

Emgold Mining Corporation

EMR \$0.09

TSX Exchange | OTC:EGMCF | FRA:EMLM | Market Cap \$6M

Description: Emgold Mining Corporation is a growth-oriented junior mining company which owns a portfolio of unique mining assets in the mining-friendly jurisdictions of Nevada and Quebec. Equally important, Emgold employs a shareholder-oriented, low-risk business strategy whereby the company has a track record of acquiring assets, adding value and then monetizing them through sale, joint venture, or option agreements. Its key assets include:

- a 100% stake in the New York Canyon gold property near Hawthorne, Nevada (see pages 2-4). Emgold subsequently signed an option to joint venture agreement on the property with Kennecott Exploration, a subsidiary of mining giant Rio Tinto Group (NYSE: RIO);
- a 100% interest in the Casa South Property in Quebec, a property located just south of Hecla Mining Company's (NYSE: HL) Casa Berardi Mine (see pages 6-8). Casa Berardi has produced 2.5 million ounces of gold since 1988;
- the option to acquire a 55% stake in the East-West gold property in Quebec. East-West is on strike and adjacent to two prodigious, past-producing gold mining properties owned by O3 Mining Inc. (TSXV: OII) and Wesdome Gold Mines (TSX: WDO). Both recent and historic assay results on holes drilled on the property showed very impressive gold contents (see page 4-6);
- a 100%-owned stake in the Golden Arrow project in Nevada, an advanced stage gold and silver property with measured and indicated mineral resources of approximately 300,000 ounces of gold and four million ounces of silver (see pages 8-10);
- a 100% stake in the Buckskin Rawhide East Property (BRE) in Nevada. Emgold has leased BRE to Rawhide Mining LLC which owns the nearby Rawhide Mine, eliminating any future operating or carrying costs. Under the lease agreement, Emgold is likely to receive at least US\$15 per ounce of any gold mined from BRE (see pages 10-11).

The market is ascribing very modest value to Emgold's portfolio of attractive projects, one of which is the subject of an option to joint venture agreement with a mining giant and another of which is adjacent to a successful operating mine – and is therefore a logical acquisition target -- of Hecla Mining. In our view, Emgold shares have very little downside and significant leverage to the upside if one or more of its key investments prove to be successful.

Furthermore, the market is not factoring in Emgold management's track record of making well-timed and well-priced sales of its assets. For example, in December 2018, Emgold sold its Troilus North Property to Troilus Gold Corp. for C\$250,000 in cash and 3.75 million Troilus Gold shares, equal to a total purchase price of more than C\$3 million. Troilus North has no measured mineral resources. In addition, on February 26, 2020, Emgold announced the sale of its Stewart and Rozan properties in British Columbia to Ximen Mining Corp. (TSXV: XIM) for total consideration of around C\$1 million (see page 13). These are significant sums when compared to Emgold's total enterprise value of less than C\$6 million.

[In early 2020, Emgold acquired a 1% net smelter royalty (NSR) on the Troilus North property for C\$75,000. The TSX Venture Exchange approved this transaction in early March 2020. Troilus Gold has the option to repurchase half of Emgold's 1% of NSR for C\$500,000 and a second option to repurchase the other half for a further C\$500,000.]

New York Canyon Earn-In With Option Agreement with Mining Giant Rio Tinto – A High-Potential Opportunity for Emgold: On February 11, 2020, Emgold announced it had reached an option to joint venture agreement with Kennecott Exploration Company, a subsidiary of Rio Tinto, for Emgold's New York Canyon Property. Under the accord, Kennecott can gain up to a 75% stake in the property if it incurs US\$22.5 million of capital spending on the property. Emgold funds none of this development work, allowing it to preserve its cash.

New York Canyon, which is located near Hawthorne, Nevada, contains oxide and sulfide skarn and copper porphyry targets and is just 12 miles away from Emgold's Mindora gold, silver and base metals property (see page 12). Emgold finalized a deal in July 2019 with Searchlight Resources Inc. (TSXV: SCLT), which gives Emgold the option to buy 100% of the New York Canyon Property subject to underlying royalties. (See terms of this transaction on page 4.) Emgold subsequently completed the acquisition in March 2020.

Key aspects of the Emgold-Kennecott agreement on New York Canyon are as follows:

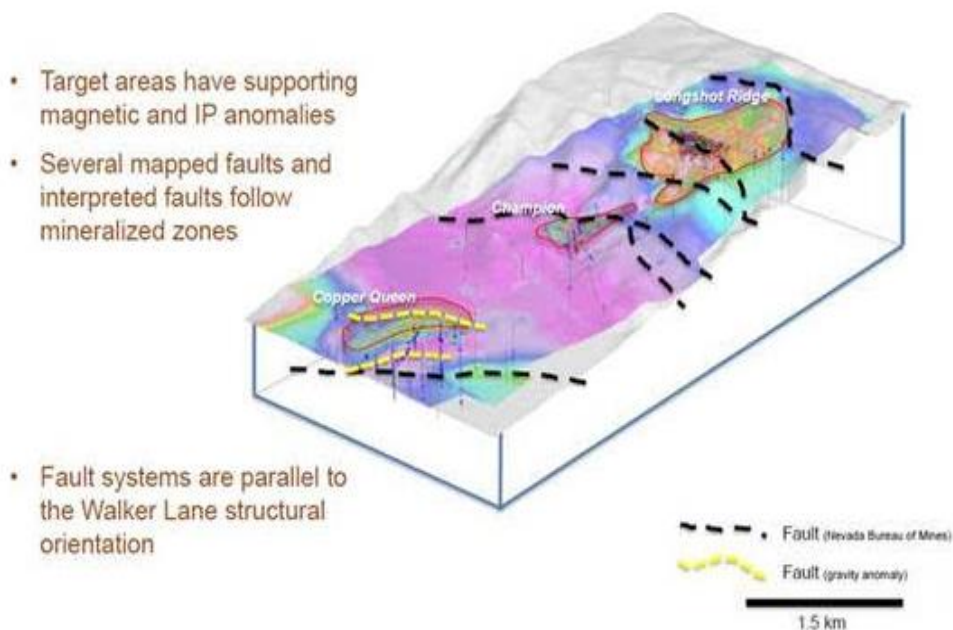
- Kennecott has the option to acquire a 55% interest in New York Canyon if it spends US\$5.0 million on the project over a five-year period (US\$1.0 million of this total must be incurred within 18 months regardless of Kennecott's future plans). Kennecott can acquire two additional 10% stakes, bringing its total interest to 75%, if it incurs further New York Canyon capital expenditures of US\$7.5 million and US\$10.0 million, respectively, over consecutive three-year periods. So, Kennecott can earn up to a 75% stake in the property if its total capital expenditures reach US\$22.5 million over an 11-year period.
- Kennecott can at any time accelerate its acquisitions of the above-noted stakes in the property by making the corresponding payments to Emgold instead of incurring capital expenditures.
- Kennecott also agreed to make C\$300,000 in payments to Searchlight Resources, fulfilling the cash portion of Emgold's New York Canyon purchase option accord it reached with Searchlight in July 2019. The payment can be reduced to C\$225,000 by making the total payment prior to the six-month anniversary of the Emgold-Searchlight agreement.
- After acquiring a 55%, 65% or 75% interest in New York Canyon, Kennecott has right to form a joint venture (JV) with Emgold for developing the property, with Kennecott acting as manager of the JV. If Emgold's interest in the JV were to fall below 10%, that interest would be converted to a 1% Net Smelter Royalty (NSR). That NSR would be capped at US\$25 million.

