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INSTRUCTIONS

This report must be filed by Exchange Issuers within 60 days of the end of their first, second and third fiscal quarters and within 140 days of their year end. "Exchange Issuer" means an issuer whose securities are listed and posted for trading on the Canadian Venture Exchange and are not listed and posted on any other exchange or quoted on a trading or quotation system in Canada. Three schedules must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements prepared in accordance with generally accepted accounting principles are required as follows:

For the *first, second and third financial quarters*:

Interim financial statements prepared in accordance with section 1751 of the CICA Handbook, including the following: balance sheet, income statement, statement of retained earnings, cash flow statement, and notes to the financial statements.

The periods required to be presented, consistent with CICA Handbook section 1751, are as follows:

- a balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding fiscal year;
- a statement of retained earnings cumulatively for the current fiscal year-to-date, with a comparative statement for the comparable year-to-date period of the immediately preceding fiscal year; and
- income statements and cash flow statements for the current interim period and cumulatively for the current fiscal year-to-date, with comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year.

For the *financial year end*:

Annual audited financial statements prepared on a comparative basis.

Exchange Issuers with a fiscal year of less than or greater than 12 months should refer to National Policy No. 51 *Changes in the Ending Date of a Financial Year and in Reporting Status* for guidance.

Issuers in the development stage are directed to the guidance provided in CICA Accounting Guideline AcG-11 *Enterprises in the Development Stage* that states "enterprises in the development stage are encouraged to disclose in the income statement and in the cash flow statement cumulative balances from the inception of the development stage."

Issuers that have been involved in a reverse take-over should refer to the guidance found in BCIN #52-701 (previously NIN #91/21) with respect to such transactions including the requirement or disclosure of supplementary information regarding the legal parent's prior financial operations.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. *Analysis of expenses and deferred costs*
Provide a breakdown of amounts presented in the financial statements for the following: deferred or expensed exploration, expensed research, deferred or expensed development, cost of sales, marketing expenses, general and administrative expenses, and any other material expenses reported in the income statement and any other material deferred costs presented in the balance sheet.

The breakdown should separately present, at a minimum, each component that comprises 20% or more of the total amount for a material classification presented on the face of the financial statements. All other components of a material classification may be grouped together under the heading

"miscellaneous" or "other" in the cost breakdown; the total for "miscellaneous" should not exceed 30% of the total for a material classification.

Breakdowns are required for the year-to-date period only. Breakdowns are not required for comparative periods.

Issuers in the development stage are reminded that Section 3(9)(b) of the BC Securities Commission's Rules requires a schedule or note to the financial statements containing an analysis of each of exploration, research, development and administration costs, whether expensed or deferred and if the issuer is a natural resource issuer, that analysis for each material property. Because the analysis required by Rule 3(9)(b) must be included in the financial statements, the information does not have to be repeated in Schedule B. Consistent with CICA Accounting Guidelines AcG-11, staff considers an issuer to be in the development stage when it is devoting substantially all of its efforts to establishing a new business and planned principal operations have not commenced. Further, in staff's view, the lack of significant revenues for the past two years normally indicates that an issuer is in the development stage.

2. *Related party transactions*
Provide disclosure of all related party transactions as specified in Section 3840 of the CICA Handbook.
3. *Summary of securities issued and options granted during the period*
Provide the following information for the year-to-date period:
 - (a) summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.), type of issue (private placement, public offering, exercise of warrants, etc.) number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid, and
 - (b) summary of options granted during the period, including date, number, name of optionee for those options granted to insiders, generic description of other optionees (e.g. "employees"), exercise price and expiry date.
4. *Summary of securities as at the end of the reporting period*
Provide the following information as at the end of the reporting period:
 - (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
 - (b) number and recorded value for shares issued and outstanding,
 - (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
 - (d) number of shares in each class of shares subject to escrow or pooling agreements.
5. *List the names of the directors and officers as at the date this report is signed and filed.*

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

1. *General Instructions*
 - (a) Management discussion and analysis provides management with the opportunity to discuss an issuer's business, current financial results, position and future prospects.
 - (b) Focus the discussion on material information, including liquidity, capital resources, known trends,

- commitments, events, risks or uncertainties, that is reasonably expected to have a material effect on the issuer.
- (c) For an issuer with active ongoing operations the discussion should be substantive (e.g. generally two to four pages in length); for an issuer with limited operations the discussion may not be as extensive (e.g. one page).
- (d) The discussion must be factual, balanced and non-promotional.
- (e) Where the discussion relates to a mineral project, as defined in National Instrument 43-101 "Standards of Disclosure for Mineral Projects," the disclosure must comply with NI 43-101.
2. **Description of Business**
Provide a brief description of the issuer's business. Where an issuer is inactive and has no business, disclose these facts together with a description of any plans to reactivate and the business the issuer intends to pursue.
3. **Discussion of Operations and Financial Condition**
Provide a meaningful discussion and analysis of the issuer's operations for the current year-to-date period presented in the financial statements. Discuss the issuer's financial condition as at the date of the most recent balance sheet presented in the financial statements.
- The following is a list of items that should be addressed in management's discussion and analysis of the issuer's operations and financial condition. This is not intended to be an exhaustive list of the relevant items.
- (a) expenditures included in the analysis of expenses and deferred costs required under Securities Rule 3(9)(b) and Schedule B;
- (b) acquisition or abandonment of resource properties material to the issuer including material terms of any acquisition or disposition;
- (c) acquisition or disposition of other material capital assets including material terms of the acquisition, or disposition;
- (d) material write-off or write-down of assets;
- (e) transactions with related parties, disclosed in Schedule B or the notes to the financial statements;
- (f) material contracts or commitments;
- (g) material variances between the issuer's financial results and information previously disclosed by the issuer, (for example if the issuer does not achieve revenue and profit estimates previously released, discuss this fact and the reasons for the variance);
- (h) material terms of any existing third party investor relations arrangements or contracts including:
- the name of the person;
 - the amount paid during the reporting period; and
- iii. the services provided during the reporting period;
- legal proceedings;
 - contingent liabilities;
 - default under debt or other contractual obligations;
 - a breach of corporate, securities or other laws, or of an issuer's listing agreement with the Canadian Venture Exchange including the nature of the breach, potential ramifications and what is being done to remedy it;
 - regulatory approval requirements for a significant transaction including whether the issuer has obtained the required approval or has applied for the approval;
 - management changes; or
 - special resolutions passed by shareholders.
4. **Subsequent Events**
Discuss any significant events and transactions that occurred during the time from the date of the financial statements up to the date that this report is certified by the issuer.
5. **Financings, Principal Purposes and Milestones**
- In a tabular format, compare any previously disclosed principal purposes from a financing to actual expenditures made during the reporting period.
 - Explain any material variances and the impact, if any, on the issuer's ability to achieve previously disclosed objectives and milestones.
6. **Liquidity and Solvency**
Discuss the issuer's working capital position and its ability to meet its ongoing obligations as they become due.

