NORTH AMERICAN TUNGSTEN CORPORATION LTD

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2007

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
INTERIM CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2007 AND SEPTEMBER 30, 2007
UNAUDITED

(Expressed in Canadian Dollars)		December 31, 2007		September 30, 2007
ASSETS				
Current assets				
Cash and cash equivalents	$	4,989,778	$	11,358,290
Accounts receivable		3,858,162		2,861,752
Concentrate, powder, APT and ore stockpile inventory (Note 4)		5,319,161		5,476,631
Supplies inventory		2,822,184		2,676,958
Prepaid expenses		760,507		365,415
		17,749,792		22,739,046
Property, plant and equipment (Note 5)		19,427,413		18,864,945
Mineral properties (Note 7)		4,506,329		4,209,229
Other assets				
Funds held in escrow (Note 6 and 12)		3,287,672		2,787,672
Deferred royalty purchases (Note 7 (b))		149,458		158,153
	$	45,120,664	$	48,759,045
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	$	9,979,221	$	9,838,634
Current portion of equipment loans and capital leases (Note 9)		226,369		298,877
		10,205,590		10,137,511
Reclamation liabilities (Note 10)		3,445,321		3,402,697
Long term equipment loans and obligations under capital leases (Note 9)		1,256,949		1,252,768
		14,907,860		14,792,976
SHARE CAPITAL AND DEFICIT				
Share capital (Note 11(a))		38,117,839		37,911,629
Contributed surplus (Note 11(b))		2,321,262		2,328,144
Deficit		(10,226,297)		(6,273,704)
		30,212,804		33,966,069
	$	45,120,664	$	48,759,045

Going concern (Note 1)

Commitments and contingent liabilities (Notes 12 and 13)

ON BEHALF OF THE BOARD

"signed"

Stephen M. Leahy

"signed"

Bryce M.A.Porter

The accompanying notes are an integral part of these consolidated financial statements.

NORTH AMERICAN TUNGSTEN CORPORATION LTD.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

FOR THE THREE MONTHS ENDED DECEMBER 31,

UNAUDITED

(Expressed in Canadian Dollars)	2007	2006
REVENUES		
Tungsten sales (Note 16)	$ 11,785,882	$ 13,741,640
Interest income	93,032	7,566
	11,878,914	13,749,206
EXPENSES		
Minesite cost of sales	13,432,123	13,164,509
Freight, handling and storage	278,121	241,578
Royalties	102,774	124,132
Amortization and depreciation	1,092,075	551,681
General and administrative (Note 15)	696,520	467,168
Accretion of reclamation liabilities (Note 10)	42,624	29,892
Interest & financing costs	33,988	22,602
Stock compensation	53,703	98,071
Foreign exchange(gain) loss	117,079	(139,490)
Gain on disposal of assets	(17,500)	-
	15,831,507	14,560,143
NET LOSS BEFORE INCOME TAXES	(3,952,593)	(810,937)
Income taxes	-	-
NET LOSS AND COMPREHENSIVE LOSS	$ (3,952,593)	$ (810,937)
DEFICIT-BEGINNING OF PERIOD	$ (6,273,704)	$ (5,070,554)
Net loss for the period	(3,952,593)	(810,937)
DEFICIT-END OF PERIOD	$ (10,226,297)	$ (5,881,491)
Net loss per share		
basic and diluted	$ (0.03)	$ (0.01)
Weighted average number of shares outstanding		
basic and diluted	122,526,288	106,156,859

The accompanying notes are an integral part of these consolidated financial statements.

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED DECEMBER 31,
UNAUDITED

(Expressed in Canadian Dollars)		2007		2006
CASH FLOW FROM OPERATING ACTIVITIES				
Net loss for the period	$	(3,952,593)	$	(810,937)
Items not affecting cash:				
Accretion of long-term liabilities		4,181		4,181
Amortization and depreciation		1,092,075		551,681
Accretion of reclamation liabilities		42,624		29,892
Gain on disposal of assets		(17,500)		-
Stock based compensation		53,703		98,071
		(2,777,510)		(127,112)
Change in non-cash working capital(note 14)		(1,966,331)		1,437,113
		(4,743,841)		1,310,001
CASH FLOW FROM FINANCING ACTIVITIES				
Issuance of capital stock		145,625		34,840
Net decrease in obligations under capital leases		(72,508)		(32,422)
		73,117		2,418
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments made on funds held in escrow		(500,000)		(500,000)
Expenditure on mineral property interests		(297,101)		(115,298)
Proceeds on disposal of assets		17,500		-
Purchase of property, plant and equipment		(918,187)		(1,216,279)
		(1,697,788)		(1,831,577)
Decrease in cash and cash equivalents		(6,368,512)		(519,158)
Cash and cash equivalents beginning of period		11,358,290		1,340,111
Cash and cash equivalents end of period	$	4,989,778	$	820,953
Represented by:				
Cash		1,327,617		820,953
Cash equivalents		3,662,161		-
	$	4,989,778	$	820,953
Interest paid (Note 14)				
Supplemental information				
Interest paid	$	29,807	$	77,093

