MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2008

The following discussion of the operating results, corporate activities and financial condition of EMC Metals Corp. (hereinafter referred to as EMC Metals, or the Company) and its subsidiaries is for the year ended December 31, 2008. The discussion below should be read in conjunction with the audited consolidated financial statements of EMC Metals for the year ended December 31, 2008 and with the audited consolidated financial statements and related notes attached thereto for the year ended December 31, 2007.

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.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements and may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of EMC Metals to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of Golden Predator's prospects, political and economic conditions, commodity prices and other factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

1.1 Date of Report: March 31, 2009

1.2 Nature of Business and Overall Performance

The Company is in the business of mineral development and where economically feasible, mining of tungsten, silver and gold. Its principal properties are located in the state of Nevada and surrounding states with additional properties located in the province of Ontario and state of North Carolina. The Company's focus during the year was rehabilitating its Springer tungsten facility in Pershing County, NV. Advanced exploration of the Company's gold properties is underway, including drilling at Adelaide which resulted in the intersection of encouraging gold mineralization and initiation of drill permitting for the Tuscarora and High Grade projects.

Springer Mill

During the year ended December 31, 2008, approximately $21 million was incurred on rehabilitation of the Springer Mill. Work conducted during Q4 was limited to receiving and storing equipment to complete the rehabilitation project, securing the facility and performing metallurgical test work to enhance the current processes. Until the middle of September the rehabilitation of the Springer project for the treatment of tungsten ore was on track and within budget to start operations on the 1st of January 2009. However due to the continuing global financial turmoil EMC Metals decided to divert into cash preservation mode. Consequently, progress on the project was slowed considerably. On October 15, with the global economic crisis in full force, all non-essential employees were laid-off and the project was put on a care and maintenance basis. All required permits for completing the rehabilitation and operating the facility have been received. The Springer project's present status allows for a start of operations within 6 months of new financing being secured.

Advanced Exploration Properties

Results from delineation drilling of near-surface tungsten mineralization in advance of rehabilitating the underground mine workings at Springer that were reported in news releases dated Sept. 11, 2008 and October 28, 2008 were previously reported on in the MD&A for the period ended September 30, 2008. No further geologic fieldwork has been performed at Springer during the three months ending December 31, 2008.

At the Company's Adelaide gold project in Humboldt County, NV, the Company completed a 44 hole drill program to test several targets along 1.6 miles of strike on the mineralized Adelaide fault zone. A total of 17,315 feet was drilled in 32 reverse circulation holes and 4,274 feet in 12 diamond core holes. Results from the reverse circulation drilling were announced in news releases dated July, 24, 2008, July 29, 2008 and September 23, 2008 and in the MD&A for the period ending September 30, 2008.

On January 6, 2009 the Company announced initial results from the first three core drill holes and two remaining reverse circulation drill holes. Core hole GPAD03, targeting the North Margarite Vein, intersected 4.3 m of 15.42 gm/t (14 ft of 0.45 oz/t) gold, including 1.5 m of 31.7 gm/t (5 ft of 0.93 oz/t) gold and 35 gm/t silver, from 85 m (280 ft) drill depth. This hole is located approximately 24 m (80 ft) south of Newmont's 2003 RC drill hole ADL02 which intersected 1.5 m of 112.5 gm/t (5 ft of 3.28 oz/t) gold and 104 gm/t silver from 53 m (175 ft) drill depth, further indicating continuity of increased grade below the level of shallow historic drilling at the Adelaide Project.

Drill hole GPAD07, the RC precollar on a planned core hole that lost circulation, did not reach the target depth on the South Margarite Vein. However the RC portion did encounter a parallel footwall vein zone and a wider zone of quartz stockworks around the vein yielding 12.2 m of 4.15 gm/t (40 ft of 0.121 oz/t) gold, including 1.5 m of 19.45 gm/t (5 ft of 0.567 oz/t) gold. This hole is located approximately 50 ft north of RC hole GPA004 which encountered 1.5 m of 11.2 gm/t (5 ft of 0.325 oz/t) gold along what is suspected to be on the same footwall vein.

Exploration activities at Adelaide are focused on identification of high grade Bonanza quartz-gold veins that could potentially be developed as feeder ore to a central milling facility.

Data compilation and evaluation continued at the Company's High Grade, Tuscarora and Dyke Canyon gold projects in California and Nevada. On January 28, 2009 the Company announced results from its data compilation and review and its initiation of drill permitting for the Tuscarora project. Tuscarora is an early stage exploration property located in Elko County, NV. Once permitted, the company intends to test various targets generated from compilation of historical data. Several historic drill intercepts encountered by past operators contain greater than 1.0 ounce per ton (oz/t) gold.

