



EMPIRE
MINING CORPORATION

Suite 910 – 475 Howe Street
Vancouver, B.C.
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MANAGEMENT DISCUSSION AND ANALYSIS

**FOR THE THREE MONTH PERIOD ENDED
AUGUST 31, 2009**

EMPIRE MINING CORPORATION

Management Discussion and Analysis

For the Three Month Period Ended August 31, 2009

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, 2009 and the annual consolidated financial statements for the years ended May 31, 2009 and 2008. The Company's consolidated 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 October 14, 2009.

Caution Regarding Forward Looking Statements

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "planned," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to: changes in Canadian dollar exchange rates; our strategies and objectives; our tax position and the tax and royalty rates applicable to us; our ability to acquire necessary permits and other authorizations in connection with our projects; risks associated with environmental compliance, including without limitation changes in legislation and regulation, and estimates of reclamation and other costs; our cost reduction and other financial and operating objectives; our environmental, health and safety initiatives; the availability of qualified employees and labour for our operations; risks that may affect our operating or capital plans; risks created through competition for mining properties; risks associated with exploration projects, and mineral reserve and resource estimates, including the risk of errors in assumptions and methodologies; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; risks associated with title; and general business and economic conditions.

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about: general business and economic conditions; the timing of the receipt of required approvals for our operations; the availability of equity and other financing on reasonable terms; power prices; our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; our ability to attract and retain skilled labour and staff; the impact of changes in Canadian dollar and other foreign exchange rates on our costs and results; market competition; and our ongoing relations with our employees and with our business partners and joint venturers.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

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Description of Business

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 Venture Exchange (the "TSX-V" or "Exchange") on October 31, 2005 and was classified as a Capital Pool Company ("CPC") as defined in the TSX-V Listings Policy 2.4. On November 12, 2007 the Company completed its qualifying transaction and became a tier 2 mining issuer.

Its principal business activity is the exploration and development of mineral properties. All of the Company's mineral properties are currently located in Eastern Europe and Turkey. The Company is in the process of exploring and developing its newly acquired mineral properties.

The Company's consolidated financial statements include the accounts of Empire Mining Corporation and its wholly owned subsidiaries, Empire International Mining Corporation, a British Virgin Island ("BVI") company, Empire Mining (Albania) Shpk, an Albanian company, Empire Mining BH, a Bosnian company and Empire Mining SR, a Serbian company.

Mineral Properties

On September 17, 2007, the Company entered into an option agreement (the "Agreement") with Anatolia Minerals Development Ltd. ("Anatolia"), wherein it can earn a 65% interest in the Bursa copper-molybdenum-gold porphyry property (the "Property") located in western Turkey.

Bursa Property

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

- i. Making cash payments to Anatolia totaling US\$520,000 over 5 years; (of which US\$80,000 has been paid)
- ii. 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; (600,000 shares issued)
- iii. Making expenditures on the Property totaling US\$7.5 million over 5 years, of which US\$300,000 (incurred) is required to be spent in year 1; and
- iv. 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% Mo towards the bottom of these holes and occasionally exceeded 0.04% Mo and gold averaged 0.15g/t Au.

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During the year, the Company completed a Phase I drilling program at Bursa consisting of six core holes totaling 1,601 metres. The program was designed to confirm and expand the known porphyry copper occurrences at the Karapinar system. Results of the program are outlined in the following table.

Hole No.	Total Depth (m)	From (m)	To (m)	Intercept (m)	Cu (%)	Mo (%)	Au (g/t)
KDH-006	363.00	0.00	99.70	99.70	0.50	0.0071	0.10
		138.70	227.00	88.30	0.23	0.0022	0.06
KDH-007	380.50	5.50	133.20	127.70	0.31	0.0133	0.11
		363.00	380.50	17.50	0.49	0.0112	0.07
KDH-008	323.00	0.00	224.00	224.00	0.36	0.0110	0.08
Including		20.00	141.00	121.00	0.47	0.0153	0.12
Including		43.00	86.00	43.00	0.72	0.0114	0.18
Including		43.00	68.00	25.00	1.01	0.0118	0.21
Including		202.00	218.40	16.40	0.62	0.0056	NS
KDH-009	278.00	19.00	206.60	187.60	0.34	0.0110	NS
Including		75.00	113.60	38.60	0.57	0.0190	NS
Including		97.90	113.60	15.70	0.77	0.0333	NS
KDH-010	101.00	No Significant Results					
KDH-011	155.50	0.00	155.5	155.6	0.25	0.0148	NS
Including		60.00	84.00	24.00	0.46	0.0314	NS
total	1601.00						

NS = no significant values

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 special advisor to the Company.

