

**EMPEROR METALS INC.**  
(the “Company” or “Emperor”)

**Form 51-102F1**  
**MANAGEMENT’S DISCUSSION and ANALYSIS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2021**

The following Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the condensed interim financial statements of the Company and the notes thereto for the three and nine months ended October 31, 2021 (the “Financial Statements”). Consequently, the following discussion and analysis of the results of operations and financial condition of Emperor should be read in conjunction with the Financial Statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should be aware that historical results are not necessarily indicative of future performance. This MD&A has been prepared based on information known to management as of December 29, 2021.

**Forward-Looking Statements**

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below. The Company assumes no obligation to update or revise forward looking statements to reflect new events or circumstances except as required by law.

**Description of Business**

Emperor Metals Inc. was incorporated under the Business Corporations Act (British Columbia) on September 22, 2020 as “Alchemy Resources Corp.” The Company changed their name on October 7, 2020 to “Emperor Metals Inc.”. The Company’s head office is at 250 South Ridge NW, Suite 300, Edmonton, Alberta T6H 4M9. The Company is focused on evaluating, acquiring, and exploring mineral properties in Canada. On July 27, 2021, the common shares of the Company were listed on the Canadian Securities Exchange (the “Exchange” or “CSE”) and began trading under the symbol “AUOZ”.

**Property Acquisitions**

*(more information on these properties can be found on page 7 under the heading “Mineral Properties”)*

Hemlo North Property

On December 7, 2020, the Company acquired a 100% interest in the Hemlo North Property by issuing 600,000 common shares of the Company (recorded at a fair value of \$60,000, or \$0.10 per share). The property is comprised of 12 mineral claims and is located in Ontario. The claims are subject to a 2.0% Net Smelter Royalty (“NSR”).

Pine Grove and Pic River Properties

On December 7, 2020, the Company acquired a 100% interest in the Pine Grove and Pic River Properties by issuing 3,000,000 common shares of the Company (recorded at a fair value of \$300,000, or \$0.10 per share). The properties are comprised of 118 mineral claims and are located in Ontario. The claims are subject to a 2.0% NSR.

## **Assignment Agreement**

On November 30, 2021, the Company entered into an agreement (“Assignment Agreement”) with RIVI Opportunity Fund and RIVI Capital (collectively, “RIVI”) to acquire all indebtedness payable by Golden Dawn Minerals Inc. (“GDM”) to RIVI for loan advances totalling over US\$8,183,800. As additional security for the payment of the GDM Indebtedness, GDM or its affiliates executed and delivered to RIVI, certain security documents (collectively, the “Security Documents”), including a mortgage of the undersurface rights of a portion of the Mining Properties, a mortgage of the surface rights of a portion of the Mining Properties, a general security agreement over all of the undertaking of GDM (including all of its other properties), and the guarantees of the GDM Indebtedness by GDM’s two subsidiary corporations.

Pursuant to the Assignment Agreement, RIVI will assign the GDM Indebtedness and the Security Documents to the Company (the “Assignment”) within 15 days of the acceptance of the Assignment Agreement by the Canadian Securities Exchange (the “Exchange”), the date of such Assignment being the “Assignment Date”.

Following the Assignment Date, Emperor will use commercially reasonable efforts to enforce and prosecute the Security Documents, in order to obtain possession of all of GDM’s mining properties, either through negotiation with GDM or litigation. In addition, the Company proposes to complete an equity financing to raise at least \$2.0 million on terms to be announced.

The closing of the transaction is subject to the completion of certain conditions precedent, including:

- (a) The completion of the financing;
- (b) Emperor Metals having obtained possession of the Mining Properties, free and clear of all financial encumbrances, liens, or indebtedness; and
- (c) The Exchange’s acceptance of the transaction.

On December 22, 2021, Emperor mutually agreed with RIVI to terminate the Assignment Agreement among them in order for RIVI to accept an offer from Golden Dawn to enter into a new restructuring agreement with Golden Dawn for its repayment of the GDM Indebtedness.

