NORTH AMERICAN TUNGSTEN CORPORATION LTD

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED:

JUNE 30, 2009

REPORT DATED: AUGUST 21, 2009

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 August 21, 2009, and should be read in conjunction with the unaudited interim consolidated financial statements for the period ended June 30, 2009 and the audited consolidated financial statements for the year ended September 30, 2008. This MD&A reviews the business of North American Tungsten Corporation Ltd. and compares the Company's financial results for the quarter ended June 30, 2009 (Q3 2009) with those of the quarter ended June 30, 2008 (Q3 2008) and for the nine month period ended June 30, 2009 (nine months 2009) with those of the nine month period ended June 30, 2008 (nine months 2008). 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, 2008 and for material changes that have taken place. The September 30, 2008 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

BUSINESS OVERVIEW

-Year to date net earnings were $3.8 million. The Q3 net loss was $0.8 million
The Q3 net loss was after a $1.0 million gain from the sale of the Company's interest in the Jennings/Tootsie River property. The net earnings for the 9 months included that $1.0 million, a dilution gain of $3.1 million on re-organizing Tungsten Diversified Industries LLC ("TDI"), a $1.3 million future income tax recovery and a $0.4 million equity loss in TDI. Operating performance at Cantung has improved considerably, but its operating margin fell in Q3 due to deteriorating tungsten markets.

-There have been significant, cyclical falls in tungsten prices and demand
In cyclical conditions in the past, tungsten markets have tended to lag trends in other metals. Following this pattern and the economic crisis of late calendar 2008, demand for tungsten has slackened in fiscal 2009 and was markedly lower in Q3 2009. Quoted prices for tungsten in world markets have fallen and physical demand from the spot market is low. Renewals of the Company's sales contracts have not been sought by customers who are focused on their own inventory reductions. The Company's own inventories, including inventories of its lower grade flotation product, have risen.

The average MB European free market quotation for APT was US$204/mtu for the quarter and US$223/mtu for the 9 month period, compared to a US$248/mtu average for fiscal 2008.

Generally economic conditions are now stabilizing and various metal prices have moved upwards. Recovery of the lagging tungsten market may follow, commencing when industry de-stocking ceases. In the longer term, the Company expects considerably stronger markets for its products bearing in mind the shortfall of western mine production versus consumption.

-Pressure on cash is being met with new financing and expanded bank facilities
The Company's available cash balances were low at the end of Q3, largely reflecting the build up of inventories. The Company has successfully negotiated both expanded and new credit facilities with its bankers and, since the end of the quarter, has arranged a $6.0 million placement of common shares.

-Temporary closure of the Cantung mine
Due to increased product inventories and lowered sales prices, the Cantung mine will temporarily suspend operations on October 15, 2009. It will be placed on a care and maintenance basis that will permit a prompt and orderly restart when market conditions become attractive. Sales will continue from inventories.

-Good operating results at Cantung
In Q3, production increased by 13% and cash operating costs were some 6% less as compared to Q3 2008. More ore is being extracted from the Western Extension. The development potential of the deep zone there appears promising. Approximately 400 feet of additional development remains to be driven to the deep zone ore lense at the 3610 elevation. Q3 production of 83,430 mtus was the highest since the September 2005 restart.

A surface exploration program is being undertaken at Rifle Range Creek and elsewhere in the vicinity of Cantung.

-The focus on developing the Mactung project continues
A summer drilling program is under way at Mactung, to further define the orebody and facilitate mine planning. The technical report produced earlier in the fiscal year indicated that 748,000 mtus/year will be produced during the initial 5 year period after Mactung commences production.

-Preparation for downstream activities continues
The Company's 43.2% owned affiliate, TDI, is currently focusing on marketing and product development. Particular effort is being directed to lead metal substitution, including sporting and military applications.

-The Cantung mineral reserves have been expanded
On August 18, the Company announced the updating of the Cantung Mine's mineral reserves. The updated probable reserves increase to 1,020,699 short tons of ore grading 1.08% WO3 as at July 1, 2009. When production is taken into account, reserves have increased significantly since the previous report in 2008.

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 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 has an equity position in the TDI processing facility in Minnesota, USA. The Company is the most significant producer of tungsten concentrates in North America.

The Company's focus is increasingly on the development of the Mactung property. The Company has initiated the process of environmental review by the Yukon Environmental and Socio-economic Assessment Board ("YESAB") and released Wardrop Engineering Inc.'s positive feasibility study of the project. A drilling program is currently being conducted to further delineate reserves. This follows a 2008 field program that included an in-fill drilling program, geotechnical drilling for site facilities and additional environmental studies.

In December 2008, the Company finalized an agreement with Tundra Particle Technologies, LLC and Queenwood Capital Partners LLC. Tungsten Diversified Industries LLC (TDI) has been formed. 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 has 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 reorganization of Tungsten Diversified Industries, LLC ("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 Particle Technologies, LLC ("TPT") as to 43.2% and Queenwood Capital Partners, LLC ("Queenwood") as to 13.6%. The Company's interest in Tungsten Diversified Industries is now accounted for as equity accounted investment.

