

EMC METALS CORP.
Form 10-Q/A
November 10, 2014

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 June 30, 2014

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

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

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Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filed	<input type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>

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 August 6, 2014, the registrant's outstanding common stock consisted of 193,070,379 shares.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

(An Exploration Stage Company)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS AND QUARTER ENDED JUNE 30, 2014

2

EMC Metals Corp.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars) (Unaudited)

As at:	June 30, 2014	December 31, 2013
ASSETS		
Current		
Cash	\$780,711	\$785,075
Prepaid expenses and receivables	23,460	127,410
Subscription receivable (Note 10)	234,175	-
Total Current Assets	1,038,346	912,485
Restricted cash (Note 3)	-	149,868
Property, plant and equipment (Note 5)	8,361	10,278
Mineral interests (Note 6)	2,977,234	1,613,203
Total Assets	\$4,023,941	\$2,685,834
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$348,937	\$247,613
Convertible debentures (Note 7)	-	650,000
Promissory notes payable (Note 8)	2,500,000	1,204,875
Total Liabilities	2,848,937	2,102,488
Stockholders' Equity		
Capital stock (Note 10) (Authorized: Unlimited number of shares; Issued and outstanding: 188,429,143 (2013 – 165,358,337))	88,394,298	87,310,708
Treasury stock (Note 11)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 10)	2,109,493	2,108,327
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit accumulated during the exploration stage	(87,211,193)	(86,718,095)
Total Stockholders' Equity	1,175,004	583,346
Total Liabilities and Stockholders' Equity	\$4,023,941	\$2,685,834
Nature and continuance of operations (Note 1)		

Subsequent events (Note 14)

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 US Dollars) (Unaudited)

	Cumulative amounts from incorporation on July 17, 2006 to June 30, 2014	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six Months ended June 30, 2014	Six Months ended June 30, 2013
EXPENSES					
Amortization (Note 5)	\$ 2,150,714	\$959	\$1,074	\$1,917	\$2,149
Consulting	2,269,734	8,500	41,865	8,500	77,153
Exploration	15,127,312	635	2,044	53,391	309,115
General and administrative	7,344,025	39,788	44,978	87,110	120,225
Insurance	950,824	(241)	7,593	6,448	15,015
Professional fees	3,278,246	62,691	32,020	83,813	78,942
Research and development	3,042,091	-	-	-	-
Salaries and benefits	7,567,767	89,475	137,347	186,769	280,349
Stock-based compensation (Note 10)	5,416,151	-	43,165	1,166	64,197
Travel and entertainment	1,631,765	5,176	4,872	12,442	13,718
Loss from continuing operations before other items	(48,778,629)	(206,983)	(314,958)	(441,556)	(960,863)
OTHER ITEMS					
Foreign exchange gain	363,136	11,355	38,099	4,124	27,783
Gain on transfer of marketable securities	181,238	-	-	-	-
Gain on settlement of convertible debentures	1,268,246	-	-	-	-
Gain on sale of marketable securities	1,720,016	-	-	-	-
Write-off of mineral interests and property, plant and equipment	(16,015,169)	-	-	-	-
Write-off of land and water rights	(2,800,000)	-	-	-	-
Gain on insurance proceeds	912,534	-	-	-	-
Interest expense	(873,640)	(25,666)	(156,427)	(55,666)	(302,706)
Other income	466,463	-	-	-	-
Gain on disposition of assets	933,075	-	-	-	-
Change in fair value of derivative liability	453,790	-	-	-	-