Bulqiza Property

On February 26th, 2009 the Company announced that it was awarded four Exploration Licenses at its Bulqiza chromite project in eastern Albania. The Company first announced on May 21st, 2008, that it had been awarded an Exclusive Prospecting Permit covering the most prospective geological terrain within the productive Bulqiza Ultramafic Massif in eastern Albania. The Prospecting Permit provided the exclusive option to acquire exploration rights within the Prospecting Permit area.

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The Exploration Licenses cover 64.5 km², in four discrete project areas containing numerous chromite showings, prospects and past-producing mines. The licenses provide exclusive rights for conversion to Mining Permits. A map of the project areas can be viewed here:

www.empireminingcorp.com/i/maps/albania/nr_bulqiza_locations-geology.pdf

The Company's Bulqiza-Batra License (38.8 km²) covers much of the southern half of the Massif, surrounds the Bulqiza Mine and covers the undeveloped south extension of the productive Bulqiza chromite structure within the adjacent Batra Mine. Other important historic mines within the license area include the Thekna, Lugu Gjat-10 Korriku, Ushitari and Ternova mines.

The Company's Bulqiza Veriore License (6.9 km²) contains numerous unexplored chromite showings and prospects and the projected deep north extension of the productive Bulqiza Mine ore structure. The Qafe Burreli (6.1 km²) and Liqeni i Dhive (12.7 km²) Licenses are located in the northern sector of the Bulqiza Massif and cover a number of significant but incompletely developed chromite occurrences and former mines with near surface resource potential.

The Bulqiza massif contains over 350 chromite occurrences and deposits including the producing Bulqiza-Batra Mine (excluded from the Empire permit) which is widely recognized as one of the largest podiform chromite deposits in the world with past reported production of about 20 million tonnes grading 35-42% Cr₂O₃ and reported reserves of 18 million tonnes grading +35% Cr₂O₃.

Albania was the world's third largest producer of chromite in the 1980's when production amounted to more than 1 million tonnes per year, mainly from the Bulqiza massif, however, primarily as a consequence of the collapse of communism the local industry has been largely dormant since that time. Bulqiza ores are characterized by exceptionally high grades and generally command premium prices on world markets.

The current program consists of compilation and interpretation of the extensive historic data base assembled by the Albanian Geological Survey and the former state company, Albkrom, during the communist era. The Company's initial objective is to re-confirm state-defined resources, principally at the Batra and Thekna mines, and implement drilling and underground development programs necessary to expand existing resources and upgrade them to 43-101 standards.

The historic resources and figures indicated are not NI 43-101 compliant and a qualified person has not done sufficient work to confirm the figures or to classify the historic estimates as current mineral resources. They should not be relied upon and the Company does not treat them as current. The Company has retained ECTerra, a geological consulting firm, to prepare a 43-101 report and delivery is expected in November 2009.

Nevlje Property

The 100% owned Nevlje Property, consisting of an exploration license covering 62 Km², is located 10 km southwest of Demitrovgrad in southeast Serbia on the Bulgaria border. The property is adjacent to and immediately across the border from Teck Cominco's and Euromax' Trun gold project in Bulgaria.

Empire has commenced detailed field work on the license, including mapping, soil geochemistry and geophysics in order to develop drill targets for future drilling.

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Kursumlija Property

The Kursumlija copper property covers 62 km², located immediately northwest of the Lece mining district and 320 km south of Belgrade in southern Serbia.

Empire has commenced an initial field program designed to evaluate the known mineralized showings within the license area and prospect for others. The program includes geologic mapping, soil and rock geochemical surveys and possible geophysics to define drill targets.