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations and Going Concern:

North American Tungsten Corporation Ltd. (the "Company") is engaged in tungsten mining and related activities including acquisition, exploration, development and processing of ores and concentrates. The Company owns the operating Cantung mine in the Northwest Territories; the Mactung mineral property on the border of the Yukon Territory and the Northwest Territories; other tungsten exploration prospects; and, through a subsidiary, a development-stage processing facility in Minnesota, USA.

For the three months ended December 31, 2007, the Company had a net loss of $3,952,593. There was an accumulated deficit of $10,226,297 at December 31, 2007. Working capital was $7,544,202 at that date. The net loss for the quarter reflected below target production at the Cantung mine. These circumstances raise substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to develop its Mactung property, discharge its liabilities and realize the carrying value of its assets in the normal course of operations is dependent upon, among other things, the raising of additional financing and the success of management's efforts to achieve targeted production at the Cantung mine. It is not possible to determine with any certainty the success or adequacy of these initiatives.

These consolidated interim financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") applicable to a going concern and do not reflect the adjustments to carrying values of assets and liabilities, the reported revenue and expenses and the balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. Basis of Preparation:

With exception to changes in accounting policies adopted since September 30, 2007 as outlined in note 3 below, these unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian GAAP consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended September 30, 2007. As these unaudited interim consolidated financial statements do not contain all of the disclosures required by Canadian GAAP, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended September 30, 2007.

In the opinion of Management, all adjustments necessary to present fairly the consolidated financial position as at December 31, 2007 and the consolidated results of operations, cash flows and comprehensive income for the three month period then ended have been made. These interim results are not necessarily indicative of the results for a full year.

3. Changes in Accounting Policies:

Effective October 1, 2007, the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(a) Accounting Changes (Section 1506)

This standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors. As a result, changes in accounting policies are only permitted when required by a primary source of GAAP or when the change will result in more reliable and more relevant information.

(b) Capital Disclosures (Section 1535)

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring the Mactung project to commercial production.

The capital structure of the Company currently consists of common shares, flow through common shares and warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. The Company is not subject to externally imposed capital requirements.

(c) Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

i) Financial Assets and Financial Liabilities

The Company has financial assets and liabilities which include cash and cash equivalents, funds held in escrow, accounts receivable, accounts payable and obligations under capital leases, the carrying values of which approximate fair values.

ii) Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial risks. The types of risk exposure and the way in which such exposure is managed is provided as follows:

Foreign Exchange Risk

The Company's revenues from the production and sale of tungsten are denominated in US dollars. However the Company's operating expenses are primarily incurred in Canadian dollars and its liabilities are primarily denominated in Canadian dollars. The results of the Company's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Company are reported in Canadian dollars in the consolidated financial statements. The fluctuation of the US dollar in relation to the Canadian dollar will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure is minimized by dealing with only credit worthy counterparties. Accounts receivable for the three primary customers total $2,840,018 as at December 31, 2007 (September 30, 2007 - $1,879,736).

Interest Rate Risk

For financial assets, the Company's policy is to invest cash at floating rates of interest and cash reserves are to be held in short term deposits in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates impact on the value of cash equivalents and reclamation deposits. At December 31, 2007 $3.6million of bankers' acceptances carried interest rates of 4.45% to 4.65% (September 30, 2007 - $10 million of bankers' acceptances – 4.78% to 5.15%).

For financial liabilities, interest is payable on equipment loans and capital leases at fixed rates ranging from 7.50% to 10.35% and as such these payments are not subject to fluctuations in interest rate.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are invested in business accounts and bankers' acceptances which are available on demand for the Company's programs and are not invested in any asset backed deposits or investments.

Commodity Price Risk

The value of the Company's mineral resource properties is related to the price of tungsten. The Company does not have any hedging or other commodity based risks respecting its operations.

