

**EMGOLD MINING CORPORATION**

**(AN EXPLORATION STAGE COMPANY)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**THREE MONTH ENDED MARCH 31, 2021 and 2020**

**STATED IN US DOLLARS**

**DATED: MAY 26, 2021**

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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 three month ended March 31, 2021 and the year ended December 31, 2020 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 Canadian provincial securities regulatory authorities (which may be viewed at [www.sedar.com](http://www.sedar.com)).

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

<b>Forward-Looking Information</b>	<b>Key Assumptions</b>	<b>Most Relevant Risk Factors</b>
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 March 31, 2021, our properties include:

- Golden Arrow, NV
- New York Canyon, NV
- Buckskin Rawhide East, NV
- Buckskin Rawhide West, NV
- Koegel Rawhide, NV
- Mindora (certain claims under claim purchase agreements with Nevada Sunrise LLC)
- Casa South Property, QC
- 50% Interest in the East-West Property, QC (acquisition of remaining 50% interest in progress)

The Company has a strategic investment of shares of Troilus Gold Corporation (TSX: TLG) which is advancing the Troilus Gold Project in Quebec and warrants in Ximen Mining Corporation (TSXV: XIM) which is advancing the Kenville Gold Project in B.C. For more information on the Company, investors should review the Company's filings that are available at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.emgold.com](http://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 494 unpatented and 17 patented lode mineral claims covering an area of approximately 10,000 acres (4,050 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. They have been subject to limited modern exploration, if any, to evaluate their potential.

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](http://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<sup>1,2,3,7,8</sup>**

Classification	Cut-Off Grade <sup>4,5</sup>	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 <sup>6</sup>	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”). At that time, the property consists of 357 patented lode mining claims and 17 unpatented lode minign claims. 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 30<sup>th</sup> and BLM on My 1<sup>st</sup>, 2019 and inspectors were satisfied that reclamation work under the three bonds was complete and the three permits were closed and the bond amount refunded prior to year-end 2020.

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. 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.

On January 12, 2021, the Company announced that it has staked an additional 137 unpatented mining claims at its Golden Arrow Property. This increased the Property size to 17 patented claims and 494 unpatented claims controlled by the Company, or about 10,000 acres (4,050 hectares) in total area. The new claims extend the current property to the south covering an area of historic mine-workings.

In the first quarter of 2021, the Company completed

- an airborne magnetic and radiometric geophysical survey.
- An induced polarization and resistivity ground geophysical survey.
- A soil sampling program over two prospective exploration areas – field work complete, soil samples processed, and samples sent to a laboratory for analysis.

Results from the above work and analysis are expected near the end of the first half of 2021.

Emgold plans to analyze the combined results from this exploration activity to identify new exploration targets on the property to the south of the existing Gold Coin and Hidden Hill resource areas. The goal is to identify new areas for exploration (drilling) that have potential for resource generation. Note, there is currently an approved Plan of Operations and Environmental Assessment completed for Golden Arrow. The Plan contemplates approximately 240,000 feet of drilling in up to 240-hole to explore for gold mineralization in the 1,400-acre area surrounding the Gold Coin and Hidden Hill resources.

### **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 date 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 shares 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 obtained digital and paper data on the property from Searchlight and is currently organizing and reviewing the data.



### 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 \$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.

### Drilling Permit

On November 6, 2020, Kennecott has obtained approval (the “Permit”) to conduct drilling activities at the Property. The Permit allows for drilling and other exploration activities to be conducted on the Property under a Notice of Intent (the “NOI”). Any surface disturbance on Bureau of Land Management lands, subject to the NOI, is limited to less than five acres. The Permit allows drilling to occur after October 1, 2020 with an anticipated project duration of two years. Kennecott has also completed reclamation bonding for the planned drilling program.

On March 22, 2021, the drilling contractor contracted by Kennecott mobilized to the site. Current plans are to drill five diamond drill holes to test three exploration targets, the Copper Queen, Longshot Ridge, and Ideal targets. The Ideal target is a previously untested magnetic anomaly that is located south of Copper Queen. Initial plans are for four holes to be in the 400-500 m length and one hole to be 750 m in length. Hole lengths will be subject to adjustment based on results being obtained in the field as the drilling is being done.

