

EMC METALS CORP.  
Form 10-Q  
May 14, 2012

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2012**

**TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**000-54416**

(Commission File Number)

**EMC METALS CORP.**

(Exact name of registrant as specified in its charter)

**British Columbia, Canada**

(State or other jurisdiction  
of incorporation or organization)

**98-1009717**

(IRS Employer  
Identification No.)

**1430 Greg Street, Suite 501, Sparks, Nevada 89431**

(Address of principal executive offices) (Zip Code)

**(775) 355-9500**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by sections 13 or 15(d) of the Securities and 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer [  ] Accelerated filer [  ] Non-accelerated filer [  ] Smaller reporting company [  ]

Indicate by check mark whether the registrant is a shell company, as defined in Rule 12b-2 of the Exchange Act.

Yes [  ] No [  ]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

**As of May 1, 2012, the registrant's outstanding common stock consisted of 150,678,713 shares.**

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**(An Exploration Stage Company)**

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**QUARTER ENDED MARCH 31, 2012**

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**EMC Metals Corp.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Expressed in Canadian Dollars) (Unaudited)

	March 31, 2012	December 31, 2011
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,066,375	\$ 804,892
Investments in trading securities, at fair value (Note 3)	2,250	2,250
Prepaid expenses and receivables	201,666	192,158
<b>Total Current Assets</b>	<b>1,270,291</b>	<b>999,300</b>
<b>Restricted cash</b> (Note 4)	<b>159,400</b>	<b>159,400</b>
<b>Property, plant and equipment</b> (Note 5)	<b>30,606,257</b>	<b>30,676,426</b>
<b>Mineral interests</b> (Note 6)	<b>2,288,479</b>	<b>679,711</b>
<b>Total Assets</b>	<b>\$ 34,324,427</b>	<b>\$ 32,514,837</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 443,323	\$ 550,081
Current portion of promissory notes payable (Note 9)	511,472	529,752
<b>Total Current Liabilities</b>	<b>954,795</b>	<b>1,079,833</b>
<b>Convertible debenture</b> (Note 10)	<b>1,620,674</b>	<b>-</b>
<b>Promissory notes payable</b> (Note 9)	<b>4,646,121</b>	<b>3,813,750</b>
<b>Total Liabilities</b>	<b>7,221,590</b>	<b>4,893,583</b>
<b>Stockholders Equity</b>		
Capital stock (Note 11) (Authorized: Unlimited number of shares; Issued and outstanding: 150,678,713 (2011 150,678,713))	88,578,045	88,578,045
Treasury stock (Note 12)	(1,343,333)	(1,343,333)
Additional paid in capital (Note 11)	1,763,773	1,476,285
Deficit accumulated during the exploration stage	(61,895,648)	(61,089,743)
<b>Total Stockholders Equity</b>	<b>27,102,837</b>	<b>27,621,254</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 34,324,427</b>	<b>\$ 32,514,837</b>
Nature and continuance of operations (Note 1)		
Subsequent event (Note 15)		

The accompanying notes are an integral part of these condensed consolidated financial statements.

**EMC Metals Corp.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars) (Unaudited)

	Cumulative amounts from incorporation on July 17, 2006 to March 31, 2012	Quarter ended March 31, 2012	Quarter ended March 31, 2011
<b>EXPENSES</b>			
Amortization	\$ 2,354,388	\$ 70,169	\$ 88,638
Consulting	2,286,946	14,705	81,299
Exploration	14,763,499	337,794	63,491
General and administrative	7,363,545	82,082	37,200
Insurance	970,675	12,797	12,367
Professional fees	3,135,237	84,221	22,336
Research and development	3,474,068	-	-
Salaries and benefits	6,871,651	162,462	150,655
Stock-based compensation (Note 11)	5,452,335	38,660	67,732
Travel and entertainment	1,640,304	30,337	58,879
<b>Loss before other items</b>	<b>(48,312,648)</b>	<b>(833,227)</b>	<b>(582,597)</b>
<b>OTHER ITEMS</b>			
Foreign exchange gain	636,918	111,281	77,646
Loss on transfer of marketable securities	(3,115,889)	-	-
Gain on settlement of convertible debentures	1,449,948	-	-
Gain on sale of marketable securities	1,836,011	-	-
Write-off of mineral interests	(18,091,761)	-	-
Write-off of land and water rights	(3,100,000)	-	-
Gain on insurance proceeds	972,761	-	-
Interest income (expense)	163,259	(83,959)	(71,240)
Other income	502,965	-	-
Gain on disposition of assets	959,281	-	-
Change in fair value of derivative liability (Note 8)	485,358	-	228,741
Unrealized gain on marketable securities	53,830	-	-
	(17,247,319)	27,322	235,147
<b>Loss before income taxes</b>	<b>(65,559,967)</b>	<b>(805,905)</b>	<b>(347,450)</b>
<b>Deferred income tax recovery</b>	<b>6,522,138</b>	<b>-</b>	<b>-</b>
<b>Loss and comprehensive loss for the period</b>			
	\$ (59,037,829)	\$ (805,905)	\$ (347,450)
<b>Basic and diluted loss per common share</b>		(0.01)	(0.00)

<b>Weighted average number of common shares outstanding</b>	150,678,713	149,863,023
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The accompanying notes are an integral part of these condensed consolidated financial statements.