On its High Grade project, the Company announced on February 9, 2009 results from its summer 2008 exploration program. High Grade is a district-scale bonanza gold vein target located in the Warner Mountains approximately 30 miles northeast of Alturas in Modoc County, California. The Company has secured essentially the entire former High Grade mine district, with gold-bearing mineralization outcropping over three miles of strike length and one mile of width. Surface and underground rock chip sampling by company geologists returned gold values up to 129 gm/t (3.76 oz/t) Au and 695 gm/t (20.3 oz/t) Ag from two different samples in the Sunshine vein. Assay highlights from the 27 samples collected along approximately 2,000 feet of strike length on the Sunshine vein include: 0.85 oz/t Au and 13.94 oz/t Ag from a grab sample from the east shaft of the Sunshine vein; 2.83 oz/t Au and 20.27 oz/t Ag from a grab sample from a shaft on the Sunshine Ridge vein; and 3.76 oz/t Au and 2.28 oz/t Ag from a grab sample in the Sunshine adit.

At Dyke Canyon, the Company announced on February 17, 2009 results from its 2008 exploration program. Dyke Canyon is an early stage exploration property in the Pine Forest Range of Humboldt County in northern Nevada. Exploration was initiated with a data compilation and field reconnaissance/mapping program in 2007 followed by surface rock chip sampling in summer 2008. A total of 96 samples have now been collected on the Company's property with gold values as high as 18.51 gm/t (0.54 oz/t) Au.

Operational Outlook

On December 19, 2008, the Company announced the proposed segregation of its two main business components into separately listed public companies by spin-out of its gold and sliver focused, precious metals portfolio to a new company Golden Predator Royalty and Development Corp, ("GPRD") under the Plan of Arrangement. The Company would be renamed to EMC Metals Corp. and focus its efforts as a specialty metals and alloys company targeting primarily tungsten, molybdenum, vanadium and uranium. EMC Metals' primary assets will continue to be the fully permitted Springer tungsten mill in Pershing County Nevada, and its portfolio of specialty metals exploration projects.

On March 4, 2009, the Company's shareholders voted in favor of the spin-out and on March 6, 2009 the Company received court approval for the arrangement.

1.3 <u>Results of Operations for the year ended December 31, 2008</u>

During the year ended December 31, 2008, the Company incurred a loss of $11,646,148 or $0.24 per share as compared to a loss of $3,474,970 or $0.28 per share in the previous year. The increase in loss is mainly attributed to the increase in the company's overall activity, such as:

a) salaries and benefits of $2,239,517 (2007 - $2,024,925), stock based compensation of $1,980,095 (2007 - 529,562), consultants of $1,033,980 (2007 - $596,062), plant supplies of $685,279 (2007 - $88,213), and repairs and maintenance of $512,680 (2007 - $73,239) as the Company increased its efforts to proceed with its refurbishing plan for the Springer Mill.

b) legal fees of $1,382,842 (2007 - $409,808) and filing and regulatory fees of $442,413 (2007 - $36,473) incurred as a result of the Company's completion costs for various acquisitions.

c) unrealized loss in marketable securities of $3,322,863 (2007 – $7,836) due to decline in the market prices of these investments.

Interest income for the year amounted to $355,120 (2007 - $342,112) from funds invested in bankers acceptances.

Cash decreased to $1,722,962 (December 31, 2007 – $24,583,594) at the end of the year. Operating activities in the year used cash of $8,945,984 (2007 - $4,464,014). During the year, cash outflow in investing activities amounted to $28,260,959 (2007 – $15,537,322). The outflow is mainly due to purchase of property, plant, and equipment of $19,042,884 (2007 – $2,252,949), additions to unproven mineral interests of $10,088,378 (2007 – $2,827,059) and received cash from acquired subsidiaries of $4,648,256 (2007 – nil). Financing activities from exercise of warrants and options raised $9,843,650 (2007 – nil).

1.4 Selected annual information

Fiscal Year ended December 31	2008	2007
Net Sales	Nil	Nil
Net Loss	$ 11,646,148	$ 3,474,970
Basic and diluted net loss per share	$ 0.24	$ 0.28
Total Assets	$ 103,253,344	$ 57,293,300
Total Long-term liabilities	$ 12,921,657	$ 2,545,451
Cash dividends per common share	N/A	N/A

The Company's recorded net loss for each of the two years has fluctuated, with an increase in the most recently completed fiscal year. This change is directly correlated with the significant increase in business and refurbishment activities undertaken by the Company during 2008.

