

Emgold Mining Corporation

EMR \$0.145

TSX Exchange | OTC:EGMCF | FRA:EMLM | Market Cap \$7M

Description: Emgold Mining Corporation is a growth-oriented junior mining company. Its key assets include a 3.75-million share holding (worth C\$2.6 million) in Troilus Gold Corp. (TSX: TLG), an emerging gold producer with its principal operations in Quebec; and a 100% interest (see below) 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.)

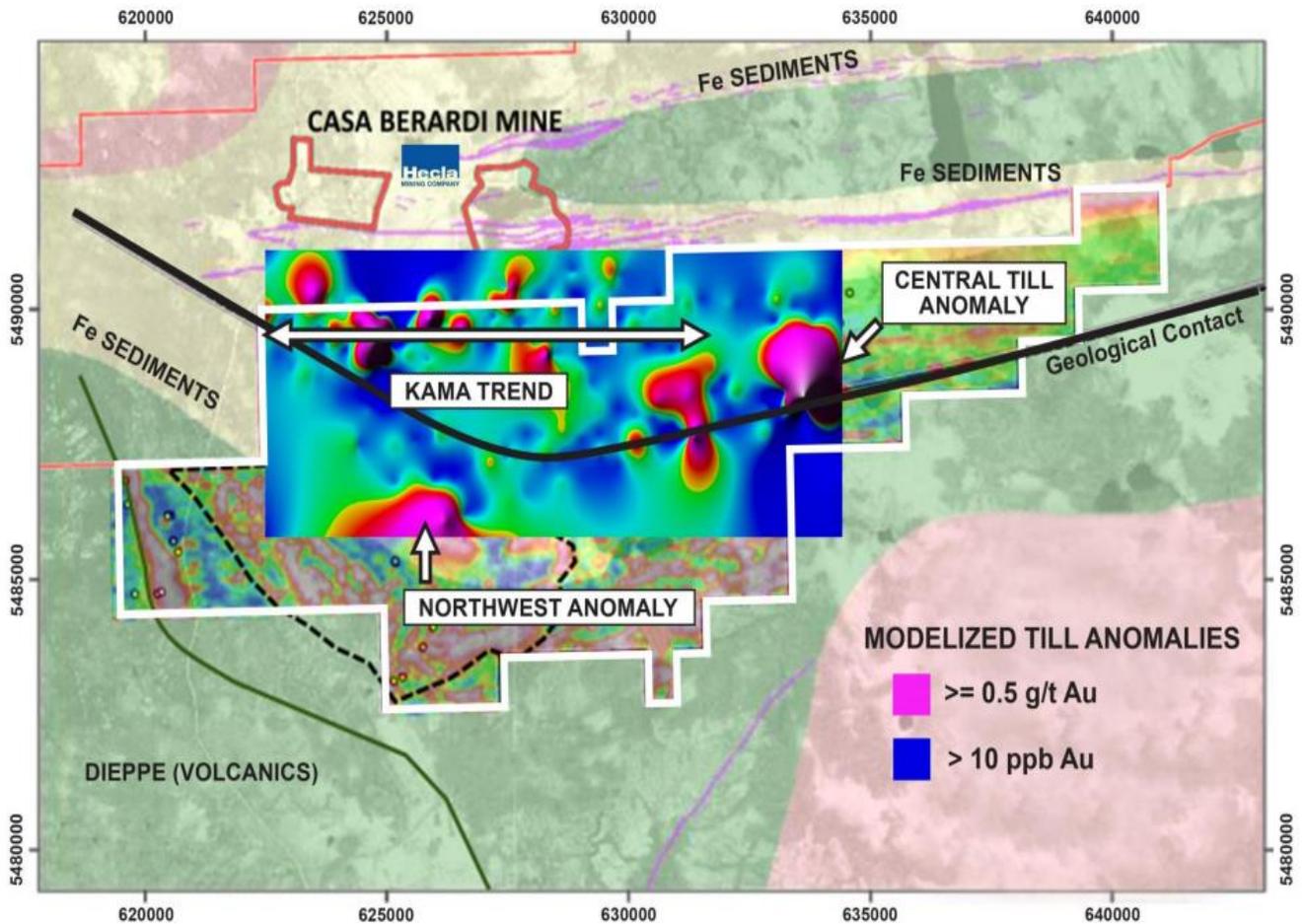
Amendment to Casa South Option Agreement: Emgold has completed an amendment to its option agreement with Greg Exploration Inc. and Affiliates (the Vendors) regarding the Casa South Property, and Emgold has exercised that amendment. Under the original accord, Emgold could acquire a 91% interest in the property if it made a total of C\$375,000 payments to the Vendors over a four-year period and completed C\$1.6 million of exploration expenditures.

Per new amended terms – terms which Emgold has recently exercised – Emgold can purchase a 100% interest in Casa South if it issues 4,000,000 Compensation Units to the Vendors. Each unit consists 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 next 24 months. All cash payments to the Vendors and required exploration expenditures are eliminated in the new amended agreement. At current prices, the value of the common shares of Emgold alone to be transferred to the Vendors is C\$580,000.

We consider Emgold's decision to acquire 100% of Casa South to be another value-creating decision by the company's management. Indeed, 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 from Emgold – at a presumably healthy premium.

The close proximity of the Casa South Property to Casa Berardi is illustrated in Figure 1 on page 2. The contours of Casa South Property is outlined in white in the figure.

Figure 1. Casa South Property Details



Source: Engold Mining Corp.

Jim McFadden, CFA, MBA
Tormont50 Research
06/19/2019.

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