EMGOLD MINING CORPORATION

(AN EXPLORATION STAGE COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2014

Stated in United States Dollars

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed 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 condensed interim consolidated 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.

Table of Contents

Management's Responsibility

To the Shareholders of Emgold Mining Corporation:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Emgold's external auditors.

We draw attention to Note 1 in the condensed interim consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

28 May 2014

"David Watkinson"

David Watkinson, President & CEO

"Grant T. Smith"

Grant T. Smith, CFO

EMGOLD MINING CORPORATION

US Dollars

(Unaudited)

Condensed Interim Consolidated Statement of Financial Position

	Note	As at 31 March 2014	As at 31 December 2013
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 18,055**	$ 38,420
Amounts receivable		**72**	75
Prepaid amounts and deposits		**7,407**	6,016
		25,534	44,511
Non-current Assets			
Reclamation bonds		**14,433**	14,877
Plant and equipment	(7)	**3,049**	3,508
Exploration and evaluation assets	(8)	**1,227,563**	1,227,563
		1,245,045	1,245,948
		$ 1,270,579	$ 1,290,459
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 98,779**	$ 91,326
Due to related parties	(9)	**652,514**	579,737
		751,293	671,063
EQUITY			
Share capital	(10)	**43,687,315**	43,687,315
Warrants – contributed surplus	(10)	**686,349**	686,349
Options – contributed surplus	(10)	**7,062,781**	7,062,781
Deficit		**(50,917,159)**	(50,817,049)
		519,286	619,396
		$ 1,270,579	$ 1,290,459

Nature of operations and going concern	(1)	Segmented disclosure	(12)
Basis of preparation – Statement of Compliance	(2)	Contingent liability	(13)

The condensed interim consolidated financial statements were approved by the Board of Directors on 28 May 2014 and were signed on its behalf by:

"David Watkinson"
David Watkinson, Director

"Andrew MacRitchie"
Andrew MacRitchie, Director

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

EMGOLD MINING CORPORATION

US Dollars
(Unaudited)

Condensed Interim Consolidated Statement of Comprehensive Loss

	Note		Three months ended 31 March 2014		Three months ended 31 March 2013
EXPENSES					
Exploration and Evaluation					
Resource property expense	(8)	$	**1,681**		60,700
Stock-based compensation – exploration	(10)		**-**		-
			1,681		60,700
General and Administrative					
Management and consulting fees			**34,733**		59,799
Salaries and benefits			**29,590**		28,603
Office and administration			**10,978**		8,108
Listing and filing fee			**9,131**		7,790
Professional fees			**7,795**		1,601
Insurance			**4,569**		3,848
Shareholder communications			**3,412**		15,271
Amortization	(7)		**459**		2,154
Banking costs			**281**		364
Foreign exchange (gain)			**(2,519)**		(1,465)
			100,110		186,773
Other comprehensive (income) loss					
Gain on sale of equipment			**-**		(23,839)
Unrealized loss on warrant liability	(10)		**-**		11,757
Net Loss and Comprehensive Loss		**$**	**100,110**		174,691
Net Loss per Common Share – Basic and Diluted		**$**	**(0.00)**	$	(0.00)
Weighted Average Number of Shares Outstanding			**72,587,462**		70,542,840

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

EMGOLD MINING CORPORATION

US Dollars

(Unaudited)

Condensed Interim Consolidated Statement of Changes in Equity

	Shares	Amount	Warrants	Amount	Options	Amount	Deficit	Shareholders' Equity
BALANCE AT 01 JANUARY 2013	66,651,462	$ 43,390,203	35,495,784	$ 686,349	4,969,665	$ 7,035,197	$ (50,558,880)	$ 552,869
Private placement issuances	5,700,000	278,168	2,850,000	-	-	-	-	278,168
Shares issued for property	236,000	20,000	-	-	-	-	-	20,000
Share issuance costs	-	(1,056)	-	-	-	-	-	(1,056)
Options forfeited	-	-	-	-	(700,000)	-	-	-
Comprehensive loss for the period	-	-	-	-	-	-	(174,691)	(174,691)
BALANCE AT 31 MARCH 2013	72,587,462	$ 43,687,315	38,345,784	$ 686,349	4,269,665	$ 7,035,197	$ (50,733,571)	$ 675,290
Share-based payments	-	-	-	-	3,000,000	27,584	-	27,584
Warrants expired	-	-	(29,360,781)	-	-	-	-	-
Options expired	-	-	-	-	(239,000)	-	-	-
Comprehensive loss for the period	-	-	-	-	-	-	(83,478)	(83,478)
BALANCE AT 31 DECEMBER 2013	72,587,462	$ 43,687,315	8,985,003	$ 686,349	7,030,665	$ 7,062,781	$ (50,817,049)	$ 619,396
BALANCE AT 01 JANUARY 2014	**72,587,462**	**$ 43,687,315**	**8,985,003**	**$ 686,349**	**7,030,665**	**$ 7,062,781**	**$ (50,817,049)**	**$ 619,396**
Comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(100,110)**	**(100,110)**
BALANCE AT 31 MARCH 2014	**72,587,462**	**$ 43,687,315**	**8,985,003**	**$ 686,349**	**7,030,665**	**$ 7,062,781**	**$ (50,917,159)**	**$ 519,286**

