SCANDIUM INTERNATIONAL MINING CORP.
Form 10-K/A
January 20, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 2

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

000-54416

(Commission File Number)

Scandium International Mining Corp.

(Exact Name of Registrant as specified in its charter)

British Columbia, Canada	**98-1009717**

(I.R.S. Employer

(State or other Jurisdiction of Incorporation or organization)

Identification No.)

1430 Greg Street, Suite 501

Sparks, Nevada **89431**
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including area code: **(775) 355-9500**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities to be registered pursuant to Section 12(g) of the Act: **Common Shares without par value**

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer o	Accelerated Filer	o
Non-Accelerated Filer o		
	Smaller Reporting Company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $4,960,750 as at June 30, 2013.

Indicate the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: 198,604,790 common shares as at January 14, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Information with respect to Items 10 through 14 is set forth in the first amendment to this Form 10-K filed on April 30, 2014.

EXPLANATORY NOTE

Scandium International Mining Corp. (formerly EMC Metals Corp.) (the "Company") is filing this Amendment No. 2 on Form 10-K/A to its Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (the "Annual Report"), which was originally filed with the Securities and Exchange Commission on March 25, 2014.

On December 19, 2014, the Company received certain comments from the staff of the Securities and Exchange Commission relating to the Annual Report. This amendment to the Annual Report is being filed in response to such comments. Specifically, this amendment is being furnished to revise certain portions of the disclosure in (i) *Item 1 – Business*, (ii) *Item 1A – Rick Factors*, (iii) *Item 2 – Properties*, and (iv) *Item 9A – Controls and Procedures*.

This Amendment reflects information as at the date of the original Annual Report, with the exception that the Company has provided limited updates to disclosure in the Amendment where relevant for contextual purposes.

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PART I

Note about Forward-Looking Statements

Certain statements contained in this registration statement constitute "forward-looking statements". Forward-looking statements may include, but are not limited to, statements with respect to the future price of commodities, the estimation of mineral resources, the realization of mineral resource 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, our ability to fund property acquisition costs, our ability to reach targeted time frames for establishing feasibility, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, the completion of financings and regulatory approvals. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "intends", "anticipates" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors may include, among others, risks related to our joint venture operations; actual results of current exploration activities or production technologies that we are currently testing; actual results of reclamation activities; future metal prices; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental or regulatory approvals or financing or in the completion of development activities, as well as those factors discussed in the section entitled "Risk Factors" and elsewhere in this registration statement. Although we have 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. The “Company”, “EMC”, “we”, “us”, “our” and words of similar meaning refer to EMC Metals Corp.

Glossary of Terms

Alteration Usually referring to chemical reactions in a rock mass resulting from the passage of hydrothermal fluids.

Assay An analysis to determine the presence, absence or quantity of one or more components, elements or minerals.

Base metal Any non-precious metal (e.g. copper, lead, zinc, nickel, etc.).

Chalcopyrite A yellow crystalline mineral consisting of a sulphide of copper and iron. It is the principal ore of copper.

Concession	A grant of a tract of land made by a government or other controlling authority in return for stipulated services or a promise that the land will be used for a specific purpose.
Core	The long cylindrical piece of a rock, up to several inches in diameter, brought to the surface by Diamond drilling.

Diamond drilling A drilling method in which the cutting is done by abrasion using diamonds embedded in a matrix rather than by percussion. The drill cuts a core of rock, which is recovered in long cylindrical sections.

Dip The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the Strike; may also apply to the angle of inclination for a drill hole.

Epithermal A hydrothermal mineral deposit formed within about one kilometer of the earth's surface and in the temperature range of 50 – 200 degrees Celsius. Also used to denote the environment of deposition.

Fractures Breaks in a rock, usually due to intensive folding or faulting.

Grade The concentration of a valuable mineral within an Ore.

Hydrothermal Hot fluids, usually water, which may, or may not carry metals and other compounds in solution to the site of mineral deposition or wall rock alteration.

