Item 2. Management's Discussion and Analysis or Plan of Operations

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 provides an analysis of the operating and financial results between December 31, 2011 and March 31, 2012 and a comparison of the material changes in our results of operations and financial condition between the three-month period ended March 31, 2011 and the three-month period ended March 31, 2012. This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2011.

The interim statements have been prepared in accordance with US Generally Accepted Accounting Principles ("US GAAP") as the Company is a reporting issuer in accordance with U.S. Securities and Exchange Commission ("SEC") regulations. The 2010 Annual Statements have been restated in accordance with US GAAP and have been filed on SEDAR. The reporting currency is the Canadian Dollar. The Company became a reporting issuer in July 2011.

The information contained within this report is current as of May 8, 2012 unless otherwise noted. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Overview

EMC is a specialty metals and alloys company focusing on scandium, tungsten, molybdenum, vanadium, and other specialty metals. The Company intends to utilize its patented technologies and know-how to maximize opportunities in these and other specialty metals.

The Company was formed in 2006, under the name Golden Predator Mines Inc. As part of a reorganization and spin-out of the Company's precious metals portfolio in March 2009, the Company changed its name to EMC Metals Corp. The Company currently trades on the Toronto Stock Exchange under the symbol "EMC".

The Company's most advanced asset is the Springer Tungsten Mine, a fully constructed mine and mill asset in Nevada, USA. The Springer mine is currently not operating, and the Company is now working to re-start mine operations.

The Company continues to hold a 50% interest earn-in right in the Nyngan scandium project in New South Wales, Australia although this interest is under dispute with our partner, Jervois Mining Limited. We also own the Carlin vanadium property in Nevada, USA and four other specialty metals properties: the Fairfield scandium property (Utah, USA), and Hogtuva beryllium property (central Norway) and two scandium plus specialty metals properties in southern Norway (Tordal and Evje-Iveland).

The Company acquired rights to metallurgical processing know-how as part of the acquisition of The Technology Store ("TTS") during the prior year, which it is utilizing to gain access to a number of specialty metals opportunities.

The Company's focus during the quarter regarding Springer Mine included maintaining that asset on standby mode, and organizing, planning and pursuing mine and mill re-start. A sale process on the Springer asset, underway since September 2010, was terminated in March 2012, after rising tungsten prices made a near-term restart much more attractive than at the time the asset was first offered for sale.

The Company also advanced the Nyngan scandium project through metallurgical work, process definition and optimization work. During February, 2012, the Company completed and presented to our joint venture partner a NI 43-101 report entitled "Technical Report on the Feasibility of the Nyngan Scandium Project". On February 27, 2012, we received written notice from our joint venture partner that we had failed to meet certain Agreement earn-in milestones. The Company believes that it has fully met the conditions under the Agreement to earn its 50% joint venture interest in the Project and will take all lawful steps to secure its proprietary rights to the 50% joint venture interest. Please see additional discussion in the following Principal Properties section.

Principal Properties Review

Springer Tungsten: The Springer Tungsten Mine ("Springer"), located in Pershing County in northwestern Nevada, was constructed by Utah International Inc. for the General Electric Company ("GE"), and was completed and

commissioned in late 1981. The facility consists of a 1,000 ton per day ("tpd") electro-pneumatic underground rail mine and a mill facility with crushing, grinding, flotation circuits and an APT (ammonium paratungstate) plant. Springer operated for less than a full year in 1982 before being put on care and maintenance by GE, due to low tungsten prices. Since acquiring Springer in 2006, EMC has spent approximately $38 million on the facility, specifically on rehabilitation, process improvements, resource exploration, process automation and a mill throughput expansion. The necessary federal, state and local permits are predominantly in place, along with an adequate industrial water resource, to re-start the facility.

The latest NI 43-101 resource technical report on the Springer property, independently prepared by Dr. Bart Stryhas of SRK Consulting Engineers and Scientists of Lakewood, Colorado, titled, "NI 43-101 Technical Report on Resources Springer Facility- Sutton Beds, Nevada, USA," is dated May 15, 2009 and was filed on SEDAR on May 26, 2009 That resource estimate can be summarized as follows:

Springer Tungsten Project NI 43-101 Resource Estimation Stryhas (2010) of SRK Consulting				
Resource Category	**Cut-off % WO_3**	**Total (tonnes)**	**Average Grade % WO_3**	**Contained STU's WO_3**
Indicated	0.30	274,000	0.619	169,606
Inferred	0.30	1,097,000	0.562	616,514

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

***Nyngan Scandium**:* In February of 2010, the Company entered into a joint venture agreement (the "JV") with Jervois Mining Limited ("Jervois") of Melbourne, Australia (ASX: JRV) to develop the Nyngan scandium property in New South Wales, Australia. The terms of the JV require EMC to earn in to a 50% position through a two stage work program.

