Loss and comprehensive loss:			
(i) Total for the year	**$ (1,096,016)**	**$ (907,973)**	**$ (294,348)**
(ii) Per share - basic and diluted	**$ (0.02)**	**$ (0.08)**	**$ (0.06)**
Cash Dividends Declared	-	-	-

RESULTS OF OPERATIONS

During the year ended March 31, 2019, the Company recorded a net loss of $1,096,016 (2018 – $907,973).

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

Consulting fees for the year ended March 31, 2019 were $588,475 compared to $311,200 in the prior year. Consulting fees in the current year included $60,000 (2018 - $45,000) paid to the former Chief Executive Officer, $102,500 (2018 – $79,000) paid for the services of the Chief Financial Officer, Corporate Secretary and related services, $107,982 paid to Endeavour Financial, $294,600 paid to a third party, who became a related party in July 2018, $12,000 (2018 - $Nil) paid to a third party, and $11,393 (2018 - $187,200) paid to directors of the Company related to consulting services provided. Consulting fees in fiscal 2019 are expected to be reduced from fiscal 2019 and fiscal 2018 and only payable to the Chief Executive Officer and for the services of the Chief Financial Officer, Corporate Secretary and related services.

Directors fees for the year ended March 31, 2019 were $45,833 compared to $Nil in the prior year and include amount paid to two independent directors of the Company for director fees. Effective April 30, 2019, the Board of Directors resolved to stop paying director fees to independent directors.

Project evaluation and business development fees for the year ended March 31, 2019 were $275,000 compared to $Nil in the prior year. As described above, the Company engaged Endeavour Financial and SGG to provide the Company with additional financial and technical expertise for a fee of $12,500 per month from May 2018 until May 2019 when the agreements were terminated.

Professional fees for the year ended March 31, 2019 were $34,010 compared to $60,012 in the prior year. This category includes legal fees of $25,260 as well as audit fees of $8,750.

Property investigation costs for the year ended March 31, 2019 were $Nil compared to $345,880 in the prior year. The Company engaged unrelated third parties to investigate various projects for acquisition or investment. This category is expected to increase in fiscal 2019 as the Company investigates various investment opportunities.

SELECTED QUARTERLY INFORMATION

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

	4th Quarter Ended March 31, 2019	3rd Quarter Ended December 31, 2018	2nd Quarter Ended September 30, 2018	1st Quarter Ended June 30, 2018
(a) Net loss	$ (254,382)	$ (183,854)	$ (183,709)	$ (474,071)
(b) Per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.02)
(c) Total assets	$ 2,599,624	$ 2,799,670	$ 3,020,356	$2,937,741
	4th Quarter Ended March 31, 2018	**3rd Quarter Ended December 31, 2017**	**2nd Quarter Ended September 30, 2017**	**1st Quarter Ended June 30, 2017**
(a) Net loss	$ (7,535)	$ (235,378)	$ (132,861)	$ (532,199)
(b) Per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.06)
(c) Total assets	$ 971,433	$ 55,495	$ 42,202	$ 54,274

FOURTH QUARTER

The Company began the quarter with $2,693,835 cash. In the fourth quarter the Company expended $161,129 on operating activities, net of working capital changes, to end the quarter and the year with $2,532,706 cash.

LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal year with $931,394 cash. During the year ended March 31, 2019, the Company expended $1,641,988 on operating activities, net of working capital changes, spent $16,275 on investing activities and received $3,259,575 net cash from financing activities to end at March 31, 2019 with $2,532,706 cash.

By June 14, 2018, the Company closed a non-brokered private placement through the issuance of 41,779,000 units at a price of $0.10 per unit for gross proceeds of $4,177,900, of which $924,700 was received prior to the current period. The Company also paid cash finder's fees and other share issue costs of $384,580.

On August 7, 2018, the Company closed a non-brokered private placement through the issuance of 6,010,000 units at a price of $0.10 per unit for gross proceeds of $601,000. Each unit consists of one common share and one common share purchase warrant exercisable into one common share at a price of $0.15 for a period of three years. The Company paid finders' fees of $31,680 in cash and issued 316,800 common share purchase warrants of the same terms as described above.