Igneous A rock formed by the cooling of molten silicate material.

Intrusion A general term for a body of igneous rock formed below the surface of the earth.

Intrusive A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.

Kg Kilogram which is equivalent to approximately 2.20 pounds.

Km Kilometer which is equivalent to approximately 0.62 miles.

Kt Thousand tonnes.

Lode A deposit of metallic ore filling a fissure in the surrounding rock.

Mineralization A term used to describe the presence of minerals of possible economic value. Also used to describe the process by which concentration of economic minerals occurs.

Mlbs Million pounds.

Net Smelter A share of the net revenues generated from the sale of metal produced by a mine.

Returns Royalty

NI 43-101 National Instrument 43-101 – *Standards for Disclosure of Mineral Projects*, being the regulation adopted by Canadian securities regulators that governs the public disclosure of technical and scientific information concerning a mineral property.

Ore A naturally occurring solid material from which a metal or valuable mineral can be profitably extracted.

Outcrop An exposure of rock at the earth's surface.

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Pegmatite Coarse-grained igneous rocks that often occur as wide veins cutting across other types of rock.

Porphyry Igneous rock of any composition that contains conspicuous crystals in a fine grained groundmass.

ppb and ppm Parts per billion and parts per million, respectively.

Pyrite Iron sulphide mineral. The most common and abundant sulphide mineral and often found in association with copper and gold.

Qualified Person Means a Qualified Person as defined in National Instrument 43-101, including an engineer or geoscientist in good standing with their professional association, with at least five years of relevant experience.

Quartz The second most common rock forming mineral in the earth's crust. SiO_2.

Resource Means any of a measured, indicated or inferred resource as used in NI 43-101, and having the following meanings:

"measured resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

"indicated resource" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

"inferred resource" is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

For the purposes of the above a "**mineral resource**" means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

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(Please refer to “Item 3. Property - Cautionary Note To U.S. Investors Regarding Resource Estimates” in regards to the use of the above terms in this registration statement.)

Rhyolite	The fine grained equivalent of a granite.
Sulphide	A class of minerals characterized by the linkage of sulphur with a metal (such as Pyrite (FeS2)).
Tpd/Tpa	Tonnes per day/tonnes per annum.
Tonnes	A metric ton which is equivalent to approximately 2,204 pounds.
Tuff	A Volcanic rock formed through the compaction of volcanic crystals and/or rock fragments generally smaller than 4 mm in diameter.
Sedimentary	A rock formed from cemented or compacted Sediments.
Sediments	The debris resulting from the weathering and breakup of other rocks that have been deposited by or carried by runoff, streams and rivers, or left over from glacial erosion or sometimes from wind action.
Strike	The direction or bearing from true north of a vein, rock formation or structure measured on a horizontal surface.
Vein	A geological feature comprised of minerals (usually dominated by quartz) that are found filling openings in rocks created by faults or replacing rocks on either side of faults or Fractures.
Volcanic rock	A finely crystalline or glassy Igneous rock resulting from volcanic actions at or near the earth’s surface.

ITEM 1. BUSINESS

General

We were incorporated on July 17, 2006 under the laws of British Columbia, Canada under the name Golden Predator Mines Inc. We were incorporated as a wholly owned subsidiary of Energy Metals Corp. for the purpose of holding precious metals and certain specialty metals assets. In order to focus on specialty metals, during February 2009 we transferred most of our precious mineral assets to our then wholly-owned subsidiary Golden Predator Corp. and on March 6, 2009 we completed a spin-out of Golden Predator Corp. to our shareholders. Effective March 12, 2009, we changed our name to EMC Metals Corp.

We are a reporting issuer in the Canadian Provinces of British Columbia, Alberta and Ontario and our common shares are listed for trading on the Toronto Stock Exchange under the trading symbol “EMC”.

Our head office is located at 1430 Greg Street, Suite 501, Sparks, Nevada 89431. The address of our registered office is 1200 - 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8.

