EMGOLD MINING CORPORATION

(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2019 and 2018

STATED IN US DOLLARS

DATED: JUNE 12, 2020

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TO OUR SHAREHOLDERS

The following information, should be read in conjunction with audited consolidated financial statements of Emgold Mining Corporation (“Emgold” or “the Company”) for the years ended December 31, 2019 and 2018 and the related notes attached thereto which were prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are expressed in U.S. dollars unless otherwise indicated.

Certain statements included herein may constitute forward-looking statements, such as estimates and statements that describe our future plans, objectives or goals, including words to the effect that we expect or management expects a stated condition or result to occur. Such forward-looking statements are made pursuant to the safe harbour provisions of the United States Private Securities Litigation Reform Act of 1995. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The following list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

Subject to applicable law, the Company expressly disclaims any obligation to revise or update forward-looking statements in the event actual results differ from those currently anticipated. Actual results relating to exploration, mining, processing, manufacturing, and reclamation activities including results of exploration, mineral resource and reserve determination, results of operations, and results of reclamation, as well as associated capital and operating costs could differ materially from those currently anticipated. Actual results could differ materially from those anticipated in such statements by reason of factors such as changes in general economic conditions and conditions in the financial markets, changes in demand, and changes in prices for the products that may be produced. Other factors that may affect actual results include the litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in domestic and foreign areas in which we operate, such as technological and operational difficulties encountered in connection with our activities, productivity of our resource properties, labour relations matters, labour costs, material and equipment costs and changing foreign exchange rates. Further information regarding these and other factors is included in our filings with the US Securities and Exchange Commission (which may be viewed at www.sec.gov) and Canadian provincial securities regulatory authorities (which may be viewed at www.sedar.com).

The table below sets forth the most significant forward-looking information included in this quarterly MD&A:

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future funding for ongoing operations	The Company will be able to raise these funds	The Company has disclosed that this may be difficult and failure to raise these funds will materially impact the Company's ability to continue as a going concern

OVERVIEW

Emgold is a junior gold exploration company focused on Nevada and Quebec. The Company's strategy is to look for strategic asset acquisitions, add value to those assets through re-interpretation of historic data and modern exploration, and attempt to monetize those assets through sale, joint ventures, option, royalty, and other business transactions to advance the Company and create value for our shareholders (and acquisition and divestiture business model)). As of December 31, 2019, our properties include:

- Golden Arrow, NV
- New York Canyon, NV (under claim purchase agreement with Searchlight Resources Corporation)
- Buckskin Rawhide East, NV
- Buckskin Rawhide West, NV
- Koegel Rawhide, NV
- Mindora (under claim purchase agreements with BL Exploration LLC and Nevada Sunrise LLC)
- Casa South Property, QC
- 50% Interest in the East-West Property, QC (under claim purchase and option agreement with private individual)
- Stewart Property, B.C.
- Rozan Property, B.C.

The Company has a strategic investment of shares of Troilus Gold Corporation (TSX: TLG) which is advancing the Troilus Gold Project in Quebec. For more information on the Company, investors should review the Company's filings that are available at www.sedar.com or the Company's website at www.emgold.com.

Golden Arrow Property, Nevada

The Golden Arrow Property is located approximately 40 miles east of Tonopah in Nye County, Nevada. The property consists of 357 unpatented and 17 patented lode mineral claims covering an area of approximately 7,050 acres (2,845 hectares). It is an advanced-stage exploration property with a comprehensive exploration database including geochemical sampling, geophysics, and over 200,000 feet of reverse circulation and diamond core drilling.

To date, two main exploration targets have been drilled on the Golden Arrow Property focusing on bulk disseminated mineralization – the Gold Coin and Hidden Hill deposits. Numerous other targets have been identified for exploration. Emgold's management believes there is potential to expand both the Hidden Hill and Gold Coin resources and for discovery of other bulk disseminated mineralization on the Golden Arrow Property. In addition, historic underground mine workings lie along the Page Fault and other structures on the Golden Arrow Property indicating potential for vein style mineralization that has been subject to limited modern exploration, if any, to evaluate its potent

On July 18, 2017, the Company announced by press release a Letter of Intent to option and acquire the property from Nevada Sunrise Gold Corporation ("Nevada Sunrise"; TSX-V: NEV). This was replaced by the First Amended Letter of Intent dated December 27, 2017. Conditional approval from the TSX Venture Exchange for the option and acquisition was announced via press release on January 23, 2018 subject to Emgold completing various requirements to obtain approval for the transaction. This First Amended Letter of Intent was subsequently replaced by a Second Amended Letter of Intent dated July 13, 2018.

The terms of the Second Amended LOI provided that, subject to the satisfaction of certain conditions, including TSX-V acceptance and the entry into a definitive sale and option agreement between Nevada Sunrise and Emgold, Emgold would acquire a 51 percent interest in the Golden Arrow Property by (i) making cash payments to Nevada Sunrise in the aggregate amount of CDN$100,000; and (ii) issuing to Nevada Sunrise 2,500,000 common shares in the capital of Emgold. The Second Amended LOI further provides that Nevada Sunrise would grant to Emgold (or a wholly owned subsidiary of Emgold) the sole and exclusive right and option (the "Option") to acquire an undivided additional 49 percent (for a total of 100 percent) interest in the property, which would be exercisable by Emgold for a period of

24 months from the Closing Date (the "Option Period") by Emgold issuing to Nevada Sunrise an additional 2,500,000 common shares in the capital of Emgold.

Emgold would be responsible for all exploration expenditures, including claims fees, core and sample storage fees, and all holding costs during the Option Period. Emgold will be the operator of the Property during the Option Period. If the Option is not exercised, the Parties would form a Nevada joint venture (the "Joint Venture"). The Joint Venture would be established as a separate company or using an existing subsidiary of Emgold or Nevada Sunrise, with 51% of the shares of the Joint Venture entity owned by Emgold, 49% owned by Nevada Sunrise and Emgold acting as the Operator of the Joint Venture. After forming the Joint Venture, if either Party elects not to contribute to the Joint Venture and its interest falls below 10% ownership at any time (the “Diluted Party”), the other Party would have the option of purchasing the Diluted Party’s remaining interest in the Joint Venture for $1,000,000.

On September 27, 2018, Emgold filed a Technical Report titled “Amended 2018 Updated Technical Report on the Golden Arrow Project, Nye County, Nevada, U.S.A.” prepared for Emgold Mining Corporation and Nevada Sunrise Gold Corporation by Steven Ristorcelli, C.P.G., Odin D. Christensen, PhD, C.P.G., and Jack McPartland, M.M.S.A available under the Company’s filings on www.sedar.com. The Report was prepared by Mine Development Associates, Reno Nevada and has an effective date of August 28, 2018 and report date of September 24, 2018. The Technical Report discloses a mineral resource, which particulars are set out in the table below. The mineral resource was modeled for the property and estimated by evaluating the drill data statistically and utilizing a three-dimensional geological solid model. Mineral domains were interpreted on northeast-southwest geological cross sections spaced at approximately 100 foot intervals throughout the extent of the Property mineralization. The mineral domain interpretations were then rectified to east-west cross sections spaced at 20 foot intervals. Estimation was done by inverse-distance.

Golden Arrow Property Mineral Resource[1,2,3,7,8]

Classification	Cut-Off Grade[4,5]	Tons	Au opt	Ag opt	Au Ounces	Ag Ounces
Measured	Variable	1,850,000	0.028	0.43	52,400	796,000
Indicated	Variable	10,322,000	0.024	0.31	244,100	3,212,000
Measured and Indicated	Variable	12,172,000	0.024	0.33	296,500	4,008,000
Inferred[6]	Variable	3,790,000	0.013	0.33	50,400	1,249,000

1. CIM Standards were followed in reporting the mineral resource estimate.
2. Effective date of the mineral resource is November 28, 2017.
3. Any known legal, political, environmental, or other risks that could materially affect the potential development of the Mineral Reserves are detailed below in the section entitled "Cautionary Note Regarding Forward-Looking Statements".
4. Cut-off grades are 0.01 gold equivalent opt for oxide material and 0.015 gold equivalent opt for sulfide material. Mine Development Associated derived these cut-off grades using mining costs of US$2.00 per ton, heap-leach costs of US$4.00 per ton, milling costs of US$12.00 per ton, and G&A costs of US$3.50 per ton. Metallurgical recoveries were assumed to range from 70% to 95% for gold, depending upon the oxidation state and sulfide content of the material, and heap-leach or milling scenarios envisioned. Multiple economic evaluations were done including pit optimization that demonstrated the economic viability.
5. Gold equivalent cut-off grade calculated using a 55:1 gold to silver price ratio. No adjustment was made for metallurgical recovery.
6. The quality and grade of inferred resources are uncertain in nature and there has been insufficient exploration to define these inferred resources as measured or indicated resources and it is uncertain whether further exploration will result in upgrading them to measured or indicated resource categories.
7. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
8. The Authors verified the data in the Technical Report through a combination of data audits, where drilling data compiled in the project database was compared to paper logs, maps, assay certificates and other records, and independent verification sampling. There have been no limitations on, or failure to conduct the verification

On October 2, 2018, the Company executed a binding Purchase and Option Agreement (the "Definitive Agreement") with Nevada Sunrise. On October 5, 2018, the Company received TSX Venture Exchange approval for its acquisition and option. Emgold subsequently exercised such option to acquire a 100% interest in the Property and issued Nevada Sunrise a total of 5,000,000 shares (the cash payment of $100,000 having been previously made) and the transaction closed as announced by press release on October 5, 2018.

