NORTH AMERICAN TUNGSTEN CORPORATION LTD

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED:

MARCH 31, 2008

REPORT DATED: MAY 22, 2008

This discussion and analysis of financial position and results of operations of North American Tungsten Corporation Ltd. The "Management Discussion and Analysis" (MD&A) is prepared as of May 22, 2008, and should be read in conjunction with the consolidated financial statements for the period ended March 31, 2008 and with the audited consolidated financial statements for the fiscal year ended September 30, 2007. This MD&A reviews the business of North American Tungsten Corporation Ltd. and compares the Company's financial results for the quarter ended March 31, 2008 (Q2 2008) with those of the quarter ended March 31, 2007 (Q2 2007) and for the six month period ended March 31, 2008 (H1 2008) with those of the six month period ended March 31, 2007 (H1 2007). The financial position at March 31, 2008 is compared with the financial position as of September 30, 2007. In this discussion, unless the context otherwise dictates, a reference to North American Tungsten, NATC, or the Company refers to North American Tungsten Corporation Ltd. and its subsidiaries. Additional information relating to the Company including its Annual Information Filing is available on SEDAR at www.sedar.com.

The information contained in this report updates management's discussion and analysis for the year ended September 30, 2007 and for material changes that have taken place. The September 30, 2007 report should be consulted to gain a complete understanding of management's discussion and analysis of the Company.

Caution on Forward-Looking Information

Management's discussion and analysis contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company. These statements are not guarantees of the Company's future performance and are subject to risks, uncertainties and other important factors that could cause the corporation's actual performance to be materially different from those projected. Given the uncertainties associated with forward-looking information, the reader should not place undue reliance on the forward-looking information.

A glossary of terms is affixed

Highlights Q2 2008

- Mactung feasibility study progresses, work well advanced on mine design and the mill process flow sheet.
- Encouraging underground exploration drilling continues at the Cantung Mine with high grade intercepts.
- The net loss was $5.5 million in the quarter and $9.4 million in H1 2008 due to below target Cantung production and higher Cantung operating costs.
- Expanded tolling arrangement in China to upgrade flotation concentrates.
- Independent engineering audit and review of the Tungsten Joint Venture pilot plant is now being evaluated.
- $1.6 million was invested in plant and equipment and mineral properties in the current quarter (Cantung $0.3, US Plant $0.1 and Mactung $1.2) making $3.5 million for H1 2008.
- Quarter end working capital was $1.6 million compared to $12.6 million at September 30, 2007 and $7.5 million at December 31, 2007.

Operations

North American Tungsten Corporation Ltd. (the “Company”) is engaged in tungsten mining and related activities including acquisition, exploration, and 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. The Company is the most significant producer of tungsten concentrates in North America.

The Company continued to focus on the development of the Mactung property. During the second quarter of 2008, Wardrop Engineering continued with work on the feasibility study with work progressing on the mine design and mill process flow sheet. EBA Engineering is providing geotechnical engineering and environmental services to the project. Scott Wilson RPA will conduct the independent review of the mineral reserve and mine plan. Initial mine planning and process flow sheet development has been started. The completion of the feasibility study is scheduled for late calendar 2008.

In the area of product development, North American Tungsten owns and operates a tungsten processing pilot plant in Minnesota that is developing methods to process tungsten concentrate into ammonium paratungstate (APT) and powders. An operational audit of the APT pilot plant process was completed during the quarter, with the final report received in May 2008.

The Cantung mine did not meet targeted production in Q2 2008 which resulted in the $5.5 million loss for Q2 2008 and a $9.4 million year to date net loss for the company as a whole. Every effort is being made by Cantung management to improve grade control and meet targets from its mining operation.

Overall Performance

Mine Operations

The Cantung mine, located on the western border of the Northwest Territories, is the Company’s sole operating mine. For the period Q2 2008, the mine produced 57,660 metric tonne units (mtus) of tungsten concentrate compared with 70,458 mtus for the quarter Q2 2007. Ore mined totaled 92,318 tons grading 0.98% WO3. The mill processed 95,877 tons of ore at a reconciled grade of 0.95% WO3.