How to File Under National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR)
BC Form 51-901F Quarterly and Year End Reports are filed under Category of Filing: Continuous Disclosure and Filing Type: Interim Financial Statements or Annual Financial Statements. Schedule A (Financial Statements) is filed under Document Type: Interim Financial Statements or Annual Financial Statements. Schedule B (Supplementary Information) and Schedule C (management Discussion) are filed under Document Type: BC Form 51-901F (previously Document Type Form 61(BC)).

Meeting the Form Requirements
BC Form 510-901 consists of three parts: Instructions to schedules A, B and C, issuer details and a certificate. To comply with National instrument 132-101 it is not necessary to reproduce the instructions that are set out in BC Form 51-901F. A cover page to the schedules titled BC Form 51-901F that includes the issuer details and certificate is all that is required to meet the BC Form 51-901F requirements. The form of the certificate should be amended so as to refer to one or two of the three schedules required to complete the report.

ISSUER DETAILS		DATE OF REPORT	
NAME OF ISSUER		FOR QUARTER ENDED	YY MM DD
Emgold Mining Corporation.		March 31, 2004	2004 May 31
ISSUER ADDRESS			
Suite 1400 – 570 Granville Street			
CITY	PROVINCE	POSTAL CODE	ISSUER TELEPHONE NO.
Vancouver	BC	V6C 3P1	604-687-4622
CONTACT NAME		CONTACT POSITION	CONTACT TELEPHONE NO.
Shannon Ross		Secretary	604-687-4622
CONTACT EMAIL ADDRESS		WEB SITE ADDRESS	
rromo@langmining.com		www.emgold.com	

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
"FRANK A. LANG"	Frank A. Lang	YY MM DD 2004 MAY 31
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
"WILLIAM J. WITTE"	William J. Witte	YY MM DD 2004 MAY 31

EMGOLD MINING CORPORATION
(an exploration stage company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2004 and 2003
(expressed in United States dollars)

The Company's independent auditor has not performed a review of these consolidated financial statements.

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)
Consolidated Balance Sheets
(expressed in United States dollars)

	March 31, 2004	December 31, 2003
Assets		
Current assets		
Cash and cash equivalents	\$ 5,808,735	\$ 5,830,119
Restricted cash	7,179	8,667
Due from related parties (Note 3)	74,272	21,595
Prepaid expenses and deposits	78,131	27,672
Accounts receivable	26,229	21,518
	5,994,546	5,909,571
Reclamation bond	6,399	6,399
Equipment	73,725	32,367
Mineral property interests	144,156	140,487
	\$ 6,218,826	\$ 6,088,824
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 192,424	\$ 94,977
Due to related parties (Note 3)	86,935	98,073
	279,359	193,050
Preference shares (Note 2)	516,031	517,417
	795,390	710,467
Shareholders' equity		
Share capital (Note 2)	22,851,658	21,403,748
Cumulative translation adjustment	(577,456)	(577,456)
Contributed surplus	1,668,207	1,654,998
Deficit	(18,518,973)	(17,102,933)
	5,423,436	5,378,357
	\$ 6,218,826	\$ 6,088,824

Subsequent events (Note 4)

See accompanying notes to consolidated financial statements.

Approved by the Directors

"John K. Burns"

John K. Burns
Director, Chair of the Audit Committee

"William J. Witte"

William J. Witte
Director

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)

Consolidated Statements of Operations and Deficit

(expressed in United States dollars)

	Three months ended March 31,	
	2004	2003
Expenses		
Amortization	\$ —	\$ 677
Accretion of debt portion of preference shares	4,431	—
Ceramext™ process research (see schedule)	461,216	—
Exploration expenses (see schedule)	697,335	197,078
Foreign exchange loss	117,291	10,899
Finance expense	10,486	12,143
Legal, accounting and audit	16,098	818
Management fees	5,610	5,351
Office and administration	3,963	21,243
Salaries and benefits	50,433	40,657
Shareholder communications	68,508	49,314
Travel	9,658	3,055
	1,445,029	341,235
Other expenses and income		
Interest income	28,989	195
Loss for the period	(1,416,040)	(341,040)
Deficit, beginning of period	(17,102,933)	(13,942,353)
Deficit, end of period	\$(18,518,973)	\$(14,283,393)
Loss per share – basic and diluted	\$ (0.03)	\$ (0.01)
Weighted average number of common shares outstanding	45,981,723	26,908,934
Total common shares outstanding at end of period	46,941,699	27,749,483

See accompanying notes to consolidated financial statements.

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)

Consolidated Statements of Shareholders' Equity

(expressed in United States dollars)

	Common Shares Without Par Value		Preference Shares	Contributed Surplus	Cumulative Translation Adjustment	Deficit	Total Shareholders' Equity
	Shares	Amount					
Balance, December 31, 2002	25,119,319	\$ 14,191,476	\$ --	\$ --	\$ (622,352)	\$ (13,942,353)	\$ (373,229)
Shares issued for cash:							
Private placement, less share issue costs	2,472,222	667,620	--	--	--	--	667,620
Private placement, less share issue costs	10,060,000	5,087,855	--	--	--	--	5,087,855
Flow-through private placement	160,000	112,559	--	--	--	--	112,559
FIT asset recognized as a result of flow-through private placement	--	(44,105)	--	--	--	--	(44,105)
Warrants exercised	4,775,847	1,069,264	--	--	--	--	1,069,264
Stock options exercised	623,000	98,460	--	--	--	--	98,460
Shares issued for other:							
Escrow shares cancelled	(4,558)	--	--	--	--	--	--
Cumulative rounding from prior years	50	--	--	--	--	--	--
Roazan property payment at Cdn\$0.10	50,000	18,674	--	--	--	--	18,674
Stewart property payment at Cdn\$0.28	50,000	26,552	--	--	--	--	26,552
Finance fee on private placement	150,000	84,491	--	--	--	--	84,491
Equity portion of preference shares issued on settlement of note payable	--	--	90,902	--	--	--	90,902
Stock-based compensation	--	--	--	1,654,998	--	--	1,654,998
Cumulative translation adjustment	--	--	--	--	44,896	--	44,896
Loss for the year	--	--	--	--	--	(3,160,580)	(3,160,580)
Balance, December 31, 2003	43,455,880	21,312,846	90,902	1,654,998	(577,456)	(17,102,933)	5,378,357
Shares issued for cash:							
Warrants exercised	2,930,819	1,232,877	--	--	--	--	1,232,877
Options exercised	355,000	32,925	--	--	--	--	32,925
Shares issued for other:							
Ceramex™ license agreement	200,000	182,108	--	--	--	--	182,108
Stock-based compensation	--	--	--	13,209	--	--	13,209
Loss for the period	--	--	--	--	--	(1,416,040)	(1,416,040)
Balance, March 31, 2004	46,941,699	\$ 22,760,756	\$ 90,902	\$ 1,668,207	\$ (577,456)	\$ (18,518,973)	\$ 5,423,436

See accompanying notes to consolidated financial statements.