As TDI issued its own equity to outside interests, a dilution gain of $3.1 million arose as a result of the difference between the Company's share of the proceeds and the Company's carrying value of the underlying equity.

Overall Performance

Mactung Project

A 2009 summer exploration drilling campaign is being conducted at Mactung to further delineate resources in the underground and open pit zones of the deposit. As well, geotechnical information will be gathered from the drilling program to refine parameters for the mine design. A total of 9,000 meters of drilling is planned.

In February 2009 the Company released the results of the feasibility study for a 2,000 tonne per day mining operation at Mactung. The Company's focus is increasingly on the development of the Mactung property. An application for project approval was initiated through YESAB with the process expected to require approximately 12 to 15 months to complete. Funding is being actively sought to continue with basic and detailed engineering of the project.

The Mactung Project is projected to produce run of mine ore at a rate of 2,000 tonnes per day from an underground operation using long hole and cut and fill mining methods. An underground primary crusher and conveyor will supply ore to a surface facility where the ore will be processed into both a premium gravity concentrate (67% WO_3) and a flotation concentrate (55% WO_3). Recovery of WO_3 will average 81.7% and the mine will produce on average 748,000 mtu's of WO_3 in concentrates during the first five years of operation.

The capital expenditure estimate is comprised of a project capital cost of CDN$356.5 million plus a contingency of CDN$45.6 million. The capital cost also includes CDN$39.6 million for underground mine equipment and development. The Company in conjunction with its consultants has submitted the documentation to start the permitting process. Funding for basic and detailed engineering is being sought and work will commence once the funding is in place. A 27 month construction period is forecast to be required to construct and commission the project. This will start once project permit approval and funding are in place. Capital payback is expected within 2.9 years of Mactung's start of operations.

For the above key parameters and assumptions, including methodology and sensitivity please refer to the 43-101 technical report filed on www.sedar.com.

The Company is currently exploring all financing and development options for the Mactung project.

Cantung Mine Operations

The Cantung mine, located on the western border of the Northwest Territories, is the Company's sole operating mine. For the quarter ending June 30, 2009, the mine produced 83,430 metric tonne units (mtus) of tungsten concentrate compared with 73,893 mtus for the quarter ended June 30, 2008. The increased tungsten production during 2009 was a result of increased grades mined in both the Main Zone and West Extension and of better mill recoveries.

Sales revenues for Q3 2009 were $15.0 million from 64,623 mtus of concentrates, 3,026 mtus of APT and 6,000 mtus of TBO, compared to revenues of $15.4 million from sales of 65,140 mtus of concentrates, 5,632 mtus of APT and 1,698 mtus of TBO in Q3 2008.

The improved production was achieved at significantly lowered operating costs in Q3. Mine operating costs were $13.1 million in Q3 2009 compared to $14.0 million in Q3 2008 and $42.9 million in nine months 2009 compared to $42.2 million in nine months 2008.

During the quarter, good results were achieved on reducing ore dilution in the main pillar zone and continuing to establish additional ore resources in the West Extension at depth. Ore supply was split evenly for the quarter between the Main Zone and West Extension with an average grade of 1.19% WO3 mined. The underground diamond drilling program continued, identifying potential new resources both above and below the 3,700 foot working level of the mine. In total 8,570 feet of exploration drilling was completed, including 1,579 feet of in-fill definition drilling.

For the quarter, long-hole stoping accounted for 81.5% of the ore mined. Cut and fill and ore from development accounted for the remaining 18.5% that was mined.

At quarter's end, the surface low grade stockpile contained 4,609 tons while the surface high grade stock-pile had 1,838 tons.

Improved recovery of WO3 to flotation concentrates has been achieved by the installation of a scheelite scavenger column cell. A larger final cleaner column cell will be installed in the copper flotation circuit to improve recoveries in this part of the circuit as well.

In the third quarter of 2009 the mill processed 100,206 tons grading 1.19% WO_3 compared with 104,489 tons grading 1.05% WO_3 in Q3 of 2008. For Q3 2009, production of concentrate (total 83,430 mtus) consisted of 60,573 mtus of gravity concentrate grading 66.7% WO3 and 22,848 mtus of flotation concentrate grading 48.9% WO_3. Recovery for the quarter averaged 77.4% compared to 74.1% in Q3 2008. Mill availability was 96.3% and average mill throughput was 47.6 tons per operating hour.

Local exploration in and around the site, but outside of the main underground Cantung Mine was started in June. Initially, geo-physical surveys have been completed to identify favourable magnetic anomalies associated with the ore limestone/chert contact with the dolomite intrusion. Follow-up diamond drilling will take place to test these anomalies for scheelite mineralization. Drilling may total up to 1,850 meters, depending upon final survey and initial diamond drilling results.

