

1.0 EXECUTIVE SUMMARY

The Idaho-Maryland Mining Corporation (IMMC) seeks to re-open the historical Idaho-Maryland Mine in accordance with all applicable federal, state and local laws and regulations for the purposes of:

- Dewatering and rehabilitating the historic Idaho-Maryland Mine workings,
- Conducting underground resource exploration and development,
- Developing the industrial mineral and gold ore deposits,
- Processing the precious and industrial mineral deposits to produce gold and manufactured stone and ceramic building products,
- Operating and maintaining these facilities for the life of the project (estimated to be 20 or more years, based on current projections), and
- Performing reclamation activities at the project sites at the conclusion of the project.

This document comprises the 2007 Revised Application for an Exploration and Mining Use Permit for the Idaho-Maryland Mine Project and is provided in the form of the five requisite permit applications required by the City of Grass Valley (City) including the following, prepared in accordance with the City checklists:

- Formal Development Review Application (which includes a Planned Development Application),
- Mineral Project Application,
- General Plan Application,
- Rezone/Prezone Application, and
- Annexation Application.

The project description and permit applications cited above were revised to address the community concerns expressed and environmental issues identified during the City's Phase I review of the 2005 Exploration and Mining Use Permit Application (2005 Permit Application) in accordance with the California Environmental Quality Act (CEQA). The Phase I work product was the Master Environmental Assessment (MEA) that was completed in June 2005. The City's Phase II, Initial Study, was initiated thereafter during which IMMC developed a Revised Project Description that is contained in Section 1 of this 2007 Revised Application. The Revised Project Description concept was submitted to the City by IMMC in October 2006.

1.1 Project Summary

The proposed project contains three potential development properties that are located approximately 1.5 miles east of downtown Grass Valley (Plate R1). The properties comprise a total of 146 acres and include: the New Brunswick site (37 acres); the one-acre Round Hole site easement; and the Idaho-Maryland site (101 acres). The Idaho-Maryland site is comprised of the West BET 56 acre property and the 45 acre IMMC property that was formerly the Lausman sawmill site. The Idaho-Maryland site is central to the project and is proposed to be developed for a 2,400 short ton per day (STPD) mine and ceramics plant operations complex. These properties were a part of the original Idaho-Maryland Mining Company gold mill that closed in 1956. In addition, there are approximately 2,800 acres of subsurface

mineral lands that constitute the historical area of the Idaho-Maryland Mine that IMMC seeks to reopen for the purpose of extracting industrial minerals and recovering the remaining gold ore deposits.

The major facilities proposed to be constructed on the Idaho-Maryland site total approximately 331,500 square foot (sq ft) in building area. The facilities include two administration office buildings, a bit and steel shop, a ceramics plant, a core shed, two dry change houses, an equipment bay, a mine rescue building, a gold process plant, a truck shop, a warehouse, a water treatment plant, a ceramics truck loading area, a fire water tank, a fuel/oil storage area, a mine water settling pond, a portal to the decline tunnel, a storage and stockpile area, a storm water detention pond, an electrical substation, an education center, a headframe, a hoist house, truck waiting and staging areas, parking lots, Centennial Drive Extension road, and access roads. The facilities proposed to be constructed on the New Brunswick site total approximately 9,200 sq ft in building area and include a headframe, hoist house, a substation and a mine water treatment plant and an associated water discharge system. For the Round Hole site, the only proposed structure is a 200 sq ft emergency hoist house for ventilation and emergency egress to and from existing mine workings and is located at the terminus of an access road and parking area comprising 11,400 sq ft.

As illustrated in the Idaho-Maryland Mine Project Schedule, the construction of the mine, production and operational facilities is planned to be conducted in three phases from the City's issuance of permits. The staged mine development is assumed to occur in 2008 (for planning purposes) through 2015 during which full production at the Idaho-Maryland Mine is anticipated. The planned site closure date is 2029 contingent on further underground exploration results and on-going mine development and operation. Site reclamation activities are expected to be initiated at that time. The maximum construction work force estimated for the project is 350, and operational workforces at the ceramics and gold processing plants is estimated to be 400 in total.

1.2 Permit Application Descriptions

The purpose of the General Plan Amendment, Rezone/Prezone, and Annexation Applications is to address the jurisdictional responsibilities of Nevada County (County) and the City for the three project sites as well as each site's subsequent zoning designation. The Annexation Application proposes that the City annex the Idaho-Maryland site that is currently within the County jurisdiction. The annexation will allow the permitting of the project as a whole under the single jurisdiction of the City. The General Plan Amendment and Rezone/Prezone Applications seek to modify the City's proposed General Plan land use designations to make them consistent with the Mineral Resource Element, the existing and historical uses of the property, and the proposed mining use. Specifically, the application requests that the General Plan be amended to designate all 101 acres of the Idaho-Maryland site as M-I, manufacturing/industrial. The application further proposes that the Idaho-Maryland site be rezoned to M-2/MR, General Industrial, within the Mining Reclamation and Combining Zone. This will make the intended land use and zoning consistent with the General Plan land use designations and Policies.

