

EMGOLD MINING CORP
Form 20-F
May 17, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or 12(g) OF THE *SECURITIES EXCHANGE ACT OF 1934*

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*
for the fiscal year ended December 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

Date of event requiring this shell company report _____

Commission file number 000-51411

EMGOLD MINING CORPORATION

(Exact Name of Registrant as Specified in its Charter)

BRITISH COLUMBIA, CANADA

(Jurisdiction of incorporation or organization)

**Suite 1010, 789 West Pender Street
Vancouver, British Columbia, Canada, V6H 1H2**

(Address of principal executive offices)

Grant T. Smith

**Suite 1010, 789 West Pender Street
Vancouver, British Columbia, Canada, V6H 1H2**

Tel: (604) 639-0909 Fax: (778) 375-3109

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which registered

None None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Shares without par Value

(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of class)

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. 66,651,462

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards
as issued by the International Accounting
Standard Board

Other

If "Other" has been checked in response to the previous question, indicate by a check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18 **NOT APPLICABLE**

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this Annual Report under the captions “Risk Factors”, “Business Overview”, “Operating and Financial Review and Prospects” and “Quantitative and Qualitative Disclosures about Market Risk” and elsewhere in this Annual Report and the documents attached as exhibits constitute “forward-looking statements” within the meaning of the United States securities laws. Some forward-looking statements may be identified by such terms as “believes,” “anticipates,” “intends” or “expects.” These forward-looking statements are based on the Company’s current expectations and projections about future events and financial trends affecting the financial condition of its business and the industry in which it operates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company, or industry results to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements and the Company expressly disclaims any obligation to revise or update forward-looking statements in respect of actual results, performance or achievements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, impact demand for gold and other metals; industry capacity; the ability of the Company to implement its business strategy; changes in, or the unintentional failure to comply with, government regulations (especially safety and environmental laws and regulations); changes in the uses of gold and other metals; gold and commodity price volatility; increased competition; mining risks; exploration programs not being successful; inability to obtain financing; inability to obtain or, cancellation of, government permits; changes to regulations and mining law; increased reclamation obligations; title defects with respect to properties; risks associated with international operations; and foreign exchange and currency fluctuations.

Conversion of metric units into imperial equivalents is as follows:

<u>Metric units</u>	<u>Multiply by</u>	<u>Imperial units</u>
Hectares	2.471	= acres
Metres	3.281	= feet
Kilometres	0.621	= miles (5,280 feet)
Grams	0.032	= ounces (troy)
Tonnes	1.102	= tons (short) (2,000 lbs)
grams/tonne	0.029	= ounces (troy)/ton

CAUTIONARY NOTE TO U.S. INVESTORS

This Annual Report uses the terms "measured resources" and "indicated resources." We advise U.S. investors that while such terms are recognized and permitted under Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

This Annual Report may use the term "inferred resources." We advise U.S. investors that while such term is recognized and permitted under Canadian regulations, it is not recognized by the U.S. Securities and Exchange Commission. "Inferred resources" have a significant amount of uncertainty as to their existence, and uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **U.S. investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.**

S.E.C. Industry Guide 7

Reserve: That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The United States Securities and Exchange Commission requires a final or full Feasibility Study to be completed in order to support either Proven or Probable Reserves and does not recognize other classifications of mineralized deposits. Note that for industrial mineral properties, in addition to the Feasibility Study, "sales" contracts or actual sales may be required in order to prove the project's commerciality and reserve status.

Proven Reserves: Reserves for which a quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling of the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.

Probable Reserves: Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

National Instrument 43-101

Mineral Reserve: The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proven Mineral Reserve: The economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Probable Mineral Reserve: The economically mineable part of an indicated, and in some circumstances, a Measured Mineral Resource, demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that

demonstrate, at the time of reporting, that economic extraction can be justified.

Glossary of Abbreviations

AA	Annexation Application
Ag	Silver
Au	Gold
Ba	Barium
Co	Cobalt
Cu	Copper
EM	Electromagnetic
Fe	Iron
gpm	Gallons per minute
gpt	Grams per tonne
g/t	Grams per tonne
IP	Induced Polarization geophysical survey
Ni	Nickel
NSR	Net smelter returns royalty
oz	Troy ounce
Pb	Lead
Pd	Palladium
ppb	Parts per billion
ppm	Parts per million
Pt	Platinum
S	Sulphur
ton	Short ton (2,000 pounds)
tonne	Metric ton (1000 kilograms - 2204.62 pounds)
tpd	Tons per day
VLF	Very low frequency electromagnetic geophysical survey
VMS	Volcanogenic massive sulphide

All currency amounts in this Annual Report are stated in United States dollars unless otherwise indicated.