EMGOLD MINING CORPORATION

US Dollars

(Unaudited)

Condensed Interim Consolidated Statement of Cash Flows

	Note	Three months ended 31 March 2014	Three months ended 31 March 2013
OPERATING ACTIVITIES			
(Loss) Income for the Period		**$ (100,110)**	$ (174,691)
Items not Affecting Cash			
Amortization	(7)	**459**	2,154
Effect of currency translation		**444**	-
Unrealized (gain) on warranty liability		**-**	11,757
(Gain) on sale of equipment		**-**	(23,839)
		(99,207)	(184,619)
Net Change in Non-cash Working Capital			
Accounts receivable		**3**	59,533
Prepaid expenses and deposits		**(1,391)**	4,873
Accounts payable and accrued liabilities		**7,453**	(174,515)
Due to/from related parties		**72,777**	56,681
		(20,365)	(238,047)
INVESTING ACTIVITIES			
Proceeds from sale of equipment		**-**	23,839
		-	23,839
FINANCING ACTIVITIES			
Proceeds from share issuances		**-**	285,000
Share issuance costs		**-**	(1,056)
		-	283,944
Net Increase (decrease) in Cash		**(20,365)**	69,739
Cash position – beginning of period		**38,420**	62,053
Cash Position – End of Period		**$ 18,055**	$ 131,789
Schedule of Non-cash Investing and Financing Transactions			
Shares issued for mineral property acquisition		**$ -**	$ 20,000
Cash paid for interest		**$ -**	$ -
Cash paid for income taxes		**$ -**	$ -

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Notes to the Condensed Interim Consolidated Financial Statements

1) Nature of operations and going concern

Emgold Mining Corporation ("the Company") is incorporated under the British Columbia Corporations Act and the principal place of business is located at 1010 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") and the OTCQX.

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations.

There are several adverse conditions that cast substantial doubt upon the soundness of this assumption. The Company has negative working capital, has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations and has significant on-going cash requirements to meet its overhead requirements and maintain its mineral interests. Further, the business of mining and exploration involves a high degree of risk and there can be no assurance that current or future exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation assets is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

For the Company to continue to operate as a going concern it must obtain additional financing; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

Rounded ('000's)	**31 March 2014**	31 December 2013
Working capital	**$ (726,000)**	$ (627,000)
Accumulated deficit	**$ (50,917,000)**	$ (50,817,000)

2) Basis of preparation – Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Notes to the Condensed Interim Consolidated Financial Statements

Since the unaudited condensed interim consolidated financial statements do not include all disclosures required by the IFRS for annual financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended 31 December 2013.

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of condensed interim consolidated financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The functional and reporting currency of the Company is the United States dollar.

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these condensed interim consolidated financial statements are the same as those followed in preparing the most recent audited annual consolidated financial statements, except as follows. For a summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended 31 December 2013.

4) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements.

a) Critical judgments in applying accounting policies

Going concern assumption

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast substantial doubt upon the soundness of this assumption. Refer to note 1 for more details.

Determination of functional currency

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its wholly owned subsidiaries is the US dollar.

Mineral Properties

The company owns land and surface rights, which are part of the Idaho-Maryland property, valued as part of exploration and evaluation assets on statement of financial position at $490,508. This land is adjacent to the property covered by the BET agreement that expired on 01 February 2013. The BET Agreement, signed in 2002, originally had a five year term and has been extended three times. The Company is currently in discussions with the BET Trust to extend and/or negotiate a new agreement associated with the Project (note 8). The company assessed that no impairment was necessary on the land and surface rights that they own as they are still negotiating to extend the lease. If the lease is not extended the land will still have real estate value and can be disposed of as a non-mining real estate transaction.

On 04 September 2013, Emgold announced it had sold 18 acres of land in Grass Valley for proceeds of $450,000. This acreage was considered to be non-core property and not necessary for development of the Idaho-Maryland Project. The sale reduced the Company's land holdings in Grass Valley from 52 to 34 acres.

b) Key sources of estimation uncertainty

Decommissioning liability

The estimated costs are reviewed annually by management including changes in the discount rate, estimated timing of decommissioning costs, or cost estimates.