- Emgold has 152 and 21 unpatented and patented mining claims, respectively, on the New York Canyon Property. Kennecott has an additional 265 unpatented claims. Under the agreement, all 417 unpatented and 21 patented claims are combined and make up the 8,700-acre New York Canyon Property.

Additional Physical Details of the New York Canyon Property: The New York Canyon Property abuts the past-producing Santa Fe gold mine. Over seven years ending in 1995, Santa Fe produced around 346,000 ounces of gold and 711,000 ounces of silver.

In the Longshot Ridge section of the property, Searchlight drilled the majority of its 73-hole drilling program, totaling an aggregate depth of 8,400 meters. Longshot Ridge is the most advanced stage copper prospect in New York Canyon. Two other targets identified by historic drilling and geophysics include Champion and Copper Queen. In the Copper Queen deposit, historic hole MN-42 drilled in 1977 intersected 1,020 feet (311 meters) of 0.41% copper (Cu), 0.012% molybdenum (Mo), 4.5 parts per million (ppm) silver, and 0.1 ppm gold. The intersection occurred at depths from 560 feet through 1,580 feet (171 meters through 482 meters). The true width is unknown. Figure 1 shows a three-dimensional view of the three targets.

Figure 1: New York Canyon Property Depiction



Source:

Emgold Mining Corporation.

Emgold has access to a huge drilling database on New York Canyon. The database catalogs a total of 234 holes drilled on the property comprising a total of over 43,000 meters.

Based in its 73-hole drilling program, Searchlight estimated in a 2010 resource report that New York Canyon had an indicated resource of 14.8 million tonnes at a grade of 0.43% Cu. A historical, non-NI 43-101 compliant report compiled by Conoco (NYSE: COP) in 1979 estimated that the Copper Queen region alone contained a

resource of 12.9 million tonnes at a grade of 0.35% Cu, 0.015% Mo, 0.1% zinc, 4 ppm silver, and 0.1 ppm gold. Emgold management believes that New York Canyon could contain a major copper/molybdenum porphyry system. Emgold is treating both these resource estimates as historic.

Emgold Paid Only Modest Price to Searchlight for New York Canyon: In July 2019, Emgold agreed to make modest payments to Searchlight totaling C\$850,000 in cash and stock to acquire the property. The consideration was to be paid in a number of stages: C\$10,000 at the signing of the agreement's letter of intent (already paid); C\$40,000 in cash at closing (already paid); C\$500,000 in Emgold shares at the closing of the transaction (already transferred), consisting of 2.941 million Emgold shares at the 30-day VWAP price of C\$0.17 per share prior to the announcement of the transaction); and C\$100,000 at each of the following dates – six months, twelve months and eighteen months after the closing of the deal. Emgold had the option of reducing the C\$300,000 payment to C\$225,000 by making the C\$225,000 reduced payment on or before the six-month anniversary of the Emgold-Searchlight agreement. Kennecott made this payment on Emgold's behalf as part of its expenditures, allowing Emgold to obtain a 100% interest in the core property claims.

East-West Property: In December 2019, Emgold reached an accord with a private individual that gives the company the option to acquire up to a 55% interest in the East-West Property in the Val d'Or Mining Camp in Quebec. East-West is located on strike and adjacent to Wesdome Gold Mines' Kiena Complex Property. Kiena produced 2.8 million ounces of gold from 1981 through 2013. East-West is also on strike and adjacent to O3 Mining's Marban Block Property, which yielded nearly 600,000 ounces of gold over its lifespan. See Figure 2.

Figure 2: East-West Property Location



Source: Emgold Mining Corporation.

East-West Property Comes With Potential For High Grade: The East-West Property has a Technical Report completed by Knick Exploration dated November 21, 2017. Historic work on the Property, prior to 2007, includes more than 41,000 meters (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. Emgold will now take over as operator of the property.

The Marbenite Fault hosts the Kiena and Marban Mines strikes northwest-southeast through the property. While the proximity of East-West to these deposits does not guarantee exploration success, Emgold management believe the potential for discovery and delineation of mineral resources along this structure is likely, subject to additional drilling and exploration success. Most of the drilling has been shallow (within 200 m of surface), and the 2017 Technical Report recommends drilling at greater depths, which Emgold intends to pursue.

