

EMPIRE MINING CORPORATION

Financial Statements

Period ended May 31, 2005

Tony M. Ricci Inc.

Chartered Accountant

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AUDITOR'S REPORT

To the Directors of **EMPIRE MINING CORPORATION**

I have audited the balance sheet of **EMPIRE MINING CORPORATION** (a British Columbia corporation) as at May 31, 2005 and the statement of loss and deficit and cash flow for the period January 4, 2005 (Date of Incorporation) to May 31, 2005. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2005 and the results of its operations and cash flows for the period January 4, 2005 (Date of Incorporation) to May 31, 2005, in accordance with generally accepted accounting principles in Canada.

"Tony M. Ricci Inc."

CHARTERED ACCOUNTANT

Vancouver, British Columbia

June 10, 2005, except as to note 6 which is as of October 4, 2005

EMPIRE MINING CORPORATION

Balance Sheet
May 31, 2005

	2005
Assets	
Current assets:	
Cash	\$ 189,280
Amounts receivable	10,910
Deferred costs (note 3)	10,000
	<hr/>
	\$ 210,190
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Liabilities and Shareholders' Equity	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 6,396
Due to related parties (note 5)	3,210
	<hr/>
	9,606
Shareholders' equity:	
Share capital (note 4)	210,000
Deficit	(9,416)
	<hr/>
	200,584
Subsequent events (note 6)	<hr/>
	\$ 210,190

See accompanying notes to financial statements.

On behalf of the Board:

"Robert Giustra"

_____ Director

"Robert Anderson"

_____ Director

EMPIRE MINING CORPORATION

Statement of Loss and Deficit

For the period January 4, 2005 (Date of Incorporation) to May 31, 2005

		2005
Expenses:		
Administrative fees	\$	2,500
Bank charges and interest		20
Professional fees		6,396
Rent		500
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Loss and deficit for the period	\$	9,416

See accompanying notes to financial statements.

EMPIRE MINING CORPORATION

Statement of Cash Flow

For the period January 4, 2005 (Date of Incorporation) to May 31, 2005

	2005
Cash provided by (used in):	
Operations:	
Loss for the period	\$ (9,416)
Change in non-cash working capital:	
Amounts receivable	(10,910)
Deferred costs	(10,000)
Accounts payable	6,396
Due to related parties	3,210
	<hr/> (20,720) <hr/>
Financing:	
Proceeds on share issuance	210,000
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Cash and cash equivalents, end of period	\$ 189,280

See accompanying notes to financial statements.

EMPIRE MINING CORPORATION

Notes to Financial Statements, page 1
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1. Nature of operations

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 4, 2005.

The Company has applied to become a Capital Pool Company as its principal business is the identification and evaluation of companies, assets or business with a view to completing a Qualifying Transaction in accordance with Policy 2.4 of the TSX Venture Exchange (the "Exchange").

2. Significant account policies

(a) Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

(b) Financial instruments

The carrying amounts of cash, amounts receivable, deferred costs, accounts payable and accrued liabilities and due to related parties approximate fair value because of the short-term maturity of these items.

3. Deferred costs

Deferred costs are recorded at cost and include costs relating to the listing of the Company on the Exchange and undertaking an initial public offering. Upon successful completion of the initial public offering, these costs will be recorded as a reduction of share capital. If the initial public is not successfully completed, these costs will be charged to income. See note 6.

4. Share capital

(a) Authorized

Unlimited common shares without par value.

(b) Issued and fully paid

	Number of Shares	Amount
Common shares issued for cash	4,200,000	\$ 210,000

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4. Share capital (continued)

(b) Issued and fully paid (continued)

Pursuant to common share subscription agreements dated April 7, 2005 and May 6, 2005, an aggregate of 4,200,000 common shares were issued to directors and/or officers of the Company as well as to associates of directors and/or officers. All of the 4,200,000 common shares issued will be held in escrow under an escrow agreement dated May 31, 2005.

Under the escrow agreement, 10% of the escrowed common shares will be released from escrow following issuance of the Final Exchange Bulletin by the Exchange as to completion of the Qualifying Transaction as defined by Exchange policies, and 15% will be released every six months following the initial release over a period of thirty six months.

5. Related party transactions

During the period, the Company accrued administrative fees of \$2,500 and rent of \$500 to a company controlled by a director of the Company.

6. Subsequent events

Subsequent to May 31, 2005, the Company filed a prospectus with regulatory authorities constituting an offering to the public of 2,500,000 common shares of the Company at \$0.10 per share for gross proceeds of \$250,000. The agent will receive a commission of 10% of the gross proceeds of the offering or \$0.01 per share. In addition, the Agent will receive a sponsorship fee of \$20,000 plus applicable taxes and will be reimbursed for its legal fees incurred pursuant to the offering, estimated to be \$10,000, plus applicable taxes and disbursements. The Company will also grant to the agent a non-transferable option ("agent's option") to purchase up to 250,000 common shares at a price of \$0.10 per share for a period of 24 months from the date the Company's common shares are listed for trading on the Exchange. A total of 50% of the common shares held pursuant to the exercise of the agent's option may be sold prior to the completion of the Qualifying Transaction, and the remainder afterwards.

The Company will be granting stock options to directors, officers and a consultant to acquire 660,000 common shares at \$0.10 per share, to expire five years from date of listing of the Company's common shares on the Exchange. These options are qualified for distribution pursuant to the Company's prospectus. The shares issued on the exercise of these options will be held in escrow until such time as the Company has completed a Qualifying Transaction.

See note 3.