



EMPIRE
MINING CORPORATION

Suite 910 – 475 Howe Street
Vancouver, B.C.
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**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
NOVEMBER 30, 2007
(unaudited)**

Empire Mining Corporation

(A Development Stage Company)

Interim Consolidated Balance Sheet

Canadian Funds

(unaudited)

	November 30, 2007	May 31, 2007
ASSETS		
Current Assets		
Cash	\$ 60,918	\$ 69,104
Term deposit (note 3)	1,100,000	-
Prepays and deposits	27,879	18,630
Due from related parties (note 6)	10,000	22,000
Receivables	45,595	1,334
	1,244,392	111,068
Mineral Properties (note 4)	166,257	-
	\$ 1,410,649	\$ 111,068
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 21,786	\$ 61,343
Due to related parties (note 6)	-	10,238
	21,786	71,581
Shareholders' Equity		
Share capital (note 5)	1,958,551	404,112
Contributed surplus (note 5)	59,072	63,337
Deficit	(628,760)	(427,962)
	1,388,863	39,487
	\$ 1,410,649	\$ 111,068

Nature of operations and going concern (note 1)

Commitments (note 8)

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 Development Stage Company)

Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit

Canadian Funds

(unaudited)

	Three Month Period Ended November 30, 2007	Six Month Period Ended November 30, 2007	Three Month Period Ended November 30, 2006	Six Month Period Ended November 30, 2006
EXPENSES				
Consulting fees	\$ 12,848	\$ 65,292	\$ 3,507	\$ 6,757
Corporate administration fees	13,737	27,474	15,246	31,064
Director fees	3,000	3,000	-	-
Office and general	8,161	15,702	6,195	11,862
Professional fees	26,768	40,594	3,705	8,522
Shareholder relations	3,396	5,728	2,913	8,239
Stock-based compensation (note 5d)	-	-	-	17,143
Telecommunications	-	197	134	563
Transfer agent and filing fees	40,767	55,834	3,098	2,478
Travel	(42)	809	-	594
Loss Before Other Income (Expenses)	(108,635)	(214,630)	(34,798)	(87,222)
Other Income (Expenses)				
Interest income	12,645	19,507	1,570	3,648
Foreign exchange gain (loss)	(6,386)	(5,675)	(10)	(16)
Loss and Comprehensive Loss for the Period	(102,376)	(200,798)	(33,238)	(83,590)
Deficit, Beginning of Period	(526,384)	(427,962)	(262,741)	(212,389)
Deficit, End of Period	\$ (628,760)	\$ (628,760)	\$ (295,979)	\$ (295,979)
Basic and Diluted Loss Per Common Share	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.01)
Weighted Average Number of Common Shares Outstanding (Basic and Diluted)	11,952,194	10,480,052	6,848,078	6,836,476

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

Empire Mining Corporation

(A Development Stage Company)

Interim Consolidated Statements of Cash Flows

Canadian Funds

(unaudited)

	Three Month Period Ended November 30, 2007	Six Month Period Ended November 30, 2007	Three Month Period Ended November 30, 2006	Six Month Period Ended November 30, 2006
Cash Flows Provided by (Used in)				
Operating Activities				
Loss for the period	\$ (102,376)	\$ (200,798)	\$ (33,238)	\$ (83,590)
Item not affecting cash:				
Stock-based compensation	-	-	-	17,143
Changes in non-cash working capital items:				
Increase in prepaids and deposits	(3,714)	(9,249)	-	-
Decrease in due from related parties	12,000	12,000	-	-
Decrease (increase) in receivables	(37,140)	(44,261)	438	(1,711)
Increase (decrease) in accounts payable	(39,818)	(39,557)	(22,447)	(26,538)
Decrease in due to related parties	(3,960)	(10,238)	-	-
Net cash used in operating activities	(175,008)	(292,103)	(55,247)	(94,696)
Investing Activities				
Acquisition of mineral property	(39,072)	(39,072)	-	-
Exploration and development costs	(27,185)	(27,185)	-	-
Redemption (purchase) of term deposit	100,000	(1,100,000)	45,000	45,000
	33,743	(1,166,257)	45,000	45,000
Financing Activities				
Common shares issued for cash	10,000	1,509,998	-	-
Share issuance costs	-	(59,824)	2,500	2,500
	10,000	1,450,174	2,500	2,500
Change in cash during the period	(131,265)	(8,186)	(7,747)	(47,196)
Cash, beginning of period	192,183	69,104	10,950	50,399
Cash, end of period	\$ 60,918	\$ 60,918	\$ 3,203	\$ 3,203