Both the historic drilling and drilling by Knick show some significant high-grade intercepts (intercepts over 10 grams per ton (g/t) gold grade and one meter (m) in width). Significant widths in the Knick drilling (one in 2009, 2011, and 2016-17) includes:

- Hole LEO-09-21 - 1.95 m @ 11.15 g/t Au
- Hole LEO-09-33 - 1.45 m @ 10.08 g/t Au
- Hole EW-16-06 - 1.25 m @ 31.50 g/t Au
- Hole EW-16-10 - 2.40 m @ 15.19 g/t Au
- Hole EW-17-20 - 1.10 m @ 13.30 g/t Au
- Hole EW-17-27 - 1.40 m @ 10.01 g/t Au

Historic drilling (intercepts over 10 g/t gold grade and 1.0m in length), done by previous operators prior to Knick (between 1984 and 1987), also has significant intercepts including:

- Hole CD-19 – 1.8m @ 13.13 g/t Au
- Hole CD-28 – 1.2m @ 10.73 g/t Au
- Hole CD-55 – 1.7m @ 134.64 g/t Au
- Hole CD-78 – 3.2m @ 51.98 g/t Au
- Hole CD-81 – 1.52 m @ 24.75 g/t Au
- Hole CD-149 – 2.75 m @ 64.83 g/t Au
- Hole CD-156 – 2.24 m @ 226.70 g/t Au
- Hole CD-172 – 1.68 m @ 64.36 g/t Au

Finally, we list other historic drilling results performed by operators prior to Knick between 1984 and 1987 with intercepts greater than 3.0 g/t extending over lengths of 3.0m or more:

- Hole CD-84-10 – 4.73m @ 4.09 g/t Au
- Hole CD-84-10 – 3.51m @ 4.14 g/t Au
- Hole CD-92 – 5.49m @ 3.60 g/t Au
- Hole CD-152 – 3.51m @ 3.86 g/t Au

Note that the historic drilling was done before the implementation of NI 43-101 and does not meet NI 43-101 Standards of Disclosure or CIM standards. However, the data provides useful information to guide future exploration programs. When Emgold drills deeper at East-West, the potential is there for some interesting results.

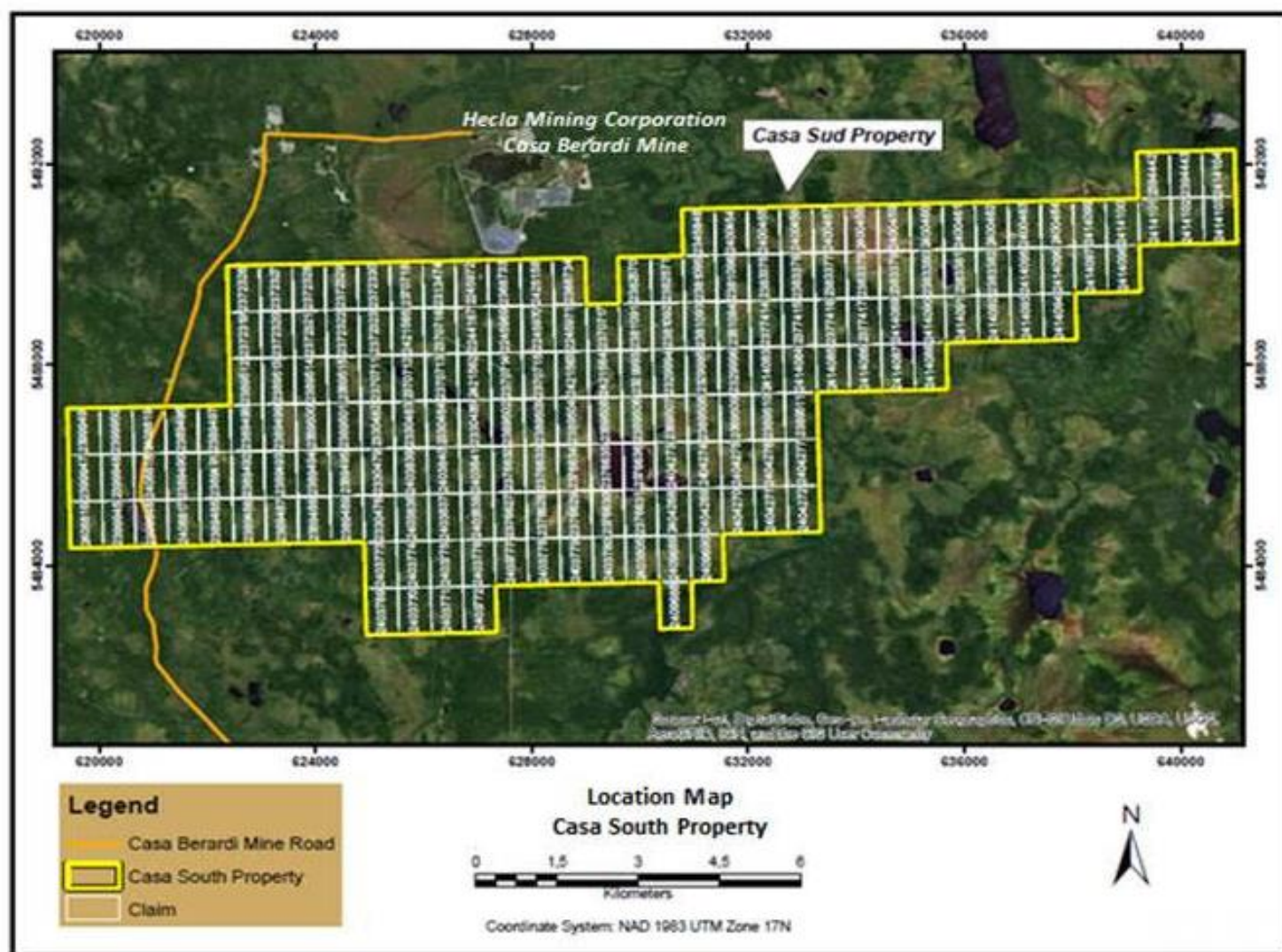
Emgold Acquired East-West Option for A Small Price: As is the case with New York Canyon, Emgold acquired the option to purchase a majority stake in East-West for only modest consideration:

- In exchange for the option to acquire 50%, Emgold will issue 4.0 million shares (worth about C\$360,000 at current prices) and make cash payments totaling C\$135,000 to the private individual.
- After making these payments, Emgold can acquire an option for an additional 5% stake, bringing its total interest to 55%, by incurring C\$200,000 in capital expenditures over a three-year period ending in late November 2022.