On June 29, 2009, it was announced that the Cantung Mine would temporarily cease operations effective October 15, 2009 due to increased product inventory and declining tungsten prices. The mine will be placed on a care and maintenance program that will enable a timely and cost effective return to production when market conditions improve. The Company will continue to sell product from inventory and will have sufficient material to satisfy all contractual sales obligations. The Company further plans to continue spot sales of product through early 2010. The Company intends to meet all its financial obligations while conserving cash for future growth. In addition, the Company is developing strategies for both short and long term funding.

The Cantung mineral reserves have been expanded

On August 18, the Company announced the updating of the Cantung Mine's mineral reserves. The updated probable reserves increase to 1,020,699 short tons of ore grading 1.08% WO3 as at July 1, 2009. When production is taken into account, reserves have increased significantly since the previous report in 2008.

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.*

The Company notes that some mining zone nomenclature may cause confusion for those unfamiliar with the Cantung deposits. The E-Zone refers both to the entire underground orebody, and also to the few remaining stopes that do not fit into a subzone category such as Main, South Flats, or West Extension.

The Company notes that some mining zone nomenclature may cause confusion for those unfamiliar with the Cantung deposits. The E-Zone refers both to the entire underground orebody, and also to the few remaining stopes that do not fit into a subzone category such as Main, South Flats, or West Extension.

The reserve estimate is based on the Company's forecast of a long-term base case G1 price scenario of US$205/MTU; an operating cost of $152.22 per ton milled and a cut off grade of 0.80% WO_3 for the life of mine. The Mine has operated successfully in the past, however, it should be noted that it is a relatively high cost producer, and has experienced previous shutdowns during periods of low tungsten prices. In the Company's opinion, the key risk to mine profitability lies in tungsten price sustainability and mined grades over the remaining mine life.

Other Mineral Properties

Jennings Property

During the quarter, the Company concluded an agreement to sell its remaining interest in the Jennings property (formerly known as Tootsie River) to its joint venture partner Agnico-Eagle Mines Limited ("Agnico"), for the sum of CAN$1.0 million cash. The Company would have held a 30% interest in the Jennings property after Agnico's CAN$4.0 million work commitment. The property is located on the B.C./Yukon border approximately 85 km west of Watson Lake, Yukon.

Other Properties

A geo-chemical sampling program was started on the Rifle Range Creek claims towards the end of the quarter. A hot water generator is being used to penetrate the glacier to allow soil and gravel sampling at the ice/ground contact.

Markets and Foreign Exchange

During Q3 2009 the average exchange value of the Canadian dollar strengthened against the US dollar, reducing sales realizations in Canadian funds; however the Canadian dollar was still weaker than in Q3, 2008. The average APT price for Q3 2009 was US$204 compared to $253/mtu for Q3 2008. Sales of concentrate for Q3 2009 averaged US$169/mtu compared to US$210/mtu for Q3 2008. Combined sales as a percentage of the average APT price for Q3 2009 were 85% compared to 83% for Q3 2008.

The average exchange value of the Canadian dollar, as realized for sales for Q3 2009, was US$0.85. This compared to US$0.99 for Q3 2008. The free market mid APT quotation at June 30, 2009 was US$200 per mtu.

APT European Metal Bulletin Prices	**2004 December**	**2005 December**	**2006 December**	**2007 December**	**2008 December**	**2009 June**
Average Quarterly Prices						
APT Free Market Average $US	$ 94	$ 263	$ 252	$ 241	$ 246	$ 204

Financial Review

The net loss for Q3 2009 was $0.8 million compared to a loss of $1.3 million for Q3 2008. Minesite cost of sales was $13.1 million compared to $13.7 million in Q3 2008. The gross operating margin of $0.9 million was marginally less than in Q3 2008. Reduced sales prices were offset by reduced unit cost of sales.

During the quarter the Company concluded an agreement to sell its remaining interest in the Jennings property (formerly known as Tootsie River) to its joint venture partner Agnico-Eagle Mines Limited ("Agnico"), which resulted in a gain on disposal of mineral property interests CAN$1.0 million cash.

Net earnings for the nine months, 2009 were $3.8 million including a $3.1 million dilution gain in Q1 on the TDI transaction, a $1.0 million gain on disposal of mineral property interests and a future income tax recovery of $1.3 million. This compared to a net loss of $10.8 million in nine months 2008. Operating results were significantly improved in the 2009 period. The gross margin increased to a positive $5.4 million for the nine months of 2009 from a loss of $4.6 million for the 2008 period.

Higher production and lower operating costs reduced the unit cost of production to Cdn$180.33/mtu in the nine months of 2009 from Cdn$214.30/mtu in the nine months of 2008.

For the year to date, reflecting the mix of sales, sales prices were higher in the 2009 period, averaging Cdn$225/mtu as compared to Cdn$217/mtu in the nine months of 2008.