- the first stage required EMC to spend a minimum of A$500,000 on project exploration and metallurgical test work by mid December 2010, and
- the second stage requires the delivery of a feasibility study in the first quarter of 2012.

The JV partners agreed to extend the stage I work timeframe into 2011 and those first stage requirements were met during the second quarter of 2011. Under the terms of the JV agreement, upon delivery of a feasibility study to Jervois, along with payment of an additional A$1,300,000 plus the applicable Goods and Services tax, EMC would earn in a 50% interest in the joint venture.

On February 24, 2012, the Company delivered to Jervois a A$1.43 million cash payment and an independent NI 43-101 report entitled "***Technical Report on the Feasibility of the Nyngan Scandium Project***" dated February 23, 2012 (the "Report"), which was compiled by SNC-Lavalin of Brisbane, Australia. The Report was delivered to Jervois following an extensive discussion and presentation to the Jervois Board and management.

On February 27, 2012 EMC received written notice from Jervois rejecting the Report for the stated reason that the Report does not fall within the definition of "Feasibility Study" provided in the Agreement.

The Company believes that it has fully met the conditions under the Agreement to earn its 50% joint venture interest in the Project and will take all lawful steps to secure its proprietary rights to the 50% joint venture interest.

On March 23, 2012, the Company announced that, following discussions with Jervois, the parties have agreed to engage in further without prejudice communications in an attempt to resolve the dispute. Those discussions are currently ongoing. If at any time it becomes apparent that a resolution satisfactory to both parties will not be reached, we will immediately continue formal steps under the dispute resolution provisions of the JV agreement. The NI 43-101 Technical Report has not been filed on SEDAR, and will not become a public document unless and until EMC achieves it's project earn-in and the dispute between the parties is resolved.

In the meantime, EMC continues to maintain that it has met the conditions under the Agreement to earn EMC's 50% joint venture interest in the Project and, subject to satisfactory agreement, EMC will take all lawful steps to secure its proprietary rights to the 50% joint venture interest.

The Nyngan scandium resource is located approximately 500 kilometers northwest of Sydney, Australia. The property consists of two exploration licenses, controlled by Jervois, which encompass over 9,000 hectares. The scandium resource is hosted within a lateritic zone, locally up to 40 meters thick, and is layered with hematitic clay at the surface followed by limonitic clay, saprolitic clay, weathered bedrock and finally fresh bedrock. The scandium mineralization is concentrated within the hematitic, limonitic, and saprolitic zones with values up to 495 ppm scandium.

In March of 2010, EMC announced receipt of a NI 43-101 resource estimate on the Nyngan scandium property, the results of which were filed on SEDAR in April 2010. That resource estimate can be summarized as follows:

Nyngan Scandium Project NI 43-101 Resource Estimation Rangott, Pursell and Jannink (2010) of Jervois Mining			
Resource Category	**Tonnes**	**Grade (ppm Sc)**	**Overburden Ratio**
Measured	2,718,000	274	0.81:1
Indicated	9,294,000	258	1.40:1
Total	**12,012,000**	**261**	**1.10:1**

Assumes 100 ppm scandium cutoff.

The first work phase of the JV development program consisted of detailed metallurgical bench scale testing, and was intended to refine and enhance the Company's existing material process flow sheet to extract scandium from the resource material. This existing flow sheet, developed by Jervois and external consultants, formed the basis of a preliminary, conceptual engineering study for the processing elements of the project, (press release dated July, 2010), completed by Roberts & Schaefer of Salt Lake City, Utah.

The Roberts & Schaefer report included preliminary capital and operating cost estimates, based on process flow sheets and technical reports done for Jervois or EMC on various metallurgical aspects of the resource. These technical/process reports were done by METCON Laboratories of Sydney, Australia, the Commonwealth Scientific and Industrial Organization (CSIRO), Australia's national science agency, or by other research work, proprietary to or sourced by Jervois or EMC. The bulk of the process applied by Roberts & Schaefer in the Report was defined by bench-scale as well as small scale pilot plant work results compiled by others, and a preliminary flow sheet complied by the CSIRO.

