EMPIRE METALS CORP.
(formerly Empire Rock Minerals Inc.)
Management's Discussion and Analysis of Financial
Condition and Results of Operations
For the year ended December 31, 2016

May 1, 2017

This management's discussion and analysis ("MD&A") focuses on events and activities that affected Empire Metals Corp. ("Empire" or the "Company") during the year ended December 31, 2016 and to the date of this report. The MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2016. Consequently, the following discussion and analysis should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 and the notes thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated. Additional information related to Empire is available for view on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and Empire undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

OVERVIEW

Empire Metals Corp. is a mineral resource exploration company. Empire's shares are listed and called for trading on the TSX Venture Exchange under the trading symbol "EP". Empire's principal business is the acquisition, exploration and development of mineral properties with a primary focus on exploration properties demonstrating strong potential for hosting large scale ore bodies.

In 2010, the Company entered into an option agreement with Leeta Gold Corp. (formerly Pierre Enterprises Ltd.) ("Leeta") for Leeta to acquire a 70% interest in the Beardmore Gold Property (part of Gwyn Lake Gold property) located in the Thunder Bay Mining Division, Northwestern Ontario, Canada.

In 2011, the Company granted an option agreement to Goldbank Mining Corporation ("Goldbank") to earn up to 90% of the Company's interest in the Buck Lake Project located in the Thunder Bay Mining Division, Ontario. On July 24, 2014, the Company entered into a purchase agreement with Goldbank for the Company to acquire Goldbank's 51% interest in the Buck Lake Property. Pursuant to the agreement, the Company issued 2,200,000 common shares to Goldbank and issued a promissory note in the amount of $250,000 to Goldbank (paid with 1,500,000 common shares on May 30, 2016).

In 2015, the Company entered into an option agreement to acquire an 80% interest in 16 mineral claim units referred to as the Graphite West Project located in the Porcupine Mining Division, Ontario, Canada.

In 2015, the Company entered into an option agreement to acquire a 100% interest in two groups of mineral claims totaling 77 units known as the NAP Claims and Jordain Claims. The NAP Claims and Jordain Claims are adjacent to, or in the vicinity of, the Company's Buck Lake Platinum, Palladium and Nickel property where the Company is exploring for platinum, palladium and nickel mineralization in a mafic/ultramafic intrusive body.

In 2016, the Company entered into an option agreement to acquire a 70% interest in certain metallic and industrial mineral permits which are primarily located in the Fox Creek area in the province of Alberta, Canada and entered into another option agreement to acquire a 100% interest of the Well Permit in the province of Alberta, Canada.

EXPLORATION AND EVALUATION EXPENDITURES

The following schedule presents exploration expenditures incurred by Empire during the year ended December 31, 2016 and 2015:

	Buck Lake Project $	Fox Creek Lithium Project $	Gwyn Lake $	Graphite West $	Total $
Acquisition costs:					
Balance, December 31, 2015	470,285	–	153,350	47,000	670,635
Additions	19,471	449,075	–	24,000	492,546
Option payment received	–	–	(100,000)	–	(100,000)
Balance, December 31, 2016	489,756	449,075	53,350	71,000	1,063,181
Exploration costs:					
Balance, December 31, 2015	1,085,142	–	878,994	–	1,964,136
Assays (Note 8)	16,554	–	3,800	–	20,354
Fieldwork	–	3,234	–	–	3,234
Property exploration (Note 8)	164,195	35,322	26,983	–	226,500
Travel and accommodations (Note 8)	–	–	6,431	–	6,431
Balance, December 31, 2016	1,265,891	38,556	916,208	–	2,220,655
Net carrying value, December 31, 2016	1,755,647	487,631	969,558	71,000	3,283,836

	Anne Mark/ Plata North $	Buck Lake Project $	Gwyn Lake $	Horka $	Graphite West $	Total $
Acquisition costs:						
Balance, December 31, 2014	286,305	442,235	153,350	50,836	–	932,726
Additions	–	28,050	–	–	47,000	75,050
Impairment	(286,305)	–	–	(50,836)	–	(337,141)
Balance, December 31, 2015	–	470,285	153,350	–	47,000	670,635
Exploration costs:						
Balance, December 31, 2014	44,599	952,345	821,974	313,350	–	2,132,268
Assays (Note 8)	–	4,797	1,520	–	–	6,317
Claims maintenance	–	–	1,600	–	–	1,600
Equipment rental	–	–	–	–	–	–
Fieldwork (Note 8)	–	128,000	47,122	–	–	175,122
Travel and accommodations (Note 8)	–	–	6,778	–	–	6,778
Impairment	(44,599)	–	–	(313,350)	–	(357,949)
Balance, December 31, 2015	–	1,085,142	878,994	–	–	1,964,136
Net carrying value, December 31, 2015	–	1,555,427	1,032,344	–	47,000	2,634,771