Share based payments and fair value of warrants

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3 of the Company's 31 December 2013 audited annual consolidated financial statements. The fair value of stock options granted is measured using the Black-Scholes option valuation model ("BkS"), which was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values. The fair value of stock options granted using the BkS do not necessarily provide a reliable measure of the fair value of the Company's stock option awards. The same model is used by the Company in order to arrive at a fair value for the issuance of warrants.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate the carrying value may be impaired, at which time an impairment loss is recorded.

5) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Statement of Financial Position are carried at amortized cost with the exception of cash, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2014 and 31 December 2013.

The fair value of the Company's cash is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's cash has been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, amounts receivable, due to/from related parties, deposits, and accounts payable and accrued liabilities. At 31 March 2014 and 31 December 2013, the carrying value of cash and cash equivalents is fair value. Amounts receivable, due to/from related parties deposits and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, accordingly the Company believes it is not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is nominally exposed to interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going exploration expenditures. The Company is not exposed to significant foreign currency risk, as a 5% shift in foreign exchange rates would result in an impact of $150. At 31 March 2014 the Company held currency totalling the following:

Rounded ('000's)		31 March 2014		31 December 2013
Canadian dollars	$	3,000	$	11,000
United States dollars	$	15,000	$	27,000

g) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As the Company has no significant source of cash flows this is a significant risk.

6) Marketable securities

Pursuant to the terms of the Lease and Option to Purchase Agreement, on 13 January 2011, Valterra issued to the Company 50,000 units consisting of one common share and one share purchase warrant per unit. Each warrant entitles the holder to purchase one common share of Valterra at $0.10 for a five year period. On the date of issue the common shares were valued at $3,268 and the warrants were valued at $1,637 using the Black-Scholes option pricing model with the following assumptions: 2 year term, 99% volatility, risk free interest rate of 1.64% and a dividend rate of Nil.

Pursuant to an amendment of the Lease and Option to Purchase Agreement, on 08 February 2011, Valterra issued to the Company 600,000 units consisting of one common share and one share purchase warrant per unit. Each warrant entitles the holder to purchase one common share of Valterra at $0.10 for a two year period. On the date of issue the common shares were valued at $42,870 and the warrants were valued at $18,301 using the Black-Scholes option pricing model with the following assumptions: 2 year term, 99% volatility, risk free interest rate of 1.64% and a dividend rate of Nil.

As at 31 March 2012, the common shares and warrants of Valterra were revalued at fair market value of $16,627 resulting in an unrealized loss on marketable securities of $1,437. The $2,585 fair value of the warrants was determined using the Black-Scholes option pricing model with the following weighted average assumptions: 1.46 year term, 135% volatility, risk free interest rate of 1.01% and a dividend rate of Nil.

During the quarter ended 31 December 2012, the Company liquidated all marketable securities resulting in a realized loss of $6,831. The Company still holds a nominal number of warrants issued from Valterra; their value is not material and has not been included in the records of the Company.

7) Plant and equipment

	Plant and Equipment	Furniture and Equipment	Computer Hardware	Asset Under Capital Lease	Total
COST OR DEEMED COST					
Balance at 01 January 2013	$ 18,712	$ 46,164	$ 71,945	$ 38,833	$ 175,654
Additions	-	-	-	-	-
Balance at 31 December 2013	$ 18,712	$ 46,164	$ 71,945	$ 38,833	$ 175,654
Balance at 01 January 2014	**$ 18,712**	**$ 46,164**	**$ 71,945**	**$ 38,833**	**$ 175,654**
Additions	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2014	**$ 18,712**	**$ 46,164**	**$ 71,945**	**$ 38,833**	**$ 175,654**
DEPRECIATION					
Balance at 01 January 2013	$ 16,267	$ 43,197	$ 67,050	$ 38,833	$ 165,347
Depreciation for the period	611	1,293	4,895	-	6,799
Balance at 31 December 2013	$ 16,878	$ 44,490	$ 71,945	$ 38,833	$ 172,146
Balance at 01 January 2014	**$ 16,878**	**$ 44,490**	**$ 71,945**	**$ 38,833**	**$ 172,146**
Depreciation for the period	**153**	**306**	**-**	**-**	**459**
Balance at 31 March 2014	**$ 17,031**	**$ 44,796**	**$ 71,945**	**$ 38,833**	**$ 172,605**
CARRYING AMOUNTS					
At 31 December 2012	$ 2,445	$ 2,967	$ 4,895	$ -	$ 10,307
At 31 December 2013	$ 1,834	$ 1,674	$ -	$ -	$ 3,508
At 31 March 2014	**$ 1,681**	**$ 1,368**	**$ -**	**$ -**	**$ 3,049**

