



EMPIRE
MINING CORPORATION

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

**INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
FEBRUARY 28, 2007**

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, 2007	May 31, 2006 (Audited)
ASSETS		
Current assets		
Cash	\$ 17,960	\$ 50,399
Term deposit (note 3)	95,000	200,000
Prepaid expenses	23,630	9,419
Receivables	1,219	2,582
	\$ 137,809	\$ 262,400
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,154	\$ 26,983
Shareholders' equity		
Share capital (note 5)	404,112	400,546
Contributed surplus (note 5)	63,337	47,260
Deficit	(333,794)	(212,389)
	133,655	235,417
	\$ 137,809	\$ 262,400

Nature and continuance of operations (note 1)

Commitments (note 6)

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, 2007	Nine Month Period Ended February 28, 2007	Three Month Period Ended February 28, 2006	Nine Month Period Ended February 28, 2006
Expenses				
Consulting fees	\$ 3,799	\$ 10,556	\$ 16,838	\$ 16,838
Corporate administration fees	14,743	45,807	3,285	25,099
Office and general	6,723	18,585	9,591	12,345
Professional fees	6,244	14,766	19,367	41,097
Shareholder relations	2,771	11,010	1,048	6,339
Stock-based compensation (note 5d)	-	17,143	-	-
Telecommunications	193	756	685	931
Transfer agent and filing fees	3,750	6,228	13,646	31,723
Travel	943	1,537	4,763	4,763
Loss before other items:	(39,167)	(126,389)	(69,223)	(139,135)
OTHER ITEMS				
Interest income	1,354	5,002	1,327	1,585
Foreign exchange loss	(3)	(19)	(321)	(321)
Net loss for the period	(37,815)	(121,405)	(68,217)	(137,871)
Deficit, beginning of period	(295,979)	(212,389)	(79,070)	(9,416)
Deficit, end of period	\$ (333,794)	\$ (333,794)	\$ (147,287)	\$ (147,287)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding (Basic and Diluted)	6,850,001	6,840,935	6,758,334	5,574,543

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, 2007	Nine Month Period Ended February 28, 2007	Three Month Period Ended February 28, 2006	Nine Month Period Ended February 28, 2006
Cash Flows Used in Operating Activities				
Loss for the period	\$ (37,815)	\$ (121,405)	\$ (68,217)	\$ (137,871)
Add items not affecting cash:				
Stock-based compensation costs	-	17,143	-	-
Changes in non-cash working capital items:				
Decrease in receivables	3,074	1,363	6,713	2,963
Decrease in deferred costs	-	-	-	10,000
Increase in prepaid expenses	(14,211)	(14,211)	-	-
Increase (decrease) in accounts payable	3,709	(22,829)	235	15,547
Increase in due to related parties	-	-	5,919	2,709
Net cash used in operating activities	(45,243)	(139,939)	(55,350)	(106,652)
Cash Flows from Investing Activities				
Redeem term deposit	60,000	105,000	-	-
Net cash provided by financing activities	60,000	105,000	-	-
Cash Flows from Financing Activities				
Proceeds from the issuance of share capital	-	-	-	250,000
Share issuance costs	-	-	10,000	(35,000)
Exercise of agent's options	-	2,500	12,500	12,500
Net cash provided by financing activities	-	2,500	22,500	227,500
Change in cash during the period	14,757	(32,439)	(32,850)	120,848
Cash, beginning of period	3,203	50,399	342,978	189,280
Cash, end of period	\$ 17,960	\$ 17,960	\$ 310,128	\$ 310,128

Supplemental Cash Flow Information - Note 8

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, 2007

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, 2006.

3. Term Deposit

Details are as follows:

	<u>2007</u>
Guaranteed Investment Certificate	\$95,000
Maturity date	May 24, 2007
Interest rate per annum	<u>3.80%</u>

The guaranteed investment certificate is redeemable at any time but within the first 30 days it is non-interest bearing.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Financial Statements

For the Nine Month Period Ended February 28, 2007

4. Related Party Transactions

During the nine month period ended February 28, 2007:

- a) The Company incurred \$nil (2006 - \$24,000) in fees which include corporate administration, accounting and office rent to a company controlled by a former officer.
- b) The Company incurred \$87,499 (2006 - \$3,000) in corporate administration fees which include office rent, administration, accounting, corporate secretarial, chief financial officer and other related services, to HRG Management Ltd. ("HRG"). HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The Company shares two directors in common with HRG.