## **Non-Offering Prospectus**

On July 26, 2021, the Company completed a non-offering prospectus (the “NOP”) with the securities regulatory authorities in the Province of British Columbia. No securities were sold pursuant to the NOP and no proceeds were raised. All expenses incurred in connection with the preparation and filing of the NOP were paid by the Company from its general funds. The Company’s common shares began trading on the CSE on July 27, 2021 under the symbol “AUOZ”. A copy of the NOP is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Overall Performance**

The Company's first year end was January 31, 2021. Since then, Emperor has completed a ground magnetic survey, a soil survey and prospecting of its Pine Grove Property at a cost of \$129,054 to satisfy listing requirements for historical expenditure on its material property of merit and its subsequent sampling program at end of October. The Company completed the NOP and is continuing exploration work on its mineral properties.

The Company’s financial performance is dependent upon many external factors. Both prices and markets for metals are volatile, difficult to predict, and subject to changes in domestic and international, political, social and economic environments. Circumstances and events beyond its control could materially affect the financial performance of the Company. As a junior mining issuer, the Company is highly subject to the cycles of the mineral resource sector and the financial markets as they relate to junior companies

## Selected Annual Information

Year ended	Jan 31, 2021
Total Revenue (\$)	Nil
Total assets (\$)	2,237,618
Current liabilities (\$)	235,063
Non-current liabilities (\$)	Nil
Net loss (\$)	(401,613)
Basic and diluted loss per common share (\$)	(0.03)
Weighted average number of common shares outstanding	12,851,901

## Summary of Quarterly Results

The following table summarizes financial data for the most recently completed quarters:

Quarter ended	Oct 31, 2021	Jul 31, 2021	Apr 30, 2021	Jan 31, 2021
Total revenue (\$)	Nil	Nil	Nil	Nil
Net income (loss) (\$)	(108,468)	(106,606)	(80,787)	(401,613)
Basic and diluted net loss per common share (\$)	(0.00)	(0.00)	(0.00)	(0.03)

## Results of Operations

The Company was incorporated on September 22, 2020. As such, the Company does not have comparative financial information.

### For the three months ended October 31, 2021

During the three months ended October 31, 2021 (“the current quarter”), the Company incurred a net loss of \$108,468. General and administrative expenses for the current period, consisting of advertising and promotion, consulting fees, management fees, office and administrative, professional fees and regulatory and filing fees, totaled \$116,121 Corporate expenses in the current period include the following:

- Advertising and promotion of \$31,280 include website and marketing related expense incurred in the current quarter;
- Consulting fees of \$22,500 include professional services paid for corporate development in the current quarter;
- Management fees of \$31,500 include management services rendered in connection with corporate activity and project evaluation;
- Office and administrative expenses of \$14,483 include office, bank fees and rent paid in the current quarter;
- Professional fees of \$12,962 include general legal and accounting fees incurred in the current quarter;
- Regulatory and filing fees of \$3,396 include transfer agent expenses incurred during the current quarter;

Partially offsetting expenses, the Company received interest income of \$1,904 and a non-cash recovery of \$5,749 was recorded for settlement of a flow-through liability.

### For the nine months ended October 31, 2021

During the nine months ended October 31, 2021 (“the current period”), the Company incurred a net loss of \$215,074. General and administrative expenses for the current period, consisting of advertising and promotion, consulting fees, initial listing fees, management fees, office and administrative, professional fees and regulatory and filing fees, totaled \$302,094. Corporate expenses in the current period include the following:

- Advertising and promotion of \$36,470 include website and marketing related expense incurred in the current period;
- Consulting fees of \$22,500 include professional services paid for corporate development in the current period;
- Management fees of \$87,000 include management services rendered in connection with corporate activity and project evaluation;
- Office and administrative expenses of \$28,832 include office, bank fees and rent paid in the current period;
- Professional fees of \$27,962 include general legal and accounting fees incurred in the current period;
- Regulatory and filing fees of \$12,228 include transfer agent expenses incurred during the current period;

In addition to the above expenses, the Company also incurred one-time professional and legal fees directly related to obtaining its initial listing on the CSE in the amount of \$87,102.