Buck Lake Platinum, Palladium, and Nickel Project, Thunder Bay, Ontario, Canada

On July 24, 2014, the Company entered into a purchase agreement with Goldbank for the Company to acquire Goldbank's 51% interest in the Buck Lake Platinum, Palladium, and Nickel Project. Pursuant to the agreement, the Company issued 733,333 common shares to Goldbank and issued a promissory note in the amount of $250,000 to Goldbank. During the year ended December 31, 2016, the Company issued 1,500,000 common shares to settle the promissory note owing to Goldbank.

The Company holds a 100% interest in the Buck Lake Platinum, Palladium, and Nickel Project located 25 kilometers west of newly reorganized North American Palladium Corp.'s Lac des Iles Mine near Thunder Bay, Ontario, Canada. The Buck Lake Project is subject to a 2.5% net smelter returns royalty in favour of the original vendors.

The Company successfully completed its 2015 exploration program where exploration focused on outcrops exposed by recent logging operations and road building which greatly enhanced the Company's exploration efforts.

NAP and Jordain Claims – Ontario, Canada

On October 14, 2015, the Company entered into an option agreement to acquire a 100% interest in two groups of mineral claims totaling 77 units known as the NAP Claims and Jordain Claims. The NAP Claims and Jordain Claims are adjacent to, or in the vicinity of, the Company's Buck Lake Platinum, Palladium and Nickel property where the Company is exploring for platinum, palladium, and nickel mineralization in a mafic/ultramafic intrusive body.

Under the terms of the option agreement, the Company can acquire a 100% interest in the NAP Claims and Jordain Claims, subject to a 1% net smelter royalty, by making payments totalling $74,000 and issuing a total of 80,000 common shares as follows:

Cash to be paid:
- $24,000 upon TSX Venture Exchange acceptance of the option agreement (paid on December 18, 2015);
- $30,000 on or before October 15, 2016 (extended); and
- $20,000 on or before October 15, 2017.

Shares to be issued:
- 45,000 common shares within ten days of TSX Venture Exchange acceptance of the option agreement (issued on November 13, 2015); and
- 35,000 common shares to be issued on or before October 15, 2016 (issued on October 14, 2016).

Orbit Lake Claims – Ontario, Canada

On October 11, 2016, the Company entered into an option agreement to acquire a 100% interest in 2 mineral claim units located in the Thunder Bay Mining Division, Ontario, Canada.

Under the terms of the option agreement, the Company can acquire a 100% interest in the Orbit Lake claims, subject to a 1.5% net smelter returns royalty, by paying $7,000 (paid) and issuing 25,000 common shares (issued on November 8, 2016). The Orbit Property is situated about 22 kilometres south of the Company's Buck Lake Platinum, Palladium and Nickel project where the Company is exploring for platinum, palladium and nickel mineralization in a mafic/ultramafic intrusive body, and near the NAP and Jordain Claims on which the Company has an option to acquire a 100% interest.

Fox Creek Lithium Project – Fox Creek, Alberta, Canada

On April 11, 2016, the Company entered into an agreement to acquire a 70% interest in certain metallic and industrial mineral permits which are primarily located in the Fox Creek area in the province of Alberta, Canada together with a 100% ownership of two newly incorporated private Alberta companies for consideration of $100,000 (paid) and the issuance of 1,200,000 common shares of the Company (issued on May 16, 2016). Upon acquisition of a 70% interest, the Company shall incur the first $2,000,000 in development, production, and all other expenses with respect to the permits. The permits are subject to a 2.2% royalty in favour of the original vendors of the permits.

The Company has an interest in 758,000 contiguous acres covering numerous Devonian oil and gas fields at the Fox Creek Lithium project in Alberta, Canada, where current petroleum production is from lithium enriched brines. The Fox Creek Lithium Brine Project consists of 36 industrial minerals permits giving the Company the right to extract lithium and other industrial minerals including potassium, boron, bromine, and magnesium contained in the brines.

Well Permit – Alberta, Canada

The Company holds a 100% interest in the Well Permit, a metallic and industrial mineral permit adjacent to and contagious with the Company's Fox Creek Mineral Permits at Fox Creek, Alberta. On May 6, 2016, the Company entered into an option agreement to acquire a 100% interest in the Well Permit located in the Fox Creek area in the province of Alberta, Canada. The Well Permit is a 6,912 hectare metallic and industrial mineral permit which allows the Company to potentially recover lithium, potassium, boron, bromine and other important elements from brines underlying the permit area.

