

EMGOLD MINING CORPORATION

(AN EXPLORATION STAGE COMPANY)

UNAUDITED CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

Stated in US Dollars

Notice of No Auditor Review of

Condensed Interim Consolidated Financial Statements

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

US Dollars

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at	
		31 March 2019	31 December 2018
ASSETS			
Current Assets			
Cash		\$ 17,161	\$ 203,042
Amounts receivable		39,694	34,784
Marketable securities	(4)	2,776,351	2,061,648
Share subscription receivable	(8)	16,309	16,310
Prepaid expenses		126,766	9,261
Assets held for sale	(5)	-	154,452
		2,976,281	2,479,497
Non-current Assets			
Reclamation bonds		16,910	16,910
Deposit		4,500	4,500
Exploration and evaluation assets	(6)	1,269,660	1,131,983
		1,291,070	1,153,393
		\$ 4,267,351	\$ 3,632,890
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 279,990	\$ 478,438
Flow-through share premium liability	(9)	19,232	21,631
Warrant liability	(8)(d)	804,867	371,646
Due to related parties	(7)	379,594	441,134
		1,483,683	1,312,849
EQUITY (Statement 3)			
Share capital	(8)	45,883,305	45,622,784
Warrants – contributed surplus	(8)	704,512	701,802
Options – contributed surplus	(8)	7,215,227	7,215,227
Deficit		(51,019,377)	(51,219,772)
		2,783,668	2,320,041
		\$ 4,267,351	\$ 3,632,890

(1) Nature of operations and going concern

(2) Basis of preparation – Statement of Compliance

(10) Capital disclosures

(11) Segmented disclosures

(13) Subsequent events

The unaudited interim consolidated financial statements were approved by the Board of Directors on May 29, 2019 and were signed on its behalf by:

“David Watkinson”

David Watkinson, Director

“Andrew MacRitchie”

Andrew MacRitchie, Director

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended 31 March 2019	Three months ended 31 March 2018
CONTINUING OPERATIONS		
EXPENSE		
Exploration and Evaluation		
Resource property expense	(6) \$ 85,974	\$ 10,550
General and Administrative		
Management and consulting	252,600	31,989
Professional fees	31,257	7,608
Listing and filing fees	7,556	4,786
Rent	9,410	–
Office and administration	2,900	10,900
Travel	9,817	–
Insurance	4,681	2,186
Shareholder communication	5,476	–
Banking costs	233	296
Advertising and promotion	400	–
	319,976	57,765
Net (Loss) and Comprehensive (Loss) Before Other Items	(405,950)	(68,315)
Other income (loss)		
Sublease income	3,600	–
Loss on write off of accounts receivable and payable	–	(833)
Flow-through share premium amortization	2,399	–
Unrealized loss on warrant liability	(8)(d) (115,102)	–
Financing charges	(11,105)	–
Foreign exchange gain (loss)	2,446	3,521
Gain on sale of property	(5) 9,404	–
Unrealized gain on marketable securities	(4) 714,703	–
	606,345	64,794
Net Income and Comprehensive Income	\$ 200,395	\$ 64,794
Basic and Diluted Earnings per Common Share	\$ 0.01	\$ 0.01
Weighted Average Number of Shares Outstanding	36,915,020	8,052,158

EMGOLD MINING CORPORATION

US Dollars

Statement 3

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Shares	Amount	Warrants	Amount	Options	Amount	Deficit	Shareholders' Equity
BALANCE AT 31 DECEMBER 2017	7,971,206	\$44,095,360	-	\$686,349	265,000	\$ 7,062,781	\$ (51,493,995)	\$ 350,495
Shares issued for properties	482,572	60,000	-	-	-	-	-	60,000
Comprehensive income for the period	-	-	-	-	-	-	(64,794)	(64,794)
BALANCE AT 31 MARCH 2018	8,399,778	\$44,155,360	-	\$686,349	265,000	\$ 7,062,781	\$ (51,558,789)	\$ 345,701
BALANCE AT 31 DECEMBER 2018	35,393,420	\$45,622,784	11,508,431	\$701,802	3,000,000	\$ 7,215,227	\$ (51,219,772)	\$ 2,320,041
Shares issued for properties	807,692	39,495	-	-	-	-	-	39,495
Private Placement – Non flow-through (net of issuance costs)	6,097,900	221,026	6,149,900	2,711	-	-	-	223,737
Comprehensive income for the period	-	-	-	-	-	-	200,395	200,395
BALANCE AT 31 MARCH 2019	42,299,012	\$45,883,305	17,658,331	\$704,513	3,000,000	\$ 7,215,227	\$ (51,019,377)	\$ 2,783,668

