



EMPIRE
MINING CORPORATION

#910 – 475 Howe Street
Vancouver, B.C.
V6C 2B3

**INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
FEBRUARY 28, 2006**

Auditor Review – These interim financial statements and related schedules were prepared by management. They have not been reviewed by the Company's independent external auditor.

Empire Mining Corporation

(A Development Stage Company)

Interim Balance Sheet

(Canadian Funds)

	February 28,		May 31,
	2006		2005
			(Audited)
ASSETS			
Current assets			
Cash	\$ 310,128	\$	189,280
Receivables	7,947		10,910
Deferred costs	-		10,000
	\$ 318,075	\$	210,190
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 21,943	\$	6,396
Due to related parties (note 6)	5,919		3,210
	27,862		9,606
Shareholders' equity			
Share capital (note 4)	437,500		210,000
Deficit	(147,287)		(9,416)
	290,213		200,584
	\$ 318,075	\$	210,190

Nature and continuance of operations (note 1)

Commitments (note 5)

On behalf of the Board:

/s/ Ken Judge

Ken Judge - Director

/s/ Robert Giustra

Robert Giustra - Director

The accompanying notes are an integral part of these financial statements

Empire Mining Corporation

(A Development Stage Company)

Interim Statements of Operations and Deficit

(Canadian Funds)

		Three Month Period Ended February 28, 2006	Nine Month Period Ended February 28, 2006	Period from January 4, 2005 (Incorporation Date) to February 28, 2005
Expenses				
Consulting fees	\$	16,838	\$ 16,838	\$ -
Corporate administration fees		3,285	25,099	-
Office and general		9,590	12,344	-
Professional fees		19,367	41,097	-
Shareholder relations		1,048	6,339	-
Telecommunications		685	931	-
Transfer agent and filing fees		13,646	31,723	-
Travel		4,763	4,763	-
Loss before the following		(69,222)	(139,134)	-
Interest income		1,327	1,585	-
Foreign exchange gain (loss)		(321)	(321)	-
Net loss for the period		(68,217)	(137,871)	-
Deficit, beginning of period		(79,070)	(9,416)	-
Deficit, end of period	\$	(147,287)	\$ (147,287)	\$ -
Basic and diluted loss per common share	\$	(0.01)	\$ (0.02)	\$ -
Weighted average number of common shares outstanding (Basic and Diluted)		6,758,334	5,574,543	1

The accompanying notes are an integral part of these financial statements

Empire Mining Corporation

(A Development Stage Company)

Interim Statements of Cash Flows

(Canadian Funds)

	Three Month Period Ended February 28, 2006	Nine Month Period Ended February 28, 2006	Period from January 4, 2005 (Incorporation Date) to February 28, 2005
Cash Flows Used in Operating Activities			
Loss for the period	\$ (68,217)	\$ (137,871)	\$ -
Changes in non-cash working capital items:			
Decrease in receivables	6,713	2,963	-
Decrease in deferred costs	-	10,000	-
Increase in accounts payable	235	15,547	-
Increase in due to related parties	5,919	2,709	-
Net cash used in operating activities	(55,350)	(106,652)	-
Cash Flows from Financing Activities			
Proceeds from the issuance of share capital	-	250,000	-
Exercise of incentive stock options	12,500	12,500	-
Share issuance costs incurred	10,000	(35,000)	-
Net cash provided by financing activities	22,500	227,500	-
Change in cash during the period	(32,850)	120,848	-
Cash, beginning of period	342,978	189,280	-
Cash, end of period	\$ 310,128	\$ 310,128	\$ -

Supplemental Cash Flow Information - Note 6

The accompanying notes are an integral part of these financial statements

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Financial Statements

For the Nine Month Period Ended February 28, 2006

1. Nature and Continuance of Operations

Empire Mining Corporation (“Empire” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on January 4, 2005. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Listings Policy 2.4.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an investment in properties, assets or businesses. Such an acquisition will be subject to shareholder and regulatory approval.

2. Basis of Presentation

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and they follow the same accounting policies and methods of application as the most recent annual audited financial statements. Consequently, these statements should be read in conjunction with the audited annual financial statements for the year ended May 31, 2005.

3. Share Capital

a) **Authorized** – Unlimited number of common shares without par value.

b) **Issued and Outstanding**

	<u>Number of shares</u>	<u>Amount</u>
As at January 4, 2005	1	\$ -
Private placement	4,200,000	210,000
As at May 31, 2005	4,200,001	210,000
Initial public offering ⁽¹⁾	2,500,000	250,000
Exercise of share purchase warrants	125,000	12,500
Share issuance costs	-	(35,000)
As at February 28, 2006	6,825,001	437,500

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Financial Statements

For the Nine Month Period Ended February 28, 2006

3. Share Capital (continued)

⁽¹⁾ On October 31, 2005, the Company completed its initial public offering of 2,500,000 common shares for gross proceeds \$250,000. There were no warrants attached to the offering with the exception of agent's share purchase warrants of which 125,000 have been exercised.

