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INTERIM MANAGEMENT DISCUSSION AND ANALYSIS Q3 2015

North American Tungsten Corporation Ltd. (the "Company") is engaged in tungsten mining and related activities including acquisition, exploration, development and processing of ore and concentrates. The Company owns the Cantung mine in the Northwest Territories; the Mactung mineral property on the border of Yukon and the Northwest Territories; and other tungsten exploration prospects. As of June 9, 2015 the Company obtained an order of court providing protection under the Companies' Creditors Arrangement Act ("CCAA"). The order has since been extended and continues in force.

This discussion and analysis of financial position and results of operations of the Company, the Management Discussion and Analysis ("MD&A"), is prepared as of August 28, 2015. This MD&A reviews the business of the Company and compares the Company's financial results for the quarter ended June 30, 2015 (Q3 2015) with those of the quarter ended June 30, 2014 (Q3 2014) and the nine months ended June 30, 2015 with those of the nine months ended June 30, 2014.

This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2014. The September 30, 2014 consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Note 2 of the consolidated financial statements for the year ended September 30, 2014 discloses a summary of the Company's significant accounting policies.

All dollar ($) figures in tables are in thousands of Canadian ("CDN") dollars unless otherwise specified (except per share, option prices, warrant prices and per unit information). The Company's presentation and functional currency is the CDN dollar.

Additional information relating to the Company is available on SEDAR at www.sedar.com. The Company's common shares trade under the symbol NTC on the TSX Venture Exchange ("TSX-V").

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

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OVERVIEW

The Company is one of the most significant tungsten miners outside of China. In November 2014 the Company filed a National Instrument 43-101 ("NI43-101") technical report for the Cantung mine which reported probable mineral reserves of 1.82 million tons and extended the life of mine beyond 2017 assuming normal operations. In addition, the Mactung project which received an important environmental approval in September 2014, when developed, would become a major world supplier of tungsten concentrates.

Companies' Creditors Arrangement Act ("CCAA") proceedings

On June 9, 2015, the Company sought creditor protection in order to financially restructure the Company under CCAA. The Supreme Court of British Columbia (the "Court") issued an initial order granting the Company's application for creditor protection for an initial period of thirty days. The need to restructure under CCAA was attributable to a number of factors including the continuation of low prevailing market prices of tungsten, high debt service payments, insufficient capitalization and operational issues.

With the factors noted above and the pending increase in reclamation security deposit by the Government of the Northwest Territories ("GNWT") from $11.7 million to $30.9 million, continued financial support from related party lenders was no longer available.

Alvarez & Marsal Canada Inc. (the "Monitor") has been appointed by the Court as monitor in the CCAA proceedings and will be responsible for reviewing the Company's ongoing operations, liaising with creditors and other stakeholders and reporting to the Court.

On July 9, 2015, the Company entered into a $2.5 million interim financing with Callidus Capital Corporation ("Callidus") which was approved by the Court. Under the terms of the interim facility, Callidus has agreed to lend the Company $2.5 million which is to be drawn down in accordance with the Company's cash flow projection that was provided to Callidus and the Court. The interest rate for the interim facility is 21% per annum, subject to an additional 2% default interest rate. The interim facility will mature on the earlier of November 15, 2015 and the end of the stay of proceedings pursuant to the initial order under CCAA. The interim facility is secured by a first-ranking super priority charge against all assets of the Company. The Company has drawn the full amount under the interim financing.

The Court also approved a forbearance agreement between the Company and Callidus pursuant to which the Company has agreed to continue to make payments to Callidus in respect of its existing loans and other covenants in return for Callidus forbearing from exercising its right and remedies under its existing loans. Subsequent to June 30, 2015 the Company has paid $0.9 million to Callidus under the forbearance agreement.

On July 9, 2015, the Company obtained an order from the Court extending the period of the stay of proceedings against the Company under CCAA up to and including July 17, 2015.