Partially offsetting expenses, the Company received interest income of \$6,521 and a non-cash recovery of \$80,499 was recorded for settlement of a flow-through liability.

The principal business carried on and intended to be carried on by the Company is the acquisition, exploration and development of mining properties. The Company’s principal business carried on since incorporation and expected to be carried on by the Company during the current financial year is exploration operations on its mineral properties. In the next twelve months, the Company intends to use existing working capital and net proceeds raised from the private placement to carry out the recommended exploration program on its exploration properties and for general working capital purposes.

The Company’s mineral properties are exploration stage and as such the Company does not foresee any revenues in the near term. Certain risks are set forth below.

### **Financial Instruments**

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

### General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company’s risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company’s finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

#### *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian Dollars. The Company considers this risk to be minimal.

#### *Interest rate risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities, therefore interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

#### Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada. The Company is not exposed to any material credit risk. The Company's maximum exposure to credit risk is \$29,626.

#### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at October 31, 2021, all of the Company's financial liabilities are due within one year.

As at October 31, 2021, the Company's working capital was \$1,239,677 and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

#### Determination of fair value

The statements of financial position carrying amounts for cash, goods and services tax receivable, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

## Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve inventor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

## **Related party transactions**

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

<b>For the nine months ended</b>	<b>October 31, 2021</b>
<b>Management fees paid to key management and directors</b>	<b>\$ 87,000</b>
	<b>\$ 87,000</b>

## **Liquidity and Capital Resources**

The 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 continuing operations of the Company are dependent upon its ability to obtain adequate financing in the future.

Working capital at October 31, 2021 was \$1,239,677. As of the date of this MD&A, the Company has working capital of approximately \$1,200,000. Management expects to have sufficient funds to continue operations for the next 18 to 24 months with an estimated monthly burn rate of \$50,000.

On December 30, 2020, the Company completed a non-brokered private placement of 17,231,000 units at \$0.10 per common share to raise \$1,723,100 in gross proceeds. The Company also paid finders' fees of \$78,160 and issued 781,600 agent warrants to certain arm's length finders. Each whole agent warrant is exercisable to acquire one additional common share at \$0.10 per share until two years from issuance.

On December 31, 2020, the Company completed a flow-through private placement of 1,625,000 flow-through common shares at \$0.20 per common share to raise \$325,000 in gross proceeds. The proceeds from the flow-through common shares will be used to incur qualifying Canadian exploration expenses, on the Company's mineral properties, which the Company will renounce to the subscribers. Each subscriber may be entitled to their pro rata share of the flow-through expenses renounced, less any government assistance.

## **Outstanding Share Data**

The following table summarizes the Company's outstanding share capital as of the date hereof:

	<b>December 29, 2021</b>
Common shares outstanding:	<b>30,656,000</b>
Options outstanding @ 0.10	2,725,000
Warrants outstanding @ 0.10	781,600
Fully diluted	<b>34,162,600</b>

As at October 31, 2021, and the MD&A date, 4,365,000 common shares are held in escrow.

## Mineral Properties

### Pine Grove

#### *Overview*

The Pine Grove project is located approximately 40 kilometres east-northeast of Marathon in northwestern Ontario, Canada. The project is located within the prolific Wawa-Abitibi Terrane, which hosts several world-class deposits including the Hemlo, Dome, Detour Lake and Island Gold producing mines. Shear-hosted, disseminated-replacement-stockwork and intrusion-related gold deposits are all viable exploration targets in the region.

The Pine Grove project is situated on the eastern edge of the Schreiber-Hemlo greenstone belt in a similar geological setting to the Hemlo Gold Mine. Mineralization is associated with regional-scale north and northeast trending shear zones and is generally hosted in mafic volcanics and banded iron formations. Coincident gold-in-soil anomalism and structural zones indicated by geophysics in historical datasets represent strong targets for future exploration.

Pine Grove is Emperor's material property of merit and the focus of its exploration.