The terms of the option agreement provided that the Company can acquire a 100% interest in the Well Permit, subject to a 2% net smelter returns royalty, by making payments totalling $20,000 and issuing 100,000 common shares as follows:

Cash to be paid:

- $10,000 within five days of TSX Venture Exchange acceptance of the option agreement (paid on June 15, 2016); and
- $10,000 on or before May 6, 2017. (paid on April 28, 2017)

Shares to be issued:

- 50,000 common shares within five days of TSX Venture Exchange acceptance of the option agreement (issued June 1, 2016); and
- 50,000 common shares on or before May 6, 2017. (issued on April 28, 2017)

Gwyn Lake Gold Property – Ontario, Canada

The Company holds a 100% interest in the Gwyn Lake claims located in the Thunder Bay Mining District of Ontario. The claims are subject to a 1% net smelter return royalty which the Company may purchase at any time for $500,000.

The Company also holds a 100% interest in certain additional mineral claims contiguous to the Gwyn Lake Claims. These claims are also subject to a 1% net smelter royalty return.

On January 12, 2010, the Company entered into an option agreement to grant Leeta Gold Corp. ("Leeta"), a public company with two common former directors, the option to acquire a 70% interest in the Beardmore Gold Property, which comprises a portion of Gwyn Lake claims. As consideration, Leeta was to pay $180,000 over four years as follows:

	Cash	Paid
On or before June 1, 2010	$ 10,000	Settled with 74,074 shares
On or before June 28, 2011	20,000	Settled with 37,037 shares
On or before June 28, 2012	50,000	$25,000 paid in 2013
On or before December 31, 2013	100,000	Extended
	$ 180,000	

A $10,000 payment due on June 1, 2010 and a $20,000 payment due on June 28, 2011 were not settled in cash. On February 16, 2012, the Company accepted 111,111 Leeta shares as settlement of these payments totalling $30,000.

Under the agreement, Leeta must also incur exploration and development expenditures on the property of $500,000 on or before September 30, 2013 (extended).

By letter agreement dated September 1, 2016 the Company and Leeta confirmed the following new terms for the completion of the acquisition of a 70% interest in the Beardmore gold property by Leeta:

1. Immediate cash payment of $135,000 by Leeta to the Company for payment of outstanding property obligations (paid $100,000); and
2. $265,000 payment by Leeta to the Company for exploration (paid on September 26, 2016).

Graphite West Claims – Ontario, Canada

On November 4, 2015, the Company entered into an option agreement to acquire an 80% interest in 16 mineral claim units referred to as the Graphite West Project located in the Porcupine Mining Division, Ontario, Canada.

Under the terms of the option agreement, the Company can acquire an 80% interest in the Graphite West Project, subject to a 1% net smelter returns royalty, by paying $20,000 (paid) and issuing a total of 1,800,000 common shares to Bluenose over three years as follows:

- 600,000 common shares to be issued within five days of TSX Venture Exchange acceptance of the option agreement (issued on December 15, 2015);
- 300,000 common shares to be issued on or before February 15, 2016 (issued on February 12, 2016); and
- 900,000 common shares to be issued on or before December 31, 2017.

The Company will be responsible for incurring exploration and related business development expenditures totalling $400,000 over four years.

SELECTED ANNUAL INFORMATION

The following table presents selected consolidated financial information for the years ended December 31, 2016, 2015 and 2014.

	December 31, 2016	December 31, 2015	December 31, 2014
	$	$	$
Net loss	(620,883)	(1,119,884)	(359,085)
Basic and diluted loss per share	(0.03)	(0.12)	(0.05)
Total assets	3,314,986	2,702,342	3,113,925

RESULTS OF OPERATIONS

Empire incurred a net loss of $620,883 for the year ended December 31, 2016, as compared to a net loss of $1,119,884 for the comparable period in 2015. The decrease in net loss of $499,001 was mainly due to the following expenses:

- bad debts for $nil (2015: $2,000);
- impairment of exploration and evaluation assets for $nil (2015: $695,090);
- professional fees for $30,905 (2015: $88,550);
- management fees for $nil (2015: $30,000)
- write-off of accounts payable for $nil (2015: $43,782); and
- travel and promotion for $nil (2015: $9,996)

With a corresponding increase in net loss due to the following expenses:

- interest and bank charges for $212,041 (2015: $178,452) due to interest charged on unpaid principal and outstanding interest;
- office and miscellaneous for $60,809 (2015: $56,306);
- salaries for $36,365 (2015: $10,729);
- corporate administration for $85,309 (2015: $56,600);
- transfer agent and filing fees for $23,204 (2015: $19,912);
- unrealized gain on marketable securities for $nil (2015: $17,569);
- loss on disposal of marketable securities for $6,285 (2015: $nil);
- finance costs for $82,765 (2015: $nil);
- loss on settlement of debt for $50,000 (2015: $nil); and
- write-off of loan payable for $400 (2015: $nil).