**EMC Metals Corp.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars) (Unaudited)

	Cumulative amounts from incorporation on July 17, 2006 to March 31, 2012	Quarter ended March 31, 2012	Quarter ended March 31, 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the period	\$ (59,037,829)	\$ (805,905)	\$ (347,450)
Items not affecting cash:			
Amortization	2,354,388	70,169	88,638
Research and development	3,474,068	-	-
Consulting paid with common shares	10,711	-	-
Gain on disposal of assets	(959,281)	-	-
Convertible debenture costs	(1,312,878)	-	-
Unrealized foreign exchange	705,737	(81,375)	(118,022)
Stock-based compensation	5,452,335	38,660	67,732
Unrealized gain on marketable securities	(53,830)	-	-
Realized gain on marketable securities	(1,836,011)	-	-
Write-off of mineral properties	18,091,761	-	-
Write-off of land and water rights	3,100,000	-	-
Realized loss on transfer of marketable securities	3,115,889	-	-
Change in fair value of derivative liability	(485,358)	-	(228,741)
Deferred income tax recovery	(6,522,138)	-	-
Accrued interest expense	12,722	(8,530)	-
Accrued interest income	(2,809)	-	-
	(33,892,523)	(786,981)	(537,843)
Changes in non-cash working capital items:			
Increase in prepaids and receivables	(135,116)	(9,508)	(142,315)
Decrease in accounts payable and accrued liabilities	(619,586)	(106,758)	38,766
Increase in due to related parties	1,163,028	-	-
Asset retirement obligations	(1,065,891)	-	-
	(34,550,088)	(903,247)	(641,392)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash acquired from subsidiary	4,857,012	-	-
Cash paid for Subsidiary	(11,359,511)	-	-
Spin-out of Golden Predator Corp.	(76,388)	-	-
Restricted cash	(159,400)	-	-
Reclamation bonds	795,785	-	-
Proceeds from sale of marketable securities, net	(4,135,798)	-	-
Proceeds from sale of property, plant and equipment	675,742	-	-
Purchase of property, plant and equipment	(21,255,448)	-	(20,548)



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Proceeds from sale of mineral interests	500,000	-	-
Additions to unproven mineral interests	(4,782,286)	(1,608,768)	-
	(34,940,292)	(1,608,768)	(20,548)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Common shares issued	55,521,421	-	210,249
Share issuance costs	(1,277,713)	-	-
Special warrants	13,000,000	-	-
Options exercised	384,900	-	43,000
Warrants exercised	11,164,849	-	267,625
Notes payable	(9,966,000)	-	-
Receipt (payment) of promissory note	997,000	997,000	-
Convertible debenture	1,994,000	1,994,000	-
Debt issuance costs	(217,502)	(217,502)	-
Payment of promissory note	(1,260,700)	-	-
Advances from related party	216,500	-	-
Loans advanced to Midway	(2,000,000)	-	-
Loan repayment from Midway	2,000,000	-	-
	70,556,755	2,773,498	520,874
<b>Change in cash during the period</b>	1,066,375	261,483	(141,066)
<b>Cash, beginning of period</b>	-	804,892	4,126,424
<b>Cash, end of period</b>	\$ 1,066,375	\$ 1,066,375	\$ 3,985,358
<b>Supplemental disclosure with respect to cash flows (Note 14)</b>			

The accompanying notes are an integral part of these condensed consolidated financial statements.

**EMC Metals Corp.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(Expressed in Canadian Dollars) (Unaudited)

	Number of Shares	Capital Stock Capital Stock Amount \$	Additional Paid in Capital \$	Treasury \$	Deficit Accumulated During the Exploration Stage \$	Total \$
<b>Balance, July 17, 2006</b>	-	-	-	-	-	-
Private placements	5,000,000	3,500,000	-	-	-	3,500,000
Excess of exchange amount over carrying amount of				-		
	-	-	-		(2,857,819)	(2,857,819)
Springer Mining Company						
Loss for the period	-	-	-	-	(357,670)	(357,670)
<b>Balance, December 31, 2006</b>	5,000,000	3,500,000	-	-	(3,215,489)	284,511
Private placements	17,577,500	35,155,000	-	-	-	35,155,000
Conversion of special warrants	5,390,000	5,390,000	-	-	-	5,390,000
Exercise of warrants	50,000	75,000	-	-	-	75,000
Share issuance costs	-	(1,215,074)	99,000	-	-	(1,116,074)
broker's fees						
Share issuance costs	100,000	100,000	-	-	-	100,000
shares issued						
Shares issued for mineral properties	100,000	100,000	-	-	-	100,000
Stock-based compensation	40,000	40,000	489,562	-	-	529,562
Loss for the year	-	-	-	-	(6,128,912)	(6,128,912)
<b>Balance, December 31,</b>	28,257,500	43,144,926	588,562	-	(9,344,401)	34,389,087

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**2007**

Private placements	5,322,500	10,645,000	-	-	-	10,645,000
Conversion of special warrants	7,610,000	7,610,000	-	-	-	7,610,000
Share issuance costs	-	(261,638)	-	-	-	(261,638)
broker's fees						
Shares issued for mineral properties	110,000	210,000	-	-	-	210,000
Acquisition of Gold Standard Royalty Corp.	2,050,000	4,100,000	143,017	-	-	4,243,017
Acquisition of Great American Minerals Inc.	1,045,775	2,091,550	426,672	-	-	2,518,222
Acquisition of Fury Explorations Ltd.	10,595,814	13,774,558	7,787,783	(2,087,333)	-	19,475,008
Exercise of stock options	6,637,224	10,027,915				