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Unrealized loss on marketable securities	(3,070,425)	-	-	-	-
	(16,460,736)	(14,311)	(118,328)	(51,542)	(274,923)
Loss from continuing operations before income taxes	(65,239,365)	(221,294)	(433,286)	(493,098)	(1,235,786)
Deferred income tax recovery	6,020,527	-	-	-	-
Loss from continuing operations for the period	(59,218,838)	(221,294)	(433,286)	(493,098)	(1,235,786)
Loss from discontinued operations (Note 4)	(25,501,664)	-	(88,609)	-	(196,397)
Loss for the period	(84,720,502)	(221,294)	(521,895)	(493,098)	(1,432,183)
Foreign currency translation adjustment	(2,844,668)	-	-	-	-
Comprehensive loss for the period	\$(87,565,170)	\$(221,294)	\$(521,895)	\$(493,098)	\$(1,432,183)
Basic and diluted loss per common share					
Loss from continuing operations		\$(0.00)	\$(0.00)	\$(0.00)	\$(0.01)
Loss from discontinued operations		\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Weighted average number of common shares outstanding		177,640,929	165,358,337	171,690,544	165,358,337

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 US Dollars) (Unaudited)

	Cumulative amounts from incorporation on July 17, 2006 to June 30, 2014	Six month period ended June 30, 2014	Six month period ended June 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	\$ (84,720,502)	\$ (493,098)	\$ (1,432,183)
Items not affecting cash:			
Amortization	2,361,260	1,917	11,854
Research and development	3,042,091	-	-
Consulting paid with common shares	9,379	-	-
Gain on disposal of assets	(933,075)	-	-
Convertible debenture costs	(1,149,630)	-	-
Unrealized foreign exchange	794,240	-	8,660
Stock-based compensation	5,416,151	1,166	64,197
Unrealized gain on marketable securities	(46,707)	-	-
Realized gain on marketable securities	(1,720,016)	-	-
Write-off of mineral properties and property, plant & equipment	39,442,452	-	-
Write-off of land and water rights	3,243,685	-	-
Realized loss on transfer of marketable securities	2,935,895	-	-
Change in fair value of derivative liability	(453,790)	-	-
Deferred income tax recovery	(6,020,527)	-	-
Finance charge	504,479	-	177,260
	(37,294,615)	(490,015)	(1,170,212)
Changes in non-cash working capital items:			
Decrease (increase) in prepaids and receivables	(243,256)	103,950	51,042
Increase (decrease) in accounts payable and accrued liabilities	(355,309)	101,324	279,556
Increase in due to related parties	1,091,043	-	-
Asset retirement obligations	(999,176)	-	-
	(37,801,313)	(284,741)	(839,614)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired from subsidiary	4,543,435	-	-
Cash paid for Subsidiary	(10,602,498)	-	-
Spin-out of Golden Predator Corp.	(66,890)	-	-
Restricted cash	(11,293)	149,868	-
Reclamation bonds	747,862	-	-
Proceeds from sale of marketable securities, net	(3,881,287)	-	-
Proceeds from sale of property, plant and equipment	5,633,294	-	-
Purchase of property, plant and equipment	(19,920,751)	-	-
Proceeds from sale of mineral interests	517,550	-	-
Additions to unproven mineral interests	(5,588,419)	(1,364,031)	(1,108,484)

	(28,628,997)	(1,214,163)	(1,108,484)
CASH FLOWS FROM FINANCING ACTIVITIES			
Common shares issued	53,595,724	876,946	-
Share issuance costs	(1,218,332)	(27,531)	-
Special warrants	12,095,274	-	-
Options exercised	370,812	-	-
Warrants exercised	10,534,109	-	-
Notes payable	(11,412,423)	-	-
Receipt of promissory note	4,844,874	2,500,000	1,200,000
Convertible debenture	2,650,000	-	649,175
Debt issuance costs	(249,827)	-	-
Payment of promissory note and convertible debenture	(4,540,103)	(1,854,875)	-
Advances from related party	191,508	-	-
Loans advanced to Midway	(1,822,651)	-	-
Loan repayment from Midway	1,760,221	-	-
	66,799,186	1,494,540	1,849,175
Effect of foreign exchange on cash flows	411,835	-	-
Change in cash during the period	780,711	(4,364)	(98,923)
Cash, beginning of period	-	785,075	190,215
Cash, end of period	\$ 780,711	\$780,711	\$91,292