Djavalja Varos Property

The 100% owned Djavalja Varos Property consists of one exploration license covering 96 sq. Km. It is located approximately 10-15 km south of Kursumlija township. It is situated just few km south east of already issued Kursumlija exploration license. The Company commenced compilation of voluminous historical data in Lece volcanic complex accompanied with minor prospecting of previously reported mineral occurrences. There are other licenses issued within the volcanic complex (Dundee precious metals, exploration license, porphyry copper deposit), (Reservoir Capital, exploration license, vein type lead and zinc deposit), (Farmakom, mining license, lead, zinc and gold vein deposit).

Selected Annual Information

	May 31, 2009	May 31, 2008	May 31, 2007
Financial results			
Net loss for year	1,050,006	1,069,717	215,573
Basic and diluted loss per share	0.04	0.09	0.03
Expenditures on resource properties	1,069,642	288,574	-
Balance sheet data			
Cash and short term deposits	1,787,224	1,161,501	69,104
Resource properties	1,358,216	288,574	-
Total assets	3,320,088	2,217,272	111,068
Deficit	2,547,685	1,497,679	427,962

Results of Operations

The Company incurred a \$196,586 loss during the current period versus a \$302,029 loss during the prior year period. This amounts to a \$105,443 (35%) decrease which can be primarily attributed to two material account changes. There was a decrease in stock-based compensation due to no new option grants and a decrease in property investigation costs. After acquiring the Bulquiza project the Company has focused on the new Albanian assets over investigating additional acquisitions.

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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 August 31, 2009, the Company had a working capital balance of \$1,532,198 which included a cash balance of \$152,194 and liquid GICs totaling \$1,326,656. Management believes that the Company will have sufficient capital with which to explore its new mineral exploration projects and provide for general working capital requirements for the next 12 months.

Selected Quarterly Financial Data (\$)

Financial results:	Aug 31 2009	May 31 2009	Feb. 28 2009	Nov. 30 2008	Aug. 31 2008	May 31 2008	Feb. 28 2008	Nov. 30 2007
Net loss for the period	196,586	277,997	268,185	201,795	302,029	458,889	410,030	102,376
Basic/Diluted loss per share	0.01	0.01	0.01	0.01	0.01	0.09	0.04	0.01
Resource expenditures	112,608	161,582	112,212	213,138	582,710	64,614	57,703	166,257

Balance sheet data:	Aug 31 2009	May 31 2009	Feb. 28 2009	Nov. 30 2008	Aug. 31 2008	May 31 2008	Feb. 28 2008	Nov. 30 2007
Cash and GIC	1,478,850	1,787,224	2,222,476	2,507,751	2,889,133	1,161,501	808,782	1,160,918
Resource properties	1,470,824	1,358,216	1,196,634	1,084,422	871,284	288,574	57,703	166,257
Total assets	3,105,997	3,320,088	3,543,366	3,728,114	3,918,650	2,217,272	1,133,070	1,410,649
Shareholders' equity	3,039,216	3,215,090	3,463,877	3,696,773	3,803,675	2,138,159	1,067,377	1,388,863

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For the Three Month Period Ended August 31, 2009

Share Capital Information

At October 14, 2009 the following equity securities were outstanding:

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding:			24,893,460
Securities convertible into common shares:			
Warrants	\$0.38	February 6, 2010	3,466,667
Broker Warrants	\$0.38	February 6, 2010	554,666
Options	\$0.10	October 31, 2010	610,000
	\$0.35	July 17, 2011	60,000
	\$0.40	January 24, 2013	735,000
	\$0.25	November 5, 2013	300,000
	\$0.25	April 28, 2014	650,000
			31,269,793

Private Placements

- i) On August 6, 2008, the Company completed a non-brokered private placement consisting of 6,933,332 units for gross proceeds of \$2,080,000. Each unit was comprised of a common share and one half of one share purchase warrant wherein each whole share purchase warrant is exercisable into a common share at \$0.38 per share until February 6, 2010.

Warrants

- i) In conjunction with the August 6, 2008 private placement 3,466,667 warrants were granted. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.38 per common share at any time prior to February 6, 2010.
- ii) 554,666 agent warrants were granted in conjunction with the private placement on August 6, 2008 as part of the compensation to the agent.