Our primary asset during 2013 was our Springer tungsten mill and mine which we acquired from General Electric Company in 2006, and which has been on care and maintenance since acquisition. In September 2013 we entered into an agreement with Americas Bullion Royalty Corp. to sell the Springer assets, along with the legal entity Springer Mining Company, and certain other mineral properties. That sale transaction was finalized and closed on December 31, 2013, for $5 million cash. Our ongoing focus of operations is the exploration and development of our specialty metals assets, specifically the development of the Nyngan Scandium project located in New South Wales, Australia and exploration on the Tørdal scandium/rare earth minerals property in Norway.

Intercorporate Relationships

The chart below illustrates our corporate structure, including our subsidiaries, the jurisdictions of incorporation, and the percentage of voting securities held. During 2013, we sold our wholly owned subsidiary Springer Mining Company, which no longer appears in the chart as of year-end 2013.

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Recent History

Sale of Springer Mining Company, Plus Other Nevada Mineral Assets

EMC entered into an agreement on September 13, 2013 with Americas Bullion Royalty Corp (Ticker: AMB.To) to sell 100% of the Springer Mining Company, including all its mine, mill, water, and tungsten resource assets for US$ 5 million. The sale also included the Carlin Vanadium property resource and the Copper King Tungsten property, all located in Nevada, USA. The sale agreement included an immediate $3.1 million payoff of a matured loan secured by the Springer assets, and a subsequent cash payment of $1.9 million, made November 25th 2013. Formal transfer of ownership and closing documents were executed on December 31, 2013.

As a result of this transaction, EMC has no further mineral assets in Nevada, or in the USA.

Nyngan Scandium Project Acquisition

On February 5, 2010, EMC entered into an Exploration Joint Venture Agreement ("JV Agreement") with Jervois Mining Limited ("Jervois") to co-develop the Nyngan scandium property in New South Wales, Australia, which is commonly referred to as the Nyngan Scandium Project ("Nyngan"). The JV Agreement, as amended, gave us the right to earn a 50% interest in a joint venture with Jervois, for the purpose of holding and developing Nyngan, provided EMC did the following:

1. Spent a minimum of AUD$500,000 in exploration and metallurgical test-work on the project within the first six months after signing, later extended to June 2011.

2. Delivered an positive economic study on the project prepared to the standards defined in the JV Agreement by February 28, 2012; and

3. Made a cash payment of AUD$1,300,000 plus taxes to Jervois, within 5 business days of the delivery of the feasibility study.

EMC met the minimum spending threshold described in paragraph 1 above within the specified and revised 2011 timeframe. On February 24, 2012, EMC delivered to Jervois both a positive economic study and the final cash payment to satisfy paragraphs 2 and 3 above as required to complete the earn-in to the JV. The economic study delivery was accompanied by extensive discussion and presentation of results to the Jervois Board and management.

On February 27, 2012, Jervois formally rejected EMC's claim to have met the earn-in conditions specified in the JV, based on inadequacy of the economic study, and returned the cash payment. The parties discussed possible resolutions to the dispute for several months until Jervois formally filed a lawsuit demanding EMC relinquish all claims to the Project. EMC vigorously defended its position with respect to the JV Agreement, and in February 2013 the parties reached a settlement that resolved all issues in dispute.

The terms of the settlement transferred 100% ownership and control of the Nyngan Scandium project to EMC, in return for AUD$2.6 million in future cash payments and a sales royalty, payable to Jervois. The Company subsequently completed the cash payments in 2014 and the transfer of the exploration tenements and surface rights is in progress. Jervois retains a production royalty on the Nyngan project of 1.7% of sales price for products produced from the site for a term of 12 years from first production date. A minimum annual royalty applies, based on 10 tpa scandium production.

The binding settlement entered into with Jervois brings to an end all court actions, claims and counterclaims, including claims for damages and legal and other costs. The settlement was subject to Australian FIRB approval of EMC's 100% ownership, and that approval has been received.