An independent Technical Report summarizing the Pine Grove property geology, geophysics, geochemistry and gold potential has been prepared by Steven Flank, P.Geol. of Bayside Geoscience Inc. based in Thunder Bay, Ontario. Accordingly, work programs were planned to include ground-based or airborne geophysics to further define key structures, and detailed surface mapping and sampling to develop drill targets for the Pine Grove project.

As part of the Phase 1a Exploration recommended by the independent Technical Report, Emperor commissioned a ground geophysical survey that was completed over the Pine Grove Property between April 6th and May 3rd, 2021. The objective of the survey was to obtain high-resolution magnetic data of the entire Pine Grove Property. The survey was completed using a high sampling rate paired with closely spaced survey lines to enable the detection of subtle magnetic anomalies and to characterize the magnetic fabric associated with different lithological units.

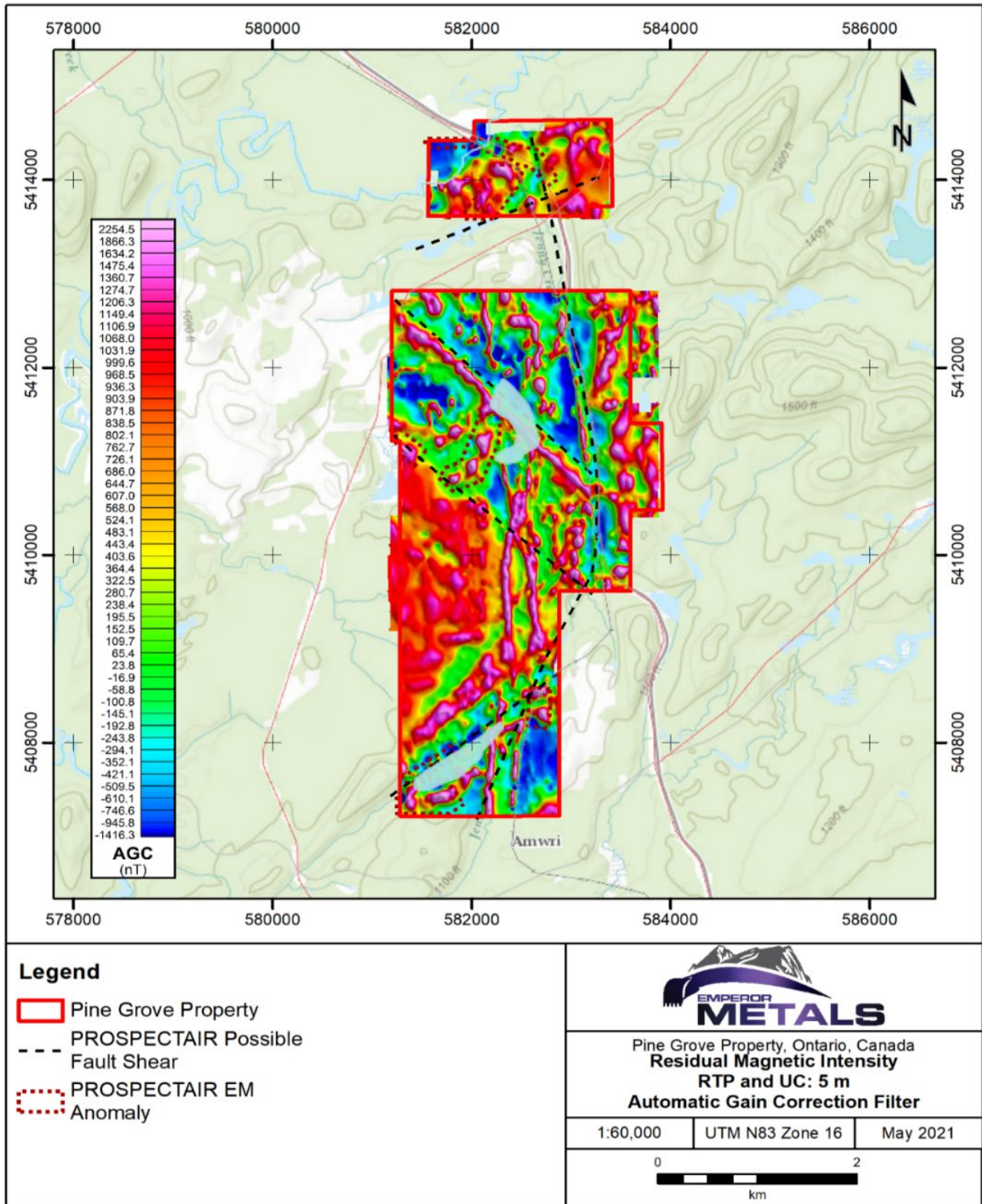
The magnetics (MAG) survey grid consisted of 120 survey lines orientated east-west over the Property, including: 69 traverse lines spaced 100 metres (m) apart; 32 infill lines over the central region offset at 50 m from the main grid and 19 infill lines also offset 50 m from the main grid along the south of the grid. The survey lines were nominally 1,825 m in the north, 2,600 m in the central region, 1,700 m in the south. The survey totaled 196.34 line-km.