A UAV magnetic survey has also commenced over a portion of the claim block. Additional geologic mapping and surface sampling is planned for second and third quarters of 2021.

### **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.

Emgold recently completed an airborne magnetic and radiometric geophysics survey over the 36 unpatented claims and results from the study are expected in first quarter 2021. The property has an alteration zone that is about 6,000 feet long and 500 feet wide that is a prospective exploration area. The goal of the survey is to identify gold and silver exploration targets in this area and to better define a known exploration target called the T-10 Zone.

Based on the results of the survey, Emgold's next steps will be to conduct a soil sampling program and potentially an IP and resistivity ground geophysics study on the property. Once these studies are complete and analyzed, plans are to permit and test-drill the T-10 Zone and other targets that may be identified through ongoing exploration.

### **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-shipment 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:

#### Terms of the Nevada Sunrise LLC Transaction

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.

#### Terms of the BL Exploration LLC Transaction

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.

During the year ended December 31, 2020, Emgold paid BL Exploration LLC \$20,000 for its annual advance royalty payment and paid Nevada Sunrise LLC \$25,000 for its property purchase payment.

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

On December 17, 2020, Emgold announced that it has recently staked 117 unpatented claims at Mindora, expanding the property size to 147 unpatented claims totaling about 2,940 acres. The Company just completed an airborne magnetic and radiometric geophysics survey covering the property. In addition, the Company is in the process of completing a soil sampling program over the eastern half of the claim block – field work complete, soil samples processed, and samples sent to a laboratory for analysis.

Emgold plans to complete an induced polarization and resistivity ground geophysical survey in the future. The Company is currently reviewing and creating a drill-hole, survey, and assay database from historic drilling and plans to create a 3-D geologic and 3-D drill model for the property. Once the models are complete and the results from the geophysics and soil sampling programs are analyzed, Emgold plans to permit and conduct drilling on the property. The initial drill program will be used to confirm historic drilling results and test the 3-D geologic model.

#### **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 is 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
<b>Total</b>	<b>\$375,000</b>

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 initiated 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 were 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.

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 and 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). Subsequent in the third quarter ended September 30, 2020, the Company completed a formal agreement and regained ownership of the claims.

During 2019 and 2020, the Company has been completing a drone magnetic survey over the property with the goal of better defining drill targets for further exploration on the property.

### **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<sup>(1)</sup> was completed on the Property in 2018 by Knick Exploration Inc. and is available under Knick's corporate filings at [www.sedar.com](http://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 granted 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 agreed to pay the Vendor:

1. 4,000,000 common shares in the share capital of Emgold (the "Share Consideration"), issued to the Vendor on January 3, 2020, 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 (paid); and
4. a cash payment of CAD\$50,000 to be paid to the Vendor upon the nine-month anniversary of the Closing Date (paid).

The transaction was approved by the Exchange on January 3, 2020. Emgold has received digital and paper data on the property and is currently organizing and reviewing it. Upon completion of the share and cash payments, the Vendor's Property interest in the claims was transferred to Emgold.

Emgold assumed 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.

One June 25, 2020, Wesdome announced a positive Preliminary Economic Assessment, prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") for its Kiena Mine Complex Project (see Wesdome's press release dated June 25, 2020 at [www.wesdome.com](http://www.wesdome.com) or under that company's corporate filings at [www.sedar.com](http://www.sedar.com)). On March 23, 2021, Wesdome announced by press release exploration results from a new high-grade zone in the footwall of the Kiena Deep A Zone, including Hole 6742W6 with an intercept of 34.2 g/t Au over 18.0 m gold length (16.7 g/t cut, with assays cut to 90.0 g/t, true width unknown).

O3 Mining recently announced a positive Preliminary Economic Assessment, prepared in accordance with NI 43-101 for its Marban Project, which is part of the Malarctic Property (see O3 Mining's press release dated September 8, 2020 at [www.o3mining.ca](http://www.o3mining.ca) or under that company's corporate filings at [www.sedar.com](http://www.sedar.com)). The Marban Project and associated Marban resource is located just to the northwest of the East-West Property boundary. On March 2, 2021, O3 Mining announced plans to execute a 250,000 m drilling program at its Malarctic and Alpha properties in 2021-22 (125,000 m budgeted for the Malarctic Property).