Supplemental disclosure with respect to cash flows (Note 13)

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 US Dollars) (Unaudited) Page 1 of 2

	Capital Stock		Additional	Treasury	Accumulated	Deficit	
	Number of	Amount	Paid in	Stock	Other	Accumulated	Total
	Shares	\$	Capital	\$	Comprehensive	During the	
					Loss	Exploration	
					\$	Stage	\$
Balance, July 17, 2006	-	-	-	-	-	-	-
Private placements	5,000,000	3,017,350	-	-	-	-	3,017,350
Excess of exchange amount over carrying	-	-	-	-	-	-	-
Excess of exchange amount over carrying amount of Springer Mining Company	-	-	-	-	-	(2,490,691)	(2,490,691)
Loss for the period	-	-	-	-	-	(316,382)	(316,382)
Balance, December 31, 2006	5,000,000	3,017,350	-	-	-	(2,807,073)	210,277
Private placements	17,577,500	35,598,475	-	-	-	-	35,598,475
Conversion of special warrants	5,390,000	5,590,529	-	-	-	-	5,590,529
Exercise of warrants	50,000	74,235	-	-	-	-	74,235
Share issuance costs – broker's fees	-	(1,202,721)	97,56500	-	-	-	(1,105,156)
Share issuance costs – shares issued	100,000	99,910	-	-	-	-	99,910
Shares issued for mineral	100,000	95,822	-	-	-	-	95,822

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properties							
Stock-based compensation	40,000	38,314	472,489	-	-	-	510,803
Loss for the year	-	-	-	-	-	(5,579,477)	(5,579,477)
 B a l a n c e , December 31, 2007	 28,257,500	 43,311,914	 570,054	 -	 -	 (8,386,550)	 35,495,418
Private placements	5,322,500	10,543,444	-	-	-	-	10,543,444
Conversion of special warrants	7,610,000	7,484,629	-	-	-	-	7,484,629
Share issuance costs – broker’s fees	-	(263,169)	-	-	-	-	(263,169)
Shares issued for mineral properties	110,000	206,229	-	-	-	-	206,229
Acquisition of Gold Standard Royalty Corp.	2,050,000	4,088,552	138,529	-	-	-	4,227,081
Acquisition of Great American Minerals Inc.	1,045,775	2,065,059	419,891	-	-	-	2,484,950
Acquisition of Fury Explorations Ltd.	10,595,814	12,963,070	7,343,879	(1,964,364)	-	-	18,342,585
Exercise of stock options	6,637,224	9,690,543	(178,482)	-	-	-	9,512,061
Shares issued for repayment of promissory note	4,728,000	2,017,257	-	-	-	-	2,017,257
Stock-based compensation	-	-	2,251,500	-	-	-	2,251,500
Loss for the year	-	-	-	-	-	(16,979,873)	(16,979,873)
 Balance, December 31, 2008	 66,356,813	 92,107,528	 10,545,371	 (1,964,364)	 -	 (25,366,423)	 75,322,112
Private placements	14,500,000	1,123,489	-	-	-	-	1,123,489
Exercise of stock options	101,000	110,689	(92,970)	-	-	-	17,719
Shares issued for mineral	2,765,643	311,606	-	-	-	-	311,606

properties							
Settlement of convertible debentures	7,336,874	2,299,061	49,278	-	-	-	2,348,339
Shares issued for consulting	89,254	9,168	-	-	-	-	9,168
Shares issued for acquisition of TTS	19,037,386	1,976,697	-	-	-	-	1,976,697
Stock-based compensation before spin-out	-	-	799,008	-	-	-	799,008
Spin-out of GPD	-	(18,044,538)	(11,300,687)	-	-	-	(29,345,225)
Stock-based compensation after spin-out	-	-	935,995	-	-	-	935,995
Foreign currency translation adjustment	-	-	-	-	(2,536,527)	-	(2,536,527)

