EMC METALS CORP.

The Specialty Metals Company

(An Exploration Stage Company)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS AND QUARTER ENDED JUNE 30, 2013

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

As at:		June 30, 2013		December 31, 2012
ASSETS				
Current				
Cash	$	91,292	$	190,215
Prepaid expenses and receivables		58,293		109,335
Total Current Assets		149,585		299,550
Restricted cash (Note 3)		151,557		160,217
Property, plant and equipment (Note 4)		26,431,825		30,193,679
Mineral interests (Note 5)		1,861,666		753,182
Total Assets	$	28,594,633	$	31,406,628
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	936,055	$	656,499
Convertible debentures (Note 8)		2,628,722		1,861,373
Promissory notes payable (Note 7)		2,189,774		4,680,688
Total Current Liabilities		5,754,551		7,198,560
Total Liabilities		5,754,551		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)		2,097,915		2,033,718
Accumulated other comprehensive loss		(2,844,668)		(2,844,668)
Deficit accumulated during the exploration stage		(62,459,679)		(61,027,496)
Total Stockholders' Equity		22,840,082		24,208,068
Total Liabilities and Stockholders' Equity	$	28,594,633	$	31,406,628

Nature and continuance of operations (Note 1)

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, 2013	Three month period ended June 30, 2013	Three month period ended June 30, 2012	Six month period ended June 30, 2013	Six month period ended June 30, 2012
EXPENSES					
Amortization (Note 4)	$ 2,349,223	$ 5,927	$ 57,681	$ 11,854	$ 127,773
Consulting	2,454,779	42,303	80,939	87,206	95,628
Exploration	15,044,342	2,044	85,624	309,115	423,047
General and administrative	7,529,423	66,742	133,632	178,001	218,509
Insurance	1,021,126	27,797	22,960	47,192	35,743
Professional fees	3,152,909	32,284	60,105	79,444	144,233
Research and development	3,042,091	-	-	-	-
Salaries and benefits	7,808,533	265,816	255,926	512,995	418,209
Stock-based compensation (Note 9)	5,404,573	43,165	159,969	64,197	198,587
Travel and entertainment	1,604,819	4,872	16,667	15,571	46,971
Loss before other items	(49,411,818)	(490,950)	(873,503)	(1,305,575)	(1,708,700)
OTHER ITEMS					
Foreign exchange gain (loss)	454,671	38,099	(267,013)	27,783	(155,854)
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	(15,965,169)	-	-	-	-
Write-off of land and water rights (Note 4)	(3,243,685)	-	-	-	-
Gain on insurance proceeds	912,534	-	-	-	-
Interest expense	(893,016)	(156,427)	(245,645)	(358,956)	(329,512)
Other income	671,028	87,383	-	204,565	-
Gain on disposition of assets	933,075	-	-	-	-
Change in fair value of derivative liability	453,790	-	-	-	-
Unrealized loss on marketable securities	(3,070,425)	-	-	-	-
	(16,577,697)	(30,945)	(512,658)	(126,608)	(485,366)
Loss before income taxes	(65,989,515)	(521,895)	(1,386,161)	(1,432,183)	(2,194,066)
Deferred income tax recovery	6,020,527	-	-	-	-
Loss for the period	(59,968,988)	(521,895)	(1,386,161)	(1,432,183)	(2,194,066)
Foreign currency translation adjustment	(2,844,668)	-	-	-	(543,031)
Comprehensive loss for the period	$ (62,813,656)	$ (521,895)	$ (1,386,161)	$ (1,432,183)	$ (2,737,097)
Basic and diluted loss per common share		$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		165,358,337	150,678,713	165,358,337	150,678,713

