



MANAGEMENT DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2009

The following discussion of the operating results, corporate activities and financial condition of EMC Metals Corp. (hereinafter referred to as "EMC", or the "Company") and its subsidiaries is for the year ended December 31, 2009. The discussion below should be read in conjunction with the audited consolidated financial statements of EMC for the year ended December 31, 2009.

All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

1.1 Date of Report: March 25, 2010

1.2 Nature of Business and Overall Performance

EMC is a specialty metals and alloys company focusing on tungsten, molybdenum, vanadium, uranium and other specialty metals within North America. Its principal properties are located in the state of Nevada with an additional property located in the province of Ontario.

The Company's flagship property is the Springer Tungsten Facility ("Springer") in northwestern Nevada where the General Electric Company ("GE") built a 1,000 tpd underground mine and mill facility in the early 1980's for its sole domestic supply of tungsten. Springer operated for less than a year when it was shut down due depressed tungsten prices stemming from China's aggressive selling into the market. Since GE placed this operation on care and maintenance in 1982, tungsten has enjoyed an expansive growth in its applications and China has indicated it is receding from its position as the dominant supplier of metal to the world. EMC acquired Springer in late 2006 and has spent approximately \$38 million to date on its rehabilitation and expansion.

The Company also acquired various metallurgical patents and knowhow as part of the acquisition of The Technology Store ("TTS"), which it is utilizing to gain access to a number of specialty metals opportunities.

The Company's focus during the year was maintaining Springer, in Pershing County, NV, on a standby mode pending a sustained improvement in tungsten prices, and continuing metallurgical testing for ongoing process optimization. The Company also investigated other specialty metals opportunities. There was no activity on any of the Company's properties other than as described below for Springer.

On August 27, 2009 EMC completed a non-brokered private placement financing of 1,500,000 units of the Company at a price of \$0.10 per unit for gross proceeds of \$150,000. Each unit consists of one common share and one half of a non-transferable share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until August 27, 2010. Net proceeds from the private placement will be used for general working capital.

The Company also appointed Daniel Wolfus as Director during the year. Mr. Wolfus joined the Board of EMC with over 28 years of investment banking experience, firstly with E.F. Hutton & Co., where he rose to become a partner and Senior Vice President in charge of the West Coast Corporate Finance Department, responsible for projects which generated over \$6 billion in financing for major financial institutions and municipalities. From 1980 to 1997, Mr. Wolfus served as Chairman, CEO and chief organizer of Hancock Savings Bank in Los Angeles. During his term with Hancock Savings, the bank grew to five branches and \$225 million in assets before it was sold in 1997. Mr. Wolfus is currently a director of Evolving Gold Corp., Midway Gold Corp. and Melkior Resources Inc.

Mr. Wolfus replaced James G.G. Watt, who retired from the board of EMC. Mr. Watt had served as a director of the Company since its beginning in 2006 and has been a significant contributor to its growth and development. Mr. Watt has agreed to continue to lend his extensive business expertise to the Company as a member of its Advisory Board.

On November 17, 2009, the Company completed a non-brokered private placement financing of 13,000,000 units of the Company at a price of \$0.08 per unit for gross proceeds of \$1,040,000. Each unit consists of one common share and one half of a non-transferable share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until November 17, 2010. Net proceeds from the private placement will be used for general working capital.

On December 16, 2009, the Company completed the acquisition of all of the issued and outstanding capital stock of TTS, a Nevada corporation pursuant to a stock purchase agreement with Willem and Irene Duyvesteyn dated November 19, 2009.

TTS, incorporated in 2000, specializes in the development of specialty metals extractive technologies, with emphasis on improving recoveries in the extraction of tungsten, boron, lithium, scandium, titanium, and nickel and a host of other emerging and unusual metals. Other assets of TTS include five nickel extraction licenses and 560 cubic feet of ion exchange resin prepared by Dow Chemical, which was acquired by TTS from BHP Billiton, having a current market value of over US\$2 million. Ion exchange resin is used in the extraction of various specialty and rare metals, including nickel, tungsten, molybdenum, and vanadium. The resin would be available to EMC in connection with future production. In addition, TTS has the right to receive a US\$2.5 million bonus payment in connection with a contract with a major US based oil company.

Pursuant to the terms of the of the stock purchase agreement, EMC has issued 19,037,386 common shares of EMC to the Seller, paid US\$500,000 in cash to the Seller, paid an amount of US\$302,358 representing the U.S. federal income taxes payable by the Seller as a result of the issuance of the shares of EMC to the Seller. In addition, EMC has issued to the Seller a promissory note in the amount of US\$500,000 with a principal maturity of 2 years and accrued interest paid annually at bank prime interest rate in effect on the closing date. EMC's obligations under the promissory note and certain cash payments to the Seller is secured by a pledge of all of the shares in the capital stock of EMC's subsidiaries in accordance with a stock pledge agreement and a security interest in all of EMC's assets in accordance with a security agreement.

In accordance with the terms of the Agreement, EMC has entered enter into a consulting agreement with Mr. Duyvesteyn, whereby EMC will grant to Mr. Duyvesteyn 200,000 stock options of EMC, to be issued in 4 equal installments over 18 months. The options are be exercisable at a price equal to the volume-weighted average price of EMC's common shares listed on the Toronto Stock Exchange for the 10 trading days preceding the effective date of the consulting agreement, and will be exercisable for a period of 5 years.