In January 2011, EMC announced results of initial bench-scale test work, independently prepared by Hazen Research, Inc., of Golden, Colorado, USA. These bench-scale results were based on conventional contained acid leach systems, and suggested recoveries from resource of up to 75%. No secondary recoveries were considered in these initial bench-scale tests.

The second phase of the Hazen test work program continued through November 2011, and was based on batch pilot plant scale testing of acid leach systems, solvent extraction systems and product finish systems, consistent with the earlier bench-scale (baseline) work done by Hazen.. The overall objectives of the larger scale test work program were to define and optimize a process or series of processes that achieved an 80% scandium recovery, lowest possible capital and operating costs, and most benign environmental impact, using standard and accepted processes. In February, 2011 EMC announced results of a series of laboratory-scale tests investigating the production of scandium-aluminum ("Sc-Al") alloys directly from aluminum oxide and scandium oxide feed materials, prepared by the CSIRO. The overall objective of this research is to demonstrate and commercialize the production of Sc-Al master alloy using impure scandium oxide as the scandium source, potentially significantly improving the economics of scandium aluminum master alloy production.

In April, 2011 EMC announced the initiation of key environmental work on the Nyngan project, outlining a series of environmental work steps designed to advance the Environmental Impact Study ("EIS"). .

In June, 2011 EMC announced that SNC-Lavalin Pty Ltd ("SNC") had been selected as the independent engineering firm to develop the NI 43-101 Technical Report (feasibility study) on the Nyngan Scandium Project in New South Wales, Australia.

In January, 2012 EMC announced that that key elements of environmental site work on the Nyngan Scandium Project had been completed and a Conceptual Project Development Plan (CPDP) submitted to the NSW, Australia state regulators. The CPDP submission forms the basis for an Environmental Impact Study ("EIS"), the foundation environmental document required for a mining permit in the state. This environmental work, coordinated by R. W. Corkery & Co. (Orange, NSW, Australia), and specifically contained the results of assessment work done by independent experts on ground water and surface water issues, soils studies, Aboriginal heritage studies, flora and fauna studies, and traffic, noise and air quality monitoring.

Also in January, 2012 EMC announced that it had received the final independent metallurgical test-work results from Hazen Research estimating overall recoveries and grades of scandium oxide product.

Highlights of the 2011 Hazen semi-continuous pilot plant test-work are as follows:

- Results of conventional contained sulfuric acid bake and water leach systems, at atmospheric pressure, demonstrated scandium recoveries averaging 75%,
- Results of conventional solvent extraction ("SX") on the pregnant leach solution, demonstrated scandium recoveries exceeding 99%,
- Results on final stage precipitation of scandium oxide, focused on highest combined purity and recovery, demonstrated scandium recoveries of 97.5%, at purity levels of 97.5% Sc2O3,
- Overall recovery results were 70% to 80%, based on ore type (limonite or saprolite), and
- All process assumptions were based on standard and accepted techniques for ore preparation, leaching, solvent extraction and final product preparation.

The overall results of the metallurgical test work from Hazen Research, the environmental work coordinated from R. W. Corkery & Co., along with other work from other independent engineering groups was consolidated into an independent NI 43-101 report entitled, “Technical Report on the Feasibility of the Nyngan Scandium Project”, by SNC-Lavalin of Brisbane, Australia. This Technical Report remains under discussion between the joint venture partners, has not been filed on SEDAR, and will not be made public unless and until the joint venture partners resolve the earn-in dispute.

Currently there are no primary producers of scandium oxide products. The world supply of scandium is produced solely from tailings piles formed by prior mining operations, or as byproducts from other process streams, mainly from uranium, tungsten, tin and titanium production. The United States Geological Survey in its latest report (January, 2010) quotes a price of US$1,400 per kilogram of Sc_2O_3 (scandium oxide) for the four previous years, although current indications suggest higher prices are prevalent in the market, and the material is available only in small quantities.

Carlin Vanadium: The Carlin vanadium project consists of 72 unpatented mineral claims covering approximately 578 hectares, located along the western flank of the Piñon Range near the town of Carlin, Nevada.