8) Exploration and evaluation assets

PROPERTY ACQUISITION COSTS		Idaho – Maryland	Buckskin Rawhide and Koegel	Stewart Property	Rozan Property	Total
Balance at 31 December 2012	$	747,219	$ 459,111	$ 208,719	$ 49,225	$ 1,464,274
Acquisitions		-	20,000	-	-	20,000
Dispositions		(256,711)				(256,711)
Balance at 31 December 2013	**$**	**490,508**	**$ 479,111**	**$ 208,719**	**$ 49,225**	**$ 1,227,563**
Acquisitions		-	-	-	-	-
Balance at 31 March 2014	**$**	**490,508**	**$ 479,111**	**$ 208,719**	**$ 49,225**	**$ 1,227,563**

a) Idaho-Maryland Property, California

In fiscal 2002, the Company renegotiated a lease with the owners of the Idaho-Maryland Property ("BET properties") and surrounding areas in the Grass Valley Mining District, California, which was extended three times and expired in February 2013.

The Lease Option to Purchase Agreement was for 91 acres of surface rights and 2,750 aces of mineral rights associated with the I-M Property ("BET properties"). The Company is in negotiations with the owners to either extend this Agreement or to purchase the mineral rights. Permitting activities for the Idaho-Maryland Project remain on hold.

Emgold had raised US $450,000 through the sale of 18 acres of land located in Nevada County, California. The sale decreases the land package owned by the Company related to the Idaho-Maryland Project from about 52 acres to 34 acres. A gain of $193,289 was recorded in connection with the transaction.

b) Buckskin Rawhide East Property, Nevada

In November 2009 the Company entered into a lease and option to purchase agreement to acquire 100% of the rights to the Buckskin Rawhide East mineral claims (46 claims), a gold prospect located near Fallon, Nevada. The Company agreed to lease the property from Nevada Sunrise, LLC subject to the following advance royalty payments: $10,000 annually for the years 2009 to 2011; $20,000 in 2012; $40,000 in 2013, and $60,000 from 2014 to 2019. During the lease period, the Company could conduct exploration and, if warranted, complete a NI 43-101 compliant feasibility study. On completion of the feasibility study, the Company could acquire 100% ownership of the property by paying Nevada Sunrise, LLC an additional amount of $250,000. Nevada Sunrise, LLC was required to use these funds to purchase a retained 25% interest in the property from Maurice and Lorraine Castagne, pursuant to an underlying property agreement, and to transfer that title to the Company. Upon commercial production and after acquisition of 100% interest in the property, Nevada Sunrise, LLC would be entitled to a 2.5% NSR on production from the property. The annual lease payments of $10,000 due in December 2011 and 2010 were paid by the issuance of 106,290 and 49,424 common shares, respectively.

Notes to the Condensed Interim Consolidated Financial Statements

On 11 April 2011, the Company announced it had staked six additional claims, increasing the size of the Buckskin Rawhide East Property to 52 claims.

On 14 and 19 November 2012, the Company announced a series of transactions involving its Buckskin Rawhide East Property in Nevada. The Company announced it had signed an Option Agreement to complete an early buyout of all underlying property rights, including royalty rights, for its Buckskin Rawhide East Property. The Option provides that Emgold will pay two arm's length parties (Nevada Sunrise LLC and the Castagne) an aggregate of $510,000 to allow the Company to consolidate a 100% interest in the 52 unpatented mineral claims, totalling 835 acres, that make up Buckskin Rawhide East Property. The Company also announced that it had signed an Agreement with Rawhide Mining LLC ("RMC") pursuant to which the Company would issue to RMC, on a private placement basis, shares and warrants in an amount of CDN$1.0 million, part of which would be used to fund the above transaction. Also pursuant to the Agreement, upon completion of the title transfer of the 100% of the Buckskin Rawhide East Property to Emgold, the Company will subsequently lease the property to RMC. This transaction is occurring in a number of steps.

On 28 December 2012, the Company announced the first step of the above transaction. The first tranche of the private placement was closed for proceeds totalling CDN$465,000. A total of $400,000 from this tranche of the financing was used to acquire a 100% interest in 6 unpatented mining claims and a 75% interest in 40 unpatented mineral claims, including royalty interests, from one of the underlying property owners mentioned above.

On 01 February 2013, Emgold announced the closing of the second step of the above transaction, which included a second private placement, for proceeds of CDN$285,000. The Company is currently working on the third step of the transaction, which will involve the acquisition of the remaining 25% of 40 unpatented mineral claims that make up part of the Buckskin Rawhide East Property. As part of this step, the remaining CDN$250,000 private placement will be completed with RMC, of which $110,000 will be used to acquire the 25% interest.