Emgold completed the process of transferring the property rights and associated reclamation permits and bonds from Intor Resources Corporation ("Intor") to one of Emgold's U.S. subsidiaries, Golden Arrow Mining Corporation Mining Corporation. The process commenced with the changing the name of the Emgold's U.S. subsidiary from Idaho-Maryland Mining Corporation to Golden Arrow Mining Corporation ("GAMC"). Three Notifications of Change of Operator and Assumption of Past Liability were filed with the BLM to transfer permits N-81866, N-88961, and N-90701 related to past exploration programs from Intor's to GAMC's name. The transfers were approved by the BLM and Reclamation Bonds were then put in place for N-81866 ($6,050), N-88961 ($6,086.00), and N-90701 ($5,901.00) for a total bond amount of $18,037. Inspections of the property were made by representatives of the Nevada Department of Environmental Protection on April 30th and BLM on My 1st, 2019 and inspectors were satisfied that reclamation work under the three bonds was complete and it is expected that these permits be closed and the bond amount be refunded prior to year-end 2019.

A fourth Change of Operator and Assumption of Past Liability for permit N-96516 ($0) was filed with the BLM. This relates to the Permit #0370 for the March 6, 2015 Golden Arrow Exploration Project Nevada Reclamation Permit Application for a major exploration program under a Plan of Operations and Environmental Assessment completed by Nevada Sunrise in 2015. Transfer of this permit was approved by the State of Nevada Department of Conservation, Department of Conservation and Natural Resources, Division of Environmental Protection, Bureau of Mining Regulation and Reclamation on May 23, 2019. The reclamation bond amount for this permit was set at $94,011 when it was granted and it will need to be funded prior to commencing exploration under this permit. Subsequently, GAMC completed a revised reclamation cost estimate for the permit, which is required three years after the grant of the permit. The reclamation amount was increased to $105,904 by the BMRR, subject to BLM review and approval, which will need to be funded prior to commencement of work under the permit.

New York Canyon Property, Nevada

On May 28, 2019, Emgold announced it has signed a Letter of Intent (the "LOI") with Searchlight Resources Inc. (TSXV: SCLT) ("Searchlight") giving it the option to acquire a 100% interest the New York Canyon Property, subject to underlying royalties. The property included 21 patented mineral claims and 60 unpatented mining claims, along with a significant database of historic information. It is located in the Santa Fe Mining District, Mineral County, in west-central Nevada, about 30 mi. (48 km) from Hawthorne and totals about 1,500 ac. (607 ha). The claims are divided into two groups – the North and South Groups.

The North Group of claims comprising the Property covers historic past producing copper operations and gold occurrences and is adjacent to the past producing Santa Fe Gold Mine owned by Victoria Gold Corporation (TSX:V: VIT) ("Victoria Gold") The Santa Fe deposit was discovered in the late 1970's and mined by Corona Gold in the late 1980's and early 1990's. Historic production estimated from Santa Fe Mine is 345,499 ounces of gold and 710,629 ounces of silver between 1989 and 1995 (source: The Nevada Mineral Industry, Special Publication MI-2017, Nevada Bureau of Mines and Geology). Note that the vicinity of the property to a past producing mine is not necessarily indicative of the mineralization that may be hosted at New York Canyon Property.

The South Group of claims comprising the property hosts the Longshot Ridge, Champion, and Copper Queen deposits, which host copper skarn oxide, copper skarn sulfide, and copper sulfide porphyry mineralization. The discovery of these deposits dates back to 1875 and historic production, by the Wall Street Copper Company during 1906-1929, came from a number of small surface showings in the Longshot Ridge area. Historic production is reported to be 8.9 million pounds (4.04 million kg) of copper at an average grade of 5.5% (source: USGS Mineral Resource Data System, Deposit ID 10301559, New York Canyon / Longshot Ridge Project).

Copper mineralization is hosted primarily within the Triassic-age Gabbs Formation limestone sequence with some within the underlying Triassic-age Luning Formation limestone units and overlying Jurassic-age Sunrise Formations limestone sequence. Mineralization in skarns is adjacent to Cretaceous age felsic intrusive rocks.

In the mid-1960s to the late-1970s, several companies explored the property for major copper porphyry deposits. This work defined additional copper oxide skarn mineralization at Longshot Ridge and copper sulfide skarn and porphyry mineralization at the Copper Queen prospects. Historic drilling by Conoco, the operator of the property from 1977 to 1991, totaled 107 holes totaling approximately 98,433 ft. (30,000 m). Drilling by Conoco, reported in a May 10, 1979 internal report, included a significant interval of chalcopyrite and molybdenite mineralization in drill-hole MN-42, drilled in 1977, intersecting 1,020 ft. (311m) of 0.41% Cu, 0.012% Mo, 4.5 ppm Ag, and 0.1 ppm Au from 560 ft. (171 m) to 1,580 feet (482 m) (true width unknown) at the Copper Queen prospect, located approximately 2 mi. (3 km) west of the Longshot Ridge prospect.

Conoco reported a 142 million tons (129 million tonnes) inferred resource grading 0.35% copper, 0.015% molybdenum, 0.1% Zn, 4 ppm Ag, and 0.1% Au for the Copper Queen deposit in the internal report dated May 10, 1979. In another internal report completed on September 20, 1979, Conoco reported “possible reserves from drill-hole data and geologic interpretation on cross sections” of 13.2 million tons (11.0 million tonnes) grading 0.55% copper for the Longshot Ridge prospect. These are historical reserve and resource estimates prepared prior to the implementation of NI 43-101 and use terminology not compliant with current reporting standards. A qualified person has not audited or verified these historical estimates nor made any attempt to re-classify the estimates according to current NI 43-101 Standards of Disclosure or the CIM standards.

Between 1992 and 1997 Kookaburra Resources Ltd. (“Kookaburra”) conducted further exploration, including exploration with various joint venture partners, including Coca Mines and Phelps Dodge. The tested the Longshot Ridge and Copper Queen skarns with an additional 54 drill-holes totaling 13,018 ft. (3,968 m). The primary goal of this exploration was to increase the size of the oxide skarn resource.

Subsequent to Kookaburra’s work on the property, the unpatented claims lapsed in 1999. New unpatented claims were staked by two individuals and subsequently acquired by Nevada Sunrise LLC (“Nevada Sunrise”), a privately held Nevada corporation, along with rights to acquire the patented claims. Aberdene Mines Ltd. (subsequently Canyon Copper Corporation and then Searchlight Resources Inc.) acquired an option on the Property from Nevada Sunrise in March, 2004 and subsequently acquired rights to both the patented and unpatented claims that make up the current Property.

Searchlight completed 27,605 ft. (8,414 m) of drilling in 73 holes, focused on the Longshot Ridge deposit. Total historic drilling on the Property to date is therefore 234 holes totaling 139,056 ft. (43,384 m). In a 2010 Technical Report, Searchlight defined a historic indicated resource of 16.3 million tons (14.8 million tonnes) of 0.43% Cu and an historic inferred resource of 2.9 million tons (2.6 million tonnes) of 0.31% Cu in the Longshot Ridge copper oxide skarn area was defined. A cut-off grade of 0.20% Cu was used. This mineral resource estimate is considered historical as defined by NI 43-101 and a qualified person has not audited or verified this resource as a current mineral resource. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. The Company is not treating the historical estimate as current mineral resources or mineral reserves.

The Searchlight mineral resource was estimated using industry standards that conformed with CIM Definition Standards on Mineral Resources and Mineral Reserves. The mineral resource estimate database contains 58 historic drill holes from prior operators to Searchlight totaling 18,469 feet, 38 drill holes (10 HQ diamond drill holes and 28 reverse circular drill holes) totaling 14,585 feet completed by Searchlight during the period from 2004 to 2005, and various surface and trench samples from 34 trenches and road cuts obtained from Longshot Ridge. The estimate does not include 33 drill holes (7 HQ diamond drill holes and 26 reverse circulation holes) completed by the Company in 2006. Outlier high copper assays were capped at 4% Cu within the mineralized solid and at 1.3% Cu if outside the solid. Uniform 20 ft. composites were produced both inside and outside the mineralized solid from capped Cu values. Semivariograms were produced for Cu inside and outside the mineralized solid and used both to estimate and classify the resource. A three-dimensional geological and block model was generated using Gemcom and Techbase software. A block model with blocks of 50 x 50 x 40 feet in dimensions was placed over the mineralized solid with the percentage below topography and inside the mineralized solid recorded in each block. Densities of 2.94 for the mineralized zone and 2.70 outside the mineralized zone were used. Copper grades were interpolated into all blocks by using an ordinary kriging estimation method. Blocks were classified as either indicated or inferred based on grade continuity quantified by the semivariogram. To upgrade the resource to current, drilling by Searchlight from 2006 would need to be re-assayed due to QA/QC issues identified in the 2010 Technical Report and the new data incorporated into the resource model. The claims making up the Property package would also need to be updated.

The Longshot Ridge prospect is an advanced stage copper target in a carbonate-hosted skarn deposit. Other copper zones identified on the property require additional exploration to evaluate their potential, including the opportunity to define a large copper porphyry (with molybdenum) target at the Copper Queen prospect.

Terms of the Transaction

Emgold has agreed to purchase a 100 percent interest in the 21-patented and 60-unpatented mining claims comprising the Property from Searchlight (the "Transaction") under the following terms:

1. C$10,000 on signing the LOI (paid);
2. C$40,000 on closing of the Transaction (paid);
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 (2,941,196 shares issued) ;
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.

On July 16, 2019, Emgold announced it has signed a definitive agreement with Searchlight, made the C$40,000 payment, and issued 2,914,196 common shares to Searchlight granting the Company an irrevocable option to acquire 100% interest in the New York Canyon Property.

