

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

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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				
Valuation of Investments					

Investments in the Trinity Master Trust are valued at fair value. See Note 3 Fair Value Measurement for further discussion and disclosures related to fair value measurements.

Investments in registered investment companies are valued at published market prices. Investments in common/collective trust funds are valued at the net asset value per share as determined by the issuer based on the underlying fair value of its net assets. The Trinity Stock Fund invests primarily in Company common stock with a fractional amount invested in interest-bearing cash equivalents. Investments in common stock of the Company are stated at fair value based on quoted market prices.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses from security transactions are reported using average cost. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2013 or 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS for the 2013 plan year are recorded as a liability with a corresponding reduction to contributions.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from these estimates.

Related-Party Transactions

Certain Plan investments in the registered investment companies and the interest-bearing cash equivalent portion of the Trinity Stock Fund were managed by the Trustee, and therefore, these transactions qualified as party-in-interest transactions. Additionally, a portion of the Plan's assets is invested in the Company's common stock. Because the Company is the Plan Sponsor, transactions involving the Company's common stock qualify as party-in-interest transactions. Under ERISA, all of these transactions are exempt from the prohibited transaction rules.

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Profit Sharing Plan for Employees of Trinity Industries, Inc. and
Certain Affiliates as Restated Effective January 1, 2011
Notes to Financial Statements (continued)

December 31, 2013

3. Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market to that asset or liability in an orderly transaction between market participants on the measurement date. An entity is required to establish a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of inputs that may be used to measure fair values are listed below:

Level 1 - This level is defined as quoted prices in active markets for identical assets or liabilities. As of December 31, 2013 and 2012, Level 1 assets held by the Plan include the Trinity Stock Fund and mutual funds.

Level 2 - This level is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. As of December 31, 2013 and 2012, Level 2 assets held by the Plan include common/collective trust funds.

Level 3 - This level is defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. There are no Level 3 assets held by the Plan.

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Profit Sharing Plan for Employees of Trinity Industries, Inc. and
 Certain Affiliates as Restated Effective January 1, 2011
 Notes to Financial Statements (continued)

December 31, 2013

3. Fair Value Measurement (continued)

Assets of the Trinity Master Trust measured at fair value as of December 31 on a recurring basis are summarized below:

	December 31, 2013			Total
	Level 1 (In Millions)	Level 2	Level 3	
Trinity Stock Fund ^(a)	\$30.1	\$—	\$—	\$30.1
Mutual Funds: ^(b)				
Large cap	48.2	—	—	48.2
Short-term investments	39.5	—	—	39.5
Lifecycle ^(c)	64.3	—	—	64.3
Fixed income	22.5	—	—	22.5
Small and mid cap	13.7	—	—	13.7
Balanced	7.3	—	—	7.3
International equity	16.6	—	—	16.6
Common trust fund ^(d)	—	33.5	—	33.5
Total Trinity Master Trust assets at fair value	\$242.2	\$33.5	\$—	\$275.7
	December 31, 2012			Total
	Level 1 (In Millions)	Level 2	Level 3	
Trinity Stock Fund ^(a)	\$24.8	\$—	\$—	\$24.8
Mutual Funds: ^(b)				
Large cap	36.8	—	—	36.8
Short-term investments	39.2	—	—	39.2
Lifecycle ^(c)	47.6	—	—	47.6
Fixed income	24.6	—	—	24.6
Small and mid cap	10.2	—	—	10.2
Balanced	6.5	—	—	6.5
International equity	10.6	—	—	10.6
Common trust fund ^(d)	—	23.2	—	23.2
Total Trinity Master Trust assets at fair value	\$200.3	\$23.2	\$—	\$223.5

This category consists primarily of common stock of Trinity Industries, Inc. and is stated at fair value based on the quoted market price of the stock of the Company. There were no cash equivalents included in the Trinity Stock Fund as of December 31, 2013, and insignificant amounts were included as of December 31, 2012. The Trinity Stock Fund currently determines fair value based on the quoted market price of the Company's common stock. There are currently no redemption restrictions on these investments.

(b) There are currently no redemption restrictions on these investments. The fair values of the investments in these categories have been estimated using the published market price per share.

This category includes investments in highly diversified funds designed to remain appropriate for investors in (c) terms of risk throughout a variety of life circumstances. The funds share the common goal of first growing and then later preserving principal.

This category consists of a common trust fund comprised of shares in commingled funds that are not publicly traded. The underlying assets in these funds represent a widely diversified portfolio of large company stocks that (d) are publicly traded on exchanges, and price quotes for the assets held by these funds are readily available. There are currently no redemption restrictions on this investment. The fair value of the investment in this category has been estimated using the net asset value per share.