Year ended December 31, 2015:

Empire incurred a net loss of $1,119,884 for the year ended December 31, 2015, as compared to a net loss of $359,085 for the comparable period in 2014. The increase in net loss of $760,799 was mainly due to an increase in the impairment of exploration and evaluation assets by $695,090; an increase in interest and bank charges by $87,564; an increase in office and miscellaneous by $58,473; an increase in salaries by $10,729; an increase in transfer agent and filing fees by $4,652; and an increase in bad debts by $2,000 offset by a decrease in accounts payables by $43,782; a decrease in unrealized loss on marketable securities by $28,137; a decrease in consulting fees by $17,158; a decrease in travel and promotion by $4,277; a decrease in professional fees by $3,000; and a decrease in property investigation costs of $1,355.

SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for the last eight quarters:

	2016 Q4 $	2016 Q3 $	2016 Q2 $	2016 Q1 $	2015 Q4 $	2015 Q3 $	2015 Q2 $	2015 Q1 $
Revenue	-	-	-	-	-	-	-	-
Net loss	(247,462)	(111,216)	(115,435)	(146,770)	(133,122)	(94,076)	(820,788)	(71,898)
Basic/diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.10)	(0.01)

The Company has no seasonality effect and its general trend is quite stable. The losses over the eight quarters are primarily due to consulting fees, professional fees and salaries. The second quarter net loss of 2015 is larger than usual due to impairment of exploration and evaluation assets of $711,517 recognized.

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL INSTRUMENTS AND RISKS

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2016 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2016 $
Cash	910	–	–	910
Marketable securities	4,000	–	–	4,000
Total assets measured at fair value	4,910	–	–	4,910

The fair values of other financial instruments, which include amounts receivable, loan receivable, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company may be exposed to the financial risk related to the fluctuation of foreign exchange rates. As at December 31, 2016, the Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016, Empire held cash on hand of $910 (2015: $860), current assets totalled $31,150 (2015: $67,571) and current liabilities totalled $1,605,747 (2015: $1,729,895) which resulted in a working capital deficiency of $1,574,597 (2015: $1,662,324).

In the short term, the Company will continue to rely on advances/ services from shareholders/ creditors to fund payment of immediate operating costs, such as sustaining fees, rent, accounting and audit fees.

In the long term, the Company will undertake a series of ongoing private placement equity offerings to regularly fund ongoing operations and its planned program of property exploration and development, acquisitions of property interests, and planned working capital requirements.

Management anticipates the raising of additional funding through sale of its securities to enable the Company to fund ongoing operations. The accompanying financial statements have been prepared on the basis of IFRS applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability to raise additional capital. Specifically, the recovery of the Company's investment in resource properties and related deferred costs is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties or from the proceeds of their disposition. If the Company were unable to continue as a going concern it is likely that assets would be realized at amounts significantly lower than the carrying value and the Company may not be able to satisfy all its obligations.

FOURTH QUARTER

Empire incurred a net loss of $247,462 for the three months ended December 31, 2016, as compared to a net loss of $133,122 for the comparable period in 2015. The increase in net loss of $114,340 was mainly due to the following expenses:

- impairment of exploration and evaluation assets for $nil (2015: ($16,427));
- corporate administration for $77,809 (2015: $49,061);
- unrealized gain on marketable securities for $nil (2015: $17,569);
- financing costs for $82,765 (2015: $nil);
- loss on settlement of debt for $50,000 (2015: $nil); and
- write-off of accounts payable for $nil (2015: $43,782)

With a corresponding decrease in net loss due to the following expense:

- bad debts for $nil (2015: $2,000);
- interest and bank charges for ($14,333) (2015: $54,978);
- management fees for $nil (2015: $7,500);
- office and miscellaneous for $30,048 (2015: $31,143);
- professional fees for $9,001 (2015: $10,600);
- salaries for $1,552 (2015: $10,729);
- transfer agent and filing fees for $2,620 (2015: $10,554); and
- travel and promotion for $nil (2015: $9,996);

TRANSACTIONS WITH RELATED PARTIES

(a) As at December 31, 2016, the amount of $300 (2015 - $3,450) was owed to a company with common directors, which was recorded in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured, and due on demand.