EMC and the Seller have also enter into a voting agreement, whereby the Seller will be granted the right to elect one director when EMC has six or fewer directors, or two directors when EMC has seven or more directors.

EMC also announced the appointment of Mr. Willem Duyvesteyn to the Board of Directors.

Mr. Willem Duyvesteyn is the principal of TTS, and has 40 years experience in the mining, mineral and energy industries. He has been involved in the invention of 41 patents for various metallurgical extraction processes, and is the primary inventor on almost all of these patents. Prior to his involvement with TTS, Mr. Duyvesteyn was Vice President and General Manager of Minerals Technology with BHP Billiton for 10 years. Prior to his time with BHP Billiton, he was the Acting Dean of the Delft University of Technology School of Mines, and held positions with various mining and engineering companies. Mr. Duyvesteyn is a member of several technical organizations in the mining, processing and chemical fields, including AIME,

CIM, IMM, AIChE and ACS. As a result of his technical knowledge and experience in the industry, Mr. Duyvesteyn has numerous business opportunities, technologies and business contacts which will benefit EMC.

Springer Mine and Mill

During the year, all equipment to complete the rehabilitation project has been received on site, Metallurgical test work has proven that the inclusion of a gravity circuit within the current mill flow sheet will facilitate the production of a +65% scheelite product and reduce the mill production costs by about half has been temporarily suspended. In-house and outside laboratory tests on optimizing the gravity circuit design will be restarted when funds are available.

The Company is making efforts to find financing to complete the rehabilitation of the Springer mine and mill. Once the financing is in place operations could start within 6 – 8 months. All Federal, State and Local permits have been received.

EMC has received a mineral resource estimate from Dr. Bart Stryhas of SRK Consulting Engineers and Scientists of Lakewood, CO. Dr. Stryhas calculates Indicated and Inferred resources from the Sutton 1 and Sutton 2 historic mines at the Company's Springer Facility as follows:

Resource Category	WO3 % Cut-off	Total Tons(kt)	WO3 %Average Grade	Contained STU's WO3
Indicated	0.30	274	0.619	169,606
Inferred	0.30	1,097	0.562	616,514

This estimate compares favorably with a 1984 historic resource estimate by James Park of GE, who estimated 3.59 million tons grading 0.446% WO3 at a 0.2% WO3 cutoff grade for tungsten mineralization at the Sutton 1 and Sutton 2 zones, the O'Byrne mine and a run of mine and mill surge stockpile. The SRK estimate contains fewer resource tons and hence contained STUs of WO3 because the bottom 850 feet of mine workings are flooded, inaccessible and contained less verifiable sampling and drilling than developed levels that are closer to surface. The Company is confident that the SRK recommended program of mine dewatering, additional channel sampling and drilling will deliver additional resource tons that bring the total closer to the historic GE estimates.

Dr. Stryhas is a Principal Resource Geologist with SRK Consulting's Denver Mining Group and a Qualified Person as defined by National Instrument 43-101. He is independent of EMC by all tests of NI 43-101.

Operational Outlook

On March 4, 2009, the Company's shareholders voted in favor of the segregation of its two main business components into separately listed public companies by spinning out its gold and silver focused, precious metals portfolio to a new company Golden Predator Royalty & Development Corp, ("GPRD") under a plan of arrangement. On March 6, 2009, the Company received court approval for the arrangement and the Company was renamed to EMC Metals Corp. The Company focuses its efforts as a specialty metals and alloys company targeting primarily tungsten, molybdenum, vanadium and uranium and its primary assets are the fully permitted Springer tungsten mill in Pershing County Nevada, and its portfolio of specialty metals exploration projects.

Pursuant to the spin-out (Note 2) by memorandum of agreement dated February 5, 2009 between the Company's subsidiary and GPRD, all non-core gold mineral properties were leased or assigned to GPRD under customary commercial terms as described in definitive agreements dated June 2, 2009 (the "Agreements"). Properties assigned to GPRD were as follows:

Properties spun-out in respect of which a financial interest has been retained

Phoenix Joint Venture

On December 27, 2007, the parties to Phoenix JV exercised their option to purchase the Lewis mineral property in Lander County, Nevada by making cash payment of US\$2,000,000 together with the first payment of the advance royalty in the cash amount of US\$60,000. These payments were funded by the Company for its 40 per cent stake and by Madison Minerals Inc, the JV partner, for the remaining 60 percent. Pursuant to the Agreement, the Company assigned its 40% interest to GPRD for a 4% carried interest in the properties.

Modoc

The Company has a lease and option to purchase two-thirds interest in 12 mineral claims included with the Modoc gold property, located in Lander County, Nevada. The Company owns the remaining one-third interest. In order to maintain the lease interest, the Company paid US\$10,000 in March, 2009 and is further required to increase the annual payment by \$10,000 up to 2014 and thereafter the annual payment will be \$60,000. In addition the Company must incur US\$500,000 in work commitments prior to February 1, 2013. The Company may purchase the remaining two-thirds interest in the claims at any time by providing a cash payment of US\$2,000,000 and a 0.66% net smelter returns royalty to the vendor, with credit for all payments previously made to vendor. Pursuant to the Agreements, the Company has assigned its 2/3 lease interest of these claims to GPRD, and has leased the remaining 1/3 interest to GPRD. In exchange for this, GPRD agrees to pay the minimum payments, agrees to pay the federal annual mining claim maintenance fees, and a royalty payment based on the NSR from the production or sale of Modoc, the NSR has a sliding scale ranging from 2-5% and GPRD has a buyout provision of US\$1,000,000. The minimum payments made by GPRD are credited cumulatively against any royalty payments payable to the Company.