On November 15, 2019, Emgold announced it has staked 92 additional claims, expanding the size of its recently optioned New York Canyon Property (the "Property"). Emgold subsequently controls 152 unpatented and 21 patented mineral claims located in the Santa Fe Mining District, Mineral County, in west-central Nevada.

Emgold has obtained digital and paper data on the property from Searchlight and is currently organizing and reviewing this data.

Buckskin Rawhide East Property, Nevada

The Buckskin Rawhide East Property is situated within the Walker Lane structural zone and gold belt of Western Nevada. The Walker Lane is a regional shear zone of right lateral strike slip faulting and a known gold trend that hosts large and small historic and currently operating gold-silver mines, including mines of the Comstock Lode, Tonopah Mining District and Rawhide Mining District. The geology and mineralization on the property are associated with lithologic units and structures of the Rawhide volcanic center, as well as structures from the Walker Lane and Basin and Range. Exploration results at Buckskin Rawhide East Property indicate the potential for high grade mineralized gold/silver veins and bulk mineable disseminated gold/silver zones.

The Buckskin Rawhide East Property, totaling 48 unpatented mineral claims, is an early stage gold/silver exploration property located adjacent to and bounded on the east and south by the Rawhide Mine, a gold/silver mine that is owned and operated by Rawhide Mining LLC. The Rawhide Mine was formerly operated by Kennecott Rawhide Mining Company, a subsidiary of Rio Tinto Mining Corporation. It is also adjacent to and bounded on the north and west by the Regent gold-silver Property ("Regent Property"), also owned Rawhide Mining LLC. The Regent Property was formerly drilled by Kennecott Rawhide Mining Company, Newmont Exploration Company, and Pilot Gold Corporation. Rawhide Mine is reported to have produced 1.7 million ounces of gold and 14.5 million ounces of silver between 1990 and 2016 (source: The Nevada Bureau of Mines and Geology, Special Publication, MI-2017). The proximity of Buckskin Rawhide East to other properties such as Rawhide Mine and Regent Property does not guarantee exploration success. However, similar geology, structures, and the presence of historic workings on the Buckskin Rawhide East Property does increase the potential for discovery.

In 2009, Emgold signed a Lease and Option to Purchase Agreement with Nevada Sunrise LLC and leased a 100% interest in 46 claims that made up the original Buckskin Rawhide East Property. Forty of these claims were 75% owned by Nevada Sunrise LLC and 25% owned (but controlled by Nevada Sunrise LLC through a carried interest) by the Castagne Estate. Six claims were owned by Nevada Sunrise LLC. Subsequently, Emgold staked six additional claims increasing the property size to 52 claims.

On November 14 and 19, 2012, the Company 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 CAD$1.0 million, part of which would be used to fund the acquisition of 46 claims outlined above owned from Nevada Sunrise LLC and the Castagne Estate. Also, pursuant to the Agreement, upon completion of the title transfer of the 100% of the Buckskin Rawhide East Property to Emgold, the Company would subsequently lease the property to RMC. After completing a Quiet Title process, Emgold acquired 100%interest in the Buckskin Rawhide East Property on July 28, 2014 and leased the property to RMC on August 21, 2014, with the effective date of the lease being June 1, 2013 under the following terms (the "Lease Agreement"):

1. The Lease Term is 20 years (start date of June 1, 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.
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 required complete $500,000 in exploration related expenditures on the property by May 31, 2016. As of that date, $325,000 in exploration related expenditures had been completed by RMC. On June 1, 2016, Emgold announced that Emgold and RMC had mutually agreed to amend the original lease agreement and that RMC would pay Emgold the remaining $175,000 in exploration related expenditures as cash payments to Emgold, in seven quarterly payments of $25,000, starting on June 1, 2016. Payments of $25,000 each were completed for June 1, 2016, September 1, 2016, December 1, 2016, March 1, 2017, June 1, 2017, and September 1, 2017 respectively. In additional, Emgold received the $10,000 annual advance royalty payment for the Buckskin Rawhide Property from RMC, due June 1, 2018.

Historic RC drilling on the property in the 1980's and 1990's totalled 113 holes and 53,370 feet. RMC conducted exploration on Buckskin Rawhide East in 2013 (22 holes totalling 7,100 feet).

In 2018, Emgold and RMC reviewed and adjusted claim boundaries at Buckskin Rawhide East, resulting in the current property package of 48 mineral claims. In 2018 and 2019, RMC completed an Environmental Assessment and Plan of Operations allowing it to expand operations, specifically to mine the Regent satellite pit. These documents also allow RMC to conduct a major drilling on the Buckskin Rawhide Property, subject to certain permitting conditions.

Buckskin Rawhide West Property, Nevada

The Buckskin Rawhide West Property, totaling 21 mineral claims, is an early stage gold/silver exploration property located two miles west of the Rawhide Mine, a gold/silver mine that is owned and operated by Rawhide Mining LLC. The Buckskin Rawhide East Property is located several thousand feet east but not adjacent to Buckskin Rawhide West and is a strategic property due to its location adjacent to an exploration target called Toiyabe located on Buckskin Rawhide East and RMC claims.

Exploration results at Buckskin Rawhide West Property indicate the potential for high grade mineralized gold/silver veins and bulk mineable disseminated gold/silver zones. The development alternatives included advancing the Buckskin Rawhide West Property as a standalone gold/silver exploration project or working with Rawhide Mining LLC to explore and develop the property.

Emgold had a lease and option to purchase agreement with Jeremy Wire, an individual, for 21 unpatented mining claims at Buckskin Rawhide West. The terms of this agreement were disclosed in an Emgold news release dated February 6, 2013.Emgold agreed to lease the property from Jeremy Wire subject to the advance royalty payments totalling $140,000 over a period of six years. Emgold completed all advance royalty payments and exercised its option to acquire 100% of the property in 2018. The property was transferred into Emgold (US) Corporation's name.

Mr. Wire will be entitled to a two percent Net Smelter Royalty on production from the property. Emgold will retain the right to purchase this royalty for $1 million, less any advance royalty payments already made.

Koegel Rawhide Property, Nevada

The Koegel Rawhide Property is an early stage gold/silver exploration property located about four miles south of the Rawhide Mine, a gold/silver mine that is owned and operated by Rawhide Mining LLC. Geologic mapping conducted in 1991-1992, indicates the property is covered mostly by Tertiary (Pliocene) age intermediate volcanic rocks including andesitic tuff breccias, sills and dikes. The volcanic units have been folded into minor anticlines and faulted. Faults of several orientations occur on the property with north, northwest and northeast trends. Hydrothermal alteration (clay and silica) is present and is associated with structures and mineralization. Historic surface sampling and sampling conducted by Emgold indicate gold mineralization is present on the property and a high grade zone, call T-10, has been identified by this sampling.

Emgold had a lease and option to purchase agreement with Jeremy Wire, an individual, for 19 unpatented mining claims at Koegel Rawhide. The terms of this agreement were disclosed in an Emgold news release dated February 13, 2013. Emgold agreed to lease the property from Jeremy Wire subject to the advance royalty payments totalling $140,000 over a period of six years. Emgold completed the payments in 2018.

On February 15, 2013, the Company announced that it had staked an additional 17 unpatented mining claims totaling 340 acres. This increased the size of the Koegel Rawhide Property to 36 unpatented mining claims totaling 720 acres. Emgold subsequently completed all advance royalty payments and exercised its option to acquire 100% of the property in 2018. The property was transferred into Emgold (US) Corporation's name.

Mr. Wire will be entitled to a two percent Net Smelter Royalty on production from the property. Emgold will retain the right to purchase this royalty for $1 million, less any advance royalty payments already made.

Mindora Property, Nevada

The Mindora Property is a gold/silver and base metal property located 20 miles southeast of Hawthorne, Nevada. It consists of 12 unpatented mining (the "NS Claims") and 18 unpatented mining claims (the "BL Claims"). The property hosts a gold-silver zone that is an epithermal, carbonate-hosted, structurally controlled deposit in the Luning

Limestone Formation. The gold-silver zone overlies a porphyry system with molybdenum mineralization. There is also evidence of copper skarn and copper porphyry mineralization on the property.

The property was discovered and worked in the late 1800's. In the 1920's with a limited amount of production came from a series of rich, silver-bearing veins. During the period 1946-1948, an estimated 10,000 tons of direct-shipping ore was mined from the Property at unknown grade.

In the 1970's, geologists recognized the epithermal nature of mineralization, and similarities to the nearby Santa Fe deposit and other carbonate-rich sediment-hosted gold deposits in Nevada. Several companies staked the property during this period, did limited sampling and geophysics, and then dropped their claims.

Hawthorne Gold Corporation acquired the property in 1979, and in the following year, brought in E & B Exploration Inc. as a joint-venture partner and operator. E & B completed programs of rock-chip sampling and trench sampling, surface and underground mapping, geophysical surveys, and drilled approximately 31,425 ft. (9,578 m) in 134 holes (including a water-well and two diamond core holes). E & B's work developed four known mineralized zones.

Eureka Resources, Inc. acquired E & B's interest in 1983. Eureka conducted IP, magnetic and VLF electromagnetic surveys, soil and rock-chip sampling and drilled an additional approximately 11,441 ft. (3,487 m) in 40 holes. In 1988, Eureka commissioned metallurgical studies and a detailed review by Kilborn Engineering with the goal of developing a small open pit gold mine. Total drilling on the Property is therefore about 42,836 ft. (13,056 m), mostly in vertical holes in the range of 200-400 ft. (61-122 m), with a maximum drilling depth of 700 ft. (214 m).