The Carlin resource was discovered in the 1960s by Union Carbide Corp. (“UCC”) when significantly anomalous vanadium was found in samples collected by UCC Geologists (Galli, 1968, Morgan, 1968). During 1967 and 1968 UCC conducted exploration work including geological mapping, ~15,000 feet of trenching, and ~36,500 feet of drilling in 112 holes, outlining a zone of vanadium mineralization within the current claim boundary.

The vanadium mineralization is hosted within a 15-metre (50-foot) thick horizon of black shales within the Devonian Woodruff Formation, which consists of dark grey to black siliceous mudstones, and chert with lesser amounts of shale, siltstone, dolomitic siltstone, and calcareous sandstone. The Woodruff formation is unconformably overlain by shallow dipping Permian-Pennsylvanian siltstones, shales, conglomerates, and carbonates of the Chainman and Diamond Peak Formations.

Historical metallurgical test work from the Carlin vanadium project, completed by the U.S. Department of Mines (Brooks and Potter, 1974), showed that up to 69% of the vanadium could be recovered from weathered dolomitic shales containing 1% V_2O_5 (vanadium oxide). Preliminary test work on fresh black shales shows similar recoveries using a salt roast and acid leaching.

In April, 2010, EMC announced receipt of an NI 43-101 compliant technical report and resource estimation for the Carlin vanadium project, located approximately 40 kilometers south of Elko, Nevada, USA. The Technical Report, titled, “NI 43-101 Technical Report on Resources, EMC Metals Corp., Carlin Vanadium Project. Carlin, Nevada”, prepared by SRK Consulting US, was subsequently filed on SEDAR in May, 2010. The technical report outlines a

NI 43-101 compliant inferred resource of 25.4 million tonnes grading 0.5% V_2O_5 for a total of 289 million pounds of total contained V_2O_5, as outlined below.

Carlin Vanadium Project NI 43-101 Resource Estimation Stryhas (2010) of SRK Consulting				
Resource Category	**Cut-off V_2O_5 (%)**	**Total (tonnes)**	**Grade V_2O_5 (%)**	**Contained V_2O_5 (pounds)**
Inferred	0.30	25,400,000	0.51	289,000,000

Exploration Properties Review

Norwegian Properties: In April of 2011, the Company acquired 100% option rights to the Tørdal property in Telemark county, Southern Norway. The property, originally encompassing a 40 sq. km area, has since been increased to 140 sq. km. As part of the same agreement, we also acquired 100% option rights to the Evje-Iveland, property, located west of the Tørdal property in Aust-Agder county, also in Southern Norway. The Evje-Iveland property originally encompassed an 80 sq km area, but has been subsequently been increased in size to 150 sq. km. Both Tørdal and Evje-Iveland contain pegmatite formations, prospective for scandium and REE's, while Evje-Iveland is also prospective for certain base metals, notably nickel.

In September, 2011 EMC entered into an option agreement to earn a 100% interest in the exploration rights to a beryllium exploration site in Central Norway, known as the Hogtuva property. To earn 100% of the exploration rights, we must pay a total of $150,000 over 18 months (including $50,000 paid on the agreement date) and up to 200,000 shares of EMC common stock. The three exploration sites cover a total of approximately 80 square kilometers prospective for scandium, beryllium and other specialty metals.

Exploration work done to date has focused on the Tørdal pegmatites. In July, we announced encouraging assay results from a surface soil sampling program conducted in June on a 3.75 sq. km portion at Tørdal.

Highlights of Initial Surface Soil Sample Program:

- The best sample assay returned a 217 ppm scandium value,
- Eleven soil samples contained +50 ppm scandium, of which five samples exceeded 85 ppm and three exceeded 150 ppm,
- The eleven soil samples were clustered within an area measuring 700 x 100 meters, or approximately 35% of the total sample area,
- A total of 131 soil samples were collected at 100-metre spacing intervals, in more accessible areas that avoided steep terrain,
- The total sample area represented a zone of about 1,500 x 2,500 meters within the Heftetjern pegmatite field, and
- Many previously unmapped pegmatite dykes were noted in the areas traversed, some traceable on surface for several hundred meters.

The results of this initial soil sampling program are, by their nature, preliminary, and not conclusive evidence of the likelihood of a mineral resource.