US Dollars

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended	
	31 March 2019	31 March 2018
OPERATING ACTIVITIES		
Income (loss) for the Period	\$ 200,395	\$ (64,794)
Items not Affecting Cash		
Effect of currency translation	-	269
Flow-through premium amortization	(2,399)	
Unrealized gain on marketable securities	(714,703)	-
Unrealized loss on warrant liability	115,102	-
Gain on sale of property	(9,404)	-
	(411,009)	(64,525)
Net Change in Non-Cash Working Capital		
Amounts receivable	(4,909)	771
Prepaid expenses and deposits	(117,505)	(703)
Accounts payable and accrued liabilities	(90,592)	18,776
Due to related parties	(61,540)	36,925
	(274,546)	55,769
	(685,555)	(8,756)
INVESTING ACTIVITIES		
Resource property payments	(41,864)	2,707
Proceeds from sale of mineral property	56,000	-
Acquisition of property	(56,318)	-
	(42,182)	2,707
Financing ACTIVITIES		
Proceeds from units issued for cash, net of share issuance costs	541,856	-
Net (Decrease) in Cash	(185,881)	(6,049)
Cash – beginning of year	203,042	18,572
Cash – end of period	\$ 17,161	\$ 12,523
Schedule of Non-cash Investing and Financing Transactions		
Shares issued for mineral property acquisition	\$ 39,495	\$ 60,000

EMGOLD MINING CORPORATION

For the Three Months Ended 31 March 2019 and
2018 US Dollars

NOTES TO THE CONSOLIDATED FINANCIAL

1) Nature of operations and going concern

Emgold Mining Corporation (“the Company” or “Emgold”) is incorporated under the British Columbia Corporations Act and the principle place of business is located at 1015 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol EMR, the OTC Market under the symbol EGMCF, and the Frankfurt Stock Exchange (“FRA”) under the symbol EMLM.

These condensed interim consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company’s ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations.

There are several adverse conditions that cast significant doubt upon the soundness of this assumption. The Company has negative operating cash flow and incurred operating losses since inception. There is no source of significant revenue at this time, is unable to self-finance operations, and has significant on-going cash needs to meet its overhead requirements and maintain its exploration and evaluation assets. Further, the business of mining and exploration involves a high degree of risk and there can be no assurance that current or future exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation assets is dependent upon several factors, which include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers.

For the Company to continue to operate as a going concern it must obtain additional financing; there can be no assurance that this will continue in the future.

If the going concern assumption were not appropriate for these condensed interim consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

Rounded (‘000’s)	31 March 2019	31 December 2018
Working capital (deficit)	\$ 1,493,000	\$ 1,167,000
Accumulated deficit	\$ (51,019,000)	\$ (51,220,000)

2) Basis of preparation

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2019.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

EMGOLD MINING CORPORATION

For the Three Months Ended 31 March 2019 and
2017 US Dollars

NOTES TO THE CONSOLIDATED FINANCIAL

c) Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries:

- Golden Arrow Mining Corporation (formerly Idaho-Maryland Mining Corporation)
- Emgold (US) Corp.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated.

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a summary of significant accounting policies, please refer to the Company's audited annual financial statements for the year ended 31 December 2018.

4) Marketable securities

During the year ended December 31, 2018, the Company received 3,750,000 common shares of Troilus Gold Corporation (TSE:TLG) in accordance with the Purchase and Sales Agreement of Troilus North Property (note 8(e)).

As at March 31, 2019, the fair value of the 3,750,000 shares was \$2,776,351 (CDN\$3,787,500) and the gain on fair value adjustment was \$714,703 for the three months ended March 31, 2019.

5) Assets held for sale

Emgold has a 7.13 acre parcel of land located in Nevada County that was part of the Company's former Idaho-Maryland Project that is currently listed for sale.

This property was subsequently sold at the auction on January 26, 2019 for \$56,000. The disposition of this property resulted in \$56,000 sale proceeds which was applied to settle \$163,856 liability for property taxes including penalty and interest.

