NORTH AMERICAN TUNGSTEN CORPORATION LTD

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTER AND SIX MONTHS ENDED:

MARCH 31, 2010

REPORT DATED: MAY 21, 2010

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 21, 2010, and should be read in conjunction with the unaudited interim consolidated financial statements for the period ended March 31, 2010 and the audited consolidated financial statements for the year ended September 30, 2009. 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, 2010 (Q2 2010) with those of the quarter ended March 31, 2009 (Q2 2009) and for the six month period ended March 31, 2010 (H1 2010) with those of the six month period ended March 31, 2009 (H1 2009). 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.

Caution on Forward-Looking Information

Management's discussion and analysis contains 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 Company'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

BUSINESS OVERVIEW

The IMF has reported that, in 2010, world output is expected to rise about 4.5% following a contraction in 2009. Advanced economies including the United States, Europe and Japan are expected to expand by 2.25% in 2010 with growth in emerging and developing economies including Asia forecast at 6.25% during 2010-11. Policy support was essential to the recovery process; monetary policy has been expansionary supported by high degrees of liquidity with fiscal policies providing stimulus in response to the recessionary pressures.

As expected with this background, the tungsten market is improving, subject to its customary lag in timing. The MB European quotation for APT is currently US$228-232/MTU, up from US$185-210/MTU at December 31, 2009. The upward trend is expected to continue. The APT quotation has increased 13 times since mid-January.

On May 5, 2010 the Defense Logistics Agency-Defense National Stockpile Center announced a temporary suspension of the sale of tungsten "in order to assess the remaining inventory and refresh the cadre of material offered under this sales program".

Due to high fiscal 2009 year end product inventory levels, on October 18, 2009 the Cantung Mine was placed on care and maintenance. Key employees were retained to enable a quick re-start.

The high levels of inventory on hand at fiscal year end have now been depleted due to the improved demand. The Company anticipates a reopened mine at Cantung during Fiscal 2010. It is currently in advanced negotiations of supply agreements with customers and is evaluating financing options for potential mine improvements and the restart of operations.

Some specific highlights:

-Q2 2010 net losses were $2.1 million.
The gross margin on sales for Q2 2010 was $0.1 million positive. The net loss of $2.1 million for the quarter resulted primarily from care and maintenance costs, which were $1.1 million for the quarter, together with administrative and other corporate costs and a $0.3 million equity loss in TDI.

-Tungsten prices are improving rapidly in fiscal 2010.

The Metal Bulletin average monthly European quotation for APT per mtu increased 16.5% to US $230/mtu at May 20, 2010 from US $197.50/mtu at September 30, 2009. Following the economic crisis of late 2008, demand for tungsten fell, especially in the latter quarters of fiscal 2009. The Company's own inventories, including inventories of its lower grade flotation product, which had risen and had a book value of $10 million at the 2009 fiscal year end, have now sold out subsequent to the quarter end as demand for both concentrates and value added tungsten products has been high.

The average MB European free market quotation for APT was US$215/mtu for fiscal 2009, compared to a US$248/mtu average for fiscal 2008. That quotation reached its cyclical low in May 2009 at US$180/mtu.

Generally economic conditions are much improved, although still volatile. Recovery of the lagging tungsten market is taking place. In the longer term, the Company expects considerably stronger markets for its products, as the imbalance between the projected shortfall of western world mine production and growing consumption becomes more pronounced.

-Cash requirements have been met from working capital

The Company's available cash balances were $3.1 million at the end of the quarter. Cash flows in the quarter were largely from the sale of inventories and conversion of accounts receivable.

-Temporary closure of the Cantung mine

Due to increased product inventories, low sales prices and weak demand, the Cantung mine suspended operations on October 18, 2009. Our employees, western and northern Canadians who rotated on three week shifts, were given three months' notice of the lay-offs. The mine was placed into care and maintenance, with processes ready to restart the mine promptly and in an orderly way when market conditions improve. During this closure period the Company has evaluated new mining methods, power generation & heat recovery equipment and process technologies with the view of reducing operating costs, increasing productivity and reducing unit costs of output upon resumption of operations. The Company has met all of its current contractual sales obligations.

The Company is currently planning equipment and procedural changes with the objective of significantly reducing unit costs of production when the mine restarts.

-The Cantung mineral reserves have been expanded

On August 18, the Company announced the updating of the Cantung Mine's mineral reserves and filed a Technical Report on October 1, 2009 in the Company's profile at www.sedar.com. The updated probable reserves increased to 1,020,699 short tons of ore grading 1.08% WO_3 as at July 1, 2009 (See Mine Operations below). After production is taken into account, reserves increased significantly since the previous report in 2008. Together with current underground exploration initiatives, there is the prospect of an extended mine life for Cantung.

-Work on the Mactung project continues

In 2009 a summer drilling program was completed at Mactung, as the Company further defined the open pit portion of the ore body to facilitate mine planning. This completed the field work required for an updated feasibility study for the proposed 2,000 tonne per day mining operation at Mactung; a new study would include an open pit as well as an underground mine. The technical report produced in 2009, based on an initial 2,000 tpd underground mine with an 11 year life of mine, indicated that 748,000 mtus/year are planned during the initial five-year period after Mactung commences production. There is potential to expand the initial life of mine by another 17 years with open pit exploitation of near surface, lower grade mineral resources. The report projects a 23.5% internal rate of return and a pre-tax net present value discounted at 8% of $277 million or a pre-tax net present value discounted at 6% of $346 million. Operating costs are projected to be $104 per mtu. The project payback is expected to be 2.9 years based on a capital cost of $356.5 million plus a contingency of $45.6 million.