Stock Options

There was no option activity during the current period, however, during the year ended May 31, 2009:

- i) 595,000 options were cancelled.
- ii) the Company granted a total of 300,000 stock options, exercisable on or before November 5, 2013 at a price of \$0.25.
- iii) the Company granted a total of 650,000 stock options, exercisable on or before April 28, 2014 at a price of \$0.25.

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Commitments

Effective November 1, 2008, the Company entered into a consulting contract with a corporation controlled by a director in which the Company will pay monthly fees of \$5,000. The agreement will expire on December 31, 2009.

Effective June 1, 2009, the Company entered into a new management agreement with a company controlled by the CEO. The agreement provides for a monthly fee \$8,333. The agreement expires on December 31, 2009.

Related Party Transactions

- a) At August 31, 2009, the Company owed \$26,062 (May 31, 2009 - \$1,908) for consulting services and reimbursement of administrative expenses to companies with directors and officers in common. These are non-interest bearing and are paid under the same terms as normal accounts payable.
- b) At August 31, 2009, a management services company, with two former directors in common, owed the Company \$12,286 (May 31, 2009 - \$26,664) relating to deposits for services and fixed assets paid to the related company.

Subsequent Events

Subsequent to period end:

- a) the Company issued 200,000 shares in accordance with the Anatolia Minerals Development Ltd. agreement for the Bursa copper property. (See Note 4)
- b) a total of 3,137,876 warrants exercisable at \$0.38 expired without being exercised.

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 consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with Canadian GAAP and applicable guidelines for exploration stage companies. The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is

EMPIRE MINING CORPORATION

Management Discussion and Analysis

For the Three Month Period Ended August 31, 2009

appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

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 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.

There have been no changes in the Company's internal controls during the period ended August 31, 2009.

Risks and Uncertainties

The Company is in 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 metal 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 year, 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 continue its exploration and development activities in the future.
- f) There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

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For the Three Month Period Ended August 31, 2009

- g) The Company's operations are in foreign jurisdictions where there may be a number of risks over which it will have no control. These risks may include without limitation risks relating to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing and export duties as well as government control over domestic commodity pricing.

Some of the jurisdictions in which the Company operates may have less developed legal systems than jurisdictions with more established economies which may result in risks including without limitation (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law, regulation, contract or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured

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. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined.

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 consolidated 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 interim consolidated financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The Company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at August 31, 2009 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

EMPIRE MINING CORPORATION

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Off-Balance Sheet Arrangements

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

Other Information

The Company announced the appointment of Joel Schuster to the position of Corporate Secretary after the resignation of Jacqueline Collins. Additional information about the Company is available on the Company's website at www.empireminingcorp.com or SEDAR at www.sedar.com.

Corporate Information

Head Office: Suite 910 – 475 Howe Street
Vancouver, BC V6C 2B3

Directors: Robert Giustra
David Cliff
Michael Johnson

Officers: David Cliff, President and Chief Executive Officer
Sean McGrath, Chief Financial Officer
Joel Schuster, VP of Commercial Affairs and Corporate Secretary

Auditor: Dale Matheson Carr-Hilton Labonte LLP
1500 – 1140 West Pender Street
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Legal Counsel: Lang Michener LLP
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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, 2009
(UNAUDITED)**

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 un-audited interim consolidated 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.

Empire Mining Corporation

(A Development Stage Company)

Interim Consolidated Balance Sheet

Canadian Funds

(Unaudited - Prepared by management)

	August 31, 2009	May 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 152,194	\$ 1,260,868
Term deposits (note 3)	1,326,656	526,357
Prepays and deposits	105,178	106,262
Due from related parties (note 7)	12,286	26,664
Receivables	2,666	2,425
	1,598,979	1,922,576
Equipment (note 5)	36,194	39,296
Mineral Properties (note 4)	1,470,824	1,358,216
	\$ 3,105,997	\$ 3,320,088
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 64,873	\$ 103,090
Due to related parties (note 7)	1,908	1,908
	66,781	104,998
Shareholders' Equity		
Share capital (note 6)	4,741,691	4,741,691
Contributed surplus (note 6)	1,041,796	1,021,084
Deficit	(2,744,271)	(2,547,685)
	3,039,216	3,215,090
	\$ 3,105,997	\$ 3,320,088

Nature of operations and going concern (note 1)

On behalf of the Board:

/S/ David Cliff

David Cliff - 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 - Prepared by management)

	Three Month Period Ended August 31, 2009	Three Month Period Ended August 31, 2008
EXPENSES		
Amortization	\$ 3,102	\$ -
Consulting fees	26,698	44,296
Corporate administration fees	3,471	24,870
Director fees	10,000	9,000
Management fees	40,975	32,612
Office and general	31,066	44,471
Professional fees	26,330	34,443
Property investigation	13,257	31,271
Shareholder relations	5,553	11,700
Stock-based compensation (note 6d)	20,712	66,407
Telecommunications	2,050	1,997
Transfer agent and filing fees	3,310	3,164
Travel	13,559	32,996
Loss Before Other Income (Expenses)	(200,083)	(337,227)
Other Income (Expenses)		
Interest income	7,206	12,776
Foreign exchange (loss) gain	(3,709)	22,422
Loss and Comprehensive Loss for the Period	(196,586)	(302,029)
Deficit, Beginning of Period	(2,547,685)	(1,497,679)
Deficit, End of Period	\$ (2,744,271)	\$ (1,799,708)
Basic and Diluted Loss Per Common Share	\$ (0.01)	\$ (0.02)
Weighted Average Number of Common Shares Outstanding (Basic and Diluted)	24,693,460	19,519,548

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 - Prepared by management)

	Three Month Period Ended August 31, 2009	Three Month Period Ended August 31, 2008
Cash Flows Provided by (Used in)		
Operating Activities		
Loss for the year	\$ (196,586)	\$ (302,029)
Items not affecting cash:		
Amortization	3,102	-
Interest accrued on term deposit	(299)	(7,582)
Stock-based compensation	20,712	66,407
Changes in non-cash working capital items:		
Decrease (increase) in prepaids and deposits	1,084	589,137
Decrease in due from related parties	14,378	6,966
Decrease (increase) in receivables	(240)	12,860
Increase (decrease) in due to related parties	-	6,231
Increase in accounts payable	(38,217)	29,631
Net cash used in operating activities	(196,066)	401,621
Investing Activities		
Acquisition and exploration of mineral properties	(112,608)	(582,710)
Acquisition of vehicles	-	-
Redemption (purchase) of term deposit	(800,000)	(1,654,898)
Net cash used in investing activities	(912,608)	(2,237,608)
Financing Activities		
Common shares issued for cash	-	2,080,000
Share issuance costs	-	(178,861)
Net cash provided by financing activities	-	1,901,139
Increase in cash and cash equivalents	(1,108,674)	65,152
Cash and cash equivalents, beginning	1,260,868	241,858
Cash and cash equivalents, ending	\$ 152,194	\$ 307,010

Supplemental Cash Flow Information - note 12

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, 2009

1. Nature of Operations

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 Venture Exchange (the “TSX-V” or “Exchange”) on October 31, 2005.

The Company is a tier 2 mining issuer, and its principal business activity is the exploration and development of mineral properties. All of the Company’s mineral properties are currently located in Eastern Europe and Turkey. 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.

2. Basis of Presentation

These interim consolidated financial statements are presented in accordance with generally accepted accounting principles (“GAAP”) applicable in Canada. They follow the same accounting policies and methods of application as the most recent annual audited financial statements. Consequently, these statements should be read in conjunction with the annual audited consolidated financial statements for the year ended May 31, 2009.

3. Term Deposits

Details are as follows:

	<u>August 31, 2008</u>	<u>May 31, 2009</u>
Short-term Investment Certificate	\$325,000	\$525,000
Maturity date	February 19, 2010	February 19, 2010
Interest rate per annum	0.85%	0.85%
Short-term Investment Certificate	\$1,000,000	
Maturity date	August 13, 2010	
Interest rate per annum	Prime less 1.75%	

The short-term investment certificates were issued by the Bank of Montreal and are redeemable at any time, but if redeemed within the first 30 days of issue then interest will not be paid.

Accrued interest of \$1,656 (May 31, 2009 - \$1,357) has been included in the balance to reflect the fair value of the term deposits held at August 31, 2009.