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.

5. Share Capital

- a) **Authorized** – Unlimited number of common shares without par value.
- b) **Issued and Outstanding**

	Number of Shares	Amount	Contributed Surplus
As at May 31, 2005	4,200,001	\$ 210,000	\$ -
Initial public offering ⁽¹⁾	2,500,000	250,000	-
Stock options issued	-	-	41,929
Agent's options exercised	125,000	12,500	-
Fair value of Agent's options	-	5,332	(5,332)
Share issuance costs	-	(77,286)	10,663
As at May 31, 2006	6,825,001	400,546	47,260
Agent's options exercised	25,000	2,500	-
Fair value of Agent's options	-	1,066	(1,066)
Stock options issued	-	-	17,143
As at February 28, 2007	6,850,001	\$ 404,112	\$ 63,337

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Financial Statements

For the Nine Month Period Ended February 28, 2007

5. 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 options of which 150,000 have been exercised to date.

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

On July 17, 2006, a total of 60,000 stock options exercisable at \$0.35 for a period of 5 years were granted to officers of the Company. A fair value of \$17,143 (2005 - \$nil) was determined on the grant date and has been recorded as stock-based compensation in the Company's accounts.

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

<u>Assumption</u>	<u>Value</u>
Expected dividend yield	0.00%
Expected stock price volatility	110%
Risk-free interest rate	4.10%
Expected life of options	5 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Financial Statements

For the Nine Month Period Ended February 28, 2007

5. Share Capital (continued)

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

	Options Outstanding	Weighted Average Exercise Price Per Share
Balance – May 31, 2006	660,000	\$0.10
Granted during the period	60,000	0.35
Exercised during the period	-	-
Cancelled during the period	(50,000)	0.10
Balance – February 28, 2007	670,000	\$0.12

The following table summarizes information about stock options outstanding at February 28, 2007:

Number of Stock Options	Exercise Price	Expiry Date
610,000	\$0.10	October 31, 2010
60,000	\$0.35	July 17, 2011

e) Agent Options

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

	Warrants outstanding	Weighted average exercise price per share
Balance – May 31, 2006	125,000	\$0.10
Granted during the period	-	-
Exercised during the period	(25,000)	0.10
Expired during the period	-	-
Balance – February 28, 2007	100,000	\$0.10

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Financial Statements

For the Nine Month Period Ended February 28, 2007

5. Share Capital (continued)

The following is a summary of the Company's agent options outstanding at February 28, 2007:

Number of Agent Options	Exercise Price	Expiry Date
100,000	\$ 0.10	October 31, 2007

6. Commitments

Effective February 1, 2006, and amended on February 1, 2007, the Company entered into a services agreement with HRG in which the Company will pay a monthly corporate administration fee of approximately \$9,000 that includes office rent, administration, accounting, corporate secretarial, chief financial officer and other related services. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The agreement will expire December 31, 2008 and requires 180 days notice prior to termination by either party. The Company shares two directors in common with HRG.

7. Financial Instruments

The Company's financial instruments consist of cash, receivables, term deposits, and accounts payable. 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 financial instruments approximates their carrying values, unless otherwise noted.

8. Supplemental Cash Flow Information

There were no significant non-cash transactions during the nine month period ended February 28, 2007.

	2007	2006
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -



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MANAGEMENT’S DISCUSSION AND ANALYSIS

**FOR THE NINE MONTH PERIOD ENDED
FEBRUARY 28, 2007**

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2007

Introduction

The following discussion of performance and financial condition should be read in conjunction with the interim financial statements for nine month period ended February 28, 2007 and the audited financial statements of the Company for the year ended May 31, 2006. 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 March 16, 2007.

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 "TSX-V" or "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 it is also subject to shareholder approval in accordance with CPC Policy. The Company has not conducted any commercial operations other than to enter into discussions for the purpose of identifying potential asset 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 \$37,815 loss during the current quarter versus a \$68,217 loss during the same period in the prior year. This amounts to a \$30,402 (45%) decrease which can be primarily attributed to a decrease in professional and consulting fees associated with due diligence on potential qualifying transactions.