Platte River

The Company has a 49% interest in 433 unpatented claims located in Eureka County, Nevada. Pursuant to the Agreements, the Company has assigned its interest to GPRD for a 4.9% carried interest in the properties.

Leased Properties

Pursuant to the Agreement, the Company has leased to GPRD one property located in White Pine County, Nevada, Treasure Hill, (141 claims), one property located in Lander County, Nevada, Modoc (108 claims) and various properties located in Eureka County, Nevada including: GQ West (24 claims); Highway (20 claims); JAG (44 claims); Kobeh (18 claims); Trail (30 claims) and UNR Keystone (231 claims) and one property in Modoc County, CA High Grade (150 claims). The lease payment due to the Company (which are detailed for each property separately) totals US\$47,500 on the first anniversary; US\$95,000 on the second anniversary; US\$142,500 on the third anniversary; US\$190,000 each year on the fourth to tenth anniversaries; and US\$237,500 on each anniversary thereafter. The properties each carry a sliding scale NSR ranging from 2-5% and NSR buyout provisions of US\$1,000,000-2,000,000 million each.

Properties spun-out during the year in which no financial interest has been retained

Pursuant to the spin-out transaction, the following properties were transferred to GPRD in respect of which the Company has no further financial interest.

Taylor Property

On March 15, 2006, Fury the Company acquired an option to earn a 100% interest in the Taylor Property, located in Ely, Nevada.

Mexican option agreements

The Company has entered into an option agreement to acquire certain properties located in Mexico. Over 3 years, the Company is required to make cash payments totaling \$225,000, issue 66,667 shares and incur exploration expenditures of \$1,400,000. The Company has also optioned-out its interests ranging from 65% to 100% in certain properties located in Mexico over 3 years in consideration for the receipt of \$250,000 in cash, 2,150,000 in common shares, and incurred exploration expenditures of \$4,550,000.

Adelaide & Tuscarora

The Company holds an option to acquire up to 100% of Canyon Resources Corporation's interest in the Adelaide and Tuscarora gold properties in Humboldt County, Nevada under the Newmont Lease. The Company paid US\$503,600 on execution of the option agreement and agreed to incur a total of US\$3,000,000 of cumulative exploration expenditures over five years on the properties or pay cash in lieu thereof, in accordance with the Newmont Lease. The property is subject to a 1.5% NSR. Subsequent to December 31, 2008, the Company issued 2,147,117 common shares in payment of execution of the option agreement.

Angel's Camp (formerly Quartz Mountain)

The Company has an option to acquire a 50% interest in certain claims located in Lake County, Oregon. To earn its interest the Company is required to incur exploration expenditures of US\$1,500,000 by October, 2008 and issue common shares on completion. The property is subject to a 1% NSR.

The Company did not achieve the 2008 exploration commitment and in January, 2009, the Company signed an amended option agreement where the name of Quartz Mountain has been changed to Angel's Camp. The Company is required to incur exploration expenditures of US\$100,000 (completed) by January, 2010, increasing to a cumulative total of US\$500,000 by December, 2010. The Company is also required to issue 50,000 common shares of GPRD and 150,000 common shares of GPRD subject to a maximum share value of C\$1.35 per share to Seabridge Gold ("SG") within 60 days of completion of the US\$500,000 exploration expenditure requirement. The Company can earn up to 70% interest by notifying SG by March 31, 2011 and completing a Feasibility Study within 3 years.

Treasure Hill

On March 21, 2008, the Company acquired a 50% interest in the Treasure Hill property in White Pine Valley, Nevada from Century Gold LLC for cash consideration of \$1,679,865 and the remaining 50% from Allied Nevada Gold Corp. for cash consideration of \$1,009,399 on April 30, 2008. The Treasure Hill property is subject to a 2% NSR in favour of the vendor which can be repurchased by the Company.

Lantern

Pursuant to a mineral lease agreement on claims located in Pershing County, Nevada, the Company is required to incur annual exploration expenditures of US\$50,000 to July, 2012, increased to US\$100,000 per year thereafter. The property is subject to a 3% NSR.

The lessor has the right to back into a 51% interest in the property in exchange for reimbursing the Company for 50% of its exploration expenditures and incurring additional expenditures equal to 200% of the expenditures incurred by the Company.

Lantern (Sheriff Lease)

Pursuant to a mineral lease agreement with a director of the Company on claims located in Pershing County, Nevada, the Company is required to incur annual exploration expenditures of US\$50,000 to December, 2012, increasing to US\$100,000 per year thereafter. Should the Company fail to incur the annual exploration expenditures, the Company is required to pay 150% of the shortfall to the director. The property is subject to a NSR ranging from 2% to 4% dependant on the price of gold or the type of mineral recovered.

Lewiston

Pursuant to an option agreement to acquire a 100% interest in claims located in Fremont County, Wyoming, the Company is required to incur exploration expenditures of US\$250,000 by August, 2008, increasing to a cumulative total of US\$500,000 (completed) by August, 2009. The property is subject to a 3% net smelter royalty. The Company purchased this property in April 2008, for \$50,000 cash and 100,000 shares of the Company valued at \$200,000.

