



EMPIRE
MINING CORPORATION

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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
AUGUST 31, 2007
(unaudited)**

Empire Mining Corporation

(A Capital Pool Company)

Interim Consolidated Balance Sheet

Canadian Funds

(unaudited)

	August 31, 2007	May 31, 2007
ASSETS		
Current Assets		
Cash	\$ 192,183	\$ 69,104
Term deposit (note 3)	1,200,000	-
Prepays and deposits	24,165	18,630
Due from related parties (note 5)	22,000	22,000
Receivables	8,455	1,334
	\$ 1,446,803	\$ 111,068
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 61,604	\$ 61,343
Due to related parties (note 5)	3,960	10,238
	65,564	71,581
Shareholders' Equity		
Share capital (note 4)	1,844,286	404,112
Contributed surplus (note 4)	63,337	63,337
Deficit	(526,384)	(427,962)
	1,381,239	39,487
	\$ 1,446,803	\$ 111,068

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 interim consolidated financial statements

Empire Mining Corporation		
(A Capital Pool Company)		
Interim Consolidated Statements of Operations and Deficit		
<i>Canadian Funds</i>		
<i>(unaudited)</i>		
	Three Month	Three Month
	Period Ended	Period Ended
	August 31, 2007	August 31, 2006
EXPENSES		
Consulting fees	\$ 52,444	\$ 3,250
Corporate administration fees	13,737	15,818
Office and general	7,541	5,667
Professional fees	13,826	4,817
Shareholder relations	2,332	5,326
Stock-based compensation (note 4d)	-	17,143
Telecommunications	197	429
Transfer agent and filing fees (recovery)	15,067	(620)
Travel	851	594
Loss Before Other Income (Expenses)	(105,995)	(52,424)
Other Income (Expenses)		
Interest income	6,862	2,078
Foreign exchange gain (loss)	711	(6)
Loss and Comprehensive Loss for the Period	(98,422)	(50,352)
Deficit, Beginning of Period	(427,962)	(212,389)
Deficit, End of Period	\$ (526,384)	\$ (262,741)
Basic and Diluted Loss Per Common Share	\$ (0.01)	\$ (0.01)
Weighted Average Number of Common Shares Outstanding (Basic and Diluted)	9,023,912	6,825,001

The accompanying notes are an integral part of these interim consolidated financial statements

Empire Mining Corporation

(A Capital Pool Company)

Interim Consolidated Statements of Cash Flows

Canadian Funds

(unaudited)

	Three Month Period Ended August 31, 2007	Three Month Period Ended August 31, 2006
Cash Flows Provided by (Used in)		
Operating Activities		
Loss for the period	\$ (98,422)	\$ (50,352)
Item not affecting cash:		
Stock-based compensation	-	17,143
Changes in non-cash working capital items:		
Increase in prepaids and deposits	(5,535)	-
Increase in receivables	(7,121)	(2,149)
Increase (decrease) in accounts payable	261	(4,091)
Decrease in due to related parties	(6,278)	-
Net cash used in operating activities	(117,095)	(39,449)
Investing Activities		
Purchase of term deposit	(1,200,000)	-
Financing Activities		
Common shares issued for cash	1,499,998	-
Share issuance costs	(59,824)	-
	1,440,174	-
Change in cash during the period	123,079	(39,449)
Cash, beginning of period	69,104	50,399
Cash, end of period	\$ 192,183	\$ 10,950

Supplemental Cash Flow Information - note 9

Term Deposit - note 3

The accompanying notes are an integral part of these interim consolidated financial statements

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2007

(unaudited)

1. Nature of Operations and Going Concern

Empire Mining Corporation (the “Company” or “Empire”) was incorporated under the Business Corporations Act (B.C.) on January 4, 2005. The Company is classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (the “TSX-V” or “Exchange”) Listings Policy 2.4. The Company completed an initial public offering and commenced trading on the TSX-V on October 31, 2005.

These interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due.

For the period ended August 31, 2007, the Company reported a loss of \$98,422 and an accumulated deficit of \$526,384 at that date. 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 (a “Qualifying Transaction”). The Company has identified a Qualifying Transaction, subject to regulatory approval, as described in Note 10.

These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Significant Accounting Policies

Basis of presentation

These interim consolidated financial statements are presented in accordance with generally accepted accounting principles (“GAAP”) applicable in Canada. These interim consolidated financial statements include the accounts of Empire Mining Corporation and its wholly owned subsidiary Empire International Mining Corporation. All inter-company transactions and balances have been eliminated upon consolidation.

Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2007

(unaudited)

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Loss Per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Adoption of New Accounting Standards

Effective June 1, 2007, the Company adopted two new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"); Section 3855, "Financial Instruments – recognition and measurement" and section 1530, "Comprehensive Income". These standards were adopted on a prospective basis, and as such prior periods have not been restated.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2007

(unaudited)

2. Significant Accounting Policies (continued)

(a) Comprehensive Income

Section 1530 introduces Comprehensive Income which is comprised of Net Income and Other Comprehensive Income (“OCI”) and represents changes in Shareholders’ Equity during a period arising from transactions and other events with non-owner sources. Other Comprehensive income includes unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation amounts, net of hedging, arising from self-sustaining foreign operations, and changes in the fair value of the effective portion of cash flow hedging instruments. The Company’s financial statements will include a Statement of Comprehensive Income and the cumulative amount, Accumulated Other Comprehensive Income (“AOCI”) will be presented as a new category of Shareholders’ Equity in the Balance Sheet.

(b) Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the Balance Sheet when the Company becomes a party to contractual provisions of the financial instrument or a derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial assets and financial liabilities held-for-trading will be measured at fair value with gains and losses recognized in the Company’s loss for the period. Financial assets held-to-maturity, loans and receivables and financial liabilities, other than those held-for-trading, will be measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets will be measured at fair value with unrealized gains and losses including changes in foreign exchange rates being recognized in OCI. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market will be measured at cost. Derivative instruments must be recorded on the balance sheet at fair value including those derivatives that are embedded in financial instruments or other contracts but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments will be recognized in the Company’s loss for the period, except for derivatives that are designated as a cash flow hedge, the fair value change for which will be recognized in OCI. Section 3855 permits an entity to designate any financial instrument as held-for-trading on initial recognition or adoption of the standard, even if that instrument would not otherwise satisfy the definition of held-for-trading set out in Section 3855.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2007

(unaudited)

2. Significant Accounting Policies (continued)

Other significant accounting implications arising on adoption of Section 3855 include the initial recognition of certain financial guarantees at fair value on the balance sheet and the immediate expensing of any related transaction costs, fees or premiums.

3. Term Deposit

Details are as follows:

	<u>August 31, 2007</u>	<u>May 31, 2007</u>
Short-term Investment Certificate	\$1,200,000	-
Maturity date	August 2, 2008	-
Interest rate per annum	4.40%	-

The short-term investment certificate was issued by the Bank of Montreal and is redeemable at any time but within the first 30 days it is non-interest bearing.

4. 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, 2006	6,825,001	\$	400,456	\$	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 May 31, 2007	6,850,001		404,112		63,337
Non-brokered private placement ⁽¹⁾	4,999,995		1,499,998		-
Share issuance costs	-		(59,824)		-
As at August 31, 2007	11,849,996	\$	1,844,286	\$	63,337

⁽¹⁾ On July 23, 2007, the Company completed a non-brokered private placement consisting of 4,999,995 common shares for gross proceeds of \$1,499,998. There were no warrants attached to the offering.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2007

(unaudited)

4. Share Capital (continued)

c) **Escrowed Shares** – There are 4,260,001 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 table summarizes information about stock options outstanding at August 31, 2007:

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

There were no stock options issued during the period.

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 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:

Assumption	Value
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 Consolidated Financial Statements

For the Three Month Period Ended August 31, 2007

(unaudited)

4. Share Capital (continued)

e) Agent Options

The following is a summary of the Company's agent options outstanding at August 31, 2007:

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

There were no agent options issued during the period.

5. Related Party Transactions

During the three month period ended August 31, 2007, the Company incurred \$27,162 (2006 - \$28,975) 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.

As at August 31, 2007, \$3,960 (2006 - \$nil) is owed to HRG for reimbursement of costs.

As at August 31, 2007, \$22,000 (2006 - \$nil) is due from HRG for reimbursement of corporate administration fees paid in the prior year. The reimbursement resulted from operational efficiency within 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.

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 \$9,050 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.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2007

(unaudited)

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. Income Taxes

The Company has available for deduction against future taxable income non-capital losses of approximately \$500,000. These losses, if not utilized, will expire beginning in 2015.

Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance.

9. Supplemental Cash Flow Information

There were no significant non-cash transactions during the three month period ended August 31, 2007.

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

10. Subsequent Events

Subsequent to the end of the period, the Company announced that it has entered into an option agreement (the "Agreement") with Anatolia Minerals Development Ltd. ("Anatolia"), to earn a 65% interest in the Bursa copper-molybdenum-gold porphyry property (the "Property") located in western Turkey.