		3 Months Ending 30-Jun-09		3 Months Ending 30-Jun-08		9 Months Ending 30-Jun-09		9 Months Ending 30-Jun-08
Gross Margin ($ 000'S)								
Tungsten & Copper Sales	$	14,962	$	15,432	$	46,600	$	39,689
Minesite cost of sales		13,082		13,687		38,558		42,396
Freight, handling & conversion costs		831		633		2,129		1,470
Royalties		142		154		445		384
Gross Margin	**$**	**907**	**$**	**958**	**$**	**5,468**	**$**	**(4,561)**

Positive factors affecting production and earnings included improvements in grade control, mill process technology and product diversification. Mill tonnage decreased slightly from 104,489 tons in Q3 2008 to 100,206 tons in Q3 2009. Mill recoveries increased from 74.12% in Q3 2008 to 77.39% in Q3 2009.

The sales of the Company's tungsten gravity concentrates have remained stable; however the demand for lower grade flotation concentrates has decreased significantly with a substantial amount held in inventories at quarter end.

Cash flow from operations before changes to non-cash working capital was a negative $0.5 million in Q3 2009 compared to nil in Q3 2008 due to higher interest and financing costs, foreign exchange losses on US dollar accounts receivable and the slightly reduced operating margin. It was $3.1 million positive for the nine months of 2009 compared to cash outflows of $7.1 million in nine months 2008 due to the significantly improved operating results at Cantung.

For the years ended September 30		**2008**		**2007**		**2006**
Earnings and Cash Flow		**($000s)**		**($000s)**		**($000s)**
Total Revenues	$	56,403	$	59,420	$	51,344
Cash flow from operations		(5,078)		3,094		(1,429)
Net Loss		(11,693)		(1,203)		(2,655)
Loss per share		(0.09)		(0.01)		(0.03)
Balance Sheet						
Total assets	$	53,447	$	48,948	$	31,853

Revenues

Total sales revenues were $15.0 million for Q3 2009 from sales of 73,649 mtus, compared to $15.4 million on sales of 72,470 mtus in Q3 2008. The effect of increased sales volumes was more than offset by lower sales prices. The combined average $US selling price was $209/mtu in Q3 2008 but fell to $172/mtu in Q3 2009. After taking account of the fall in the average realized Canadian dollar exchange rate against the US dollar, which decreased from $0.99 in Q3 2008 to $0.85 in Q3 2009, the net sales realization on concentrates sold in Q3 2009 decreased significantly to CAN$197/mtu compared to CAN$224/mtu in Q3 2008.

	For the three months ended		For the nine months ended	
	30-Jun-09	**30-Jun-08**	**30-Jun-09**	**30-Jun-08**
Sales Units				
Concentrate Sales mtus	64,623	65,140	187,402	185,443
APT Sales mtus (delivered to customer)	3,026	5,632	7,918	12,264
TBO Sales mtus (delivered to customer)	6,000	1,698	9,000	1,698
Total mtus sold	73,649	72,470	204,320	199,405
Conversion Losses				
APT mtus	300	511	784	1,108
TBO mtus	317	198	477	198
Total Conversion Losses	617	709	1,261	1,306
Total Shipments	74,266	73,179	205,581	200,711
Revenues $ Cdn	**($000s)**	**($000s)**	**($000s)**	**($000s)**
Concentrate Sales $ Cdn	12,751	13,779	42,098	36,617
APT Sales $ Cdn	770	1,274	2,244	2,694
TBO Sales $ Cdn	1,441	379	2,239	379
Total Sales Revenues $Cdn	14,962	15,432	46,581	39,689
Revenues $ US	**($000s)**	**($000s)**	**($000s)**	**($000s)**
Concentrate Sales $ US	10,905	13,666	34,925	36,640
APT Sales $ US	648	1,262	1,864	2,665
TBO Sales $ US	1,234	379	1,872	379
Total Sales Revenues $US	12,787	15,306	38,661	39,684
$US foreign exchange rate	0.8546	0.9919	0.8300	0.9999
Flot concentrate converted to APT (net) sales price $US *	$ 194.83	$ 205.42	$ 214.17	$ 199.33
Flot concentrate converted to TBO (net) sales price $US *	$ 195.35	$ 199.76	$ 197.55	$ 199.76
Concentrates sales price $US	$ 168.75	$ 209.79	$ 186.37	$ 197.58
Concentrates sales price $CDN	$ 197.31	$ 224.06	$ 224.64	$ 217.34
Combined sales price $US	$ 172.18	$ 209.16	$ 188.06	$ 197.72
Average European $US APT Prices	**$ 203.59**	**$ 253.02**	**$ 223.13**	**$ 245.77**
Combined sales price as a % of average APT pricing	**84.57%**	**82.67%**	**84.28%**	**80.45%**
* Excluding conversion costs				

Interest income earned in Q3 2009 was $0.01 million compared to $0.01 during Q3 2008 and $0.07 in nine months 2009 compared to $0.13 million in nine months 2008 reflecting variations in cash balances, interest rates and interest earned on increased funds in escrow.