Upon satisfaction of the exploration expenditure requirements on the Lewiston property, the Company is also required to issue additional common shares or, at the election of the optionor, the cash equivalent value.

Golden Ridge (High Grade Project)

The Company has a lease option agreement on 10 claims located in Modoc County, California. The Company has the option to purchase the property for \$500,000, less advanced royalty payments previously paid, and includes a 2% net smelter returns royalty (NSR) retained by the owners. Pursuant to the Agreements, the Company assigned this property to GPRD.

Staked Claims

The Company also acquired staked mining claims located in Humboldt County and Nye County, Nevada. As these are staked claims, there are no contractual obligations.

Nevada option agreements

The Company has entered into option agreements to acquire certain properties located in Nevada. The Company is required to pay annual advanced royalty payments of US\$190,000 during fiscal 2009, with the annual advance royalty increasing in stages to US\$300,000 for fiscal 2013 and each year thereafter. The agreements also require annual exploration expenditures of US\$265,000 during fiscal 2009, increasing in stages to cumulative exploration expenditures of US\$750,000 by fiscal 2012. The properties are subject to NSRs ranging from 2% to 5%.

Optioned properties

On January 16, 2008, the Company signed a property option agreement with Evolving Gold Corp under which Evolving Gold Corp would purchase up to a 100% interest in the Rattlesnake Hills Property in Natrona County, Wyoming in exchange the Company would receive 3,000,000 Evolving Gold Corp shares over three years (received).

The Company continued its attention to capital preservation in light of the economic crisis, and continued its cost cutting measures at the Springer facility. This will delay eventual startup of the Springer mill. All permitting activities and many operational readiness programs will continue, which should better prepare the Company for the return of orderly financial markets and the continuation of pre-startup activities.

1.3 Operating Results

The Company continued its attention to capital preservation in light of the economic crisis, and continued its cost cutting measures at the Springer facility. This will delay eventual startup of the Springer mill. All permitting activities and many operational readiness programs will continue, which should better prepare the Company for the return of orderly financial markets and the continuation of pre-startup activities.

1.3.1 Results of Operations for the year ended December 31, 2009

Selected annual information

Fiscal Year ended December 31	2009	2008	2007
Net Sales	Nil	Nil	Nil
Net Loss	\$ 17,695,466	\$ 11,646,148	\$ 3,474,970
Basic and diluted net loss per share	\$ 0.23	\$ 0.24	\$ 0.28
Cash dividends per common share	N/A	N/A	N/A

The Company's net loss increased by \$6,049,318, which is mainly due to the write-down of mineral interests in the amount of \$16,778,329. Excluding this write-down the net loss amounts to \$2,734,114 before tax, which is reflective of the a significant reduction in business and refurbishment activities undertaken by the Company during 2009 and reduced mineral properties expenditures due to mineral properties being spun out to GPRD.

The decrease in net loss before the write-down of mineral interests is mainly attributed to the following:

- a) A decrease in salaries and benefits of \$1,230,429, stock-based compensation of \$164,244, consulting of \$682,886, travel and entertainment of \$568,344, and general and administrative of \$3,390,857 (which includes a reimbursement of expenses from GPRD) as the Company decreased its efforts to proceed with its refurbishing plan for the Springer Mill due to the temporary decline in the prices of Tungsten and naturally lower costs due to decreased properties to maintain.
- b) Reduction of professional fees in the amount of \$1,245,640 incurred as a result of the reduced acquisitions.
- c) The Company had a unrealized gain in marketable securities compared to a loss in prior year resulting in a change of \$3,384,529 due to an increase in the market prices of these securities.
- d) A gain on the settlement of convertible debentures of \$1,449,948 relating to convertible debentures in note 12 to the financial statements.
- e) Interest income for the year decreased by \$289,443 due to the Company having less funds invested in guaranteed investment certificates and cash held in financial institutions as compared to prior year.

1.3.2 Results of Operations for the quarter ended December 31, 2009

Selected quarterly information

Quarter ended December 31	2009	2008
Consulting	\$ 76,144	\$ 514,020
General and administrative costs	\$ 427,741	\$ 1,178,117
Insurance	\$ 19,831	\$ 166,485
Professional fees	\$ 35,345	\$ 932,871
Rent	\$ 24,458	\$ 104,725
Salaries and benefits	\$ 191,294	\$ (2,714,046)
Stock-based compensation	\$ 670,289	\$ 1,029,025
Travel and entertainment	\$ 17,124	\$ 272,128

During the three months ended December 31, 2009, the Company had a net loss of \$7,361,002 primarily due a write-down of mineral interests of \$16,778,329; however this was offset by a reversal of a foreign exchange loss in the first quarter of \$7,918,977. The Company also had a future income tax recovery of \$1,816,977, due to the Company applying operating losses and a write-down of mineral interest to previous future income tax liabilities. Other items contributing to the decrease in operating expenses include:

- a) Consulting decreased by \$437,876, general and administrative decreased by \$750,376, Insurance decreased by \$146,654, professional fees decreased by \$897,526, and travel and entertainment decreased by \$255,004 as the Company reduced operations and preserves capital in light of the economic crisis.
- b) Decreased rent by \$80,267 as a result of the Company spinning out subsidiaries and mineral properties to GPRD.
- c) Salaries and benefits increased by \$2,905,340 as a result of a prior year, year-end adjustment to capitalize salaries related to mineral properties.

