

EMGOLD MINING CORPORATION

(AN EXPLORATION STAGE COMPANY)

UNAUDITED CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

Stated in US Dollars

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NOTICE TO READER

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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

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

EMGOLD MINING CORPORATION

US Dollars, unaudited

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at	
		June 30 2019	December 31 2018
ASSETS			
Current assets			
Cash and cash equivalents		\$ 63,794	\$ 203,042
Amounts receivable		89,442	51,094
Assets held for sale	5	–	154,452
Marketable Securities	4	2,135,707	2,061,648
Prepaid expenses		314,582	9,261
		2,603,525	2,479,497
Non-current assets			
Reclamation bonds		25,253	16,910
Deposit		4,500	4,500
Equipment	10	1,114	–
Exploration and evaluation assets	6	1,267,091	1,131,983
		1,297,958	1,153,393
Total assets		\$ 3,901,483	\$ 3,632,890
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		531,214	478,438
Flow-through share premium liability	9	17,833	21,631
Due to related parties	7	371,221	441,134
Warrant liability	8	681,592	371,646
		1,601,860	1,312,849
EQUITY			
Share capital	8	46,149,990	45,622,784
Subscription Receipt		15,002	–
Warrants - reserve		723,813	701,802
Options - reserve		7,365,022	7,215,227
Accumulated Deficit		(51,954,204)	(51,219,772)
		2,299,623	2,320,041
Total liabilities and equity		\$ 3,901,483	\$ 3,632,890

*Nature of operations and going concern (Note 1)**Events after the Reporting Period (Note 14)*

Approved and authorized for issuance by the board of directors on August 28, 2019

"David Watkinson"
David Watkinson, Director

Andrew MacRitchie
Andrew MacRitchie, Director

The accompanying notes are an integral part of these financial statements

EMGOLD MINING CORPORATION

US Dollars, unaudited

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

	Note	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
EXPENSES					
Exploration and Evaluation					
Resource property expense	6	\$ 473,928	\$ 2,376	\$ 559,902	\$ 12,926
General and Administrative					
Advertising and promotion		12,642	–	14,164	–
Amortization		90	–	90	–
Management and consulting		128,562	77,317	381,162	109,306
Listing and filing fees		14,549	12,672	22,105	17,458
Professional fees		41,253	20,529	72,510	28,137
Office and administration		8,192	10,085	11,092	20,985
Rent		4,500	4,500	13,910	4,500
Share based compensation		149,795	–	149,795	–
Shareholder communication		–	473	–	473
Insurance		4,290	2,186	8,971	4,372
Banking costs		456	(201)	689	95
Travel		43,676	–	53,493	–
Net Loss and Comprehensive Loss Before Other Items		(881,933)	(129,937)	(1,287,883)	(198,252)
Sublet income		3,600	3,600	7,200	3,600
Amortization of flow-through share premium liability	9	5,123	–	7,522	–
Financing charges		–	(2,292)	(11,105)	(2,292)
Foreign exchange gain		21,044	4,521	23,490	8,042
Gain on disposition of assets		100	–	9,504	–
Gain on disposition of marketable securities		3,190	–	3,190	–
Fair value adjustment for marketable securities		(478,699)	–	236,004	–
Unrealized gain on warrant liability		392,748	–	277,646	–
Loss and comprehensive loss		(934,827)	(124,108)	(734,432)	(188,902)
Earnings per share, basic and diluted		(0.02)	(0.01)	(0.02)	(0.02)
Weighted average number of common shares outstanding		45,610,008	8,539,437	41,286,533	8,297,145

EMGOLD MINING CORPORATION

US Dollars, unaudited

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of Outstanding		Subscription Receipts	Number of Outstanding Warrants	Reserves Warrants	Number of Outstanding Options	Reserves Options	Shareholders' equity	
	Shares	Share Capital						Deficit	(deficiency)
Balance, December 31, 2017	7,971,206	\$ 44,095,360	\$ -	-	\$ 686,349	265,000	\$ 7,062,781	\$ (51,493,995)	\$ 350,495
Shares issued for properties	2,428,572	284,910	-	-	-	-	-	-	284,910
Private Placement - Flow-through	1,177,250	88,710	-	564,167	1,797	-	-	-	90,507
Share-based compensation	-	-	-	48,917	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	-	-	-	(188,902)	(188,902)
Balance, June 30, 2018	11,577,028	44,468,980	-	613,084	688,146	265,000	7,062,781	(51,682,897)	537,010
Balance, December 31, 2018	35,393,420	45,622,784	-	11,508,431	701,802	3,000,000	7,215,227	(51,219,772)	2,320,041
Private Placement - Flow-through (net of issuance costs)	2,727,500	308,118	-	1,535,950	9,643	-	-	-	317,761
Private Placement - Non flow-through (net of issuance costs)	7,906,717	179,593	-	8,057,517	12,368	-	-	-	191,961
Share subscription received	-	-	15,002	-	-	-	-	-	15,002
Shares issued for properties	807,692	39,495	-	-	-	-	-	-	39,495
Share-based compensation	-	-	-	-	-	1,550,000	149,795	-	149,795
Comprehensive income for the period	-	-	-	-	-	-	-	(734,432)	(734,432)
Balance, June 30, 2019	46,835,329	46,149,990	15,002	21,101,898	723,813	4,550,000	7,365,022	(51,954,204)	2,299,623