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, 2013	Six month period ended June 30, 2013	Six month period ended June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period	$ (59,968,988)	$ (1,432,183)	$ (2,194,066)
Items not affecting cash:			
Amortization	2,349,223	11,854	127,773
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	792,551	8,660	171
Stock-based compensation	5,404,573	64,197	198,587
Unrealized gain on marketable securities	(46,707)	-	-
Realized gain on marketable securities	(1,720,016)	-	-
Write-off of mineral properties	15,965,169	-	-
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	473,799	177,260	131,000
	(36,076,368)	(1,170,212)	(1,736,535)
Changes in non-cash working capital items:			
Decrease (increase) in prepaids and receivables	(24,767)	51,042	899
Increase (decrease) in accounts payable and accrued liabilities	38,787	279,556	(274,715)
Increase in due to related parties	1,091,043	-	-
Asset retirement obligations	(999,176)	-	-
	(35,970,481)	(839,614)	(2,010,351)
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	(161,161)	-	-
Reclamation bonds	747,862	-	-
Proceeds from sale of marketable securities, net	(3,881,287)	-	-
Proceeds from sale of property, plant and equipment	633,294	-	-
Purchase of property, plant and equipment	(19,920,751)	-	-
Proceeds from sale of mineral interests	517,550	-	-
Additions to unproven mineral interests	(4,224,388)	(1,108,484)	(157,696)
	(32,414,834)	(1,108,484)	(157,696)
CASH FLOWS FROM FINANCING ACTIVITIES			
Common shares issued	52,484,603	-	-
Share issuance costs	(1,190,801)	-	-
Special warrants	12,095,274	-	-
Options exercised	370,812	-	-
Warrants exercised	10,534,109	-	-
Notes payable	(9,272,423)	-	-
Receipt of promissory note	2,200,000	1,200,000	1,000,000
Convertible debenture	2,649,175	649,175	2,000,000
Debt issuance costs	(249,827)	-	(218,000)
Payment of promissory note	(1,685,228)	-	(500,000)
Advances from related party	191,508	-	-
Loans advanced to Midway	(1,822,651)	-	-
Loan repayment from Midway	1,760,221	-	-
	68,064,772	1,849,175	2,282,000
Effect of foreign exchange on cash flows	411,835	-	80,428
Change in cash during the period	91,292	(98,923)	194,381
Cash, beginning of period	-	190,215	791,438
Cash, end of period	$ 91,292	$ 91,292	$ 985,819

Supplemental disclosure with respect to cash flows (Note 12)

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)

	Capital Stock						
	Number of Shares	Amount	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit Accumulated During the Exploration Stage	Total
		$	$	$	$	$	$
Balance, July 17, 2006	-	-	-	-	-	-	-
Private placements	5,000,000	3,017,350	-	-	-	-	3,017,350
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)	97,565	-	-	-	(1,105,156)
Share issuance costs – shares issued	100,000	99,910	-	-	-	-	99,910
Shares issued for mineral properties	100,000	95,822	-	-	-	-	95,822
Stock-based compensation	40,000	38,314	472,489	-	-	-	510,803
Loss for the year	-	-	-	-	-	(5,579,477)	(5,579,477)
Balance, 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 properties	2,765,643	311,606	-	-	-	-	311,606
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)
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
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	-	-	64,197	-	-	-	64,197
Loss for the period	-	-	-	-	-	(1,432,183)	(1,432,183)
Balance, June 30, 2013	165,358,337	87,310,708	2,097,915	(1,264,194)	(2,844,668)	(62,459,679)	22,840,082

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

1. NATURE AND CONTINUANCE OF OPERATIONS

EMC Metals Corp. (the "Company") is incorporated under the laws of the Province of British Columbia. The Company is focused on specialty metals exploration and production and has recently acquired various metallurgical technologies and licenses that it is utilizing to gain access to a number of specialty metals opportunities.

The Company's principal properties are located in the United States, Australia, and Norway. The Company's principal asset, the Springer Tungsten mine and mill, is currently not operating, and the Company is now working to restart mine operations with a partner or sell the assets outright. To June 30, 2013, the Company has not commenced production and has generated no revenue. Our other 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. As such, 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 restart its Springer tungsten mill and advance the Nyngan property. 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. The Company is currently working on securing additional financing to meet its needs and/or restructuring certain obligations including a $3.0 million debt due on August 15, 2013; however there is no guarantee that these efforts will be successful. 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, 2012, in our Annual Report on Form 10-K filed with the SEC on March 27, 2013. Operating results for the six-month period ended June 30, 2013 are not necessarily indicative of the results for the year ending December 31, 2013.

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 has decided that effective January 1, 2013 to change the functional currency from the Canadian Dollar to the USD for the parent company and its wholly owned subsidiaries.