During the three months ended December 31, 2009, cash decreased by \$288,058 primarily due to the acquisition of TTS.

1.4 Summary of Quarterly results

	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	-	-	-	-	-	-	-	-
Net Income (Loss)	(7,361,002)	(548,203)	(725,249)	(9,061,012)	1,413,276	(7,631,500)	(3,321,442)	(2,106,482)
Basic and diluted Net Income (Loss) per share	(0.08)	(0.01)	(0.01)	(0.13)	0.01	(0.12)	(0.08)	(0.11)

The net loss in the fourth quarter of 2009 relates mainly to the write-down of mineral interests. There was a foreign exchange loss in the first quarter of 2009 of \$7,918,977 that reversed itself to a gain of \$809,991 by the end of the fourth quarter. The net income in the fourth quarter 2008 relates to year-end adjustments, primarily from salaries and benefits and capitalizing them to the mineral interests they relate too.

1.5 Discussion of cash flows

	Fiscal Year ended December 31		Quarter ended December 31	
	2009	2008	2009	2008
Operating activities	\$ (2,811,149)	\$ (8,945,984)	\$ (1,050,913)	\$ 978,634
Investing activities	\$ (537,577)	\$ (28,260,959)	\$ 419,359	\$ 1,495,656
Financing activities	\$ 2,210,200	\$ 14,346,311	\$ 267,108	\$ (7,048,466)

Year ended December 31, 2009

Cash outflows from operating activities decreased by \$6,134,835 due mainly to the decrease in general activity in the Company as it preserves capital in anticipation of an increase in Tungsten prices. In addition, the Company spun out assets to GPRD which resulted in less activity.

Cash outflows from investing activities decreased by \$27,723,382 due mainly to the significant reduction in work at Springer. In addition, many properties were spun out to GPRD; resulting in lower mineral interest expenditures.

Cash inflows from financing activities decreased by \$12,136,111 resulting from a reduction in the issuance of common shares and the exercise of stock options. The Company also collected its previous loan receivable during the year.

Quarter ended December 31, 2009

Cash outflows from operating activities increased by \$2,029,547 due mainly to prior-year, year-end adjustments to capitalize salary costs to mineral interests and an adjustment to unrealized gain on foreign exchange. Before those adjustments, current fourth quarter cash outflows decreased due mainly to the decrease in general activity in the Company as it preserves capital in anticipation of an increase in Tungsten prices.

Cash outflows from investing activities decreased by \$1,076,297 due mainly to a decrease in property, plant and equipment expenditures and overall reduced activity. The Company acquired some cash from the purchase of TTS.

Cash inflows from financing activities increased by \$7,315,574 due to a prior year reclassification of the promissory note to Cosgrave and overall less activity than prior year.

1.6 Financial Position

Selected annual information

Fiscal Year ended December 31	2009	2008	2007
Total Current Assets	\$ 1,064,778	\$ 4,232,953	\$ 26,974,030
Total Assets	\$ 52,220,590	\$ 103,253,344	\$ 57,293,300
Total Long-term liabilities	\$ 6,260,911	\$ 12,921,657	\$ 2,545,451

Cash

Decreased by \$1,138,526 due to operating costs and the acquisition of TTS exceeding the collection of its loan receivable and funds raised during the year.

Marketable securities

Decreased by \$862,632 due to marketable securities being spun out to GPRD.

Technology and patents

Increased to \$5,263,739 though the acquisition of TTS.

Property, plant and equipment

Decreased by \$3,024,971 due to the Company spinning out property, plant and equipment to GPRD and reduced funds spent on the Springer plant.

Mineral interests

Decreased by 49,510,448 due mainly to the Company spinning out mineral interests to GPRD (\$33,323,014) and a write-down due to impairment (\$16,778,329).

Current liabilities

Decreased by 4,842,709 due to the Company reducing activity to conserve capital.

Future income tax liability

Decreased by \$6,539,736 due to the Company writing down mineral interests and increased operating losses from prior year. The current balance is attributed to the acquisition of TTS.

Promissory note payable

Decreased by \$121,010 and is attributed to a change in foreign exchange. The amount payable in United States dollars has increased; however, due to favourable exchange rates, has decreased in Canadian dollars.

1.7 Liquidity and Capital Resources

At December 31, 2009, the Company had working capital of \$100,684 including cash of \$584,436 as compared to a working capital deficiency of \$1,573,850 including cash of \$1,722,962 at December 31, 2008. Also included in working capital, at December 31, 2009, were marketable securities with a market value of \$204,582 (2008 - \$1,067,214).

During the year, the Company received cash of \$1,190,000 (2008 - \$7,025,000) for stock issuances at the range of \$0.08 to \$0.20 per common share. At December 31, 2009, the Company has an aggregate 27,795,135 share purchase warrants exercisable, between \$0.15 and \$2.68 per share which have the potential upon exercise to convert to approximately \$45,787,296 in cash over the next two years. Further, a total of 5,864,675 stock options exercisable between \$0.11 and \$2.15 have the potential upon exercise to generate a total of \$2,299,523 in cash over the next five years. There is no assurance that these securities will be exercised.

The Company's continued development is contingent upon its ability to raise sufficient financing both in the short and long term. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to execute its business plan. The Company continues its cost cutting measures to conserve cash to meet its operation obligations.