EMGOLD MINING CORPORATION

US Dollars, Unaudited

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended	
	30 June 2019	30 June 2018
OPERATING ACTIVITIES		
Loss for the Period	\$ (734,432)	\$ (188,902)
Items not Affecting Cash		
Amortization of equipment	90	-
Effect of currency translation	(26,760)	(6,990)
Fair value adjustment for marketable securities	(236,004)	-
Amortization of flow-through share premium liability	(7,522)	-
Gain on disposition of marketable securities	(3,190)	-
Unrealized loss on warrant liability	(277,646)	-
Share-based compensation	149,795	-
Gain on sale of property	(9,404)	-
	(1,145,073)	(195,892)
Net Change in Non-Cash Working Capital		
Amounts receivable	(30,015)	(3,263)
Prepaid expenses and deposits	(305,321)	(703)
Accounts payable and accrued liabilities	160,632	39,864
Due to related parties	(69,913)	132,794
	(244,617)	169,793
	(1,389,690)	(26,099)
INVESTING ACTIVITIES		
Equipment purchase	(1,204)	-
Resource property royalty payments received	10,000	10,000
Resource property payments	(40,060)	(7,512)
Proceeds from sale of marketable securities	232,092	-
Proceeds from sale of mineral property	56,000	-
Acquisition of property	(63,749)	-
	193,079	2,488
Financing ACTIVITIES		
Share subscription received in advance	15,002	-
Proceeds from units issued for cash, net of share issuance costs	1,042,361	13,430
	1,057,363	13,430
Net (Decrease) in Cash	(139,248)	(10,181)
Cash – beginning of year	203,042	18,572
Cash – end of period	\$ 63,794	\$ 8,391
Schedule of Non-cash Investing and Financing Transactions		
Shares issued for mineral property acquisition	\$ 39,495	\$ 60,000

EMGOLD MINING CORPORATION

For the Six Months Ended 30 June 2019 and 2018 US Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Emgold Mining Corporation (“the Company” or “Emgold”) is incorporated under the British Columbia Corporations Act and the principle place of business is located at 1015 - 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”) under the symbol EMR, the OTC Market under the symbol EGMCF, and the Frankfurt Stock Exchange (“FRA”) under the symbol EMLM.

These condensed interim 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 significant doubt upon the soundness of this assumption. The Company has negative operating cash flow and incurred operating losses since inception. There is no source of significant revenue at this time, is unable to self-finance operations, and has significant on-going cash needs to meet its overhead requirements and maintain its exploration and evaluation assets. 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, which 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. Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers.

For the Company to continue to operate as a going concern it must obtain additional financing; there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these condensed interim consolidated 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.

	30 June 2019	31 December 2018
Rounded (‘000’s)		
Working capital (deficit)	\$ 1,002,000	\$ 1,167,000
Accumulated deficit	\$ (51,954,000)	\$ (51,220,000)

2) Basis of preparation

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2019.

b) Basis of Measurement

The consolidated 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.

EMGOLD MINING CORPORATION

For the Six Months Ended 30 June 2019 and 2018 US Dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

c) Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries:

- Golden Arrow Mining Corporation (formerly Idaho-Maryland Mining Corporation)
- Emgold (US) Corporation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated.

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 financial statements. For a summary of significant accounting policies, please refer to the Company's audited annual financial statements for the year ended 31 December 2018.

4) Marketable securities

During the year ended December 31, 2018, the Company received 3,750,000 common shares of Troilus Gold Corporation (TSE:TLG) in accordance with the Purchase and Sales Agreement of Troilus North Property (note 8(e)).

During the six months ended June 30, 2019, the Company sold 500,000 shares of Troilus Gold Corporation for proceeds of \$232,012 (CDN\$ 309,500). As at June 30, 2019, the fair value of the 3,250,000 shares was \$2,135,707 (CDN\$2,795,000) and the gain on fair value adjustment was \$236,004 for the six months ended June 30, 2019.

5) Assets held for sale

Emgold had a 7.13 acre parcel of land located in Nevada County that was part of the Company's former Idaho-Maryland Project.

This property was sold at auction on January 26, 2019 for \$56,000. The disposition of this property resulted in \$56,000 sale proceeds which was accepted as full settlement of \$163,856 worth of property taxes including penalty and interest.

