

Emgold at least 4 years from reopening mine

Kyle Magin, Grass Valley Union, 5-11-10

The reopening of the Idaho-Maryland Mine is millions of dollars and at least four years away.

Emgold, the Canadian company that holds the lease to operate the long-closed Grass Valley gold mine, is raising money to cover the operating costs of its subsidiary as it plans to rewrite an environmental report and reopen the mine that produced more than 2.4 million ounces of gold from 1862 to 1956.

“It's about four years from opening up, when you allow for the time the permitting process will take,” said President David Watkinson of the Emgold subsidiary Idaho-Maryland Mining Corp.

Idaho-Maryland consultants wrote a draft environmental impact report on reopening the mine in October 2008, drawing criticism from opponents. Consultants will likely revise the report at an estimated cost of about \$600,000, Watkinson said.

To reopen the mine, Grass Valley city leaders must approve the new report.

Planned revisions to the environmental report include building a water treatment plant along Idaho-Maryland Road to clean water discharged from the Idaho-Maryland and New Brunswick mine shafts. Originally, the draft environmental report called for water from the New Brunswick shaft to be treated and discharged into the south fork of Wolf Creek.

Watkinson is planning on six to 12 months to gain city approval for the new environmental impact report, he said. When consultants resubmit the document, it would probably be recirculated for public comment, said city Planning Director Tom Last.

Additional permit-related costs to open the mine are estimated at about \$2 million dollars, Watkinson said.

To raise money, officials at parent Emgold took steps to make their stock more attractive to investors, in December rolling back their stock 10 to 1 and converting shares on the open market from 169 million to 16.9 million shares.

Late last year, the stock traded on the Canadian Stock Exchange for about 3.5 to 5 cents; on Monday, it was trading at 20 cents.

To save costs in the interim, the Idaho-Maryland Mining Corp. moved its operations into a smaller building in the Whispering Pines business area of Grass Valley early this year — a plan meant to save about \$250,000 annually, Watkinson said. In addition, the company moved some goods to a Marysville warehouse.

Idaho-Maryland officials are renegotiating their lease with the Bets Trust, the Grass Valley business that owns the mine. The corporation owes the trust about \$150,000. The lease was not in good standing, according to the company's fourth-quarter 2009 earning report issued in late April.

That's not cause for concern, Watkinson said.

“We've had to renegotiate with (the Bets Trust) before. We have a good relationship with them,” Watkinson

said.

If the city approves the reopening, it would take about a year for Idaho-Maryland to dewater the mine, Watkinson said.

The corporation then would do some exploratory drilling before moving into gold production.