The soil sampling program focused on a 3.75 sq km area, northwest of the town of Bø, in an area between the communities of Høydalen and Skardsfjell. Known as the Heftetjern region, this location exhibits numerous known pegmatite occurrences, including a locally famous pegmatite quarry associated with several unique scandium, tin, and beryllium mineral types. Steep slopes were generally avoided and sampling was carried out in the most accessible locations. The sampling program of 131 samples was based on soil sampling of 100 x 100 metre grids and covered somewhat less than half of the target area due to terrain impediments. The most promising scandium-bearing zone was observed at the north end of the tested area, and remains open to the north.

Fairfield Scandium Exploration Property: In September 2011 EMC Metals Corp. announced that it entered into an option agreement with Mineral Exploration Services LLC of Reno, Nevada, pursuant to which EMC has an option to earn a 100% interest in a patented mining claim and former scandium property, known as The Little Green Monster, near the town of Fairfield, Utah. The property represents a high-grade scandium phosphate exploration target, is the site of a historical small underground scandium mining operation, and has been a popular collecting site

with hobbyists seeking rare and semi-precious phosphate minerals, including the scandium phosphate mineral kolbeckite [ScPO4·2H2O], for over a century.

Other Developments

On February 15, 2012 the Company entered into USD$3,000,000 loan financing. The loan has a maturity date of 18 months from February 15, 2012 and interest is payable monthly in arrears at a rate of 7% per annum. The lender may convert a maximum of USD$2,000,000 of the principal amount of the loan into 10,000,000 common shares of the Company. In connection with the loan, the Company issued 3,000,000 warrants to the lender, each warrant exercisable into one common share of the Company at an exercise price of CAD$0.20 per share for a period of 24 months from the closing date. The Company will use commercially reasonable efforts to file a registration statement in the United States, qualifying any common shares issuable for resale.

The Company paid a cash commission of USD$150,000 and issued 750,000 agent's warrants to the agent. Each agent's warrant is exercisable into one common share of the Company at an exercise price of CAD$0.20 per share for a period of 24 months from the closing date.

The loan is secured by an interest in the assets of the Company's subsidiary, Springer Mining Company. The Company intends to use the loan to fund the advancement of the Company's metal and mineral properties and for general working capital purposes.

On April 24, 2012 the Company issued 2,335,000 stock options with an exercise price of $0.08 per share, exercisable until April 24, 2017 to directors, officers, employees and other service providers of the Company.

EMC Metals Corp. is now a US Filer on EDGAR

On January 1, 2011, the Company was deemed to be a US Domestic Issuer as a result of having lost its' Foreign Private Issuer ("FPI") status during 2010. The Company lost FPI status inter-alia as a result of having over 50% of common shareholders identified as US citizens. The Company applied for registration as a US reporting issuer in May 2011, and became effective July 23, 2011.

Qualified Person

Technical information in this MD&A has been reviewed by Willem Duyvesteyn, a Qualified Person as defined by National Instrument 43-101. Mr. Duyvesteyn is employed by EMC Metals.

Operating results-Revenues and Expenses

The Company continued its tight cost management at the Springer facility. The Company has continued to fulfill its commitments in respect of the Nyngan Joint Venture with Jervois Mining Limited, with most of the development expenditure in the quarter on this project.

Summary of quarterly results

	2012	2011				2010		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Sales	-	-	-	-	-	-	-	-
Net Income (Loss)	(805,905)	(5,312,937)	(1,158,143)	(590,022)	(347,450)	(1,341,524)	(1,514,237)	(1,148,938)
Basic and diluted Net Income (Loss) per share	(0.01)	(0.03)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)

Results of Operations for the three months ended March 31, 2012

The net loss for the quarter increased by $458,455 to $805,905 from $347,450 in the prior year, mainly as a result of increased exploration, general and administrative, professional fees and salary charges. Individual items contributing to this increase are as follows:

