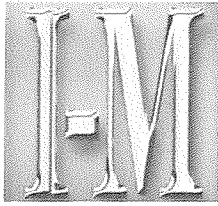


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**IDAHO-MARYLAND MINING CORPORATION**

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Community Dev. Dept.

November 23, 2011

Tom Last  
Planning Director  
City of Grass Valley  
125 East Main Street  
Grass Valley, CA 95945

**Subject: Reimbursement Agreement with City of Grass Valley**

Dear Mr. Last,

In follow up to the November 8, 2011 City Council meeting, we would like to thank the City for its work in selecting a consultant to complete the Environmental Impact Report (EIR) for the Idaho-Maryland Project and approving the Reimbursement Agreement. Now that IMMC knows the scope, budget, and schedule for completion of the EIR, we are moving forward to obtain internal approvals and funding to finalize the EIR. We request that the City temporarily place the project on hold while we complete this financing phase.

We expect that financing for the Idaho-Maryland can be done within the next 60 to 90 days. However, as you are well aware, the stock markets are extremely volatile at the present time due to both national and international events beyond Emgold's control. This uncertainty is affecting stock markets and investment around the world, including the TSX-Venture Exchange where Emgold raises capital. It is possible funding could take a more extended time to complete. Note that this is an issue facing all companies raising capital in the current markets, regardless of business type, and we appreciate the City's patience as we move forward to advance the Idaho-Maryland Project through the CEQA process and create a project that benefits the City, County, and State of California.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Watkinson'.

David Watkinson  
President and CEO