Effective December 31, 2012, the Company changed its presentation currency from the Canadian dollar to the US dollar. The Company's consolidated financial statements for the year ended December 31, 2012 are the Company's first financial statements that were presented in U.S. dollars. As a result of changing the presentation currency, all the comparative assets and liabilities were translated using the closing rate at the balance sheet date, all comparative equity items were translated at the exchange rates at the dates of transaction and the comparative statements of loss were translated at the average exchange rate for the period covered. All resulting exchange differences are recognized in the accumulated other comprehensive loss in the balance sheets' equity section.

A change in presentation currency is accounted for as a change in accounting policy and is applied retrospectively, as if the new presentation currency had always been the presentation currency. Consequently, the comparatives for the six months and quarter ended June 30, 2012 have been restated to be presented in United States dollars. The exchange rates applied for translation purposes were as follows:

Date or period	Exchange rate
For the six months ended June 30, 2012	1 USD = 1.00570 CAD

Use of estimates

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles ("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. Actual results experienced by the Company may differ materially and adversely from the Company's estimates.

(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. Investments in trading securities are classified as held for trading, with unrealized gains and losses being recognized in income.

The following table presents information about the assets that are measured at fair value on a recurring basis as of June 30, 2013, 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, 2013	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and restricted cash	$ 242,849	$ 242,849	$ —	$ —
Total	$ 242,849	$ 242,849	$ —	$ —

The fair values of cash and restricted cash are determined through market, observable and corroborated sources.

Recently Adopted and Recently Issued Accounting Standards

The Company reviewed significant newly issued accounting pronouncements and concluded that they are either not applicable to the Company's business or that no material effect is expected on the consolidated financial statements as a result of future adoption.

3. RESTRICTED CASH

The Company has a Bank of Montreal line of credit of up to C$159,400 as a deposit on the Company's Vancouver office lease and is secured by a short-term investment of C$159,400 bearing interest at prime less 2.05% maturing on May 8, 2014, contemporaneous with the date the office lease expires.

(Expressed in US Dollars) (Unaudited)

4. PROPERTY, PLANT AND EQUIPMENT

2013

	December 31, 2012 Net Book Value	Additions (disposals) (write-offs)	Amortization	Currency Translation Adjustment	June 30, 2013 Net Book Value
Land and water rights	$ 4,252,146	$ (3,750,000)	$ -	$ -	$ 502,146
Plant and equipment	25,749,852	-	-	-	25,749,852
Buildings	165,959	-	(5,449)	-	160,510
Automobiles	11,262	-	(4,256)	-	7,006
Computer equipment	3,402	-	(572)	-	2,830
Office Equipment	11,058	-	(1,577)	-	9,481
	$ 30,193,679	$ (3,750,000)	$ (11,854)	$ -	$ 26,431,825

2012

	December 31, 2011 Net Book Value	Additions (disposals) (write-offs)	Amortization	Currency Translation Adjustment	December 31, 2012 Net Book Value
Land and water rights	$ 4,595,829	$ (443,499)	$ -	$ 99,816	$ 4,252,146
Plant and equipment	25,190,293	-	-	559,559	25,749,852
Cosgrave plant and equipment	71,244	-	(72,484)	1,240	-
Buildings	173,301	-	(11,139)	3,797	165,959
Automobiles	19,995	-	(9,138)	405	11,262
Computer equipment	795	3,338	(800)	69	3,402
Small tools and equipment	98,283	-	(99,994)	1,711	-
Office Equipment	13,904	-	(3,140)	294	11,058
	$ 30,163,644	$ (440,161)	$ (196,695)	$ 666,891	$ 30,193,679

Land and water rights are in respect of properties in Nevada. The plant and equipment is comprised of the Springer Plant and Mill in Nevada which is currently under care and maintenance.

Impairment of land and water rights (see Note 7)

During the year ended December 31, 2012, the Company reviewed the carrying value of its land and water rights for impairment and compared the carrying value to the estimated recoverable amount and wrote down its land and water rights by $443,499.

5. MINERAL INTERESTS

June 30, 2013	Scandium and other	Tungsten	Total
Acquisition costs			
Balance, December 31, 2012	$ 554,719	$ 198,463	$ 753,182
Additions	1,108,484	-	1,108,484
Write-off	-	-	-
Translation adjustment	-	-	-
Balance, June 30, 2013	$ 1,663,203	$ 198,463	$ 1,861,666

5. MINERAL INTERESTS (cont'd…)

(Expressed in US Dollars) (Unaudited)

December 31, 2012		Scandium and other		Tungsten		Total
Acquisition costs						
Balance, December 31, 2011	$	474,199	$	194,150	$	668,349
Additions		75,205		-		75,205
Sold		(4,910)		-		(4,910)
Translation adjustment		10,225		4,313		14,538
Balance, December 31, 2012	$	554,719	$	198,463	$	753,182

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties is in good standing.