Acquisition of The Technology Store, Inc.

We entered into a stock purchase agreement dated November 19, 2009, with Willem P. Duyvesteyn and Irene G. Duyvesteyn, pursuant to which we acquired all of the issued and outstanding common shares of The Technology Store, Inc. ("TTS"), a Nevada corporation. In exchange, we issued to the shareholders of TTS, 19,037,386 of our common shares, paid USD$802,358 in cash, issued a promissory note in the amount of USD$500,000 with an amended maturity date of June 30, 2012, and agreed to pay certain U.S. federal income taxes payable in connection with the transaction. The acquisition of TTS completed with an effective date of December 16, 2009.

TTS conducts research and development of commercial extractive metallurgical processes. TTS specializes in the development of specialty metals extractive technologies, with emphasis on improving recoveries in the extraction of scandium, tungsten, boron, lithium, titanium, and nickel and a host of other emerging and unusual metals. As a condition of the stock purchase agreement, Willem D. Duyvesteyn, the principal of TTS, was appointed to our board of directors on December 16, 2009.

Spin-out of Golden Predator Corp.

Pursuant to a reorganization agreement dated February 5, 2009 between us and our then wholly-owned subsidiary Golden Predator Corp., we transferred most of our precious metals assets to Golden Predator in order to focus on our specialty metals assets and pursue additional specialty assets opportunities.

Concurrently with the reorganization, we completed a spin-out of Golden Predator to our shareholders. The spin out was completed on March 6, 2009, at which time we changed our name to EMC Metals Corp. As a result of the spin-out, Golden Predator became a reporting issuer in Canada and subsequently listed on the TSX Venture Exchange and then the Toronto Stock Exchange.

In connection with the reorganization and spin-out, we granted Golden Predator certain participation and acquisition rights to gold projects that were held by our subsidiary Great American Minerals, Inc. We subsequently sold Great American Minerals to Golden Predator in November of 2010 in consideration for a reduction in inter-corporate amounts owing due to adjustments from the spin-out and other adjustments. We however retained our interest in the

non-gold properties including the Carlin Vanadium property. Carlin Vanadium was sold to Golden Predator (renamed Americas Bullion Royalty Corp. (“AMB”)) during 2013.

Pursuant to a Mine Facility Agreement dated October 25, 2010, we granted Golden Predator access and use rights to a parcel of property on a corner of the Springer Mill property, a refurbished and permitted mill located in Nevada. The access rights provide Golden Predator with a suitable site to develop an independent gold milling facility.

The Springer Mill property and the Carlin property were subsequently sold to AMB during 2013.

Business Operations

Company Summary

We are a mineral exploration and development company that is focused on the development of scandium, rare earth minerals, and other specialty metals, including nickel, cobalt, boron, manganese, tantalum, titanium and zirconium. We have not commenced development of any of our projects, and as a result we are an exploration stage company. We have not established mineral reserves on any of our projects.

Our principal project is the Nyngan Scandium Project located in New South Wales, Australia, which we own 100% of the rights to, including exploration licenses, We also hold 100% of the Tørdal Scandium/REE property exploration licenses located in Norway. In April of 2014 we also acquired an exploration license referred to as the Honeybugle property, a prospective scandium exploration property located 24 kilometers from the Nyngan Project.

Corporate Objective and Strategy

Our corporate focus is to produce and sell scandium and scandium-based products. None of our current properties has advanced to the development or production stage and we are currently an exploration stage company. In addition we do not currently have reserves on any of our properties. We are, however, conducting technical and assessment work on the Nyngan scandium property located in Australia, for the purpose of preparing a pre-feasibility study on the development of the scandium resource. Subject to a successful pre-feasibility study, we intend to develop the Nyngan resource for production, with a view to supplying the anticipated future demand for scandium oxide and scandium-content materials. For further information on the Nyngan Project, please refer to "*Item 3. Properties - Description of Properties – Nyngan Scandium Project" and "Item 1A. Risk Factors".*

Concurrently with our analysis of the Nyngan Project, we are developing and testing unique mineral recovery techniques as well as techniques to produce high quality finished scandium metals. If effective at a commercial level, these recovery and finishing techniques will provide increased economic margins and returns on capital on any future scandium production. Presently our recovery and finishing technology is in the testing phase, and there is no guarantee that we will be able to benefit from the commercial application of such techniques or that we will have scandium production in the future.