ASSETS HELD FOR SALE	Assets Held for Sale	
Balance at 31 December 2018	\$	154,452
Disposition		(154,452)
Balance at 30 June 2019	\$	-

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6) Exploration and evaluation assets

	Buckskin Rawhide East	Buckskin Rawhide West	Koegel Property	BC Properties	Nevada Golden Arrow Property	New York Canyon	Casa South	Troilus North	Total
Property Acquisition Costs									
Balance as at January 1, 2018	324,052	110,029	110,030	2	-	-	-	-	544,113
Acquisitions	-	30,000	30,000	-	-	-	-	224,910	284,910
Royalty payments received	(10,000)	-	-	-	-	-	-	-	(10,000)
Balance as at June 30, 2018	314,052	140,029	140,030	2	-	-	-	224,910	819,023
Balance as at January 1, 2019	314,052	140,029	140,030	2	537,870	-	-	-	1,131,983
Acquisitions	-	-	-	-	25,000	7,431	112,677	-	145,108
Royalty payments received	(10,000)	-	-	-	-	-	-	-	(10,000)
Balance as at June 30, 2019	304,052	140,029	140,030	2	562,870	7,431	112,677	-	1,267,091

	Buckskin Rawhide East	Buckskin Rawhide West	Koegel Property	Other Prospect	Nevada Golden Arrow Property	New York Canyon	Casa South	Troilus North	Total
Exploration and Evaluation Expenditures									
Balance as at January 1, 2018	3,515	6,024	-	29,016	-	-	-	-	38,555
General property search	-	-	-	12,926	-	-	-	-	12,926
Balance as at June 30, 2018	3,515	6,024	-	41,942	-	-	-	-	51,481
Balance as at January 1, 2019	-	3,725	5,580	-	59,639	-	-	-	68,944
Carrying costs	-	-	-	-	100,826	-	390,254	-	491,080
General property search	420	-	-	21,029	-	33,935	-	13,438	68,822
Balance as at June 30, 2019	420	3,725	5,580	21,029	160,465	33,935	390,254	13,438	628,846

a) Golden Arrow Property, Nevada

The Company has a 100% interest in the Golden Arrow Property, an advanced stage exploration property, totaling 357 unpatented lode mining claims and 17 patented lode mining claims totaling 7,050 acres. A total of 172 of the unpatented mining claims are owned and 185 unpatented mining claims are leased.

On July 18, 2017 Emgold signed a non-binding Letter of Intent (“LOI”) to acquire up to a 100% interest in the Golden Arrow Property from Nevada Sunrise Gold Corporation (TSXV: NEV) (“Nevada Sunrise”). This LOI was amended as announced by press release on January 4, 2018 (the “First Amended LOI”) and again as announced by press release on July 16, 2018 (the “Second Amended LOI”). The Second Amended LOI was then replaced by a binding Definitive Agreement announced by press release on October 2, 2018.

The Definitive Agreement allowed Emgold (or a wholly owned subsidiary of Emgold) to acquire a 51% interest in the Golden Arrow by (i) making cash payments to Nevada Sunrise in the aggregate amount of \$100,000; and (ii) issuing to Nevada Sunrise 2.5 common shares in the capital of Emgold. In addition, the Company had the option of acquiring the remaining 49% interest in Golden Arrow by issuing to Nevada Sunrise an additional 2.5 million common shares in the capital of Emgold within 24 months of the date of closing of the transaction.

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On October 9, 2018, Emgold completed the acquisition of the 51% interest in the property and also exercised its option to earn 100% interest after completing the \$100,000 in aggregate cash payments and issuing Nevada Sunrise a total of 5.0 million common shares of Emgold.

Six unpatented claims are subject to an advance royalty payment of \$25,000 per year and a 3% NSR upon production (2% can be purchased for \$200,000). 351 unpatented mining claims are subject to a \$25,000 per year advance royalty payment and a 3% NSR upon production, of which 1% can be purchased for \$1 million. Seventeen unpatented mining claims are subject to a 1% NSR.

Emgold is in the process of transferring the title and rights to all mineral claims and all reclamation bonds into the name of one of Emgold's subsidiaries.

b) Casa South Property, Quebec

The Company has a 100% interest in the Casa South Property, an early stage exploration property consisting of 180 mining titles covering a total of 10,061 hectares. It is adjacent to Hecla Mining Corporation's (NYSE: HL) operating Casa Berardi Mine.

On December 13, 2018, the Company announced it had completed an assignment agreement (the "Assignment Agreement") with a third party, a privately held company, (the "Assignor") granting Emgold (the "Assignee") its rights, held through a binding Letter of Intent ("LOI") with Greg Exploration Inc. and Affiliates (the "Vendors"), to acquire up to a 91% interest in the property. Emgold's assumption of the rights, held through the LOI, allowed Emgold the right to option and acquire up to a 91% interest in the property.