On July 17, 2015, the Company commenced a Sale and Investor Solicitation Process ("SISP") which was approved by an order of the Court. At the same time, the Court extended the stay and other relief under CCAA to October 31, 2015. The extension and protection under CCAA will allow the Company to continue with its current operating plan while inviting offers of purchase of the Company's assets, property and business or for an investment in the Company. The Monitor will oversee the sale and investment process. Alvarez & Marsal Canada Securities ULC is soliciting offers of purchase or investment on the Company's behalf. Any offers which the Company decides to accept will be subject to Court approval.

On August 20, 2015, the Company executed a $2.5 million accounts receivable credit facility ("AR Facility") with Callidus which was approved by an order of the Court. Callidus will provide a revolving interim facility based upon the accounts receivable owed by a customer. Advances will be made within 5 days of invoicing and proof of shipment. Payments by the customer will be made to a designated blocked account within 30 days of invoicing and shall be swept by Callidus upon receipt and applied against the balance of the AR Facility. The AR Facility bears interest at 21% per annum. The AR Facility is secured by a first-ranking super priority charge against all assets of the Company.

The creditor protection proceedings provide the Company with a period of time to stabilize its operations and financial condition and develop a comprehensive restructuring plan. Management believe that these actions make the going concern basis appropriate. However, it is not possible to predict the outcome of the creditor protection proceedings and accordingly significant doubt exists as to whether the actions taken in any restructuring will result in improvements to the financial condition sufficient to allow the Company to continue as a going concern. If a restructuring plan is not approved and the Company fails to emerge from the creditor protection proceedings, the Company could be forced into bankruptcy resulting in the liquidation of the Company's assets.

Current operations

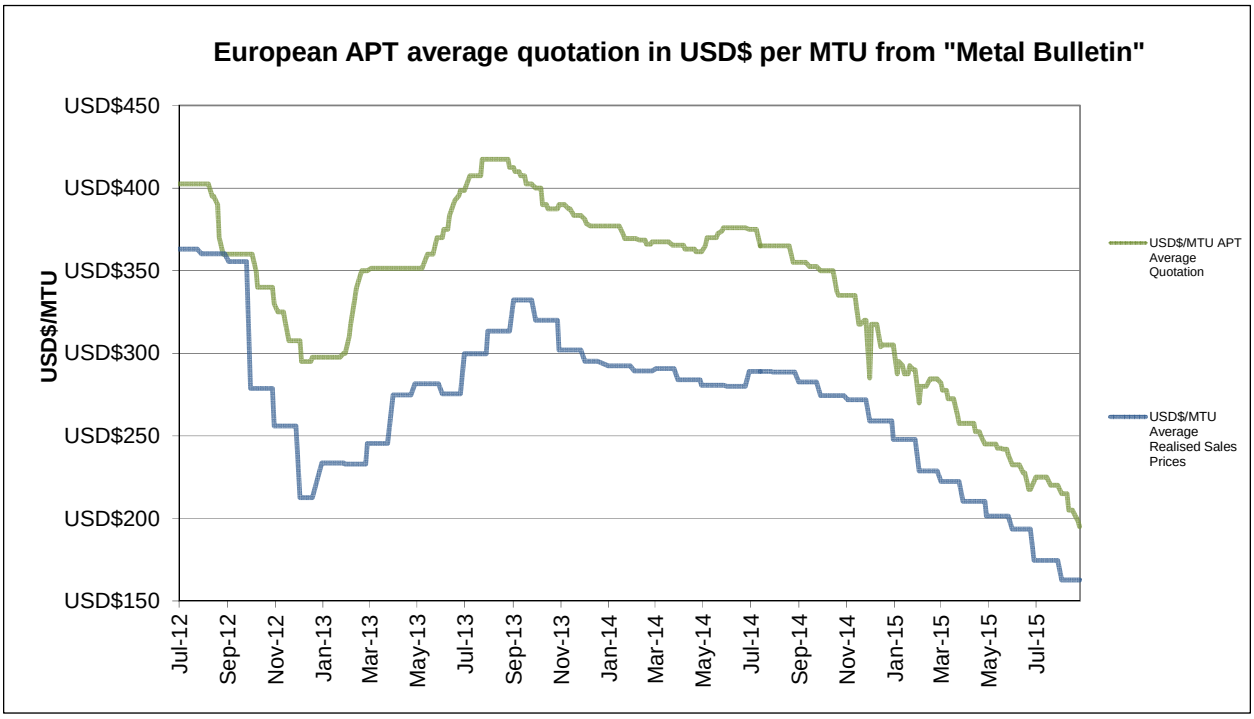
The Company continues to produce tungsten concentrate at the Cantung mine under the CCAA proceedings. The current operational plan uses surface stockpiles and specifically identified stopes for mill feed tonnage with the expectation of the available tonnage to be utilised by October 31, 2015. Dependent on the outcome of the SISP, the Cantung mine would likely transition into care and maintenance in November 2015.