TUNGSTEN PROPERTY

Springer Property

On November 21, 2006, the Company acquired all outstanding and issued shares of Springer Mining Company ("Springer"). Included in the assets of Springer and allocated to property, plant and equipment (Note 4) are the Springer Mine and Mill located in Pershing County, Nevada.

SCANDIUM PROPERTIES

Nyngan, New South Wales Property

On February 5, 2010, the Company entered in to an earn-in agreement with Jervois Mining Limited ("Jervois"), whereby it would acquire a 50% interest in the Nyngan Scandium property (the "Nyngan Project") located in New South Wales, Australia. The JV Agreement, as amended, gave us the right to earn a 50% interest in a joint venture with Jervois, for the purpose of holding and developing the Nyngan Project. On June 22, 2012, we received notice of a lawsuit filed against the Company with regard to the achievement of certain milestones required under the JV Agreement. On February 6, 2013, we announced agreement of an out of court settlement to the dispute with Jervois. The terms of the settlement transferred 100% ownership and control of the Nyngan Project to the Company, in return for AUD$2.6 million cash payments and a percentage royalty payable to Jervois on sales of product from the project. A total of $1,108,484 (AUD$1.2 million) was paid in June 2013 as part of the settlement.

Tørdal and Evje-Iveland properties, Norway

During fiscal 2012 the Company entered into an option agreement with REE Mining AS ("REE") to earn up to a 100% interest in the Tørdal and Evje-Iveland properties pursuant to which the Company paid $130,000 and issued 1,000,000 common shares valued at $40,000. To earn its interest, the original agreement required the Company to pay REE an additional $500,000, incur $250,000 of exploration work and issue 250,000 common shares upon releasing the second of two full feasibility studies on the two properties. The Company subsequently renegotiated the payments required to earn the interest and the Evje-Iveland property was removed from the option agreement. Pursuant to the amendment, the Company earned a100% interest in the Tørdal property by paying an additional $35,000 and granting a 1% Net Smelter Return ("NSR") payable to REE.

Fairfield property, Utah

In 2011 the Company entered into an earn-in agreement with Mineral Exploration Services LLC, whereby the Company had an option to earn a 100% interest in a patented mining claim and former scandium property known as The Little Green Monster near Fairfield, Utah.

The Company decided to write-off its investment of $4,910 in this project in fiscal 2012.

Hogtuva property, Norway

During fiscal 2011 the Company entered into an option agreement with REE Mining AS ("REE") to earn a 100% interest in three scandium and beryllium exploration sites in Norway pursuant to which the Company paid $50,000. To earn its interest, the original agreement required the Company to pay REE an additional $100,000 and issue up to 200,000 common shares. During fiscal 2013, the Company renegotiated the payments required to earn the interest and removed two of the exploration sites from the agreement. Pursuant to the amendment, the Company earned a 100% interest in the Hogtuva property in consideration for the $50,000 original payment and the grant of a 1% NSR payable to REE.

6. RELATED PARTY TRANSACTIONS

(Expressed in US Dollars) (Unaudited)

A promissory note due to a director of the Company (principal balance of $500,000) matured and was paid during June 2012. The promissory note was issued as part of the purchase of a subsidiary company during November 2009.

During the six months ended June 30, 2013, the Company expensed a consulting fee of $51,000 for one of its directors. This amount remains unpaid at period end. There were no such fees paid in the corresponding quarter of 2012.

The $650,000 loan financing completed on February 22, 2013, and the $1,200,000 financing completed on June 24, 2013, were funded from a combination of Directors, insiders, and independent shareholders.