The Company has not generated revenues from operations and as at March 31, 2019 had an accumulated deficit of $9,457,525 and working capital of $2,520,828. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. However, should the Company be successful in negotiating the acquisition of one or more investments the Company will need to raise additional financial resources likely through equity financings. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

RELATED PARTY TRANSACTIONS

	For the year ended March 31,	
Description	**2019**	**2018**
Consulting fees	$ 242,500	$ 271,200
Director fees	45,833	-
Project evaluation and business development fees	275,000	-
Rent	19,250	-
	$ 582,583	$ 271,200

Consulting fees

During the year ended March 31, 2019, the Company paid or accrued $82,500 (2018 - $Nil), to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by the CFO and Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, Corporate Secretary, and accounting and administrative staff to the Company.

During the year ended March 31, 2019, the Company paid or accrued $60,000 (2018 - $45,000) to the former Chief Executive Officer of the Company.

During the year ended March 31, 2019, the Company paid or accrued $100,000 (2018 - $Nil) to a company controlled by a director of the Company.

Director fees

During the year ended March 31, 2019, the Company paid or accrued $45,833 (2018 - $Nil) to two independent directors of the Company for director fees.

Project evaluation and business development fees

During the year ended March 31, 2019, the Company paid or accrued $137,500 (2018 - $Nil) to Endeavour Financial to provide the Company with additional financial and technical expertise. Endeavour Financial became a related party to the Company when on May 11, 2018, an officer of Endeavour Financial became a director of the Company. In April 2019, the Company terminated its four-year agreement with Endeavour Financial in exchange for the issuance of 750,000 common shares of the Company at a deemed value of $0.10 per share in lieu of twelve months notice.

During the year ended March 31, 2019, the Company paid or accrued $137,500 (2018 - $Nil) to SGG to provide the Company with additional financial and technical expertise. SGG is controlled by a former officer and director of the Company. In April 2019, the Company terminated its four-year agreement with SGG in exchange for the cash payment of $150,000 in lieu of twelve months notice.

Rent

During the year ended March 31, 2019, the Company paid or accrued $19,250 (2018 - $Nil) to the former Chief Executive Officer of the Company for office rent.

Amounts due to related parties

As at March 31, 2019, the Company owed $17,375 (2018 - $322,041) of which $5,000 was owing to a director for director fees and $12,375 to a director and Golden Oak for the reimbursement of expenditures. All amounts are unsecured and non-interest bearing.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

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

SHARE CAPITAL

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

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance at March 31, 2019 and the date of this MD&A	60,006,690	49,001,720	-
Issuance of common shares to Endeavour	750,000	-	-
	60,756,690	49,001,720	-

USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

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

(i) Critical accounting estimates

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

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

(ii) Critical accounting judgments

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

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

RECENT ACCOUNTING PRONOUNCEMENTS

Financial instruments

IFRS 9 Financial Instruments ("IFRS 9") replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") and all previous versions of IFRS 9. There was no material impact to the Company's financial statements as a result of adopting IFRS 9 on April 1, 2018.

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

Amortized cost

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

Fair value through other comprehensive income ("FVTOCI")

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

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

Fair value through profit or loss ("FVTPL")

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

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39	IFRS 9
Financial assets		
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost

New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are not yet effective as at March 31, 2019 and have not been applied in preparing these financial statements. Only those standards which are applicable to the Company have been described below.

New standard IFRS 16 "Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

The adoption of IFRS 16 is not expected to have a significant impact on the Company's financial statements, as the only lease currently held by the Company is a short-term office lease.

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

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

			March 31, 2019		**March 31, 2018**
Cash	FVTPL	$	2,532,706	$	931,394
Receivables	Amortized cost		19,874		-
Trade and other payables	Amortized cost		62,521		599,772
Loans payable	Amortized cost		-		176,482
Share subscriptions	Amortized cost		-		924,700

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

> Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
> Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
> Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Risk management

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

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to cash is low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to closely monitor cash forecasts and manage resources to ensure that there is sufficient capital in order to meet short-term business requirements. All of the company's financial liabilities are classified as current and are anticipated to be settled in the next sixty days.

Interest Rate Risk

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

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

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

ADDITIONAL INFORMATION

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