The fourth and final step with RMC will involve completion of a Lease Agreement. RMC has agreed to lease the Buckskin Rawhide East Property from Emgold based on the following terms:

1. The Lease Term is 20 years.
2. Advance royalty payments will be $10,000 per year, paid by RMC to Emgold, with the first payment due at signing and subsequent payments due on the anniversary of the Lease Agreement.
3. During the Lease Term, RMC will make all underlying claim fees to keep the claims in good standing.
4. RMC will conduct a minimum of US$250,000 in exploration activities by the end of Year 1.
5. RMC will conduct an additional minimum of US$250,000 in exploration activities by the end of Year 3, for a total of US$500,000 in exploration activities by the end of Year 3.
6. RMC will have the option of earning a 100% interest in the Property by bringing it into commercial production.
7. Upon bringing the property into commercial production, RMC will make "Bonus Payments" to Emgold. Bonus Payments will be US$15 per ounce of gold when the price of gold ranges between US$1,200 per ounce and US$1,799 per ounce. If the price of gold exceeds US$1,800 per ounce, the Bonus Payment will increase to US$20 per ounce

Notes to the Condensed Interim Consolidated Financial Statements

8. After meeting its exploration requirements, should RMC subsequently elect to drop the Property or decide not to advance it, the Property will be returned to Emgold. Should Emgold subsequently advance the Property into production, RMC shall then be entitled to the same type of Bonus Payments as contemplated in 7 above.

The Company has met all commitments on this property as of the period ended 31 December 2013 and up to the date of this report. The Company issued 125,000 common shares during the quarter one for the property payment for the Buckskin Rawhide West property.

On 17 June 2013, Emgold announced that the 2013 proposed surface drilling program proposed for the Buckskin Rawhide East Property was approved by the Bureau of Land Management.

c) Buckskin Rawhide West Property, Nevada

On 24 January 2012, the Company signed a Lease and Option to Purchase Agreement with Jeremy C. Wire to acquire the PC and RH mineral claims, located 0.3 miles west of Emgold's existing Buckskin Rawhide Property, in Mineral County, Nevada. The PC and RH claims, called Buckskin Rawhide West, comprise 21 unpatented lode mining claims totalling 420 acres. Pursuant to the lease agreement, advance royalty payments will be payable by the Company to Jeremy C. Wire in the amount of $10,000 per year during years 2013 to 2014, $20,000 in 2015 and $30,000 per year in years 2016 to 2018. Payments may be made in cash or shares, based on the discretion of the Company or the owner, depending on the year. The Company has met all commitments on this property as of the period ended 31 December 2013 and up to date of this report. The Company issued 125,000 common shares during the quarter one for the property payment for the Buckskin Rawhide West property.

The Company has met all commitments on this property as of the period ended 31 December 2013 and up to the date of this report. The Company issued 125,000 common shares during the quarter one for the property payment for the Buckskin Rawhide West property.

d) Koegel Rawhide , Nevada

On 13 February, 2013, the Company announced it had signed a Lease and Option to Purchase Agreement with Jeremy C. Wire to acquire the RHT and GEL claims, located four miles south of the Company's Buckskin Rawhide Claims in Mineral County, Nevada. The RHT and GEL claims "Koegel Rawhide Property" comprise 19 unpatented lode mining claims totalling 380 acres. Pursuant to the lease agreement, advance royalty payment will be payable by the Company to Jeremy C. Wire in the amount of $10,000 per year during years 2013 to 2014, $20,000 in 2015 and $30,000 per year in years 2016 to 2018. Payments may be made in cash or shares, based on the discretion of the Company or the owner, depending on the year. In 2012, consideration payable in the amounts of $5,000 cash and $5,000 equivalent in common shares (50,000 shares) were paid, as per the Agreement, upon TSX-Venture Exchange Approval.

On 15 February 2012, the Company announced it has staked an additional 17 unpatented claims to expand this property to 36 unpatented mineral claims totalling 720 acres.

The Company has met all commitments on this property as of the period ended 31 December 2013 and up to the date of this report. The Company issued 111,000 common shares during quarter one.

e) Rozan Property, British Columbia

In 2000, the Company entered into an option agreement to acquire the rights to the Rozan Property, a prospect located in British Columbia. The Company holds a 100% interest in the property, subject to a 3.0% NSR. The Company has the right to purchase 66% of the royalty for the sum of CDN$1,000,000 and has the first right of refusal to purchase the remaining 33%.

During the year ended 31 December 2010, the Company entered into a Lease and Option to Purchase Agreement (the "Agreement") with Valterra Resource Corporation ("Valterra"). The Agreement called for cumulative work commitments of $1,000,000 over 5 years, with a commitment of $50,000 in 2010, $200,000 in 2011, and $250,000 in each of years 3 to 5.

In January 2012, after failing to meet its work commitments on the Rozan Property, Valterra announced that it has elected to terminate the Agreement with the Company and the property was returned to Emgold. In the year ended 31 December 2012 Emgold completed additional exploration of the property.