Eureka failed to file assessment work on the claims in 2001 and Nevada Sunrise LLC and BL Exploration staked the Property in 2001 and 2003, resulting in the current land package of the NS and BL Claims, respectively. Little exploration work has been done on the property since the last drilling program, completed in 1995. Emgold outlined a number of significant gold/silver and molybdenum intercepts from historic drilling in its May 21, 2019 press release.

There is little assay information on copper mineralization on the Property. A report titled "Assessment Report on the Mindora Property, Mineral County, Nevada for Eureka Resource Inc." by Myra Schatten, B.C., dated April, 1993, looked at copper mineralization on the Property. The report identified several copper anomalies. It concluded that copper mineralization occurs as skarns along the contact between the intrusives and the limestone and sediments, as replacement zones adjacent to intrusive and limestone sedimentary contacts, and as porphyry mineralization. The data available on the Property was generated through exploration prior to the implementation of National Instrument NI 43-101.

On June 15, 2019, Emgold signed definitive agreements with both Nevada Sunrise LLC and BL Exploration for the NS and BL claims respectively. On December 23, 2019, the terms of the definitive agreements were amended. Terms for the acquisition of the claims are as follows:

<u>Terms of the Nevada Sunrise LLC Transaction</u>

Emgold has agreed to purchase a 100 percent interest in the 12 unpatented mining NS Claims from Nevada Sunrise LLC under the following terms:

1. US$50,000 on closing (subsequently amended to US$25,000 due on or before December 31, 2019 (paid) and US$25,000 due on or before February 29, 2020 (paid);
2. US$25,000 per year on the anniversary date of the closing for a period of four years.

Total purchase price of US$150,000.

<u>Terms of the BL Exploration LLC Transaction</u>

Emgold has agreed to purchase a 100 percent interest in 18 unpatented mining BL Claims from BL Exploration LLC for US$50,000, due at closing (subsequently amended to US$25,000 due on or before December 31, 2019 (paid) and

US$25,000 due on or before February 29, 2020 (paid)). The BL Claims will be subject to a US$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 US$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 US$500,000 after the fifth anniversary and before the ninth anniversary of the closing of the transaction.

Emgold received both digital and paper data from Nevada Sunrise LLC and BL Exploration LLC and is currently organizing and reviewing this data.

Casa South Property, Quebec

The Casa Property is located approximately 80 kilometers north of the town of La Sarre, Quebec or 105 kilometers west south-west of Matagami in the Casa Berardi Township, James Bay Municipality. It is located south of the Casa Berardi Mine, owned and operated by Hecla Mining Corporation (NYSE: HL). It is accessible going north from La Sarre via Casa Berardi Mine's all season gravel road. The property consists of 180 active mining titles covering a total of 10,061 hectares. The claims are in one contiguous block. Casa Berardi Mine has produced approximately 2.0 million recovered gold ounces since commencing production in 1988 (source: Hecla Mining Corporation website). Note that the presence of mineral resources and reserves found on the Casa Berardi Mine property do not guarantee discovery or delineation of mineral resources and reserves at Casa South property.

The property encompasses a lithologic context similar to the adjacent Cass Berardi deposit. Its exploration history followed the same stages of evolution over a period of time from the 1960 to 1990 where exploration focused sulfide rich polymetallic deposits similar to the Kidd Creek, Selbaie, or Mattagami deposits discovered in the northern part of the Abitibi belt. Exploration work on the claims was done by companies such as Newmont, Noranda, and Cambior, among others.

Following the discovery of gold close to the Casa Berardi fault in 1981, various geophysical surveys were done on the property as well as soil and rock chip sampling and drilling looking for similar targets. The historical gold potential appears to be located inside the Kama faults and related anomalies corresponding to a three kilometer by two kilometer area where disseminated pyrite and arsenopyrite concentrations were found in carbonated andesite along flow contacts. Over a period of 45 years, about 23,000 meters of diamond drilling was done on the property in 47 drill holes. In addition, RC drilling was done in glacial till as an exploration technique to try to trace gold found in the glacial till back to bedrock sources.

The property is located immediately south of Hecla's Casa Berardi Mine operation and extends laterally for 20 kilometers covering different sub-parallel structures corresponding to distinct geophysical signatures and hosting elevated gold values in soil anomalies.

Assignment Agreement

On December 12, 2018, Emgold completed an assignment and assumption 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 (the "LOI") with Greg Exploration Inc. and Affiliates (the "Vendors"), to acquire up to a 91% interest in the Casa South property.

Pursuant to the Assignment Agreement, Emgold agreed to acquire the rights, held through the LOI also dated December 12, 2018, executed between the Assignor and the Vendors, in exchange for 2,000,000 common shares of the Company (the "Shares") to be issued to the Assignor, granting Emgold the option to acquire up to a 91% interest in the Property. The Shares to be issued to the Assignor would be subject to a minimum statutory hold period of 4 months from the date of issue.

As part of the Exchange approval of the Transaction, on March 15, 2019, Emgold and the Assignee completed an amended assignment agreement (the "Amended Assignment Agreement") whereby Emgold agreed to pay the Assignee 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). In addition, Emgold agreed to pay $22,500 in Finder's Fees at the time the Assignee makes future cash payments to the Vendors under the terms of the Option Agreement (and only as to 7.5% of the cash payment actually made at such time) with Shares issued at Market Price, as defined in Exchange Policy 1.1 at such time.

Definitive Agreement

Emgold's assumption of the rights, held through the LOI and subsequently a definitive agreement (the "Option Agreement" dated January 28, 2019, allowed Emgold the option to acquire up to a 91% interest in the Property under the following terms. During the option period (the "Option Period"), 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 $CDN
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 required to complete $600,000 in exploration expenditures ("Exploration Expenditures") in Year One of the Option Period. Emgold was required to make an additional $1,000,000 in Exploration Expenditures during the course of the Definitive Agreement, without any commitment as to amount and timing of amount to be spent. Exploration Expenditures shall include, but not be limited to, cash payments made to the Vendors, claim fees, property taxes, exploration expenditures, permitting expenditures, reclamation expenditures, payments made to First Nations, holding costs, legal costs, and reasonable administrative costs. Excess expenditures, made in a given year, will be credited to future years of exploration of the Property.

If Emgold completed the contemplated $1.6 million in Exploration Expenditures during the Option Period, it was entitled to a 91% interest in the Property. If Emgold completed $1.1 million but less than $1.6 million in Exploration Expenditures during the Option Period, it was entitled to an 86% interest in the Property. If Emgold completed more than $600,000 but less than $1.1 million in Exploration Expenditures during the Option Period, it was be entitled to an 81% interest in the Property.

Emgold had the right to accelerate the exercise of the Option and consequently reduce the Option Period by concurrently accelerating the aforementioned cash payments to Vendors and Exploration Expenditures. Should Emgold decide to accelerate such cash payments and Exploration Expenditures, Emgold was entitled to a 20% discount on the contemplated annual cash payments to be made, as described hereinabove.

Once the conditions of the Option have been satisfied, Emgold and Vendors were to form a joint venture with Emgold acting as the Manager and an industry standard joint venture agreement will be completed (the "Joint Venture"). As soon as reasonably practicable after the establishment of the Joint Venture, the claims comprising the Property would be transferred into the name of the Joint Venture.

Emgold was to grant to the Vendors a 1.5% Net Smelter Royalty ("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 ($500,000).

On March 19, 2019, the Company closed the acquisition of an option to acquire up to a 91% interest in the Property. The Company completed the first option payment of $75,000 to Vendors as required by the Option Agreement entered into between the Company and Vendors, and initiating the four year Option Period. Concurrently, the Company issued 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 the transaction).

On March 21, 2019, the Company announced by press release it had initiated a 3,000 meter drill program at Casa South. The drilling will target a high priority area defined as the Kama Trent – a major gold bearing structure approximately 7 km long by 2 km wide located just south of the Casa Berardi Mine. On April 26, 2019, the Company announced completion of 3,021 meters of drilling with assay results pending.

On June 13, 2019, Emgold announced by press release that it had completed an amendment (the "Amendment") to the Option Agreement between Emgold and the Vendors and had exercised its option, granted by the Amendment, to acquire a 100% interest in the property. Under the terms of the original Option Agreement, Emgold had the option to complete C$375,000 in payments (C$75,000 paid) over four years and complete C$1.6 million in exploration expenditures to acquire a 91% interest in the property. Under the terms of the Amendment, in lieu of the remaining payments and work commitments above and in order to acquire a 100% undivided interest in the property, Emgold had issued to Vendors an amount of 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.

Compensation Shares and Compensation Warrant Shares issued as a result of the Amendment are subject to a four month statutory hold period. 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 shall have 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. Compensation Units where issued to the Vendors and the Vendors transferred the property into Emgold's name.

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.

East-West Property, Quebec

On December 11, 2019, Emgold announced that it has signed a Claim Purchase and Option Agreement giving the Company the option (the "First Option") to acquire up to a 50% interest in the East-West Property, Quebec (the "Property") from a private individual (the "Vendor"). The remaining 50% interest in the Property is owned by Knick Exploration Inc. ("Knick") (TSXV: KNX). Emgold has also acquired a second option (the "Second Option") to increase its ownership in the Property to 55%, as outlined below.

The Property is located in the Val d'Or Mining Camp on strike, west of, and adjacent to Wesdome Gold Mines Ltd. (TSX: WDO) Kiena Complex Property which hosts the past producing Kiena Mine. The Kiena Complex produced more than 2.8 million ounces of gold from 1981 to 2013 and has a permitted 2,000 tonne per day milling and refining complex currently on care and maintenance. It is also on strike, east of, and adjacent to Osisko Mining Inc.'s (TSX: OSK) Marban Block Property which contains three past producing Mines (Marban, Norlartic, and Kierrans) that produced more than 590,000 ounces of gold. Note that the location of the Property adjacent to the Kiena Complex or Marban Block Properties does not guarantee exploration success or that mineral resources and mineral reserves will be delineated on the East-West Property.