For the period H1 2008, the mine produced 122,957 metric tonne units (mtus) of tungsten concentrate compared with 131,121 mtus for the quarter H1 2007. The mill processed 190,793 tons of ore at a reconciled grade of 0.99% WO3 in H1 2008 compared to 174,900 tons at a grade of 1.16% WO3 in H1 2007.

Sales revenues for Q2 2008 were $12.5 million including $11.1 million from 58,840 mtus of WO3 contained in concentrate compared to revenues of $13.9 million from sales of 60,160 mtus in Q2 2007. The Company also realized sales of $1.4 million on 6,632 mtus converted to APT under a toll agreement in Q2 2008 compared to nil in Q2 2007. Revenues, in comparison with last year, were impacted negatively by the strength of the Canadian dollar against its US counterpart.

Mine operations experienced significant problems in the early half of the quarter with the failure of the protective envelope of un-blasted ore on the periphery around a number of pillars being extracted in the Main Zone and South Flats, resulting in lower grades being mined than planned. To correct these problems, a 50% increase in the thickness of the envelope protecting the ore in the pillar from dilution and lighter loading with explosives of the blast holes near the backfill contact was implemented. This has resulted in improved grade control as was noted in the second half of the quarter. This measure will result in a lower extraction of ore mined from pillars. During the quarter, long-hole stoping accounted for 50% of the ore mined. Cut and fill mining of ore totaled 18% and development ore 32%. Development in ore and waste totaled 3,375 feet as new ore zones were accessed. The underground diamond drilling program continued on the 3700 Level with a total of 10,201 feet drilled. A backlog of core to be logged, split and assayed was being cleared up at quarter end. A second diamond drill arrived on site late in the quarter, to test additional drill targets.

Q2 2008 production was 43,660 MTU's of G1 product at a grade of 66.6% WO3 and 14,000 MTU's of flotation concentrate at 48.5% WO3. Severe cold winter temperatures and the lower than average feed grade affected overall recovery. Mill throughput averaged 47.1 tons per operating hour. Mill operating time averaged 93.2%. A three day shut down was required to reline the primary rod mill, which reduced the mill availability. The installation of a second cleaner column flotation cell was completed, with the unit made operational by quarter end. Flotation concentrate grades have improved with a marked reduction in sulphur content. For the period Q2 2008 the mill processed 95,877 tons of ore at a grade of 0.95% WO3 and recoveries of 69.46% compared to 82,559 tons milled at a grade of 1.30% WO3 in Q2 2007 and recoveries of 72.3%.

Other than an extremely cold January and February, surface operations were routine for the period.

Mactung

Good progress was made on the Mactung Feasibility Study during the quarter. Underground mine design regarding development access, ventilation, mining method and production schedule advanced. Work has not started as yet on the open pit portion of the project. Process flow sheet design has been finalized and mill equipment sizing is now in progress. Bid packages for vendor quotations of the major pieces of mill equipment are being prepared. The site layout for the mill building, maintenance services building, administration office and camp are in the process of finalization.

Initial planning for a summer Mactung site diamond drilling program, detailed geotechnical investigation and additional environmental studies have started.

APT and Tungsten Powder Development

In the area of product development, North American Tungsten, owns and operates a tungsten processing pilot plant in Minnesota that is developing new methods to process tungsten concentrates into ammonium paratungstate (APT) and tungsten powders. An operational audit of the APT pilot plant process was completed during the quarter. The final report was received in May and is now being evaluated. The focus of the project is now turning to the production of tungsten powders and tungsten composites. Research and low level production runs of powder and composite are planned for the coming quarter.

The Company has entered into a tolling (concentrate upgrading) arrangement within China to toll flotation concentrates to APT on the Company's behalf. The first sales of APT were realized in January 2008. This arrangement has enabled the Company to realize significantly enhanced cash flows from its lower grade flotation concentrates which were previously sold at a deep discount to the market. Concurrently the Company has entered into a marketing agreement with Cathay Resources Corporation to market the APT material within Asia. The Company has expanded the tolling arrangement on a trial basis to include Tungsten Blue Oxide, (TBO) the first of which will be shipped in early May.