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)

Consolidated Statements of Cash Flows

(expressed in United States dollars)

	Three months ended March 31,	
	2004	2003
Cash provided by (used for):		
Operations:		
Loss for the period	\$ (1,416,040)	\$ (341,040)
Items not involving cash		
Amortization	—	677
Shares issued for Ceramext™ license agreement	182,108	—
Stock based compensation	13,209	—
Accretion of debt component of preference shares	4,431	—
Unrealized foreign exchange	(5,817)	32,174
Finance expense	—	12,143
	(1,222,109)	(296,046)
Changes in non-cash operating working capital		
Accounts receivable	(4,711)	(3,294)
Due to/from related parties	(63,815)	74,195
Prepaid expenses and deposits	(50,459)	19,016
Accounts payable and accrued liabilities	97,447	(3,432)
	(1,243,647)	(209,561)
Investing activities:		
Mineral property acquisition costs	(3,669)	—
Equipment additions	(41,358)	(7,046)
	(45,027)	(7,046)
Financing activities:		
Class A preference share issue costs	—	(634)
Common shares issued for cash	1,265,802	696,318
	1,265,802	695,684
Increase in cash and cash equivalents during the period	(22,872)	479,077
Cash and cash equivalents, beginning of period	5,838,786	73,900
Cash and cash equivalents, end of period	\$ 5,815,914	\$ 552,977
Cash and cash equivalents is comprised of:		
Cash and in bank	\$ 533,442	\$ 222,550
Restricted cash	7,179	—
Short-term money market instruments	5,275,293	330,427
	\$ 5,815,914	\$ 552,977
Supplementary information:		
Shares issued for Ceramext license agreement	\$ 182,108	\$ —

See accompanying notes to consolidated financial statements

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)

Notes to the Consolidated Financial Statements

Three months ended March 31, 2004 and 2003

(expressed in United States dollars)

The accompanying consolidated financial statements for the interim periods ended March 31, 2004 and 2003, are prepared on the basis of accounting principles generally accepted in Canada and are unaudited, but in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for fair presentation of the financial position, operations and changes in financial results for the interim periods presented. The consolidated financial statements for the interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements do not contain the detail or footnote disclosure concerning accounting policies and other matters, which would be included in full year financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2003.

1. Going concern assumption

These financial statements are prepared on a going-concern basis, which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business. Accordingly, they do not give effect due to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in these financial statements.

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 continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

As at March 31, 2004, the Company had unrestricted working capital of \$5,708,008 and a deficit of \$18,057,757.

The Company has capitalized \$144,156 in acquisition costs related to the Rozan, Porph, Stewart and Idaho-Maryland mineral property interests.

The current obligations in respect of the mineral property interests only guarantee a continuing interest in those properties. In order to realize the carrying value of these investments, the Company would be required to obtain additional funding or a joint venture partner would have to be identified to assist with the funding of these ventures. The Company has staked mineral claims in southeastern British Columbia.

These costs, mentioned above, are in addition to ongoing general and administration expenditures and costs on other exploration properties held by the Company.

Although the Company has taken steps to verify title to mineral 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 and non-compliance regulatory requirements.

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)

Notes to the Consolidated Financial Statements

Three months ended March 31, 2004 and 2003

(expressed in United States dollars)

2. Share capital

Authorized:

500,000,000 common shares without par value

50,000,000 first preference shares without par value

Preference shares:

Series A First Preference Shares	Number of Shares	Amount
Balance, December 31, 2002	—	\$ —
Shares issued for indebtedness, equity	3,948,428	90,902
Shares issued for indebtedness, debt	--	517,417
Balance, December 31, 2003	3,948,428	608,319
Accretion of debt	—	4,431
Foreign exchange (gain) on debt	—	(5,817)
Balance, March 31, 2004	3,948,428	\$ 606,933

During fiscal 2002, the Company entered into agreements with Mr. Frank A. Lang and Lang Mining Corporation (collectively "Lang") to issue 3,948,428 Series A First Preference shares in full satisfaction of Cdn\$769,686 of indebtedness to Lang. The Series A Preference shares rank in priority to the Company's common shares and are entitled to fixed cumulative preferential dividends at a rate of 7% per annum. At March 31, \$57,094 USD worth of dividends payable have been accrued and are classified as due to related party.

The shares are redeemable by the Company on 30 days written notice at a redemption price of Cdn\$0.80 per common share, but are redeemable by the holder only out of funds available that are not in the Company's opinion otherwise required for the development of the Company's mineral property interest or to maintain a minimum of Cdn\$2 million in working capital.

The Series A First Preference Shares are convertible into common shares at any time at a ratio of one common share for every four Series A First Preference Shares, which represents an effective conversion price of Cdn\$0.80 per common share. The Preference Shares also have attached a gold redemption feature by which holders may elect at the time of any proposed redemption to receive gold in specie valued at \$300 per ounce in lieu of cash, provided the Company has on hand at the time gold in specie having an aggregate value of not less than the redemption amount.

Stock options:

The Company has a fixed 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 5,584,616 common shares, of which 1,208,616 stock options are still available to be issued. There are currently 4,021,000 stock options outstanding exercisable for periods up to ten years.

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)

Notes to the Consolidated Financial Statements

Three months ended March 31, 2004 and 2003

(expressed in United States dollars)

3. Related party transactions and balances

Related party balances are non-interest bearing and are due on demand, with no fixed terms of repayment, with the exception of preference shares (Note 5(a)).

Services rendered:	March 31, 2004	March 31, 2003
Legal fees	\$ 11,232	\$ 1,632
Lang Mining Corporation	\$ 5,610	\$ 5,351
Director and project manager	\$ 22,500	\$ 22,500
LMC Management Services Ltd.	\$ 130,058	\$ 83,288
Balances receivable from (payable to):	March 31, 2004	December 31, 2003
LMC Management Services Ltd.	\$ 74,272	\$ 21,595
Legal fees	\$ (11,964)	\$ (28,810)
Directors, officers and employees	\$ (74,971)	\$ (69,263)
	\$ (86,935)	\$ (98,073)