On 28 January 2013, the Company announced drill results from its 2012 drill program at Rozan. Drilling included significant intercepts in the Main Vein and Sleeted Vein zones.

During the period ended 30 June 2013, the 2012 Assessment report was completed and filed.

f) Stewart Property, British Columbia

Pursuant to an option agreement entered into in 2001 and completed in 2008, the Company acquired the rights to the Stewart mineral claims, a prospect located close to Nelson in south eastern British Columbia. The Company holds a 100% right, title and interest in and to the property, subject only to a 3% NSR payable to the optionors. The Company has the right to purchase 66% of the royalty for the sum of CDN$1,000,000 and has the first right of refusal to purchase the remaining 33%. The Company has staked 21 claims contiguous to the Stewart Property located in south-eastern British Columbia.

On 8 April, 2013, Emgold released the result of its 2012 exploration work on the Stewart Property. Results included discovery of a new gold exploration target called the Stewart Creek Gold Zone, discover of a new base metal target at the Free Silver Zone, and further expansion of the Stewart Moly Zone to depth. As at period ended 30 June 2013, the 2012 Assessment Report was completed and filed.

Notes to the Condensed Interim Consolidated Financial Statements

g) Exploration and evaluation expenditures

	For the Period Ended 31 March 2014	For the Year Ended 31 December 2013	Cumulative Total as at 31 March 2014
Idaho – Maryland Property, California			
Geological and geochemical	$ -	$ -	$ 4,977,460
Land lease and taxes	-	-	1,827,365
Mine planning	-	-	4,819,000
Transportation	-	-	137,580
Community relations	-	-	82,941
Assay and analysis	-	-	101,163
Site activities	-	-	1,673,217
Drilling	-	-	1,039,920
Consulting	-	-	209,713
Stock-based compensation	-	-	642,144
Incurred during the period	$ -	$ -	$ 15,510,488
Buckskin Rawhide East Property, Nevada			
Geological and geochemical	845	64,404	93,414
Land lease and taxes	15	27,826	27,841
Transportation	528	2,028	2,556
Site activities	-	5,116	5,116
Incurred during the period	$ 1,388	$ 127,539	$ 128,927
Buckskin Rawhide West Property, Nevada			
Land lease and taxes	-	3,147	3,147
Incurred during the period	$ -	$ 3,147	$ 3,147
Koegel Property, Nevada			
Land lease and taxes	-	5,427	5,427
Incurred during the period	$ -	$ 5,427	$ 5,427
Total US Exploration Expenditures	$ 1,388	$ 102,832	$ 15,646,989

Notes to the Condensed Interim Consolidated Financial Statements

	For the Period Ended 31 March 2014	For the Year Ended 31 December 2013	Cumulative Total as at 31 March 2014
Rozan Property, BC			
Drilling	-	-	285,771
Assays and analysis	147	149	75,004
Geological and geochemical	-	-	156,470
Site activities	-	-	22,219
Transportation	-	-	12,418
Stock-based compensation	-	-	16,055
Trenching	-	-	4,666
Assistance and recovery	-	-	(7,322)
Incurred during the period	$ 147	$ 149	$ 565,281
Stewart Property, BC			
Drilling	-	-	1,079,056
Assays and analysis	146	148	159,896
Geological and geochemical	-	-	376,399
Claim fees	-	-	2,332
Transportation	-	-	57,857
Site activities	-	-	32,013
Stock-based compensation	-	-	16,055
Trenching	-	-	19,318
Assistance and recovery	-	-	(29,692)
Incurred during the period	$ 146	$ 148	$ 1,713,234
Total Canadian Exploration Expenditures	$ 293	$ 297	$ 2,278,515
Total Exploration Expenditures	$ 1,681	$ 103,129	$ 17,925,116

Notes to the Condensed Interim Consolidated Financial Statements

9) Related party transactions

Related party transactions and balances not disclosed elsewhere in the consolidated financial statements are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position	Period (i)		Remuneration or fees(ii)		Share-based awards
CEO and President - management fees	2014	$	23,125	$	-
	2013		46,250		-
A company of which the CFO is a director (iii) – management fees	2014		9,000		-
	2013		9,000		-
A company of which the CFO is a director (iii) – accounting	2014		4,400		-
	2013		4,500		-

i) For the three month periods ended 31 March 2014 and 2013.
ii) Amounts disclosed were paid or accrued to the related party.
iii) A company of which the CFO, Grant T. Smith, is a director.
iv) A company of which a director, Kenneth Yurichuk, is a director.

At 31 March 2014, fees of $591,604 (2013 – $509,017) payable to David Watkinson; fees of $$33,625 (2013 – $28,225) payable to Clearline; fees of $27,286 (2013 – $27,286) payable to 759924 Ontario Ltd. All amounts were included in accounts payable or due to related parties.