Tungsten prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, supply and demand, forward sales by producers and speculators, levels of worldwide production and short-term changes in supply and demand because of speculative hedging activities The profitability of the Company's operations is highly correlated to the market price of tungsten. If metal prices decline for a prolonged period below the cost of production of the Company's mine, it may not be economically feasible to continue production.

4. Stockpile and Concentrate Inventory :

	December 31, 2007	September 30, 2007
Ore	$ 396,681	$ 449,842
Concentrate	4,632,889	4,745,952
Powder	246,688	221,879
APT	42,903	58,958
	$ 5,319,161	$ 5,476,631

5. Property, Plant & Equipment

	Cost	Accumulated Amortization & Impairment Charges	December 31, 2007 Net
Canadian property acquisition	$ 3,203,864	$ (3,203,864)	$ -
Canadian deferred mining costs	7,883,730	(6,787,038)	1,096,692
U.S. deferred development costs	1,667,899	-	1,667,899
U.S. plant, equipment	3,154,186	-	3,154,186
Canadian plant and equipment	24,905,990	(11,397,354)	13,508,636
	$ 40,815,669	$ (21,388,256)	$ 19,427,413

	Cost	Accumulated Amortization & Impairment Charges	September 30, 2007 Net
Canadian property acquisition	$ 3,203,864	$ (3,203,864)	$ -
Canadian deferred mining costs	7,883,730	(6,632,382)	1,251,348
U.S. deferred development costs	1,251,237	-	1,251,237
U.S. plant, equipment	3,050,840	-	3,050,840
Canadian plant and equipment	23,956,150	(10,644,630)	13,311,520
	$ 39,345,821	$ (20,480,876)	$ 18,864,945

U.S. plant and equipment is in the development stage.

6. Funds Held in Escrow:

Funds are held in escrow to secure mine reclamation obligations under the water license for the Cantung mine issued by the Mackenzie Valley Land and Water Board.

7. Mineral Property Interests:

The following table summarizes the Company's interest in mineral properties as at December 31, 2007

	Mactung Property Yukon & NWT Canada	Three (3) Ace Claims Yukon Canada	Rifle Range Creek Property, NWT Canada	Bailey Claims, Yukon Canada	Sheet Mountain NWT Canada	Total
ACQUISITION COSTS						
Balance September 30, 2007	587,475	43,000	-	9,095	-	639,570
Acquisition	-	-	-	-	-	-
Balance December 31, 2007	$ 587,475	$ 43,000	$ -	$ 9,095	$ -	$ 639,570
EXPLORATION COSTS						
Balance September 30, 2007	$ 3,278,218	$ 59,358	$ 215,764	$ 14,219	$ 2,100	$ 3,569,659
Exploration in period	334,808	-	-	1,953	339	337,101
Total Exploration Costs	3,613,026	59,358	215,764	16,172	2,439	3,906,759
Exploration Incentive	(40,000)	-	-	-	-	(40,000)
Total December 31, 2007	$ 4,160,501	$ 102,358	$ 215,764	$ 25,267	$ 2,439	$ $ 4,506,329

The carrying value of the Jennings property is nil.

a. Mactung – Canada

The Mactung mineral leases, located on the border of the Yukon Territory and the Northwest Territories, are held under 160 mineral lease agreements and claims with an annual cost of $19,300.

b. Deferred Royalty Purchases

On January 31, 2005 the Company entered into an Amended Royalty Agreement on the Mactung Property with Aur Resources Inc. ("Aur") (now Teck Cominco Limited). For $100,000 Aur granted the Company the right and option (the "Option") to reduce the Mactung Royalty from a 4% net smelter return royalty interest to a 1% net smelter return royalty interest, such Option to be exercisable by the Company upon:

Paying to Aur an additional $1,000,000 by the earlier of:

- March 30, 2015; and
- 60 days after the receipt of a water license issued in connection with any proposed development of the properties (as such term is defined in the Mactung Royalty Agreement) for mineral production.