-Preparation for downstream activities continues

The Company's 43.2% owned affiliate, Tungsten Diversified Industries (TDI), is currently focusing on marketing and product development. Particular effort is being directed to lead metal substitution in sporting and military applications.

- $3,150,000 Convertible Debenture

On May 21, 2010 the Company announced that it had closed an offering of $3,150,000 in 12.5% convertible debentures. These will mature in 26 months if not previously redeemed or converted to common shares at an issue price equal to the greater of $0.18 per common share and the volume weighted average trading price for the preceding 10 trading days. The Company may redeem after 60 days provided that the issue price is not greater than $0.25 per common share.

DESCRIPTION OF BUSINESS

North American Tungsten Corporation Ltd. is engaged in tungsten mining and related activities which includes the acquisition, exploration, development and processing of ores and concentrates. The Company owns the 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 has an equity position in the TDI tungsten processing facility in Minnesota, USA.

As a result of the additional investors in TDI (formerly Tungsten Joint Venture LLC "TJV") the Company's interest was reduced from 100% to 43.2%. The remaining 56.8% is held by Tundra as to 43.2% and Queenwood as to 13.6%. The Company's interest in TDI is accounted for as equity accounted investment. TDI is producing and marketing tungsten composites which allows for immediate access to the developing lead metal replacement market.

Overall Performance

Mactung

In 2009 the Company completed the work required for an updated feasibility study for the proposed 2,000 tonne per day mining operation at Mactung. The new study would include an open pit as well as the underground mining that formed the basis of the original feasibility study published in February 2009. The summer program comprised a fill-in drilling program, geotechnical drilling to assist with open pit mine design, and additional environmental studies. The total diamond drilling, which was mainly NQ size, amounted to 9,978 m. The Company is continuing to press ahead with its program for the development of the Mactung property.

Good progress is being made. The Company has received a request for supplementary information from the Yukon Environmental and Socio-economic Assessment Board (YESAB) on the Mactung Project Proposal pursuant to the Yukon Environmental and Socio-economic Assessment Act (YESAA). This step follows the review of comments on the proposal from the public, regulatory agencies and other interested parties. Following the submission of the supplementary information by the Company, the project proposal will proceed through the Screening phase, which will include one more public comment period. This phase will result in recommendations by YESAB. The assessment process then terminates with a Final Report by YESAB. The recommendations in the Final Report will be considered by the regulatory agencies when drafting permits. Subsequent steps in the process would be the acquisition of permits from the Yukon Government regulatory authorities, including the Quartz Mining License and Type A and Type B Water Permits, followed by project construction.

The Yukon Territorial Government has issued a class IV mining land use permit (#LQ00253) to allow continuing exploration and development of the Mactung property. The permit includes road construction and underground development. The sixty three surface diamond drill holes completed in 2009 will be incorporated into a reinterpretation of the Mactung geology. This reevaluation was started with a view to updating the mineral resources and including a potential open pit in a new feasibility study.

Mine Operations

The Cantung mine, located on the western border of the Northwest Territories, is the Company's sole mining operation. Due to increased product inventories, low sales prices and weak demand, the Cantung mine suspended operations on October 18, 2009.

The mine was placed into care and maintenance, with processes ready to restart the mine promptly and in an orderly way when market conditions improve.

An updated Technical Report on the Cantung mine as of July 1, 2009 and dated August 18 was filed on Sedar and is available under the Company's profile at www.sedar.com

The updated Mineral Reserves are summarized in Table 1-1.

TABLE 1-1 CANTUNG PROBABLE MINERAL RESERVES

Zone	Tons	Grade (WO_3 %)	STU'S
West Extension	95,666	1.08	103,271
West Extension Below 3700 elv.	271,451	1.07	291,340
West Extension Below 3570 elv.	148,187	1.11	164,146
E-Zone	23,967	1.09	26,023
Main Zone Pillars	376,554	1.06	400,460
Central Flats	22,750	0.87	19,775
South Flats	45,287	1.33	60,444
PUG	30,390	1.17	35,536
Stockpile	6,447	0.73	4,706
TOTAL Probable Reserves	1,020,699	1.08	1,105,602

Notes:
1. *Mineral Reserves conform to CIM and NI43-101 requirements.*
2. *All Mineral Reserves are classified as Probable.*
3. *Mineral Reserves are estimated at a cutoff grade of 0.80% WO_3.*
4. *A minimum mining width of 15 feet was used.*

Mineral Resources for the Cantung Mine, as of July 1, 2009, are listed below in Table 1-2.

TABLE 1-2 CANTUNG INDICATED MINERAL RESOURCES

Zone	Tons	Grade (WO_3 %)	STU'S
West Extension	132,597	1.20	158,537
West Extension Below 3700 elv.	379,763	1.38	524,473
E-Zone	24,183	1.97	47,738
Main Zone Pillars	414,090	1.26	520,691
Central Flats	29,023	1.07	31,183
South Flats	40,255	1.64	66,154
PUG	479,118	1.17	562,857
Stockpile	6,447	0.73	4,706
TOTAL Indicated Resources	1,505,476	1.27	1,916,339

Notes:
1. *Mineral Resources conform to CIM and NI43-101 requirements.*
2. *Mineral Resources are estimated at a cutoff grade of 0.8% WO_3 for underground as well as Pit and Pug*
3. *All Mineral Resources are listed as INDICATED*

Sales revenues for the Q2 2010 were $3.7 million from 24,263 mtus of concentrate compared to revenues in Q2 2009 of $14.0 million from sales of 58,507 mtus of concentrate and 3,000 mtus of TBO.