ASSETS HELD FOR SALE	Assets Held for Sale	
Balance at 31 December 2018	\$	154,452
Disposition		(154,452)
Balance at 31 March 2019	\$	-

EMGOLD MINING CORPORATION

For the Three Months Ended 31 March 2019 and
2017 US Dollars

NOTES TO THE CONSOLIDATED FINANCIAL

6) Exploration and evaluation assets

	Buckskin Rawhide East	Buckskin Rawhide West	Koegel Property	BC Properties	Nevada Golden Arrow Property	Casa South	Total
Property Acquisition Costs							
Balance as at January 1, 2018	324,052	110,029	110,030	2	-	-	544,113
Acquisitions	-	30,000	30,000	-	-	-	60,000
Royalty payments received	(10,000)	-	-	-	-	-	(10,000)
Balance as at March 31, 2018	314,052	140,029	140,030	2	-	-	594,113
Balance as at January 1, 2019	314,052	140,029	140,030	2	537,870	-	1,131,983
Acquisitions	-	-	-	-	25,000	112,677	137,677
Royalty payments received	-	-	-	-	-	-	-
Balance as at March 31, 2019	314,052	140,029	140,030	2	562,870	112,677	1,269,660

	Buckskin Rawhide East	Buckskin Rawhide West	Koegel Property	Other Prospect	Nevada Golden Arrow Property	Casa South	Total
Exploration and Evaluation Expenditures							
Balance as at January 1, 2018	3,515	6,024	-	29,016	-	-	38,555
General property search	-	-	-	10,550	-	-	10,550
Balance as at March 31, 2018	3,515	6,024	-	39,566	-	-	49,105
Balance as at January 1, 2019	-	3,725	5,580	-	59,639	-	68,944
Carrying costs	-	-	-	-	37,019	48,955	85,974
Balance as at March 31, 2019	-	3,725	5,580	-	96,658	48,955	154,918

a) Golden Arrow Property, Nevada

Emgold has a 100% interest in the Golden Arrow Property, subject to title transfer from Nevada Sunrise Gold Corporation which is ongoing. The Property is located approximately 40 miles east of Tonopah in Nye County, Nevada. The property consists of 357 unpatented and 17 patented lode mineral claims covering an area of approximately 7,030 acres (2,845 hectares). It is an advanced-stage exploration property with a comprehensive exploration database including geochemical sampling, geophysics, and over 200,000 feet of reverse circulation and diamond core drilling.

On July 18, 2017 Emgold signed a non-binding Letter of Intent ("LOI") to acquire up to a 100% interest in the Golden Arrow Property, Nevada from Nevada Sunrise Gold Corporation. This LOI was amended as announced by press release on January 4, 2018 (the "First Amended LOI") and again as announced by press release on July 16, 2018 (the "Second Amended LOI"). The Second Amended LOI was then replaced by a binding Definitive Agreement announced by press release on October 2, 2018. The transaction was approved by the TSX Venture Exchange as announced by press release on October 5, 2018.

The Definitive Agreement allowed Emgold (or a wholly owned subsidiary of Emgold) to acquire a 51% interest in the Golden Arrow by (i) making cash payments to Nevada Sunrise in the aggregate amount of \$100,000 (paid); and (ii) issuing to Nevada Sunrise 2.5 common shares in the capital of Emgold. In addition, the Company had the option of acquiring the remaining 49% interest in Golden Arrow by issuing to Nevada Sunrise an additional 2.5 million common shares in the capital of Emgold within 24 months of the date of closing of the transaction.

On October 9, 2018, Emgold completed the acquisition of the 51% interest in the property and also exercised its option to earn 100% interest in the property and issued 5.0 million shares to Nevada Sunrise.

b) Buckskin Rawhide East Property, Nevada

The Company has a 100% interest in the 52 unpatented mineral claims, totalling 835 acres, that make up Buckskin Rawhide East Property, located near Fallon, Nevada.

The Buckskin Rawhide Property is leased to Rawhide Mining LLC (RMC), owners of the Rawhide Mine under the following terms:

1. The Lease Term is 20 years (start date of 01 June 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 to complete \$500,000 in exploration related expenditures on the property by the third anniversary or June 1, 2016. However, as at June 1, 2016, RMC had completed only US\$325,000 in exploration activities on the property.

On June 1, 2016, RMC and Emgold mutually agreed to amend the original Lease Agreement whereby RMC would pay Emgold US\$175,000, in seven quarterly payments of US\$25,000, starting June 1, 2016, to keep the Lease Agreement in good standing. These payments were in lieu of completing the additional US\$175,000 in exploration work required in the original Lease Agreement. During the year ended December 31, 2018, Emgold received \$Nil (2017 - \$100,000) of the payments.

Emgold received the \$10,000 annual advance royalty payment for the Buckskin Rawhide Property from RMC during the year ended December 31, 2018 (2017 - \$10,000).

c) Buckskin Rawhide West Property, Nevada

During the year ended December 31, 2018, the Company completed the 100% interest acquisition in the PC and RH claims, called Buckskin Rawhide West, comprising 21 unpatented lode mining claims totalling 420 acres.

