

CANADIAN EMPIRE EXPLORATION CORP.
(the "Company")
INTERIM CONSOLIDATED REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005
(UNAUDITED)



Canadian Empire Exploration Corp

(Formerly Northern Crown Mines Ltd.)

1205 – 675 West Hastings St.

Vancouver, B.C. V6B 1N2

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CANADIAN EMPIRE EXPLORATION CORP.
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31, 2006 AND DECEMBER 31, 2005
(UNAUDITED)

	MARCH 31, 2006	DECEMBER 31, 2005
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	25,189	17,450
Accounts receivable	9,858	3,330
	<u>35,047</u>	<u>20,780</u>
Reclamation deposits	11,300	11,300
	<u>46,347</u>	<u>32,080</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	121,519	203,060
Due to related party	81,125	120,534
Convertible promissory note due to related party	150,000	-
	<u>352,644</u>	<u>323,594</u>
SHAREHOLDERS' DEFICIENCY		
Capital stock	21,811,752	21,811,752
Contributed surplus	460,853	438,591
Deficit	<u>(22,578,903)</u>	<u>(22,541,857)</u>
	<u>(306,297)</u>	<u>(291,514)</u>
	<u>46,347</u>	<u>32,080</u>

Nature of operations and going concern (note 1)
Subsequent event (note 5)

"John S. Brock"
John S. Brock

"Wayne J. Roberts"
Wayne J. Roberts

CANADIAN EMPIRE EXPLORATION CORP.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005
(UNAUDITED)

	3 MONTHS ENDED MARCH 31, 2006	3 MONTHS ENDED MARCH 31, 2005
Administration expenses		
Bank charges	133	294
Foreign exchange loss (gain)	(35)	(60)
Tax penalty on flow-through shares renounced	-	2,482
Consulting	-	125
Insurance	-	10,628
Legal and audit	4,011	473
Office operations and facilities	475	10,101
Management and administrative services	2,117	6,237
Shareholder communication	850	1,468
Transfer agent and regulatory fees	6,195	9,143
	<u>13,748</u>	<u>40,891</u>
Other Expenses (income)		
General exploration expenditures	1,035	2,819
Write-off of exploration expenditures	-	64,089
Write-off of mineral property expenditures	-	14,510
Stock-based compensation	22,263	23,886
Interest income	(0)	(26)
	<u>23,298</u>	<u>105,278</u>
Loss for the period	37,046	146,169
Deficit - beginning of period	22,541,857	21,076,533
Deficit - end of period	<u>22,578,903</u>	<u>21,222,702</u>
Basic and diluted loss per common share	\$0.00	\$0.00
Weighted average number of common shares	36,364,366	33,924,356

CANADIAN EMPIRE EXPLORATION CORP.
CONSOLIDATED STATEMENTS OF DEFERRED EXPLORATION AND MINERAL PROPERTY EXPENDITURES
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005
(UNAUDITED)

	3 MONTHS ENDED MARCH 31, 2006	3 MONTHS ENDED MARCH 31, 2005
Exploration and mineral property expenditures during the period		
Assays and geochemical analysis	-	18,450
Consulting	-	16,505
Expediting	1	31
Field supplies	-	318
Maps, printing and drafting	75	730
Project management fees	6	4,137
Property acquisition costs	953	210
Salaries and wages	-	13,984
Transportation	-	1,698
Expenditures during the period	1,035	56,063
Balance - beginning of period	-	944,932
Less:		
General exploration expenditures	1,035	2,819
Write-off of exploration expenditures	-	64,089
Write-off of mineral property expenditures	-	14,510
Reclamation deposit	-	-
	1,035	81,418
Balance - end of period	0	919,577

CANADIAN EMPIRE EXPLORATION CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005
(UNAUDITED)

