

EMC METALS CORP.
Form 10-Q
November 14, 2013

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 **September 30, 2013**

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 [X]
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 [X] 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. 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 November 7, 2013, the registrant's outstanding common stock consisted of 165,358,337 shares.**

PART I. FINANCIAL INFORMATION

(An Exploration Stage Company)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2013

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

As at:	September 30, 2013	December 31, 2012
ASSETS		
Current		
Cash	\$ 15,629	\$ 190,215
Prepaid expenses and receivables	25,509	109,335
Total Current Assets	41,138	299,550
Restricted cash (Note 3)	154,713	160,217
Property, plant and equipment (Note 1 & 4)	11,236	30,193,679
Assets held for sale (Note 1 & 4)	5,177,110	-
Mineral interests (Note 5)	1,663,203	753,182
Total Assets	\$7,047,400	\$31,406,628
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 1,248,608	\$ 656,499
Convertible debentures (Note 8)	649,175	1,861,373
Promissory notes payable (Note 7)	4,368,507	4,680,688
Total Current Liabilities	6,266,290	7,198,560
Total Liabilities	6,266,290	7,198,560
Stockholders' Equity		
Capital stock (Note 9) (Authorized: Unlimited number of shares; Issued and outstanding: 165,358,337 (2012 – 165,358,337))	87,310,708	87,310,708
Treasury stock (Note 10)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 9)	2,099,801	2,033,718
Accumulated other comprehensive loss	(2,844,668)	(2,844,668)
Deficit accumulated during the exploration stage	(84,520,537)	(61,027,496)
Total Stockholders' Equity	781,110	24,208,068
Total Liabilities and Stockholders' Equity	\$7,047,400	\$31,406,628

Nature and continuance of operations (Note 1)

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

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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 September 30, 2013	Three month period ended September 30, 2013	Three month period ended September 30, 2012	Nine month period ended September 30, 2013	Nine month period ended September 30, 2012
EXPENSES					
Amortization (Note 4)	\$ 2,355,150	\$ 5,927	\$ 46,214	\$ 17,781	\$ 173,987
Consulting	2,522,479	67,700	82,933	154,906	178,561
Exploration	15,063,260	18,918	339,587	328,033	762,634
General and administrative	7,714,348	184,925	133,046	362,926	351,555
Insurance	1,041,319	20,193	28,763	67,385	64,506
Professional fees	3,178,460	25,551	50,686	104,995	194,919
Research and development	3,042,091	-	-	-	-
Salaries and benefits	8,036,428	227,895	285,124	740,890	703,333
Stock-based compensation (Note 9)	5,406,459	1,886	115,273	66,083	313,860
Travel and entertainment	1,605,530	711	15,119	16,282	62,090
Loss before other items	(49,965,524)	(553,706)	(1,096,745)	(1,859,281)	(2,805,445)
OTHER ITEMS					
Foreign exchange gain (loss)	447,800	(6,871)	139,663	20,912	(16,191)
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 (Note 4)	(37,401,184)	(21,436,015)	-	(21,436,015)	-
Write-off of land and water rights (Note 4)	(3,243,685)	-	-	-	-
Gain on insurance proceeds	912,534	-	-	-	-
Interest expense	(1,047,651)	(154,635)	(191,134)	(513,591)	(520,646)
Other income	761,397	90,369	-	294,934	-
	933,075	-	-	-	-

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Gain on disposition of assets					
Change in fair value of derivative liability	453,790	-	-	-	-
Unrealized loss on marketable securities	(3,070,425)	-	-	-	-
	(38,084,849)	(21,507,152)	(51,471)	(21,633,760)	(536,837)
Loss before income taxes	(88,050,373)	(22,060,858)	(1,148,216)	(23,493,041)	(3,342,282)
Deferred income tax recovery	6,020,527	-	-	-	-
Loss for the period	(82,029,846)	(22,060,858)	(1,148,216)	(23,493,041)	(3,342,282)
Foreign currency translation adjustment	(2,844,668)	-	1,659,649	-	1,116,618
Comprehensive loss for the period	\$ (84,874,514)	\$ (22,060,858)	\$ 511,433	\$ (23,493,041)	\$ (2,225,664)
Basic and diluted loss per common share		\$ (0.13)	\$ (0.01)	\$ (0.14)	\$ (0.02)
Weighted average number of common shares outstanding		165,358,337	158,549,764	165,358,337	153,321,548

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 September 30, 2013	Nine month period ended September 30, 2013	Nine month period ended September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	\$ (82,029,846)	\$ (23,493,041)	\$ (3,342,282)
Items not affecting cash:			
Amortization	2,355,150	17,781	173,987
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	789,395	5,504	43,510
Stock-based compensation	5,406,459	66,083	313,860
Unrealized gain on marketable securities	(46,707)	-	-