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

4. Mineral Properties

A breakdown of the expenditures incurred during the year is as follows:

Mineral Properties Exploration Costs	Bulqiza	Bursa	Nevlje	Kursumlija	Djavalja Varos	Total
Balance – May 31, 2008	\$ 1,255	\$ 287,319	\$ -	\$ -	\$ -	\$ 288,574
Acquisition	-	79,402	-	-	-	79,402
Administrative costs	4,014	19,365	9,712	7,971	-	41,062
Laboratory Analysis/Assays	1,400	50,720	24,644	1,575	-	78,339
Drilling costs	-	278,058	-	-	-	278,058
Maps and reports	29,806	-	4,559	3,462	-	37,827
Geological services	114,485	160,635	85,241	49,228	-	409,589
Geophysics	-	-	5,772	2,656	-	8,428
License/Permits/Renewals	26,025	10,050	1,670	-	-	37,745
Travel	10,454	30,478	19,943	6,590	-	67,465
Equipment and supplies	24,035	7,692	-	-	-	31,727
Balance – May 31, 2009	211,474	923,719	151,541	71,482	-	1,358,216
Acquisition	-	-	-	-	875	875
Administrative costs	2,668	-	(3,603)	2,330	1,322	2,717
Laboratory Analysis/Assays	18,865	-	-	-	-	18,865
Maps and reports	8,728	-	371	348	-	9,447
Geological services	49,153	-	11,413	6,430	1,463	68,459
License/Permits/Renewals	-	-	49	-	-	49
Travel	10,364	-	914	918	-	12,196
Balance – August 31, 2009	\$ 301,252	\$ 923,719	\$ 160,685	\$ 81,508	3,660	\$ 1,470,824

Empire Mining Corporation

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

4. Mineral Properties (continued)

The Company entered into an option agreement (the "Agreement") on September 17, 2007, as amended on February 13, 2009, with Anatolia Minerals Development Ltd. ("Anatolia"), wherein it can earn a 65% interest in the Bursa copper-molybdenum-gold porphyry property (the "Property") located in western Turkey.

Bursa Property

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

- i. Making cash payments to Anatolia totaling US\$520,000 over 5 years at US\$20,000 on closing, US\$20,000 per year for years 1 through 4 and US\$400,000 in year 5; (of which US\$80,000 has been paid);
- ii. Making payments to Anatolia over 5 years of Empire common shares at 200,000 shares per year with an additional amount in the fifth year to bring the total to 5% of Empire's fully diluted share capital as at the 5th anniversary of the Agreement; (600,000 shares issued);
- iii. Making expenditures on the Property totaling US\$7.5 million over 5 years, of which US\$300,000 (incurred) is required to be spent in year 1; and
- iv. 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.

Bulqiza Property

On January 29, 2009, the Company was awarded 4 exploration licenses in the Republic of Albania. The licenses covers 64.5 km² of the chromite-bearing, Bulqiza ultramafic massif in eastern Albania.

Nevlje Property

The 100% owned Nevlje Property, consisting of an exploration license covering 62 Km², is located 10 km south-west of Demitrovgrad in southeast Serbia on the Bulgaria border.

Djavalja Varos Property

The 100% owned Djavalja Varos Property consists of one exploration license covering 96 sq. Km. It is located approximately 10-15 km south of Kursumlija township.

Empire Mining Corporation

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Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

4. Mineral Properties (continued)

Kursumlija Property

The Kursumlija copper property, consisting of an exploration license covering 62 Km², is located immediately northwest of the Lece mining district and 320 km south of Belgrade in southern Serbia.

5. Equipment

	Cost	Accumulated Amortization	August 31, 2009 Net Book Value
Vehicles	\$ 41,364	\$ 5,170	\$ 36,194

	Cost	Accumulated Amortization	May 31, 2009 Net Book Value
Vehicles	\$ 41,364	\$ 2,068	\$ 39,296

6. Share Capital

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

b) **Issued and Outstanding:**

	Number of Shares	Share Capital	Contributed Surplus
Balance at May 31, 2008	17,560,128	\$ 3,108,148	\$ 527,690
Non-brokered private placement (i)	6,933,332	1,776,772	303,228
Share issuance costs	-	(201,229)	(34,342)
Mineral property acquisition	200,000	58,000	-
Fair value of agent's warrants granted	-	-	56,709
Stock based compensation	-	-	167,799
Balance at May 31, 2009	24,693,460	4,741,691	1,021,084
Stock based compensation	-	-	20,712
Balance at August 31, 2009	24,693,460	\$ 4,741,691	\$ 1,041,796

Empire Mining Corporation

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Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

6. Share Capital (continued)

i) On August 6, 2008, the Company completed a non-brokered private placement consisting of 6,933,332 units for gross proceeds of \$2,080,000. Each unit was comprised of a common share and one half of one share purchase warrant wherein each whole share purchase warrant is exercisable into a common share at \$0.38 per share until February 6, 2010.