If exploration is successful, logical buyers for the property would obviously be Wesdome or O3 Mining. However, Agnico Eagle Mines (NYSE: AEM) owns properties to the north and south and would also be a logical contender.

Casa South Property: In December 2018, Emgold reached an agreement (which was modified to eliminate required cash payments and capital expenditures in June 2019) with two different vendors, as well as the finder, of Casa South to acquire a 100% interest in the 11,400-hectare property located immediately south of the Hecla Mining's Casa Berardi mine. Casa Berardi produced 134,409 ounces of gold in 2019. See Figure 3.

Figure 3: Casa South Property is Just South of Hecla's Casa Berardi Mine



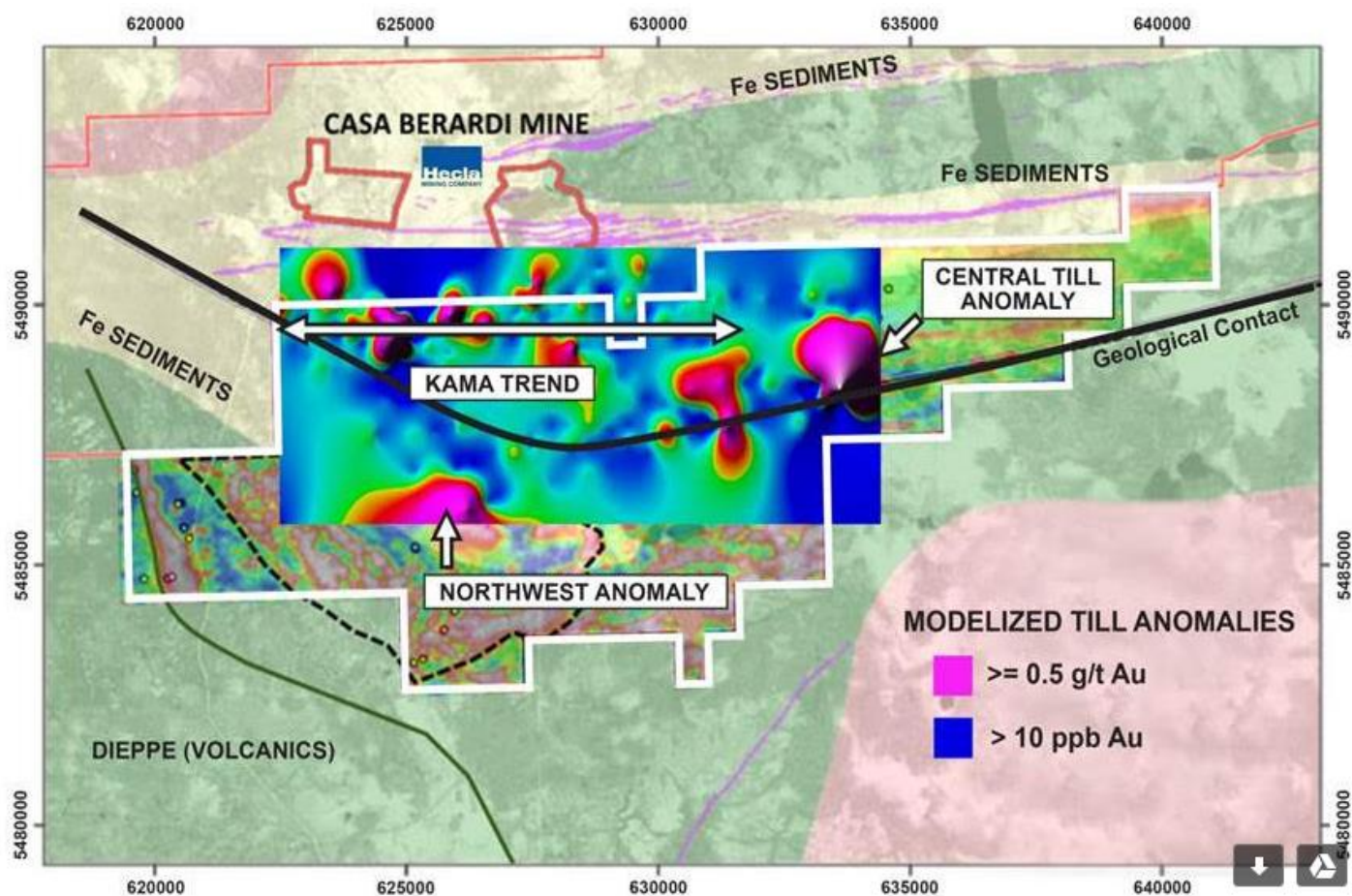
Source: *Emgold Mining Corporation.*

Under the accord, Emgold issued four million Compensation Units to the Vendors. Each unit consisted of one share of Emgold common stock plus one-half of a warrant. Each warrant allows the holder to purchase one share of Emgold common stock at US\$0.25 over the period ending June 2021. At current prices, the value of the common shares of Emgold alone to be transferred to the Vendors is C\$360,000.

Casa South Drilling Program: In March 2019, Emgold began an eight-hole, cumulative 3,021-meter diamond drilling program in the Kama Trend area of the Casa South Property. See Figure 4. In our opinion, the program was quite successful; all the holes intersected the Kama Trend structure with variable widths of 4.5-18.3 meters. Note that the structure is 7 kilometers in length and much more exploration will be required.

Most importantly, one hole encountered volcanic breccia (or a coarse-grained rock formation containing abundant volcanic fragments) with quartz-carbonate veining that hosts a high concentration (5%-10%) of sulfides. Such a structure is frequently associated with gold mineralization. Furthermore, most of the holes that were drilled showed significant amounts of ductile deformation. Such deformations, wherein the strain on a rock formation is irreversible, are in many cases associated with gold mineralization.

Figure 4: Casa South Property Details



Source: Emgold Mining Corporation.