Exploration Mineral Properties

Cantung General Exploration

In 2009 scheelite bearing float and strong tungsten geochemical anomalies in talus type overburden were traced part way up the east face of Dolomite Mountain about 500 meters north of the open pit, but the sampling could not be completed because of the steep terrain. The source of the anomalous tungsten appears to be in the Rabbit Kettle Formation lying near the top of the mountain. Two bedrock samples from the area contained anomalous gold concentrations in the 2,000 to 6,000 ppb range. The Company plans follow-up field work for the summer of 2010.

An application for a land use permit to allow exploration diamond drilling on the complete Cantung mine property has been made to the Mackenzie Valley Land and Water Board.

Markets and Foreign Exchange

During Q2 2010 sales revenues were adversely impacted from a higher Canadian dollar that averaged $0.9591 per US dollar compared to $0.8054 per US dollar in Q2 2009; the adverse impact of the stronger Canadian dollar when compared to the rate for Q2 2009 was approximately $0.7 million in the quarter.

The Metal Bulletin average monthly European quotation for APT per mtu increased 7.6% to US $212.50/mtu at March 31, 2010 from US $197.50/mtu at September 30, 2009. The quotation has increased thirteen times since mid January to US $230/mtu currently, as the tungsten commodity market shows signs of a continuing recovery. However, prices were still less than in the comparable 2009 periods as the average quotation for Q2 2010 was US $207/mtu compared to US $220/mtu for Q2 2009.

Sales of concentrate for Q2 2010 averaged US $146/mtu compared to US $182/mtu for Q2 2009. Average Q2 2010 concentrate sales prices as a percentage of average APT prices were 71% compared to 83% for Q2 2009 as a greater proportion of concentrate sales in the quarter was for lower priced flotation concentrates.

APT European Metal Bulletin Prices	**2005 December**	**2006 December**	**2007 December**	**2008 December**	**2009 December**	**2010 March**
Average Quarterly Prices						
APT European Free Market Average $US	$ 263	$ 252	$ 241	$ 246	$ 198	$ 207

Financial Review

The net loss for Q2 2010 was $2.1 million compared to a net loss of $0.3 million for Q2 2009; while the net loss for H1 2010 was $3.6 million, considerably less than the $4.6 million of net earnings recorded in H1, 2009.The adverse changes reflected 2010 costs relating to the shut-down and care and maintenance of the Cantung Mine, which were $1.1 million for the quarter and $2.5 million for H1, 2010 together with the recording of a $3.1 million dilution gain in Q1 2009 on the TDI transaction.

In addition, the gross margin on sales decreased in the 2010 periods due to lower sales prices and volumes, effects of the increased exchange value of the Canadian currency and a mix of sales that included more low grade concentrates in fiscal 2010. The gross margin decreased from $0.81 million in Q2 2009 to $0.13 million in Q2 2010 and was $0.97 million for H1 2010 compared to $4.56 million in H1 2009.

Minesite cost of sales was $3.5 million in Q2 2010 compared to $12.4 million in Q2 2009 and $11.5 million in H1 2010 compared to $25.5 million in H2 2009 reflecting the cessation of operations.

	3 Months Ending 31-Mar-10	3 Months Ending 31-Mar-09	6 Months Ended 31-Mar-10	6 Months Ended 31-Mar-09
Gross Margin ($ 000'S)				
Tungsten & copper sales	$ 3,738	$ 13,995	$ 13,370	$ 31,638
Minesite cost of sales	3,495	12,448	11,518	25,476
Freight, handling & conversion costs	75	602	763	1,298
Royalties	37	134	126	303
Gross Margin	**$ 131**	**$ 811**	**$ 963**	**$ 4,561**

Prices and demand for tungsten products have been rising strongly since mid January.

The Company is currently in advanced negotiations with its customers for supply agreements and evaluating financing options to fund a potential re-start of the Cantung mine. The Company's inventories, including inventories of its lower grade flotation product, which had risen to $10 million at the fiscal year end, have now been sold.

The cash drain from operating activities before changes to non-cash working capital was $1.8 million in Q2 2010 primarily due to the shutdown and related corporate costs of the Cantung mine, compared to a nominal cash drain in Q2 2009. The cash drain for H1 2010 before changes in working capital was $3.0 million compared to cash flows of $3.5 million in H1 2009. This was primarily due to the lower gross margin and shutdown/care and maintenance costs.

After taking account of working capital changes the cash flow from operating activities was $4.0 million in Q2 2010, primarily from the liquidation of inventories and accounts receivable compared to a drain of $2.1 million in Q2 2009 when product inventories were increasing. Cash flows for H1 2010 were $3.8 million compared to a drain of $1.0 million in H1 2009, also due to the liquidation of accounts receivable and inventories partly offset by the lowered gross margin and shutdown/care and maintenance costs.

Annual Information

(Annual Information $ 000,s except earnings (loss) per share)	**2009**	**2008**	**2007**
Earnings and Cash Flow			
Metal sales	$ 58,166	$ 56,025	$ 59,420
Cash flow from operating activities	(2,255)	(5,706)	3,094
Net Earnings (Loss)	936	(11,693)	(1,203)
Net Earnings (Loss) per share	0.01	(0.09)	(0.01)
Balance Sheet			
Total assets	$ 54,761	$ 53,447	$ 48,948
Total long term liabilities	5,592	4,627	4,655
Dividends			
Cash dividends declared per share	nil	nil	nil

Revenues

Sales revenues for Q2 2010 were $3.7 million from 24,263 mtus of concentrate compared to revenues in Q2 2009 of $14.0 million from sales of 58,507 mtus of concentrate and 3,000 mtus of TBO. The decrease in sales revenues resulted from the closure of the Cantung Mine as an inventory control measure. During Q2 2010 sales revenues were adversely impacted from a higher Canadian dollar of $0.9591; the adverse impact of the stronger Canadian dollar when compared to the rate for Q2 2009 was approximately $0.7 million in the quarter.