If the Company has not exercised the Option by March 30, 2010, it must pay an additional $200,000 to Aur in order to maintain its right to the Option. The $100,000 paid by the Company has been treated as a deferred royalty and will be amortized over the life of the mine once the Mactung property is brought into production. The balance at December 31, 2007 was $100,000 (September 30, 2007 - $100,000)

A similar payment of $125,000 was made to reduce the Cantung mine royalty from 4% to 1% and the payment is being amortized over the remaining life of the Cantung mine. The balance at December 31, 2007 was $49,458 (September 30, 2007 - $58,153)

c. Three (3) Ace Claims - Yukon

On February 15, 2005 (amended Feb 8, 2007) the Company entered into a formal option agreement with Alex McMillan ("McMillan"). McMillan granted the Company an option to acquire 100% interest in thirty eight separate precious metal mining claims (collectively referred to as the "3 Ace Claims") located on the Nahanni Range Road north of Watson Lake. In consideration for McMillan granting the option the Company will:

Issue 200,000 shares to McMillan (100,000 issued)
Make cash payments over a four year period as follows:

- $5,000 upon execution of the formal agreement – paid
- $5,000 on February 15, 2006 – paid;
- $5,000 on February 15, 2007 – paid;
- $25,000 on February 15, 2008 and 100,000 common shares (extended to March 15, 2008) and;
- $25,000 on February 15, 2009

The Company has the right to fully vest the option and acquire the 100% interest in the 3 Ace Claims by accelerating the payment of both the shares and cash payments.

The 3 Ace Claims are subject to a 2% Net Smelter Royalty ("NSR") in favour of McMillan and the Company can acquire the NSR for $1,000,000.

d. Rifle Range Creek – NWT

In fiscal 2006, the Company staked two claims (63 units) in an area four miles northeast of the Cantung mine, NWT. The claims which are contiguous with the mine property are in a glaciated region on the upper reaches of Rifle Range Creek.

e. Jennings (formerly Tootsee River Property) – Yukon

The Jennings property interest has been optioned by Agnico Eagle Mines Limited. Agnico-Eagle Mines Limited exercised its option to increase its interest in the Jennings tungsten/molybdenum property from 50% to 70% via C$4 million in exploration expenditures by December 31, 2010. The Jennings property agreement was established on April 25, 2006 whereby Agnico agreed to spend C$400,000 on exploration to acquire an initial 50% of the Jennings tungsten/molybdenum property (formerly the Tootsee River property) located on the BC-Yukon border about 85 kilometers west of Watson Lake, Yukon, Canada. North American Tungsten may elect to form a participating Joint Venture or convert its 30% working interest to a 2.5% NSR from two months after Agnico has fulfilled its C$4 million expenditure requirement.

8. Related Party Transactions:

During the three month period ending December 31, 2007, office equipment rental and purchases of $4,251 (three months ended December 31, 2006 - $35,022) were transacted with an officer of the Company.

9. Obligations under Equipment Loans and Capital Leases:

	December 31, 2007	September 30, 2007
Obligations under equipment loans and capital leases	$ 1, 294,349	$ 1,366,857
Billiton loan provision (see note 14)	188,969	184,788
	1,483,318	1,551,645
Current portion of equipment loans and capital leases	(226,369)	(298,877)
Long term equipment loans and obligations under capital leases	$ 1,256,949	$ 1,252,768

The maturity dates range from September 2008 to March 2012, with interest rates ranging from 7.50% to 10.35%.

10. Reclamation Liabilities:

The asset retirement obligations have been recorded as a liability at fair value. The updated estimate assumes a credit adjusted risk-free discount rate of 4.19% in 2007 (5.57% - 2006) and an inflation factor of 2.24% (2.188% - 2006). The liability estimate for retirement and remediation on an undiscounted basis before an inflation factor of 2.24% is $3,644,331.

In fiscal 2007, there were significant additions to facilities for containing tailings from the ore processing operation at the Cantung mine. The reclamation liabilities have been increased by the estimated fair value of the eventual cost of reclaiming these additions to facilities.

		December 31, 2007		September 30, 2007
Opening asset retirement obligation.	$	3,402,697	$	2,097,709
Total accretion during the period		42,624		119,305
Addition for new facilities		-		1,185,683
Closing asset retirement obligation	$	3,445,321	$	3,402,697

11. Share Capital:

a. Capital Stock

An unlimited number of common shares without par value are authorized.