(b) As at December 31, 2016, the amount of $1,080,082 (2015 - $1,035,888) was owed to a shareholder of the Company who has significant influence in the Company's operations and companies controlled by this shareholder, which was recorded in accounts payable and accrued liabilities. Of this amount, $1,080,082 (2015 - $911,419) bears interest at 2% per month, is unsecured, and due on demand.

(c) During the year ended December 31, 2016, the Company incurred the following expenditures to a shareholder of the Company who has significant influence in the Company's operations and companies controlled by this shareholder:

- Interest expense of $213,678 (2015 - $171,825);
- Management fees of $nil (2015 - $30,000);
- Corporate administration costs of $85,309 (2015 - $56,600);
- Office and miscellaneous expenses of $38,831 (2015 - $nil);
- Professional fees of $12,000 (2015 - $79,550);
- Rent of $33,600 (2015 - $33,600);
- Assays of $nil (2015 - $1,520);
- Fieldwork of $456,179 (2015 - $175,122); and
- Travel and accommodations of $6,431 (2015 - $6,778).

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.

CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2015.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Accounting Standards Issued But Not Yet Effective

The following standards and interpretations have been issued but are not yet effective:

New standard IFRS 9, *"Financial Instruments"*

Amended standard IFRS 2, "*Share-based Payment*"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's consolidated financial statements.

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 consolidated financial statements.

ADDITIONAL DISCLOSURES FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the audited consolidated financial statements for the year ended December 31, 2016 to which this MD&A relates.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at December 31, 2016 and as at the date of this report, outstanding share data for the Company is follows:

Common shares:	Authorized capital:	unlimited common shares without par value
	Issued capital:	31,959,163 common shares as at December 31, 2016 37,009,163 common shares as at the date of this report
Stock Options:	Nil as at December 31, 2016 2,000,000 as at the date of this report	
Warrants:	19,216,667 as at December 31, 2016 24,216,667 as at the date of this report	

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

RISKS AND UNCERTAINTIES

Empire competes with other junior mineral exploration companies, some of which have greater financial resources and technical facilities. The business of mineral exploration and extraction involves a high degree of risks and few properties that are explored are ultimately developed into production. In addition to specific risks disclosed throughout this discussion, other risks facing Empire include competition, reliance on third parties, environmental and insurance risks, statutory and regulatory requirements, metal prices and foreign currency fluctuations, share price volatility and title risks.

Empire plans to continue to raise additional capital through the exercise of stock options and warrants, and issuing new share capital through equity financing. Empire's ability to raise additional capital will depend upon the progress of new property acquisitions, subsequent development of resource properties and the strength of resource equity markets, which are uncertain. There can be no assurance that additional capital will be available. Empire is in the process of developing plans to raise capital.

RISK FACTORS

In these turbulent financial markets, development- stage mineral exploration companies, such as ours, face a variety of risk and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even on such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting to assist in its risk management and to make timely adequate decisions.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The price of the commodities being explored is also a significant risk factor, as a substantial decline in their price could result in a decision to abandon a specific project. Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.

SUBSEQUENT EVENTS

(a) On January 6, 2017, the Company issued 2,500,000 flow-through units at $0.06 per unit for proceeds of $150,000. Each unit consisted of one flow-through common share and one five-year transferrable share purchase warrant to purchase an additional flow-through common share at a price of $0.08 per share for the first two year and for $0.30 per share thereafter.

(b) On January 6, 2017, the Company issued 2,500,000 non-flow-through units at $0.06 per unit for proceeds of $150,000. Each unit consisted of one non-flow-through common share and one five-year transferrable share purchase warrant to purchase an additional flow-through common share at a price of $0.08 per share for the first two years and for $0.30 per share thereafter.

(c) On January 20, 2017, the Company granted 500,000 stock options exercisable at a price of $0.10 per common share until January 20, 2022 to a shareholder of the Company who has significant influence on the Company's operations.

(d) On January 25, 2017, the Company granted 1,350,000 stock options exercisable at a price of $0.10 per common share until January 25, 2019 to directors and officers of the Company.

(e) On January 25, 2017, the Company granted 150,000 stock options exercisable at a price of $0.10 per common share until January 25, 2019 to a consultant.

(f) On April 28, 2017, the Company paid $10,000 and issued 50,000 common shares pursuant to the Well Permit option agreement.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve 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 the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, 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, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A.

Although Empire has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. Empire does not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by Empire using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which Empire believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Empire is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.