Sales revenues for the H1 2010 were $13.4 million including copper sales of $0.8 million from 66,802 mtus of concentrate and 11,131 mtus of TBO compared to revenues in H1 2009 of $31.6 million from sales of 122,779 mtus of concentrate, 4,892 mtus of APT and 3,000 mtus of TBO.

	For the three months ended		For the six months ended	
	31-Mar-10	**31-Mar-09**	**31-Mar-10**	**31-Mar-09**
Sales Units				
Concentrate Sales mtus	24,263	58,507	66,802	122,779
APT Sales mtus (delivered to customer)	-	-	-	4,892
TBO Sales mtus (delivered to customer)	-	3,000	11,131	3,000
Total mtus sold	24,263	61,507	77,933	130,671
Conversion Losses				
APT mtus	-	-	-	484
TBO mtus	-	160	86	160
Total Conversion Losses	-	160	86	644
Total Shipments	24,263	61,667	78,019	131,315
Revenues $ Cdn	**($000s)**	**($000s)**	**($000s)**	**($000s)**
Concentrate Sales $ Cdn	3,702	13,198	10,505	29,347
APT Sales $ Cdn	-	-	-	1,474
TBO Sales $ Cdn	36	798	2,113	798
Total Sales Revenues $Cdn	3,738	13,996	12,618	31,619
Revenues $ US	**($000s)**	**($000s)**	**($000s)**	**($000s)**
Concentrate Sales $ US	3,550	10,634	9,993	24,020
APT Sales $ US	-	-	-	1,216
TBO Sales $ US	35	638	2,003	638
Total Sales Revenues $US	3,585	11,272	11,996	25,874
$US foreign exchange rate	0.9591	0.8054	0.9507	0.8183
Concentrates sales price $US	$ 146.31	$ 181.76	$ 149.59	$ 195.64
Average European APT Prices	**$ 206.84**	**$ 220.00**	**$ 202.17**	**$ 232.86**
Concentrate sales price as a % of average APT pricing	**70.74%**	**82.62%**	**73.99%**	**84.01%**

Interest income earned in Q2 2010 was $1 thousand compared to $24 thousand during Q2 2009 reflecting significantly reduced average cash balances coupled with lower deposit interest rates on general operating funds and on funds held in escrow.

Cost of Production

Mine operating costs were as follows:

	3 Months Ending 31-Mar-10	3 Months Ending 31-Mar-09	6 Months Ended 31-Mar-10	6 Months Ended 31-Mar-09
Operating Costs ($ 000'S)	**$**	**$**	**$**	**$**
Mining	39	6,262	873	13,038
Milling	113	2,241	640	4,637
Plant & Site Services	379	3,235	1,366	6,836
Site Administration	570	2,667	1,416	5,216
Care & Maintenance Costs	(1,102)	-	(2,458)	-
Operating Costs	**-**	**14,405**	**1,837**	**29,727**
Inventory Change & Adjustments	3,495	(1,957)	9,680	(4,251)
Cost Of Sales	**3,495**	**12,448**	**11,518**	**25,476**
Mtus produced	-	74,206	12,263	154,184
Cost per mtu	$ -	$ 194.11	$ 149.82	$ 192.80
Tons Milled	-	96,190	21,421	196,797
Feed Grade %	-	1.11	0.92	1.14
Recovery %	-	76.54	69.00	75.53

Mine shutdown costs were $1.1 million in Q2 2010 compared to nil in Q2 2009 operating costs (net of care and maintenance costs of $2.5 million) were $1.8 million in H1 2010 compared to $29.7 million in H1 2009 reflecting a partial quarter of operations in Q1 2010.

Other Expenses

Due to closure of mining operations, amortization and depreciation decreased to $0.11 million in Q2 2010 from $1.20 million in Q2 2009 and $0.34 million in H1 2010 compared to $2.4 million in H1 2009.

	3 Months Ending 31-Mar-10	3 Months Ending 31-Mar-09	6 Months Ended 31-Mar-10	6 Months Ended 31-Mar-09
GENERAL AND ADMINISTRATIVE ($000's)				
Fees, wages and benefits	$ 313	$ 478	$ 609	$ 954
Office expenses	120	193	211	306
Accounting and audit	38	53	74	108
Legal fees	40	52	40	99
Investor relations, travel and business development	75	54	131	127
Consulting	7	-	30	19
Filing fees and transfer agent fees	19	25	19	28
	$ 612	$ 855	$ 1,114	$ 1,641

The decrease in general and administration expenses for Q2 2010 compared to Q2 2009 was principally due to reductions in salaries and benefits reflecting cost reduction initiatives and decreases in management staff levels. Accounting and audit and legal expenses were reduced in the period. Travel for investor relations purposes and business development activities increased to $75 thousand from $54 thousand.

Stock based compensation was $41 thousand in Q2 2010 compared to $39 thousand in Q2 2009 and $55 thousand for H1 2010 compared to $76 thousand in H1 2009.

Exploration Expense

During the quarter no significant exploration expenditures were incurred.

Dilution Gain & Equity Loss

In December 2008, the Company finalized an agreement with TPT and Queenwood to invest in TDI. The Company also entered into a supply agreement with TDI to supply concentrates and or APT and Tungsten Blue Oxide from its Cantung mine and Mactung mine should Mactung be brought into commercial production. Pricing for these products is market based. Queenwood invested US$2.5 million to purchase its interest in TDI. TDI will produce and market tungsten composites which will allow for immediate access to the developing lead metal replacement market.