7. PROMISSORY NOTES PAYABLE

	June 30, 2013	December 31, 2012
Promissory note with a principal balance of $3,750,000, bearing interest at 6% per annum, maturing July 3, 2013 and secured by land and water rights.		
During fiscal 2008 the Company entered into a promissory note for $6,750,000 as consideration for the acquisition of land and water rights. The Company subsequently made principal payments of $3,000,000 consisting of a cash payment of $1,000,000 and 4,728,000 units of the Company equity valued at $2,000,000. Each unit consisted of one common share and one-half share purchase warrant exercisable at C$0.75 each and exercisable for a period of two years. The note was secured by a First Deed of Trust on the Cosgrave property land and water rights.		
In June 2013 the Company returned to the note holder the Cosgrave Ranch for the value of the promissory note thereby extinguishing this debt. (Note 4)	$ Nil	$ 3,750,000
During the year ended December 31, 2012 the Company completed a $3,000,000 loan financing which included a $1,000,000 note payable bearing interest at 7% per annum maturing August 15, 2013. Presented is this principal balance less financing and costs which are amortized over the term of the debt using the effective interest method. This resulted in a carrying amount of $831,841 upon deducting a debt discount of $168,159 from the principal balance of $1,000,000. During the first six months of 2013, the Company recognized $59,086 in accretion through interest expense. During fiscal 2012, the Company recognized $98,847 in accretion through interest expense. The note payable is secured by an interest in the assets of the Company's subsidiary, Springer Mining Company.	989,774	930,688
On June 24, 2013 the Company completed a $1,200,000 financing consisting of a series of insider and non-insider loans. The loans have a maturity date of June 24, 2014 and bear interest at 10% per annum. The loans are secured by the ownership interest the Company has or earns in the Nyngan Scandium Project. As an inducement to enter into loan, the lenders received a royalty of 0.2% of average scandium sales value, produced from the Nyngan property, on the first 100 tonnes of scandium oxide product produced and sold. The royalty is capped at $370,000 and EMC retains a right to buy back the royalty from the lenders or their assigns for $325,000 at any time up to the commencement of first production, or three years from loan date, whichever occurs first.	1,200,000	-
	2,189,774	4,680,688
Less: current portion	(2,189,774)	(4,680,688)
	$ Nil	$ Nil

8. CONVERTIBLE DEBENTURE

On February 22, 2013, the Company completed a $650,000 loan financing consisting of convertible debentures. The convertible debenture has a maturity date of February 22, 2014 and bears interest at 10% per annum. The lenders may convert the loan into 13,000,000 common shares of the Company. There is no beneficial conversion feature associated with the conversion option. The loan is secured by an interest in the assets of the Company's wholly owned subsidiary, Wolfram Jack Mining Corp. and the Company's interest in the Hogtuva and Tordal properties in Norway.

On February 17, 2012, the Company completed a $3,000,000 loan financing consisting of a term loan of $1,000,000 (Note 7), a convertible debenture of $2,000,000 and warrants to acquire 3,000,000 common shares. The convertible debenture has a maturity date of August 15, 2013 and bears interest at 7% per annum. The lender may convert a maximum of $2,000,000 of the principal

8. CONVERTIBLE DEBENTURE (cont'd)

amount of the loan into 10,000,000 common shares of the Company. The loan is secured by an interest in the assets of the Company's subsidiary, Springer Mining Company. There iss no beneficial conversion feature associated with the conversion option. The warrants are exercisable at C$0.20 per share expiring February 15, 2014. A relative fair value of $217,267 was assigned to the warrants and recorded in additional paid in capital. The Company paid financing costs of $249,827 and also issued 750,000 purchase warrants exercisable at C$0.20 per share expiring February 15, 2014. These warrants were valued at $58,716 with a volatility of 120%, expected life of 2 years, risk free rate of 1.0% and expected dividend yield of 0.0% and recorded in additional paid in capital. The financing costs were allocated between debt and the equity components. This resulted in a convertible debenture carrying amount of $1,663,681 upon deducting a debt discount of $336,319 from the principal balance of $2,000,000. During the six months ended June 30, 2013, the Company recognized $118,174 in accretion through interest expense. During fiscal 2012, the Company recognized $197,692 in accretion through interest expense.

9. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL

On December 20, 2012, the Company issued 1,000,000 common shares at a value of $40,205 for the Tørdal and Hogtuva projects in Norway.

On December 16, 2012, the Company issued 2,000,000 common shares at a value of C$0.05 per common share for total proceeds of C$100,000.

On July 24, 2012, the Company issued 11,679,624 common shares at a value of C$0.06 per common share for total proceeds of C$700,777.

On December 3, 2010, the Company issued 18,929,740 common shares at a value of C$0.19 per common share for total proceeds of C$3,596,651. A total of C$210,249 was received during fiscal 2011.