Global Scandium Production and Market

Scandium is the 31st most abundant element in the earth's crust (average 33 ppm), which makes it more common than lead, mercury and precious metals, but less common than copper. Scandium has characteristics that are similar to rare earth elements, and it is often classified as a member of that group, although it is technically a light transition metal. Scandium occurs in nature as an oxide, rarely occurs in concentrated quantities because it does not selectively combine with the common ore-forming anions, and it very difficult to reduce to a pure metal state. Scandium is typically produced and sold as scandium oxide (Sc_2O_3).

Global annual production estimates of scandium range from 10 tonnes to 15 tonnes, but accurate statistics are not available due to the lack of public information from countries in which scandium is currently being produced. There are three known production sources globally today: stockpiles from the former Zhovti Voty uranium mine in Ukraine, the rare earth mine at Bayan Obo in China, and mines on the Kola Peninsula in Russia.

There is no reliable pricing data on scandium oxide trading. The U.S. Geological Survey in its latest report (January 2013) documents the price of scandium oxide (99.9% grade) at USD$3.700/kg for the two previous years. Small quantities of scandium oxide are currently offered on the internet by traders for prices significantly above this level. Scandium oxide is typically traded in small quantities, between private parties, and pricing is not transparent to other buyers or sellers as there is no clearing facility as is more common with other metals and commodities. Prices vary based on purity and quantity. Small sale quantities tend to command premium prices, and large quantities (over one tonne) are simply not available to establish appropriate commercial pricing.

Scandium oxide grades of 95% or greater are considered commercially suitable, with 99.9% grade used for electrical applications, and grades higher than 99.9% used for science and new technical applications. Scandium oxide grades of 95-98% are suitable for alloy and heat stabilizing applications. The market for scandium oxide is characterized by limited and privately negotiated sales. Reliable pricing information for scandium oxide grades ranging from 95-99.9% is currently limited because pricing is negotiated at the time of sales and not published.

Principal uses for scandium are in high-strength aluminum alloys, high-intensity metal halide lamps, electronics, and laser research. Recently developed applications include welding wire and fuel cells which are expected to be in future demand. Approximately 15 different commercial scandium-aluminum alloys have been developed, and some of them are used for aerospace applications. In Europe and the U.S., scandium containing alloys have been evaluated for use in structural parts in commercial airplanes, high stress parts in automobile engines and brake systems, and high tension electrical wires. Military and aerospace applications are known to be of interest, although with less specificity. The combination of high strength and light weight makes scandium-aluminum alloys generally suitable for a number of applications where existing aluminum alloys made with other metals are used today.

Competitive Conditions

We compete with numerous other companies and individuals in the search for and the acquisition or control of attractive rare earth and specialty metals mineral properties. Our ability to acquire further properties will depend not only on our ability to operate and develop our properties but also on our ability to select and acquire suitable properties or prospects for development or mineral exploration.

In regards to our plan to produce scandium, there are a limited number of scandium producers presently. If we are successful at becoming a producer of scandium, our ability to be competitive will require that we establish a reliable supply of scandium to the market, delivered at purity levels demanded by various applications, and that our operating costs generate margins at prices that will be set by customers and competitors in a market yet to mature.

Governmental Regulations and Environmental Laws

The development of any of our properties, specifically the Nyngan Scandium Project, will require numerous local and national government approvals and environmental permits. For further information about governmental approvals and permitting requirements, please refer to *"Item 1A. Risk Factors"*.