Cost of Production

Mine operating costs were as follows:

		3 Months Ending 30-Jun-09		3 Months Ending 30-Jun-08		9 Months Ending 30-Jun-09		9 Months Ending 30-Jun-08
Operating Costs ($ 000'S)								
Mining	$	5,963	$	5,964	$	19,001	$	18,092
Milling		1,998		2,198		6,636		6,232
Plant & Site Services		2,866		3,653		9,702		11,261
Site Administration		2,294		2,215		7,509		6,600
Total Operating Costs		**13,121**		**14,030**		**42,848**		**42,185**
Mtus produced		83,430		73,893		237,614		196,850
Cost per mtu	$	157.27	$	189.87	$	180.33	$	214.30
Tons Milled		100,206		104,489		297,003		295,282
Feed Grade %		1.19		1.05		1.16		1.01
Recovery %		77.39		74.12		76.17		72.51

Operating costs decreased from $14.0 million in Q3 2008 to $13.1 million in Q3 2009. Fuel costs in Q3 2009 were $2.1 million compared to $3.3 million for Q3 2008 due to lower prices and improved generating efficiency. Labour costs increased slightly to $5.4 million in Q3 2009 compared to $5.1 million in Q3 2008. Production materials increased to $1.5 million in Q3 2009 up from $1.2 million in Q3 2008 primarily as a result of higher explosives and ground support costs. Contracted services decreased by approximately $0.2 million to $2.0 million in Q3 2009 compared to $2.2 million in Q3 2008 primarily as a result of reductions in haulage & drilling costs offset by higher environmental consulting costs. Unit costs decreased significantly from Cdn$189.87/mtu for Q3 2008 to Cdn$157.27/mtu for Q3 2009 as production increased to 83,430 mtus in Q3 2009 up from 73,893 mtus in Q3 2008.

Operating costs for nine months 2009 were $42.8 million compared to $42.2 million in the nine months 2008. Fuel costs in nine months 2009 were $8.6 million compared to $9.8 million for nine months 2008 due to lower prices. Labour costs increased slightly to $16.3 million in nine months 2009 compared to $15.7 million in nine months 2008. Production materials increased to $4.6 million in nine months 2009 up from $3.6 million in nine months 2008 primarily as a result of higher explosives, reagents and ground support costs. Contracted services increased by approximately $0.7 million to $6.4 million in nine months 2009 compared to $5.7 million in nine months 2008 primarily as of a result of increases relating to environmental consulting costs and drilling costs offset by reductions in haulage. Unit costs decreased significantly from Cdn$214.30/mtu for nine months 2008 to Cdn$180.33/mtu for nine months 2009 as production increased to 237,614 mtu's in nine months 2009 up from 196,850 mtu's in nine months 2008.

Other Expenses

Amortization and depreciation in Q3 2009 remained relatively constant at $1.4 million compared to $1.3 million in Q3 2008. For the nine months 2009 depreciation charges were $3.7 million compared to $3.6 million in the nine months 2008. Amortization is based on established ore reserves and does not take account of additional tonnages that may be added to reserves in future.

	For the three months ended		For the nine months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
GENERAL AND ADMINISTRATIVE (000's)				
Fees, wages and benefits	$ 410	$ 500	$ 1,364	$ 1,465
Office expenses	127	92	364	293
Accounting and audit	51	44	159	183
Legal fees	61	55	160	86
Investor relations, travel and business development	52	25	179	177
Consulting	1	46	89	103
Filing fees and transfer agent fees	31	6	59	82
	$ 733	$ 768	$ 2,374	$ 2,389

The decrease in general and administration expense was due to reduced labor costs as a result of staff reductions, salary pay reductions, and consulting costs. These were partially offset by higher office expenses and filing & transfer agent fees.

Stock based compensation was $0.01 million in Q3 2009 as compared with $0.01 million in Q3 2008. Stock based compensation was 0.09 million in the nine months 2009 as compared with $0.47 million in the nine months 2008.

The appreciation of the Canadian dollar against US currency resulted in a net gain of $0.03 million in Q3 2009. There were losses on accounts receivable in respect of concentrate sales which are all denominated in US currency, but these were offset by gains on the translation of the US denominated convertible debenture.

Dilution Gain

In December 2008, the Company finalized an agreement with Tundra Particle Technologies, LLC and Queenwood Capital Partners LLC. Tungsten Diversified Industries LLC (TDI) has been formed. 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 has 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 reorganization of Tungsten Diversified Industries, LLC (“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 Particle Technologies, LLC (“TPT”) as to 43.2% and Queenwood Capital Partners, LLC (“Queenwood”) as to 13.6%. The Company’s interest in Tungsten Diversified Industries is now accounted for as equity accounted investment.