1.5 Summary of Quarterly Results

	2008				2007				2006	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Sales	-	-	-	-	-	-	-	-	-	-
Net Income (Loss)	1,413,276	(7,631,500)	(3,321,442)	(2,106,482)	(1,292,434)	(1,423,249)	(263,164)	(496,123)	(201,384)	-
Basic and diluted Net Income (Loss) per share	0.01	(0.12)	(0.08)	(0.11)	(0.11)	(0.37)	(0.05)	(0.39)	(2.26)	-

During the first three quarters of the year, the Company focused its efforts to refurbish the Springer tungsten facility in Pershing County, Nevada. In the fourth quarter, the Company diverted its attention to capital preservation in light of the economic crisis, and undertook a series of 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.

1.6 Liquidity and Capital Resources

At December 31, 2008, the Company had working capital of $(1,573,850) and cash and cash equivalents of $1,722,962 as compared to working capital of $20,655,496 and cash and cash equivalents of $24,583,594 at December 31, 2007. Further, at December 31, 2008, the Company held marketable securities with a market value of $1,067,214 (2007 - $789,130).

During the year, the Company received cash of $20,488,650 (2007 - $51,850,000) for stock issuances at the range of $0.50 to $2.00 per common share. At December 31, 2008, the Company has an aggregate 19,927,354 share purchase warrants exercisable, between $0.75 and $3.75 per share which have the potential upon exercise to convert to $59,767,481 in cash over the next three years. Further, a total of 8,060,684 stock options exercisable between $0.20 and $3.34 have the potential upon exercise to generate a total of $8,102,903 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.

1.7 Outstanding share data

At the date of this report the Company has 76,008,471 issued and outstanding common shares, 4,610,017 outstanding stock options currently vested at weighted average exercise price of $1.07, and 19,927,354 outstanding warrants at weighted average exercise price of $3.00.

1.8 Off-Balance Sheet Arrangements

At December 31, 2008, 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.

1.9 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 is obligated to pay $ 334,200 for the year ending December 31, 2009.

These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed.

1.10 Proposed Transactions

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

1.11 Changes in Accounting Policies

See Note 2 of the Interim consolidated financial statements.

1.12 Initial Adoption of IFRS

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (IASB) 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 at the conversion date are known.

For the Company, the changeover to IFRS will be required for interim and annual financial statements beginning on January 1, 2011. As a result, the Company has developed a plan to convert its Consolidated Financial Statements to IFRS. The Company has also set up IFRS dedicated teams at all levels of the organization. The Company has provided training to key employees and is monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting.

A detailed analysis of the difference between IFRS and the Company's accounting policies as well as an assessment of the impact of various alternatives are in progress. Changes in accounting policies are likely and may materially impact the Company's Consolidated Financial Statements.

1.13 Financial Instruments and Other Risks

The Company's financial instruments consist of cash and cash equivalents, short-term investments, receivables, long-term investments, non-refundable deposit, reclamation bond and accounts payable and accrued liabilities. 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 and cash equivalents. The Company places its cash and cash equivalents 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.

1.14 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; and also has engaged outside consultants to assist in the continual improvement and upgrading of the design and evaluation of its DC&P and ICFR.

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.

1.15 Internal controls and Procedures over Financial Reporting

Management is also responsible for the design of the Company's internal control over financial reporting 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 generally accepted accounting principles. As is common in small companies, the lack of segregation of duties and effective risk assessment are areas where weaknesses may exist. The potential existence of these weaknesses is compensated by senior management monitoring. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

1.16 Subsequent Events

See Note 24 of the Interim consolidated financial statements

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 gold, 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 Metals 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 incompletion of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of tungsten and gold. While EMC Metals 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 Metals 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.

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 Metals 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 gold 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 gold and the volatile prices for tungsten and gold 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 gold 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 Gold Industries Competition is Significant

The international tungsten and gold 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 gold 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 gold 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 gold, 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 gold 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 gold are estimates only and no assurances can be given that the estimated levels of tungsten and gold will actually be produced or that the Company will receive the tungsten and gold 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 gold, 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 gold 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

Exchange rate fluctuations may affect the costs that the Company incurs in its exploration activities. Tungsten and gold is generally sold in US dollars. Since the Company principally raises funds in Canadian dollars, but since the Company's costs are incurred in US dollars, the appreciation of the US dollar against the Canadian dollar can increase the cost of tungsten and gold and other mineral exploration and production in Canadian dollar terms.

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 Metals has no History of Mineral Production or Mining Operations

The Company has never had tungsten and gold producing properties. There is no assurance that commercial quantities of tungsten and gold 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 gold are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where tungsten and gold resources can profitably be produced therefrom. Factors which may limit the ability of the Company to produce tungsten and gold resources from its properties include, but are not limited to, the spot prices of tungsten and gold, 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.