Issued	Number of Shares		Consideration
September 30, 2007	122,348,425	$	37,911,629
Exercise of options	308,300		145,625
Reallocation of contributed surplus related to options exercised			60,585
December 31, 2007	122,656,725	$	38,117,839

b. Shareholders' Equity

	Shares	Capital Stock	Contributed Surplus-Options	Retained Earnings	Total
September 30, 2007	122,348,425	$ 37,911,629	$ 2,328,144	$ (6,273,704)	$ 33,966,069
Exercise of stock options	308,300	145,625	-	-	145,625
Reallocation of contributed surplus related to options exercised	-	60,585	(60,585)	-	-
Stock based compensation	-	-	100,350	-	100,350
Cancellation of options	-	-	(46,647)	-	(46,647)
Net loss	-	-	-	(3,952,593)	(3,952,593)
December 31, 2007	122,656,725	$ 38,117,839	$ 2,321,262	$ (10,226,297)	$ 30,212,804

c. Stock Options:

During the three months ending December 31, 2007 there were 140,000 options granted to employees with an exercise price of $1.49 All issues expire five years after the grant date. The option valuation for the issues was calculated using the Black-Sholes option pricing model based on an average expected option life of 2.5 years (September 30, 2007-2.5 years), a dividend yield of 0% (September 30, 2007– 0%), a risk free interest rate ranging from 3.97% to 4.10% (September 30, 2007– 3.97%), and an expected volatility ranging from 58% to 71% (September 30, 2007– 58% to 69%)

No of Options Outstanding as of Sept. 30, 2007	Exercised	Granted	Canceled	No of Options Outstanding as of Dec. 31, 2007	Exercise Price	Expiry Date	*Options Exercisable
2,230,000	200,000			2,030,000	$0.12	14-May-09	2,030,000
100,000				100,000	$0.12	29-Jun-09	100,000
100,000				100,000	$0.23	1-Feb-10	100,000
3,075,000				3,075,000	$1.08	24-May-10	3,075,000
100,000				100,000	$1.50	22-Jun-10	100,000
150,000				150,000	$1.85	17-Aug-08	150,000
50,000				50,000	$1.26	22-Aug-10	50,000
140,000				140,000	$1.15	9-Nov-10	140,000
200,000				200,000	$1.76	31-Jan-11	200,000
350,000				350,000	$0.88	20-Sep-11	175,000
75,000	25,000			50,000	$0.70	27-Oct-11	50,000
400,000				400,000	$0.66	10-Jan-12	200,000
1,626,667	83,300		91,667	1,451,700	$1.25	19-Mar-12	940,022
125,000				125,000	$1.41	16-Apr-12	62,500
250,000				250,000	$1.28	14-Jun-12	166,666
175,000				175,000	$1.39	18-Jul-12	58,333
0		140,000		140,000	$1.49	6-Nov-12	46,666
9,146,667	308,300	140,000	91,667	8,886,700			7,644,187

* Options Exercisable – the number of vested stock options that are eligible for exercise.

Subsequent to December 31, 2007 200,000 options were granted at an exercise price of $1.30.

The outstanding options have a weighted-average exercise price of $ .90 and the weighted-average remaining life of the options is 2.74 years.

d. Warrants Outstanding

The following table shows the warrants outstanding at December 31, 2007

No. of Warrants Outstanding as of Sept. 30, 2007	Granted	Exercised	Expired	No. of Warrants Outstanding as of Dec. 31, 2007	Exercise Price	Expiry Date	Warrants Exercisable
447,126				447,126	$1.40	29-May-08	447,126
447,126	-	-	-	447,126			447,126

On May 29, 2007 the Company issued 461,400 Agents Warrants to Haywood Securities Inc. Each warrant is exercisable into one common share at $1.40 and the warrants expire on May 29, 2008. 14,274 warrants were exercised on September 21, 2007 at $1.40 per share.

Warrants are valued using the Black Scholes method. The following assumptions were used; dividend yield of 0% (2006 – 0%),credit adjusted risk free interest rate 4.33% (2006 – 3.2%); expected life of 1 year (2006 – 2-2.4 years); and expected volatility of 64% (2006 – 60%). Warrants are included in contributed surplus until exercised at which time they are transferred into share capital.

12. Commitments:

Water License

The water license for operations at the Cantung mine issued by the Mackenzie Valley Land and Water Board currently covers a period of five years expiring November 29, 2008. Renewal is anticipated prior to that date. Over the period of the license and in accordance with the Reclamation Security Agreement schedule, the Company must issue promissory notes, secured generally over all the assets of the Company, and place funds in escrow. As required by the license, as of December 31, 2007 the Company had issued $4,700,000 (September 30, 2007 - $4,200,000) of principal value of these promissory notes and placed funds totaling $3,200,000 (September 30, 2007-$2,700,000) in escrow. (see note 6)

The Reclamation Security Agreement provides for the cash component payable to the Department of Indian Affairs and Northern Development to increase under certain events, and further provides for $500,000 of the promissory notes to be replaced by $500,000 in cash or letter of credit on November 30, 2008.