Other Mineral Properties

Jennings (formerly Tootsee River) Property

On January 7, 2008 the Company announced that 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 expenditure by December 31, 2010. The Jennings property agreement was established on April 25, 2006 whereby Agnico-Eagle Mines Limited agreed to spend C$400,000 on exploration to acquire an initial 50% of the property. The property is located near 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 after Agnico-Eagle Mines Limited fulfills its C$4 million expenditure requirement. Agnico Eagle previously released drill results from their drill program which indicated tungsten (WO_3) grades of up to 0.120% and molybdenum (MoS_2) grades of up to 0.167%.

Other Properties

Limited work was undertaken on the Three Ace claims, Rifle Range Creek and the Bailey claims in the quarter. The exploration programs on these properties will be given low priority in the short term as the Company focuses on developing the Mactung property. During Q2 2008 the option agreement on the Three Ace claims expired, the Company elected not to renew these claims and accordingly wrote off the associated capitalized costs of $102,358.

Markets and Foreign Exchange

The Company's earnings continue to be adversely impacted by low feed grades and recovery, high operating costs, particularly diesel fuel for power generation and haulage, and a strong Canadian dollar. The average exchange rate of the Canadian dollar, as realized for sales for Q2 2008 was US$0.9963 compared to US$0.8536 for Q2 2007.

The average APT price for Q2 2008 was US $243.87/ mtu compared to $258.30/mtu for the Q2 2007. Sales of concentrate averaged US dollars $187.92/mtu for Q2 2008 or 77% of the average APT price compared to $197.93/mtu or 77% of the average quarterly APT price for Q2 2007. The average free market APT quotation at March 31, 2008 was US $256/ mtu. Industry publications indicated that effective January 1, 2008 China had raised export taxes on APT from 5 percent to 10 percent. Reports by various industry publications also indicate that subsequent to the severe winter storms in the Chinese provinces of Hunan and Jiangxi that had shut down some tungsten mines as a result of power shortages that production has since reached normalized levels resulting in a softening of prices subsequent to the quarter end. The impact on the Tungsten industry within China as a result of the recent earthquake is not known at this time.

APT European Metal Bulletin Prices	2004 December	2005 December	2006 December	2007 December	2008 March
Average Quarterly Prices					
APT Free Market Average $US	$ 94	$ 263	$ 252	$ 241	$ 244

Financial Review

The net loss for Q2 2008 was $5,457,640 compared to net earnings of $10,798 for Q2 2007. Minesite cost of sales was $15,276,546 compared to $11,802,090 in Q2 2007. The gross operating margin decreased from $1,509,420 in Q2 2007 to a negative $3,491,553 in Q2 2008. Increased operating costs and reduced production levels drove the unit cost of production from $184.72 in Q2 2007 to $248.70 in Q2 2008. While US dollar market prices were lower by about $10 per mtu in Q2 2008 compared to Q2 2007 a significant factor was the change in the exchange value of the Canadian dollar with an adverse impact to revenues of about $2.2 million.

The net loss for the H1, 2008 was $9,410,233 compared to a net loss of $800,139 in H1 2007. Gross margin fell from $1,721,000 for H1 2007 compared to a negative $5,519,000 for H1 2008. The reduction in margins was due to increased mine operating costs of 8.4% combined with lower feed grades which reduced production from 131,121 in mtus to 122,957 mtus in H1 2008. The resulting unit costs increased from $198.14 for H1 2007 to $228.98 in H1 2008. Compounding higher operating costs were declining $US sales prices which fell from an average of US $195.62 per mtu for H1 2007 to $US $190.97 per mtu for H1 2008.

		3 Months Ending 31-Mar-08		**3 Months Ending 31-Mar-07**		**6 Months Ending 31-Mar-08**		**6 Months Ending 31-Mar-07**
Gross Margin ($ 000'S)								
Tungsten Sales	$	12,471	$	13,950	$	24,257	$	27,691
Minesite cost of sales		15,277		11,802		28,709		24,967
Freight, handling & conversion costs		559		493		837		735
Royalties		127		145		230		269
Gross Margin	**$**	**(3,492)**	**$**	**1,509**	**$**	**(5,519)**	**$**	**1,721**

Demand for the Company's tungsten concentrates remains strong and the long term outlook is positive.