On March 19, 2019, the Company announced it has subsequently completed an Option Agreement (the "Option Agreement") with the Vendors, an Amended Assignment Agreement (the "Amended Assignment Agreement") with the Assignor, and obtained Conditional Approval for the transaction from the Exchange. Under the Option Agreement, to obtain a 91% interest in the property, Emgold was required to make cash payments to the Vendors as shown in the following table:

Payments to the Vendors During the Option Period

Timing of Cash Payment	Payment \$C
Closing of the Transaction	\$75,000 (Paid)
Year 1 Anniversary of the Definitive Agreement	\$75,000
Year 2 Anniversary of the Definitive Agreement	\$75,000
Year 3 Anniversary of the Definitive Agreement	\$75,000
Year 4 Anniversary of the Definitive Agreement	\$75,000
Total	\$375,000

Emgold was also required to complete C\$600,000 in exploration expenditures in Year One and an additional C\$1,000,000 in exploration expenditures during the course of the Option Agreement, without any commitment as to amount and timing of amount to be spent. Emgold agreed to grant to the Vendors a 1.5% NSR on the property, being agreed that half a percent (0.5%) of said NSR can be repurchased by Emgold for an amount of five hundred thousand dollars (C\$500,000).

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The Amended Assignment Agreement required the Company to pay to the Assignor an amount of 807,692 common shares from its share capital representing \$52,500, at a share price of \$0.065 (based on the Market Price, as defined in Exchange policies, of the common shares at the time of disclosing of the transaction). With each of the four annual payments to the Vendors, Emgold was required to issue the Assignor common shares representing \$5,625, at Market Price, as defined in Exchange Policies on the date of issuance for a total value of \$22,500, based on 7.5% of the four cash payments to be made by the Company under the Option Agreement.

On March 20, 2019, the Company closed the acquisition of the option to acquire up to a 91% interest in the property by obtaining final Exchange approval, by completing the first option payment of \$75,000 to the Vendors, and making the share payment required under the Amended Assignment Agreement to the Assignor.

On June 13, 2019, the Company announced it had completed an amendment (the “Amendment”) to the Option Agreement between Emgold and the Vendors. Instead of completing the remaining C\$300,000 in cash payments and C\$1.6 million in exploration work to earn a 91% interest in the property, the Amendment allowed Emgold to acquire a 100% interest in the property by issuing to the Vendors 4,000,000 units from its share capital (the “Compensation Units”), each Compensation Unit being comprised of one common share (each a “Compensation Share”) and one half of one common share purchase warrant (each a “Compensation Warrant”), each whole Compensation Warrant entitling the holder to acquire one (1) common share in the share capital of Emgold (each a “Compensation Warrant Share”) at a price of \$0.25 per Compensation Warrant Share for a period of twenty-four (24) months from the date of issuance.

The Compensation Shares and Compensation Warrant Shares issued as part of the Amendment are subject to a Right of First Refusal (“ROFR”) provisions and limitation of monthly sales by the Vendors (the “Offered Shares”) in any given calendar month, subject to a 10 business day Notice Period (the “Notice Period”). During the Notice Period, Emgold has the right to identify one or several acquirers to purchase the Offered Shares, to which the Vendors shall sell all (but not less than all) of the Offered Shares at equal or superior terms, based on the prior 10 day volume weighted average price of Emgold’s common shares on the TSX Venture Exchange.

On July 18, 2019, subsequent to quarter end, Emgold completed the 100% acquisition of the Casa South Property.

c) New York Canyon Property, Nevada

On May 28, 2019, the Company announced by press release that it had signed a Letter of Intent (the “LOI”) with Searchlight Resources Inc. (TSXV: SCLT) giving it the option to acquire a 100% interest the New York Canyon Property, subject to underlying royalties. The property includes 21 patented mineral claims and 60 unpatented mining claims totalling about 1,500 acres.

Emgold will acquire a 100% interest in the property buy completing the following:

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. C\$10,000 on signing the LOI (paid);
2. C\$40,000 on closing of the Transaction;
3. C\$500,000 in common shares of the capital of Emgold at the date of closing, with the share price based on the 30-day volume weighted average price of the Company's share immediately prior to the announcement of the Transaction;
4. C\$100,000 within 6 months of the date of closing of the Transaction;
5. C\$100,000 within 12 months of the date of closing of the Transaction; and
6. C\$100,000 within 18 months of the date of closing of the Transaction.

The Transaction is subject, amongst other conditions, to completion of a definitive agreement and regulatory approval by the TSX Venture Exchange. Shares issued as a result of the transaction are subject to First Right of Refusal Provisions ("ROFR") which limit the number of shares that can be sold in any month to 150,000.

On July 16, 2019, subsequent to quarter end, Emgold announced by press release it had completed a Claim Purchase Agreement with Searchlight, completed the C\$40,000 payment due at closing of the transaction, and issued 2,941,196 common shares to Searchlight. Three payments of C\$100,000 each are required to complete the option.

Sixty unpatented claims are subject to a 2% NSR, 1% which can be purchased for \$1 million. Eighteen patented claims are subject to a 1.75% NSR royalty capped at \$2 million and a \$0.50 per metric tonne royalty for decorative stone shipped or sold from the property capped at \$0.5 million.

d) Buckskin Rawhide East Property, Nevada

The Company has a 100% interest in the 52 unpatented mineral claims, totalling 835 acres, making up Buckskin Rawhide East Property. The claims are in-lying claims to Rawhide Mining LLC's ("RMC") operating Rawhide Mine.