Office Lease

On August 15, 2007 the Company entered into a new lease for office space effective January 1, 2008. The lease term is for 5 years effective January 1, 2008 and payments will total $9,652 per month for the first two years increasing to $10,072 per month in 2010, $10,911 per month in 2011 and $ 11,331 in 2012. Commitments under a previous office lease were cancelled.

Concentrate Agreement

In 2004 the Company entered into an agreement that required the delivery of tungsten concentrates with a deemed value of USD $600,000 as part of a restructuring arrangement. The estimated cost of this arrangement was fully provided in fiscal 2006. On October 22, 2007, 625 mtu's (US$146,407) were delivered thereby discharging the Company's obligation under the concentrate agreement.

Smelter Royalties

The Cantung Mine is subject to a 1% net smelter royalty payable to Aur Resources Inc.

Billiton Loan

On April 15, 1982 Amax entered into an agreement with Billiton (UK) Limited to borrow £888,114 ($2,157,851 Cdn.) to finance project costs incurred on the Hemerdon Property during January 1982. The loan is interest free and is due on December 31, 2032. The Company has accrued $188,969 as at December 31, 2007 to recognize the future loan obligation. The accrued balance increases by 10% each year. This loan is non-recourse to North American Tungsten Corporation Ltd.

3 Ace and Mactung Options

The Company is committed to payments under option agreement as disclosed in note 7(b) and 7(c).

13. Contingencies:

Pursuant to agreements with officers, in the event of their contracts being terminated, the Company would be liable for payments totaling $1,767,500 (2006-$994,000).

Pursuant to contracts with directors, in the event of a change in control of the company, the Company would be liable for payments totaling $300,000 (2006-$180,000).

14. Supplemental Cash Flow:

	For the three months ended December 31 2007	2006
Changes in non-cash working capital		
Accounts receivable	$ (996,410)	$ 2,564,050
Prepaid expense	(395,092)	84,703
Supplies inventory	(145,226)	211,764
Concentrate and stockpile inventory	157,470	90,005
Accounts payable and accrued liabilities	(587,073)	(1,524,028)
Deferred Royalties	-	-
Accounts payable to related parties	-	10,619
Change in non-cash working capital	$ (1,966,331)	$ 1,437,113
Supplemental information		
Interest paid	$ 29,807	$ 11,129

15. General & Administrative:

	For the three months ended December 31 2007	2006
GENERAL AND ADMINISTRATIVE		
Fees, wages and benefits	$ 443,813	$ 267,169
Office expenses	74,764	64,520
Investor relations & business development	77,316	3,781
Accounting and audit	48,000	20,891
Legal fees	21,690	32,471
Travel	17,205	29,947
Consulting	11,624	54,212
Filing fees and transfer agent fees	2,108	2,129
Miscellaneous	-	(7,952)
	$ 696,520	$ 467,168

16. Sales and Economic Dependence:

Sales to three customers accounted for 95% of sales made in the three months ending December 31, 2007 and 82% of the sales in the 3 months ending December 31, 2006.

17. Segmented Information:

The Company operates two business segments in two different geographical areas. The primary business is the development and operation of tungsten mines in Canada. The second business segment is the research and development of an advanced intermediary and ammonium paratungstate plant in the United States.

The Company has invested cash and concentrates into the Delaware company, Tungsten Joint Venture, which has constructed a pilot plant. The technology developed for the pilot plant should allow forthe production of tungsten intermediaries. If the pilot plant proves to be successful, the Company may enter into a Joint Venture agreement to construct a full scale commercial operation.

Tungsten Joint Venture (CDN $)

	December 31, 2007	September 30, 2007
Cash	$ 1,552	$ 1,084
Inventory	467,336	524,551
Development costs	1,667,899	1,251,237
Plant and equipment	3,154,186	3,050,840
	$ 5,290,973	$ 4,827,712

The geographical distribution of the Company's property, plant and equipment and external sales revenue is as follows, with revenue attributed to regions based on the location of the customer. All external sales revenue is generated by Canadian operations.

	Property, Plant, Equipment	
	December 31, 2007	September 30, 2007
Canada	$ 14,605,328	$ 14,562,868
United States	4,822,085	4,302,077
Asia	-	-
Europe	-	-
Other	-	-
	$ 19,427,413	$ 18,864,945

	Sales	
	December 31, 2007	December 31, 2006
Canada	$ -	$ -
United States	3,509,396	5,692,675
Asia	7,020,349	4,738,154
Europe	1,256,137	1,880,457
Other	-	1,430,354
	$ 11,785,882	$ 13,741,640