

Emgold moves forward with Idaho-Maryland Project

David Watkinson, Grass Valley Union, 4-13-11

Watkinson is president and CEO of Emgold Mining Corporation and Idaho-Maryland Mining Corporation, as well as vice president of Golden Bear Ceramics Company.

Idaho Maryland Mining Corporation has commenced the filing process for its 2011 revised permit application with the city of Grass Valley. The city is the lead agency and responsible for completing the Environmental Impact Report (EIR) for the Idaho-Maryland Project, as part of the California Environmental Quality Act process.

Permitting history

Emgold is in the advanced stage of permitting the re-opening of the Idaho-Maryland Mine and is completing an EIR for the project through its 100 percent owned subsidiary, Idaho Maryland Mining Corporation. Since 2003 and in accordance with the state Environmental Quality Act, the mining corporation has submitted to the city conceptual applications followed by the original 2005 project permit applications. The city then completed a master environmental assessment for the project in 2006.

Subsequently, Emgold completed 2007 revised project permit applications to take into account community input obtained through the environmental assessment process. The city and its consultant, Environmental Science Associates, then completed an initial study for the project in 2007 and prepared the draft EIR, which was completed in October 2008.

The public comment period for the draft EIR was completed in January 2009. The draft EIR concluded that, of the 15 areas evaluated, the company was successfully able to avoid or mitigate potential environmental impacts of the project in all areas, but one — air quality. This is a major accomplishment for any mining and/or industrial project, regardless of the jurisdiction.

After reviewing the draft EIR, meeting with various government agencies to review their comments, reviewing public comments from the draft EIR obtained during the public comment period (letters and public meetings), and obtaining input from the local community through the mining corporation's community outreach program, the company elected in mid-2009 to modify and clarify the project design contained in the 2007 project permit applications to further mitigate and/or eliminate potential environmental impacts of the project identified in the draft EIR.

Subsequently, the mining corporation commenced technical work to modify and support changes to its 2007 project description.

During each phase of the permitting process, the mining corporation has participated in local information sessions and held numerous consultation meetings in order to address stakeholder concerns and seek community input with its submissions to local, state and federal agencies.

Current activity

On April 1, the mining corporation submitted a check for \$25,000 to allow the city to commence the review of its 2011 revised permit applications to determine their completeness. On April 8, the mining corporation

submitted drafts of the revised executive summary, introduction, and project description.

Upon receipt of comments on the aforementioned submittals, the mining corporation plans to submit drafts of the revised formal development review application and mineral project application to the city by April 20. Three other applications, the general plan amendment, pre-zone, and annexation applications, that make up the remaining part of the permit applications for the Idaho-Maryland Project, have been deemed by the city to need no further revisions.

The mining corporation's goal is to have the 2011 revised permit applications complete and accepted by the city at the end of this month. A similar review process was completed with the city for its original project applications and for its 2007 revised permit application.

Based on the modifications and clarifications the mining corporation has included in the revised project description, the mining corporation anticipates that a revised draft EIR will be required and has been proceeding on this basis since mid-2009. The revised draft EIR will ensure the modifications and clarifications in the revised project description are fully analyzed in the EIR. The revised draft EIR will also ensure that the public has the opportunity to comment on the revised project as part of the state Environmental Quality Act process.

In its letter to the city on April 1, the mining corporation has requested that a revised draft EIR be completed and that the city expedite the decision on the requirement for the mining corporation to complete a revised draft EIR.

Modifications and clarifications

The 2011 project description modifications and clarifications reflect the goal of Emgold and the mining corporation to ensure the Idaho-Maryland Mine Project is a socially and environmentally responsible project benefiting the city, Nevada County, the local communities, and our shareholders. As the air quality analysis in the 2008 draft EIR identified certain impacts to be significant or potentially significant, the primary focus of the modifications in the revised project description was to lessen potential air quality impacts from oxides of nitrogen, random organic gases, respirable dust (PM10), and greenhouse gas emissions.

The mining corporation has completed significant work on air quality modeling for the project and alternatives to address the air quality impacts outlined in the draft EIR. Modeling done by the mining corporation's air quality experts has significantly reduced oxides of nitrogen, reactive organic gases, and respirable particulate matter from previous estimates contained in the draft EIR.

The mining corporation's proposed measures taken to accomplish these reductions include, but are not limited to, use of a traffic management plan (e.g. car-pooling) to reduce employee traffic trips and associated air emissions; use of low NOX burners for combustion of natural gas; use of emulsion explosives; use of higher tier engines for off-road underground and surface equipment; and use of shaft hoisting instead of trucking for material handling of ore and development rock.

To lessen potential impacts to the South Fork of Wolf Creek, the mining corporation has eliminated the water treatment plant and the water discharge to South Fork of Wolf Creek. Instead, a raw water line would be constructed under East Bennett Road. Dewatering of historic mine workings will occur at the New Brunswick site, with raw water transferred through the raw water line under East Bennett Road to the Idaho-Maryland site mine water detention pond. Any water discharged from the detention pond at the Idaho-Maryland site would go through a water treatment plant to be located there, with discharge going to Wolf Creek instead of South Folk

Wolf Creek.

Residents in the vicinity of the mine have expressed concerns that their domestic wells may be impacted by mine dewatering. The mining corporation has included in the project provision of an Nevada Irrigation District trunk line along East Bennett Road and feeder lines on roads proximate to East Bennett Road, to have an alternative supply of potable water available to hook up to residences should they be impacted. The mining corporation has provided a domestic well level monitoring program and domestic well mitigation program, which outline how domestic wells would be monitored through the life of the project and how impacts to domestic wells would be mitigated, should they occur.

The mining corporation has also provided additional information on the cleanup of historic mine tailings remaining from past mining activities (prior to 1956) on the Idaho-Maryland site. This cleanup was not included in the analysis completed by the city in the 2008 EIR and the mining corporation wants to ensure the positive aspects of this cleanup are properly analyzed as part of the project.

Additional modifications and clarifications are contained in the revised project description. Subsequent to finalization and acceptance of the 2011 revised permit applications, the application documents will be made available to the public at www.idaho-maryland.com, www.cityofgrassvalley.com, and at the public libraries located in Grass Valley. This should occur in early May.

Expected path to move forward

Subsequent to acceptance of the 2011 revised permit applications by the city, it is expected that the city's consultant, Environmental Science Associates, would prepare a budget and schedule to complete the EIR process (revised draft and final EIR).

Upon review of this budget and schedule by the city and the mining corporation, a decision would be made to proceed with the work or alternatively obtain competitive bids to complete the process.

Once a decision is made to move forward, the city and the mining corporation would complete a revised reimbursement agreement. As part of the state Environmental Quality Act process, the mining corporation (as the applicant) is responsible for reimbursing the city and any its consultants for any costs to complete the EIR.

The city and its consultants would prepare the revised draft EIR. The revised draft EIR would be published and a public comment period would then commence with meetings held through the city of Grass Valley Planning Commission.

Subsequent to the public comment period, the final EIR would be prepared by the city and its consultants. The Grass Valley Planning Commission would review the final EIR and entitlements for the project, make a determination if the documents are complete and adequate, and forward the package to the Grass Valley City Council.

The City Council would be responsible for certification of the final EIR, approving the entitlements, and approving a conditional use permit for the project. Additional public meetings would be held when the project reaches City Council. It is anticipated that the final EIR would be completed in late 2011 or early 2012.