The Buckskin Rawhide Property is leased to RMC, owners of the Rawhide Mine, under the following terms:

1. The Lease Term is 20 years (start date of 01 June 2013).
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.

EMGOLD MINING CORPORATION

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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.

Under the terms of the lease agreement, RMC was to complete \$500,000 in exploration related expenditures on the property by the third anniversary or June 1, 2016. However, as at June 1, 2016, RMC had completed only US\$325,000 in exploration activities on the property.

On June 1, 2016, RMC and Emgold mutually agreed to amend the original Lease Agreement whereby RMC would pay Emgold US\$175,000, in seven quarterly payments of US\$25,000, starting June 1, 2016, to keep the Lease Agreement in good standing. These payments were in lieu of completing the additional US\$175,000 in exploration work required in the original Lease Agreement.

Emgold received the \$10,000 annual advance royalty payment for the Buckskin Rawhide Property from RMC during the quarter.

e) Buckskin Rawhide West Property, Nevada

The Company has a 100% interest acquisition in the Buckskin Rawhide West Property. On February 2013, the Company entered 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 Buckskin Rawhide Property. Pursuant to the lease agreement, advance royalty payments were paid to Jeremy C. Wire in the amount of \$10,000 each year during 2012, 2013, and 2014. Payments of \$20,000 in year 2015, and \$30,000 each year in 2016, 2017, and 2018 (total \$140,000) completed the acquisition of the property. All payments were made in shares. The property subject to a 2% Net Smelter royalty, which can be purchased at any time for \$1.0 million.

f) Koegel Rawhide, Nevada

Emgold has a 100% interest in the Koegel Rawhide Property. The property consists of the RHT and GEL claims, 19 unpatented lode mining claims totalling 380 acres, acquired from Jeremy C. Wire. In addition, Emgold staked 17 additional unpatented lode claims totalling 340 acres. In total, the 36 unpatented lode claims totalling 720 acres make up the Property.

In February 2012, the Company entered a Lease and Option to Purchase Agreement with Jeremy C. Wire to acquire the RHT and GEL claims, located four miles south of the Rawhide Mine in Mineral County, Nevada. Pursuant to the lease agreement, advance royalty payments were paid to Jeremy C. Wire in the amount of \$10,000 each year during 2012, 2013, and 2014. Payments of \$20,000 in year 2015 and \$30,000 each year in 2016, 2017, and 2018 (total \$140,000) completed the acquisition of the Property. All payments were made in shares. The property subject to a 2% Net Smelter royalty, which can be purchased at any time for \$1.0 million.

g) Stewart Property, British Columbia

The Company holds a 100% interest in the Stewart mineral claims, near Ymir British Columbia, totalling 5,789 hectares and consisting of 82 mineral claims acquired from prospectors Jack and Eric Denny. Under the terms of the option agreement, announced by press release dated July 31, 2001, Emgold was to make cash payments totalling C\$150,000 and to issue 200,000 common shares to the Denny's over a six year period as follows:

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1. C\$5,000 and 50,000 common shares upon regulatory approval;
2. C\$5,000 within six months of regulatory approval;
3. C\$10,000 and 50,000 common share within 12 months of regulatory approval;
4. C\$15,000 and 50,000 commons shares within 24 months of regulatory approval;
5. C20,000 and 50,000 commons shares within 36 months of regulatory approval;
6. C\$25,000 within 48 months regulatory approval;
7. C\$30,000 within 60 months regulatory approval; and
8. C\$40,000 within 72 months of regulatory approval.

In a November 17, 2006, press release, Emgold announced the terms of 2001 agreement were amended whereby Emgold issued the Denny's 60,000 commons shares at a deemed value of \$0.50 per share in lieu of the \$30,000 cash payment due in 2006. All cash and share payments were completed and Emgold exercised its option to acquire 100 percent interest in the Stewart Property. The property is subject to a 3% underlying NSR. Emgold retains the right to purchase 2% of the underlying NSR by making a CDN\$1.0 million payment to the underlying royalty holder.

The property is held through completed assessment work to January 2023 without additional assessment work being required. The property has been impaired to \$1 during the year ended December 31, 2015.

h) Rozan Property, British Columbia

The Company holds the rights to the Rozan mineral claims, near Ymir British Columbia, totalling 1,950 hectares. In April, 2000, the company entered into an option agreement with prospectors Jack and Eric Denny to earn 100% interest in the property by making staged payments totalling C\$100,000 and issuing 200,000 common shares to the Denny's on or before April 1, 2006. These payments were subsequently completed. The property is subject to a 3% underlying NSR. Emgold retains the right to purchase 2% of the underlying NSR by making a CDN\$1.0 million payment to the underlying royalty holder.

The property is held through completed assessment work to March 2023 without additional assessment work being required. The property has been impaired to \$1 during the year ended December 31, 2015.