On November 24, 2020, the Company announced that it has completed the acquisition of the remaining 50% ownership in the East-West Property, Quebec from Knick Exploration, subject to regulatory approval, which is pending.

### **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 177.3 million tonnes at a 0.87 g/t AuEq gold grade containing 4.96 million AuEq ounces. Current inferred resources include 116.7 million tonnes at a 0.84 g/t AuEq gold grade containing 3.15 million AuEq ounces (source and details: Troilus Gold News Release dated July 28, 2020).

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 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.

#### *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.

### **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 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. Prior to year-ended December 31, 2020, Emgold sold these mineral rights to Rise Gold Corporation for \$20,000.

### **Ximen Mining Corporation Shares (Through Sale of Stewart and Rozan Properties, British Columbia)**

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:

- a) CDN\$100,000 paid to the Company in cash at closing (completed);
- b) 1.275 million Ximen shares issued to the Company at closing (completed);
- c) 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 (completed);
- d) the Company shall transfer any B.C. Portable Assessment Credits related to exploration on Stewart and Rozan to Ximen as part of the transaction (completed).

The Company sold its shares in Ximen Mining in 2020 and retains the warrants.

## RESULTS OF OPERATIONS

### Three-month Period Ended March 31, 2021 ("2021 Q1") versus 2020 ("2020 Q1")

During 2021 Q1, Emgold had a net income of \$1,464,243 compared to 2020 Q1, which had a net income of \$507,763. The main variances are discussed as follows:

- (i) Increase in resource property expense from \$81,692 in 2020 Q1 to \$256,306 in 2021 Q1. The reason is due to the initiation of the geophysics and geochemistry work at the Golden Arrow Property (\$93,909) and Minodra Property (\$58,523) in 2021 Q1.
- (ii) Increase in advertising and promotion from \$24,833 in 2020 Q1 to \$74,081 in 2021 Q1 due to the management's effort in business development and promotion of the Company's projects after completed private placement financing near the third quarter of fiscal 2020. Emgold is also seeking OTCQB listing in the United States in fiscal 2021.
- (iii) Significant decrease in the gain on disposition of assets from \$504,404 in 2020 Q1 to \$NIL in 2021 Q1. The gain on disposition in 2020 Q1 was related to the disposition of the Stewart and Rozan properties in British Columbia to Ximen Mining Corporation in February 2020. The carry cost of these properties was written down to a nominal amount of \$2. The selling proceeds consisted of cash consideration of \$CDN 100,000 (\$68,980), 1,275,000 common shares of Ximen Mining Corporation with a fair value of \$CDN 369,750 (\$267,551) and 1,275,000 share purchase warrants valued at \$CDN 232,000 (\$167,875). This is a one-time event in 2020 Q1.
- (iv) Significant increase in the fair value of warrant derivative liability in 2021 Q1 comparing to December 31, 2020 resulted in an unfavorable fair value adjustment of \$828,786. During 2020 Q1, the fair value of the warrant liability was decreased from the December 31, 2019 resulting in a favorable fair value adjustment of \$309,563 in 2020 Q1. The fair value of the warrant derivative liability increase in 2021 was due to the extension of the expiry date of 8,005,517 subscribers' warrants by one year.
- (v) Significant decrease of the fair value of marketable securities in 2021 Q1 versus 2020 Q1 also contributed to the significant increase in the loss in 2021 Q1. In 2021 Q1, the Company recognized an unfavorable fair value adjustment of the marketable securities for \$133,389 comparing against a favorable fair value adjustment of \$143,993 in 2020 Q1.