A NI 43-101 Technical Report[1] was completed on the Property in 2018 by Knick Exploration Inc. and is available under Knick's corporate filings at www.sedar.com. Historic work on the Property, prior to 2007, includes more than 41,000 m in drilling in 180 drill holes. Knick acquired the Property in 2007 and subsequently conducted three drilling programs totaling 17,728 m of drilling in 100 drill holes. The Vendor acquired a 50% interest in the Property in 2018 from Knick. Drilling results to date support the potential for a gold system over a strike length of about 1.5 km.

Terms of the Transaction

On the closing date, the Vendor will grant to Emgold the First Option to acquire 50% ownership and title to the claims comprising the Property and all rights under pursuant to a sale agreement between the Vendor and Knick dated November 27, 2018, as amended on November 29, 2019 (together, the “Sale Agreement”). In exchange, Emgold shall pay the Vendor:

1. 4,000,000 common shares in the share capital of Emgold (the “Share Consideration”), to be issued to the Vendor at the Closing Date (issued);
2. a cash payment of CAD$35,000 to be paid to the Vendor upon the three month anniversary of the Closing Date (paid);
3. a cash payment of CAD$50,000 to be paid to the Vendor upon the six month anniversary of the Closing Date; and
4. a cash payment of CAD$50,000 to be paid to the Vendor upon the nine month anniversary of the Closing Date.

Upon completion of the share and cash payments, the Vendor’s Property interest in the claims will be transferred to Emgold.

Emgold will assume the Second Option to earn an additional 5% (total 55%) interest in the Property by completing, along with expenditures already completed by the Vendor, a total of CAD$200,000 in expenditures within three years of the original Sale Agreement between the Vendor and Knick dated November 27, 2018. Emgold will have the right and plans to become the operator of the Property during the First Option Period and potentially the Second Option. Upon completing the First or Second Option, at Emgold’s discretion, an industry standard joint venture will be formed with Knick with Emgold as the operator.

The transaction was approved by the Exchange on January 3, 2020 subsequent to year end. Emgold has received digital and paper data on the property and is currently organizing and reviewing it.

Stewart Property, British Columbia

In 2001, the Company entered into an option agreement to acquire the rights to the Stewart mineral claims, a polymetallic prospect located close to Nelson in south-eastern British Columbia. The Company has earned a 100% interest in the property, subject to an underlying 3% Net Smelter Royalty interest, two thirds of which can be purchased by Emgold for CDN$1.0 million.

The Stewart Property is an early stage exploration property. It is located in a region of historic mining activity, and is part of a large geological trend of tungsten, molybdenum and gold mineralization. The Stewart Property contains a number of gold, molybdenum, tungsten and silver-lead-zinc prospects. The property has been assessed by various operators since 1967, each exploring a different type of mineral deposit. Much data is available from those programs as well as work done by Emgold. Five main exploration targets have been identified to date – the Stewart Moly Zone, the Craigtown Creek Gold Zone, the Stewart Creek Gold Zone, the Arrow Tungsten Zone, and the Free Silver Zone.

The property is located southwest and adjacent to the Kena-Daylight Property contoled by Prize Minng. The Kena-Daylight Property hosts a measured and indicated mineral resource of 25.3 million tonnes at 0.60 gram per tonne gold (489,000 ounces) and an inferred resource of 90.4 million tons at 0.48 gram per tonne gold (1,399,000 ounces of gold) (source: Altair Gold Press Release dated April 11, 2013). Proximity of Stewart to the Kena-Daylight Property does not guarantee exploration success. However, similar geology, structures, and the presence of historic workings on the property does increase the potential for discovery.

A total of 31 diamond drill holes were completed by Shell, Cominco, Selco, and Cameco on the property between 1980 and 2000, totaling 4,495.1 meters. To date, Emgold has drilled 72 diamond drill holes totaling 9,242.1 meters with a number of significant intercepts.

Rozan Property, British Columbia

In 2000, the Company entered into an option agreement to acquire the rights to the Rozan Property, a prospect located south of the community of Nelson in the Red Mountain area of south eastern British Columbia. The Company holds a 100% interest in the property, subject to an underlying 3% Net Smelter Royalty interest, two-thirds of which can be purchased by Emgold for CDN$1.0 million.

The Rozan Property is an early stage polymetallic exploration property in the same geological trend as the Stewart Property. Exploration by Emgold has included geological mapping, geochemical sampling and geophysical surveys along with small drilling programs, all of which had encouraging results. The Rozan Property has the potential for high-grade gold veins, bulk mineable disseminated gold zones, and possibly other metals.

The property is located west and adjacent to the Kena-Daylight Property. The Kena-Daylight Property hosts a measured and indicated mineral resource of 25.3 million tonnes at 0.60 gram per tonne gold (489,000 ounces) and an inferred resource of 90.4 million tons at 0.48 gram per tonne gold (1,399,000 ounces of gold) (source: Altair Gold Press Release dated April 11, 2013). Proximity of Rozan to the Kena-Daylight Property does not guarantee exploration success. However, similar geology, structures, and the presence of historic workings on the property does increase the potential for discovery.

To date, Emgold has completed 18 diamond drill holes on the property totaling 1,906.8 meters, with a number of significant intercepts.

Troilus Gold Shares (Through Acquisition and Sale of Troilus North Project, Quebec)

The Company owns shares of Troilus Gold Corporation. Troilus Gold is advancing the Troilus Gold Property in Quebec through exploration with the goal of delineating mineral resources and reserves and, if successful, bringing the past producing gold and copper mine back into production. Current indicated resources delineated by Troilus Gold include 159.1 million tonnes at a 0.92 g/t AuEq gold grade containing 4.71 million AuEq ounces. Current inferred resources include 52.7 million tonnes at a 1.04 g/t AuEq gold grade containing 1.76 million AuEq ounces (source and details: Troilus Gold News Release dated November 12, 2019).

In 2018, Emgold acquired a 100% interest in the Troilus North Property, QC. The Troilus North Property consists of 209 contiguous claims totaling 11,309 ha located 160 km north of the town of Chibougamau in the province of Quebec. On November 28, 2018, the Company signed a Purchase and Sales Agreement to sell its Troilus North Property, to Troilus Gold Corporation (TSX: TLG) ("Troilus Gold") for 3,750,000 Troilus Gold common shares (the "TLG Shares") and CDN$250,000 in cash (the "Transaction"). On December 5, 2018 (the "Effective Date") the Transaction closed. The Transaction was arm's length and there was no finder's fee is payable in connection with the Transaction. The TLG Shares were subject to a four-month statutory hold period from the date of closing. For a period of two-years from the date of closing, Troilus Gold will have a Right of First Refusal ("ROFR)" pursuant to which Troilus Gold shall have the opportunity to find a buyer at equal or superior terms in the event Emgold wishes to dispose of the shares (the "ROFR Period"). During the ROFR Period, provided Emgold holds no less than 5% of Troilus' issued and outstanding shares, Emgold shall have a participation right whereby Emgold shall have the right to maintain its proportional interest in Troilus, subject to certain conditions.

Idaho-Maryland Project, California

Between 2003 and 2011, the Company was involved in permitting the reopening of the historic Idaho-Maryland Gold Mine located in Grass Valley, California (the "I-M Project"). The I-M Project was placed on hold on October 26, 2011 due to poor equity market conditions. On September 10, 2013, the Company's permit applications were deemed withdrawn by the City of Grass Valley. On February 1, 2013, the Company announced that the Lease Option to Purchase Agreement (the "BET Agreement") for certain surface and mineral rights associated with the I-M Project (the "BET properties") had expired. Subsequent attempts to obtain financing and negotiate a new BET Agreement or to purchase the BET properties were unsuccessful. In 2016, Emgold management elected to sell the remaining real estate properties it owned in Grass Valley and focus on advancing the other assets the Company currently has in its portfolio and to look for acquisition opportunities to replace the I-M Project.

The last property owned by the Company as real estate was sold at a tax auction on January 26, 2019 for $56,000 which was applied to settle $163,956 liability for property taxes and a bond associated with the property, including penalty and interest. The Company retains approximately 30 acres of subsurface mineral rights in Grass Valley. These include 100% interest in the Golden Gate West and Golden Gate East Claims and a 70% interest in the Dana and Christopher Columbus Claims.

RESULTS OF OPERATIONS

Three months Ended December 31, 2019 ("2019 Q4") versus 2018 ("2018 Q4")

The three months ended December 31, 2019, Emgold had a net loss of 1,023,587 compared to the three months ended December 31, 2018, which had a net gain of $996,130. The main variances are discussed as follows:

(i) Increase in resource property expenses from $259,043 in 2018 Q4 to $332,720 in 2019 Q4 due to the focus of exploration expenditures on the Casa South Property that resulted in $219,612 expenses in 2019 Q4. In addition, the Company spent around $45,000 on carrying costs on Golden Arrow Property. Around $68,000 were spent on prospecting other properties.

(ii) Decrease in management and consulting expenses from $430,781 in 2018 Q4 to $91,453 in 2019 Q4 was mainly due to the result of aggressive cost control to preserve cash.

(iii) Increased in travel from $2,084 in 2018 Q4 to $25,616 in 2019 Q4. This was due to increased senior management's travel during the 2019 Q4 for due diligence activities to evaluate other opportunities for the Company.