On February 2013, the Company entered a Lease and Option to Purchase Agreement with Jeremy C. Wire to acquire the PC and RH mineral claims, located 0.3 miles west of Emgold's existing Buckskin Rawhide Property, in Mineral County, Nevada. Pursuant to the lease agreement, advance royalty payments were paid to Jeremy C. Wire in the amount of \$10,000 each year during 2012, 2013, and 2014. \$20,000 in year 2015, and \$30,000 each year in 2016, 2017, and 2018 (total \$140,000). All payments were made in shares. The property subject to a 2% Net Smelter royalty, which can be purchased at any time for \$1.0 million.

d) Koegel Rawhide, Nevada

During the year ended December 31, 2018, the Company completed the 100% interest acquisition in the RHT and GEL claims, comprising 19 unpatented lode mining claims totalling 380 acres acquired from Jeremy C. Wire. In addition, Emgold staked 17 additional unpatented lode claims totalling 340 acres. Together, the claims, totalling 720 acres, make up the Koegel Rawhide Property.

In February 2012, the Company entered a Lease and Option to Purchase Agreement with Jeremy C. Wire to acquire the RHT and GEL claims, located four miles south of the Rawhide Mine in Mineral County, Nevada. Pursuant to the lease agreement, advance royalty payments were paid to Jeremy C. Wire in the amount of \$10,000 each year during 2012, 2013, and 2014. \$20,000 in year 2015 and \$30,000 each year in 2016, 2017, and 2018 (total \$140,000). All payments were made in shares. The property subject to a 2% Net Smelter royalty, which can be purchased at any time for \$1.0 million.

e) Casa South Property, Quebec

The 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. 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. The Property encompasses a lithologic context similar to the Casa Berardi deposit. Its exploration history followed the same stages of evolution over a period of time from the 1960 to 1990 where exploration focused sulfide rich polymetallic deposits similar to the Kidd Creek, Selbaie, or Mattagami deposits discovered in the northern part of the Abitibi belt. Exploration work on the claims was done by companies such as Newmont, Noranda, and Cambior, among others. Following the discovery of gold close to the Casa Berardi fault in 1981, various geophysical surveys were done on the Property as well as soil and rock chip sampling and drilling looking for similar targets. The historical gold potential appears to be located inside the Kama faults and related anomalies corresponding to a three kilometer by two kilometer area where disseminated pyrite and arsenopyrite concentrations were found in carbonated andesite along flow contacts. Over a period of 45 years, about 23,000 meters of drilling was done on the Property in 47 drill holes. The Vendors have compiled a significant database of information and conducted recent geophysics work that will aid Emgold in its exploration efforts.

On December 13, 2018, the Company completed an assignment 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 ("LOI") with Greg Exploration Inc. and Affiliates (the "Vendors"), to acquire up to a 91% interest in the Casa South Property (the "Transaction"). Pursuant to the Assignment Agreement, Emgold agreed to acquire the rights, held through the LOI 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.

As part of the Exchange approval of the Transaction, on March 15, 2019, Emgold and the Assignee completed an amended assignment agreement (the "Amending 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.

Emgold's assumption of the rights held through the LOI and subsequently through a definitive agreement (the "Option Agreement" dated January 28, 2019, allows 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 will be required to make cash payments to the Vendors as shown in the following table.

EMGOLD MINING CORPORATION

For the Three months Ended 31 March 2019 and
2018 US Dollars

NOTES TO THE CONSOLIDATED FINANCIAL

Payments to the Vendors During the Option Period

Timing of Cash Payment	Payment \$CDN
Closing of the Transaction	\$75,000 (Paid)
Year 1 Anniversary of the Definitive Agreement	\$75,000
Year 2 Anniversary of the Definitive Agreement	\$75,000
Year 3 Anniversary of the Definitive Agreement	\$75,000
Year 4 Anniversary of the Definitive Agreement	\$75,000
Total	\$375,000

Emgold will be required to complete \$600,000 in exploration expenditures (“**Exploration Expenditures**”) in Year One of the Option Period. Emgold will be 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 completes the contemplated \$1.6 million in Exploration Expenditures during the Option Period, it will be entitled to a 91% interest in the Property. If Emgold completes \$1.1 million but less than \$1.6 million in Exploration Expenditures during the Option Period, it will be entitled to an 86% interest in the Property. If Emgold completes more than \$600,000 but less than \$1.1 million in Exploration Expenditures during the Option Period, it will be entitled to an 81% interest in the Property.