## 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.

	21-Mar	20-Dec	20-Sep	20-Jun	20-Mar	19-Dec	19-Sep	19-Jun
	\$	\$	\$	\$	\$	\$	\$	\$
Total assets	4,493,582	5,359,775	6,249,583	3,847,346	3,772,351	3,212,866	3,318,877	3,901,483
Revenue	-	-	-	-	-	-	-	-
Gain (loss) from continuing operations	(529,883)	(222,537)	(482,896)	(160,167)	507,763	(1,023,587)	(748,893)	(934,827)
Net Income (loss)	(1,464,243)	(222,537)	(482,896)	(160,167)	507,763	(1,023,587)	(748,893)	(934,827)
Working Capital (Deficit)	(1,755,044)	1,835,213	2,716,470	16,497	183,806	(498,083)	234,811	1,001,665
Gain (loss) per share (Basic and diluted)	(0.01)	(0.00)	(0.01)	(0.00)	0.01	(0.02)	(0.02)	(0.02)

#### EXPLORATION AND EVALUATION EXPENDITURES

In 2018, the Company's changed its business model to an acquisition and divestiture (A&D strategy). The Company looks 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 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 in Quebec (adjacent to Wesdome's Kiena Mine and O3 Mining's Marban Project) 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. It has consolidated its 100% interest in the Buckskin Rawhide West and Koegel Rawhide Properties, both strategic in nature due to their location near the operating Rawhide Mine.

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.

<b>Property acquisition costs</b>	<b>Casa South, QC</b>	<b>East West, QC</b>	<b>New York Canyon, NV</b>	<b>Troilus North, QC</b>	<b>BC Claims</b>	<b>Mindora, NV</b>	<b>Golden Arrow, NV</b>	<b>Buckskin Rawhide - East, NV</b>	<b>Buckskin Rawhide - West, NV</b>	<b>Koegel Rawhide, NV</b>	<b>Total</b>
<b>Balance as at</b>											
<b>January 1, 2020</b>	\$ 501,124	\$ 57,746	\$ 283,957	\$ 56,440	\$ 2	\$ 50,000	\$ 587,870	\$ 304,052	\$ 140,029	\$ 140,030	\$ 2,121,250
Acquisition Costs (Option payment received)	-	246,306	-	-	(2)	50,000	-	-	-	-	296,304
	-	-	(25,000)	-	-	-	-	-	-	-	(25,000)
<b>Balance as at</b>											
<b>March 31, 2020</b>	\$ 501,124	\$ 304,052	\$ 258,957	\$ 56,440	\$ -	\$ 100,000	\$ 587,870	\$ 304,052	\$ 140,029	\$ 140,030	\$ 2,392,554
<b>Balance as at</b>											
<b>January 1, 2021</b>	\$ 527,235	\$ 402,557	\$ 258,957	\$ 56,440	\$ -	\$ 145,307	\$ 637,870	\$ 294,052	\$ 140,029	\$ 140,030	\$ 2,602,477
Acquisition Costs	-	6,795	-	-	-	-	-	-	-	-	6,795
<b>Balance as at</b>											
<b>March 31, 2021</b>	\$ 527,235	\$ 409,352	\$ 258,957	\$ 56,440	\$ -	\$ 145,307	\$ 637,870	\$ 294,052	\$ 140,029	\$ 140,030	\$ 2,609,272
<b>Exploration &amp; Evaluation Expenditure</b>	<b>Casa South, QC</b>	<b>East West, QC</b>	<b>New York Canyon, NV</b>	<b>Troilus North, QC</b>	<b>Other Prospects</b>	<b>Mindora, NV</b>	<b>Golden Arrow, NV</b>	<b>Buckskin Rawhide - East, NV</b>	<b>Buckskin Rawhide - West, NV</b>	<b>Koegel Rawhide, NV</b>	<b>Total</b>
<b>Balance as at</b>											
<b>January 1, 2020</b>	\$ 648,947	\$ 3,768	\$ 87,365	\$ 339,144	\$ 206,726	\$ 13,416	\$ 399,510	\$ 3,935	\$ 13,476	\$ 11,962	\$ 1,728,249
Claims Fee	11,093	-	1,251	-	378	3,196	-	-	-	-	15,918
Carrying Costs	-	(3,768)	-	-	(781)	-	40,810	-	-	-	36,261
General property search	-	-	7,549	-	-	-	21,724	-	120	120	29,513
<b>Balance as at</b>											
<b>March 31, 2020</b>	\$ 660,040	\$ -	\$ 96,165	\$ 339,144	\$ 206,323	\$ 16,612	\$ 462,044	\$ 3,935	\$ 13,596	\$ 12,082	\$ 1,809,941
<b>Balance as at</b>											
<b>January 31, 2021</b>	\$ 899,811	\$ 35,956	\$ 103,645	\$ 339,249	\$ 209,404	\$ 100,863	\$ 731,939	\$ 6,165	\$ 18,720	\$ 22,621	\$ 2,468,373
Claims Fee	-	-	-	-	216	31,824	500	-	-	-	32,540
Carrying Costs	1,553	(1,570)	-	-	-	-	36,000	-	-	-	35,983
General property search	-	-	-	-	2,210	69,432	100,393	-	-	15,748	187,783
<b>Balance as at</b>											
<b>March 31, 2021</b>	\$ 901,364	\$ 34,386	\$ 103,645	\$ 339,249	\$ 211,830	\$ 202,119	\$ 868,832	\$ 6,165	\$ 18,720	\$ 38,369	\$ 2,724,679