(iv) Increase in other income (expense) related to the unrealized gain on warrant derivative liability from $409,273 in 2018 Q4 to a loss of $348,440 in 2019 Q4. This was due to the revaluation of the fair value of the share purchase warrants issued to the subscribers of several private placements closed between the final three quarters of FY 2018, 2019 Q1, Q2 and Q4. The warrant derivative liabilities were recognized initially on the subscribers' warrants grant date. The unrealized loss recognized in the quarter is a net impact of the adjustment to the fair value on the initial grant date offset by the subsequent decrease in fair value of the outstanding subscribers' warrants on December 31, 2019 relative to the corresponding fair value on grant dates.

(v) Decrease in other income (expense) related to the decrease in fair value for marketable securities from $384,841 increase in 2018 Q4 to $129,566 decrease in 2019 Q4. This was due to the decrease in share price (dropping from CDN$ 0.77 per share at September 30, 2019 versus CDN$ 0.65 on December 31, 2019) of the marketable securities held by the Company at December 31, 2019.

Year Ended December 31, 2019 ("FY 2019") versus 2018 ("FY 2018")

The year ended December 31, 2019 had a net loss of $2,506,911 compared to the year ended December 31, 2018, which had a net gain of $274,223. The main variances are discussed as follows:

(ix) Increase in resource property expenses from $555,687 in FY 2018 to $1,134,007 in FY 2019, mainly due to $648,947 in exploration expenditures on the Casa South Property as part of the Company's flow-through expenditure requirements. In addition, the Company spent $67,831 on the mineral claim maintenance fees for 2020 on the Golden Arrow Property and spent around $150,463 on carrying costs such as advance royalty payments, including a portion of the CEO's compensation which was allocated to the management of the Golden Arrow Property and $32,949 on general exploration activities. The Company spent around $87,365 on the New York Canyon Property which includes $61,034 for mineral claim maintenance fees. The Company spent around $146,452 on various properties such as Troilus North, East-West, Mindora, three Rawhide properties, and several other properties the company evaluated for potential acquisition.

(x) Increase in management and consulting expenses from $683,334 in FY 2018 to FY 2019of $767,847 as the Company retained management and consulting assistance in analyzing and developing the Golden Arrow, New York Canyon (newly acquired in FY2019), Mindora (newly acquired in 2019) and Casa South Properties (newly acquired in FY 2019) and analyzing other potential acquisitions, assistance in obtaining and closing financing for the Company in 2019 Q1, 2019 Q2 and 2019 Q4, and assisting the company in pursuing listing on Stock Exchanges in Germany and positioning to raise capital in Germany and Europe.

(xi) Increase in advertising and promotion of the Company from $400 in FY 2018 to $164,503 in FY 2019, including the engagement of consultants as the company increased its acquisition and divestiture activities including a significant increase in the number of mineral properties including pursuing Stock Exchange listings in Germany and positioning to raise capital in Germany and Europe..

(xii) Increase in professional fees from $106,478 in FY 2018 to $150,567 in FY 2019. This was due to the significant amount of legal fees of incurred during FY 2019 due to the acquisition of the New York Canyon, Casa South, East-West and Mindora Properties and the financings closed in 2019 Q1, Q2 and Q4.

(xiii) Increase in travel from $20,555 in FY 2018 to $107,372 in FY 2019. This was due to the senior management's visits to newly acquired projects throughout the FY 2019 and to evaluate other opportunities for the Company. The Company also increased activities to market the Company which included travel to raise investor awareness of the Company to locations like Toronto, Montreal, and Vancouver.

(xiv) Decrease in other income related to the unrealized gain on warrant derivative liability from $409,273 in FY 2018 to $267,734 in FY 2019. The decrease was due to the relative smaller decrease in the fair value of the year-end date subscriber warrant liabilities comparing against the grant date fair value of the subscriber warrants granted in FY2019 versus the decrease in December 31, 2018 fair value of subscriber warrants liabilities versus respective grant date fair value of subscriber warrants granted in FY2018.

(xv) Decrease in other income related to the gain on disposition of assets from $1,162,526 in FY 2018 to $9,504 in FY 2019. This was due to significant gain on the sale of Troilus North property to Troilus Gold Corporation during the FY 2018 versus an insignificant gain on the sale of the Idaho-Maryland Project in Nevada during the first quarter of 2019.

(xvi) Increase in other expenses related to the fair value adjustment for marketable securities from $384,841 gain in FY 2018 to a loss of $360,646 in FY 2019. This was due to the significant decrease in share price of the marketable securities held by the Company at December 31, 2019 versus 2018.

(xvii) Increase in the other income related to the sale of marketable securities rom $NIL in FY 2018 to $142,791 in FY 2019. This was due to the gain realized on sale of marketable securities from 2019 Q2 to Q4.

SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards and Canadian generally accepted accounting principles as applicable.

Fiscal Year Ended	Dec-19	Dec-18	Dec-17
Income and (Loss) and for the Year	(2,506,911)	274,223	314,338
Gain and (Loss) per Common Share (Basic and Diluted)	(0.05)	0.02	0.04
Total Assets	3,212,866	3,632,890	850,627

FINANCIAL DATA FOR THE LAST EIGHT QUARTERS

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the unaudited condensed interim consolidated financial statements prepared by management. The Company's interim financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in US dollars.

	19-Dec	19-Sep	19-Jun	19-Mar	18-Dec	18-Sep	18-Jun	18-Mar
	$	$	$	$	$	$	$	$
Total assets	3,212,866	3,318,877	3,901,483	4,267,351	3,632,890	1,518,954	1,246,580	901,534
Revenue	-	-	-	-	-	-	-	-
Gain (loss) from continuing operations	(1,023,587)	(748,893)	(934,827)	200,396	996,130	(533,005)	(124,108)	(64,794)
Net Income (loss)	(1,023,587)	(748,893)	(934,827)	200,396	996,130	(533,005)	(124,108)	(64,794)
Working Capital (Deficit)	(498,083)	234,811	1,001,665	1,492,599	1,166,648	(549,501)	(564,484)	(530,664)
Gain (loss) per share (Basic and diluted)	(0.02)	(0.02)	(0.02)	0.05	0.06	(0.03)	(0.01)	(0.01)

EXPLORATION AND EVALUATION EXPENDITURES

In 2018, the Company's changed its business model to an acquisition and divestiture (A&D strategy). We look to acquire assets, add value to them through exploration, and subsequently divest of them for the benefit of Emgold's shareholders. The Company focuses on Nevada and Quebec, which it believes are two of the best jurisdictions for exploration in North America.

In 2018, the Company acquired the Troilus North Property which it subsequently sold to Troilus Gold Corporation for C$250,000 in cash and 3.75 million Troilus Gold common shares. The Company optioned the New York Canyon

Property in 2019 and completed an Option to Joint Venture Agreement with Kennecott Exploration in 2020. These represent examples of the success of the A&D strategy.

The Company has put together a number of other assets, arguably described as a "property bank". The Company acquired 100% interest in the Golden Arrow Property in Nevada in 2018 which is a core asset with significant measured and indicated resources. The Company acquired the Mindora Property in Nevada, the Casa South Property in Quebec (adjacent to Hecla's Casa Berardi Mine), and the East-West Property (50% interest) in Quebec (adjacent to Wesdome's Kiena Mine and O3 Mining's Marban Mine) as additional assets.

The Company has consolidated its ownership in the Buckskin Rawhide East Property and subsequently leased the property to Rawhide Mining LLC, who operates the Rawhide Mine which represents a royalty opportunity for the Company. t has consolidated its interest in the Buckskin Rawhide West and Koegel Rawhide Properties, both strategic in nature due to their location near the operating Rawhide Mine, and has acquired 100% ownership of both.

The Company had two B.C. assets called the Stewart and Rozan Properties in British Columbia. These became non-core assets as the Company focused on Nevada and Quebec, so in 2020 they were successfully sold to Ximen Mining.

The Company will focus on exploration of priority assets as cash flow allows. The Company will focus on additional acquisitions as cash flow allows. However, as the Company now has built a portfolio of quality assets, its focus will also shift to marketing and divesting of assets for cash, shares, or other consideration to minimize the need for equity financing. The Company is continually evaluating acquisition and divestiture opportunities of assets in Nevada and Quebec.

Property acquisition costs	Casa South, QC	East West, QC	Troilus North, QC	BC Claims	New York Canyon, NV	Mindora, NV	Golden Arrow, NV	Buckskin Rawhide - East, NV	Buckskin Rawhide - West, NV	Koegel Property, NV	Total
Balance as at December 31, 2017	**$ –**	**$ –**	**$ –**	**$ 2**	**$ –**	**$ –**	**$ –**	**$ 324,052**	**$ 110,029**	**$ 110,030**	**$ 544,113**
Acquisition Costs	–	–	742,996	–	–	–	537,870	–	30,000	30,000	1,340,866
Disposition	–	–	(742,996)	–	–	–	–	–	–	–	(742,996)
(Royalty payment received)	–	–	–	–	–	–	–	(10,000)	–	–	(10,000)
Balance as at December 31, 2018	**$ –**	**$ –**	**$ –**	**$ 2**	**$ –**	**$ –**	**$ 537,870**	**$ 314,052**	**$ 140,029**	**$ 140,030**	**$ 1,131,983**
Acquisition Costs	501,124	57,746	56,440	–	283,957	50,000	50,000	–	–	–	999,267
(Royalty payment received)	–	–	–	–	–	–	–	(10,000)	–	–	(10,000)
(Asset held for sale)	–	–	–	(2)	–	–	–	–	–	–	(2)
Balance as at December 31, 2019	**$ 501,124**	**$ 57,746**	**$ 56,440**	**$ –**	**$ 283,957**	**$ 50,000**	**$ 587,870**	**$ 304,052**	**$ 140,029**	**$ 140,030**	**$ 2,121,248**