For detailed information about permitting on the Nyngan property, please see the report, titled, "*NI 43-101 Technical Report on the Nyngan Gilgai Scandium Project, Jervois Mining Limited, Nyngan, New South Wales, Australia*" available for public review at www.sedar.com.

Employees

As at January 1, 2014, we have 3 full and part time employees and 3 individuals working on a consulting basis. Our operations are managed by our officers with input from our directors. We engage geological, metallurgical, and engineering consultants from time to time as required to assist in evaluating our property interests and recommending and conducting work programs.

ITEM 1A. RISK FACTORS

In addition to the factors discussed elsewhere in this registration statement, the following are certain material risks and uncertainties that are specific to our industry and properties that could materially adversely affect our business, financial condition and results of operations.

Risks Associated with the Nyngan Project

There are technical challenges to scandium production that may render the project not economic. There is no assurance that we will demonstrate economic viability on the Nyngan resource. The economics of scandium recovery are known to be challenging. There are very few facilities producing scandium and the existing scandium producers are secretive in their techniques for recovery. In addition, the recovery of scandium product from laterite resources, such as at the Nyngan deposit, has not been demonstrated at an operating facility. The Nyngan processing facility design, if constructed, will be the first of its kind for scandium production. These factors increase the possibility that we will encounter unknown or unanticipated production and processing risks. Should any of these risks become actual, they could increase the cost of production thereby reducing margins on the project or rendering the project uneconomic.

There is no guarantee that we will be able to finance the Nyngan Project for production. Any decision to proceed with production on the Nyngan Project will require significant production financing. Scandium projects are very rare and economic and production uncertainty may limit our ability to attract the required amount of capital to put the project into production. If we are unable to source production financing on commercially viable terms, we may not be able to proceed with the project and may have to write off our investment in the project.

If we are successful at achieving production, we may have difficulty selling Scandium. Scandium is characterized by unreliable supply, resulting in limited development of markets for scandium oxide. Markets may take longer to develop than anticipated, and Nyngan and other potential scandium producers may have to wait for products and applications to create adequate demand. Certain applications may require lengthy certification processes that could delay usage or acceptance. In addition certain scandium applications require very high purity scandium product, which is much more difficult to produce than lower Grade product. If we commence production, our inability to supply scandium in sufficient quantities, in a reliable and timely manner, and in the correct quality, could reduce the demand for any scandium produced from our projects and possibly render the project uneconomic.

General Risks Associated with our Mining Activities and Company

We may not receive permits necessary to proceed with the development of a mining project. The development of any of our properties, including the Nyngan Project, will require numerous local and national government approvals, include environmental permits. Our ability to secure all necessary permits required to develop any of our projects is unknown until we make application for such permits. If we cannot obtain all necessary permits, the project cannot be developed, and our investment in the project will likely be lost. Our future market value will likely be significantly reduced to the extent one or more of our projects cannot proceed to the development or production stage due to an inability to secure all required permits.

Mineral Resource Estimates on our properties are subject to uncertainty and may not reflect what may be economically extracted. Resource estimates included for scandium on our Nyngan property are estimates only and no assurances can be given that the estimated levels of scandium minerals will actually be produced or that we will receive the metal prices assumed in determining our resources. 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. By their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, market price fluctuations in scandium,, as well as increased capital or production costs or reduced recovery rates, may limit our ability to establish reserves at some future point on Nyngan, or on any of our properties. 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. Accordingly, current resource estimates on our material properties may never be converted into reserves, or be economically extracted, and we may have to write off such properties or incur a loss on sale of our interest on such properties, which will likely reduce the value of our shares.

Our potential for a competitive advantage in specialty and rare metals production depends on the availability of our technical processing abilities, as currently provided by our Chief Technology Officer. We are dependent upon the personal efforts and commitment of Willem Duyvesteyn, our CTO, a director and significant shareholder of our company, for the continued development of new extractive technologies related to scandium and other rare and specialty metals production. The loss of the services of Mr. Duyvesteyn will likely limit our ability to use or continue the development of such technologies, which would remove the potential competitive and economic benefit of such technologies.