## 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 March 31, 2021, the Company had \$518,996 in cash and \$655,371 in marketable securities and working capital deficiency of \$1,755,044 (including warrant derivative liability of \$2,907,356). 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 three months ended 31 March 2021 totaled \$685,784 (31 March 2020 – \$248,629). The increase in 2021 was due to initiation of the geophysics and geochemical works in Gold Arrow Property and Mindora Property.

Cash raised from financing activities during the three months ended 31 March 2021 was \$63,174 (31 March 2020 – \$NIL). The increase in the current quarter was due to the collection of private placements closed in prior years.

Cash used in investing activities during the three months ended 31 March 2021 totaled \$51,275 (31 March 2020 – Cash raised by investing activities for \$173,239). In 2020 Q1, the Company raised cash through selling of the BC properties to Ximen Mining and selling marketable securities. In 2021 Q1, the Company did not sell any marketable securities and incurred further costs in the acquisition of the East-West Property in Quebec, Canada.

The Company has commitment to incur expenditures related to the flow-through funds raised from private placements (see note 11 to the financial statements for the three months ended March 31, 2021).

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

## BUSINESS UPDATE (SUBSEQUENT EVENTS)

Refer to note 16 to the financial statements for the three months ended March 31, 2021 for the subsequent expiry of warrants

## 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 125,682,621 shares and 71,085,218 share purchase warrants outstanding. The Company has 12,575,000 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 <sup>(i)</sup>	Remuneration or fees <sup>(ii)</sup>	
		2021	2020
David Watkinson, CEO and President – salary	2021	\$ 37,500	\$ 37,500
David Watkinson, CEO and President – benefits and allowance	2021	\$ 12,000	\$ 12,000
David Watkinson, CEO and President – Share-based compensation	2021	\$ –	\$ 52,962
Robert Rosner, CFO and director – management fees	2021	\$ 30,000	\$ 30,000
Robert Rosner, CFO and director – Share-based compensation	2021	\$ –	\$ 33,290
Andrew MacRitchie, Director – Director fees	2021	\$ –	\$ –
Andrew MacRitchie, Director – Share-based compensation	2021	\$ –	\$ 28,751
Vincent Garibaldi, Director – Share-based compensation	2021	\$ –	\$ 28,751
Julien Davy, Director – Share-based compensation	2021	\$ –	\$ –
Steve Cozine, Corporate Secretary – Consulting fees	2021	\$ 7,401	\$ 7,401
Vanguard Venture owned by Steve Cozine, Corporate Secretary – Consulting fees	2021	\$ 9,420	\$ –
Steve Cozine, Corporate Secretary – Share-based compensation	2021	\$ –	\$ –
Steve Cozine, Corporate Secretary – Share-based compensation	2020	\$ 10,592	\$ 10,592

(i) For the quarter ended March 31, 2021 and 2020.

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

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

	March 31, 2021	December 31, 2020
David Watkinson, the CEO	\$ 34,145	\$ 214,308
Robert Rosner, the CFO	(21,885)	(19,489)
	\$ 12,260	\$ 194,819

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, 2020.

## FINANCIAL INSTRUMENTS

Refer to the Note 5 to the Company's audited financial statements for the year ended December 31, 2020.

## 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

On March 11, 2020, the current outbreak of COVID-19 (coronavirus) was declared a global pandemic, 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. 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](http://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