- c) **Escrowed Shares** – There are 4,200,001 common shares that are subject to an escrow agreement and may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. A total of 10% of these shares held in escrow will be released upon completion of the Company's Qualifying Transaction and the balance will be released at a rate of 15% every six months thereafter.

d) Incentive Stock Options

The following is a summary of the changes in the Company's share purchase options during the period:

	Options outstanding	Weighted average exercise price per share
Balance – May 31, 2005	-	\$ -
Granted during the period	660,000	0.10
Exercised during the period	-	-
Cancelled during the period	-	-
Balance – February 28, 2006	660,000	\$ 0.10

The following table summarizes information about stock options outstanding at February 28, 2006:

Number of Stock Options	Exercise Price	Expiry Date
660,000	\$0.10	October 31, 2010

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Financial Statements

For the Nine Month Period Ended February 28, 2006

3. Share Capital (continued)

e) Warrants

The following is a summary of the changes in the Company's share purchase warrants during the period:

	Warrants outstanding	Weighted average exercise price per share
Balance – May 31, 2005	-	\$ -
Granted during the period	250,000	0.10
Exercised during the period	(125,000)	0.10
Expired during the period	-	-
Balance – February 28, 2006	125,000	\$ 0.10

The following is a summary of the Company's share purchase warrants outstanding at February 28, 2006:

Number of Warrants	Exercise Price	Expiry Date
125,000	\$ 0.10	October 31, 2007

4. Commitments

Effective February 1, 2006, the Company entered into a services agreement with HRG Management Ltd. ("HRG") in which the Company will pay a monthly fee of \$9,419 to receive office administration, accounting, corporate secretarial, chief financial officer and other related services. HRG is a captive management company jointly owned by the Company and certain other public companies, all of which comprise the Hamilton Resource Group of companies (www.hamiltonresourcegroup.com). The Company shares two common directors with HRG in Robert Giustra and Kenneth Judge, who is also the president of both companies. The agreement expires December 31, 2008 and can be terminated by either party prior to expiration with 90 days written notice.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Financial Statements

For the Nine Month Period Ended February 28, 2006

5. Related Party Transactions

During the nine month period ended February 28, 2006:

- a) The Company incurred \$24,000 (2005 - \$nil) in corporate administration fees, accounting fees and office rent to a company controlled by an officer.
- b) The Company incurred \$9,419 (2005 - \$nil) in corporate administration, accounting fees and office rent to HRG, a company which shares two common directors.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At February 28, 2006, a total of \$5,919 (2005 - \$nil) remained unpaid to HRG.

6. Supplemental Cash Flow Information

There were no significant non-cash transactions during the nine month period ended February 28, 2006.

	2006	2005
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2006

Introduction

The following discussion of performance and financial condition should be read in conjunction with the interim unaudited financial statements of the Company for the quarter ended February 28, 2006 and the audited financial statements for the year ended May 31, 2005. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is April 7, 2006.

Description of Business

Empire Mining Corporation (the "Company") was incorporated under the Business Corporations Act (British Columbia) on January 4, 2005. The Company is listed on the TSX Venture Exchange (the "Exchange") as a capital pool company ("CPC") under the trading symbol – EPC.P.

The Company was incorporated with the purpose of identifying and evaluating businesses and assets with a view to completing a qualifying transaction (the "Qualifying Transaction"). Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm's Length Qualifying Transaction is also subject to shareholder approval in accordance with CPC Policy. The Company has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests.

As a result of the extremely favorable commodities markets and the inherent strengths of the management team, the Company's intention is to acquire an advanced stage mineral exploration project that will significantly enhance shareholder value.

Results of Operations – Current Period

The Company incurred a \$68,217 loss during the current quarter. There was no comparable period in the prior year as the Company was only formed on January 4, 2005 and had incurred no transactions as at February 28, 2005. The costs incurred during this quarter are composed mainly of professional and consulting fees utilized in the identification and evaluation of potential Qualifying Transactions.

Results of Operations – Year to Date

The Company incurred a \$137,871 loss during the current period. There was no comparable period in the prior year as the Company was only formed on January 4, 2005 and had incurred no transactions as at February 28, 2005. The costs are composed mainly of corporate administration fees incurred in managing corporate affairs, regulatory fees associated with the Company's listing on the Exchange and professional and consulting fees incurred in the identification and evaluation of potential Qualifying Transactions.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2006

Selected Quarterly Financial Data (\$)

Financial results:	Feb. 28 2006	Nov. 30 2005	Aug. 31 2005	May 31 2005	Feb. 28 2005	Nov. 30 2004	Aug. 31 2004	May 31 2004
Net loss for the period	68,217	53,437	16,217	9,416	-	-	-	-
Basic/Diluted loss per share	0.01	0.01	-	-	-	-	-	-
Resource expenditures	-	-	-	-	-	-	-	-

Balance sheet data:	Feb. 28 2006	Nov. 30 2005	Aug. 31 2005	May 31 2005	Feb. 28 2005	Nov. 30 2004	Aug. 31 2004	May 31 2004
Cash	310,128	342,978	159,750	189,280	-	-	-	-
Resource properties	-	-	-	-	-	-	-	-
Total assets	318,075	357,638	207,411	210,190	-	-	-	-
Shareholders' equity	290,213	335,930	184,367	200,584	-	-	-	-

Liquidity

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. The Company's activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it identifies a Qualifying Transaction and ultimately develops cash flow from operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

As at February 28, 2006, the Company had working capital of \$290,213 which included a cash balance of \$310,128. Management believes the Company currently has sufficient capital with which to locate a suitable Qualifying Transaction and provide for general working capital requirements for the next 12 months.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2006

Capital Resources

On January 18, 2006, the Company received \$12,500 from the exercise of 125,000 agent share purchase warrants.