Supplemental Cash Flow Information - note 10

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 Six Month Period Ended November 30, 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 completed an initial public offering and commenced trading on the TSX-V on October 31, 2005 and was classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (the “TSX-V” or “Exchange”) Listings Policy 2.4. On November 12, 2007 the Company completed its qualifying transaction and became a tier 2 mining issuer.

Its principal business activities are the exploration and development of mineral properties. All of the Company’s mineral properties are currently located in Europe. The Company is in the process of exploring and developing its mineral properties, but has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not received any revenue from mining operations and is considered to be in the development stage.

These interim consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the period ended September 30, 2007, the Company reported a loss of \$200,798 and an accumulated deficit of \$628,760 at that date. Its ability to continue as a going concern is dependent upon the continued support of the related parties, the ability of the Company to raise equity financing, the discovery of economically recoverable reserves and ultimately the attainment of profitable operations. These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

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.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Six Month Period Ended November 30, 2007

(unaudited)

2. Significant Accounting Policies (continued)

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.

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.

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.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Six Month Period Ended November 30, 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.

Mineral properties

The Company is in the exploration stage and defers all expenditures related to its mineral properties until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned, then the expenditure will be charged to operations. The Company does not accrue the estimated future costs of maintaining in good standing its mineral properties.

In the event that reserves are determined, the carrying values of a mineral property interest, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, then the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized is dependent upon the identification of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and to realize profitable production and proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment are based on current conditions. However, it is possible that changes could occur in the near term, which could adversely affect management's estimates and result in future write-downs of the capitalized property carrying values.

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 Six Month Period Ended November 30, 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 Six Month Period Ended November 30, 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:

	November 30, 2007	May 31, 2007
Short-term Investment Certificate	\$1,100,000	-
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. Mineral Property

On September 17, 2007, the Company 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.

Pursuant to the terms of the Agreement Empire can earn a 65% interest in the Property by:

- 1) Making cash payments to Anatolia totaling US\$520,000 over 5 years; (\$40,000 paid)
- 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; (200,000 shares issued)
- 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.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Six Month Period Ended November 30, 2007

(unaudited)

4. Mineral Property (continued)

A breakdown of the exploration expenditures by type incurred during the period is as follows:

	Amount
Balance – May 31, 2007	\$ -
Acquisition	139,072
Assays	26,706
Geologists and staff	479
	<u>166,257</u>
Balance – November 30, 2007	<u>\$166,257</u>

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, 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
					<u>17,143</u>
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)		-
Mineral property acquisition	200,000		100,000		-
Agent's options exercised	100,000		10,000		-
Fair value of Agent's options	-		4,265		(4,265)
					<u>(4,265)</u>
As at November 30, 2007	12,149,996	\$	1,958,551	\$	59,072

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Six Month Period Ended November 30, 2007

(unaudited)

5. Share Capital (continued)

⁽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.

- 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. As at November 30, 2007, a total of 3,834,001 common shares remained in escrow.

d) Incentive Stock Options

The following table summarizes information about stock options outstanding at November 30, 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 Six Month Period Ended November 30, 2007

(unaudited)

5. Share Capital (continued)

e) Agent Options

There were no agent options outstanding at November 30, 2007.

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, 2007	100,000	\$0.10
Granted during the period	-	-
Exercised during the period	(100,000)	0.10
Expired during the period	-	-
Balance – November 30, 2007	-	-

6. Related Party Transactions

During the period ended November 30, 2007, the Company incurred \$54,324 (2006 - \$58,657) in fees which include office rent, corporate 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 November 30, 2007, \$10,000 (2006 - \$nil) is due from HRG for reimbursement of 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.