Emgold shall have 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 will be 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 will 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 will be transferred into the name of the Joint Venture.

Emgold shall 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 the Subsidiary Company, as applicable, for an amount of five hundred thousand dollars (\$500,000).

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

EMGOLD MINING CORPORATION

For the Three months Ended 31 March 2019 and
2018 US Dollars

NOTES TO THE CONSOLIDATED FINANCIAL

Concurrently, the Company issued to 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 disclosing of the Transaction).

f) Stewart Property, British Columbia

The Company holds a 100% interest in the Stewart mineral claims, near Ymir British Columbia, totalling 5,789 hectares. The property is subject to a 3% underlying Net Smelter Royalty. Emgold retains the right to purchase 2% of the underlying Royalty by making a CDN\$1.0 million payment to the underlying royalty holder. The property is held through completed assessment work to January 2023 without additional assessment work being required. The property has been impaired to \$1 during the year ended December 31, 2015.

g) Rozan Property, British Columbia

The Company holds the rights to the Rozan mineral claims, near Ymir British Columbia, totalling 1,950 hectares. The property is subject to a 3% underlying Net Smelter Royalty. Emgold retains the right to purchase 2% of the underlying Royalty by making a CDN\$1.0 million payment to the underlying royalty holder. The property is held through completed assessment work to March 2023 without additional assessment work being required. The property has been impaired to \$1 during the year ended December 31, 2015.

7) Related party transactions

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

RELATED PARTY DISCLOSURE

Name and Principal Position	Period ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾
CEO and President – salary	2019	\$ 37,500
	2018	\$ 23,125
CEO and President – benefits and allowance	2019	\$ 12,000
	2018	\$ -
CEO and President – fair value of share-based compensation	2019	\$ -
	2018	\$ -
CFO and director – management fees	2019	\$ 30,000
	2018	\$ -
CFO and Director – fair value of share-based compensation	2019	\$ -
	2018	\$ -
Clearline CPA, A company of which the ex-CFO is a director – management fees	2019	\$ -
	2018	\$ 7,115
Clearline CPA, A company of which the ex-CFO is a director – bookkeeping	2019	\$ -
	2018	\$ 2,599

(i) For the three months ended 31 March 2019 and 2018.

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

EMGOLD MINING CORPORATION

For the Three months Ended 31 March 2019 and
2018 US Dollars

NOTES TO THE CONSOLIDATED FINANCIAL

As at March 31, 2019, the Company owed an ex-director for CDN\$5,000. This loan bear interest at 1% per month and are repayable on demand.

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

	31 March 2019	31 December 2018
David Watkinson, the CEO	\$ 365,436	\$ 222,786
Robert Rosner, the CFO	(591)	20,000
Clearline CPA, ex-CFO	-	76,123
Andrew MacRitchie, Director	-	4,704
Bill Witte, ex-Director	4,911	4,704
Sequoia Corporate Service, Corporate Secretary	9,838	-
	\$ 379,594	\$ 263,608

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.

8) Share capital

a) Authorized

Unlimited - Number of common shares without par value.

Unlimited - Number of preference shares without par value.

b) Common shares, issued and fully paid

On March 8, 2019, the Company completed the first tranche of a non-flow-through private placement with an issuance of 5,447,900 units at CDN\$0.12/unit. Each unit consists of one common share and one share purchase warrants exercisable at CDN\$0.17/unit with a 2-year expiry term.

On March 19, 2019, the Company issued 807,692 common shares for settling \$52,500 finder's fee related to the acquisition of the mineral claims of Casa South, Quebec (Note 6 (b)).

On March 28, 2019, the Company completed the second tranche of a non-flow-through private placement with an issuance of 650,000 units at CDN\$0.12/unit. Each unit consists of one common share and one share purchase warrants exercisable at CDN\$0.17/unit with a 2-year expiry term. In addition, 52,000 share purchase warrants were issued to finders of this financing.

c) Stock options

The Company has a rolling stock option plan for its directors and employees to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The maximum aggregate number of common shares reserved for issuance pursuant to the plan is 10% of the issued and outstanding common shares.