During the prior year the Company recognized a bad debt expense due to the write-off of accounts receivable from a former director in the amount of $12,756.

Related party balances are non-interest bearing and are due on demand, with no fixed terms of repayment. These transactions occurred in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

10) Share capital

a) Authorized

Unlimited - Number of common shares without par value.

Unlimited - Number of preference shares without par value.

b) Common shares, issued and fully paid

On 01 February 2013, the Company announced that it closed the second half of a private placement for gross proceeds of CDN $285,000. The private placement involved the issuance of 5,700,000 units ("Units") to RMC at a price of CDN$0.05 per Unit. Each Unit consists of one common share (a "Share") of the Company and one half of one non-transferable share purchase warrant. Each full warrant entitles RMC to purchase, for a period of 24 months, one additional Share at a price of CDN$0.12. The Shares are subject to a minimum hold period of four months plus one day, expiring 02 June 2013, which has passed. No finder's fees were paid as part of this private placement.

Also on 01 February 2013, the Company issued 236,000 common shares in connection with its previously signed mineral property agreements.

In December 2012 the Company closed the first tranche of a private placement, issuing 6,642,857 Units at CDN$0.07 per Unit for gross proceeds of CDN$465,000. Each Unit consists of one common share of the Company and one half common share purchase warrant. Each full warrant entitles the holder to purchase, for a period of 24 months, one additional common share at a price of CDN$0.12 per share. No finder's fees were payable in connection with this part of the financing. The share issued, along with any shares issued upon the exercise of warrants, will be subject to a four month and one day hold period, expiring 29 April 2013.

c) Stock options

The Company has a rolling stock option plan for its directors and employees to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The maximum aggregate number of common shares reserved for issuance pursuant to the plan is 10% of the issued and outstanding common shares.

On 11 October 2013, the Company announced the grant of 3,000,000 incentive stock options, pursuant to its Stock Option Plan, to Directors, Officers, Employees and Consultants of the Company. The options are exercisable at a price of $0.10 per share for a 5 year term, expiring 11 October 2018. Any shares issued on the exercise of these stock options will be subject to a four-month hold period from the date of the grant. This stock option grant is subject to approval of the TSX Venture Exchange.

Stock option activity during the period is summarized as follows:

STOCK OPTION ACTIVITY	31 March 2014		Weighted average exercise price	31 December 2013		Weighted average exercise price
Balance – beginning of period	**7,030,665**	**$**	**0.16**	4,969,665	$	0.19
Granted	-		-	3,000,000		0.10
Expired	-		-	(239,000)		0.175
Cancelled and forfeited	-		-	(700,000)		0.15
Balance – end of period	**7,030,665**	**$**	**0.16**	7,030,665	$	0.16

Details of stock options outstanding as at 31 March 2014 are as follows:

Expiry Date		Exercise Price (CDN$)	31 March 2014	31 December 2013
12 July 2014	$	0.175	**64,000**	**64,000**
17 March 2015	$	0.25	**466,665**	**466,665**
08 December 2015	$	0.25	**1,500,000**	**1,500,000**
07 May 2017	$	0.15	**1,800,000**	**1,800,000**
22 May 2017	$	0.15	**200,000**	**200,000**
11 Oct 2018	$	0.10	**3,000,000**	**3,000,000**
			7,030,665	**7,030,665**

The outstanding options have a weighted-average exercise price of $0.16 (31 December 2013 - $0.16). The weighted-average remaining life of the options is 3.24 years (31 December 2013 – 3.49) years.

As at 31 March 2014, all 7,030,665 (31 December 2012 – 7,030,665) of these outstanding options had vested. As at 31 March 2014 and 31 December 2013, none of the outstanding options were in the money.

d) Warrants

Warrant activity during the period is summarized as follows:

WARRANT ACTIVITY	31 March 2014(i)		Weighted Average exercise price	31 December 2013(i)		Weighted Average exercise price
Balance – beginning of period	**8,985,003**	**$**	**0.19**	35,495,784	$	0.25
Issued	**-**		**-**	2,850,000		0.12
Exercised	**-**		**-**	-		-
Expired	**-**		**-**	(29,360,781)		0.16
Balance – end of period	**8,985,003**	**$**	**0.19**	8,985,003	$	0.19

(i) The number of warrants is expressed in equivalent number of common shares, which may be issuable upon exercise of the warrants.