On October 31, 2005, the Company completed its initial public offering for gross proceeds of \$250,000 and listed its common shares on the TSX Venture Exchange.

During April 2005, the Company raised \$210,000 in seed capital through a private placement.

Commitments

Effective February 1, 2006, the Company entered into a services agreement with HRG Management Ltd. ("HRG") in which the Company will pay a monthly fee of \$9,419 to receive office administration, accounting, corporate secretarial, chief financial officer and other related services. HRG is a captive management company jointly owned by the Company and certain other public companies, all of which comprise the Hamilton Resource Group of companies (www.hamiltonresourcegroup.com). The Company shares two common directors with HRG in Robert Giustra and Kenneth Judge, who is also the president of both companies. The agreement expires December 31, 2008 and can be terminated by either party prior to expiration with 90 days written notice.

Outstanding Share Data

a) **Authorized Share capital:** Unlimited common shares without par value

b) **Issued and Outstanding:**

	Number of Common Shares	Amount
Balance at January 4, 2005	1	\$ -
Private Placement	4,200,000	210,000
Balance May 31, 2005	4,200,001	210,000
Initial Public Offering ⁽¹⁾	2,500,000	250,000
Exercise of Share Purchase Warrants	125,000	12,500
Less: Share Issue Costs		(35,000)
Balance at April 7, 2006 and February 28, 2006	6,825,001	437,500

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2006

- 1) The Company issued 2,500,000 common shares by way of its initial public offering at \$0.10 per share for gross proceeds of \$250,000. A total of 250,000 Agents' share purchase warrants were issued as part of the compensation for the financing.
- c) **Escrowed Shares:** There are 4,200,001 common shares that are subject to a standard 3 year release schedule which allows 10% to be released upon exchange acceptance of the Qualifying Transaction and 15% every 6 months thereafter.

Options

A summary of stock options outstanding at February 28, 2006 is as follows:

Expiry Date	Number of Shares	Weighted Average Exercise Price
October 31, 2010	660,000	\$0.10

Warrants

A summary of share purchase warrants outstanding at February 28, 2006 is as follows:

Expiry Date	Number of Shares	Weighted Average Exercise Price
October 31, 2007	125,000	\$0.10

Related Party Transactions

During the nine month period ended February 28, 2006:

- a) The Company incurred \$24,000 (2005 - \$nil) in corporate administration fees, accounting fees and office rent to a company controlled by an officer.
- b) The Company incurred \$9,419 (2005 - \$nil) in corporate administration, accounting fees and office rent to HRG, a company that shares two common directors.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At February 28, 2006, a total of \$5,919 (2005 - \$nil) remained unpaid to HRG.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2006

Subsequent Events

There were no material events subsequent to the end of the reporting period.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short term nature of their maturity.

Critical Accounting Estimates

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Changes in Accounting Policies

The Company did not implement any accounting policy changes during the period.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the period.

Risks and Uncertainties

The Company is entering the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in commodity prices, market sentiment, foreign exchange and interest rates.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2006

- b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Management was successful in accessing the equity markets during the current period, but there is no assurance that such sources will be available on acceptable terms in the future.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- e) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to undertake its exploration and development activities in the future.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Other Information

Effective February 10, 2006, Robert Giustra resigned his positions as President, CEO and CFO, however he remains with the Company as a Director. Ken Judge was appointed to the positions of CEO and President while Sean McGrath was appointed to the CFO position. Further, Robert Anderson stepped down as a member of the Board of Directors.

Additional information about the Company is available on the Company's website at www.empireminingcorp.com or SEDAR at www.sedar.com.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2006

Caution Regarding 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 the Company 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.

Corporate Information

Head Office:	Suite 910 – 475 Howe Street Vancouver, BC V6C 2B3
Directors:	Robert Giustra Kenneth Judge John Prochnau
Officers:	Ken Judge, President and CEO Sean McGrath, CFO
Auditor:	Tony M. Ricci Inc. Suite 1304 – 925 West Georgia Street Vancouver, BC V6C 3L2
Legal Counsel:	Cawkell Brodie Glaister LLP 1260 – 1188 West Georgia St. Vancouver, BC V6E 4A2
Transfer Agent:	Computershare Investor Services 2 nd Floor – 510 Burrard Street Vancouver, BC V6C 3B9