4. Subsequent events

Subsequent to March 31, 2004,

- (a) The Company entered into an option agreement to acquire a 100% interest in the Jazz Property consisting of twenty-four mineral claims (24 units) located in the Nelson Mining Division near Nelson, British Columbia. The property is contiguous to the Stewart Property and covers approximately 600 hectares. Under the terms of the agreement, the Company has agreed to make total cash payments of \$215,000 to the optionor over a ten-year period. Cash payments in the first year will total \$20,000 (\$5,000 paid). In exchange for the above cash payments, the Company will have the exclusive right and option to earn 100% interest in the property, subject only to the payment to the optionor of a 3.0% NSR and the completion of Cdn\$75,000 in exploration work on the property within 2 years from the date of the agreement. The Company will have the right to purchase 2/3 of the NSR from the optionor for \$1,000,000 at any time up to and including the commencement of commercial production.
- (b) The Company entered into a three-year lease and option to purchase agreement for a 44,750 square foot building located in Grass Valley, California. Minimum lease payments are \$17,005 per month beginning April 1, 2004, and will increase to \$17,900 on April 1, 2005, and to \$20,138 on April 1, 2006.
- (c) The Company entered into a joint venture with a private, non-related company to acquire approximately 45.4 acres adjacent to other properties under option by the Company in Grass Valley, California. The Company's share of the purchase price is \$542,500 plus the construction of an access road for use by the partner.
- (d) 4,400 stock options were exercised at Cdn\$1.00.
- (e) The Company entered into a two-year lease for a house in Grass Valley at \$2,400 per month.

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)

Consolidated Schedules of Exploration Expenses

Three months ended March 31, 2004 and 2003

(expressed in United States dollars)

	March 31, 2004	March 31, 2003
Idaho-Maryland Mine, California		
Exploration costs		
Assays and analysis	\$ 2,374	\$ —
Drilling	380,168	—
Geological and geochemical	82,892	71,248
Land lease and taxes	27,000	21,572
Mine planning	57,263	66,124
Metallurgy	2,209	—
Site activities	68,613	33,438
Transportation	75,328	4,275
Incurred during the period	695,847	196,657
Rozan Property, British Columbia		
Exploration costs		
Assays and analysis	—	71
Geological and geochemical	648	197
Incurred during the period	648	268
Stewart Property, British Columbia		
Exploration costs		
Geological and geochemical	840	149
Site activities	—	4
Incurred during the period	840	153
Total Exploration Expenses	697,335	\$ 197,078

The Company's independent auditor has not performed a review of these consolidated financial statements.

EMGOLD MINING CORPORATION

(an exploration stage company)

Consolidated Schedules of Research costs

Three months ended March 31, 2004 and 2003

(expressed in United States dollars)

	Three months ended March 31, 2004
Ceramext™ process costs	
Equipment for research	\$ 58,539
Ceramext™ technology licence fee and bench-scale research facility	282,108
Consultants, contractors and hourly labour	59,834
Site costs	34,924
Engineering salaries	17,885
Transportation	7,926
	\$ 461,216

EMGOLD MINING CORPORATION
QUARTERLY REPORT
March 31, 2004

Schedule A:

See unaudited consolidated financial statements.

Schedule B:

1. Analysis of expenses and deferred costs

See unaudited consolidated financial statements attached in Schedule A to the Form 51-901.

2. Related party transactions

See note 3 to the unaudited consolidated financial statements for the three months ended March 31, 2004.

3. Summary of securities issued and options granted during the period

(a) **Securities issued during the three months ended March 31, 2004, all in Canadian dollars**

Date of Issue	Type of Security	Type of Issue	Number	Price (Cdn\$)	Total Proceeds (Cdn\$)	Type of Consideration	Commission Paid (Cdn\$)
January 7, 2004	Common	Warrants	24,722	0.55	13,597	Cash	Nil
January 9, 2004	Common	Warrants	1,111,100	0.55	611,105	Cash	Nil
January 9, 2004	Common	Warrants	78,000	0.55	42,900	Cash	Nil
January 21, 2004	Common	Stock	5,000	0.30	1,500	Cash	Nil
January 27, 2004	Common	Stock options	170,000	0.10	17,000	Cash	Nil
January 27, 2004	Common	Stock options	30,000	0.30	9,000	Cash	Nil
January 28, 2004	Common	Stock options	150,000	0.10	15,000	Cash	Nil
February 3, 2004	Common	Warrants	1,033,122	0.55	568,217	Cash	Nil
February 3, 2004	Common	Warrants	250,000	0.55	137,500	Cash	Nil
February 3, 2004	Common	Warrants	433,875	0.55	238,631	Cash	Nil
February 11, 2004	Common	Acquisition	200,000	1.20	240,000	Payment on acquisition	Nil
			3,485,819		1,894,450		

(b) **Options granted during the three months ended March 31, 2004, all in Canadian dollars**

Nil

4. Summary of securities as at the end of the reporting period

(a) **Authorized Capital**

500,000,000 common shares without par value.
50,000,000 preferred shares.

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(b) **Issued and Outstanding Capital at March 31, 2004**

46,941,699 common shares are issued and outstanding.

3,948,428 Series A First Preference shares.

(c) (i) **Stock Options Outstanding, all in Canadian dollars**

Number of Shares	Exercise Price (Cdn\$)	Expiry Date
52,000	0.30	June 16, 2004
145,000	0.30	April 21, 2007
100,000	0.25	January 15, 2009
150,000	0.25	June 11, 2009
544,000	0.10	October 12, 2011
150,000	0.60	June 18, 2013
2,880,000	1.00	November 19, 2013
<u>4,021,000</u>		

(ii) **Warrants Outstanding, all in Canadian dollars**

Number of Shares	Exercise Price (Cdn\$)	Expiry Date
176,000	1.25	September 30, 2004
6,237,199	1.00	December 22, 2005
<u>6,413,199</u>		

(d) **Shares in Escrow**

Nil

5. List of directors and officers

Frank A. Lang – Chairman and Director
William J. Witte – President, Chief Executive Officer and Director
Ron Lang – Director (resigned May 13, 2004)
Sargent H. Berner – Director
Ross Guenther – Project Manager and Director
John King Burns – Director
Ian Chang – Vice President, Project Development
Arthur G. Troup – Vice President, Exploration
Shannon M. Ross – Chief Financial Officer and Corporate Secretary

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Idaho-Maryland Project, Grass Valley, California

The Company has extensive geological data on the eastern part of its 2,750-acre property. However, there is minimal data available on the older western part where the Phase 1 surface drill program was completed. The Company designed a 15,000 to 20,000 foot surface drill program to better define the Company's knowledge of geological structures and search for new gold zones near surface within the Idaho-Maryland property. The information collected from Phase 1 of the drill program produced important information concerning key geologic structures. The drill results from the Phase 1 surface drill program have validated some of the Company's hypotheses regarding the complex geology of the Idaho-Maryland Mine area. As of May 28, 2004 28 diamond drill holes totaling 19,085.6 feet of drilling have been completed. As of May 28, 2004, no assay results have been reported for the Phase 2 drill program.

Phase 2 drilling

The Company commenced its 2004 surface-drilling program after closing a private placement financing in December 2003. The 2004 surface-drilling program is the second phase of the program initiated in 2003 to test the structural geologic model developed from historical information.