Phase 1a of the recommended exploration program remains incomplete. Interpretation of the ground magnetics survey data will be completed as part of Phase 1a, along with an EM survey, among other work. At the end of October, a soil (246) and rock sampling (16) program was completed. Results are pending.

#### **Table of Ground Geophysical Grid Summary Statistics**

<b>Survey method</b>	<b>Survey days</b>	<b>Grid lines</b>	<b>Line spacing (m)</b>	<b>Line lengths (m)</b>	<b>Total stations</b>	<b>Station spacing (m)</b>	<b>Total line-km</b>
MAG	28	120	50-100	1,700-2,600	424,760	0.76	196.34

**Ground Magnetics Survey – Residual Magnetic Intensity Figure**





## Hemlo North

### *Overview*

The Hemlo North project area is located approximately 4km to the east along strike from the Pine Grove Project and is situated within the same portion of the Schreiber-Hemlo Greenstone Belt. The Hemlo North project lithology, alteration, and structural setting correlate well with the Hemlo Gold District to the southwest. Mineralization within the project area is concentrated along a major east-west shear zone, proximal to multiple intrusions that serve as potential sources of gold-bearing fluids.

A ground magnetic survey was completed in May 2021. Near term expenditures are intended to satisfy assessment requirements only, until it can be determined that Hemlo North is a material property of merit.

## Pic River

### *Overview*

The Pic River Project is located approximately 10km east-southeast from the town of Marathon along Highway 17. The project area is situated approximately 15km west along strike from the Hemlo Gold Mine, on the same east-west mineralized trend and proximal to the Hemlo Shear Zone. The Pic River Project hosts similar stratigraphy to the Hemlo Gold Mine, including barite beds commonly associated with ore zones at the Hemlo.

A ground magnetic survey was completed in May 2021. Near term expenditures are intended to satisfy assessment requirements only, until it can be determined that Pic River is a material property of merit.

## **Risks and Uncertainties**

### *Mining Risks*

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sale of gold by central banks, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

### *Business Risks*

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Financial risks include commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.

Regulatory risks include possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company and include increased fees for filings as well as the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

#### *Competition*

The mineral exploration and mining business is competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive exploration and evaluation properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present Property, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

#### *Price Volatility and Lack of Active Market*

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

#### *Key Executives*

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives.

#### *Potential Conflicts of Interest*

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

#### *Dividends*

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

### *Nature of the Securities*

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

### **Off-Balance Sheet Transactions**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

### **Proposed Transactions**

None.

### **Outlook**

The Company is presently working to complete Phase 1a of the recommended exploration program.

### **Qualified Person**

The disclosures contained in this MD&A regarding the Company's exploration and evaluation properties have been prepared by, or under the supervision of Mr. Mike Dufresne, M.Sc., P.Geol., P.Geo., a principal of APEX Geoscience Ltd. and a Qualified Person for the purposes of National Instrument 43-101.

### **Approval**

The Audit Committee on behalf of the Board of Directors of the Company approved the disclosures contained in this MD&A.

### **Other Information**

Additional information related to the Company and risk factors is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).