The warrants attached to the above private placement have been valued at \$303,228 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, expected stock price volatility of 85%, Risk-free interest rate of 3.20%, and Expected life of warrants of 18 months

Share issuance costs of \$235,571 were paid in conjunction with this financing including a cash commission of \$166,400 (equal to 8% of the gross proceeds), legal fees of \$1,212, filing fees of \$11,250 and 554,666 agent warrants. These agent warrants have been determined to have a fair value of \$56,709 based upon the Black Scholes model which utilized the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 85%, Risk free interest rate of 3.20%, Expected life of warrants of 18 months. The agent warrants are exercisable at a price of \$0.38 for a period of 18 months and are exercisable on or before February 6, 2010. Fair value of \$34,342 that relates to the share issuance costs has been credited to contributed surplus.

c) **Escrowed Shares** – Pursuant to the Company's initial public offering, a total of 4,438,126 common shares were placed into escrow. In accordance with the escrow agreement, a total of 10% of these shares were 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 August 31, 2009, a total of 2,023,875 common shares remained in escrow.

d) Incentive Stock Options

The following table summarizes information about stock options outstanding at August 31, 2009:

Number of Stock Options	Exercise Price	Expiry Date
610,000	\$0.10	October 31, 2010
60,000	\$0.35	July 17, 2011
735,000	\$0.40	January 24, 2013
300,000	\$0.25	November 5, 2013
650,000	\$0.25	April 28, 2014

Empire Mining Corporation

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Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

6. Share Capital (continued)

	Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Grant Date Fair Value	Weighted Average Time to Expiry
Balance – May 31, 2008	2,000,000	\$0.31	\$0.21	4.08
Granted during the year	950,000	\$0.25	\$0.05	5.00
Cancelled during the year	(595,000)	\$0.40	\$0.27	-
Balance – May 31, 2009 And August 31, 2009	2,355,000	\$0.26	\$0.13	3.23 yrs

- a) During the year ended May 31, 2009, the Company granted a total of 300,000 stock options, exercisable on or before November 5, 2013 at a price of \$0.25. The total fair value of the options granted was \$12,236 with \$9,091 being recorded in the Company's accounts as stock based compensation. The balance of \$3,145 will be recorded over the vesting period wherein 25% vests on each successive date that is six months from the date of the grant.

The fair value of the 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	95%
Risk-free interest rate	2.79%
Expected life of options	5 years

- b) During the year ended May 31, 2009, the Company granted a total of 650,000 stock options, exercisable on or before April 28, 2014 at a price of \$0.25. The total fair value of the options granted was \$61,089 with \$19,939 being recorded in the Company's accounts as stock based compensation. The balance of \$41,150 will be recorded over the vesting period wherein 25% vests on each successive date that is six months from the date of the grant.

The fair value of the 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	146%
Risk-free interest rate	2.01%
Expected life of options	5 years

Empire Mining Corporation

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Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

6. Share Capital (continued)

d) Incentive Stock Options (continued)

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.

e) Agent Warrants

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

	Warrants outstanding	Weighted average exercise price per share	Weighted Average Time to Expiry
Balance – May 31, 2008	432,810	0.38	1.36 yrs
Granted during the year	554,666	0.38	1.50
Balance – May 31, 2009 And August 31, 2009	987,476	\$ 0.38	0.29 yrs

During the year ended May 31, 2009, 554,666 agent warrants were granted in conjunction with the private placement on August 6, 2008 as part of the compensation to the agent. (See note 6(b)i).

f) Warrants

In conjunction with the August 6, 2008 private placement 3,466,667 warrants were granted. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.38 per common share at any time prior to February 6, 2010. (See note 6(b)i).