The surface core drilling will test an extension of the newly discovered high-grade gold zone and other high-grade targets in the westernmost portion of the Idaho Deformation Corridor ("the Corridor"). These targets are in addition to the known resources at the Idaho-Maryland Mine. Drilling will explore the entire width of the Idaho Deformation Corridor along a 1,500-foot strike length and will test multiple lode targets. High-grade lode targets include (1) the Idaho 120 Vein target, (2) the Idaho "1 Vein", (3) the Idaho 192 Vein and (4) a complex set of high-grade link veins within the corridor. Data mining from the large Idaho-Maryland Mine historic database has demonstrated the coincidence of localized, pipe-like, carbonate-sericite alteration blooms in most areas of significant underground gold production. Much of the large alteration bloom in the target area is entirely unexplored. The alteration bloom measures a minimum 500 feet in strike length and 150 feet in width. There is a high level of confidence for new high-grade lode gold discoveries in these areas.

The Phase 2 drilling was initiated from Site B to test several prospective phyllonite zones within the Corridor, in the immediate vicinity of the Idaho No. 1 Shaft. The entire width of the Corridor, along an 800-foot strike length, is being targeted initially. The famous Idaho 1 Vein Oreshoot was the only structure historically explored and developed in this area of the mine, having produced one million ounces of gold from a single high-grade stope. The Idaho 1 Vein stope marks the southern boundary of the east-west trending deformation corridor, with an approximate 300-foot width of the Corridor currently being tested in the footwall of the Idaho 1 Vein stope. The westward projection of the Idaho 192 Vein is also being targeted within the drill program. The Idaho 192 Vein structure was stoped only in an area east of the Idaho No. 1 Shaft, having produced 75,000 ounces from a four- to eight foot width of high-grade ribboned vein quartz. The 192 Vein lies 40 to 60 feet into the footwall of the 1 Vein stope.

Drilling at Site "B" included 10 holes totalling 6,605 feet of drilling and was designed to test the central area of the Corridor and identify future underground drill targets. The diamond drill was moved from Site "B" to Site "A" on April 1, 2004.

The current surface drill program continues with 23 holes totaling 16,879 feet having been completed as of May 14, 2004, which is probing the entire width of the Corridor from four permitted sites within the City of Grass Valley. Drilling at Site "A" should further delineate the high-grade intercept in the Idaho 120 Vein structure from hole IDH001 drilled in 2003 when one newly discovered gold zone near the surface was discovered with 10.1 feet of 0.67 to 0.93 ounces per ton (opt) with 3 feet grading 2.20 opt. Currently 3 holes

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totaling 2,865 feet have been completed at Site "A." Drilling operation has increased from one 12-hour shift per day to two 12-hour shifts effective April 11, 2004. The mineralized intervals of core are presently being sampled and fire assayed at certified analytical laboratories.

As of May 28, 2004, 23 diamond drill holes for 15,809.6 feet of drilling had been completed in the Phase 2 surface exploration program. As of May 28, 2004, no assay results have been reported.

Upon completion of drilling at Site "A" the drill may return to Site "B" to explore the area of the proposed exploration decline within the metavolcanic unit. Core samples from the metavolcanics will be used as feed to the Ceramext™ pilot and demonstration plants to produce a wide range of ceramic products. A 2,000 to 3,000 foot geotechnical drill program is being planned to test areas on the Company's surface properties where the potential exploration decline and surface facilities may be located. The geotechnical program may commence shortly after the completion of the Phase 2 drill program. Samples from meta-volcanic core extracted from the geotechnical drilling will be used to test the applicability of the Ceramext™ Process to the material. The results of the pilot and demonstration plants will be used to complete a feasibility study to evaluate the construction and operation of a full scale Ceramext™ facility that could consume all development rock from underground workings and tailings from gold recovery from the Idaho-Maryland Mine. It is anticipated that the feasibility study using the Ceramext™ technology on Idaho-Maryland feedstock will be completed in the first quarter of 2005. Other feedstock materials will be tested during the demonstration and feasibility work to examine additional business opportunities.

The Idaho-Maryland exploration and geotechnical programs are planned and supervised by Mr. Mark Payne, California Registered Geologist Number 7067. Mr. Payne is the Chief Geologist for the Idaho-Maryland Project and "Qualified Person" for the purpose of National Instrument 43-101, "Standards of Disclosure for Mineral Projects." Data compilation for the surface core-drilling program will be performed by the Company's geological staff with review and verification by Mr. Payne. The Company has implemented a quality assurance/quality control program to ensure that sampling and analyses of all drill cores is conducted in accordance with the best possible exploration industry practices, and conforms to National Instrument 43-101.

Feasibility Stage

Emgold has advanced the Idaho-Maryland Project to the full feasibility stage. Current feasibility work includes:

- project permitting,
- completing a 20,000 foot surface drill program to define underground exploration targets,
- metallurgical test work,
- development of preliminary conceptual layouts and process flow sheets,
- advancing the Ceramext™ technology. This technology will be used to process development rock and tailings from the Idaho-Maryland Mine, producing high value added building materials, and
- increasing its land position. Emgold has also increased its surface land position in Grass Valley, California to allow for further development and permitting of the Idaho-Maryland Project.

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Rozan Property

Emgold continues to hold the Rozan property, a gold prospect, located south of Nelson in British Columbia and the Stewart property located near Ymir, British Columbia.

On the Rozan Property, a small exploration program was recently completed over the historic Flying Dutchman Zone. Historic reports and maps show that this area lies within altered Elise volcanic rocks and is crossed by numerous large quartz veins. During a 2001 prospecting program, grab sampling by Emgold from the waste dump of one of these workings returned an assay value of 29.68 g/t gold. A grab sample from a second waste dump located 400 meters away returned an assay of 1.82 g/t gold. Emgold recently completed a surface program that located several of the numerous quartz veins described in the historic reports. A small soil-sampling grid put in over the area of quartz veining traced the gold mineralization in the veins across areas of limited outcrop exposure. The results show three sub-parallel, linear, gold soil geochemical anomalies that trend across the grid area for strike lengths of 300, 650 and 800 meters respectively.

On the Rozan property, the current program is designed to locate, map and chip sample these numerous gold bearing quartz veins in order to confirm information contained in historic reports. Also, a 2 x 2 kilometer soil sampling grid will be established over the area of quartz veining in order to better trace the veins in areas of poor outcrop exposure. Linda Dandy, P.Geol., of P&L Geological Services, is the Qualified Person for the exploration programs on the Stewart and Rozan properties.

Stewart Property

Emgold contracted Fugro Airborne Surveys of Mississauga, Ontario to conduct airborne geophysical surveys on its Rozan and Stewart Properties, located in the West Kootenay Region of southeastern British Columbia.