1.8 Outstanding share data:

At the date of this report the Company has 117,379,470 issued and outstanding common shares, 9,937,625 outstanding stock options currently vested at a weighted average exercise price of \$0.24, and 26,620,134 outstanding warrants at a weighted average exercise price of \$1.74.

1.9 Off-Balance Sheet Arrangements

At December 31, 2009, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.10 Transactions with Related Parties

The Company entered into management services agreements with corporations controlled by Steve Vanry (President of the Company) and Art Ettlinger (Officer of the Company) under which the Company paid \$334,200 (2008 - nil).

This transaction was in the normal course of operations and was measured at the amount of consideration established and agreed.

1.11 Proposed Transactions

There is no proposed transaction outstanding other than what has been disclosed.

1.12 Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting policies requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on past experience, industry trends and known commitments and events. By their nature, these estimates are subject to measurement uncertainty and the effects on the financial statements of changes in such estimates in future periods could be significant. Actual results will likely differ from those estimates.

Carrying value of mineral interests

The Company has capitalized the cost of acquiring mineral interests and on-going exploration and maintenance costs. Capitalized property costs are expensed in the period in which the Company determines that the mineral interests have no future economic value. Capitalized property costs may also be written down if future cash flow, including potential sales proceeds and option payments, related to the property are estimated to be less than the carrying value of the property. The Company reviews the carrying value of its mineral properties periodically, and whenever events or changes in circumstances indicate the carrying value may not be recoverable, reductions in the carrying value of each property would be recorded to the extent that the carrying value of the investment exceeds the property's estimated fair value. Such events or changes in circumstances involve changes in political risk, economic risk, commodity prices, exchange rates, and interest rates among others.

Stock-based compensation

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options and compensatory warrants granted. This model is subject to various assumptions. The assumptions the Company makes will likely change from time to time. At the time the fair value is determined, the methodology the Company uses is based on historical information, as well as anticipated future events. The assumptions with the greatest impact on fair value are those for estimated stock volatility and for the expected life of the instrument.

Future income taxes

The Company accounts for tax consequences of the differences in the carrying amounts of assets and liabilities and their tax bases using tax rates expected to apply when these temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no future income tax asset is recognized. The Company has taken a valuation allowance against all such potential tax assets.

1.13 Changes in Accounting Policies

Goodwill and intangible assets

The Company adopted the new standard "Goodwill and Intangible Assets" (Section 3064) for its fiscal year beginning January 1, 2009. This Section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of the section did not have a significant impact on the Company's financial position.

Credit Risk and the Fair Value of Financial Assets and Liabilities (EIC-173)

In January 2009, the Emerging Issues Committee ("EIC") issued EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This abstract requires companies to take counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. The adoption of this standard did not have a material impact on the Company's financial statements.

Mining Exploration Costs (EIC-174)

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. This standard was effective for the Company beginning April 1, 2009. The adoption of this standard resulted in a material write down to mineral properties in the current year as disclosed in note 11 to the audited financial statements.

1.13.1 IFRS Changeover Plan Disclosure

The Canadian Accounting Standards Board (AcSB) has announced its decision to replace Canadian generally accepted accounting principles ("GAAP") with International Financial Reporting Standards (IFRS) for all Canadian Publicly Accountable Enterprises ("PAEs"). The effective changeover date is January 1, 2011, at which time Canadian GAAP will cease to apply for EMC and will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011 including comparative IFRS financial results and an opening balance sheet as at January 1, 2010. The first annual IFRS consolidated financial statements will be prepared for the year ended December 31, 2011 with restated comparatives for the year ended December 31, 2010.

Management has developed a project plan for the conversion to IFRS based on the current nature of operations. The conversion plan is comprised of three phases: 1) Scoping phase which will assess the overall impact and effort required by the Company in order to transition to IFRS; 2) Planning phase which will include a detailed analysis of the conversion process and implementation plan required for disclosure for the Company's first quarter; and, 3) Transition phase which will include the preparation of an IFRS compliant opening balance sheet as at January 1, 2010, any necessary conversion adjustments and reconciliations, preparation of a fully compliant pro forma financial statements including all note disclosures and disclosures required for the MD&A.

Management has completed phase one, IFRS Scoping phase, and is now advancing through phase two, the Planning stage. Management prepared a component evaluation of its existing financial statement line items, comparing Canadian GAAP to the corresponding IFRS guidelines, and has identified a number of differences. Many of the differences identified are not expected to have a material impact on the reported results and financial position.

Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as of the date of the first comparative balance sheet presented based on standards applicable at that time.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. During the second quarter of 2010, management will prepare a presentation to the Audit Committee and the Board of Directors which will focus on the key issues and transitional choices under IFRS 1 applicable to the Company.

Set out below are the most significant areas, management has identified to date, where changes in accounting policies may have the highest potential impact on the Company's consolidated financial statements based on the accounting policy choices approved by the Audit Committee and Board of Directors.

In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to review new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

Impairment of Assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with discounted cash flows. International Accounting Standard (IAS) 36, "Impairment of Assets" uses a one-step approach for both testing and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in write downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis.

Share Based Payments

IFRS and Canadian GAAP largely converge on the accounting treatment for share – based transactions with only a few differences.