Details of warrants outstanding as at 31 March 2014 are as follows:

Issued	Expiry	Exercise Price	31 March 2014	31 December 2013
09 September 2010	09 September 2015	**0.35**	**2,813,575**	**2,813,575**
28 December 2012	28 December 2014	**0.15(iii)**	**3,321,428**	**3,321,428**
01 February 2013	01 February 2015	**0.12(iii)**	**2,850,000**	**2,850,000**
			8,985,003	**8,985,003**

(i) The Company completed a re-pricing and extension of the expiry date of certain existing common share purchase warrants ("warrants"). A total of 11,764,284 warrants, the original exercise price of which was US$0.35, have been re-priced at CDN$0.15 per share and been given a 12 month extension. These re-priced warrants were also able to elect an early conversion option whereby they could convert their warrants to shares at CDN$0.10 per share, if exercised by 31 August 2012. A total of 1,194,101 warrants were exercised at CDN$0.10. No other warrants have been exercised subsequent to the re-price.
(ii) These warrants were part of the extension as noted above, but were not re-priced.
(iii) The exercise prices of these warrants are stated in Canadian funds.

In accordance with IFRS, an obligation to issue shares for a price that is not fixed in the Company's functional currency, and that does not qualify as a rights offering, must be classified as a derivative liability and measured at fair value with changes recognized in the consolidated statement of comprehensive loss as they arise. In the period ended 31 March 2014, the Company recorded a warrant liability in the amount of $Nil (31 December 2013 - $Nil). The warrants were valued and subsequently re-valued on the Company's reporting dates using the Black-Scholes option pricing model, with the following assumptions: weighted average risk free rate of 1.25%, volatility factors of 71% - 74% and an expected life of 12 months – 13 months.

e) Stock-based compensation

For the period ended 31 March 2014 and the year ended 31 December 2013, the Company issued stock options to its directors, officers, employees, and consultants and recognized stock-based compensation as follows:

	31 March 2014	31 December 2013
Total options granted	-	3,000,000
Average exercise price	$ -	$ 0.10
Estimated fair value of compensation	$ -	$ 15,000
Estimated fair value per option	$ -	$ 0.005

The fair value of the stock-based compensation of options to be recognized in the accounts has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

	31 March 2014	31 December 2013
Risk free interest rate	-	1.71%
Expected dividend yield	-	0.00%
Expected stock price volatility	-	61%
Expected option life in years	-	3
Expected maturity rate	-	60-100%

Stock-based compensation for the options that vested during the period is as follows:

	31 March 2014	31 December 2013
Number of options vested	-	3,000,000
Compensation recognized	$ -	$ 15,000

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

In accordance with IFRS 2, the Company recognized $12,584 stock-based compensation on 700,000 options that were forfeited during the year ended 31 December 2013. The value of the compensation was determined using the Black-Scholes Option Pricing Model as noted above.

11) Capital disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

Notes to the Condensed Interim Consolidated Financial Statements

Management reviews its capital management approach on an on-going basis and believes that this approach is reasonable and appropriate relative to the size of the Company.

The Company is in the business of mineral exploration and has no source of operating revenue. Operations are financed through the issuance of capital stock or liability instruments, or through the sale of property, plant, and equipment. Capital raised is held in cash in an interest bearing bank account until such time as it is required to pay operating expenses or resource property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the period ended 31 March 2014.

12) Segmented disclosure

The Company operates in one operating segment, which is the acquisition, exploration, and development of mineral property interests. The following table provides segmented disclosure on assets and liabilities as reviewed by management regularly:

Rounded to 000's		Canada		United States		Total
31 March 2014						
Current assets	**$**	**6,000**	**$**	**20,000**	**$**	**26,000**
Long-term Assets						
Plant and equipment	**$**	**-**	**$**	**3,000**	**$**	**3,000**
Resource properties acquisition costs		**737,000**		**491,000**		**1,228,000**
Other		**11,000**		**3,000**		**14,000**
Liabilities						
Current liabilities	**$**	**(136,000)**	**$**	**(615,000)**	**$**	**(751,000)**
31 December 2013						
Current assets	$	32,000	$	13,000	$	45,000
Long-term Assets						
Plant and equipment	$	-	$	4,000	$	4,000
Resource properties acquisition costs		737,000		491,000		1,228,000
Other		12,000		3,000		15,000
Liabilities						
Current liabilities	$	(116,000)	$	(555,000)	$	(671,000)
31 December 2013						

Notes to the Condensed Interim Consolidated Financial Statements

13) Contingent liability

During 2012 and prior periods, the Company received services from Quorum Management and Administrative Services Inc. ("Quorum"). Quorum is a private company held jointly by the Company and other public companies, created to provide services on a full cost recovery basis to the various public entities currently sharing certain personnel costs, office space, and overhead with the Company. In April 2012, the partners of Quorum made the decision to wind up its administrative operations effective 31 August 2012. Management is aware of the possibility that there may be a future cost associated with the conclusion of this agreement. At the period ended 31 March 2014 and at the date of this report, the Company is unable to make a reliable estimate of the cost or likelihood of any costs being incurred. Accordingly, no provision has been made in these consolidated financial statements.