As TDI issued its own equity to outside interests, a dilution gain of $3.1 million arose as a result of the difference between the Company’s share of the proceeds and the carrying value of the underlying equity.

Financial Position and Liquidity

The Company had negative cash flow of $ 0.4 million in Q3 2009. Available cash balances were low at the end of the quarter. The Company's cash flows and financial position, including results of steps to conserve cash and preserve liquidity are discussed below.

Operating Cash Flow

The gross margin from the Company's mining operations was $ 0.9 million positive in Q3 2009. Despite the deterioration in tungsten markets, this was close to the gross margin earned in Q3 2008 due to improved operating efficiency and cost reduction programs.

Cost reduction efforts also held general and administrative costs to $0.7 million, marginally less than in Q3 2008.

Adverse factors included a $0.2 million increase in interest and financing costs, to $0.4 million, due to higher average outstanding debt and exceptional costs in connection with a $3 million loan facility that is now repaid.

Appreciation of the Canadian dollar in the quarter resulted in losses of $0.3 million on accounts receivable denominated in US dollars. An offsetting gain on US dollar denominated debt did not affect cash flows in the quarter.

As a result, cash flows from operating activities before changes in working capital were $0.5 million negative in the quarter as compared to break-even in Q3 2008. After adjustment for changes in accounts payable and inventories in the quarter, operating cash flows were $0.3 million negative.

In the nine months period, cash flows from operating activities before changes in working capital totaled $3.1 million, an improvement of $10.1 million over the operating cash outflow in the nine months period of 2008. Substantially all of the improvement was due to the improved gross margin from mining operations. Higher interest and financing costs were largely offset by foreign exchange gains.

However, increases in inventories, accounts receivable and other working capital changes required an investment of $4.1 million. As a result, cash flow from operating activities for the nine months period was a negative $1.0 million.

Investing Activities

Mactung exploration and project related costs in Q3 2009 were $0.8 million compared to $1.6 million in Q3 2008. Mactung expenditures for nine months 2009 were $2.0 million compared to $3.1 million for nine months 2008.

Capital outlays at Cantung in the quarter included $0.4 million on the access decline to the new Western extension section of the mine, to level 3600; power generator improvements of $0.4 million; and other capital of $0.2 million; less a $0.3 million increase in related accounts payable; for a total of $0.7 million. This was an increase over the $0.5 million outlay in Q3 2008.

For the 9 months period, Cantung capital outlays were $3.3 million or considerably more than in the same period of 2008, due to expenditures on tailings facilities and the Western Extension decline.

Under the terms of the water license and reclamation security agreement the Company posted $0.5 million comprised of accrued interest of $0.1 million and $0.4 million in cash security for nine months 2009 compared to $0.5 million for nine months 2008.

The Company sold its remaining 30% working interest in the Jennings Property to Agnico-Eagle Mines Limited for $1.0 million.

Financing Activities

During the quarter the Company increased bank borrowings from $1.4 million to $4.7 million. Approximately $0.1 million in existing lease obligations were discharged in the quarter. Stock option exercises raised $0.2 million in the quarter.

Loan Facility

Effective April 18, 2009 the Company repaid $0.4 million principal on the $3.0 million loan facility; entered into an amended agreement to extend the maturity date of the remaining outstanding principal of $2.6 million till June 2, 2009; paid the lenders a $100 thousand consent fee; and increased the interest rate from 10% per annum to 20% per annum for the period commencing on April 19, 2009. The amended agreement also called for an additional consent fee of $50 thousand (paid) if the $2.6 million principal (paid) was paid on June 2, 2009.

Convertible Debenture

The US$3.0 convertible debenture was extinguished on July 31, 2009 upon payment of principal and accrued interest.

Credit Facilities

The Company has renewed and/or increased its credit facilities with HSBC (the "Bank") as follows:

Demand Operating Loan of $6.0 million (increased from $2.5 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; and if the average utilization of the operating loan is less than 75% a stand-by fee calculated at the rate of 0.25% per annum on the amount by which the authorized amount of the operating loan exceeds the amount outstanding as at the close of business of each day of that month.

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.

Electronic Funds Transfer Line ("EFT Limit") of up to $750 thousand

The EFT limit is an increase and renewal of an existing facility. All amounts outstanding under the EFT Limit are to be repaid on demand by the Bank.

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 50% of the current market value/appraised value of any used piece of equipment. When this loan is advanced the amounts owing shall be repaid in equal monthly installments of principal and interest on the last day of each month commencing on the last day of the month following the advance of the loan is made, based on an interest rate of Bank's prime rate + 1.75% per annum and amortization period of 5 years.

$10 million demand revolving line (the "Foreign Exchange Loan") **-** This facility has not been accessed to date.

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 business operation of the Company.

The Foreign Exchange Loan will be available when the Company receives a guarantee by EDC under the Foreign Exchange Guarantee Program in the minimum amount of $2.6 million.