Canadian GAAP allows either accelerated or straight line method of amortization for the fair value of stock options under graded vesting. Currently, the Company is using the straight line method; however it intends to apply the accelerated amortization method in fiscal 2010 and therefore the adoption of IFRS 2 is not expected to have an impact on the Company's financial statements.

Under IFRS, the estimate for forfeitures must be made when determining the number of equity instruments expected to vest, while under Canadian GAAP forfeitures can be recognized as they occur. The Company is expecting to use an estimate of forfeitures when determining the number of equity instruments expected to vest during fiscal 2010.

Upon adoption of IFRS 2, the Company will be fully compliant with the new standard and the adoption is not expected to have an impact on the financial statements.

Exploration and Evaluation Assets

Under the Company's current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon are capitalized.

Upon adoption of IFRS, the Company has to determine the accounting policy for exploration and evaluation assets. The Company can decide to apply the International Accounting Standards Board ("IASB") Framework which requires exploration expenditures to be expensed and capitalization of expenditures only after the completion of a feasibility study or disregard the IASB Framework and keep the existing Company policy, if relevant and reliable.

Management has yet to decide on whether or not to fully adopt IFRS 6, "Exploration and Evaluation of Mineral Properties", and apply the IASB framework. If management elects to fully adopt IFRS 6, the result of the application of the IASB Framework at the transition date, mineral properties will decrease by \$9,494,235 together with an increase to accumulated deficit by the same amount reflecting the derecognized exploration costs.

Property, Plant and Equipment

Under IFRS, Property, Plant and Equipment ("PP&E") can be measured at fair value or at cost while under Canadian GAAP, the Company has to carry PP&E on a cost basis and the revaluation is prohibited.

Upon adoption of IFRS, the Company has to determine whether to elect a cost model or revaluation model. Management has yet to decide on which model to adopt. The Company is in the process of identifying the potential impact on the property, plant and equipment balance.

In accordance with IAS 16 "Property, Plant and Equipment", upon acquisition of significant assets, the Company will need to allocate an amount initially recognized in respect of an asset to its component parts and accounts for each component separately when the components have different useful lives or the components provide benefits to the entity in a different pattern.

Foreign Currency

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with IAS 21 and the entity's financial results and position should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Currently the functional currency of the consolidated entity is the Canadian dollar ("CAD") which is also the presentation currency of the Company's financial statements.

As events and conditions relevant to the Company change, it will re-consider the primary and secondary indicators, as described in IAS 21, in determining the functional currency for each entity. Going forward under IFRS, management will assess the appropriate functional currency based on existing circumstances which may have a significant impact on the Company's consolidated financial statements prepared under IFRS.

Future Income Taxes

Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Company to such temporary differences. Deferred income taxes relating to temporary differences that are in equity are recognized in equity and under IFRS subsequent adjustments thereto are backward traced to equity.

IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable net earnings. The Company expects the impact of implementing IAS 12, Income Taxes to not have an impact on the financial statements. However, as events and circumstances of the Company's operations change that give rise to future income taxes, IAS 12 will be applied.

As the Company elects and approves the IFRS accounting policy for each of the areas above, management will determine and disclose impact of the IFRS adoption at the transition date on our financial statements. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable accounting standards at the conversion date are known.

Based on management assessment of the information system currently used by the Company, all information required to be reported under IFRS will be available with minimal system changes.

One of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosures required. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references. The Company is continuing to assess the level of presentation and disclosures required to its consolidated financial statements.

Technology and patents

Like Canadian GAAP, intangible assets under IFRS can be capitalized at cost if it is probable that the expected future economic benefits attributed to the asset will flow to the entity and that the cost of the asset can be measured reliability. The Company then has the option to apply the revaluation model whereby technology and patents can be carried at its fair value amount at the revaluation date.

Technology and patents would continue to be amortized over their useful life; however, IAS 38, Intangible Assets, requires an annual review of residual value estimates and IAS 36, impairment of assets, requires that an impairment loss be recognized when the carrying amount of an asset exceeds the recoverable amount.

The Company is in the process of identifying the impact of the noted differences on the technology and patents balance.

1.14 Financial Instruments and Other Risks

The Company's financial instruments consist of cash, marketable securities, receivables, loan receivable, reclamation bond, accounts payable and accrued liabilities and due to related party. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

The financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality financial institutions, thereby minimizing exposure for deposits in excess of federally insured amounts. The Company believes that credit risk associated with cash is remote.

In conducting business, the principal risks and uncertainties faced by the Company centre on exploration and development, metal and mineral prices and market sentiment.

The prices of metals and minerals fluctuate wildly and are affected by many factors outside of the Company's control. The relative prices of metals and minerals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. The Company relies on equity financing for its working capital requirements and to fund its exploration programs. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

1.15 Disclosure controls and Procedures

The Chief Executive Officer and Chief Financial Officer, of the Company have evaluated or caused to be evaluated for effectiveness the Company's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") which have been designed or caused to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

The Company took into consideration the following three characteristics common to companies of a similar size:

- The limited number of personnel in smaller companies, which constrains the Company's ability to fully segregate conflicting duties;
- The Company relies on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures.
- The dynamic and evolving nature of smaller companies, which limits their ability to have static processes that are well-documented.

In addition, management has relied upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management to maintain the effectiveness of disclosure controls and procedures. As a result of the evaluation, the Company has concluded that the DC&P and ICFR are effective as required by its current size, and in compliance with the recommendations of National Instrument 52-109. However, there can be no assurance that the risk of a material misstatement in the annual financial statements can be reduced to less than a remote likelihood.