Q1 2012 vs. Q1 2011 - Variance Analysis		
Item	**Variance Favourable / (Unfavourable)**	**Explanation**
Exploration	($274,303)	Increased exploration and test work expenditure at the Nyngan Project in Q1 of the current year accounted for the unfavorable variance when compared to the corresponding quarter of the prior year.
Change in fair value of derivative liability	($228,741)	A one-time (non-cash) valuation recognition event was taken in Q1 of 2011 and will not recur,. resulting in the negative variance to Q1 2011..
Professional fees	($61,885)	Higher audit, legal and professional costs associated with the Nyngan project..
General and administrative	($44,882)	The Company incurred significant fees for commissions on the issuance of the convertible debenture, along with higher TSX fees ($23,594) and overall increased activity levels.
Salaries and benefits	($11,807)	During the first quarter of 2011 EMC contracted for a significant portion of its administrative services.. During the second half of 2011, the Company replaced contract expenses with direct office and staff expenses.
Interest expense	($12,719)	Monthly interest due on the new convertible debt resulted in a higher cost for these charges than was incurred in the corresponding quarter of last year.
Amortization	$18,469	Certain assets were fully amortized in the year ending December 31, 2011.
Travel and entertainment	$28,542	Lower travel costs incurred in Q1 2012.
Stock-based compensation	$29,072	The favorable variance results mainly from lower expensing required for options issued in the first half of last year. Option expensing is heaviest in the first 6 months of an option's life. No options were issued in the current quarter.
Foreign exchange	$33,635	The Canadian dollar gained strength against its US counterpart resulting in lower amounts due for US dollar liabilities..
Consulting	$66,594	In-house staff in Q1 2012 replaced administrative consulting costs in Q1 2011.

Cash flow discussion for the three months ended March 31, 2012 compared to March 31, 2011

The cash outflow for operating activities increased by $261,855 to $903,247 (March 31, 2011 – $641,392) due to increased activity levels, principally related to the Nyngan project.

Cash outflows for investing activities increased by $1,588,220 to $1,608,768 (March 31, 2011 – ($20,548)) due mainly to the payment of the AUD$1,430,000 due at the end of February as part of the earn-in on the Nyngan project.

Cash inflows from financing activities increased by $2,252,624 to $2,773,498 (March 31, 2011 - $520,874), reflecting issuance of the convertible debenture.

Financial Position

Cash

The Company's cash position improved during the quarter by $261,483, to $1,066,375 (December 31, 2011 - $804,892) primarily due to the issuance of a convertible debenture for US$3,000,000.00 which was offset by the payment required as part of the Nyngan project earn-in requirement of AUD$1,430,000.00.

Marketable securities

Marketable securities is unchanged at $2,250 (December 31, 2011 - $2,250).

Property, plant and equipment

Property plant and equipment consists of land and water rights in Nevada, the Springer plant and equipment, and various other items of property plant and equipment. The decrease of $70,169 to $30,606,257 (December 2011 - $30,676,426) is due to amortization net fixed assets.

Mineral interests

Mineral interests increased by $1,608,768 to $2,288,479 (December 31, 2011 - $679,711) because of the Nyngan project earn-in requirement and a progress payment on the Hogtuva property in Norway.

Accounts Payable

Accounts Payable has decreased by $106,758 to $443,323 (December 2011 – $550,081) due to a general decrease in activity from the year-end.

Convertible Debenture

During the current quarter a debenture of US$3,000,000 was issued. The amount shown here is the convertible portion less legal and commission fees paid to acquire the debenture.

Promissory note payable – current portion

The current promissory note payable decreased by $18,280 to $511,472 (December 31, 2011 - $529,752) which is attributable to a change in foreign exchange on conversion of the USD designated promissory notes to CAD for reporting purposes.

Promissory note payable – long-term portion

The long-term promissory note payable increased by $832,371 to $4,646,121 (December 31, 2011 - $3,813,750) due to the inclusion of the non-convertible portion of the loan financing taken out in Q1 of this year, less associated legal and commission costs paid, offset by a change in foreign exchange on conversion of the USD designated promissory notes to CAD for reporting purposes.

Capital Stock

Capital stock did not change and remained at $88,578,045 (December 31, 2011 - $88,578,045).

Additional paid-in capital increased by $287,488, to $1,763,773 (December 31, 2011 - $1,476,285) as a result of the warrants issued in association with the convertible debt financing and the expensing of stock options.

Liquidity and Capital Resources

At March 31, 2012, the Company had a working capital of $315,496 including cash of $1,066,375 as compared to a working capital of ($80,533) including cash of $804,892 at December 31, 2011. Also included in working capital, at March 31, 2012, were marketable securities with a market value of $2,250 (December 31, 2011 - $2,250).