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7) 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⁾
	2019	\$ 75,000
David Watkinson, CEO and President – salary	2018	\$ 46,250
	2019	\$ 24,000
David Watkinson, CEO and President – benefits and allowance	2018	\$ -
	2019	\$ 45,500
David Watkinson, CEO and President – Share-based compensation	2018	\$ -
	2019	\$ 60,000
Robert Rosner, CFO and director – management fees	2018	\$ -
	2019	\$ 19,500
Robert Rosner, CFO and director – Share-based compensation	2018	\$ -
	2019	\$ 9,750
Andrew MacRitchie, Director – Share-based compensation	2018	\$ -
	2019	\$ 9,750
Vincent Garibaldi, Director – Share-based compensation	2018	\$ -
	2019	\$ 3,250
Lisa Maxwell, Corporate Secretary – Share-based compensation	2018	\$ -
	2019	\$ -
Former Director – salary	2018	\$ 32,855
	2019	\$ -
Clearline CPA, A company of which the ex-CFO is a partner – management fees	2018	\$ 14,155
	2019	\$ -
Clearline CPA, A company of which the ex-CFO is a partner – management fees	2018	\$ 14,155
	2019	\$ -
Clearline CPA, A company of which the ex-CFO is a partner – bookkeeping	2018	\$ 5,401

(i) For the six months ended 30 June 2019 and 2018.

(ii) Amounts disclosed were paid or accrued to the related party.

As at June 30, 2019, the Company owed an ex-director CDN\$5,000. This loan bear interest at 1% per month and repayable on demand.

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The following table reports amounts included in due to related parties.

	30 June 2019	31 December 2018
David Watkinson, CEO	\$ 366,901	\$ 222,786
Robert Rosner, CFO	(591)	20,000
Clearline CPA, ex-CFO	-	76,123
Andrew MacRitchie, Director	-	4,704
Bill Witte, ex-Director	4,911	4,704
Sequoia Corporate Service, Corporate Secretary	-	-
	\$ 371,221	\$ 263,608

All related party balances are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

8) 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

During the six months ended 30 June 2019:

On March 8, 2019, the Company completed a non-flow-through private placement with an issuance of 5,447,900 units at CDN\$0.12/unit. Each unit consists of one common share and one share purchase warrant exercisable at CDN\$0.17/unit with a 2-year expiry term.

On March 19, 2019, the Company issued 807,692 common shares for settling \$52,500 finder's fee related to the acquisition of the mineral claims of Casa South, Quebec (Note 6 (b)).

On March 28, 2019, the Company completed a non-flow-through private placement with an issuance of 650,000 units at CDN\$0.12/unit. Each unit consists of one common share and one share purchase warrant exercisable at CDN\$0.17/unit with a 2-year expiry term. In addition, 52,000 share purchase warrants were issued to finders of this financing.

On April 5, 2019, the Company completed a flow-through private placement with an issuance of 1,275,000 units at CDN\$0.20/unit. Each unit consists of one common share and one half share purchase warrant exercisable at CDN\$0.25/unit with a 1-year expiry term. In addition, 80,000 share purchase warrants were issued to finders of this financing.

On April 26, 2019, the Company completed a non-flow-through private placement with an issuance of 1,808,817 units at CDN\$0.12/unit. Each unit consists of one common share and one share purchase warrant exercisable at CDN\$0.17/unit with a 2-year expiry term. In addition, 98,800 share purchase warrants were issued to finders of this financing.

On May 10, 2019, the Company completed a flow-through private placement with an issuance of 1,452,500 units at CDN\$0.20/unit. Each unit consists of one common share and one half share purchase warrant exercisable at CDN\$0.25/unit with a 1-year expiry term. In addition, 92,200 share purchase warrants were issued to finders of this financing.

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During the three months ended 30 June 2018:

On March 15, 2018, the Company issued 428,572 common shares as advance royalty payment for its mineral property options.

On June 27, 2018, the Company issued 2,000,000 common shares as earn-in option payment for Troilus North Property pursuant to the term of the First Option Agreement for Troilus North.

On June 27, 2018, the Company completed the first tranche of a flow-through private placement with an issuance of 1,128,333 units at C\$ 0.15/unit. Each unit consists of one common share and one half of one share purchase warrant exercisable at \$0.25 until June 27, 2020. In addition, 48,917 common shares were issued to the finder of this financing. As at June 30, 2018, \$121,116 or C\$159,059 subscription proceeds were held in trust with the lawyer of the Company.

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.

Stock option activities during the six months ended June 30, 2019 and 2018 are summarized as follows:

		Price (CDN\$)		Price (CDN\$)
Options Outstanding and Exercisable				
Balance – beginning of year	3,000,000	\$ 0.15	265,000	\$ 1.00
Granted	1,550,000	0.20	-	-
Balance – end of period	4,550,000	\$ 0.17	265,000	\$ 1.00

Details of stock options outstanding as at 30 June 2019 are as follows:

Expiry Date	Exercise Price (CDN\$)	30 June 2019
19 November 2023	\$ 0.15	3,000,000
15 May 2024	\$ 0.20	1,550,000
		4,550,000

Share-based compensation relating to options granted and vested during the quarter ended June 30, 2019 using the Black-Scholes option pricing model was \$149,795 (2018 - \$Nil), which was recorded as reserves on the consolidated statements of financial position and as share-based compensation expense on the consolidated statement of comprehensive loss. The associated share-based compensation expense for the options granted during the quarter was calculated based on the following weighted average assumptions: Risk free-interest rate – 1.54%; Dividend yield – 0.00%; Expected volatility – 109.0%; Expected life – 5.00 years.