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PART 1

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

(a) Directors and Senior Management

This form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, as amended and as such, there is no requirement to provide any information under this item.

(b) Advisers

This form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, as amended and as such, there is no requirement to provide any information under this item.

(c) Auditor

This form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, as amended and as such, there is no requirement to provide any information under this item.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

This form 20-F is being filed as an annual report under the Securities Exchange Act of 1934, as amended and as such, there is no requirement to provide any information under this item.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The selected financial data of Emgold Mining Corporation (“Emgold” or the “Company”) for the years ended December 31, 2012, 2011, 2010, 2009, and 2008 was derived from the Company’s consolidated financial statements as audited by MNP LLP, Chartered Accountants for 2012, MSCM LLP, Chartered Accountants for 2011 and PricewaterhouseCoopers LLP, Chartered Accountants for the years 2010, 2009, and 2008, as indicated in the audit reports included elsewhere in this Annual Report. The financial reporting represents consolidated reporting for Emgold’s 100% subsidiary companies Emgold U.S. Corporation (“Emgold U.S.”), Idaho-Maryland Mining Corporation (“IMMC”), and Golden Bear Ceramics Company (“GBC”).

The selected consolidated statement of financial position data as of December 31, 2009 and 2008, and the selected consolidated statement of income data and the selected consolidated statement of cash flows data set forth below for the years ended December 31, 2009 and 2008 are derived from our audited consolidated financial statements not included in this Annual Report. Our consolidated financial statements as of and for the years ended December 31, 2012 and 2011 have been prepared in conformity with IFRS. We adopted IFRS effective as of and for the fiscal year ended December 31, 2011 by applying IFRS 1: First Time Adoption of International Reporting Standards. Our consolidated financial statements as of and for the year ended December 31, 2010 were originally prepared in accordance with generally accepted accounting principles in the United States, or US GAAP, and were restated in accordance with IFRS for comparative purposes only. The selected consolidated statement of financial position data as of December 31, 2009 and 2008 and the selected consolidated statement of income data and the selected consolidated statement of cash flows data for the years ended December 31, 2009 and 2008 were derived from our audited consolidated financial statements not included in this Annual Report and were prepared in conformity with US GAAP. The information based on US GAAP is not comparable to information prepared in accordance with IFRS.

In accordance with rule amendments adopted by the U.S. Securities and Exchange Commission, or SEC, which became effective on March 4, 2008, we do not provide a reconciliation to US GAAP for financial information prepared in accordance with IFRS. The selected financial information as of and for the years ended December 31, 2012, 2011 and 2010 set forth below should be read in conjunction with, and is qualified in its entirety by reference to “Item 5. Operating and Financial Review and Prospects” and our audited consolidated financial statements and the notes thereto.

At the Annual and Special General Meeting of our shareholders held on September 18, 2009, the shareholders approved a special resolution to alter the Company's authorized share structure by consolidating all of the issued and outstanding common shares without par value, of which 168,972,873 common shares were then issued on the basis of ten (10) pre-consolidation common shares for one (1) post-consolidation common share. After adjusting for rounding, 16,894,310 common shares were issued and outstanding after giving effect to this consolidation. The issued and outstanding Class A preference shares were consolidated on the same basis, resulting in 398,483 Class A preference shares, after consolidation. The share consolidation of the common shares without par value and the Class A preference shares was effective December 21, 2009. All periods presented have been retroactively adjusted to reflect this reverse split.

The Company has not declared any dividends on its common shares since incorporation and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and the expansion of its business.

Amount in conformity with IFRS:**(United States Dollars)**

	December 31,		
	2012	2011	2010
Selected Consolidated Statement of Financial Position Data			
	\$1,677,936	\$1,198,166	\$1,207,283
Total assets			
Total liabilities	1,125,067	1,543,237	661,707
Contributed surplus	7,035,197	6,800,722	6,629,389
Accumulated other comprehensive income (loss)		----	--
Share capital	43,390,203	42,817,739	41,490,268
Equity component of convertible preference shares		----	--
Warrants	686,349	1,219,617	1,271,008
Deficit	(50,558,880)	(50,183,149)	(47,845,089)
	\$1,474,581		
Equipment and mineral property interests		\$ 1,053,339	\$ 1,120,075
Shareholders' equity (deficiency)	552,869	654,929	1,545,576
Number of outstanding common shares	66,651,462	58,714,504	38,552,444

No cash or other dividends have been declared on common shares.

