

**Empress Resources Corp.
(formerly Cipher Resources Inc.)**

Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Empress Resources Corp. (formerly Cipher Resources Inc.):

Opinion

We have audited the financial statements of Empress Resources Corp. (formerly Cipher Resources Inc.) (the "Company"), which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of loss and comprehensive loss, cash flows and changes in equity (deficiency) for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
June 26, 2019

Empress Resources Corp. (formerly Cipher Resources Inc.)

Statements of Financial Position

(Expressed in Canadian dollars)

	Note	March 31, 2019	March 31, 2018
ASSETS			
Current assets			
Cash	4	\$ 2,532,706	\$ 931,394
Receivables	5	25,959	40,039
Prepaid expenses	6	24,684	-
		2,583,349	971,433
Deposit	14	16,275	-
		\$ 2,599,624	\$ 971,433
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Trade and other payables	7	\$ 62,521	\$ 599,772
Loans payable	8	-	176,482
Share subscriptions	9	-	924,700
		62,521	1,700,954
Shareholders' equity (deficiency)			
Share capital	9	10,580,515	6,323,978
Share-based payment reserve	9	1,414,113	1,308,010
Deficit		(9,457,525)	(8,361,509)
		2,537,103	(729,521)
		\$ 2,599,624	\$ 971,433
Nature of operations and going concern	1		
Commitments	13		
Contingency	14		
Subsequent events	18		

These financial statements are approved for issue by the Board of Directors of the Company on June 26, 2019.

They are signed on the Company's behalf by:

"Paul Mainwaring", Director

"Jeremy Bond", Director

The accompanying notes are an integral part of these financial statements

Empress Resources Corp. (formerly Cipher Resources Inc.)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

		For the years ended March 31,	
		2019	2018
	Note		
Expenses			
Consulting fees	11	\$ 588,475	\$ 311,200
Director fees	11	45,833	-
Investor relations		5,687	-
Office and administration		29,217	14,255
Professional fees		34,010	60,012
Project evaluation and business development fees	11	275,000	-
Project investigation costs	10	-	345,880
Rent	11	51,880	34,835
Share-based compensation	9	-	26,391
Transfer agent and filing fees		42,922	46,974
Travel		39,898	114,873
		(1,112,922)	(954,420)
Gain on settlement of trade and other payables	7	-	53,201
Foreign exchange		(1,085)	-
Interest income		19,874	-
Interest expense	8	(1,883)	(6,754)
Loss and comprehensive loss for the year		\$ (1,096,016)	\$ (907,973)
Basic and diluted loss per common share		\$ (0.02)	\$ (0.08)
Weighted average number of common shares outstanding		51,308,726	10,913,580

The accompanying notes are an integral part of these financial statements

Empress Resources Corp. (formerly Cipher Resources Inc.)

Statements of Cash Flows

(Expressed in Canadian dollars)

	For the years ended March 31,	
	2019	2018
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Loss for the year	\$ (1,096,016)	\$ (907,973)
Items not affecting cash:		
Share-based compensation	-	26,391
Gain on settlement of trade and other payables	-	(53,201)
Accrued interest expense	1,883	6,754
Accrued interest income	(19,874)	-
Changes in non-cash working capital items:		
Receivables	33,954	(21,522)
Prepaid expenses	(24,684)	-
Trade and other payables	(537,251)	328,824
Net cash used in operating activities	(1,641,988)	(620,727)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Deposit	(16,275)	-
Net cash used in investing activities	(16,275)	-
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Private placements	3,854,200	770,000
Share issue costs	(416,260)	(60,345)
Share subscriptions	-	924,700
Loans received	-	120,450
Loans repaid	(178,365)	(202,712)
Net cash provided by financing activities	3,259,575	1,552,093
Increase in cash for the year	1,601,312	931,366
Cash, beginning of year	931,394	28
Cash, end of year	\$ 2,532,706	\$ 931,394
Non-cash investing and financing activities		
Finders' warrants issued	\$ 106,103	\$ -
Supplementary information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

The accompanying notes are an integral part of these financial statements

Empress Resources Corp. (formerly Cipher Resources Inc.)