7. Financial Instruments

The Company's financial instruments consist of cash, receivables, term deposits, amounts due to and from related parties 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.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Six Month Period Ended November 30, 2007

(unaudited)

8. 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 fee of approximately \$9,050 that includes office rent, corporate 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.

9. Income Taxes

The Company has available for deduction against future taxable income non-capital losses of approximately \$600,000. 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.

10. Supplemental Cash Flow Information

There only significant non-cash transaction during the period ended November 30, 2007 was the issuance of 200,000 common shares at a fair value of \$0.50 per share in connection with the Bursa Property option agreement.

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



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MANAGEMENT DISCUSSION AND ANALYSIS

**FOR THE SIX MONTH PERIOD ENDED
NOVEMBER 30, 2007
(unaudited)**

EMPIRE MINING CORPORATION

Management 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 six month period ended November 30, 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 January 10, 2008.

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 tier 2 mining issuer under the trading symbol – EPC.

The Company 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.

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.

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

EMPIRE MINING CORPORATION

Management Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

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.

A technical report with respect to the Property was prepared in accordance with the requirements of NI 43-101 and was filed on Sedar on October 31, 2007. With the exception of the technical report, Empire's Qualified Person is John F. Prochnau, P.Eng., a director of the Company.

Results of Operations – Current Period

The Company incurred a \$102,376 loss during the current quarter versus a \$33,238 loss during the same period in the prior year. This amounts to a \$69,138 (208%) increase which can be primarily attributed to an increase in regulatory, professional and consulting fees associated with the completion of the Company's qualifying transaction. The increased loss was partially offset due to additional interest income received from the larger cash balance held after completing a non-brokered private placement in July 2007.

Results of Operations – YTD

The Company incurred a \$200,798 loss during the period versus a \$83,590 loss during the same period in the prior year. This amounts to a \$117,208 (140%) increase which can be primarily attributed to an increase in regulatory, professional and consulting fees associated with the completion of the Company's qualifying transaction. The increased loss was partially offset due to additional interest income received from the larger cash balance held after completing a non-brokered private placement in July 2007.

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 feasible resource 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 November 30, 2007, the Company had working capital of \$1,222,606 which included a cash balance of \$60,918 and a liquid GIC of \$1,100,000. 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.

EMPIRE MINING CORPORATION

Management Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

Selected Quarterly Financial Data (\$)

Financial results:	Nov. 30 2007	Aug. 31 2007	May 31 2007	Feb. 28 2007	Nov. 30 2006	Aug. 31 2006	May 31 2006	Feb. 28 2006
Net loss for the period	102,376	98,422	94,168	37,815	33,238	50,352	65,102	68,217
Basic/Diluted loss per share	0.01	0.01	0.01	0.01	0.00	0.01	0.01	0.01
Resource expenditures	166,257	-	-	-	-	-	-	-

Balance sheet data:	Nov. 30 2007	Aug. 31 2007	May 31 2007	Feb. 28 2007	Nov. 30 2006	Aug. 31 2006	May 31 2006	Feb. 28 2006
Cash and GIC	1,160,918	1,392,183	69,104	112,960	158,203	210,950	250,399	310,128
Resource properties	166,257	-	-	-	-	-	-	-
Total assets	1,410,649	1,446,803	111,068	137,809	171,915	225,100	262,400	318,075
Shareholders' equity	1,388,863	1,381,239	39,487	133,655	171,470	202,208	235,417	290,213

Outstanding Share Data

As of January 10, 2008, the following equity securities were outstanding:

Common Shares	12,149,996
Stock Options	670,000
Fully Diluted	12,819,996

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 fee of approximately \$9,050 that includes office rent, corporate 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

Management Discussion and Analysis

For the Three Month Period Ended August 31, 2007

(unaudited)

Related Party Transactions

During the six month period ended November 30, 2007, the Company incurred \$54,324 (2006 - \$58,657) in fees which include office rent, corporate 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 November 30, 2007, \$10,000 (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.

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

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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 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.

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.

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.

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Subsequent Events

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

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, 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.

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.

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- 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.

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.

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Corporate Information

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