Years ended September 30		**2007**		**2006**		**2005**
Earnings and Cash Flow						
Total Revenues	$	59,420,491	$	51,344,451	$	158,464
Cash flow from operations		3,094,175		(1,429,183)		(6,167,486)
Net Income (Loss)		(1,203,150)		(2,654,918)		7,062,936
Earnings per share		(0.01)		(0.03)		0.10
Earnings per share - diluted		(0.01)		(0.03)		0.09
Balance Sheet						
Total assets	$	48,759,045	$	31,852,777	$	20,569,893

Cantung Mine

Performance of the mine in H1 2008 has been unsatisfactory. Operating and financial plans are currently being updated.

A preliminary projection indicates a significant improvement in performance in 2009 which supports the carrying value of the Cantung mine. Should this prove too optimistic, on completion of plans (or subsequently, when actual results are known) then the carrying value of the mine could require to be written down.

Revenues

Total sales revenues were $12,471,256 during Q2 2008 from sales of 58,840 mtus of concentrates and 6,632 mtus of flotation concentrates converted and sold as APT, compared to $13,949,839 on sales of 60,160 mtus of concentrates in Q2 2007. As per the following table; the decrease in sales values during the quarter resulted in part from the appreciation of the Canadian dollar against its US dollar counterpart from 0.8536 in Q2 2007 to 0.9963 in Q2 2008. Average concentrate sales prices in $US also decreased from $197.93 in Q2 2007 to $187.31 per mtu in Q2 2008.

Total sales revenues declined from $27,691,479 for H1, 2007 to $24,257,138 for H1 2008. The reduction was as a result of lower average sales prices and a higher Canadian dollar (US$1.005 compared to US $0.8667) which more than offset the increase in MTUs sold.

	For the three months ended		For the six months ended	
	31-Mar-08	**31-Mar-07**	**31-Mar-08**	**31-Mar-07**
Sales Units				
Concentrate Sales mtus	58,840	60,160	120,304	122,692
APT Sales mtus	6,632	-	6,632	-
Total mtus sold	65,472	60,160	126,936	122,692
Revenues $ Cdn	$	$	$	$
Concentrate Sales $ Cdn	11,052,065	13,949,839	22,837,947	27,691,479
APT Sales $ Cdn	1,419,191	-	1,419,191	-
Total Sales Revenues $Cdn	12,471,256	13,949,839	24,257,138	27,691,479
Revenues $ US	$	$	$	$
Concentrate Sales $ US	11,021,541	11,907,651	22,973,989	24,000,985
APT Sales $ US	1,403,566	-	1,403,566	-
Total Sales Revenues $US	12,425,108	11,907,651	24,377,555	24,000,985
$US foreign exchange rate	0.9963	0.8536	1.0050	0.8667
APT (net) sales price $US	$ 211.63	$ -	$ 211.63	$ -
Concentrates sales price $US	$ 187.31	$ 197.93	$ 190.97	$ 195.62

Interest income earned in Q2 2008 rose to $24,226 compared to $8,222 during Q2 2007 as a result of higher average cash balances.

Expenses

Mine operating costs were as follows:

	3 Months Ending 31-Mar-08	3 Months Ending 31-Mar-07	6 Months Ending 31-Mar-08	6 Months Ending 31-Mar-07
Operating Costs ($ 000'S)	**$**	**$**	**$**	**$**
Mining	6,240	5,682	12,128	10,876
Milling	2,077	1,962	4,033	4,608
Plant & Site Services	3,921	3,957	7,607	6,962
Site Administration	2,102	1,413	4,386	3,535
Total Operating Costs	**14,340**	**13,015**	**28,155**	**25,981**
Mtus produced	57,660	70,458	122,957	131,121
Cost per mtu	$ 248.70	$ 184.72	$ 228.98	$ 198.14
Tons Milled	95,877	82,559	190,793	174,900
Feed Grade %	0.95	1.30	0.99	1.16
Recovery %	69.46	72.30	71.58	70.82

Operating costs increased 10 percent from $13.0 million in Q2 2007 to $14.3 million in Q2 2008 primarily as a result of cost increases in fuel and labor. Operating costs were higher by 8% on a year to date basis. Unit costs of production in both Q2 and H1 were adversely impacted by the reduced production levels, as well as the higher mine operating costs.