Statements of Changes in Equity (Deficiency)

(Expressed in Canadian dollars)

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

	Number of Shares	Share Capital	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity (Deficiency)
Balance, March 31, 2017	5,217,690	\$ 5,614,323	\$ 1,281,619	\$ (7,453,536)	\$ (557,594)
Private placement	7,000,000	770,000	-	-	770,000
Share issue costs	-	(60,345)	-	-	(60,345)
Share-based compensation	-	-	26,391	-	26,391
Comprehensive loss for the year	-	-	-	(907,973)	(907,973)
Balance, March 31, 2018	12,217,690	\$ 6,323,978	\$ 1,308,010	\$ (8,361,509)	\$ (729,521)

The accompanying notes are an integral part of these financial statements

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Empress Resources Corp. (formerly Cipher Resources Inc.) (the “Company”) 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 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.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenues from operations and as at March 31, 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 may need to raise additional financial resources. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

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

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 Reporting Interpretations Committee.

Basis of Presentation

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

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

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.

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

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

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions in the financial statements of each entity in the Company.

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

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

Financial instruments

IFRS 9 Financial Instruments ("IFRS 9") 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.

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

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

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

Warrants

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

Share-based compensation

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

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

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

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

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

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

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

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

Related party transactions

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

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4. CASH

	March 31, 2019	March 31, 2018
Canadian dollar denominated deposits held in Canada	\$ 2,436,321	\$ 931,394
US dollar denominated deposits held in Canada	96,385	-
Total	\$ 2,532,706	\$ 931,394

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

5. RECEIVABLES

	March 31, 2019	March 31, 2018
Amounts due from the Government of Canada pursuant to input tax credits	\$ 6,085	\$ 40,039
Interest income	19,874	-
Total	\$ 25,959	\$ 40,039

6. PREPAID EXPENSES

	March 31, 2019	March 31, 2018
Prepaid insurance	\$ 6,422	-
Prepaid investor relations	18,262	-
Total	\$ 24,684	\$ -

7. TRADE AND OTHER PAYABLES

	March 31, 2019	March 31, 2018
Accounts payable	\$ 20,146	\$ 247,731
Accrued liabilities	25,000	30,000
Amounts due to related parties (Note 11)	17,375	322,041
Total	\$ 62,521	\$ 599,772

On April 10, 2017, the Company entered into a settlement agreement with an unrelated third party to settle trade and other payables of \$158,931 for a promissory note of \$105,730 (Note 8). Accordingly, the Company recorded a gain on settlement of trade and other payables of \$53,201 for the year ended March 31, 2018.

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

8. LOANS PAYABLE

	Loan A	Loan B	Loan C	Loan D	Loan E	Loan F	Loan G	Total
Interest rate	0%	18%	18%	18%	0%	5%	0%	
Balance, March 31, 2017	\$ 54,100	\$ 28,880	\$ 54,282	\$ 8,998	\$ -	\$ -	\$ -	\$146,260
Advances	-	-	-	-	65,450	-	55,000	120,450
Reassignment	(54,100)	(28,880)	(54,282)	-	137,262	105,730	-	105,730
Repayment	-	-	-	-	(202,712)	-	-	(202,712)
Interest	-	-	-	1,774	-	4,980	-	6,754
Balance, March 31, 2018	-	-	-	10,772	-	110,710	55,000	176,482
Repayment	-	-	-	(11,266)	-	(112,099)	(55,000)	(178,365)
Interest	-	-	-	494	-	1,389	-	1,883
Balance, March 31, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

9. SHARE CAPITAL

Authorized

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

Issued and outstanding

As at March 31, 2019, the Company had 60,006,690 common shares issued and outstanding (2018 – 12,217,690). A summary of changes in share capital and reserves is contained on the statements of changes in equity (deficiency) for the years ended March 31, 2019 and 2018.

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

- On May 11, 2018, the Company closed the first tranche of a non-brokered private placement through the issuance of 21,587,000 units at a price of \$0.10 per unit for gross proceeds of \$2,158,700, of which \$924,700 was received in the year ended March 31, 2018 and recorded as share subscriptions. Each unit consists of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.15 until May 11, 2021.

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

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Issued and outstanding (continued)

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

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

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

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

During the year ended March 31, 2018, the Company completed the following share issuances:

- On June 7, 2017, the Company closed a non-brokered private placement through the issuance of 7,000,000 common shares at a price of \$0.11 per share for gross proceeds of \$770,000. The Company paid cash finder's and other transaction costs of \$60,345.

