

# EMGOLD MINING CORPORATION

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SEC 12g3-2(b): 82-3003

## EMGOLD - FIRST QUARTER RESULTS

**Emgold Mining Corporation (EMR: TSX-V)** (“Emgold”) announces its results for the three months ended March 31, 2005 (“Q1 2005”). Emgold incurred a loss of US\$1,094,829, or a loss per share of US\$0.02, compared to a loss of US\$1,169,195 or a loss per share of US\$0.03 for the three months ended March 31, 2004 (“Q1 2004”).

### **Permitting Process**

Throughout fiscal 2004, documentation was prepared and reviewed prior to the initial applications for the Conditional Mine Use Permit (“CMUP”) related to the further exploration and development of the Idaho-Maryland Mine with the City of Grass Valley as the Lead Permitting Agency. During the process, various government agencies provided valuable input which assisted in the preparation of the final applications. Comments have been received from the City of Grass Valley and the Company is currently addressing the comments and issues. Reports required include independent reviews of project business plans, corporate documents, and securities filings in addition to the documents required in the permitting process. Consultants were hired to assist the Company in putting together the additional information for review. Responding to the comments from the City of Grass Valley has been the main focus on the Idaho-Maryland project to date in fiscal 2005, and additional material will likely be requested and provided, as part of the permitting process which should continue throughout fiscal 2005 and 2006. This work will require significant resources. Associated expenditures will increase and decrease sporadically as requests and responses are made between the City of Grass Valley and other State and County regulatory authorities throughout the permitting process.

In California, permitting is a well-defined process where we work with the local community and governments. We believe we have a good working relationship with the local community and governments and to date have been successful in obtaining permits we have applied for.

The CMUP will include, but not necessarily be limited to, the dewatering of the existing Idaho-Maryland Mine workings and the construction of a ramp for underground exploration and possible future mine production. The construction of the ramp may also enable the production of ceramics from the development rock and further testing of underground exploration targets that are not accessible by surface exploration. The CMUP application will also include provisions for Emgold to operate a Ceramext™ plant to produce ceramic building products, sales of which are projected to contribute significant revenue that could enhance the overall value of the integrated mining operation. The CMUP application contemplates the staged development of a gold mining and ceramics operation on a scale of up to 2,400 tons per day after positive feasibility studies are completed and production decisions can be made.

### **Exploration**

Emgold has currently identified up to 26 additional exploration targets, each having the potential to host a sizeable gold deposit based on historical and current drill data from the Idaho-Maryland Mine. It is important to note that these additional exploration targets may only be further defined by both surface and underground exploration drill programs. The Company’s geologists are currently designing the Phase 3 surface drill program for 2005. An application to conduct the Phase 3 surface drill program may be prepared for submission to the City of Grass Valley. The Phase 3 program is presently expected to consist of up to 25,000 ft (7,620 m) of core drilling conducted as many as 5 sites located within the City.

We are also planning a future 425,000 ft (130,000 m) underground drill program to test the 26 additional exploration targets and 200 resource blocks that have currently been identified. Underground exploration can only be accomplished by successfully obtaining a CMUP, and our current estimate is that the permitting process may take between 14 and 24 months from the time that the Final Applications are deemed substantially complete by the Lead Agency, based on the experiences of previous mining operations located in California.

Currently and ongoing, the exploration geologists are inputting the historic data into the mine modelling software. All

data must be digitized, checked and analyzed. It is a slow process, but the majority of the historic data should be entered into the modelling software by the end of the summer in 2005.

Emgold has expended US\$217,137 in Q1 2005 compared to US\$214,371 in Q1 2004 on the licensing, bench-scale model and related research on the Ceramext™ Process. Included in the costs in each quarter is US\$35,263 in amortization of the original acquisition of the license fee on the process.

During Q1 2005, Emgold expended US\$401,372 in exploration costs on the Idaho-Maryland Property compared to US\$695,847 in Q1 2004. The property lease commenced on June 1, 2002, and expires on May 31, 2007. The Company has an option to purchase the property at any time at a base price in 2002 of US\$4,350,000, which is increased by 3% each lease year. No drilling has been completed in fiscal 2005 to date, whereas drilling was underway in the first half of fiscal 2004.

Administrative expenditures totalled US\$475,340 in Q1 2005 compared to US\$286,478 in Q1 2004. Activity significantly increased in fiscal 2004, and expenses in fiscal 2005 should reflect full staffing levels, compared to total expenditures in fiscal 2004. Included in administrative expenditures is a foreign exchange loss of US\$2,963 in Q1 2005 compared to a foreign exchange loss in Q1 2004 of US\$117,291. In Q1 2004, funds were primarily held in Canadian dollars. A significant portion of the Company's expenditures are in United States dollars so the Company will almost always be subject to some currency fluctuations, but the fluctuations are expected to be lower in Q1 2005, as a majority of the proceeds from a private placement financing were received and are being held in United States dollars.

At March 31, 2005, Emgold had working capital of US\$147,171. Subsequent to March 31, 2005, a non-brokered private placement financing of 18,360,000 units at \$0.50 per unit, for gross proceeds of \$9,180,000 was completed, subject to shareholder approval. Each unit is comprised of one common share in the capital of Emgold and one non-transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of Emgold at an exercise price of \$0.70 per share for a period of 24 months from the date of issuance. 14,880,000 of the total units subscribed for are being purchased by Galaxy Fund, Inc. ("Galaxy"), a well-established mutual fund based in Road Town, British Virgin Islands. On issuance of the shares subscribed for, Galaxy will hold approximately 23% of the issued and outstanding voting shares of Emgold, and if all of the warrants included in the private placement are exercised, this percentage could increase to approximately 36%. Under the rules and policies of the TSX Venture Exchange, this shareholding would constitute Galaxy a "control person" of Emgold, and accordingly Emgold will be seeking shareholder approval to the private placement to Galaxy at its annual general and special shareholders' meeting presently scheduled for June 8, 2005.

On behalf of the Board of Directors,  
**William J. Witte, P.Eng.**  
President and Chief Executive Officer

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