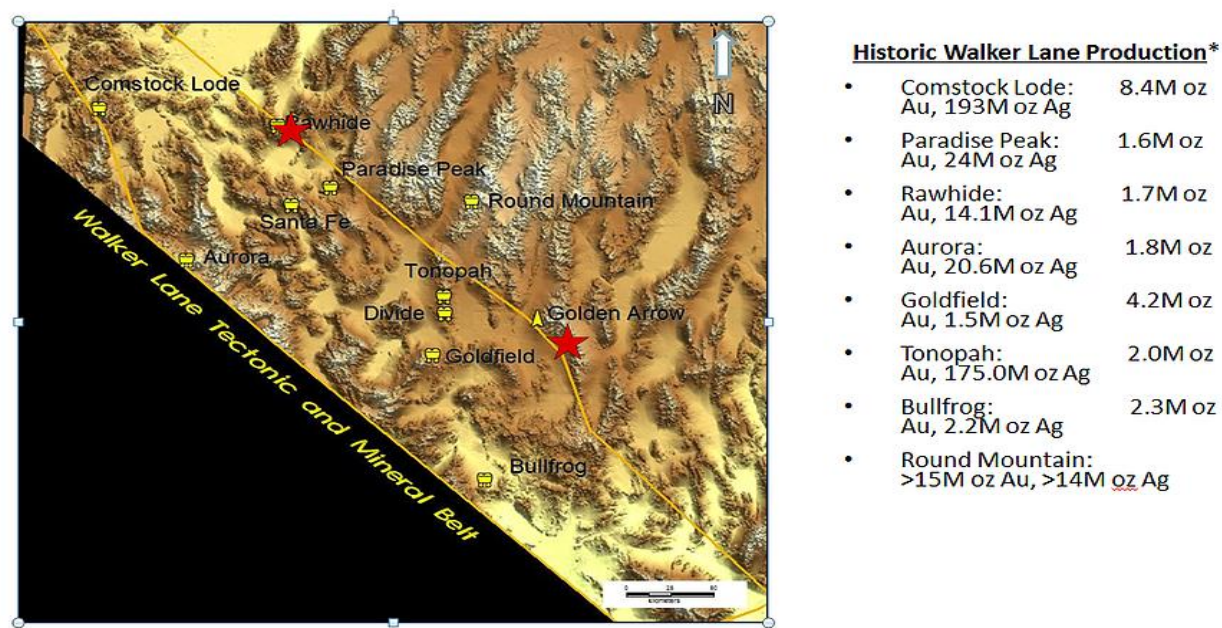
If Emgold's drilling program ultimately were to lead to a substantial discovery, a natural potential acquiror of the Casa South property is the owner of Casa Berardi, Hecla Mining. A side note and an illustration of the importance of Casa Berardi to Hecla: on April 1, 2019, Hecla updated its mineral resources estimate. In that report, Casa Berardi's proven and probable reserves were judged to have increased 28% to around 1.91 million ounces of gold. Casa Berardi comprises about one-third of Hecla's revenues.

Golden Arrow Property: Emgold acquired a 100% interest in the 7,000-acre Golden Arrow Property from Nevada Sunrise Gold Corp. (TSXV: NEV) in October 2018 in exchange for C\$100,000 in cash and five million Emgold shares (issued at a deemed share price of C\$0.135), equivalent to a combined total value of around C\$775,000.

In a September 2018 report, Mine Development Associates estimated that Golden Arrow contained measured and indicated (M&I) mineral resources of 296,500 ounces of gold and 4.0 million ounces of silver, equivalent to a total of 343,000 gold-equivalent ounces (based on US\$1,300 and US\$15 per ounce gold and silver prices, respectively). Based on this estimate, Emgold paid only about US\$1.70 per gold-equivalent (M&I) ounce for Golden Arrow. In comparison, a group of comparable junior mining companies trade at an EV-to- M&I gold-equivalent ounce of around US\$20 per ounce. See Table 1 on page 14.

A key positive for Golden Arrow is its location: along the northeastern margin of the Walker Lane structural zone in Nevada, a trend well known for bulk disseminated gold deposits. Numerous mines in the region have produced substantial quantities of precious metals, as well as boasting high levels of resources. For example, Kinross Gold Corp.’s (NYSE: KGC) Round Mountain mine produced about 385,000 ounces of gold equivalent in 2018. Round Mountain’s current reserves plus past production total nearly 30 million ounces of gold equivalent. The Golden Arrow property has many of the same characteristics as Rawhide Mine. See Figure 5 for the names of other large precious metal mines in the Walker Lane trend, as well as Golden Arrow’s location relative to these mines.