Escrow shares

As at March 31, 2019, the Company has 18,750 (2018 – 18,750) common shares held in escrow since July 1999.

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Warrants

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

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

The continuity of warrants for the year ended March 31, 2018 is as follows:

Expiry date	Exercise price	Balance, March 31, 2017	Granted	Exercised	Expired	Balance, March 31, 2018
August 14, 2017	\$1.00	902,678	-	-	(902,678)	-
September 3, 2017	\$1.00	1,609,600	-	-	(1,609,600)	-
		2,512,278	-	-	(2,512,278)	-
Weighted average exercise price	\$	1.00	\$ -	\$ -	\$ 1.00	\$ -

Stock options

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

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Options (continued)

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

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

The continuity of stock options for the year ended March 31, 2018 is as follows:

Expiry date	Exercise price	Balance, March 31, 2017	Granted	Exercised	Forfeited	Balance, March 31, 2018		
December 24, 2018	\$1.00	85,000	-	-	-	85,000		
July 5, 2022	\$0.15	-	225,000	-	-	225,000		
		85,000	225,000	-	-	310,000		
Weighted average exercise price	\$	1.00	\$	0.15	\$	-	\$	0.38

Share-based compensation

On July 5, 2017, the Company granted 225,000 stock options to a consultant at a fair value of \$26,391 or \$0.12 per option. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.42%; an expected life of 5 years; an expected volatility of 124.97%; a forfeiture rate of zero; and an expected dividend of zero.

10. PROJECT INVESTIGATION COSTS

During the year ended March 31, 2018, the Company engaged consultants to conduct due diligence and investigate projects with the potential for acquisition or investment.

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

Description	For the year ended March 31,	
	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 Limited (Cayman) ("Endeavour Financial") to provide the Company with additional financial and technical expertise. Endeavour Financial became a related party to the Company when on May 11, 2018, an officer of Endeavour Financial became a director of the Company.

During the year ended March 31, 2019, the Company paid or accrued \$137,500 (2018 - \$Nil) to SGG Consulting Ltd. ("SGG") (formerly with Cipher Research Ltd.) to provide the Company with additional financial and technical expertise. SGG is controlled by a former officer and director of the Company.

The Endeavour and SGG agreements were terminated in April 2019 (Note 18).

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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.

12. SEGMENTED INFORMATION

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

13. COMMITMENTS

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

14. CONTINGENCY

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

Management has determined that the amount, if any, cannot be reliably estimated due to the stage of the proceedings and accordingly the Company has not recorded this contingent liability in its financial statements as at March 31, 2019.

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

15. 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.

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk management (continued)

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.

16. MANAGEMENT OF CAPITAL

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

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

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

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

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

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

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

17. INCOME TAXES

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

	For the year ended March 31,	
	2019	2018
Loss for the year	\$ (1,096,016)	\$ (907,973)
Expected Income tax recovery	\$ (296,000)	\$ (236,000)
Non-deductible items and other	(7,000)	(54,000)
Share issue costs	(112,000)	(16,000)
Temporary differences not recognized	415,000	306,000
Income tax expense (recovery)	\$ -	\$ -

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

	March 31,	March 31,
	2019	2018
Non-capital loss carry forward	\$ 1,353,000	\$ 1,025,000
Share issue costs	100,000	13,000
Exploration and evaluation assets	774,000	774,000
Total unrecognized deferred tax assets	\$ 2,227,000	\$ 1,812,000

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

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

	March 31,	Expiry date range
	2019	
Temporary differences		
Non-capital losses available for future periods	\$ 5,011,000	2026 to 2039
Share issue costs	369,000	2020 to 2023
Exploration and evaluation assets	2,865,000	no expiry date

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

Empress Resources Corp. (formerly Cipher Resources Inc.)

Notes to the Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian dollars)

18. SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the Company completed the following transactions:

- In April 2019, the Company terminated its four-year agreement with Endeavour Financial (Note 11) 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.
- In April 2019, the Company terminated its four-year agreement with SGG (Note 11) in exchange for the cash payment of \$150,000 in lieu of twelve months notice.