As a result of the additional investments in TDI the Company's interest was reduced from 100% to 43.2%. The remaining 56.8% is held by TPT as to 43.2% and Queenwood as to 13.6%. The Company's interest in Tungsten Diversified Industries is now accounted for as equity accounted investment.

The Company accounts for its investment in TDI under the equity method. TDI's current quarter losses amounted to $0.64 million of which the Company's 43.2% share is $0.28 million. The current carrying value of the TDI investment is $6.7 million.

Financial Position and Liquidity

The Company had cash flow from operating activities of $4.0 million in Q2 2010 compared to a cash drain of $2.1 million in Q2 2009. In H1 2010 cash flow from operating activities was $3.8 million compared to a cash drain of $1.0 million in H1 2009. In H1 2010 funds of $3.0 million were realized from a private placement of shares and borrowings available under a bank line of credit were reduced by $3.6 million. Available cash balances were $3.1 million at March 31, 2010 compared to $1.3 million at September 30, 2009. The Company's cash flows and financial position are discussed below.

Operating Cash Flow

The gross margin from the Company's mining operations was $ 0.1 million positive in Q2 2010 compared to positive $0.8 million in Q2 2009. The gross margin for H1 2010 was $1.0 million compared to $4.6 million for H1 2009 reflecting significantly reduced average selling prices, lower sales volumes and unfavorable exchange rates.

Due to downsizing during care and maintenance and cost reduction efforts, general and administrative costs decreased to $0.6 million from $0.9 million in Q2 2009 and to $1.1 million in H1 2010 from $1.6 million in H1 2009.

Adverse factors included $1.1 million in mine care & maintenance costs for the quarter and $2.5 million for H1. However interest and financing costs decreased to $0.1 million in Q2 2010 compared to $0.2 million in Q2 2009 as a result of the elimination of the convertible debenture and loan facility.

Appreciation of the Canadian dollar against US currency resulted in a net loss of $75 thousand in Q2 2010 compared to a net gain of $79 thousand in Q2 2009; the net loss for H1 2010 was $119 thousand compared to a net gain of $344 thousand in H1 2009.

After adjustment for changes in working capital, operating cash flows for Q2 2010 were $4.0 million compared to negative $2.1 million in Q2 2009. The cash flow due to changes in working capital was $5.8 million in Q2 2010 mainly as a result of the decrease in inventory levels and decreases in accounts receivable offset by decreases in accounts payable. Cash flows were $3.8 million in H1 2010 compared to a cash drain of $1.0 million in H1 2009.

Investing Activities

Mactung exploration and project related costs were $0.5 million for Q2 2010 compared to $0.3 million in Q2 2009 as the Company continues to advance the project.

Reflecting the temporary cessation of operations, capital outlays at Cantung in Q2 2010 were reduced to $0.1 million compared to capital outlays in Q2 2009 of $1.1 million; outlays for H1 2010 were $0.5 million compared to $2.4 million in H1 2009.

Financing Activities

There were no significant financing activities in Q2 2010, during the H1 the Company completed a $3.1 million non-brokered private placement of 20,433,333 shares, decreased bank borrowings from $5.9 million to $2.3 million and discharged approximately $0.3 million in existing lease obligations.

Subsequent to the quarter end on May 21, 2010 the Company announced that it had closed an offering of $3,150,000 12.5% convertible debentures. These will mature in 26 months if not previously redeemed or converted to common shares at an issue price equal to the greater of $0.18 per common share and the volume weighted average trading price for the preceding 10 trading days. The Company may redeem after 60 days provided that the issue price is not greater than $0.25 per common share.

Bank Loan and Other Credit Facilities:

Effective June 29, 2009 the Company renewed and increased its credit facilities with HSBC (the “Bank”) as follows:

Demand Operating Loan of $6.0 million

The loan is to be used to finance working capital requirements of the Company as supported by the Accounts Receivable Insurance and Foreign Inventory Guarantee Program of Export Development Canada (“EDC”). The loan carries an interest rate of bank prime + 2% per annum.

The margin requirements under this facility are as follows:
90% of acceptable receivables insured by EDC under its Accounts Receivable Insurance Program; plus
The lesser of 50% of acceptable inventory and $3 million; plus
100% of cash or term deposits pledged with the Bank in Canadian or US dollars, up to a maximum amount of $1.0 million; less the value of priority claims.

First demand non-revolving Equipment Loan of $231 thousand

This loan has been fully advanced, continues to be repaid in equal monthly installments of principal and interest on the last day of each month based on the interest rate of Bank’s prime rate + 2.25% per annum and an amortization period of 5 years.

Second demand non-revolving Equipment Loan of $198 thousand

This loan has been fully advanced, continues to be repaid in equal monthly installments of principal and interest on the last day of each month based on the interest rate of Bank’s prime rate + 1.75% per annum and an amortization period of 5 years.

Third demand non-revolving Equipment Loan of $500 thousand

The purpose of the loan is to assist in financing the acquisition by the Company of various items of equipment used in the Company’s business. The loan is available by way of a direct advance made available only to the extent that such advance:

(i) does not exceed 75% of the purchase price of any new piece of equipment pursuant to the purchase agreement or invoice relating thereto; and (ii) does not exceed 60% of the current market value/appraised value of any used piece of equipment. As of September 30, 2009, $232 thousand of the $500 thousand loan has been advanced. The amounts owing are repaid in equal monthly installments of principal and interest on the last day of each month, based on an interest rate of Bank's prime rate + 1.75% per annum and an amortization period of 5 years.