The Company shall ensure that the Foreign Exchange Percentage (the notional risk percentage established and recorded by the Bank from time to time based on the Bank's assessment of the foreign exchange market, and which is 26% as of June 15, 2009) of the Canadian dollar equivalent of aggregate face amount of outstanding F/X Contracts at no time exceeds $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.

$2.5 million Demand Daily Debt Settlement Facility for F/X Contracts ("Debt Settlement Facility")

The purpose of the debt settlement facility is to cover settlement of the F/X Contracts from time to time under the foreign exchange loan. The Debt Settlement Facility will be available when the Company receives a guarantee by EDC under the Foreign Exchange Guarantee Program in the minimum amount of $2.6 million. All liabilities under the debt settlement facility shall be satisfied by the Company as the F/X Contracts fall due.

$25 thousand Corporate Master Card Facility - This facility has not been accessed to date.

The purpose is to permit the issuance of Corporate Master Cards to designated officers or senior employees of the Company and to be used solely for corporate purposes.

SECURITY

The Company granted the Bank the following security:

A general security agreement has been granted in favour of the Bank, creating a first fixed charge and security interest over all present and after acquired personal property of the Company and a floating charge over land;
First ranking general assignment of book debts in favour of the Bank creating a first priority assignment of all the Company's debts and accounts;
First ranking security from the Company in favour of the Bank under Section 427 of the Bank Act (Canada) (the "Bank Act") including all supporting and ancillary forms of the Bank creating a first priority charge on the Company's inventory;
A Trade Finance Agreement relating to Goods;
Assignment or endorsement by the Company of the Bank of all risk insurance (including extended coverage endorsement) in amounts and from an insurer acceptable to the Bank, on all of the real and personal property including, without limitation, lands, buildings, equipment and inventory owned by the Company, such policy includes lost profit and public liability insurance;
Guarantee by EDC under the Exporter Guarantee Program with respect to the First Equipment Loan;
Chattel mortgage creating a first fixed and specific charge and security interest over the equipment with respect to the Second Equipment Loan;
Security Agreement creating a first fixed and specific charge and security interest over any piece of equipment which is acquired by the Company using the proceeds of the Third Equipment Loan;
Security over cash, credit balances and deposit instruments in the amount of $1.0 million;

COVENANTS AND CONDITIONS OF CREDIT

As long as the Company is indebted to the Bank it shall not without the consent of the Bank:

Permit its ratio of debt to tangible net worth at any time to exceed 2.5:1;
Permit the ratio of consolidated current assets to current liabilities of the Company to at any time be less than 1.1 to 1. The Company has acknowledged a breach of this ratio; however, the Bank has agreed that the outstanding amount of the US$3 million convertible debentures be excluded from current liabilities until its maturity in September, 2009. The bank has agreed to forebear from taking steps to act on the past and future default so long as:

- The ratio is achieved by the first fiscal quarter commencing October 1, 2009;
- The ratio is at no time less than 1 to 1; and
- There is, in the opinion of the Bank, no further deterioration in the financial condition of the Company

The credit facilities are subject to periodic review by the Bank not less than annually. The next annual review shall take place no later than January 31, 2010.

Issuance of Capital Stock

The Company issued 2,030,000 common shares on the exercise of stock options for proceeds of $0.2 million in Q3 2009. Subsequent to June 30, 2009, the Company issued 40,000,000 common shares pursuant to a private placement for proceeds of Cdn$6.0 million.

Cash Resources and Liquidity

At June 30, 2009, the Company had net current assets of negative $0.2 million compared to $0.7 million positive at September 30, 2008. Working capital included cash and cash equivalents of $2.6 million, down from $9.5 million at September 30, 2008. Of the $2.6 million cash and equivalents balance, $2.4 million represents funds restricted to eligible Canadian exploration expenditures to be expended by December 31, 2009.

The Company's ability to attain and maintain profitable operations at Cantung, 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 finance and the sale of excess tungsten concentrate inventory. The Company is currently in negotiations concerning additional finance. It is not possible to determine with any certainty the success or adequacy of these initiatives. Since the end of the quarter a $6.0 million equity placement has been completed and bank facilities have been improved and expanded.

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 has been 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; 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 process as to the terms, form of security and cash content, if any, of the security deposit. Negotiations are with Indian and Northern Affairs Canada, which has jurisdiction and to whose benefit the deposits are to be posted.

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

The Company currently does not use hedges.

July 31, 2009 Financing

On July 31, 2009 the Company closed a Private Placement of 40,000,000 common shares exercisable at $0.15 per share with insiders and private investors for gross proceeds of CDN$6.0 million. A director of the Company participated in the private placement as to 10,000,000 common shares and an entity in which a director has an interest participated as to 15,325,670 common shares.

On July 31, 2009 the Convertible Debenture was repaid and canceled.