During the three month period ended March 31, 2012, the Company received cash of $Nil (2011 - $520,874) for stock issuances. At March 31, 2012, the Company had 3,750,000 share purchase warrants exercisable at $0.20 per share which have the potential upon exercise to convert to approximately $750,000 in cash over the next two years. Further, a total of 11,848,750 stock options exercisable between $0.10 and $2.15 have the potential upon exercise to generate a total of $2,254,262.50 in cash over the next four and a half years. There is no assurance that these securities will be exercised.

Our major capital requirements in the next 12 months relate mainly regarding our projects in Norway.

We are also obligated to repay a US$500,000 promissory note in Q3, 2012 issued to the vendors of TTS in connection with the acquisition of TTS. Also we have a long-term commitment for approximately $3,740,625 and it is expected that this commitment will be funded from available cash when the note is due in 2013. Also in the current quarter loan financing of USD$3,000,000 was arranged of which $2,000,000 is convertible, at the lender's discretion, to shares of the Company and USD$1,000,000 is to be paid in August of 2013. It is expected that this commitment will be paid from available cash when due in 2013.

The Company will need additional funding to meet the commitments shown above and will seek to raise additional equity financing in the short term.

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 operational obligations.

Outstanding share data

At the date of this report the Company has 150,678,713 issued and outstanding common shares, 14,183,750 outstanding stock options currently outstanding at a weighted average exercise price of $0.17, and 3,750,000 outstanding warrants at a weighted average exercise price of $0.20.

Off-balance sheet arrangements

At March 31, 2012, 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.

Transactions with Related Parties

There were no related party transactions in the quarter ended March 31, 2012.

Proposed Transactions

There are no proposed transactions outstanding other than what has been disclosed.

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.

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.

Mineral properties and exploration and development costs

We capitalize the costs of acquiring mineral rights at the date of acquisition. After acquisition, various factors can affect the recoverability of the capitalized costs. Our recoverability evaluation of our mineral properties and equipment is based on market conditions for minerals, underlying mineral resources associated with the assets and future costs that may be required for ultimate realization through mining operations or by sale. We are in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership and political risk, funding and currency risk, as well as environmental risk. Bearing these risks in mind, we have assumed recent world commodity prices will be achievable. We have considered the mineral resource reports by independent engineers on the Springer and Nyngan projects in considering the recoverability of the carrying costs of the mineral properties. All of these assumptions are potentially subject to change, out of our control, however such changes are not determinable. Accordingly, there is always the potential for a material adjustment to the value assigned to mineral properties and equipment.

Recent Accounting Pronouncements

In April 2010, the Financial Accounting Standards Board ("FASB") issued ASU 2010-13, Compensation – Stock Compensation (Topic 718), amending ASC 718. ASU 2010-13 clarifies that a stock-based payment award with an exercise price denominated in the currency of a market in which the entity's equity securities trade should not be classified as a liability if it otherwise qualifies as equity. ASU 2010-13 also improves US GAAP by improving consistency in financial reporting by eliminating diversity in practice. ASU 2010-13 is effective for interim and annual reporting periods beginning after December 15, 2010 (January 1, 2011 for the Company). The Company is currently evaluating the impact of ASU 2010-09, but does not expect its adoption to have a material impact on the Company's financial reporting disclosures.

In December 2010, the FASB issued ASU 2010-29, which contains updated accounting guidance to clarify the acquisition date that should be used for reporting pro forma financial information when comparative financial statements are issued. This update requires that a company should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. This update also requires disclosure of the nature and amount of material, nonrecurring pro forma adjustments. The provisions of this update, which are to be applied prospectively, are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010, with early adoption permitted. The impact of this update on the Company's consolidated financial statements will depend on the size and nature of future business combinations.

Financial instruments and other risks

The Company's financial instruments consist of cash, investments in trading securities, subscriptions receivable, receivables, accounts payable and accrued liabilities, due to related parties, and promissory notes payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted. The Company has its cash primarily in one commercial bank in Vancouver, British Columbia, Canada.

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 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 metalsmay 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; labor 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, Scandium 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, labor 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.

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, labor 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 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.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q for the three months ended March 31, 2012, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act).

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.

Based on that evaluation the CEO and the CFO have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective in ensuring that: (i) information required to

be disclosed by the Company in reports that it files or submits to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there were no changes to internal control over financial reporting that materially affected or are reasonably likely to materially affect our internal control over financial reporting.