The surveys, flown in December 2003, have been reviewed by Peter E. Walcott and Associates (a geophysical contractor) who has identified several moderate to strong, well defined electromagnetic conductors that may be representative of sulphide mineralization, some of which are associated with magnetic gradients that could reflect faults and/or shears.

Emgold is currently integrating these results with previous geological mapping, geochemical and induced polarization surveys, and limited diamond drilling carried out over various parts of the properties in order to plan the summer 2004 exploration program. Additional information regarding the exploration program will be announced upon completion of the evaluation of the results.

Jazz Property

During Q1 2004, Emgold entered into an option agreement to acquire a 100% interest in the Jazz Property consisting of twenty-four mineral claims (24 units) located at latitude 49°17'N and longitude 117°21'W in the Nelson Mining Division near Nelson, British Columbia.

The property is contiguous to Emgold's Stewart Property and covers approximately 600 hectares. A strong gold soil geochemical anomaly parallels the Jazz and Stewart property boundaries for over 1 kilometer in strike length. A coincident geophysical anomaly bisects the gold soil anomaly and will be one of the key target areas for follow-up exploration work consisting of trenching and diamond drilling during 2004. Further prospecting and rock chip sampling over two lobes of the Silver King intrusive located on either side of Highway 6 will be needed to fully assess the potential of the properties. Emgold has completed an airborne geophysical survey and is awaiting the summary reports for the Stewart and Jazz properties to clarify its understanding of the nature of the gold occurrences and the possible sources of gold in the surrounding areas. In anticipation of successful results, Emgold's geologists have submitted applications for four drill sites on the Stewart property. A summer exploration program for the property is currently being planned.

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Ceramext™ Process

Emgold has signed an exclusive world wide license agreement with Ceramext, LLC (“Ceramext”) to develop and use the Ceramext™ Process to convert mine development rock and tailings and other waste and naturally occurring materials into high quality ceramics. The Ceramext™ Process is a patented, energy efficient, one-step technology capable of converting a wide variety of raw materials, including mine tailings and fly ash into high-strength, low-porosity, industrial ceramics such as, floor tile, roof tile, brick, construction materials and other industrial and commercial products.

Ceramext has a patent on the equipment and other patents pending on the process, which uses a vacuum hot extrusion of waste materials to produce high quality industrial ceramics. The Ceramext™ Process has been demonstrated on a laboratory basis on a wide variety of materials including coal, lignite, and biomass fly ash, bottom ash, slag, clays, volcanic ash and mine development rock and tailings. Specifically, Ceramext has tested development rock and tailings from the Idaho-Maryland Mine and has successfully produced very high quality ceramic blanks using the Ceramext™ Process. These blanks are suitable for forming into a wide variety of ceramic products using standard finishing technology. Independent marketing surveys conducted in California, indicate that floor tiles are worth approximately \$1.25 to \$1.50 per square foot on a wholesale basis, which translates to approximately \$400 to \$500 per ton of feedstock to the process.

Emgold, through its subsidiary Golden Bear Ceramics Company, (“Golden Bear”), has designed and is building a pilot plant in Grass Valley, California to determine the feasibility of converting mine tailings and other materials into high quality ceramics. Preliminary engineering studies indicate low capital and operating costs in comparison to conventional industrial ceramic operations. The Ceramext™ Process could allow a mining operation to make a useful and profitable product from mine development rock and tailings that would otherwise require expensive impoundment, which could consume large areas of land. The Ceramext™ Process could create additional income from mining operations and allow mines to continue to operate profitably even in times of very low commodity prices.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion of the financial position and operating results of the Company should be read in conjunction with the Consolidated Financial Statements and accompanying Notes for the years ended December 31, 2003 and 2002. All monetary amounts are in United States dollars unless otherwise noted.

The Management’s Discussion an Analysis (“MD&A”) contains certain “Forward-Looking Statements”. All statements, other than statements of historical fact included herein, including without limitation, statements regarding potential mineralization and resources, research and development activities, and future plans of the Company are forward looking statements that involve various risks and uncertainties including changes in future prices of gold; variations in ore reserves, graded or recovery rates, accidents, labour disputes and other risks associated with mining; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, technological obsolescence, and other factors discussed under “Risk Factors” in the MD&A for the year ended December 31, 2003.

There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. The effective date of this MD&A is May 28, 2004.

In 2003, the Company adopted the United States dollar as its functional and reporting currency.

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Results of Operations

Three Months Ended March 31, 2004, Compared to Three Months Ended March 31, 2003

Engold's loss for the three months ended March 31, 2004 ("Q1 2004") was \$1,416,040, or \$0.03 per share, compared to a loss of \$341,040, or \$0.01 per share for the three months ended March 31, 2003 ("Q1 2003").

During Q1 2004 the Company earned interest income of \$28,989 on excess cash balances compared to \$195 in Q1 2003 due to the increased cash balances held during Q1 2004. Legal, accounting and audit fees increased from \$818 in Q1 2003 to \$16,098 in Q1 2004. Legal fees were incurred with respect to agreements under negotiation, including the Ceramext, LLC transaction, review of contracts and increasing regulatory review and reporting requirements.

Office and administration expenses in Q1 2004 of \$3,963 compare to \$21,243 in Q1 2003. Office and administration expenses include telephone, courier, and other direct costs, which were incurred in the period. Costs are lower in the current period, as an exploration office has been set up in Grass Valley, California, and telephone and other related expenses are included in site activities for the Idaho-Maryland project.

Salaries and benefits of \$50,433 in Q1 2004 compare to \$40,657 in Q1 2003. The costs in Q1 2004 reflect the increased management, administrative and accounting time related to the processing of transactions, regulatory requirements and other salary costs related to the increased activity in the Company. Activity on the Idaho-Maryland property increased as financing was obtained, drilling commenced and the Ceramext transaction was completed.

Exchange losses of \$117,291 in Q1 2004 compare to losses of \$10,899 in Q1 2003. The expenditures on the Idaho-Maryland property are primarily incurred in United States dollars with the related currency exchange fluctuations, and most of the Company's funds are maintained in Canadian dollars.

Shareholder communication costs of \$68,508 in Q1 2004 compare to \$49,314 in Q1 2003. Shareholder communication costs will continue to be a significant expense due to the increased interest in the Company and the costs related to keeping shareholders informed of the Company's activities. Shareholder communications costs include dissemination costs associated with news releases, transfer agent and regulatory and filing fees. It also includes fees associated with the maintenance of the Company's website. Investor relations contractual activities incurred in Q1 2004 totaled \$43,460 compared to \$6,065 in Q1 2003. High Visibility Public Relations, a media relations' consultant was paid \$21,522 for fees and expenses in Q1 2004 compared to \$6,065 in Q1 2003. Investor relations activities include payments of \$13,564 for fees and expenses to Coal harbor Communications in Q1 2004 compared to \$nil in Q1 2003 and \$8,000 paid to Windward Communications for fees and expenses in Q1 2004 compared to \$nil in Q1 2003. During Q1 2004, stock-based compensation expense of \$13,209 is included in shareholder communication costs compared to \$nil in Q1 2003. The media campaign and investor relations' costs have increased the shareholder communication costs substantially in order to educate the community surrounding the Idaho-Maryland, the investment community and shareholders of new developments and investment opportunities.

