

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

**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, 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 [X]

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

Yes [] No [X]

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 14, 2012, the registrant's outstanding common stock consisted of 162,358,337 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, 2012

EMC Metals Corp.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in Canadian Dollars) (Unaudited)

As at:	June 30, 2012	December 31, 2011
ASSETS		
Current		
Cash	\$ 1,003,662	\$ 804,892
Investments in trading securities, at fair value (Note 3)	2,250	2,250
Prepaid expenses and receivables	191,451	192,158
Total Current Assets	1,197,363	999,300
Restricted cash (Note 4)	159,400	159,400
Property, plant and equipment (Note 5)	30,547,925	30,676,426
Mineral interests (Note 6)	746,322	679,711
Total Assets	\$ 32,651,010	\$ 32,514,837
LIABILITIES AND STOCKHOLDERS EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 270,989	\$ 550,081
Current portion of promissory notes payable (Note 9)	-	529,752
Total Current Liabilities	270,989	1,079,833
Convertible debenture (Note 10)	1,784,066	-
Promissory notes payable (Note 9)	4,713,658	3,813,750
Total Liabilities	6,768,713	4,893,583
Stockholders Equity		
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)	1,929,394	1,476,285
Deficit accumulated during the exploration stage	(63,281,809)	(61,089,743)
Total Stockholders Equity	25,882,297	27,621,254
Total Liabilities and Stockholders Equity	\$ 32,651,010	\$ 32,514,837

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 June 30, 2012	Three month period ended June 30, 2012	Three month period ended June 30, 2011	Six month period ended June 30, 2012	Six month period ended June 30, 2011
EXPENSES					
Amortization	\$ 2,412,720	\$ 58,332	\$ 86,333	\$ 128,501	\$ 174,971
Consulting	2,368,414	81,468	69,278	96,173	150,577
Exploration	14,851,163	87,664	529,877	425,458	593,368
General and administrative	7,632,396	268,851	165,097	350,933	202,297
Insurance	993,825	23,150	4,491	35,947	16,858
Professional fees	3,196,071	60,834	82,644	145,055	104,980
Research and development	3,474,068	-	-	-	-
Salaries and benefits	7,129,782	258,131	131,019	420,593	281,674
Stock-based compensation (Note 11)	5,613,394	161,059	59,463	199,719	127,195
Travel and entertainment	1,657,206	16,902	35,341	47,239	94,220
Loss before other items	(49,329,039)	(1,016,391)	(1,163,543)	(1,849,618)	(1,746,140)
OTHER ITEMS					
Foreign exchange gain (loss)	383,401	(253,517)	139,806	(142,236)	217,452
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)	47,006	(116,253)	(58,182)	(200,212)	(129,422)
Other income	502,965	-	-	-	-
Gain on disposition of assets (Note 6)	959,281	-	491,897	-	491,897
Change in fair value of derivative liability (Note 8)	485,358	-	-	-	228,741
Unrealized gain on marketable securities	53,830	-	-	-	-

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	(17,617,089)	(369,770)	573,521	(342,448)	808,668
Loss before income taxes	(66,946,128)	(1,386,161)	(590,022)	(2,192,066)	(937,472)
Deferred income tax recovery	6,522,138	-	-		
Loss and comprehensive loss for the period	\$ (60,423,990)	\$ (1,386,161)	\$ (590,022)	\$ (2,192,066)	\$ (937,472)
Basic and diluted loss per common share		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding		150,678,713	150,384,412	150,678,713	150,120,292

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 June 30, 2012	Six month period ended June 30, 2012	Six month period ended June 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	\$ (60,423,990)	\$ (2,192,066)	\$ (937,472)
Items not affecting cash:			
Amortization	2,412,720	128,501	174,971
Research and development	3,474,068	-	-
Consulting paid with common shares	10,711	-	-
Gain on disposal of assets	(959,281)	-	(474,482)
Convertible debenture costs	(1,312,878)	-	-
Unrealized foreign exchange	926,672	139,560	(147,010)
Stock-based compensation	5,613,394	199,719	127,195
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	21,252	-	-
Finance charge	131,178	131,178	-
Accrued interest income	(2,809)	-	-
	(34,698,650)	(1,593,108)	(1,485,539)
Changes in non-cash working capital items:			
Decrease (increase) in prepaids and receivables	(124,901)	707	(62,246)
Decrease in accounts payable and accrued liabilities	(791,920)	(279,092)	(76,268)
Increase in due to related parties	1,163,028	-	-
Asset retirement obligations	(1,065,891)	-	-
	(35,518,334)	(1,871,493)	(1,624,053)
CASH FLOWS FROM INVESTING ACTIVITIES			
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	-	-

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Purchase of property, plant and equipment	(21,255,448)	-	(37,484)
Proceeds from sale of mineral interests	500,000	-	500,000
Additions to unproven mineral interests	(4,783,673)	(1,610,155)	(136,609)
Recoveries from unproven mineral interests	1,452,095	1,452,095	-
	(33,489,584)	(158,060)	325,907

CASH FLOWS FROM FINANCING ACTIVITIES

Common shares issued	55,521,421
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