Stock option activities during the three months ended March 31, 2019 and 2018 are summarized as follows:

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STOCK OPTION ACTIVITY	March 31, 2019	Weighted average exercise Price (CDN\$)	March 31, 2018	Weighted average exercise Price (CDN\$)
Options Outstanding and Exercisable				
Balance – beginning of year	3,000,000	\$ 0.15	265,000	\$ 1.00
Balance – end of period	3,000,000	\$ 0.15	265,000	\$ 1.00

Details of stock options outstanding as at 31 March 2019 are as follows:

Expiry Date	Exercise Price (CDN\$)	31 March 2019
19 November 2023	\$ 0.15	3,000,000

d) Warrants

Share purchase warrants activity during the three months period ended 31 March 2019 and 2018 are summarized as follows:

SHARE PURCHASE WARRANT ACTIVITY	March 31, 2019	Weighted average exercise Price (CDN\$)	March 31, 2018	Weighted average exercise Price (CDN\$)
Options Outstanding and Exercisable				
Balance – beginning of year	11,508,431	\$ 0.20	-	\$ -
Granted	6,149,900	0.17	-	-
Balance – end of period	17,658,331	\$ 0.19	-	\$ 1.00

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Details of share purchase warrants outstanding as at 31 March 2019 are as follows:

Expiry Date	Exercise Price (CDN\$)	31 December 2018	31 December 2017
28 March, 2021	\$ 0.17	702,000	-
08 March, 2021	\$ 0.17	5,447,900	-
31 December 2020	\$ 0.25	123,200	-
20 December 2020	\$ 0.25	2,212,308	-
04 October 2020	\$ 0.17	900,000	-
31 August 2020	\$ 0.25	144,000	-
28 August 2020	\$ 0.17	3,100,000	-
15 August 2020	\$ 0.25	315,030	-
10 August 2020	\$ 0.17	2,595,499	-
10 August 2020	\$ 0.25	61,847	-
10 July 2020	\$ 0.25	1,443,464	-
27 June 2020	\$ 0.25	613,083	-
		17,658,331	-

Movement related to the warrant liability resulted from the private placement subscribers' warrants (finders warrants are excluded from derivative liability calculation), for warrants priced in Canadian dollars, is as follows:

WARRANT LIABILITY (WARRANTS PRICED IN CANADIAN DOLLAR)	31 March 2019		31 March 2018	
	Number of Warrants	Fair Value	Number of Warrants	Fair Value
Balance – beginning of year	11,221,687	\$ 371,646	-	\$ -
Issued	6,097,900	318,119	-	-
Fair market value adjustment loss	-	115,102	-	-
Balance – end of year	17,319,587	\$ 804,867	-	\$ -

During the three months ended 31 March 2018, the Company recorded a warrant liability in the amount of \$318,119 (2018 - \$Nil). The warrants were valued on the date of grant using the Black-Scholes option pricing model, with the following assumptions: weighted average risk free rate of 1.49% - 1.65%, volatility factors of 84% and an expected life of 24 months.

The warrants were subsequently re-valued on the Company's reporting dates using the Black-Scholes option pricing model, with the following assumptions: weighted average risk free rate of 1.56%, volatility factors of 84% - 85% and an expected life of 23 months – 24 months. An unrealized loss on warrant liability of \$115,102 has been recorded for the three months ended 31 March 2019 (2017 - \$Nil). As at 31 March 2019, the Company recorded a warrant liability in the amount of \$804,867 (2017 - \$Nil).

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9) Flow-through shares premium liability

A summary of the changes in the Company's flow-through share premium liability was as follows:

Balance, December 31, 2018	\$ 21,631
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(2,399)
Balance, March 31, 2019	\$ 19,232

Summary of renunciations related to the tranches for flow through share issuances during the year ended December 31, 2018 and three months ended March 31, 2019 are as follows:

Tranche 1 flow through share issued on June 27, 2018 for gross proceeds of CDN\$ 169,250

Expenditures renounced effective December 31, 2018 were CDN\$ 169,250 with no unspent obligation.

Tranche 2 flow through share issued on July 10, 2018 for gross proceeds of CDN\$ 433,040

Expenditures renounced effective December 31, 2018 were CDN\$ 433,040 and CDN\$ 179,511 were unspent as at March 31, 2019. The remaining unspent expenditures will be incurred prior to December 31, 2019.

Tranche 3 flow through share issued on August 15, 2018 for gross proceeds of CDN\$ 83,025

CDN\$ 83,025 remained unspent as at March 31, 2019 and will be incurred prior to December 31, 2019.

Tranche 4 flow through share issued on August 31, 2018 for gross proceeds of CDN\$ 42,000

CDN\$ 42,000 remained unspent as at March 31, 2019 and will be incurred prior to December 31, 2019.