Subject to regulatory approval, the proposed transaction will serve as Empire's qualifying transaction (the "Qualifying Transaction") for the purposes of the policies of the TSX Venture Exchange (the "Exchange"). It is a condition of the Agreement that the transaction be completed on or before November 15, 2007. On conclusion of the proposed Qualifying Transaction, Empire will trade as a Tier 2 Mining Issuer on the Exchange.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2007

(unaudited)

10. Subsequent Events (continued)

Pursuant to the terms of the Agreement, dated September 17, 2007, Empire can earn a 65% interest in the Property by:

- 1) Making cash payments to Anatolia totaling US\$520,000 over 5 years;
- 2) Making payments to Anatolia over 5 years of Empire common shares totaling 5% of Empire's fully diluted share capital as at the 5th anniversary of the Agreement;
- 3) Making expenditures on the Property totaling US\$7.5 million over 5 years, of which US\$300,000 are mandatory; and
- 4) Completing a pre-feasibility report on the Property by the 6th anniversary of the Agreement.

Upon earning a 65% interest in the Property, Empire and Anatolia will enter into a formal joint venture agreement establishing each party's ownership, rights and obligations in the joint development and operation of the Property.

In connection with the Qualifying Transaction, the Company has engaged Global Securities Corporation ("Global") to act as sponsoring agent. The Company will pay Global a sponsorship fee of \$30,000 and reimburse any out of pocket costs incurred.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE THREE MONTH PERIOD ENDED
AUGUST, 2007
(unaudited)**

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

Introduction

The following discussion of performance and financial condition should be read in conjunction with the interim consolidated financial statements for the three month period ended August 31, 2007 and the audited financial statements of the Company for the year ended May 31, 2007. 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 September 21, 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 "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"). Subsequent to the end of the period, the Company announced it has entered into an option agreement (the "Agreement") with Anatolia Minerals Development Ltd. ("Anatolia"), to earn a 65% interest in the Bursa copper-molybdenum-gold porphyry property (the "Property") located in western Turkey.

The proposed transaction is subject to regulatory approval and will serve as Empire's Qualifying Transaction for the purposes of the policies of the Exchange. It is a condition of the Agreement that the transaction complete on or before November 15, 2007.

On conclusion of the proposed Qualifying Transaction, Empire will trade as a Tier 2 Mining Issuer on the Exchange.

Pursuant to the terms of the Agreement, dated September 17, 2007, Empire can earn a 65% interest in the Property by:

- 1) Making cash payments to Anatolia totaling US\$520,000 over 5 years;
- 2) Making payments to Anatolia over 5 years of Empire common shares totaling 5% of Empire's fully diluted share capital as at the 5th anniversary of the Agreement;
- 3) Making expenditures on the Property totaling US\$7.5 million over 5 years, of which US\$300,000 are mandatory; and
- 4) Completing a pre-feasibility report on the Property by the 6th anniversary of the Agreement.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

Upon earning a 65% interest in the Property, Empire and Anatolia will enter into a formal joint venture agreement establishing each party's ownership, rights and obligations in the joint development and operation of the Property.

The Bursa Property is situated over a belt of demonstrated copper ("Cu") and molybdenum ("Moly") porphyry systems in Bursa and Kutahya provinces, 120km south of Istanbul.

The most consistently mineralized porphyry system found on the Bursa Property to date is Karapinar where past drilling by RTZ intersected 0.35% Cu over approximately 350 meters. Assays consistently surpassed 0.01% Moly towards the bottom of these holes and occasionally exceeded 0.04% Moly and gold averaged 0.15g/t Au. A number of drill targets on the Property with potential for economically important porphyry and associated skarn systems remain untested.

Empire will engage an independent qualified person to prepare a technical report with respect to the Property in accordance with the requirements of NI 43-101 and the Exchange. Empire's Qualified Person for the purposes of this news release is John F. Prochnau, P.Eng., a director of Empire.

Results of Operations – Current Period and YTD

The Company incurred a \$98,422 loss during the current quarter versus a \$50,352 loss during the same period in the prior year. This amounts to a \$48,070 (95%) increase which can be primarily attributed to an increase in professional and consulting fees associated with due diligence on potential qualifying transactions. There was a decrease in stock based compensation costs due to the fact that no options were issued, but this was offset by an increase in regulatory filing fees associated with the non-brokered private placement completed during the period.

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.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

As at August 31, 2007, the Company had working capital of \$1,381,239 which included a cash balance of \$192,183 and a liquid GIC of \$1,200,000. Management believes the Company currently has sufficient capital with which to explore its new mineral exploration project and provide for general working capital requirements for the next 12 months.