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Profit Sharing Plan for Employees of Trinity Industries, Inc. and
 Certain Affiliates as Restated Effective January 1, 2011
 Notes to Financial Statements (continued)

December 31, 2013

4. Investments

The Plan's assets are held in the Trinity Master Trust. At December 31, 2013 and 2012, the Plan's interest in the net assets of the Trinity Master Trust accounts was 100%. The fair value of the investments held by the Trinity Master Trust are as follows:

	December 31 2013	2012
Trinity Stock Fund	\$30,149,889	\$24,809,105
Mutual funds:		
Allianz NFJ Small Cap Value Fund	5,319,344	4,397,889
American Funds EuroPacific Growth Fund	16,589,908	10,560,921
Fidelity Growth Company Fund	38,492,515	29,226,061
JP Morgan Diversified Select Fund	7,260,553	6,537,278
JP Morgan Mid Cap Value Fund	4,730,104	—
JP Morgan Prime Money Market - Inst	39,487,198	39,230,691
JP Morgan Small Cap Growth Fund	3,663,141	2,593,072
JP Morgan Smart Retirement Fund - 2010	4,841,212	4,313,805
JP Morgan Smart Retirement Fund - 2020	16,240,169	13,199,838
JP Morgan Smart Retirement Fund - 2030	18,775,671	13,279,580
JP Morgan Smart Retirement Fund - 2040	14,528,426	10,384,699
JP Morgan Smart Retirement Fund - 2050	7,630,675	4,581,223
JP Morgan Smart Retirement Income Fund	2,294,073	1,807,461
Perkins Mid Cap Value Fund	—	3,198,549
BlackRock Equity Dividend - Inst	9,758,216	7,575,603
PIMCO Total Return - Inst	22,490,226	24,599,572
Common trust fund:		
JP Morgan Equity Index Fund - CF	33,466,276	23,232,934
	\$275,717,596	\$223,528,281

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Profit Sharing Plan for Employees of Trinity Industries, Inc. and
 Certain Affiliates as Restated Effective January 1, 2011
 Notes to Financial Statements (continued)

December 31, 2013

4. Investments (continued)

The Plan's share of the net investment income (loss) is 100% for each of the Trinity Master Trust accounts. Net investment income (loss) of the Trinity Master Trust accounts for the year ended December 31, 2013 is summarized as follows:

	Net Appreciation (Depreciation) in Fair Value of Investments	Interest and Dividends	Net Investment Income (Loss)
Trinity Stock Fund	\$11,433,491	\$312,139	\$11,745,630
Mutual funds:			
Allianz NFJ Small Cap Value Fund	765,533	596,479	1,362,012
American Funds EuroPacific Growth Fund	2,360,829	154,767	2,515,596
Fidelity Growth Company Fund	8,358,044	2,501,933	10,859,977
JP Morgan Diversified Select Fund	710,854	423,131	1,133,985
JP Morgan Mid Cap Value Fund	526,378	217,180	743,558
JP Morgan Prime Money Market - Inst	—	17,008	17,008
JP Morgan Small Cap Growth Fund	919,592	314,619	1,234,211
JP Morgan Smart Retirement Fund - 2010	215,406	134,125	349,531
JP Morgan Smart Retirement Fund - 2020	1,423,311	521,104	1,944,415
JP Morgan Smart Retirement Fund - 2030	2,248,741	722,786	2,971,527
JP Morgan Smart Retirement Fund - 2040	2,125,260	570,394	2,695,654
JP Morgan Smart Retirement Fund - 2050	992,778	344,005	1,336,783
JP Morgan Smart Retirement Income Fund	86,414	58,957	145,371
Perkins Mid Cap Value Fund	297,564	—	297,564
BlackRock Equity Dividend - Inst	1,716,398	187,034	1,903,432
PIMCO Total Return - Inst	(1,206,420) 720,331	(486,089)
Common trust fund:			
JP Morgan Equity Index Fund - CF	7,868,090	—	7,868,090
	\$40,842,263	\$7,795,992	\$48,638,255

The Trinity Master Trust provides for investments in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the accompanying statements of net assets available for benefits.

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Profit Sharing Plan for Employees of Trinity Industries, Inc. and
Certain Affiliates as Restated Effective January 1, 2011
Notes to Financial Statements (continued)

December 31, 2013

5. Income Tax Status

The Plan has received a determination letter from the IRS dated June 12, 2013, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator has indicated that it will take the necessary steps, if any, to maintain the Plan's compliance with the Code.

Generally accepted accounting principles in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

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Supplemental Schedule

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Profit Sharing Plan for Employees of Trinity Industries, Inc. and

Certain Affiliates as Restated Effective January 1, 2011

EIN #75-0225040 Plan #029

Schedule H, Line 4i - Schedule of Assets

(Held at End of Year)

December 31, 2013

(a)	(b)	(c)	(e)
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Current Value
*	Notes Receivable from Participants	Participant loans - various maturities, interest rates from 3.25% to 10.50%	\$ 11,754,225

*Party-in-interest

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

Profit Sharing Plan for Employees of Trinity Industries, Inc. and Certain Affiliates as Restated Effective January 1, 2011.

/s/ Melendy E. Lovett
Melendy E. Lovett
Member, Profit Sharing Plan Committee
June 25, 2014

/s/ William A. McWhirter II
William A. McWhirter II
Member, Profit Sharing Plan Committee
June 25, 2014

/s/ Gail M. Peck
Gail M. Peck
Member, Profit Sharing Plan Committee
June 25, 2014

/s/ James E. Perry
James E. Perry
Member, Profit Sharing Plan Committee
June 25, 2014

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INDEX TO EXHIBITS

Exhibit No.	Description
23	Consent of Independent Registered Public Accounting Firm

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