Tranche 5 flow through share issued on December 31, 2018 for gross proceeds of CDN\$ 575,200

CDN\$ 526,730 remained unspent as at March 31, 2019 and will be incurred prior to December 31, 2019.

10) Capital disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

Management reviews its capital management approach on an on-going basis and believes that this approach is reasonable and appropriate relative to the size of the Company.

The Company is in the business of mineral exploration and has no source of operating revenue. Operations are financed through the issuance of capital stock or liability instruments, or through the sale of property, plant, and equipment. Capital raised is held in cash in an interest-bearing bank account until such time as it is required to pay operating expenses or resource property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the three months ended 31 March 2019 and 2018.

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11) Segmented disclosure

The Company operates in one operating segment, which is acquisition, and exploration of mineral properties. The following provides segmented disclosure on the non-current assets:

SEGMENTED DISCLOSURE (ROUNDED TO 000's)	Canada	United States	Total
31 March 2019			
Long-term Assets			
Reclamation bonds	10,000	7,000	17,000
Exploration and evaluation assets	601,000	669,000	1,270,000
Deposit	5,000	-	5,000
31 December 2018			
Long-term Assets			
Reclamation bonds	10,000	7,000	17,000
Exploration and evaluation assets	488,000	544,000	1,132,000
Deposit	5,000	-	5,000

12) Commitment

Employment contract with the President and CEO

On September 12, 2018, the Company entered into an employment contract with the President and CEO of the Company to carry on the duties and exercise powers of the President and CEO of the Company under the direction and control of the Board of Directors. The base remuneration is \$12,500 monthly or \$150,000 annually. Additional monthly allowance is \$2,500. Bonus up to maximum one-month salary is available. The term of employment is for indefinite period subject to standard termination clause.

Consulting agreement with the CFO

On July 16, 2018, the Company entered into a consulting agreement with the CFO of the Company to carry out the CFO duties, provide assistance in completion of financings by the Company and introduce investment opportunities of potential interest to the Company. The remuneration is \$10,000 monthly with a 24-months term renewal for a further 12 months.

13) Subsequent events

a) Completion of non-flow through private placement

On April 26, 2019, the Company completed a third and final tranche of a non-brokered private placement (the "Financing") by the issuance of 1,808,817 units (each a "Unit") issued as a price of CDN\$0.12 per Unit for gross proceeds of CDN\$217,058.04. Together with the first and second tranche of the Financing, closed on March 8 and March 28, 2019 respectively, the Company has raised aggregate gross proceeds of CDN\$948,806.04.

Each Unit consists of one (1) common share (a "Share") of the Company and one (1) non-transferable share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase, for a period of 24 months from the date of issuance, one (1) additional Share of the Company at a price of CDN\$0.17 per Share (each a "Warrant Share"). The Shares to be issued in connection with the Financing, including the Warrant Shares to be

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issued upon exercise of the Warrants, will be subject to a minimum statutory hold period of four months. The Financing is subject to TSX Venture Exchange (the "Exchange") approval.

Finders' fees (the "Finders' Fees") of \$10,728.00 were paid and 98,800 warrants (the "Finders' Warrants") were issued in conjunction with this tranche of the Financing. As a correction to Emgold's press release dated March 28, 2019, Finder's Fees of \$6,240 were paid and 52,000 Finders' Warrants were issued in conjunction with the second tranche of the Financing. These combined Finders' Warrants will entitle the holder to purchase, for a period of 24 months from the date of issuance, 150,800 shares of the Company at a price of \$0.17 per Share. Finder's Warrants will be subject to a minimum statutory hold period of four months.

Proceeds of the Financing will be used for general working capital purposes, property acquisition, and for exploration of Emgold's properties in Quebec and Nevada.

b) Completion of non-flow through private placement

On May 10, 2019, the Company announces it has completed a second and final tranche of a non-brokered flow-through private placement (the "FT Financing") by the issuance of 1,452,500 units (each a "FT Unit") of the Company issued at a price of CDN\$0.20 per Unit for gross proceeds of \$290,500. Together with the first tranche of the FT Financing, closed on April 5, 2019, the Company has raised aggregate gross proceeds of CDN\$545,500.

Each Unit will consist of one common share issued as a flow-through share (a "FT Share") of the Company and one half non-transferable share purchase warrant (a "FT Warrant"). Each full FT Warrant will entitle the holder to purchase, for a period of 12 months from the date of issuance, one additional common share of the Company at a price of CDN\$0.25 per share (the "FT Financing"). All FT Shares issued in conjunction with the FT Financing and common shares to be issued upon exercise of the FT Warrants will be subject to a statutory four month hold from the date of issuance.