In Q3 2015 the Company recorded a $23.1 million charge for impairment of property, plant and equipment at the Cantung mine.

Subsequent to June 30, 2015, the Company permanently terminated approximately 51 employees as a continued effort to reduce costs and align the Company's staff levels with the latest operational plan.

TUNGSTEN PRICE

The Company sells its products based on the average Metal Bulletin ammonium paratungstate ("APT") European Free Market Quotations in United States Dollars ("USD"). Accordingly, the Company's results of operations are subject to market fluctuations in APT prices that are beyond the control of the Company, as there is no market to hedge APT or tungsten concentrate prices. The average quotation was USD$218/MTU at June 30, 2015 and was USD$195/MTU at August 28, 2015. The following chart shows historical APT quotations and the Company's average realised sales prices since July 2012 in USD per MTU.



OPERATIONS UPDATE

Cantung mine

The following summary highlights the production results for the three and nine months ended June 30, 2015 and 2014:

	Q3 2015	Q3 2014	For the nine months ended June 30, 2015	For the nine months ended June 30, 2014
Tonnes milled	87,793	101,272	293,709	289,658
Grade	0.77	0.80	0.88	0.95
Recovery %	76.9	74.1	79.7	76.4
MTUs produced	51,932	59,877	206,352	211,061

The production for Q3 2015 decreased from the comparable 2014 period. Despite higher metallurgical recovery, production decreased due to lower tonnes milled and lower mill feed grade. In addition, during Q3 2015, operations were negatively impacted as a result of mill interruptions due to unexpected equipment failures and power generation issues. These unexpected equipment failures and power generation issues negatively impacted operational uptime in the mill and production levels.

The Company completed a maintenance overhaul of equipment in the mill in Q3 2015.

The Company has seen an improvement in metallurgical recoveries as a result of the substantially complete mill improvement program. The mill processes continue to be adjusted in order to achieve consistent results and recoveries. The goal of the improvement program was to increase the mill throughput and to increase the total metallurgical recovery by increasing the effectiveness of the gravity and flotation circuits. For the nine months ended June 30, 2015, the Company has recorded significantly improved metallurgical recovery.

Cantung reserves and resources

In November 2014 the Company filed a technical report entitled "Technical Report on the Cantung Mine, Northwest Territories, Canada" dated September 19, 2014 disclosing resources and reserves as of July 31, 2014 which was prepared in compliance with NI43-101 – *Standards for Disclosure for Mineral Projects*. The report was authored by Brian Delaney, P.Eng and Finley J. Bakker, P. Geo who are respectively the Assistant Mine Manager and the Superintendent of Technical Services at the Cantung mine. The report disclosed probable mineral reserves of 1.82 million tons with a grade of 0.81% WO_3. The updated reserves support a mine life beyond 2017 assuming normal operations.