Figure 5: Walker Lane Mine Locations

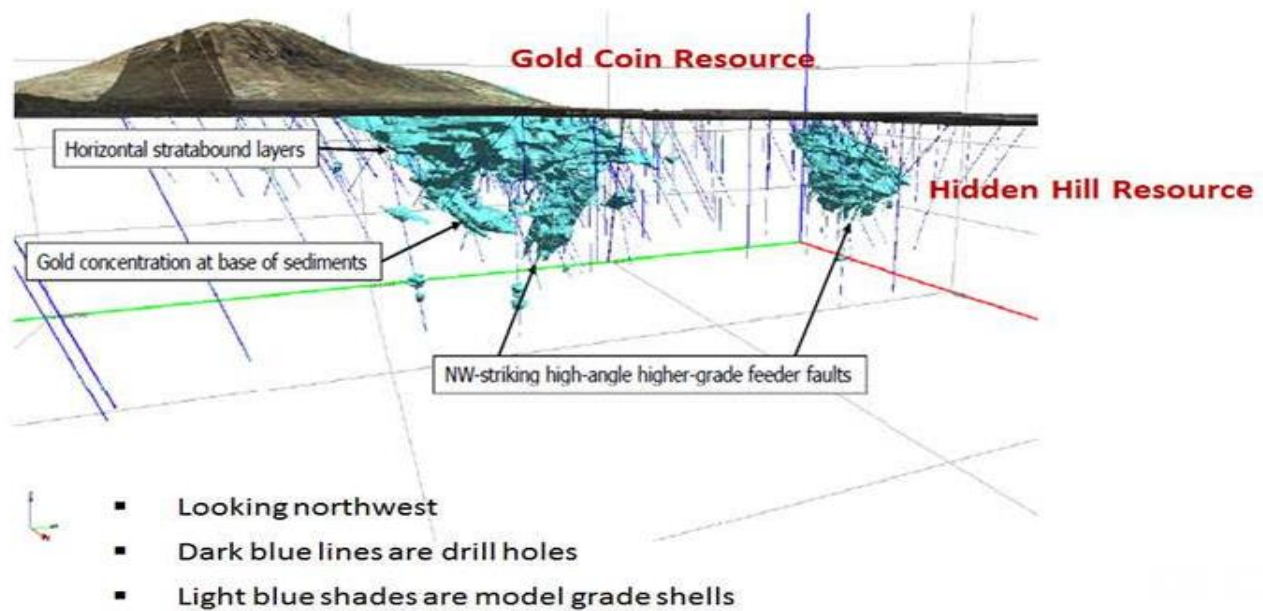


Source: Emgold Mining Corporation.

Probably more directly relevant to Emgold, we note that Coeur Mining (NYSE: CDE) paid US\$90 million in late 2018 to acquire Northern Empire Resources (TSX: NM), equivalent to a takeover price of US\$117 per ounce of gold. Emgold is valued at around US\$10.40 per ounce of gold equivalent resources. See page 14. Northern Empire Resources’ principal asset was the Sterling gold project and its large prospective land package in the Walker region. Sterling could become one of the highest-grade heap leach mines in the western U.S.

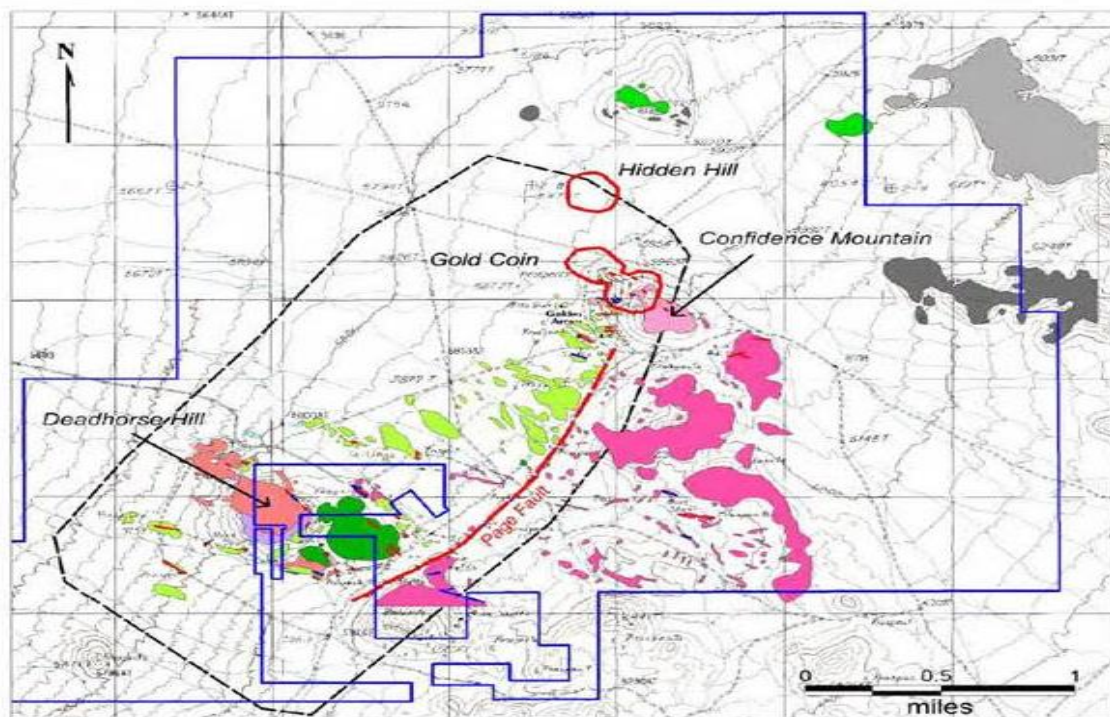
Based on drilling records collected by seven companies over the past 20 years, gold and silver exist both in high-grade vein-hosted mineralization and in more widespread and disseminated depositions in the Gold Coin and Hidden Hill zones of the Golden Arrow Property. See Figures 6 and 7. Golden Arrow has a completed Plan of Operations and Environmental Assessment that allows for a major drilling program to commence.

Figure 7: Depiction of the Gold Coin and Hidden Hill Resources on Golden Arrow



Source: Emgold Mining Corporation.