On November 25, 2010, the Company issued 6,100,000 units at a value of C$0.10 per unit for total proceeds of C$610,000. Each unit consisted of one common share and one-half of one share purchase warrant exercisable at C$0.18 expiring on November 25, 2011. The warrants have a calculated total fair value of C$142,358 using the Black-Scholes pricing model with a volatility of 142.52%, risk-free rate of 1.73%, expected life of 1 year, and a dividend rate of 0%.

On June 30, 2010, the Company issued 2,947,702 units at a value of C$0.10 per unit for total proceeds of C$294,770. Each unit consisted of one common share and one-half of one share purchase warrant exercisable at C$0.18 until June 30, 2011. The warrants have a calculated total fair value of C$35,638 using the Black-Scholes pricing model with a volatility of 123.84%, risk-free rate of 1.39%, expected life of 1 year, and a dividend rate of 0%.

On February 17, 2010, the Company issued 2,275,000 units at a value of C$0.20 per unit for total proceeds of C$455,000. Each unit consisted of one common share and one-half of one share purchase warrant exercisable at C$0.25 until February 17, 2011. The warrants have a calculated total fair value of C$78,113 using the Black-Scholes pricing model with a volatility of 131.19%, risk-free rate of 1.34%, expected life of 1 year, and a dividend rate of 0%. All of the warrants were exercised during fiscal 2011.

On November 17, 2009, the Company issued 13,000,000 units at a value of C$0.08 per unit for total proceeds of C$1,040,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional share at C$0.15 per share until November 17, 2010.

On October 13, 2009, the Company issued 500,000 common shares at a value of C$45,000 for the Fostung Tungsten project.

On August 27, 2009, the Company issued 1,500,000 units at a value of C$0.10 per unit, pursuant to a non-brokered private placement for proceeds of C$150,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each full warrant entitled the holder to purchase an additional share at C$0.15 per share until August 27, 2010.

On May 13, 2009, the Company issued 89,254 common shares at a value of C$0.12 per share to a consultant for settlement of consulting fees for Fury Explorations Ltd. ("Fury"), a subsidiary of GPD, under the plan of Arrangement of spin-out. On April 21, 2009, the Company issued 51,859 common shares at a value of C$0.10 per share for the Platte River property.

On January 21, 2009, the Company issued 66,784 common shares at a value of C$0.20 per share for the Guijoso property for Fury.

On January 6, 2009, the Company issued 2,147,000 common shares at a value of $250,000 for the Adelaide and Tuscarora projects for Golden Predator Mines US Inc., a wholly owned subsidiary of the Company prior to the spin-out.

On November 17, 2008, the Company issued 76,274 common shares in connection with the acquisition of the subsidiary, Great American Minerals Inc.

On October 18, 2008, the Company issued 4,728,000 units to Cosgrave for repayment of a promissory note at a value of $2,000,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant with a two year life and exercisable at C$0.75.

9. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL (cont'd…)

In July 2008, the Company completed a private placement consisting of 2,500,000 common shares at C$2.00 per share for proceeds of C$5,000,000. In connection with this private placement the Company paid a finder's fee of $250,000.

In January 2008, the Company completed a private placement consisting of 2,822,500 units at C$2.00 per unit for gross proceeds of C$5,645,000. Included in the proceeds was C$3,620,000 received in advance as of December 31, 2007. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant entitled the holder to acquire one additional common share at C$3.00 for a period of 12 months.

In November 2007, the Company completed private placements consisting of 17,577,500 units at C$2.00 per unit for proceeds of C$35,155,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitled the holder to acquire one additional common share at C$3.00 for a period of 12 months following the closing of the placement.

In December 2007, the Company issued 5,390,000 common shares pursuant to the conversion of special warrants. The Company paid C$1,016,074 and issued 100,000 common shares valued at C$100,000 as issuance costs and finder's fees. The Company also granted warrants to acquire 300,000 common shares exercisable at C$1.50 expiring September 22, 2008. The warrants were valued at C$99,000 with the Black-Scholes option pricing model using an expected volatility of 115%, life of one year, a risk free interest rate of 4% and a dividend yield of 0%.

In December 2006, the Company issued 5,000,000 common shares at C$0.70 per common share for gross proceeds of C$3,500,000.