$10 million demand revolving line (the "Foreign Exchange Loan")

The purpose of the Foreign Exchange Loan is to purchase foreign exchange forward contracts (the "F/X Contracts") for major currencies indentified by the Bank in order to hedge against currency fluctuations in connection with the Company's operations.

The Foreign Exchange Loan is available and is guaranteed by EDC under the Foreign Exchange Guarantee Program in the amount of $2.6 million.

The Foreign Exchange Loan is payable on demand unless and until otherwise demanded, the contracts are to be fulfilled by the Company as they fall due.

The credit facilities are subject to periodic review by the Bank not less than annually. A review of the facilities commenced during January, 2010.

Cash Resources and Liquidity

At March 31, 2010, the Company had net current assets of $1.1 million compared to $2.3 million at September 30, 2009. Working capital included cash and cash equivalents of $3.1 million, up from $1.3 million at September 30, 2009.The Company's ability to continue its operations in the normal course of business, develop its Mactung property, discharge its liabilities and realize the carrying value of its assets is dependent upon its ability to secure additional funding and achieve or sustain profitable operations. Management is exploring all available options to secure additional funding including equity and debt financing and strategic partnerships. It is not possible to determine with any certainty the success and adequacy of these initiatives. During the H1 a $3.1 million equity placement has been completed and substantially all amounts of concentrates and intermediate product inventories have been sold under contract or on a spot basis.

Quarterly Earnings and Cash Flow

	2008		2009				2010	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Quarterly Earnings and Cash Flow	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**
Total Revenues	15,432	16,336	17,643	13,995	14,962	11,566	9,632	3,738
Net earnings (loss)	(1,341)	(942)	4,918	(318)	(815)	(2,849)	(1,497)	(2,110)
Income (Loss) per share	(0.01)	(0.01)	0.04	-	(0.01)	(0.02)	(0.01)	(0.01)
Cash flow from continuing operations before changes in non-cash working capital	1	978	3,540	(5)	(459)	635	(1,207)	(1,777)

Outlook

World economies are positioned for further recovery at varying speeds across regions. The International Monetary Fund (IMF) predicts that in 2010, world output is expected to rise about 4.5% following a contraction in 2009. Advanced economies including the United States, Europe and Japan are expected to expand by 2.25% in 2010 with growth in emerging and developing economies including Asia forecast at 6.25% during 2010-11. Policy support was essential to the recovery process; monetary policy has been expansionary supported by high degrees of liquidity with fiscal policies providing stimulus in response to the recessionary pressures. Past financial sector failures must be remedied to sustain the current fragile recovery. The Company expects that with improving economic conditions, strengthening commodity prices and re-stocking by manufacturers will continue to drive the recovery in tungsten demand and prices. The market is currently improving following a cyclical low as Metal Bulletin European APT mid prices have now climbed to US $227.50/mtu up from US $197.50 per mtu at September 30, 2009. The current tungsten spot market is active; subsequent to the quarter end the Company has sold its remaining inventories.

The Company is currently in discussions with customers for potential off-take agreements later in 2010. The Company during this temporary closure has evaluated its mining methods, tested new mill process technologies for tungsten and copper recoveries, and is evaluating new capital equipment with the view of enhancing productivity and reducing operating and unit costs.

Cantung Mine

The Cantung Mine will remain on care and maintenance until tungsten commodity prices increase to economic levels and the Company is able to secure off-take agreements for substantially all tungsten and copper production.

Financing

Debt repayment and working capital requirements for 2010 will be met in part from cash on hand and cash flows from the sale of inventories. Additional debt and or equity financings will be required to fully discharge existing liabilities and to facilitate the re-start of the Cantung Mine when market conditions improve.

In the longer term, bearing in mind the low level of western mine production versus consumption, tungsten markets are expected to strengthen considerably and should provide a firm basis for the Company's mining operations.

The Company expects that the development of the Mactung project will enhance the Company's position as a leading supplier of tungsten concentrate. Production from the Cantung mine, when resumed, may permit the Company to maintain its position in the market until Mactung production commences; however this will depend on the ability of the Cantung mine to increase its ore reserves through its current underground and surface exploration efforts.

Through its interest in TDI the Company will participate in the development, manufacture and sales of tungsten related composite materials.

Other Information

Outstanding Share Data

As at March 31, 2010 there were 189,290,058 common shares outstanding. On November 27, 2009 the Company completed a $3.1 million non-brokered private placement of 20,433,333 shares.

As at March 31, 2010 there were 5,811,701 stock options outstanding with exercise prices ranging between $0.15 and $1.76 per share. During Q2 2010 2,300,000 stock options were granted.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (GAAP) requires management to make assumptions and estimates that affect the amounts reported in the financial statements and notes thereto. Financial results as determined by actual events could be different from those estimates. Significant areas requiring such estimates are depreciation, impairment analysis, stock based compensation, asset retirement obligations, inventory, and the composition of future income taxes. Although management believes the estimates used in preparing its financial statements are reasonable, actual results may be different from these estimates.

The significant accounting policies of North American Tungsten Corporation Ltd. are described in Note 2 of the audited financial statements. The policies which the Company believes are the most critical to assist with understanding and evaluating its reported financial results include the following:

Revenue recognition

Tungsten sales are recognized and revenues are recorded when the title transfers and the rights and obligations of ownership pass to the customer. Tungsten concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period prior to the date sale.

Copper sales are recognized and revenues are recorded at market prices when title transfers and the rights and obligations of ownership pass to the customer. Copper concentrates are sold under pricing arrangements where final prices are determined based on quoted market prices for the refined product in a period subsequent to the date of sale. Final pricing is generally determined three to four months after the date of sale. Revenues are recorded provisionally at the time of sale based on forward prices for the expected date of the final settlement. Subsequent variations in price are recognized as revenue adjustments as they occur until the price is finalized.