Our operations are subject to losses due to exchange rate fluctuation. We maintain accounts in Canadian and U.S. currency. Our equity financings have to date been priced in Canadian dollars, however all of our material projects and non-cash assets are located outside of both Canada and the USA, and require regular currency conversions to local currencies where such projects and assets are located. Our operations are accordingly subject to foreign currency fluctuations and such fluctuations may materially affect our financial position and results. We do not engage in currency hedging activities.

We do not currently earn any revenue and without additional funding, we will not be able to carry out our business plan, and if we raise additional funding existing security holders may experience dilution. As an exploration stage mining company, none of our principal properties are in operation and we do not currently earn any revenue. In order to continue our exploration activities and to meet our obligations on the Nyngan Scandium Project, we will need to raise additional funds. Recently, we have relied entirely on the sale of our securities to raise funds for operations. Our ability to continue to raise funds from the sale of our securities is subject to significant uncertainty due to volatility in the mineral exploration marketplace. If we are able to raise funds from the sale of our securities, existing security holders may experience significant dilution of their ownership interests and possibly to the value of their existing securities.

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ITEM 2. PROPERTIES

Cautionary Note to U.S. Investors Regarding Resource Estimates

Certain terms used in this section are those used in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Canadian requirements, including NI 43-101, differ significantly from the requirements of the SEC, and resource information contained herein may not be comparable to similar information disclosed by U.S. companies.

In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". The requirements of NI 43-101 for identification of "reserves" are not the same as those of the SEC, and reserves reported in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. We have not established reserves on any of our properties.

The SEC's disclosure standards normally do not recognize information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards, in documents filed with the SEC. In addition, resources that are classified as "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not generally form the basis of feasibility or pre-feasibility studies. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable.

Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations, however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in-place tonnage and grade without reference to unit measures.

Accordingly, information concerning mineral deposits set forth herein may not be comparable with information presented by companies using only U.S. standards in their public disclosure.

Description of Mineral Projects

Nyngan Scandium Project

Property Description and Location

The Nyngan Project site is located approximately 450 kilometres northwest of Sydney, NSW, Australia and approximately 20 kilometres due west from the town of Nyngan, a rural town of approximately 2900 people. The deposit is located 5 kilometres south of Miandetta, off the Barrier Highway that connects the town of Nyngan to the town of Cobar. The license area can be reached via the paved Barrier Highway, which allows year round access, but final access to the site itself is reached by clay farm tracks. The general area can be characterized as flat countryside and is classified as agricultural land, used predominantly for wheat farming and livestock grazing. Infrastructure in the area is good, with available water and electric power in close proximity to the property boundaries.

The Nyngan property is classified as an Australia Property for purposes of financial statement segment information.

The scandium resource is hosted within the lateritic zone of the Gilgai Intrusion, one of several Alaskan-type mafic and ultramafic bodies which intrude Cambrian-Ordovician metasediments collectively called the Girilambone Group. The laterite zone, locally up to 40 meters thick, 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 350 ppm scandium.

The general location of the property is provided in Figure 2 below. The specific location of the exploration licenses that we may earn an interest in are provided in Figure 3 below.

Figure 2: Location of Nyngan Project

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Figure 3: Location of the Exploration Licenses

Mineral License Details

The scandium resource is held under Exploration License (EL) 6009 (Block Number 3132, units d, e, j, k and Block no. 3133, unit f) and EL 6096 (Block 3132, unit p, and Block 3133, units l, m, r and s). An Assessment Lease Application is currently pending over the area of these two ELs. The Exploration Licenses allow the license holder to conduct exploration on private land (with landowner consents and signed compensation agreements in place) and public lands not including wildlife reserves, heritage areas or National Parks. The scandium resource is fully enclosed on private agricultural land.