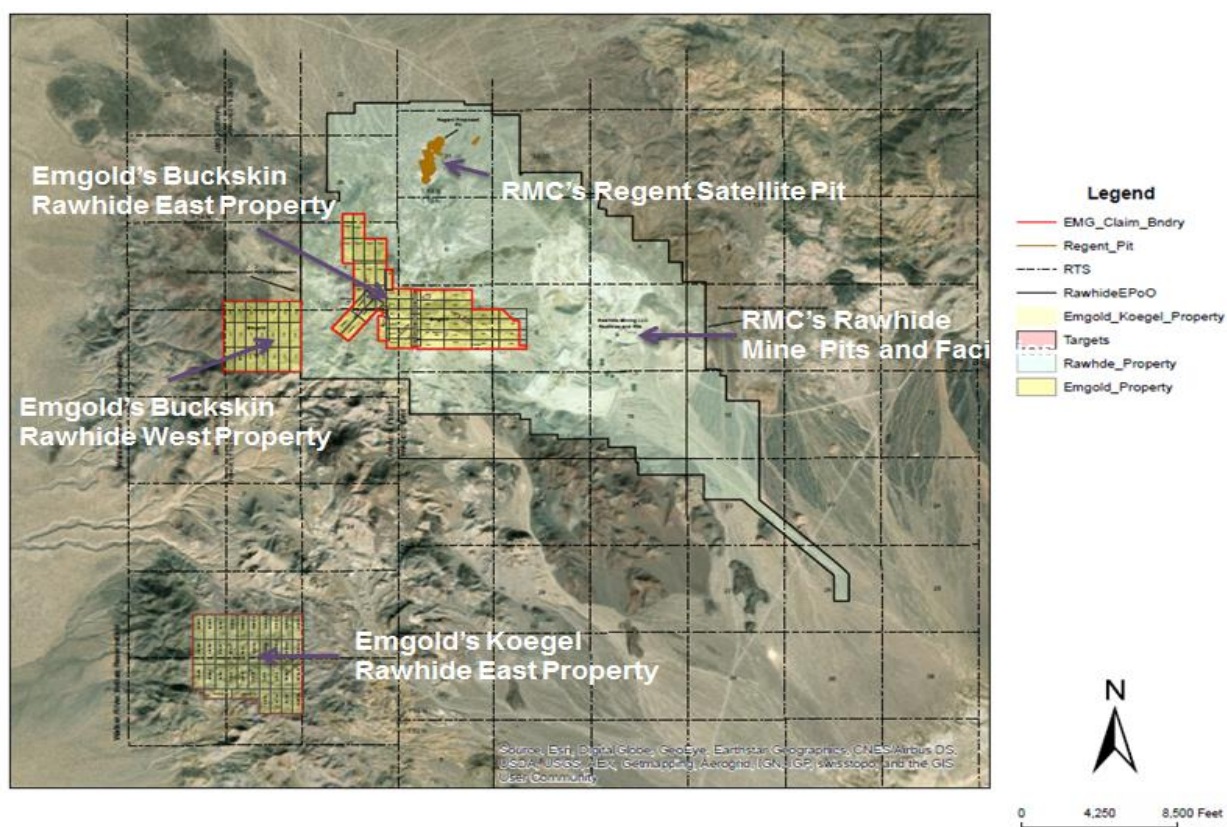
Figure 8: Golden Arrow Property Detail



Source: Emgold Mining Corporation.

Buckskin Rawhide East (BRE) Property: BRE is an 835-acre property in the northeastern portion of the Walker Lane region (see page 9). The property is inlying (or interior to) and has similar geology and mineralization as Rawhide Mining LLC's Rawhide Mine, a mine which produced 1.7 million ounces of gold and 14 million ounces of silver over a 25-year period ending in 2014. Rawhide Mining is a private company; its production averaged 22,700 ounces of gold over the 2012-2017 period. See Figure 9.

Figure 9: Buckskin Rawhide East Property Details



Source: Emgold Mining Corporation.

Effective June 1, 2013, Emgold leased BRE to Rawhide Mining for a 20-year term under which Rawhide Mining makes advance royalty payments to Emgold of C\$10,000 each year. As background, Rawhide Mining made total private placement investments into Emgold of C\$1 million over the period 2012-2014 (C\$465,000, C\$285,000 and C\$250,000 in 2012, 2013, and 2014, respectively). Emgold utilized a portion of these investments to buy out underlying claim owners of BRE.

Under the original agreement, Rawhide Mining was supposed to conduct US\$500,000 in BRE exploration expenditures. Instead, Rawhide Mining completed US\$325,000 in spending by mid-2016 and agreed to pay Emgold the remaining US\$175,000 to meet its commitments.

Most importantly, according to the lease terms, if BRE enters commercial production, Rawhide will make additional payments to Emgold of US\$15 per ounce of gold mined if the price of gold is in the range of US\$1,200-US\$1,799 per ounce; and US\$20 per ounce if the price of gold is US\$1,800 or higher. (No additional payment will be made if gold prices are below US\$1,200.)

Rawhide Mining has completed a new Plan of Operations (POO) and Environmental Assessment (EA) to mine the Regent deposit adjacent to both the Rawhide Mine and BRE. The POO and EA allow for a major exploration program to be conducted on the property, and open pit mining commenced in late 2019 at Regent. Exploration success on the property would translate into long-term, risk-free benefits for Emgold.

Mindora Gold, Silver and Base Metals Property: In May 2019, Emgold reached agreements with two private companies to purchase the Mindora Property located near Hawthorne, Nevada. See Figure 10. Prior owners of Mindora have essentially not drilled on the property since 1995 even though prior drilling results showed significant gold and silver intercepts. For example, Hole 7 contains 105 feet of gold and silver with a gold-equivalent grade of 3.36 grams of gold per tonne. The true width of the hole's intercept is unknown. Drilling results at Mindora have also shown molybdenum intercepts, the longest of which is 295 feet.

Figure 10: Mindora Property



Source: Emgold Mining Corporation.

Mindora consists of 30 unpatented mining claims. Emgold agreed to buy 12 of them from Nevada Sunrise LLC for a total purchase price of US\$150,000 payable over a four-year period. Emgold is buying the other 18 mining claims from BL Exploration LLC. Emgold paid BL Exploration US\$25,000 at transaction closing and paid an additional US\$25,000 to acquire the final part. In addition, Emgold will pay BL Exploration a US\$20,000 per year advance royalty, as well as a 2% net smelter royalty (NSR). Emgold has the option to acquire half of the 2% NSR for a payment of US\$200,000 any time before the fifth anniversary of the deal's closing.

Emgold Sold B.C.-Based Assets at a Very Attractive Price: On February 26, 2020, Emgold announced that Ximen Mining agreed to purchase its 1.950-hectare Rozan gold and its 5,789-hectare Stewart polymetallic (gold, silver, molybdenum, and tungsten) properties in British Columbia. Rozan and Stewart are located nearby Ximen's Kenville Gold Mine. Kenville was a past-producing mine, and Ximen hopes to bring it back into production. In the second quarter of 2020, Ximen announced the acquisition of two additional properties located between Kenville and Rozan, making a large, contiguous, 8,000-hectare (20,000-acre) property.

Emgold received total compensation from Ximen of around C\$1 million, in a combination of cash Ximen common stock (which traded at C\$0.44 per share on the date the transaction was announced), and Ximen warrants. This breaks down as follows: 1) C\$100,000 cash; 2) 1.275 million Ximen shares; and 1.275 million share purchase warrants allowing Emgold to purchase Ximen shares at C\$0.45 per share for three years after the close of the transaction, increasing to C\$0.55 at any time in the two years after that.