Valuation of long-lived assets

North American Tungsten Corporation Ltd. reviews the carrying values of its buildings and equipment on a regular basis by reference to estimates of future operating results and undiscounted net cash flows. If the carrying value of these assets exceeds estimated net recoverable amounts, a provision for impairment will be made unless the decline is temporary. No impairment charge is required at this time.

The Company capitalizes the exploration costs of mining properties to the extent that such costs are considered to be recoverable. Upon commencement of production, these costs are amortized over the life of the mine based on proven and probable reserves. Inherent in these assumptions are significant risks and uncertainties. In management's view, based on assumptions which management believes to be reasonable, a reduction in the carrying value of property, plant and equipment is not required at September 30, 2009. Changes in market conditions, reserve estimates and other assumptions used in these estimates may result in future write downs. The underlying key assumptions include; identification and development of additional Cantung reserves resulting in a five year operating mine life, a constant foreign exchange rate of US $0.95, APT commodity prices of US $232.50 in 2010, US $255 in 2011, US $280 in 2012 and US $295 for the years 2013 through 2015. Recoveries are projected at 79% for the 5 year period.

Inventories

Concentrate inventory is comprised of tungsten and copper concentrates, APT and TBO. These are valued at the lower of average cost and net realizable value. Concentrate inventory includes all direct costs incurred in production, including direct labour and materials, freight, and directly attributable overhead costs.

Ore stockpile inventory consists of stockpiled ore on the surface, and is valued at the lower of average cost and net realizable value. Ore stockpile inventory includes all directly attributable costs up to that point of production. Ore stockpile inventory excludes a small stockpile of low grade material that is currently considered uneconomic.

Supplies inventory is valued at average cost.

Asset Retirement Obligation

The amount recorded for asset retirement costs is based on estimates included in closure and remediation plans. These estimates are based on engineering studies that take account of environmental regulations. These estimates include assumptions on the rate at which costs may inflate in future periods. Actual costs and the timing of expenditures could differ from these.

The Company's total undiscounted amount of estimated cash flows required to settle the mine reclamation obligation is $4.2 million which has been discounted using credit adjusted risk free rates of 1% to 4% (2008 – 4%). The liability estimate for the mine reclamation obligation on an undiscounted basis is approximately $4.0 million.

(in thousands of dollars)	March 31, 2010	September 30, 2009
Opening balance, asset retirement obligation	$ 3,780	$ 3,577
Accretion during the year	75	182
Additions during the year	-	252
Change in estimates of future costs	-	(231)
Closing asset retirement obligation	$ 3,855	$ 3,780

New Accounting Pronouncements:

Financial Instrument Disclosures

CICA Handbook Section 3855, Disclosures has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosures. The Company adopted this standard effective October 1, 2009 and there was no impact to the financial statements as a result of this new standard.

Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855, Recognition and Measurement, has been amended to change the categories into which a debt instrument is required or permitted to be classified, change the impairment model for held-to-maturity financial assets to the incurred credit loss model in Section 3025 and require reversal of previously recognized impairment losses on available-for-sale financial assets in specified circumstances. The Company adopted this standard effective October 1, 2009 and there was no impact to the financial statements as a result of this new standard.

Business Combinations

CICA Handbook Section 1582, Business Combinations, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian equivalent to International Financial Reporting Standards (“IFRS”) IFRS 3R, Business Combinations. This standard is effective for the Company for interim and annual financial statements beginning on October 1, 2011. The Company has not yet determined the impact of the adoption of this change on its financial statements.

Consolidated Financial Statements and Non-controlling Interests

CICA Handbook Sections 1601, Consolidated Financial Statements and 1602, Non-controlling Interests replace CICA Handbook Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Section 1602 is the equivalent to the corresponding provisions of IFRS IAS 27, Consolidated and Separate Financial Statements. These standards are effective for the Company for interim and annual financial statements beginning on October 1, 2011. The Company has not yet determined the impact of the adoption of these changes on its financial statements.

Comprehensive Revaluation of Assets and Liabilities

CICA Handbook Section 1625, Comprehensive Revaluation of Assets and Liabilities, has been amended as a result of issuing Sections 1582, 1601 and 1602. The amendments are effective for the Company for its interim and annual financial statements beginning on October 1, 2011. The Company has not yet determined the impact of the adoption of these changes on its financial statements.

Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855 has been amended to clarify the application of the effective interest method after a debt instrument has been impaired and when an embedded prepayment option is separated from its host debt instrument for accounting purposes. These changes are effective for the Company for its interim and annual financial statements beginning on October 1, 2011. The Company has not yet determined the impact of the adoption of these changes on its financial statements.

Future Accounting Policies Changes

The following standards have been issued but are not yet effective for the Company

International Financial Reporting Standards

The CICA plans to converge Canadian GAAP with IFRS effective January 1, 2011. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The transition from Canadian GAAP to IFRS will be applicable in the first quarter ended December 31, 2011, when the Company will prepare both the current and comparative financial information using IFRS. The quarter ended December 31, 2010 will require the initial IFRS decision to be implemented to allow for comparability in the following year. Parallel financial statements (using Canadian GAAP and IFRS) will therefore begin in the quarter ended December 31, 2010.