Amortization and depreciation during Q2 2008 increased substantially to $1,249,592 from $302,415 in Q2 2007. The increase reflects higher capital expenditures at the Cantung mine, particularly for tailing impoundments in the final fiscal quarter of 2007. Amortization is based on established ore reserves and takes no account of additional tonnages that may be added to reserves in the future.

	For the three months ended March 31		For the six months ended March 31	
	2008	2007	2008	2007
GENERAL AND ADMINISTRATIVE				
Fees, wages and benefits	$ 520,373	$ 366,689	$ 964,186	$ 633,858
Consulting	46,080	31,555	57,704	78,357
Office expenses	126,618	65,713	201,382	112,886
Accounting and audit	90,931	57,000	138,931	64,500
Legal fees	9,102	22,016	30,792	54,487
Travel	38,758	22,345	55,963	52,292
Investor relations and business development	18,779	97,884	96,095	118,296
Filing fees and transfer agent fees	74,092	26,208	76,200	41,902
	$ 924,733	**$ 689,410**	**$ 1,621,253**	**$ 1,156,578**

The increase in general and administration expenses was principally due to additional salaries and fees, reflecting an upgrading of the organization and increase in management staff. Accounting and audit expenses reflected increased audit costs. Office expenses increases are attributable to increases in office rent, dues & subscriptions, communications and general office operating costs.

Stock based compensation was $ 415,446 in Q2 2008 as compared with $425,682 in Q2 2007.

The gain on disposal of mining equipment was nil in Q2 2008 compared to $39,369 in Q2 2007.

As a result of the depreciation of the Canadian dollar against the US currency in the quarter, a foreign exchange gain on US working capital of $158,373 was realized in Q2 2008 compared to a loss of $80,503 in Q2 2007.

A future income tax recovery of $622,644 was recognized in Q2 2008 following the renunciation relating to the flow through shares.

Financial Position and Liquidity

Operating Cash Flow

Cash outflow from operations before changes in non-cash working capital was $4,265,831 in Q2 2008 as compared to inflows of $732,918 during Q2 2007, a result of increased production costs and lower sales realizations. A decrease in non cash working capital items mainly lower inventories generated $877,273 of cash in Q2 2008 compared to a drain of $825,347 during Q2 2007. Cash out flows from operations after changes in non cash working capital were $3,388,558 in Q2 2008 compared to $92,429 in Q2 2007.

Investing Activities

Cantung mine capital expenditures were $304,748 in Q2 2008 compared to $1,931,184 in Q2 2007. Capital additions at the mine were primarily related to the tailings ponds, mine electrical upgrades and mill process equipment. Capital expenditures for H1 2008 were $1.40 million at the Cantung Mine including $1.10 million for tailings impoundments.

At the US pilot plant facility, capital additions and development costs totaled $93,167 for the Q1 2008 compared to $532,673 in Q2 2007 reflecting the near completion of the development process. For H1 2008 these costs total $0.60 million.

Mactung exploration and project related costs were $1,224,381 for Q2 2008 and $1.50 million for H1 2008. These were substantially increased from the 2007 periods due to the increased activity of the feasibility stage.

Under the terms of the water license and reclamation security agreement the Company posted $500,000 in cash security in November 2007.

Financing Activities

There was no equity financing during Q2 2008 whereas proceeds from the issuance of capital stock were $2,127,000 during Q2 2007. During the quarter the Company increased its overdraft facility from $1 million to $2.5 million

In April 2008, borrowings totalling $3,000,000 were made under a loan facility provided by parties unrelated to the Company. On requests for whole or partial repayment by lending parties (the "Redemption Notices"), borrowings must be repaid within 30 days following the closing of the Hunan Financing. Borrowings not so redeemed must be repaid on the anniversary of the date on which funds were advanced. Based on the ratio of one warrant/$10 redeemed, up to 300,000 warrants will be issued to lending parties upon receipt of Redemption Notices. Each warrant permits the purchase of one common share at $1.30/share for a period of two years. The interest rate on outstanding borrowings is 10% per annum.

