

## ***History***

The Idaho-Maryland Mine has a long and successful history as a gold mine. Gold was first discovered on the Idaho-Maryland property and the original claim staked in 1851. The mine ultimately became the second largest underground gold mine in California producing 2.4 million ounces of gold at a recovered grade of 0.43 opt from 1862 to 1956. The mine consists of 72 miles of tunnels with workings to a depth of 3,280 feet below the surface. Operating mines in the area shut down by 1956 due to the U.S. government fixing the price of gold to \$35 per ounces, rising labor and supply costs after World War 2, and loss of the Nevada County Narrow Gauge Railway. In total, underground mines within a three mile radius of the Idaho-Maryland Mine produced 13 million ounces of gold from 1850 to the mid-1950's.

The Idaho-Maryland mine is adjacent to the historic Empire-North Star Mine, which was the largest underground gold mine in California. The Empire-North Star produced 5.8 million ounces of gold from 1850 to 1956 and consists of 350 miles of tunnels, with workings to a depth of over 5,000 feet below the surface. It was Newmont Mining Corporation's first operating mine and mineral rights are still owned by Newmont. The mines of the Grass Valley District were considered to be some of the most advanced mines in the world in their day.

Emperor Gold Corporation (predecessor to Emgold) became involved in the property in 1993 and completed an EIR to dewater and explore the mine in 1996. In 1999, with a continuing decline in the price of gold, the Company temporarily abandoned the project until gold prices recovered. In 2002, with rising gold prices, Emgold re-negotiated the mineral and property rights to the I-M Project with the revised agreement with the BETS Group (prior owner of mineral rights of the project). By 2006, the Company completed exploration drilling, geographical modeling, and other technical work, including an NI 43-101 Technical Report.

## ***Geology, Resources and Exploration potential***

The I-M Project deposit is a structurally controlled mesothermal mineral deposit with numerous high grade vein structures showing both horizontal and vertical continuity. Historic information being modeled included 3,200 mine maps, 1,100 photographs, and monthly operating reports. To date, 215 gold resource blocks have been defined to delineate measured, indicated, and inferred resources. A total of 512 exploration targets have been identified for further exploration.

The Idaho-Maryland deposit has significant exploration potential and is potentially a world class mineral deposit. Emgold management believes the exploration targets at the mine have potential for the delineation of 3 to 5 million ounces of gold.

## ***Proposed Plan / Community***

The proposed project includes a 2,400 ton per day underground gold mine and processing plant with potential to produce over 200,000 ounces of gold per year through a sustainable, smart growth, environmentally and socially responsible project. Upon completion of permitting and obtaining the necessary financing, Emgold would dewater the historic mine workings, excavate new underground accesses, and conduct exploration necessary to convert the existing mineral resources into mining reserves. The primary mining method will be cut-and-fill mining. Gold recovery will be by gravity, flotation, and cyanidation of the two concentrates producing gold dore with further refining off-site.

Emgold has an extensive community relations program in Grass Valley which has included public meetings on the project and presentations to stakeholder groups. The project has the support of many local organizations and businesses and local community concerns are being addressed through the permitting process.

In a 2006 independent survey commissioned by the City of Grass Valley City Counsel, 72% of residents were in favor of the project, 16% undecided, and 12% were opposed. The I-M Project will clean up a legacy mine site that has sat idle for over 50 years. The Project will include unique additions such as a Mining Education Center and Outdoor Mining Display Park to enhance tourist opportunities for the City of Grass Valley. At closure, the mine site will be redeveloped as a commercial business park bringing future opportunity to the city. The project will include significant tax revenue for the city and 600 high paying direct jobs as well as many indirect jobs for the community.