Selected Quarterly Financial Data (\$)

Financial results:	Aug. 31 2007	May 31 2007	Feb. 28 2007	Nov. 30 2006	Aug. 31 2006	May 31 2006	Feb. 28 2006	Nov. 30 2005
Net loss for the period	98,422	94,168	37,815	33,238	50,352	65,102	68,217	53,437
Basic/Diluted loss per share	0.01	0.01	0.01	0.00	0.01	0.01	0.01	0.01
Resource expenditures	-	-	-	-	-	-	-	-

Balance sheet data:	Aug. 31 2007	May 31 2007	Feb. 28 2007	Nov. 30 2006	Aug. 31 2006	May 31 2006	Feb. 28 2006	Nov. 30 2005
Cash and GIC	1,392,183	69,104	112,960	158,203	210,950	250,399	310,128	342,978
Resource properties	-	-	-	-	-	-	-	-
Total assets	1,446,803	111,068	137,809	171,915	225,100	262,400	318,075	357,638
Shareholders' equity	1,381,239	39,487	133,655	171,470	202,208	235,417	290,213	335,930

Outstanding Share Data

As of September 28, 2007, the following equity securities were outstanding:

Common Shares	11,849,996
Stock Options	670,000
Agent's Options	100,000
Fully Diluted	12,619,996

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

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 \$9,050 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 three month period ended August 31, 2007, the Company incurred \$27,162 (2006 - \$28,975) 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.

As at August 31, 2007, \$3,960 (2006 - \$nil) is owed to HRG for reimbursement of costs.

As at August 31, 2007, \$22,000 (2006 - \$nil) is due from HRG for reimbursement of corporate administration fees paid in the prior year. The reimbursement resulted from operational efficiency within 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.

Subsequent Events

Subsequent to the end of the period, the Company announced that it has entered into an option agreement with Anatolia to earn a 65% interest in the Bursa copper-molybdenum-gold porphyry property located in western Turkey. (Refer to Description of Business)

In connection with the Qualifying Transaction, the Company has engaged Global Securities Corporation ("Global") to act as sponsoring agent. The Company will pay Global a sponsorship fee of \$30,000 and reimburse any out of pocket costs incurred.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

Capital Resources

On July 23, 2007, the Company completed a non-brokered private placement of 4,999,995 common shares for gross proceeds of \$1,499,998. There were no warrants attached to this offering.

Changes in Accounting Policies

The Company implemented the following accounting policy changes during the period.

Effective June 1, 2007, the Company adopted two new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"); Section 3855, "Financial Instruments – recognition and measurement" and section 1530, "Comprehensive Income". These standards were adopted on a prospective basis, and as such prior periods have not been restated.

(a) Comprehensive Income

Section 1530 introduces Comprehensive Income which is comprised of Net Income and Other Comprehensive Income ("OCI") and represents changes in Shareholders' Equity during a period arising from transactions and other events with non-owner sources. Other Comprehensive income includes unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation amounts, net of hedging, arising from self-sustaining foreign operations, and changes in the fair value of the effective portion of cash flow hedging instruments. The Company's financial statements will include a Statement of Comprehensive Income and the cumulative amount, Accumulated Other Comprehensive Income ("AOCI") will be presented as a new category of Shareholders' Equity in the Balance Sheet.

(b) Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the Balance Sheet when the Company becomes a party to contractual provisions of the financial instrument or a derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

Financial assets and financial liabilities held-for-trading will be measured at fair value with gains and losses recognized in the Company's loss for the period. Financial assets held-to-maturity, loans and receivables and financial liabilities, other than those held-for-trading, will be measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets will be measured at fair value with unrealized gains and losses including changes in foreign exchange rates being recognized in OCI. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market will be measured at cost. Derivative instruments must be recorded on the balance sheet at fair value including those derivatives that are embedded in financial instruments or other contracts but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments will be recognized in the Company's loss for the period, except for derivatives that are designated as a cashflow hedge, the fair value change for which will be recognized in OCI. Section 3855 permits an entity to designate any financial instrument as held-for-trading on initial recognition or adoption of the standard, even if that instrument would not otherwise satisfy the definition of held-for-trading set out in Section 3855.

Other significant accounting implications arising on adoption of Section 3855 include the initial recognition of certain financial guarantees at fair value on the balance sheet and the immediate expensing of any related transaction costs, fees or premiums.

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.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, prepaids and deposits, receivables, due to and from related parties 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.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

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.

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.

EMPIRE MINING CORPORATION

Management's Discussion and Analysis

For the Three Month Period Ended August 31, 2007

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Off-Balance Sheet Arrangements

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

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.

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

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(unaudited)

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 Chief Executive Officer
Sean McGrath, Chief Financial Officer
Jacqueline Collins, Corporate Secretary

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

Legal Counsel: Lang Michener LLP
Suite 1500 - 1055 West Georgia Street
Vancouver, BC V6E 4N7

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