EMC Metals Corp.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in US Dollars) (Unaudited) Page 2 of 2

	Capital Stock		Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit Accumulated During the Exploration Stage	Total
	Number of Shares	Amount \$					
Loss for the year	-	-	-	-	-	(18,954,099)	(18,954,099)
Balance, December 31, 2009	110,186,970	79,893,700	935,995	(1,964,364)	(2,536,527)	(44,320,522)	32,008,282
Private placements	30,252,442	4,563,680	441,565	-	-	-	5,005,245
Exercise of stock options	1,320,000	443,329	(219,732)	-	-	-	223,597
Exercise of warrants	7,300,000	1,060,257	-	-	-	-	1,060,257
Stock-based compensation	-	-	772,179	-	-	-	772,179
Foreign currency translation adjustment	-	-	-	-	99,091	-	99,091
Loss for the year	-	-	-	-	-	(4,585,644)	(4,585,644)
Balance, December 31, 2010	149,059,412	85,960,966	1,930,007	(1,964,364)	(2,437,436)	(48,906,166)	34,583,007
Exercise of stock options	250,000	140,466	(76,796)	-	-	-	63,670
Exercise/expiry of warrants	1,369,301	378,563	(700,170)	700,170	-	-	378,563
Stock-based compensation	-	-	296,127	-	-	-	296,127
Foreign currency translation adjustment	-	-	-	-	(984,896)	-	(984,896)
Loss for the year	-	-	-	-	-	(7,156,033)	(7,156,033)
Balance, December 31, 2011	150,678,713	86,479,995	1,449,168	(1,264,194)	(3,422,332)	(56,062,199)	27,180,438
Private placements	13,679,624	790,508	-	-	-	-	790,508

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Stock-based compensation	-	-	331,794	-	-	-	331,794
Shares issued for mineral properties	1,000,000	40,205	-	-	-	-	40,205
Issue of convertible debenture warrants	-	-	252,756	-	-	-	252,756
Foreign currency translation adjustment	-	-	-	-	577,664	-	577,664
Loss for the year	-	-	-	-	-	(4,965,297)	(4,965,297)
Balance, December 31, 2012	165,358,337	87,310,708	2,033,718	(1,264,194)	(2,844,668)	(61,027,496)	24,208,068
Stock-based compensation	-	-	74,609	-	-	-	74,609
Foreign currency translation adjustment on disposal of Springer Mining Company	-	-	-	-	1,991,268	-	1,991,268
Loss for the year	-	-	-	-	-	(25,690,599)	(25,690,599)
B a l a n c e , December 31, 2013	165,358,337	87,310,708	2,108,327	(1,264,194)	(853,400)	(86,718,095)	583,346
P r i v a t e placements	23,070,806	1,083,590	-	-	-	-	1,083,590
Stock-based compensation	-	-	1,166	-	-	-	1,166
Loss for the period	-	-	-	-	-	(493,098)	(493,098)
Balance, June 30, 2014	188,429,143	88,394,298	2,109,493	(1,264,194)	(853,400)	(87,211,193)	1,175,004

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

EMC Metals Corp.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

(Expressed in US Dollars) (Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

EMC Metals Corp. (the “Company”) is a specialty metals and alloys company focusing on scandium and other specialty metals. The Company intends to utilize its knowhow and, in certain instances, patented technologies to maximize opportunities in scandium and other specialty metals.

The Company was incorporated under the laws of the Province of British Columbia, Canada in 2006. The Company currently trades on the Toronto Stock Exchange under the symbol “EMC”.

Our focus of operations is the exploration and development of our specialty metals assets, including the Nyngan scandium deposit located in New South Wales, Australia and the Tørdal scandium/rare earth minerals deposit in Norway. Prior to January 1, 2014, the Company’s principal asset was the Springer Tungsten mine and mill, held by the Springer Mining Company. On September 13, 2013, the Company signed a binding Letter of Intent to sell 100% of the Springer Mining Company entity, its assets and mineral and water rights to America Bullion Royalty Corp., for \$5 million cash. The transaction was closed on December 31, 2013.