Emgold's Valuation Relative to Similar Junior Miners: In Table 1, we compare the valuations of a group of developmental-stage junior gold mining companies to Emgold. In Table 2, we list selected development-stage mining companies in Nevada and Quebec with significant market valuations which have successful exploration programs but have not yet produced maiden resource estimates.

Table 1: Select Junior Gold Mining Companies – Valuations Per Ounce of Gold-Equivalent

	Stock Market Value (US\$MM)	Net Debt (US\$MM)	Gold or Gold-Equiv. Resources (in thousands of ounces) (A)			EV/Ounce of Gold Resources (US \$/Oz.)	Location of Resource
			Measured & Indicated	Inferred	Total		
Canarc Resources	\$16.9	(\$2.0)	519	636 6g grams/ tonne	1,155	\$12.87	British Columbia and Nevada
Allegiant Gold	\$17.9	\$0.0	0	721 0.63g grams/ tonne	721	\$24.84	Carlin, Battle Mountain Gold, and Walker Lane Trends in Nevada
Bravada Gold Corp.	\$8.2	(\$0.1)	585.2	0	585	\$13.81	Walker Lane Trend in Nevada
West Kirkland	\$35.8	(\$0.2)	927	162	1,089	\$32.70	Walker Lane Trend in Nevada
Viva Gold, formerly Aintree Res.	\$5.6	(\$0.2)	253 0.95 grams/ tonne	123 0.77g grams/ tonne	376	\$14.22	Walker Lane Trend in Nevada
Gunpoint Exploration	\$16.5	\$0.0	1,150 1.11 grams/ tonne	259 0.7g grams/ tonne	1,409	\$11.74	Nevada
Timberline Resources	\$5.2	\$0.1	508 0.56grams/ tonne	141 0.38g grams/ tonne	649	\$8.16	Eureka Trend in Nevada
Troilus Gold Corp. (B)	\$65.5	(\$6.1)	4,710 0.92 grams/ tonne	1,760 1.04g grams/ tonne	6,470	\$9.18	Quebec
Emgold Mining	\$4.3	(\$0.0)	343 0.7 grams/ tonne	66 0.4g grams/ tonne	409	\$10.41	Quebec, Nevada
AVERAGE INCLUDING EMGOLD						\$15.32	
AVERAGE EXCLUDING EMGOLD						\$15.94	

Footnotes:

(A) If available, gold mineralization rates, expressed in terms of grams of gold per tonne mined, are shown for each company.

(B) Gold resources are calculated using long-term metal prices of US\$1,400 per ounce gold and US\$3.25 per pound copper. US\$1.00 = C\$1.25 exchange rate.

Table 2: Nevada and Quebec Gold Mining Companies with Significant Market Valuations Which Have Yet to Produce Maiden Resource Estimates

	Stock Market Value US\$MM	Net Debt US\$MM	Enterprise Value US\$MM	Location of Resource
Nevada Exploration	\$9.3	(\$0.0)	\$9.3	Cortez and Carlin Trends in Nevada
NV Gold Corp.	\$7.0	(\$0.4)	\$6.7	Cortez and Carlin Trends in Nevada
Azimut Exploration	\$107.8	(\$2.2)	\$105.6	Primarily James Bay Region of Quebec
Midland Exploration	\$44.8	(\$2.4)	\$42.4	Projects Throughout Quebec
Amex Eploration	\$121.3	\$0.0	\$121.3	North of Rouyn-Noranda, Quebec
Fremont Gold Ltd.	\$6.0	\$0.0	\$6.0	North Carlin Trend in Nevada
Renaissance Gold	\$18.8	(\$2.1)	\$16.7	Nevada
NuLegacy Gold Corp.	\$35.3	(\$4.1)	\$31.2	Cortez Trend in Nevada
NewRange Gold Corp.	\$15.1	(\$0.1)	\$15.0	Walker Lane Tend in Nevada

Key observations on the data displayed in the above table are as follows:

- **In these calculations, we compare Emgold's enterprise value to the mineral resources of its Golden Arrow Property only. No mineral resources are ascribed to Casa South, New York Canyon, East-West, nor is any value accorded to the BRE Property. Even using this conservative approach, Emgold shares trades at a sharp discount to those of its peers.**
- **If Emgold were to trade at the average EV-per-ounce of gold equivalent resources of its junior mining peers, the stock would trade at around C\$0.40-C\$0.50 per share, dramatically higher than its current level. Note that this fair value estimate reflects only a minimal imputation of mineral resources from Emgold's Casa South, New York Canyon or East-West Properties.**

Strong, Shareholder-Oriented Management: Emgold is led by CEO David Watkinson, an industry veteran with 30 years of experience in underground and open pit mine development. We consider the management team to be very shareholder-friendly, as evidenced by multiple transactions from late 2018 through early 2020: the tactical and well-priced sale of the Troilus North property to Troilus Gold Corp. and the sale of B.C.-based properties to Ximen, as well as the strategic acquisitions of the high-potential stakes in the New York Canyon, Casa South, East-West and Golden Arrow properties.

Investment Conclusion: We believe that Emgold shares have significant upside potential with very little downside risk. Note the following positive investment characteristics:

- **Based on the market valuations of similarly positioned junior mining companies, in which Emgold has a significant strategic investment, we believe the fair value of Emgold shares is at least C\$0.40-C\$0.50.**
- We note that a prospective mining property in the same Nevada region as Emgold's Golden Arrow Property was recently acquired at a price of about US\$117 per gold equivalent ounce. Emgold is currently valued at just over US\$10 per gold-equivalent ounce.
- The market ascribes very little value for Emgold's portfolio of projects, such as New York Canyon, Casa South and East-West. As investors realize that one or more of those projects have significant optionality and value, we believe investors will begin to value Emgold stock more appropriately.

Jim McFadden, CFA, MBA

Tormont50 Research

06/25/2020.

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