Contractual and Other obligations

(in thousands of dollars)

Contractual Obligations	2010	2011	2012	2013	2014	**TOTAL**
Property leases / equipment loans & leases	$ 249	$ 514	$ 247	$ 150	$ 93	$ 1,253
Office Leases	100	208	214	0	0	522
	$ 349	$ 722	$ 461	$ 150	$ 93	$ 1,775

Water License

On January 29, 2009 the Company received notification from the Mackenzie Valley Land and Water Board of the renewal of the Company's type "A" Water License ("license"). The license was approved for a period of five (5) years commencing January 30, 2009 and expiring January 29, 2014.

The security deposit required under the Company's prior license was $7.9 million, which the Company posted a total of $3.7 million in cash and $4.2 million in the form of secured promissory notes pursuant to the Reclamation Security Agreement ("RSA"). The RSA is secured generally over the assets of the Company by way of a General Security Agreement ("GSA"). The total security posted under the Company's prior license in favour of the Department of Indian and Northern Development ("DIAND") is $7.9 million which fulfilled the security requirements of the RSA for the prior license. The Reclamation Security

Agreement provides for the cash components payable to DIAND to increase under certain events. In addition, the renewed license (issued on January 29, 2009) requires the Company to post an additional security deposit of $5.2 million over time as follows:

Within thirty days of the effective date of the license an amount of $1.3 million of security shall be posted – this amount was posted on March 1, 2009; ($100,000 in cash and $1.2 million in the form of a secured promissory note)
On July 1, 2009 an amount of $1.3 million of security shall be posted – this amount was posted on July 1, 2009 ($100,000 cash and $1.2 million in the form of a secured promissory note)
On February 1, 2010 an amount of $1.3 million shall be posted; this amount was posted on February 1, 2010 ($100,000 cash and $1.2 million in the form of a secured promissory note) and
On July 1, 2010 an amount of $1.3 million of security shall be posted.

Any security amounts owing under the license and monies owed by way of secured promissory notes are also secured by the GSA.

Negotiations are currently in progress as to the terms, form of security and cash content, if any, of the security deposit required under the January 30, 2009 license.

Any funds in excess of ultimate reclamation costs will be returned to the Company.

Related Party Transactions

An entity in which a director of the Company has an interest directly owns 13.6% of the TDI membership units and, through its interest in TPT, owns a further 8.1% of the TDI membership units. A director appointed during the period through his interest in TPT owns 35.1% of the TDI membership units.

Accounts receivable as at March 31, 2010 include $2.0 million (2009 - $0.8 million) due from TDI. Sales to TDI were $nil for the three months ended March 31, 2010 (three months ended March 31, 2009 – $0.8).

Risks and Uncertainties

The Company operates in the mining industry which is subject to numerous significant risks.

Risks associated with the Cantung mine:

After many years of operation, the Cantung mine has a limited life, unless new ore reserves can be established. There are considerable uncertainties in planning the operation of the mine in the years remaining and therefore the results that can be expected.

Global commodity prices including tungsten were subject to significant downward pressures by the current uncertain economic climate. APT prices have fallen from a 2009 monthly average high of US $253 per MTU to a current price US $227.50 per MTU a reduction of 10%.

The revenues and operations of the Cantung mine are subject to effects of tungsten price volatility; change in exchange rates, production risks and other risks inherent in the mining and metals business as described in the Company's Annual Information Form.

Risks associated with the Mactung project:

There can be no assurance that development or construction activities at the Mactung project will commence in accordance with current expectations or at all.

Risks include: uncertainty as to the grade and quantity of mineable ore reserves, and as to the capital outlays and returns on invested funds that may be expected; risks that regulatory approvals may not be granted or may be delayed; risks that adequate financing may not be available on reasonable terms; risks that a down cycle will affect metal prices including tungsten; and other risks inherent to the mining and metals business as described in the Company's Annual Information Form.

Tungsten Price Volatility

The profitability of the Company's operation is significantly affected by changes in the tungsten price. The tungsten price can fluctuate widely and is affected by numerous factors beyond the Company's control including market demand, inflation and expectations with respect to the rate of inflation, international economic and political trends, currency exchange fluctuations, fluctuations in pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of minerals, environmental protection regulations, increased competitive production from new mine developments, and adoption of efficient mining and production methods. Tungsten prices may also be affected by potential re-engineering and substitution for tungsten as a key component in manufacturing and increase in any recycling initiative.

If tungsten prices were to decline significantly or for an extended period of time, the Company might be unable to resume its operations, develop its properties, nor fulfill its obligations under its permits and licenses. As a result, the Company might lose its interest in, or be forced to sell some of its properties. A five percent change in tungsten commodity prices would have an impact on revenues of approximately Cdn $0.2 million for the quarter.

Currency Fluctuations

The Company maintains its accounts in Canadian currency and most of its costs are denominated in that currency. The Company's tungsten concentrate is sold in United States dollars and the Company is subject to fluctuations in the rates of currency exchange between United States dollars and the Canadian dollars. Due to currency fluctuations, construction, development and other costs may also be higher than the Company anticipates. The Company hedges a portion of its cash flows against currency exchange risks. A five percent change in Canadian dollar in relation to the US dollar prices would have an impact on revenues of approximately Cdn $0.2 million for the quarter.

The Company has assets in the United States and may, in future, acquire properties in other countries. Foreign operations will be subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results.

In addition Management has identified various other risk factors which are set out in detail in the Annual Information Form for the year ended September 30, 2009 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
NQ	standard "Q" wire line bit sizes. Hole (outside) diameter, mm 96; Core (inside) diameter, mm 63.5
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
TBO	tungsten blue oxide is a finely divided blue-violet crystalline powder used primarily for the production of tungsten metal powder and tungsten carbide
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
West Extension	a continuation (down dip and to the west) of the main E-Zone ore body
WO_3	Tungsten tri-oxide (containing 79.33% W) a compound of tungsten and oxygen.