Results of Operations – YTD Period

The Company incurred an \$121,405 loss during the current period versus a \$137,871 loss during the same period in the prior year. This amounts to a \$16,466 (12%) decrease which can be primarily attributed to a decrease in professional and consulting fees associated with due diligence on potential qualifying transactions. This savings was offset by stock-based compensation costs recorded in the current period on the grant of incentive stock options to directors, officers and employees.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2007

Selected Quarterly Financial Data (\$)

Financial results:	Feb. 28 2007	Nov. 30 2006	Aug. 31 2006	May 31 2006	Feb. 28 2006	Nov. 30 2005	Aug. 31 2005	May 31 2005
Net loss for the period	37,815	33,238	50,352	65,102	68,217	53,437	16,217	9,416
Basic/Diluted loss per share	0.01	0.00	0.01	0.01	0.01	0.01	-	-
Resource expenditures	-	-	-	-	-	-	-	-

Balance sheet data:	Feb. 28 2007	Nov. 30 2006	Aug. 31 2006	May 31 2006	Feb. 28 2006	Nov. 30 2005	Aug. 31 2005	May 31 2005
Cash and GIC	112,960	158,203	210,950	250,399	310,128	342,978	159,750	189,280
Resource properties	-	-	-	-	-	-	-	-
Total assets	137,809	171,915	225,100	262,400	318,075	357,638	207,411	210,190
Shareholders' equity	133,655	171,470	202,208	235,417	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, 2007, the Company had working capital of \$133,655 which included a cash balance of \$17,960 and a liquid GIC of \$95,000. 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.

Capital Resources

On September 8, 2006, the Company received \$2,500 from the exercise of 25,000 agent's options. Furthermore, on January 18, 2006 the Company received \$12,500 from the exercise of 125,000 agent's options.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2007

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.

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 agent's options	125,000	12,500
Fair value of agent's options exercised	-	5,532
Less: Share issue costs	-	(77,286)
Balance at August 31, 2006	6,825,001	400,546
Exercise of agent's options	25,000	2,500
Fair value of agent's options exercised	-	1,066
Balance at February 28, 2007 and March 16, 2007	6,850,001	\$ 404,112

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 agent's options 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.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2007

Options

A summary of stock options outstanding at March 16, 2007 is as follows:

Expiry Date	Number of Shares	Weighted Average Exercise Price
October 31, 2010	610,000	\$0.10
July 17, 2011	60,000	\$0.35

Agent's Options

A summary of agent's options outstanding at March 16, 2007 is as follows:

Expiry Date	Number of Shares	Weighted Average Exercise Price
October 31, 2007	100,000	\$0.10

Commitments

Effective February 1, 2006, and amended on February 1, 2007, the Company entered into a services agreement with HRG in which the Company will pay a monthly corporate administration fee of approximately \$9,000 that includes office rent, administration, accounting, corporate secretarial, chief financial officer and other related services. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The agreement will expire December 31, 2008 and requires 180 days notice prior to termination by either party. The Company shares two directors in common with HRG.

Related Party Transactions

During the period ended February 28, 2007:

- a) The Company incurred \$nil (2006 - \$24,000) in corporate administration fees, accounting fees and office rent to a company controlled by a former officer.
- b) The Company incurred \$87,499 (2006 - \$3,000) in fees to HRG that included office rent, corporate administration, accounting, chief financial officer, corporate secretarial and other related services.

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.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2007

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 payables. 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.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2007

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.
- 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.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2007

Disclosure and Internal Controls

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls over financial reporting have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP.

Other Information

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

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.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Nine Month Period Ended February 28, 2007

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: PricewaterhouseCoopers
PricewaterhouseCoopers Place
7th Floor, 250 Howe Street
Vancouver, BC V6C 3S7

Legal Counsel: Cawkell Brodie Glaister LLP
1260 – 1188 West Georgia St.
Vancouver, BC V6E 4A2

Transfer Agent: Computershare Investor Services
2nd Floor – 510 Burrard Street
Vancouver, BC V6C 3B9