Selected Consolidated Statement of Income Data	2012	For The Years Ended December 31,	
		2011	2010
Revenue	\$ --	\$ --	\$ --
Investment and other income	--	--	--
General and administrative expenses and other items	(811,598)	1,030,920	402,596
Exploration expenses	1,187,329	1,307,140	670,491
Ceramext research costs	--	--	--
Write-down of mineral property interests	--	--	--
Loss according to financial statements	(375,731)	(2,338,060)	(1,073,087)
Loss per share – basic and diluted	(0.01)	(0.06)	(0.05)

Amount in conformity with US GAAP:**(United States Dollars)****Selected Consolidated Statement of Financial**

Position Data	December 31,	
	2009	2008
Total assets	\$ 1,136,369	\$ 1,642,605
Total liabilities	1,925,709	626,549
Share capital	38,792,139	39,109,658
Contributed surplus	4,287,301	4,286,347
Warrants	112,355	1,936,339
Accumulated other comprehensive income	(577,454)	(577,454)
Deficit	(44,206,549)	(43,863,334)

	2009	2008
Equipment and mineral property interests	1,096,514	1,044,553
Shareholders' equity (deficiency)	(789,340)	1,016,056
Number of outstanding common shares	16,894,310	15,751,987

December 31,

Selected Consolidated Statement of Income Data

	2009	2008
Revenue	\$ --	\$ --
Investment and other income	--	--
General and administrative expenses	218,688	2,060,237
Exploration expenses	1,175,520	2,586,625
Ceramext research costs	92,340	447,809
Write-down of mineral property interests	75,169	--
Loss according to financial statements	(1,561,717)	(5,094,671)
Loss per share – basic and diluted	(0.09)	(0.32)

B.

Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Financial Risk Factors

Readers should carefully consider the risks and uncertainties described below before deciding whether to invest in shares of the Company's common stock.

Emgold currently has no source of operating cash flow, a negative working capital position, and has a history of operating losses. Emgold currently has no revenue from operations and all of its mineral property interests are in the exploration or development stages. The Company does not expect to receive significant revenue from operations at any time in the near future, and Emgold has had no prior years' history of earnings or operating cash flow. Neither Emgold nor its predecessors have paid dividends on their shares since incorporation and the Company does not anticipate doing so in the foreseeable future.

Emgold has no source of revenue other than interest income. The Company has potential to generate income by advancing its exploration and development properties into production or by conducting the sale, joint venture, or other business transactions related to its properties. A mining project can typically require ten to twenty years or more between discovery, definition, development construction, and eventually operation. As a result, no production revenue is expected from any of the Company's exploration properties for at least 4 years. All of Emgold's short to medium-term operating and exploration expenses must be paid from its existing cash position or external financing. At December 31, 2012, Emgold had working capital deficiency of \$923,000, compared to a working capital surplus of \$652,000 at December 31, 2011. Working capital is defined as current assets less current liabilities.

The Company has taken significant steps to reduce operating costs since 2008. The Company is currently exploring all options that have potential to generate cash for the Company, including equity investment, sale of assets, joint ventures, mergers, or other types of business transactions. The Company cannot guarantee the success of any of these transactions.

Emgold may be unable to obtain the funds necessary to hold or conduct further exploration or permitting activities for its properties. Emgold is undergoing a three phase permitting process to complete an Environmental Impact Report and to obtain a Conditional Mine Use Permit for the I-M Project, located in Grass Valley, California. On October 26, 2011, Phase 3 of the permitting process was placed on hold by the Company pending resurgence of the junior mining equity markets. On September 10, 2012, the Company's permitting application was "deemed withdrawn" by the City due to inactivity and the Company was instructed it would have to re-file its applications when it had the funds to move forward. It is unknown if and when additional funds will be available to advance the I-M Project and the Company has stated that if necessary, the Company will drop the project to focus on other assets the Company currently has in its portfolio (see 26 October 2011, 07 September 2012, and 01 February 2013 press releases).

On 01 February 2013, subsequent to year end, a Lease Option to Purchase Agreement for 91 acres of surface rights and 2,750 acres of mineral rights associated with the Idaho-Maryland Project expired. The Company is in negotiations to extend this Agreement on more favourable terms. Should negotiations to extend the agreement be unsuccessful, Emgold has stated it will terminate the Project and focus on the other assets the Company currently has in its portfolio (see 01 February 2013 press release).

Additional capital will ultimately be required to place the Idaho-Maryland Project ("I-M Project") into commercial production. To date, the only sources of funds that have been available to the Company are from the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further development thereof.

In 2012 and 2013, Emgold announced a series of transactions with Rawhide Mining LLC ("RMC") whereby RMC will provide Cdn\$1.0 million in equity financing to Emgold in a series of tranches (See 14, 19, and 26 November press releases, 28 December 2012 press release, and 30 January 2013 press release). Part of these financings, totalling \$510,000, will be used to