Stock Options and Warrants

The Company established a stock option plan (the "Plan") under which it is authorized to grant options to executive officers and directors, employees and consultants and the number of options granted under the Plan shall not exceed 15% of the shares outstanding. Under the Plan, the exercise period of the options may not exceed five years from the date of grant and vesting is determined by the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted average exercise price in Canadian $	Number	Weighted average exercise price in Canadian $
Outstanding, December 31, 2011	-	$ -	11,848,750	$ 0.19
Granted	3,750,000	0.20	3,885,000	0.08
Cancelled	-	-	(2,187,500)	0.28
Exercised	-	-	-	-
Outstanding, December 31, 2012	3,750,000	0.20	13,546,250	0.14
Granted	-	-	2,100,000	0.07
Cancelled	-	-	(532,500)	0.48
Exercised	-	-	-	-
Outstanding, June 30, 2013	3,750,000	$ 0.20	15,113,750	$ 0.12
Number currently exercisable	3,750,000	$ 0.20	14,309,750	$ 0.13

As at June 30, 2013, incentive stock options were outstanding as follows:

	Number of options	Exercise Price in Canadian $	Expiry Date
Options	645,000	0.200	October 31, 2013
	537,500	0.300	January 23, 2014
	50,000	0.300	February 26, 2014
	1,020,000	0.160	June 16, 2014
	225,000	0.120	August 27, 2014
	200,000	0.105	December 16, 2014
	601,250	0.250	January 4, 2015
	4,800,000	0.100	November 5, 2015
	250,000	0.315	May 4, 2016
	500,000	0.250	May 16, 2016
	300,000	0.155	September 15, 2016
	2,335,000	0.080	April 24, 2017
	1,550,000	0.070	August 8, 2017
	600,000	0.050	March 18, 2018
	1,000,000	0.100	May 9, 2018
	500,000	0.050	May 9, 2015
	15,113,750		

As at June 30, 2013, warrants were outstanding as follows:

Warrants	Number of Warrants	Exercise Price in Canadian $	Expiry Date
	3,750,000	$ 0.20	February 15, 2014

Stock-based compensation

During the six months ended June 30, 2013, the Company recognized stock-based compensation of $64,197 (June 30, 2012 - $198,587) in the statement of operations as a result of incentive stock options granted and vested in the current period. There were 2,100,000 stock options issued during the six months ended June 30, 2013 (June 30, 2012 – 2,335,000).

The weighted average fair value of the options granted in the period was C$0.07 (2012 - C$0.07).

The fair value of all compensatory options and warrants granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	2013	2012
Risk-free interest rate	0.62%	0.51%
Expected life	5 years	5 years
Volatility	144.60%	136.82%
Forfeiture rate	0.00%	N/A
Dividend rate	0.00%	N/A

10. TREASURY STOCK

	Number		Amount
Treasury shares, June 30, 2013 and December 31 2012	1,033,333	$	1,264,194
	1,033,333	$	1,264,194

Treasury shares comprise shares of the Company which cannot be sold without the prior approval of the TSX.

11. SEGMENTED INFORMATION

(Expressed in US Dollars) (Unaudited)

The Company's mineral properties are located in Norway, Australia, and the United States and its capital assets' geographic information is as follows:

June 30, 2013	Norway	Australia	United States	Total
Property, plant and equipment	$ -	$ -	$ 26,431,825	$ 26,431,825
Mineral interests	1,361,665	301,538	198,463	1,861,666
	$ 1,361,665	$ 301,538	$ 26,630,288	$ 28,293,491

December 31, 2012	Norway	Australia	United States	Total
Property, plant and equipment	$ -	$ -	$ 30,193,679	$ 30,193,679
Mineral interests	253,181	301,538	198,463	753,182
	$ 253,181	$ 301,538	$ 30,392,142	$ 30,946,861

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2013	2012
Cash paid during the six months for interest	$ 56,250	$ 102,212
Cash paid during the six months for income taxes	$ -	$ -

During the period ended June 30, 2013, the Company settled promissory notes payable of $3,750,000 by returning the Cosgrave ranch and water rights included in property, plant and equipment with a value of $3,750,000. During the period ended June 30, 2012, the Company granted 750,000 share purchase warrants at a value of $58,305 as finder's fees pursuant to the promissory note and convertible debenture financings.