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d) Warrants

Share purchase warrants activity during the six months period ended 30 June 2019 and 2018 are summarized as follows:

SHARE PURCHASE WARRANT ACTIVITY	June 30, 2019	Weighted average exercise Price (CDN\$)	June 30, 2018	Weighted average exercise Price (CDN\$)
Options Outstanding and Exercisable				
Balance – beginning of year	11,508,431	\$ 0.20	613,084	\$ 0.25
Granted	9,593,467	0.17	-	-
Balance – end of period	21,101,898	\$ 0.19	613,084	\$ 0.25

Details of share purchase warrants outstanding as at 30 June 2019 are as follows:

Expiry Date	Exercise Price (CDN\$)	30 June 2019	30 June 2018
26 April, 2021	\$ 0.17	1,907,617	-
5 April, 2021	\$ 0.20	80,000	-
28 March, 2021	\$ 0.17	702,000	-
08 March, 2021	\$ 0.17	5,447,900	-
31 December 2020	\$ 0.25	123,200	-
20 December 2020	\$ 0.25	2,212,308	-
04 October 2020	\$ 0.17	900,000	-
31 August 2020	\$ 0.25	144,000	-
28 August 2020	\$ 0.17	3,100,000	-
15 August 2020	\$ 0.25	315,030	-
10 August 2020	\$ 0.17	2,595,499	-
10 August 2020	\$ 0.25	61,847	-
5 April 2020	\$ 0.25	637,500	-
10 May 2020	\$ 0.25	818,450	-
10 July 2020	\$ 0.25	1,443,464	-
27 June 2020	\$ 0.25	613,083	613,083
		21,101,898	613,083

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Movement related to the warrant liability resulted from the private placement subscribers' warrants (finders warrants are excluded from derivative liability calculation), for warrants priced in Canadian dollars, is as follows:

WARRANT LIABILITY (WARRANTS PRICED IN CANADIAN DOLLAR)	30 June 2019		30 June 2018	
	Number of Warrants	Fair Value	Number of Warrants	Fair Value
Balance – beginning of year	11,221,687	\$ 371,646	-	\$ -
Issued	9,270,467	547,172	-	-
Fair market value adjustment gain	-	(237,226)	-	-
Balance – end of period	20,492,154	\$ 687,592	-	\$ -

During the six months ended 30 June 2019, the Company recorded a warrant liability in the amount of \$547,172 (2018 - \$Nil). The warrants were valued on the date of grant using the Black-Scholes option pricing model, with the following assumptions: weighted average risk free rate of 1.55% - 1.61%, volatility factors of 108% to 132% and an expected life of 12 to 24 months.

The warrants were 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 1.52%, volatility factors of 84% - 142% and an expected life of 9 months – 21 months. An unrealized loss on warrant liability of \$47,790 has been recorded for the six months ended 30 June 2019 (2018 - \$Nil). As at 30 June 2019, the Company recorded a warrant liability in the amount of \$966,608 (2018 - \$Nil).

9) Flow-through share premium liability

A summary of the changes in the Company's flow-through share premium liability was as follows:

Balance, December 31, 2018	\$ 21,631
Recognition of premium on flow through share issuance	3,175
Foreign exchange revaluation at quarter end	549
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(7,522)
Balance, June 30, 2019	\$ 17,833

Summary of renunciations related to the tranches for flow through share issuances during the year ended December 31, 2018 and six months ended June 30, 2019 are as follows:

Tranche 1 flow through share issued on June 27, 2018 for gross proceeds of CDN\$ 169,250

Expenditures renounced effective December 31, 2018 were CDN\$ 169,250 with no unspent obligation.

Tranche 2 flow through share issued on July 10, 2018 for gross proceeds of CDN\$ 433,040

Expenditures renounced effective December 31, 2018 were CDN\$ 433,040 with no unspent obligation.

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Tranche 3 flow through share issued on August 15, 2018 for gross proceeds of CDN\$ 83,025

These amounts were spent in the six months ended June 30, 2019 with no unspent obligation as at June 30, 2019.

Tranche 4 flow through share issued on August 31, 2018 for gross proceeds of CDN\$ 42,000

These amounts were spent in the six months ended June 30, 2019 with no unspent obligation as at June 30, 2019.

Tranche 5 flow through share issued on December 31, 2018 for gross proceeds of CDN\$ 575,200

As of June 30, 2019, CDN\$ 380,719 remained as an unspent obligation as at June 30, 2019 and will be incurred prior to December 31, 2019.