1.16 Subsequent Events

See Note 23 of the consolidated financial statements.

1.17 Risk Factors

Prior to making an investment decision investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Group's business, actually occur, the Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

EMC Will Require Significant Amounts of Additional Capital in the Future

The Company has limited financial resources. The Company will continue to make substantial capital expenditures related to exploration, development and production. In particular the Company will have further capital requirements as it proceeds to expand its present exploration activities at its tungsten and other mineral projects, or to take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it.

In addition, the Company may incur major unanticipated liabilities or expenses. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on commercially acceptable terms, if at all.

Volatile demand for tungsten and other metals and the volatile prices for tungsten and other metals may make it difficult or impossible for the Company to obtain debt financing or equity financing on commercially acceptable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its tungsten and other mineral projects with the possible loss of the rights to such properties. If exploration or the development of any mine is delayed, such delay would have a material and adverse effect on the Company's business, financial condition and results of operation.

Stage of Development

The Company's properties are in the exploration stage and the Company does not have an operating history. Exploration and development of mineral resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. The amounts attributed to the Company's interest in its properties as reflected in its financial statements represent acquisition and exploration expenses and should not be taken to represent realizable value. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors such as unusual or unexpected geological formations, and other conditions.

As a result of the Company's lack of operating history, it also faces many of the risks inherent in starting a new business.

Profitability of Operations

The Company is not currently operating profitably and it should be anticipated that it will operate at a loss at least until such time as production is achieved from one of the Company's properties, if production is, in fact, ever achieved. The Company has never earned a profit. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

Tungsten and other mineral Industries Competition is Significant

The international tungsten and other mineral industries are highly competitive. The Company will be competing against competitors that may be larger and better capitalized, have state support, have access to more efficient technology, and have access to reserves of tungsten and other mineral that are cheaper to extract and process. As such, no assurance can be given that the Company will be able to compete successfully with its industry competitors.

Fluctuations in Metal Prices

Although the Company does not hold any known mineral reserves of any kind, its future revenues, if any, are expected to be in large part derived from the future mining and sale of tungsten and other metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the prices of tungsten and other metals, and therefore the economic viability of the Company's operations, cannot be accurately predicted.

Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

EMC Metals Corp's Operations are Subject to Operational Risks and Hazards Inherent in the Mining Industry

The Company's business is subject to a number of inherent risks and hazards, including environmental pollution; accidents; industrial and transportation accidents, which may involve hazardous materials; labour disputes; power disruptions; catastrophic accidents; failure of plant and equipment to function correctly; the inability to obtain suitable or adequate equipment; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures, ground movements, tailings, pipeline and dam failures and cave-ins; and encountering unusual or unexpected geological conditions and technical failure of mining methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's tungsten and other mineral properties, personal injury or death, environmental damage, delays in the Company's exploration or development activities, costs, monetary losses and potential legal liability and adverse governmental action, all of which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Mineral Reserve and Resource Estimates are Only Estimates and May Not Reflect the Actual Deposits or the Economic Viability of Tungsten and/or Gold Extraction

Reserve and resource figures included for tungsten and other minerals are estimates only and no assurances can be given that the estimated levels of tungsten and other minerals will actually be produced or that the Company will receive the tungsten and other metal prices assumed in determining its reserves. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling and exploration results and industry practices. Estimates made at any given time may significantly change when new information becomes available or when parameters that were used for such estimates change. While the Company believes that the reserve and resource estimates included are well established and reflect management's best estimates, by their nature reserve and resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, market price fluctuations in tungsten and other metals, as well as increased capital or production costs or reduced recovery rates, may render ore reserves containing lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of reserves or resources is always influenced by economic and technological factors, which may change over time.

Exploration, Development and Operating Risk

The exploration for and development of tungsten and other mineral properties involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical, drilling and other related costs which appear to be rising; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Currency Risk

The Company maintains accounts in Canadian and American currency. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in local currencies or in US dollars. The Company's operations are subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company does not engage in currency hedging activities.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures estimated by management may differ from the actual expenditures required.

Government Regulation

The Company's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Company believes its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations or applicable laws or regulations.

Amendments to current laws and regulation governing operations or more stringent implementation thereof could have a substantial impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

EMC has no History of Mineral Production or Mining Operations

The Company has never had tungsten and other mineral producing properties. There is no assurance that commercial quantities of tungsten and other minerals will be discovered at the Properties or other future properties nor is there any assurance that the Company's exploration program thereon will yield positive results. Even if commercial quantities of tungsten and other minerals are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where tungsten and other mineral resources can profitably be produced therefrom. Factors which may limit the ability of the Company to produce tungsten and other mineral resources from its properties include, but are not limited to, the spot prices of tungsten and other metals, availability of additional capital and financing and the nature of any mineral deposits.

The Company does not have a history of mining operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares. Substantially all of the Common Shares can be resold without material restriction in Canada.

No Assurance of Titles or Borders

The acquisition of the right to exploit mineral properties is a very detailed and time consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's surface or mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third party claims could have a material adverse impact on the Company's operations.

1.18 Information Regarding Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the prices of tungsten and other metals, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, Government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of EMC to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompleteness of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of tungsten and other metals. While EMC has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. EMC expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.