Exploration & Evaluation Expenditure	Casa South, QC	East West, QC	Troilus North, QC	Other Prospects	New York Canyon, NV	Mindora, NV	Golden Arrow, NV	Buckskin Rawhide - East, NV	Buckskin Rawhide - West, NV	Koegel Property, NV	Total
Balance as at December 31, 2017	**$ –**	**$ –**	**$ –**	**$ 29,016**	**$ –**	**$ –**	**$ –**	**$ 3,515**	**$ 6,024**	**$ –**	**$ 38,555**
Claims Fee	–	–	–	–	–	–	59,639	–	3,725	5,580	68,944
Carrying Costs	–	–	–	12,364	–	–	88,628	–	–	–	100,992
General property search	–	–	315,600	70,151	–	–	–	–	–	–	385,751
Balance as at December 31, 2018	**$ –**	**$ –**	**$ 315,600**	**$ 111,531**	**$ –**	**$ –**	**$ 148,267**	**$ 3,515**	**$ 9,749**	**$ 5,580**	**$ 594,242**
Claims Fee	3,366	–	–	690	61,034	519	67,831	–	–	6,382	139,822
Carrying Costs	–	–	–	2,381	384	–	150,463	–	3,727	–	156,955
General property search	645,581	3,768	23,544	92,124	25,947	12,897	32,949	420	–	–	837,230
Balance as at December 31, 2019	**$ 648,947**	**$ 3,768**	**$ 339,144**	**$ 206,726**	**$ 87,365**	**$ 13,416**	**$ 399,510**	**$ 3,935**	**$ 13,476**	**$ 11,962**	**$ 1,728,249**

LIQUIDITY

The Company is an exploration stage company and has not earned revenue from operating activities since inception. Financing of operations has been achieved by equity financing and divestiture of assets for cash, shares, or other consideration. As at December 31, 2019, the Company had $160,361 in cash and $516,168 in marketable securities and working capital deficit of $498,083. The Company has no operations that generate cash inflow.

Management intends to maintain the working capital and to finance its operating costs through a private placement of common shares or by doing business transactions related to its properties. While the Company has a history of financing its operations through equity financing in the past, readers are cautioned that there are no guarantees that the Company can do so in the future.

Cash used in operating activities during the year ended 31 December 2019 totaled $2,295,135 (31 December 2018 –$1,018,886). The increase in 2019 was due to property acquisitions, an increase in exploration mainly at its Casa South Property and newly acquired New York Canyon Property, consulting, professional and administrative expenditures as a result of successful completion of several tranches of financings as well as acquisitions and divestitures during the year of fiscal 2019.

Cash raised from financing activities during the year ended 31 December 2019 totaled $1,491,352 (31 December 2018 – $1,382,009). The increase in 2019 was due to the successful completion of several tranches of financings in the fiscal 2019.

Cash raised from investing activities during the year ended 31 December 2019 totaled $766,521 (31 December 2018 – ($178,653) used in investing activities). The increase in 2019 was due to sale of marketable securities offset by the cash payments for the newly optioned New York Canyon property, newly acquired Casa South Property and Mindora Property.

The Company is not subject to external capital requirements and does not have any capital commitments as of the date of this MD&A.

On March 8, 2019, the Company completed the first tranche of 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 warrants 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 CDN $52,500 finder's fee related to the acquisition of the mineral claims of Casa South, Quebec.

On March 28, 2019, the Company completed the second tranche of 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 warrants exercisable at CDN$0.17/unit with a 2-year expiry term. Finders' fees of CDN$6,240 were paid in cash and 52,000 share purchase warrants were issued to finders of this financing.

On April 5, 2019, the Company completed the first tranche of 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, finders' fee of CDN$16,000 were paid in cash and 80,000 share purchase warrants were issued to finders of this financing.

On April 26, 2019, the Company completed the third tranche of 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 warrants exercisable at CDN$0.17/unit with a 2-year expiry term. In addition, a finder's fee of CDN$10,728 was paid in cash and 98,800 share purchase warrants were issued to finders of this financing.

On May 10, 2019, the Company completed the second tranche of a flow-through private placement with an issuance of 1,552,500 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, finder's fee of CDN$23,440 were paid in cash and 92,200 share purchase warrants were issued to finders of this financing.

On July 29, 2019, the Company issued 4,000,000 units to the vendors of Casa South Property, Quebec whereby each unit consists of one common share and one half share purchase warrant exercisable at CDN$0.25/unit with a 2-year expiry term.

On July 29, 2019, the Company issued 2,941,176 common shares to the vendor of New York Canyon Property, Nevada for acquiring the mineral property interest.

On December 17, 2019, the Company completed a non-brokered flow-through private placement with an issuance of 3,333,333 shares at CDN$0.105 per share. Finders' fees of CDN$28,000 were paid in cash and 266,667 share purchase warrants were issued to finders of this financing. Each warrant is exercisable at CDN$0.15 with a 1-year expiry term.

On December 19, 2019, the Company completed a non-brokered private placement consisting of 5,066,668 units at CDN$0.06/unit. Each unit consists of one common share and one share purchase warrant exercisable at CDN$0.08/unit with a 2-year expiry term.

As at December 31, 2019, CDN$22,250 (December 31, 2018 – CDN$22,250) share subscription receivable remained outstanding of which CDN$5,000 was collected subsequent to the year end.

BUSINESS UPDATE (SUBSEQUENT EVENTS)

Golden Arrow, NV

An advance royalty payment of $25,000 was due on 6 unpatented claims on June 1, 2019. Emgold became aware that two of the four parties to the underlying lease agreement related to the royalty have passed away, including the agent designated in the underlying lease agreement. Emgold is currently holding back payment of this advance royalty payment until such time as the current parties to the lease are properly identified and a new agent for the underlying lease holders has been designated. Note that the June 1, 2020 payment for an additional $25,000 was also held back, increasing the amount of the royalty due to $50,000 as of this report date. Recent correspondence from one of the parties to the lease agreement indicates that they are working to resolve the inheritance issues related to one of deceased parties.

New York Canyon, NV

Kennecott Joint Venture Agreement

On February 7, 2020, the Company signed an Earn-In with Option to Joint Venture Agreement with Kennecott Exploration Company (“Kennecott”), a subsidiary of Rio Tinto PLC (LSE: RIO:L, ASE: RIO.AX NYSE: RIO.N) for the New York Canyon Property. Kennecott can earn up to a 75% interest in the Property by completing US$22.5 million in exploration expenditures. Kennecott staked 265 unpatented mineral claims, expanding the Property to 21 patented and 417 unpatented mineral claims, totaling approximately 8,700 acres.

Under the terms of the Earn-In with Option to Joint Venture between the Company and Kennecott:

1. Kennecott will have an option (the “First Option”) to acquire a 55% undivided interest in the Property by incurring $5.0 million in expenditures over a 5 year period, of which $1.0 million is a committed expenditure that must be completed prior to the 18 month anniversary of the Agreement.
2. Kennecott will have a second option (the “Second Option”) to earn an additional 10% undivided interest in the Property (for a total of 65%) by incurring an additional S$7.5 million in expenditures over a 3 years period.
3. Kennecott will have a third option (the “Third Option”) to earn an additional 10% undivided interest in the Property (for a total of 75%) by incurring an additional $10 million in expenditures over a 3 years period.
4. Any expenditure in excess of an option expenditure requirement in a given time period will be credited against subsequent option expenditure requirements. Kennecott may, at any time or from time to time, accelerate its satisfaction of the First, Second, or Third Option by paying the Company money in lieu of incurring expenditures.
5. While earning in, Kennecott will have the right to make exploration and development decisions.
6. Kennecott must maintain the Property in good standing during the option period(s), including payment of BLM and County maintenance fees and make any underlying property payments due to Searchlight.
7. Kennecott will have the right to elect to form a joint venture (the “Joint Venture”) with the Company upon completion of either the First, Second, or Third Option. Upon establishing a Joint Venture each participant will fund the joint venture according to its participating interest, with Kennecott acting as the Manager of the joint venture. If a party’s participating interest falls below 10%, then such parties participating interest will be converted to a 1% Net Smelter Royalty, capped at $25 million.

100% Acquisition from Searchlight

On March 11, 2020, Kennecott paid the remaining option payments of CDN$225,000 on behalf of the Company for the acquisition of 100% interest in New York Canyon Property (Refer to note 9c).

Casa South, QC

On February 5, 2020, Emgold announced that it expanded the property with the addition of 24 mineral claims totaling approximately 1,320 ha (3,260 ac). The total size of the Property was 204 claims totaling 11,400 ha (28,170 ac). Emgold completed a second amendment (the “Second Amendment”) to the option agreement (the “Option Agreement”) dated January 28, 2019 between Emgold the Vendors (see Emgold press release dated March 19, 2019 for details on the Option Agreement). The Second Amendment adds the additional 24 mineral claims to Schedule A of the Option Agreement, defining the Property as the 204 claims. All 204 are owned by Emgold but are subject to a one and half percent (1.5%) Net Smelter Royalty (“NSR”) payable to the Vendors. A half percent (0.5%) of said NSR can be repurchased by Emgold for an amount of C$500,000.