On March 5, 2008 the Company announced a private placement of $19.4 million with Hunan Nonferrous Metals Corporation (Hunan Nonferrous) Hunan Nonferrous is the largest integrated producer of nonferrous metals, excluding aluminum, in China as measured by production volume. Its major products include tungsten, zinc, antimony and lead, and compounds, alloys and other products derived from these metals. Hunan Nonferrous controls the largest tungsten and bismuth reserves in the world and also substantial reserves of antimony.
Hunan will acquire approximately 13.4 million units of NTC at a price of $1.45 per unit on a private placement basis as part of a Strategic Alliance Agreement. This price represents a 36.7% premium to NTC's 10 day volume weighted average trading price and will raise approximately $19.4 million for development of the Mactung tungsten project in Yukon, subject to approval of the TSX Venture Exchange.
Each unit is comprised of one common share and one common share purchase warrant that will allow Hunan Nonferrous to purchase one common share at $3.00 per share for a period of 18 months from the date of closing. The warrant price represents a 183% premium over NTC's 10 day volume weighted average trading price. Upon closing of the private placement Hunan Nonferrous will own approximately 9.9% of the issued and outstanding shares of NTC. The key terms of the Strategic Alliance Agreement include:

Board Seat: Hunan will retain one board seat as long as the company maintains a minimum threshold of 9% of the issued and outstanding common shares of NTC (“Threshold Ownership”).

Pro-Rata Financing: Provided that Hunan Nonferrous maintains its Threshold Ownership prior to any new issuance of NTC common shares (or securities convertible for NTC common shares) NTC will give Hunan Nonferrous the right to purchase and match Hunan Nonferrous' beneficial ownership prior to the issuance.

Standstill: Hunan Nonferrous is subject to one year standstill period whereby Hunan Nonferrous cannot purchase any NTC common shares other than under certain pre-specified circumstances including the Pro-Rata Financing provision or with the prior consent of NTC.

Hold Period: Hunan Nonferrous will be restricted from the transfer or sale of any NTC common shares or warrants for a period of one year, except under certain pre-specified circumstances, including tendering into a takeover bid.

Right to Match on Mactung: Provided that Hunan Nonferrous maintains its Threshold Ownership of NTC common shares, if NTC intends to proceed with a transaction that will result in (a) the establishment of a separate project entity with a Third Party for the purposes of the development of the Mactung Property or (b) the financing of the development of the Mactung Property by a Third Party concurrent with committing to off-take arrangements for the Mactung Property with the same Third Party, NTC will offer Hunan the right to match the proposed Transaction on the same terms as the Third Party.

At this time there is no definitive closing date.

Cash Resources and Liquidity

At March 31, 2008, the Company had working capital of $1,609,331 compared to $7,544,202, at December 31, 2007 and $12,601,535 at September 30, 2007. The Company also has a $2.5 million credit line with a commercial bank which may be used to finance export sales. As working capital and cash flow from operations are not expected to be adequate, the Company will be required to raise additional capital for the Mactung project through feasibility and development stages as well as funds for exploration and development at Cantung (to establish and develop higher grade ore reserves).

The Company has arranged, but not yet closed, a $19.4 million equity financing with Hunan Non Ferrous. Since the end of the quarter, it has arranged and drawn down, a $3 million borrowing with a group of investors.

The Company does not use hedges or other financial derivatives.

