

# EMGOLD MINING CORPORATION

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## **Emgold Renegotiates Option Agreement To Acquire The Idaho-Maryland Mine**

Emgold Mining Corporation (EMR-TSXVX) and its US subsidiary, Emperor Gold (US) Corp. (collectively referred to as “the Company” or “Emgold”) are pleased to report that they have entered into a revised mining lease and option to purchase agreement (“the Agreement”) with Mary Bouma, Erica Erickson and William Toms (collectively referred to as the “BET Group”) to acquire the Idaho-Maryland Mining Property (“The Property”) located in Grass Valley, California. The Agreement includes a mining lease and option to purchase the Property, consisting of approximately 2,750 acres of minerals and mineral rights (with no surface rights), approximately 37 acres of land (referred to as the “Brunswick Property”) with mineral rights located around the New Brunswick Shaft and an additional parcel of 56 acres (referred to as the “BET Property”) of land located west of the Brunswick Property. The term of the lease agreement is five years commencing on June 1, 2002.

The Agreement includes a settlement of past delinquencies owing to the BET Group involving rent, royalty, option payments and property taxes of US\$139,000 payable in three installments as follows: US\$16,000 on May 31, 2002; US\$28,000 on August 1, 2002; and US\$95,000 on December 1, 2002. During the term of the lease agreement and prior to Emgold’s exercise of the option to purchase the Property, any production from the property will be subject to a 3 % Net Smelter Royalty (“NSR”).

Emgold has the option to purchase the Property for US\$4,350,000 during the 5-year term of the lease. Under the terms of the Agreement, Emgold has agreed to pay to the BET Group the following non-refundable amounts: US\$9,000 on each of the following dates, May 31, 2002, August 1, 2002 and December 1, 2002; US\$19,500 quarterly on the first business day of each of the following months, February, May, August and November 2003; and US\$25,500 quarterly on the first business day of each of the same months for the balance of the lease agreement through 2007. The cost of the option to purchase increases by 3% each year to the time of purchase. Emgold has the right to purchase the Property outright at any time by pre-paying the principal and in any amount without premium or penalty to the BET Group. Emgold is also responsible for paying all appropriate taxes on the Property. The Agreement is subject to regulatory approval.

Emgold is planning the next stages of exploration and development of the Idaho-Maryland, which may allow the mine to go into production using a smaller and more cost effective exploration and development program. The Company is currently reviewing the

steps required for modification to the existing exploration permit (Nevada County - USE Permit U94-017) to allow for the installation of an exploration ramp from the surface to the 600-foot level. As a part of the review and developmental planning for the exploration program, Engold will be working closely with the Nevada County Planning Department and will also engage the services of a well-recognized third party mining consulting company to prepare a scoping study. The study will include a review of all technical and historical data, as well as a review of the necessary steps to modify the existing exploration permit and proceed with the installation of an exploration ramp to test specific drill targets located near the upper levels of the historic mine workings. The exploration ramp would be strategically located adjacent to known targets near the historic Idaho Number 1 vein, which produced 1 million ounces of gold from 1 million tons of ore. Diamond drilling would be completed on targets at the 300, 400, 500 and 600-foot levels, culminating in the removal of a 10,000-ton bulk sample to test the ID1-3 vein. The scoping study will specifically address the definition of the various exploration targets and the steps required to complete a feasibility study and put the mine back into production.

The three compartment, 3460 foot deep, New Brunswick vertical shaft provided access to the Idaho-Maryland's 15 working levels. Over 71 miles of underground workings provide access to much of the property. The Idaho-Maryland mine was partially developed and mined from 160 veins with an additional 55 partially defined veins, which were not mined but delineated by drilling prior to closure in 1956. The historical database includes the results of over 42 miles (230,000 feet) of exploration and development drilling. The Idaho-Maryland vein system lies within a wedge-shaped block, which is confined by three bounding faults. The historic system has been documented as being about 9,000 feet long up to 3,000 feet wide, and has been partially mined from surface to a vertical depth of 3,280 feet, which is the lowest level in the mine.

The Idaho-Maryland Mine was discovered in 1851 and produced from 1862 through 1956. Total recorded production was 2,383,000 ounces of gold from 5,546,000 short tons or a recovered grade of 0.43 ounces of gold per short ton. At the time of closure in 1956, there were 25 different working faces on 6 different levels.

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No regulatory authority has approved or disapproved the information contained in this news release