Jervois holds legal title to both the surface and mineral exploration rights on the Nyngan project. These legal rights and all project rights are subject to a binding Settlement Agreement between Jervois and EMC, dated February 5, 2013, in which 100% of all rights to the EL's, surface rights (freehold land) and project rights are required to be transferred to the Company. The transfer is expected to be completed in early 2015.

The exploration licenses cover 29.25 square kilometers (2,925 hectares). The resource site is located at geographic coordinates MGA zone 55, GDA 94, Lat: - 31.5987, Long: 146.9827, Map Sheets 1:250k – Cobar (SH/55-14) and 1:100k Hermidale (8234).

The project surface rights (freehold) total 750 acres (300 hectares) on a portion of the exploration license area. The freehold property boundaries are defined by standard land survey techniques undertaken by the Lands Department and currently presented in the form of Cadastral Deposited Plans (DP) and Lots. The land associated with the project rights under transfer to EMC is DP 752879, Lots 6 and 7 (Appendix 2, Lots 6 and 7 - Nyngan).

The Company is required to lodge A$10,000 environmental bonds with the NSW Mines Department for each license, and must meet total minimum work requirements annually of approximately A$65,000.. Annual property costs to the local Shire Council are under A$1,000 per year.

Royalties attached to the properties include a 1.5% Net Profits Interest royalty to private parties involved with the early exploration on the property, and a 1.7% Net Smelter Returns Royalty payable to Jervois for 12 years after production commences, subject to terms in the settlement agreement. Another revenue royalty is payable to private interests of 0.2%, subject to a US$370k cap. A NSW minerals royalty will also be levied on the project, subject to negotiation, currently 4% on revenue.

Mineral Resource

In March of 2010 a NI 43-101 technical report which outlined a resources estimate on the Nyngan Scandium Project was completed. The report, titled, "*NI 43-101 Technical Report on the Nyngan Gilgai Scandium Project, Jervois Mining Limited, Nyngan, New South Wales, Australia*", was prepared by or under the supervision of Max Rangott (BSc). The resource estimate is summarized in Table 2 below.

Table 2

Nyngan Gilgai Scandium Project Resource Estimation

Resource Category	**Cut off Sc (ppm)**	**Total Tonnes (kt)**	**Grade Sc (ppm)**	**Overburden Ratio**
Measured	100	2,718	274	0.81:1
Indicated	100	9,294	258	1.40:1
Total	100	12,012	261	1.10:1

Note that the terms Measured and Indicated Resources are not terms. recognized in the United States under SEC rules and guidelines. See "Note to U.S. Investors Regarding Resource Estimates" on page 15.

2012 Program - Overview

In February of 2010, the Company entered into a joint venture agreement (the “JV”) with Jervois Mining Limited (“Jervois”) of Melbourne, Australia to develop the Nyngan scandium property. 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 required the delivery of a positive economic study, for review by the JV parties, in the first quarter of 2012.

The stage I work timeframe were extended into 2011 and those first stage requirements were met during the second quarter of 2011. Second stage economic study work, was initiated in June 2011. To this end, we engaged SNC-Lavalin Inc. (Brisbane, Australia) to prepare the study for the partners on the economics of the project. To support process design, costing, and production level assumptions, the results of metallurgical test work done by Hazen Research Inc. together with previous test-work by the CSIRO and METCON Laboratories, were used directly by SNC-Lavalin Inc. in compiling their report.

On February 24, 2012, EMC delivered to Jervois a positive economic study for consideration of the earn-in requirement in our agreement as independently prepared by SNC-Lavalin.

No further technical work was accomplished during 2012 due to the subsequent legal dispute with Jervois. The legal dispute with Jervois was settled in February of 2013, permitting us to proceed with planning and implementation of near and mid-term technical work programs and project schedule. For further information on the legal dispute with Jervois, please refer to "*Item 1.Business - Recent History - Nyngan Project*.