Exploration expenditures on the Idaho-Maryland property increased from \$196,657 in Q1 2003 to \$695,847 in Q1 2004. Total expenditures in Q1 2004, with the related Q1 2003 expenditures in brackets, are as follows: consulting and engineering fees related to exploration and mine planning - \$57,263 (Q1 2003 - \$66,124); geological - \$82,892 (Q1 2003 - \$71,248); site activities including ongoing evaluation of historic data and preparation of applications for permitting for the surface exploration program and drilling - \$68,613 (Q1 2003 - \$33,438); and drilling - \$380,168 (Q1 2003- \$nil). The Company has a five-year lease and option to purchase the Idaho-Maryland property. The current lease commenced on June 1, 2002, and expires on May

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31, 2007. Land lease and taxes in Q1 2004 total \$27,000 (Q1 2003 - \$21,572). Exploration expenditures on the Rozan and Stewart properties totaled \$1,488 in Q1 2004 compared to \$421 in Q1 2003. The majority of exploration expenditures in Canada have been financed by the issuance of flow through shares. No exploration work can be carried out in the winter months due to the snow levels on the property.

In Q1 2003 the Company expended \$461,216 on development of the Ceramext™ Process. These costs include \$58,539 spent on equipment related to the plant, \$282,108 on licensing fees and acquisition of the bench-scale plant for the technology, \$59,834 on consultants, contractors, and hourly labour; \$34,924 on site costs; \$17,885 on engineering salaries; and \$7,926 on transportation.

Summary of Quarterly Results

The table below provides, for each of the most recent eight quarters, a summary of exploration costs on a project-by-project basis and of corporate expenses.

	Idaho- Maryland Property, California	Rozan Property, British Columbia	Stewart Property, British Columbia	Others	General and administrative expenses (Note 1)
2002					
Second Quarter	4,461	404	4,520	—	64,133
Third Quarter	47,340	6	3,589	—	49,879
Fourth Quarter	193,513	99	(124)	16	15,479
2003					
First Quarter	196,657	268	153	—	144,157
Second Quarter	214,276	40	157	—	150,192
Third Quarter	245,481	413	—	—	125,277
Fourth Quarter	330,707	59,779	53,293	—	1,666,463
2004					
First Quarter	695,847	648	840	—	286,478

Note1: General and administrative expenses do not include the write-down or recovery of mineral property interests.

Related Party Transactions

The Company has signed an exclusive worldwide license agreement with Ceramext, LLC to develop and use the Ceramext™ Process to convert mine tailings and other waste materials into ceramics. Under the terms of the agreement, the Company has obtained the worldwide rights to the Ceramext™ Process technology, subject to a monthly royalty of 3% of the gross sales revenue derived from the sales of physical products produced. During Q1 2004, under the terms of the agreement, Emgold has paid \$100,000 and has issued 200,000 common shares to Ceramext LLC, a private company controlled by a director of the Company. The common shares have a four-month hold period, expiring June 12, 2004. No common shares were issued as bonuses, finder's fees or commissions in connection with this transaction. The worldwide rights will remain in force based upon maintaining the following minimum royalty payments: \$5,000 per quarter in 2004; \$10,000 per quarter in 2005; \$20,000 per quarter in 2006; and \$40,000 per quarter thereafter.

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Other related party transactions include the following transactions:

Services rendered by:	Three months ended March 31,	
	2004	2003
Legal fees	\$ 11,232	\$ 1,632
Director and project manager	\$ 22,500	\$ 22,500
LMC Management Services Ltd.	\$ 130,058	\$ 83,288
Lang Mining Corporation	\$ 5,610	\$ 5,351
<hr/>		
Balances receivable from:	March 31, 2004	December 31, 2003
LMC Management Services Ltd.	\$ 74,272	\$ 21,595
<hr/>		
Legal fees	\$ (11,964)	\$ (28,810)
Directors, officers and employees	\$ (74,971)	\$ (69,263)
Payable to:	\$ (86,935)	\$ (98,073)

Preference Shares

Mr. Frank A. Lang and Lang Mining Corporation (collectively "Lang") were major creditors of the Company as a result of advances made over a prolonged period in providing financial support to the Company. In 2002, the Company entered into an agreement with Lang to issue 3,948,428 Series A First Preference shares in full satisfaction of an aggregate \$516,031 of indebtedness owing to Lang. Terms of the preferred share issuance are described below.

The Series A First Preference Shares rank in priority to the Company's common shares and are entitled to fixed cumulative preferential dividends at a rate of 7% per annum, of which \$57,094 has been accrued. The shares are redeemable by the company at any time on 30 days of written notice at a redemption price of Cdn\$0.80 per common share, but are redeemable by the holder only out of funds available that are not in the Company's opinion otherwise required for the development of the Company's mineral property interests or to maintain a minimum of Cdn\$2 million in working capital. The accretion of the debt portion of the preference shares during Q1 2004 was \$4,431.

As is required by accounting standards, the value of the convertible preference shares was split into a debt component and an equity component. This resulted in \$90,902 being included in equity. The balance of \$90,902 is the value included in debt as preference shares.

The Series A First Preference Shares are non-voting unless and until the Company fails for any period aggregating two years or more to pay dividends, in which case they will carry one (1) vote per share at all annual and special meetings of shareholders thereafter.

Liquidity and Capital Resources

Financing Activities

At March 31, 2004, Emgold had unrestricted working capital of \$5,708,008, as compared to unrestricted working capital of \$5,707,854 at December 31, 2003. Unrestricted working capital is defined as current unrestricted assets less current liabilities.

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During the three months ended March 31, 2004, 2,930,819 share purchase warrants were exercised at prices ranging from Cdn\$0.55 to Cdn\$1.00. In addition, 355,000 stock options were exercised at prices ranging from Cdn\$0.10 to Cdn\$0.30.

At March 31, 2004, the following warrants were exercisable:

Number of Warrants	Exercise Price (Cdn\$)	Expiry Date
176,000	1.25	September 30, 2004
6,237,199	1.00	December 22, 2005
6,413,199		

Contractual Obligations

The following table summarizes the Company's contractual obligations:

	April 1, 2004, to December 31, 2004	1-2 years	2-3 years	3-4 years	4-5 years	5 th and subsequent years (3)	Total
Long-term debt	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Operating lease obligations	189,771	212,115	234,942	60,414	--	--	697,242
Idaho-Maryland property lease (1)	76,500	102,000	102,000	102,000	--	--	382,500
Mineral property option payments (1)	35,000	50,000	60,000	40,000	--	--	185,000
Ceramext™ royalties and payments (2)	--	20,000	40,000	80,000	160,000	160,000	460,000
Rental property lease	19,200	28,800	9,600	--	--	--	57,600
	\$320,471	\$ 412,915	\$ 446,542	\$ 282,414	\$ 160,000	\$ 160,000	\$1,782,342

(1) Mineral property option payments are made at the option of the Company, however non-payment of mineral property leases may result in forfeiture of Emgold's rights to a particular property.