The Mineral Project Application has been prepared in accordance with the California Surface Mining and Reclamation Act (SMARA) and CEQA. In the 2005 Permit Application an Expanded Environmental Assessment (2005 Volume I, Section 6) was prepared to conform to the requirements of the CEQA Initial Study Checklist and was neither updated nor revised in the 2007 Revised Application. Instead, the CEQA component of the 2007 Revised Mineral Project Application was updated with technical appendices attendant to that document (2007 Volume IA).

The 2005 Expanded Environmental Assessment (2005 Volume I, Section 6) and the CEQA component of the 2007 Revised Mineral Project Application were completed by IMMC to characterize the environmental baseline for the project. Answers to technical questions posed in the CEQA Checklists

therein were developed using both internal information and external consultant technical reports and other available information that are summarized in the 2005 Volume III, Technical Appendices, and updates that are appended to certain of the individual 2007 revised applications.

1.3 Project Benefits

In conclusion, IMMC believes this application is for a project which will bring significant benefit to the City, County and the State of California. Specifically these benefits may include:

- Stable, high wage employment;
- Substantial and stable tax revenue through increased property taxes generated by the project and indirectly through increases in other city revenues;
- Increased tax revenue can support increased bonding capacity for needed infrastructure projects;
- Large demand for goods and services to support local businesses within the community - strong economic multiplier effect;
- A long term commitment to the community;
- Restores a historical activity and culture to the community;
- Maintenance of environmental standards;
- Provide opportunities for local young people to be trained and employed in a good job;
- Attractive design of the project will be an addition to the City and restore the historical look of the site;
- Mine and Education Center will become an additional tourist and cultural attraction;
- Employment generated by the Project can improve jobs/housing balance with other proposed annexation projects which emphasize residential development;
- Project places relatively small demand on City services; and
- Community benefit of having a comparatively large company headquartered in the community.

The IMMC acknowledges the significance and potential impact of a project of the proposed magnitude of the Idaho-Maryland Mine on the City, the surrounding communities, and County. We have had an ongoing series of open meetings and workshops where we have addressed and will continue to address the concerns of our neighbors in order to establish and maintain a mutually beneficial and long-term relationship.

2.0 INTRODUCTION

The Idaho-Maryland Mining Corporation (IMMC) has prepared the Revised Formal Development Review Permit, Mineral Project, General Plan Amendment, Rezone/Prezone, Annexation Applications (2007 Revised Application). The IMMC is a wholly-owned subsidiary of the Emgold Mining Corporation (“Emgold”) that is located in the City of Grass Valley (City), California. The Revised Application was prepared to comply with the applicable federal, state, and local laws and regulations administered by the City to permit the reopening of the historical Idaho-Maryland Mine.

There are a total of five volumes that comprise the combined 2005 and 2007 Applications for the Idaho-Maryland Mine Project:

- 2005 Volume I – Applications and Assessment Document,
- 2005 Volume II – Plates (graphics, many of which have are still current),
- 2005 Volume III – Appendices (technical reports)
- 2007 Volume IA – Revised Applications (supersedes 2005 Volume I), and
- 2007 Volume IIA – New and Revised Plates.

The cited application document set contained in 2007 Volume IA replaces the 2005 Volume I previously submitted with Volume II, Plates (“2005 Volume II”), and Volume III, Technical Appendices (“2005 Volume III”), to the City of Grass Valley (“City”). As that set, the May 2007 Revised Project Application Document Set (“Revised Project Application”) has been prepared in accordance with the City requirements. In addition, the Mineral Project Application (Section 3) has been prepared in accordance with the California Surface Mining and Reclamation Act (SMARA).

The graphics that support the cited applications are contained in the 2005 Volume II and the 2007 Revised Project Application Volume IIA (“2007 Volume IIA”). The project graphics for which changes were not necessary are contained in the 2005 Volume II. Graphics that have been changed to reflect the Revised Project Description have been labeled “superseded” in the 2005 Volume II. The revised and new graphic plates are contained in the 2007 Revised Project Application Volume IIA and are referenced in application text with a prefix “R” for Revised and “N” for New.

The technical reports that were used as a basis for completing the 2005 Project Application Document Set are contained in that set’s Volume III. Certain technical analyses (e.g., tree survey, traffic and noise) were required to be updated for the Revised Formal Development Review Application or the CEQA portion of the Revised Mineral Project Application; the updated analyses are included, as appropriate, in those documents as Appendices.