Tranche 1 flow through share issued on April 5, 2019 for gross proceeds of CDN\$ 255,000

As of June 30, 2019, the gross proceeds of CDN\$ 255,000 remained as an unspent obligation.

Tranche 2 flow through share issued on May 10, 2019 for gross proceeds of CDN\$ 290,500

As of June 30, 2019, the gross proceeds of CDN\$ 290,500 remained as an unspent obligation.

10) Equipment

	Computer		Total
Cost			
Balance, December 31, 2018	\$	-	\$ -
Additions		1,204	1,204
Balance, June 30, 2019		1,204	1,204
Accumulated Depreciation			
Balance, December 31, 2018		-	-
Charge for the period		90	90
Balance, June 30, 2019		90	90
Net Carrying Amount			
June 30, 2019	\$	1,114	\$ 1,114
June 30, 2018	\$	-	\$ -

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.

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

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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 six months ended 30 June 2019 and 2018.

12) Segmented disclosure

The Company operates in one operating segment, which is acquisition, and exploration of mineral properties. The following provides segmented disclosure on the non-current assets:

SEGMENTED DISCLOSURE (ROUNDED TO 000's)	Canada	United States	Total
30 June 2019			
Long-term Assets			
Reclamation bonds	-	25,000	25,000
Exploration and evaluation assets	608,000	659,000	1,217,000
31 December 2018			
Long-term Assets			
Reclamation bonds	10,000	7,000	17,000
Exploration and evaluation assets	488,000	544,000	1,132,000
Deposit	5,000	-	5,000

13) Commitment

Employment contract with the President and CEO

On September 12, 2018, the Company entered into an employment contract with the President and CEO of the Company to carry on the duties and exercise powers of the President and CEO of the Company under the direction and control of the Board of Directors. The base remuneration is \$12,500 monthly or \$150,000 annually. Additional monthly allowance is \$2,500. Bonus up to maximum one-month salary is available. The term of employment is for indefinite period subject to standard termination clause.

Consulting agreement with the CFO

On July 16, 2018, the Company entered into a consulting agreement with the CFO of the Company to carry out the CFO duties, provide assistance in completion of financings by the Company and introduce investment opportunities of potential interest to the Company. The remuneration is \$10,000 monthly with a 24-months term renewal for a further 12 months.

14) Events after the reporting period

a) New York Canyon option

On July 16, 2019, the Company announces that it has completed a Claim Purchase Agreement with Searchlight Resources Inc. (TSXV: SCLT) giving the Company the option to acquire a 100% interest in the New York Canyon Property, NV (the "Property").

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Emgold made the CDN\$10,000 payment upon signing the Letter of Intent and an initial option payment of CDN\$40,000 cash payment and issued 2,941,196 common shares in the capital of the Company to Searchlight on July 29, 2019. To complete the 100% acquisition, Emgold is required to pay Searchlight CDN\$300,000 over an 18-month period.

b) Casa South acquisition of 100% interest

On July 17, 2019, the Company announces that it has completed its acquisition of a 100% interest in the Casa South Property, QC.

On July 29, 2019, Emgold has issued to Greg Exploration Inc. and Affiliates (the "Vendors") 4,000,000 units from its share capital (the "Compensation Units"), each Compensation Unit being comprised of one common share (each a "Compensation Share") and one half of one common share purchase warrant (each a "Compensation Warrant"), each whole Compensation Warrant entitling the holder to acquire one (1) common share in the share capital of Emgold (each a "Compensation Warrant Share") at a price of \$0.25 per Compensation Warrant Share for a period of twenty four (24) months from the date of issuance. A one and a half percent (1.5%) Net Smelter Royalty ("NSR") has been granted to the Vendors on the Property, being agreed that half a percent (0.5%) of said NSR can be repurchased by Emgold for an amount of C\$500,000.

c) Mindora Property Letter of Intent

On May 21, 2019, the Company announced two Letters of Intent to acquire the Mindora Property, Nevada. Emgold has agreed to purchase a 100 percent interest in the 12 unpatented mining claims from Nevada Sunrise LLC for \$50,000 on closing and \$25,000 per year on the anniversary date of the closing for a period of four years. Total purchase price of US\$150,000. These claims would not be subject to a royalty.

Emgold has agreed to purchase a 100 percent interest in 18 unpatented mining BL Claims from BL Exploration LLC for \$50,000, due at closing. The BL Claims will be subject to a \$20,000 per year advance royalty. Emgold will assign a 2% NSR royalty to BL Exploration. Emgold will have the option of acquiring one half of the 2% NSR for \$200,000 on or before the fifth anniversary of the closing of the transaction. Should Emgold not exercise this option, it will have a second option of acquiring ½ of the 2% NSR for \$500,000 after the fifth anniversary and before the ninth anniversary of the closing of the transaction.

Both the Nevada Sunrise LLC and BL Exploration LLC transactions are subject, amongst other conditions, to completion of a definitive agreement and regulatory approval by the TSX Venture Exchange.