7. Related Party Transactions

- At August 31, 2009, the Company owed \$26,062 (May 31, 2009 - \$1,908) for consulting services and reimbursement of administrative expenses to companies with directors and officers in common. These are non-interest bearing and are paid under the same terms as normal accounts payable.
- At August 31, 2009, a management services company, with two former directors in common, owed the Company \$12,286 (May 31, 2009 - \$26,664) relating to deposits for services and fixed assets paid to the related company.

Empire Mining Corporation

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Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

7. Related Party Transactions (continued)

- c. The following related party transactions were in the normal course of operations and are measured at fair value being their exchange amounts and consists of the following items:

	August 31, 2009	August 31, 2008
HRG Management Ltd. - Directors in common (* see below)	\$ 36,805	\$ 81,809
David Cliff – Director, consulting services and director fees	28,001	28,113
Robert Giustra – Director, consulting services and director fees	18,000	16,125
John Prochnau – Former Director, consulting services	25,198	27,475
Ken Judge – Former Director, consulting services and director fees	2,500	3,000
Michael Johnson – Director, consulting services and director fees	3,000	-
Total	\$ 113,504	\$ 156,522

* HRG Management Ltd. (“HRG”) is a management company that was jointly owned by the Company and certain other companies that share Vancouver office space and administrative services at cost. The Company formerly shared two directors in common with HRG. By agreement dated July 15, 2009 and effective September 1, 2009, the Company entered into a 4 month office rental contract with HRG at a rate of \$2,834 per month.

8. Commitments

Effective November 1, 2008, the Company entered into a consulting contract with a corporation controlled by a director in which the Company will pay monthly fees of \$5,000. The agreement will expire on December 31, 2009.

Effective June 1, 2009, the Company entered into a new management agreement with a company controlled by the CEO. The agreement provides for a monthly fee \$8,333. The agreement expires on December 31, 2009.

Refer to note 4.

Empire Mining Corporation

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Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

9. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents, receivables, investments and investment tax credit receivable balances.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's investment policy is to invest its cash in low risk highly liquid short-term interest bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through the current fiscal year.

10. Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Foreign Currency Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in the Republics of Turkey, Albania and Serbia. The Company also has liabilities denoted in US dollars and UK pound sterling. A significant change in the currency exchange rates between the Canadian dollar relative to the Turkish Lira, Serbian Dinar, Albanian Lek, US dollar, Euro, and the UK pound sterling could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Interest Rate and Credit Risk

The Company has significant cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote.

Empire Mining Corporation

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Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

10. Management of Financial Risk (continued)

The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Accounts and other receivable consist of goods and services tax due from the Federal Government of Canada, interest receivable, and amounts due to/from related parties. Management believes that the credit risk concentration with respect to receivables is remote.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at August 31, 2009, the Company had a combined cash and liquid term deposit balance of \$1,478,849 (May 31, 2009 - \$1,787,225) to settle current liabilities of \$66,781 (May 31, 2009 - \$104,998).

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of copper and chromite. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated its cash and cash equivalents and term deposits as held-for-trading, which are measured at fair value with all gains and losses included in net loss (earnings) in the period in which they arise. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As of August 31, 2009, the carrying amount of accounts receivable and payable equals fair market value.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- Cash and cash equivalents include deposits which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by \$14,788.
- The Company holds balances in foreign currencies to give rise to exposure to foreign exchange risk. However, the balances are minimal and therefore the exposure to foreign exchange risk is very low.
- Price risk is remote since the Company is currently not a producing entity.

Empire Mining Corporation

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Notes to the Interim Consolidated Financial Statements

For the Three Month Period Ended August 31, 2009

11. Supplemental Cash Flow Information

	August 31, 2009	May 31, 2009
Cash position consists of:		
Cash	\$ 152,194	\$ 237,173
Term deposits	-	1,023,695
Cash position end of period	\$ 152,194	\$ 1,260,868

12. Subsequent Events

Subsequent to period end:

- a) the Company issued 200,000 shares in accordance with the Anatolia Minerals Development Ltd. agreement for the Bursa copper property. (See Note 4)
- b) a total of 3,137,876 warrants exercisable at \$0.38 expired without being exercised.