The sale also included the transfer of interests in the Company’s Carlin Vanadium property mineral assets and the Copper King property tungsten assets in Nevada to AMB, along with Springer Tungsten.

One of EMC’s directors is also a director of the company that purchased Springer. The common director recused himself from director level voting on all board level decisions related to the sale.

With the completion of the sale of the Tungsten asset, the Company’s focus is on the exploration and evaluation of its specialty metals assets, specifically the Nyngan scandium deposit located in New South Wales, Australia and the Tørdal scandium/rare earth minerals deposit in Norway. In June 2014, the Company made the final installment payment to acquire the Nyngan property. The Company is an exploration stage company and anticipates incurring significant additional expenditures prior to production at any and all of its properties.

These consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The Company currently earns no operating revenues and will require additional capital in order to advance both the Nyngan and Tørdal properties. The Company’s ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing and maintaining continued support from its shareholders and creditors. These are material uncertainties that raise substantial doubt about the Company’s ability to continue as a going concern. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company’s assets may be adversely affected.

2. BASIS OF PRESENTATION

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). The interim condensed consolidated financial statements include the consolidated accounts of EMC Metals Corp. (the “Company”) and its wholly-owned subsidiaries with all significant intercompany transactions eliminated. In the opinion of management, all adjustments necessary for a fair statement of the consolidated financial position, results of operations and cash flows for the interim periods have been made. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such SEC rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013 and with our Annual Report on Form 10-K filed with the SEC on March 25, 2014. Operating results for the three-month period ended March 31, 2014 may not necessarily be indicative of the results for the year ending December 31, 2014.

Change in functional and presentation currency

The Company’s expenses and overheads are now primarily being incurred in United States Dollars (“USD”) and it is anticipated that cash flows will continue to be primarily in USD. Accordingly the Company determined that effective January 1, 2013, the functional currency of the Company would change from the Canadian Dollar to the USD for the parent company and its wholly owned subsidiaries.

Use of estimates

The preparation of interim condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the deferred income tax asset valuations, asset impairment, stock-based compensation and loss contingencies. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between estimates and the actual results, future results of operations will be affected.

EMC Metals Corp.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

(Expressed in US Dollars) (Unaudited)

2. BASIS OF PRESENTATION (cont'd...)

Fair value of financial assets and liabilities

The Company measures the fair value of financial assets and liabilities based on US GAAP guidance which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

Financial instruments, including receivables, accounts payable and accrued liabilities, convertible debentures and promissory notes payable are carried at amortized cost, which management believes approximates fair value due to the short term nature of these instruments.

The following table presents information about the assets that are measured at fair value on a recurring basis as at June 30, 2014, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

	June 30, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 780,711	\$ 780,711	\$ —	\$ —
Total	\$ 780,711	\$ 780,711	\$ —	\$ —

The fair value of cash is determined through market, observable and corroborated sources.

Recently Adopted Accounting Policies

Accounting Standards Update 2013-05 - Foreign Currency Matters (Topic 830) - Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. This standard provides guidance with respect to the treatment of the cumulative translation adjustment upon the sale of a foreign subsidiary whereby the cumulative translation adjustment associated with that subsidiary are taken into net income of the parent company.

Accounting Standards Update 2013-11 - Income Taxes (Topic 740) - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists. This accounting standard deals with the treatment of tax loss carry forwards. The Company has reviewed this standard and has determined that it has little impact on the presentation of its financial statements.

Recent Accounting Pronouncements

Accounting Standards Update 2014-08 - Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This accounting pronouncement provides guidance on the treatment of Property, Plant and Equipment plus the reporting of discontinued operations and disclosure of disposals of components of an entity. The policy is effective December 15, 2014. The Company is evaluating this guidance and believes it will have little impact on the presentation of its financial statements.