	3 MONTHS ENDED MARCH 31, 2006	3 MONTHS ENDED MARCH 31, 2005
Cash flows from operating activities		
Loss for the period	(37,046)	(146,169)
Items not affecting cash		
Stock-based compensation	22,263	23,886
Write-off of exploration expenditures	-	64,089
Write-off of mineral property expenditures	-	14,510
	<u>(14,783)</u>	<u>(43,684)</u>
Changes in non-cash working capital items	(127,478)	1,690
	<u>(142,261)</u>	<u>(41,994)</u>
Cash flows from financing activities		
Convertible debt	150,000	-
	<u>150,000</u>	<u>-</u>
Cash flows from investing activities		
Property acquisition and maintenance costs	-	(210)
Deferred exploration expenditures	-	(53,031)
	<u>-</u>	<u>(53,241)</u>
Increase (decrease) in cash and cash equivalents	7,740	(95,235)
Cash and cash equivalents - beginning of period	17,450	451,514
	<u>25,189</u>	<u>356,279</u>
Cash and cash equivalents - end of period	<u><u>25,189</u></u>	<u><u>356,279</u></u>

**CANADIAN EMPIRE EXPLORATION CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005
(UNAUDITED, PREPARED BY MANAGEMENT)**

1- Nature of operations and going concern

The company is in the business of acquiring, exploring and developing mineral properties and has not yet determined whether its current property contains ore reserves that are economically recoverable. All of the company's mineral property interests are currently located in Canada. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from the disposition of the property.

The company's continuing operations are dependent on its ability to secure additional financing. There can be no assurance that the company will be successful in raising the required financing. As at March 31, 2006, the Company had cash and cash equivalents of \$25,190 and working capital deficit of \$317,597.

The company's ability to continue operating is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Because of this uncertainty, there is substantial doubt about the ability of the company to continue as a going concern.

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.

2- Significant accounting policies

The accompanying unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those outlined in the company's audited financial statements for the year ended December 31, 2005. These notes do not include all of the information and disclosures required by Canadian generally accepted accounting principles for audited financial statements. These interim financial statements should be read in conjunction with the most recent annual financial statements of the company.

3- Capital stock

Authorized: 250,000,000 common shares without par value, of which 36,364,366 common shares were issued as at March 31, 2006 (December 31, 2005: 36,364,366).

Stock options

As at March 31, 2006, common shares under option are as follows:

Number of shares outstanding	Number of shares exercisable	Exercise price (\$)	Expiry date
1,365,000	1,365,000	0.15	January 3, 2008
100,000	100,000	0.15	August 21, 2008
<u>2,458,000</u>	<u>2,458,000</u>	0.10	September 17, 2009
3,923,000	3,923,000		

Stock option information

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The company applies the fair value method of accounting for stock options and, accordingly, the fair value of stock options of \$22,263 has been included in administrative expenses. The fair value of options granted was estimated at the date of grant based on the Black-Scholes option-pricing model, using the following assumptions:

	2004	2003
Expected dividend yield	Nil	Nil
Average risk-free interest rate	4.0%	3.25 – 4.9%
Expected life	5 years	5 years
Expected volatility	114%	94% - 171%

Warrants

Warrants outstanding and exercisable at March 31, 2006 are as follows:

	Number of warrants	Number of shares issuable on exercise of warrants	Price per share \$	Expiry date
McBride Property	50,000	50,000	0.055	May 17, 2006

4- Related party transactions

The company has management agreements with Badger & Co. Management Corp. ("Badger & Co."), a company owned by John S. Brock (Chief Executive Officer, President and a director of the company), Wayne J. Roberts (Vice-President Exploration and a director of the company) and Jeannine P. M. Webb (Chief Financial Officer and Secretary of the company).

Under the agreements with Badger & Co., the company was charged from January 1 to March 31, 2006 for the following:

- Cost of operations and administration: \$747
- Fees for professional services provided at per diem rates: \$2,117
- Exploration salaries and wages and project management fees: \$6

In connection with these charges and amounts reimbursable at cost to Badger & Co., the company owed \$81,125 to Badger & Co. at March 31, 2006 (December 31, 2005: \$120,534).

On February 2, 2006, the company arranged, subject to regulatory approval, the private placement of \$150,000 principal amount convertible promissory note with John S. Brock Limited, a company owned by John S. Brock and Wayne J. Roberts. The Promissory Note is unsecured, bears interest at 6% per annum and is due on demand. The principal amount of the Note is convertible at the holder's option into common shares of the Company, for a maximum of 5 years, on the basis of one common share for every \$0.165 of principal amount converted during the first two years and thereafter, the conversion rate increases 10% per year over the previous year's conversion rate.

5- Subsequent event

On May 15, 2006, the Company issued 25,000 shares on the exercise of warrants, for consideration of \$1,375.