Quarterly Earnings and Cash Flow

	2007	2008				2009		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Quarterly Earnings and Cash Flow	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**
Total Revenues	13,972	11,879	12,495	15,442	16,587	17,643	13,995	14,962
Net earnings (loss)	(3,030)	(3,953)	(5,458)	(1,341)	(942)	4,918	(318)	(815)
Loss per share	(0.03)	(0.03)	(0.04)	(0.01)	(0.01)	0.04	-	(0.01)
Cash flow from continuing operations	4,211	(2,778)	(4,266)	1	978	3,540	(5)	(459)

Outlook

The Company expects that improving economic conditions, strengthening commodity prices and re-stocking by manufacturers will eventually lead to a recovery in tungsten demand and prices. Current conditions represent a cyclical low. In the longer term, bearing in mind the low level of western mine production versus consumption, tungsten markets should be strong and should provide a firm basis for the Company's mining operations.

For the long term, 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.

The Company continues to develop additional value added initiatives through the use of tolling arrangements to APT and Tungsten Blue Oxide.

Through its interest in Tungsten Diversified Industries, LLC the Company will participate in the development, manufacture and sales of tungsten related composite materials.

Other Information

Outstanding Share Data

As at August 21, 2009 there were 168,856,725 common shares outstanding. On July 24, 2009 the Company announced that it had negotiated a Private Placement of 40,000,000 common shares exercisable at $0.15 per share with insiders and private investors for gross proceeds of CDN$6.0 million. The proceeds of the private placement were used to repay the US$3.0 million convertible debenture and balance of funds for working capital

There were 6,010,034 stock options outstanding with exercise prices ranging between $0.23 and $1.76 per share. During Q3 2009 641,666 stock options were cancelled and 2,030,000 stock options were exercised. Share purchase warrants outstanding were 250,200 with an exercise price of $1.20 and were issued on August 7, 2008; these warrants expired on August 7, 2009.

.

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 are described in Note 2 of the audited financial statements. The policies which NATC believes are the most critical to assist with understanding and evaluating its reported financial results include the following:

Revenue recognition

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

Valuation of long-lived assets

North American Tungsten 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.

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, 2008. Changes in market conditions, reserve estimates and other assumptions used in these estimates may result in future write downs.

Inventories

Concentrate inventory is comprised of tungsten concentrate, and is 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.

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.

New Accounting Pronouncements:

Effective October 1, 2008 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.

Section 3064 - Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, “Goodwill and Intangible Assets”, which replaces Section 3062, “Goodwill and Other Intangible Assets” and Section 3450 “Research and Development”. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company adopted this standard effective October 1, 2008 and there was no impact to the financial statements as a result of this new standard.

Section 3031 - Inventories

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formula that is used to assign costs to inventories.

Future Accounting Policies Changes

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

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the transition date for publicly listed companies to use IFRS, which will replace Canadian GAAP. The effective date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended

September 30, 2011. While we have begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Contractual and Other obligations

(in thousands of dollars)	Payments due in years ended September 30,					
Contractual Obligations	2009	2010	2011	2012	2013	TOTAL
Property leases, equipment loans & leases	$ 103	$ 461	$ 466	$ 196	$ 96	$ 1,322
Loan & debenture repayment	3,473	-	-	-	-	$ 3,473
Office Leases**	50	203	207	204	-	$ 664
	$ 3,626	$ 664	$ 673	$ 400	$ 96	$ 5,459

* - For obligations on the Water License - See Below

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 has been 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; 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 process as to the terms, form of security and cash content, if any, of the security deposit. Negotiations are with Indian and Northern Affairs Canada, which has jurisdiction and to whose benefit the deposits are to be posted.

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

As a result of previous 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. This estimate assumes a credit adjusted risk-free discount rate of 4.19% in 2007 and an inflation factor of 2.24%. The liability estimate for retirement and remediation on an undiscounted basis is approximately $3.9 million.

		($000s)
Opening asset retirement obligation - September 30, 2008	$	3,577
Total accretion during the period		136
Closing asset retirement obligation – June 30, 2009	$	3,713

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. This entity is also a holder of US$2 million Convertible Debenture issued by the Company. The Convertible Debenture was issued prior to this individual becoming a director of the Company.

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 very limited mine 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.

Production was on target in nine months 2009. There is no assurance that the mine will be able to meet operating and cost targets in the future.

Global commodity prices including tungsten are subject to significant downward pressures in the current uncertain economic climate. APT prices have fallen from a 2008 monthly high of US $256 per MTU to a current price US $190 per MTU a reduction of 26%.

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:

The Mactung project is at an early stage and there can be no assurance that development or construction activities will commence in accordance with current expectations.

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 continue its operations, develop its properties, or 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 $3.1 million per annum.

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 does not hedge against currency exchange risks, although it may do so from time to time in the future. A five percent change in Canadian dollar in relation to the US dollar prices would have an impact on revenues of approximately Cdn $3.1 million per annum.

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, 2008 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
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.