Quarterly Earnings and Cash Flow

	2006				**2007**			**2008**
	Q3	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Quarterly Earnings and Cash Flow	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total Revenues	11,469,730	14,286,941	13,749,206	13,958,061	17,740,901	13,972,323	11,878,914	12,495,482
Net Income (loss)	(1,114,427)	607,204	(810,938)	10,798	2,627,275	(3,030,285)	(3,952,593)	(5,457,640)
Earnings (loss) per share	(0.01)	0.01	(0.01)	-	0.02	(0.03)	(0.03)	(0.04)
Cash flow from continuing operations	17,013	801,119	(127,113)	732,918	3,413,591	68,722	(2,777,510)	(4,265,831)

Outlook

For the long term, the Company expects that the development of the Mactung project will enhance the Company's position as a premier supplier of tungsten concentrates in world markets. Production from the Cantung mine may permit the Company to maintain its market share until Mactung production commences, however this will depend on the ability of the Cantung mine to increase its ore reserves through its current exploration efforts. The Cantung mine is currently experiencing a period of low grade ore supply predominately as a result of dilution related to recoveries of pillars. The Company is currently preparing plans to advance exploration and development below the 3700 working level. As reported in the news release dated January 28, 2008 diamond drilling results were encouraging. Highlights included intercepts of 88.8 ft @ 3.26% WO3; 140 ft @ 1.46% WO3; 12.3 ft @ 2.53% and 17.3 ft @ 2.90% WO3.

The feasibility study for the Mactung project has commenced in the 2008 fiscal year. Based on the completed Economic Update Study of previous feasibility estimates a 2000 tonne per day mine and mill operation may be the best option. The feasibility study is scheduled for completion in late calendar 2008.

During fiscal 2008 it is expected that engineering studies of the Minnesota pilot plant will permit the Company to plan further developments based on its new technology.

Other Information

Outstanding Share Data

As at May 22, 2008 there were 122,656,725 common shares outstanding. In addition, there were 8,818,398 stock options outstanding with exercise prices ranging between $0.12 and $1.85 per share. Share purchase warrants outstanding were 447,126 with an exercise price of $1.40 and were issued on May 29, 2007.

Critical Accounting Estimates

There are no changes to critical accounting estimates from those previously presented for September 30, 2007 in the Annual Management Discussion and Analysis dated May 22, 2008.

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.

Contractual and Other obligations

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 March 31, 2008 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. The total security posted in favour of DIAND is $7,900,000 which fulfills the security requirements of the Water License up to November 30, 2007. The amounts owing are secured against the Company's assets by way of a General Security Agreement ("GSA").

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 $15,405 per month for the first two years increasing to $15,720 per month in 2010, $16,454 per month in 2011 and $ 16,979 in 2012. Commitments under a previous office lease were cancelled.

Asset Retirement Obligation

The asset retirement obligations have been recorded as a liability at fair value. The updated estimate assuming a credit adjusted risk-free discount rate of 4.19% and an inflation factor of 2.24% effective October 1, 2006.

Opening asset retirement obligation - September 30, 2007	$	3,402,697
Total accretion during the period		85,500
Closing asset retirement obligation – March 31, 2008	$	3,488,197

Related Party Transactions

Office equipment rental and purchases during the six month period ended March 31, 2008 were $8,240 (2007 - $20,180) were transacted with an officer of the Company.

Internal Controls

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There has been no change in the Company's internal control over financial reporting during the Company's second quarter ended March 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Risks and Uncertainties

The Company is a mineral exploration and development company and it is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed elsewhere in this report. The reader should also refer to the discussion of risks contained in the Annual Information Form for the year ended September 30, 2007 which is available on SEDAR at www.sedar.com. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements

GLOSSARY OF TERMS

APT	ammonium paratungstate is an intermediate product which is one of the principal chemical forms in which tungsten is traded
concentrates	the valuable fraction of an ore that is left after waste material is removed in processing
MTU	metric tonne unit of 1 percent of a metric tonne (22.046 pounds) of contained WO3
scheelite	A brown tetragonal mineral, $CaWO_4$. It is found in pneumatolytic veins associated with quartz, and fluoresces to show a blue color. Scheelite is a mineral of tungsten
STU	short ton unit of 20lbs. WO3 contained in concentrate
Ton	equal to 2,000 pounds
Tonne	a metric unit equal to 2,204.6 pounds
Tungsten concentrates	concentrates generally containing between 40 and 75 percent WO_3
W	the elemental symbol for tungsten
WO_3	tungsten tri-oxide (containing 79.33% W) a compound of tungsten and oxygen.