The FT Shares will entitle the holder to receive the applicable tax benefits, in accordance with the provisions of the Income Tax Act (Canada). Proceeds of the FT Financing will be used for qualifying exploration on the Company's Canadian properties including the Casa South Property in Quebec.

Finders' Fees of CDN\$23,690 were paid and 92,500 warrants (the "Finders' Warrants") were issued in conjunction with this tranche of the FT Financing. The Finders' Warrants will entitle the holder to purchase, for a period of 12 months from the date of issuance, 92,500 additional common shares of the Company at a price of \$0.25 per common share.

c) Letter of Intent, Mindora Property, Nevada

On May 21, 2019, the Company signed a Letter of Intent (the "LOI") with Nevada Sunrise LLC, a private Nevada company, giving it the right to purchase 12 unpatented mining (the "NS Claims"). The Company has also signed a second Letter of Intent with BL Exploration LLC, a second private Nevada company, giving it the right to purchase 18 unpatented mining claims (the "BL Claims"). Together, the 30 unpatented mining NS Claims and BL Claims make up the Mindora Property (the "Property"). The Property is a gold/silver and base metal property located 20 miles southeast of Hawthorne, Nevada. The gold-silver zone 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.

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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;
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. 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.

Both the Nevada Sunrise LLC and BL Exploration LLC transactions are subject, amongst other conditions, to completion of a definitive agreement and regulatory approval by the TSX Venture Exchange.

d) Options grant

On May 17, 2019, the Company announced the grant of 1.5 million incentive stock options to directors, officers, employees, and consultants of the Company. The Options are exercisable at a price of CDN\$0.20 per common share of the Company for a period of 5 years from the date of grant. Any common shares to be issued upon the exercise of the Options will be subject to a statutory four-month hold period from the date of the issuance. The Option grant is subject to the approval of the TSX Venture Exchange.

e) Letter of Intent, New York Canyon Property, Nevada

On May 28, 2019, the Company announced it had 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, NV (the "Property"), subject to underlying royalties. The Property includes 21-patented mineral claims and 60-unpatented mining claims, along with a significant database of historic information. Total historic drilling on the Property, to date, is 234 holes totaling 139,056 ft. (43,384 m). The Property has three main exploration targets – Longshot Ridge, Champion, and Copper Queen representing oxide and sulfide skarn and copper/molybdenum porphyry targets. Historic drill-hole MN-42, drilled by the Continental Oil Company ("Conoco") in 1977, intersected 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. A 2010 Technical Report, completed by Searchlight, outlined a National Instrument 43-101 ("NI 43-101") compliant indicated resource of 16.3 million tons (14.8 million tonnes) of 0.43% Cu and an inferred resource of 2.9 million tons (2.6 million tonnes) at 0.31% Cu, using a cut-off grade of 0.20% Cu, at the Longshot Ridge copper oxide skarn prospect.

The claims are divided into two groups – the North and South Groups. The North Group of claims covers historic past producing copper operations and gold occurrences and is adjacent to the past producing Santa Fe Gold Mine

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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. Victoria Gold reports in excess of 350,000 ounces of gold and 700,000 ounces of silver were recovered at the Santa Fe Mine before its closure was initiated in 1994 (source: Victoria Gold website at [ww.vitgoldcorp.com](http://www.vitgoldcorp.com)). Note that the vicinity of the Property to a past producing mine does not guarantee exploration success at the New York Canyon Property.

The South Group of claims hosts the Longshot Ridge, Champion, and Copper Queen deposits, which host copper skarn oxide, copper skarn sulfide, and copper sulfide porphyry mineralization. The discovery of these deposits dates back to 1875 and historic production, by the Wall Street Copper Company during 1906-1929, came from a number of small surface showings in the Longshot Ridge area. Historic production is estimated to be 8.9 million pounds (4.04 million kg) of copper at an average grade of 5.5% (source: Searchlight website at www.searchlightresources.com).

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.

Terms of the New York Canyon Transaction

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

1. C\$10,000 on signing the LOI;
2. C\$40,000 on closing of the Transaction;
3. C\$500,000 in common shares of the capital of Emgold at the date of closing, with the share price based on the 30-day volume weighted average price of the Company’s share immediately prior to the announcement of the Transaction;
4. C\$100,000 within 6 months of the date of closing;
5. C\$100,000 within 12 months of the date of closing;
6. C\$100,000 within 18 months of the date of closing.

The Transaction is subject, amongst other conditions, to completion of a definitive agreement and regulatory approval by the TSX Venture Exchange.