On April 22, 2020, Emgold management became aware that certain claims that make up part of the Casa South Property had been dropped. Investigation determined that one of its consultants, responsible for managing its Quebec claims, failed to make the proper computerized filings with the MERN in Quebec for claim renewal fees expiring in February 2020, despite funds having been put in place with the MERN for the renewal. A total of 19 claims were dropped. Management took immediate steps to transfer management of the claims to a land management company and ensure that no additional claims were dropped. Investigation further found that the 19 claims had been re-staked by another public company. This public company subsequently contacted Emgold with an offer to sell the 19 claims back to the Company (this is part of their business model). The Company is currently in negotiations with this public company, has reached a tentative verbal agreement to acquire the claims back, and to complete a formal agreement and regain ownership of the claims in Q3 2020.

Rozan and Stewart, BC.

On February 25, 2020, the Company signed a Property Acquisition Agreement and will sell its Stewart and Rozan Properties, located in British Columbia, to Ximen Mining Corporation (TSXV: XIM, OTCQB: XXMMF, FRA: 1XMA) ("Ximen"). The key terms of the Property Acquisition Agreement are as follows:

- CDN$100,000 paid to the Company in cash at closing;
- 1.275 million Ximen shares issued to the Company at closing;
- 1.275 million share purchase warrants provided to the Company at closing allowing the Company to purchase common shares of Ximen at a price of CDN$0.45 per unit exercisable for a period of 3 years, increasing to CDN$0.55 per unit and exercisable in years 4 and 5;
- the Company will transfer any B.C. Portable Assessment Credits related to exploration on Stewart and Rozan to Ximen as part of the transaction.

Troilus North Royalty

On February 14, Emgold announced it has acquired a 1% Net Smelter Royalty ("NSR") on the Troilus North Property, part of the 16,000 ha Troilus Gold Project in Quebec. The Project is being advanced by Troilus Gold Corporation (TSX: TLG) ("Troilus Gold") and is one of the largest undeveloped gold deposits in North America. In December 2018, Troilus Gold acquired Troilus North from Emgold for C$250,000 in cash and 3.75 million Troilus Gold common shares. Two underlying royalties remained on the property, including a 1% NSR granted to CAT Strategic Metals (formerly Chimata Gold Corporation) (CSE: CAT) ("CAT"). Emgold has acquired the CAT royalty for a cash payment of C$75,000. Troilus Gold retains first option to acquire this 0.5% of this royalty for a cash payment of C$500,000 and a second option to acquire the remaining 0.5% of this royalty for an additional cash payment of C$500,000. Troilus Gold has completed a Consent approving the transaction.

DTC Eligibility

On January 3, 2020, the Company announced it has secured eligibility by the Depository Trust Company ("DTC") for its common shares which trade on the OTC Markets in the United States. DTC is a subsidiary of the Depository Trust & Clearing Corporation, a U.S. company that manages the electronic clearing and settlement of publicly traded companies. DTC eligibility permits shares of Emgold to be distributed, settled, and serviced through DTC's automated processes, leveraging the efficiencies created through the electronic clearing and settlement of securities. DTC services provide cost benefits for investors and brokers trading Canadian securities in the United States.

Share Issuance

On January 30, 2020, the Company has entered into a Shares for Services Agreement with Scharfe Holdings Inc. and the work has concluded to the satisfaction of the parties involved. As compensation for the services rendered under the Agreement, the Company has received an invoice for $17,500 and will issue to Scharfe Holdings Inc. 250,000 common shares in the capital of the Company at a deemed price of $0.07 per share based on the share price at the time of completion of the work. This transaction may be subject to TSX Venture Exchange approval.

Stock Options

On January 30, 2020, the Company granted 3 million incentive stock options to directors, officers, employees, and consultants of the Company. The Options are vested immediately and exercisable at a price of CDN$0.09 per common share for a period of 5 years from the date of grant

Berlin Stock Exchange Listing

On May 11, 2020, the Company announced it has obtained a listing on the Berlin Stock Exchange.

German Market Maker

On March 25, 2020, Emgold announced that, subject to regulatory approval, it has retained futurum bank AG™ ("futurum" or "futurum bank") to initiate market-making services and provide assistance in maintaining an orderly trading market for the Company's common shares on the Frankfurt Stock Exchange ("FSE"). The futurum bank engages in the trading of stocks, bonds, and related stock exchange products. Its clients include domestic and foreign banks, insurance companies, assets managers, and fund companies. It was originally founded in 1983 and is based in Frankfurt am Main, Germany.

The futurum bank is an arms-length entity to Emgold. Prior to the start of the contract, futurum had no interest, direct or indirect, in the Company or its securities. There are no performance factors contained in the agreement between futurum and the Company and futurum will not receive any shares or options from the Company as compensation for the services rendered. Other than the fees disclosed below, any funds required for the market-making services are provided by Futurum.

Emgold will pay a one-time up-front fee of 7,500 Euro and tri-annual fees of 10,000 Euros for these services. The term of the agreement is 12 months and can be extended for an additional 12 months. If extended beyond 24 months, a 3 month notice period is required for cancellation. The agreement is subject to TSX Venture Exchange approval.

Covid-19

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, global equity markets and oil prices have experienced significant volatility and weakness. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Other than the transactions described in the Business Update Section, the Company does not have any proposed transactions that have material impacts to the Company at this time.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 66,526,506 shares and 28,485,233 share purchase warrants outstanding. The Company has 6,625,000 options outstanding as at the date of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

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

Name and Principal Position	Period(i)		Remuneration or fees(ii)
	2019	**$**	**120,000**
David Watkinson, CEO and President – salary	2018	$	121,250
	2019	**$**	**78,000**
David Watkinson, CEO and President – benefits and allowance	2018	$	24,000
	2019	**$**	**44,232**
David Watkinson, CEO and President – Share-based compensation	2018	$	38,112
	2019	**$**	**120,000**
Robert Rosner, CFO and director – management fees	2018	$	60,000
	2019	**$**	**18,957**
Robert Rosner, CFO and director – Share-based compensation	2018	$	15,245
	2019	**$**	**–**
Andrew MacRitchie, Director – Director fees	2018	$	32,266
	2019	**$**	**9,478**
Andrew MacRitchie, Director – Share-based compensation	2018	$	15,245
	2019	**$**	**9,478**
Vincent Garibaldi, Director – Share-based compensation	2018	$	15,245
	2019	**$**	**28,663**
Steve Cozine, Corporate Secretary – Consulting fees	2018	$	–
	2019	**$**	**3,159**
Steve Cozine, Corporate Secretary – Share-based compensation	2018	$	–
	2019	**$**	**4,909**
Lisa Maxwell, Former Corporate Secretary – Consulting fees	2018	$	13,894
	2019	**$**	**–**
Lisa Maxwell, Former Corporate Secretary – Share-based compensation	2018	$	5,082
	2019	**$**	**–**
Former Director – salary	2018	$	30,871
	2019	**$**	**–**
Clearline CPA, A company of which the ex-CFO is a director – management fees	2018	$	28,941
	2019	**$**	**–**
Clearline CPA, A company of which the ex-CFO is a director – bookkeeping	2018	$	8,981

(i) For the years ended December 31, 2019 and 2018.

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

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

	December 31, 2019	December 31, 2018
David Watkinson, the CEO	**$ 414,589**	$ 330,262
Robert Rosner, the CFO	**(15,945)**	20,000
A company affiliated to CFO and Corporate Secretary	**(20,737)**	–
Clearline CPA, ex-CFO	**–**	76,123
Sequoia Corporate Service, Former Corporate Secretary	**–**	9,838
Bill Witte, ex-Director (a)	**–**	4,911
Steve Cozine, Corporat Secretary	**(2,793)**	–
	$ 375,114	$ 441,134

As at December 31, 2019, the Company owed an ex-director for CDN$5,000. This loan bears an interest at 1% per month and are repayable on demand. The balance is included in accounts payable and accrued liabilities.

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.

CHANGES IN ACCOUNTING POLICIES

Refer to the Note 3 to the Company's audited financial statements for the year ended December 31, 2019.

FINANCIAL INSTRUMENTS

Refer to the Note 5 to the Company's audited financial statements for the year ended December 31, 2019.

RISK FACTORS

Risks of the Company's business include the following:

Financing of Existing and Future Operations

With no source of revenue, the Company has negative cash flow from operations and raises funds for operations through equity financings, through sale, lease, joint venture, or options of assets, or through sale of securities owned by the Company . The Company's ability to raise funds for existing and continuing operations and future exploration and development of its properties cannot be guaranteed.

Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water the environment, the Company may become subject to liability for hazards that cannot be insured against.

Commodity Prices

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable.

Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of gold and other minerals may render reserves uneconomical. Moreover, short-term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Property Title

Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

Covid-19

Covid-19 has created business interruption and affected markets. Exploration activities were ceased by order government agencies in both Quebec and Nevada where Emgold works. Offices were also shut down and management had to work from home locations. Covid-19 has impacted current operations and may continue to impact future operations until such time as a vaccine is developed and widely distributed. The future impacts from Covid-19 are essentially unknown, as to whether it will ebb or resurge and whether economic impacts will improve or worsen.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

INVESTOR RELATIONS ACTIVITIES

With respect to investor and public relations, the Company provides information from its corporate offices to investors and brokers through its website and SEDAR without the use of an investor relations firm.

APPROVAL

The Board of Directors of Emgold Mining Corporation has approved the disclosure contained in this MD&A. A copy of this quarterly MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com.

CAUTION ON FORWARD-LOOKING INFORMATION

This annual MD&A contains "forward-looking statements". These forward-looking statements are made as of the date of this annual MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements may include, but are not limited to, statements with respect to the ongoing viability of the Company, the Company's ability to raise capital , future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing of activities and the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, requirements for additional capital and sources and uses of funds.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of financing activities, exploration activities; actual results of remediation and reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other commodities; the state of capital markets; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration and development activities.

Respectfully submitted
On behalf of the Board of Directors

"David Watkinson"

David Watkinson
President & CEO