EMC Metals Corp.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

(Expressed in US Dollars) (Unaudited)

3.RESTRICTED CASH

The Company had a Bank of Montreal letter of credit of up to C\$159,400 as a security deposit related to a Vancouver office lease obligation. The letter of credit was returned to the Bank of Montreal in July 2014 and funds were released for use by the Company.

4.DISCONTINUED OPERATIONS

During fiscal 2013, the Company identified a buyer for its tungsten properties and related plant and mill held by its subsidiary, Springer Mining Company (“Springer”). On September 13, 2013, the Company signed a binding Letter Of Intent (“LOI”) to sell 100% of the Springer Mining Company entity, its assets and mineral and water rights to Americas Bullion Royalty Corp. (“AMB”), for \$5 million cash. The transaction was finalized on December 31, 2013.

At the signing of the LOI, AMB paid \$3.1 million directly to the existing convertible debt holder to retire a maturing debt plus accumulated interest.

- Cash paid by AMB to the convertible debt holder paid the debt in full and released the security interest in the Springer property and assets,
 - The cash advanced by AMB formed a new loan, with AMB as lender, as at September 13, 2013,
 - The new loan carries a zero interest rate, and
- AMB agreed to additionally fund all Springer property carrying costs until the final payment and closing date.

The sale also included the transfer of interests in the Company’s Carlin Vanadium property mineral assets and the Copper King property tungsten assets in Nevada to AMB, along with Springer Tungsten.

Springer was actively involved in the evaluation and re-start of the Company’s tungsten property, located in Pershing County, Nevada. Going forward, the Company has no further assets located in the US or continuing involvement with Springer.

A comparison of the Net Loss results from discontinued operations for the six month period ended June 30, 2014 and 2013 as well as Q2 of 2013 and 2014 is as follows:

	Quarter ended June 30, 2014	Quarter ended June 30, 2013	Six month period ended June 30, 2014	Six month period ended June 30,2013
EXPENSES				
Amortization	-	4,853	-	9,705
Consulting	-	438	-	10,053
General and administrative	-	21,767	-	57,779
Insurance	-	20,202	-	32,176
Professional fees	-	263	-	500

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Salaries and benefits	-	128,469	-	232,646
Travel and entertainment	-	-	-	1,853
OTHER ITEMS				
Interest expense	-	-	-	56,250
Other income	-	(87,383)	-	(204,565)
Net loss from discontinued operations	-	(88,609)	-	(196,397)

			Six month period ended June 30,2014	Six month period ended June 30,2013
Cash flows from discontinued operations				
Net cash used in (from) operating activities			-	(154,597)
Net cash used in (from) investing activities			-	-
Net cash used in (from) financing activities			-	-
Net cash used in (from) discontinued operations			-	(154,597)
Non-cash transactions from discontinued operations			-	-

EMC Metals Corp.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

(Expressed in US Dollars) (Unaudited)

5.PROPERTY, PLANT and EQUIPMENT

2014 Continuing Operations

	December 31, 2013 Net Book Value	Additions (disposals) (write-offs)	Amortization	June 30, 2014 Net Book Value
Computer equipment	\$ 2,375	\$ -	\$ (339)	\$ 2,036
Office equipment	7,903	-	(1,578)	6,325
Property, plant and equipment	\$ 10,278	\$ -	\$ (1,917)	\$ 8,361

2013 Continuing Operations

	December 31, 2012 Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2013 Net Book Value
Computer equipment	\$ 3,402	\$ -	\$ (1,027)	\$ 2,375
Office equipment	11,058	-	(3,155)	7,903
Property, plant and equipment	\$ 14,460	\$ -	\$ (4,182)	\$ 10,278

2013 Discontinued Operations

	December 31, 2012 Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2013 Net Book Value
Land and water rights	\$ 4,252,146	\$ (4,252,146)	\$ -	\$ -
Plant and equipment	25,749,852			