

Emgold Mining Corporation

EMR \$0.15

TSX Exchange | OTC:EGMCF | FRA:EMLM | Market Cap \$8M

Description: Emgold Mining Corporation is a growth-oriented junior mining company. Its key assets include a 3.75-million share holding (worth C\$2.2 million) in Troilus Gold Corp. (TSX: TLG), an emerging gold producer with its principal operations in Quebec; and the right to acquire up to 91% interest in the 10,000-hectare Casa South Property in Quebec, a property located just south of Hecla Mining Company's (NYSE: HL) Casa Berardi Mine. Casa Berardi produced nearly 163,000 ounces of gold in 2018 and has 1.91 million ounces of remaining gold resources. Given Hecla Mining's aggressive plans to continue to develop Casa Berardi, we believe that Hecla could in time look to purchase the Casa South Property – at a presumably healthy premium.

Acquisition of the Mindora Gold, Silver and Base Metals Property: On May 21, 2019, Emgold reached agreements with two private companies to purchase the Mindora Property located near Hawthorne, Nevada. 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 width of the hole's intercept is unknown. Drilling results at Mindora have also shown molybdenum intercepts, the longest of which is 295 feet.

Mindora Purchase Price: 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 will buy the other 18 mining claims from BL Exploration LLC. Emgold will pay BL Exploration US\$50,000 at transaction closing. 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.

Implications of the Transaction: While modest in size, the Mindora deal illustrates the shareholder focus of Emgold management. The company is risking relatively small sums in exchange for a property that has significant potential – an attractive risk-reward trade-off.

Jim McFadden, CFA, MBA

Tormont50 Research

05/22/2019.

Tormont50 is a venue for highlighting timely ideas and trends in individual stocks and the market. Tormont50 is not an advisory service, and does not offer buy, sell, or any other rating on the securities we discuss. The stocks we select for commentary are derived from our own research or via suggestions from Tormont50 members. We encourage participants to submit stocks or topics for discussion. Our goal for this project is to create an exclusive, “concierge” research platform that will serve both management teams and portfolio managers within the Tormont50 universe.

This message is intended only for the personal and confidential use of the designated recipient(s) members of the Tormont50. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation. This material is based upon information which we consider reliable, but we do not represent that such information is accurate or complete, and it should not be relied upon as such. This information is current and is subject to change. Past performance is not an indicator of future results and the value of the holdings and the income derived from them can go down as well as up.