(2) The amount shown in '5th and subsequent years' is a per-year figure.

Investing Activities

The Company has a five-year lease and option to purchase the Idaho-Maryland property. The current lease commenced on June 1, 2002, and expires on May 31, 2007. In Q1 2004, \$25,500 was expended on the quarterly lease payment on the Idaho-Maryland property.

Emgold, through Emgold (US), has entered into a three-year lease and option to purchase agreement for a 44,750 square foot building located in Grass Valley, California. The building supports the further development of the Ceramext™ Process technology and provides office, laboratory, geological and storage facilities for the Idaho-Maryland and Golden Bear Ceramics project teams. Minimum lease payments are \$17,005 per month beginning April 1, 2004, and will increase to \$17,900 on April 1, 2005, and to \$20,138 on April 1, 2006.

The Company entered into an option agreement to acquire a 100% interest in the Jazz Property consisting of twenty-four mineral claims (24 units) located in the Nelson Mining Division near Nelson, British Columbia. The property is contiguous to the Stewart Property and covers approximately 600 hectares. Under the terms of the agreement, the Company has agreed to make total cash payments of \$215,000 to the optionor over a ten-year period. Cash payments in the first year will total \$20,000 (\$5,000 paid). In exchange for the above cash

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payments, the Company will have the exclusive right and option to earn 100% interest in the property, subject only to the payment to the optionor of a 3.0% NSR and the completion of Cdn\$75,000 in exploration work on the property within 2 years from the date of the agreement. The Company will have the right to purchase 2/3 of the NSR from the optionor for \$1,000,000 at any time up to and including the commencement of commercial production.

The Company entered into a joint venture with a private, non-related company to acquire approximately 45.4 acres adjacent to other properties under option by the Company in Grass Valley, California. The Company's share of the purchase price is \$542,500 plus the construction of an access road for use by the partner.

Ceramext™ Process

Under the terms of the agreement, Emgold, through its subsidiary Golden Bear, has obtained the worldwide rights to the Ceramext™ technology, subject to a monthly royalty of 3% of the gross sales revenue derived from sales of physical products produced. Emgold paid Ceramext, LLC \$100,000 within 90 days of regulatory approval, which was in February 2004 to cover certain development costs. Emgold also issued to Ceramext, LLC 200,000 shares of the Company. The worldwide rights will remain in force based upon Golden Bear maintaining minimum royalty payments calculated on a quarterly basis that consist of: "Year 1" - \$nil per quarter; "Year 2" - \$5,000 per quarter; "Year 3" - \$10,000 per quarter; "Year 4" - \$20,000 per quarter; "Year 5" and thereafter - \$40,000 per quarter. Year 1 will be deemed to commence 90 days after the date of approval of the agreement by regulatory authorities, which was February 12, 2004. During Q1 2004 the Company has expended \$461,216 on research including the design and fabrication of a pilot plant using the Ceramext™ Process technology.

Jazz Property, British Columbia

During Q1 2004 Emgold entered into an option agreement to acquire a 100% interest in the Jazz Property consisting of twenty-four mineral claims (24 units) located at latitude 49°17'N and longitude 117°21'W in the Nelson Mining Division near Nelson, British Columbia. The Jazz Property is contiguous to Emgold's Stewart Property and covers approximately 600 hectares. Under the terms of the agreement Emgold has agreed to make total cash payments of \$215,000 (\$5,000 paid) to the optionor over a ten-year period.

Rozan Gold Property, British Columbia

In 2000 the Company entered into an option agreement to acquire the rights to the Rozan Gold Property, a prospect located south of the community of Nelson in the Red Mountain area of southeastern British Columbia. The Company can earn a 100% interest in the property by making stepped payments totaling Cdn\$100,000 (Cdn\$30,000 paid) and issuing 200,000 (200,000 issued) common shares by April 1, 2006.

Porph Claims, British Columbia

The Company has staked six claims contiguous to the Stewart Property located near Nelson in southeastern British Columbia.

Stewart Property, British Columbia

In 2001 the Company entered into an option agreement to acquire the rights to the Stewart mineral claims, a prospect located close to Nelson in southeastern British Columbia. The Company can earn a 100% interest in the property by making payments totaling Cdn\$150,000 (\$35,000 paid) and issuing 200,000 common shares (150,000 issued) by 2007. The Company has also agreed to incur exploration expenditures of Cdn\$49,200 over two years, which have been incurred.

During fiscal 2004, the Company will be required to make option payments of \$31,996, and issue 50,000 common shares to maintain its mineral property interests in British Columbia.

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Uncertainties and Risk Factors

The uncertainties and risks affecting Emgold's activities are discussed in the Annual MD&A.

Critical Accounting Policies

The Company continues to follow the accounting policies described in the audited financial statements for the year ended December 31, 2003, that were mailed to shareholders in May of 2004.

Outlook

Emgold's primary focus in 2004 will be on activities that will include:

- Completing the 15,000 to 20,000 surface drill program at the Idaho-Maryland and producing a new NI 43-101 report and preliminary assessment report.
- Completing the application to obtain the Conditional Mine Use Permit for the Idaho-Maryland Mine.
- Building and operating the Ceramext™ Process pilot plant and working towards a positive feasibility study and associated marketing studies for specific areas of interest for the technology.
- Continuing with grass roots exploration of the Rozan, Stewart and Jazz properties.

FORM 52-109FT2
CERTIFICATION OF INTERIM FILINGS DURING TRANSITION PERIOD

I, **WILLIAM J. WITTE**, President and Chief Executive Officer of **EMGOLD MINING CORPORATION**, certify that:

1. I have reviewed the interim filings (as this term is defined in *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*) of **EMGOLD MINING CORPORATION** (the issuer) for the interim period ending March 31, 2004;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

Date: May 28, 2004

“William J. Witte”

William J. Witte
President and Chief Executive Officer

FORM 52-109FT2
CERTIFICATION OF INTERIM FILINGS DURING TRANSITION PERIOD

I, **SHANNON M. ROSS**, Chief Financial Officer of **EMGOLD MINING CORPORATION**, certify that:

1. I have reviewed the interim filings (as this term is defined in *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*) of **EMGOLD MINING CORPORATION** (the issuer) for the interim period ending March 31, 2004;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

Date: May 28, 2004

“Shannon M. Ross”

Shannon M. Ross
Chief Financial Officer