The report also disclosed indicated resources of 3.84 million tons with a grade of 0.97% WO_3 which include the probable mineral reserves. As well, the report disclosed inferred mineral resources of 1.4 million tons with a grade of 0.80% WO_3. Resources are not reserves and there is no assurance they will become reserves as there has been no economic parameters applied.

The Company continues to identify new areas in the mine to add to the resources with a view to extending the Cantung mine life.

Additional information on the Cantung mine and the NI43-101 technical report thereon is available on the Company's website at http://www.natungsten.com/s/Cantung.asp.

Mactung project

In 2014, the Company received a positive environmental assessment of the Mactung project. The Yukon Environmental and Socio-economic Assessment Board ("YESAB") recommended that the Mactung project "be allowed to proceed without review," subject to terms and conditions that are listed in its final report. YESAB's recommendations were confirmed in Decision Documents issued by the federal and territorial governments. The Decision Documents will form the basis upon which the Yukon Water Board will regulate mining at Mactung.

The Company completed an assessment of the most economically beneficial approach to develop the Mactung project. The Company continues to engage in discussions and negotiations with the First Nations in the area, both within Yukon and the Northwest Territories, as their continued support is important to the future success of the Mactung project. Until tungsten prices recover, further outlays by the Company on the project will be severely restricted.

Information on the Mactung project is available on the Company's website at http://www.natungsten.com/s/Mactung.asp.

FINANCE

The Company is currently restricting cash outflows to necessary expenses to meet the operational plan filed with the Court under CCAA proceedings. All planned capital expenditures have been deferred in order to conserve cash.

On October 24, 2014 the Company executed a promissory note with Queenwood II and has drawn the USD$3.0 million of the promissory note.

On December 30, 2014 the Company extended the maturity date of the Callidus loan to May 31, 2016 and borrowed additional funds of $3.65 million. The interest rate and monthly principal repayment terms remain unchanged. Of the additional funds received, $2.0 million was used to repay a promissory note with a former mining contractor that matured on December 31, 2014. The repayment of principal amounts to debenture holders and Queenwood II is fully subordinated to the repayment of the Callidus loan.

On June 29, 2015, Callidus advanced an additional $0.5 million under the existing loan facility.

Continued support from stakeholders, lenders and customers was no longer available which contributed to the Company filing for protection under CCAA. The creditor protection proceedings provide the Company with a period of time to stabilize its operations and financial condition and develop a comprehensive restructuring plan to address its significant levels of debt. The outcome of the SISP will determine the future of the Company and its operations at the Cantung mine and development of the Mactung property.

On July 9, 2015, the Company entered into a $2.5 million interim financing with Callidus which was approved by the Court. Under the terms of the interim facility, Callidus has agreed to lend the Company $2.5 million which is to be drawn down in accordance with the Company's cash flow projection that was provided to Callidus and the Court. The interest rate for the interim facility is 21% per annum, subject to an additional 2% default interest rate. The interim facility will mature on the earlier of November 15, 2015 and the end of the stay of proceedings pursuant to the initial order under CCAA. The interim facility is secured by a first-ranking super priority charge against all assets of the Company. The Company has drawn the full amount under the interim financing.

SUMMARIZED FINANCIAL RESULTS

Operating highlights	For the three months ended June 30, 2015	For the three months ended June 30, 2014	For the nine months ended June 30, 2015	For the nine months ended June 30, 2014
Tonnes milled	87,793	101,272	293,709	289,658
Feed grade % WO_3	0.77	0.80	0.88	0.95
Recovery %	76.9	74.1	79.7	76.4
Tungsten concentrate produced (MTUs)	51,932	59,877	206,352	211,061
Tungsten concentrate sold (MTUs)	58,533	71,655	206,512	203,777
Average realised sales price $USD/MTU	$ 203	$ 282	$ 236	$ 292
Average realised sales price $CDN/MTU	$ 249	$ 308	$ 283	$ 316
Cost of sales per MTU[1] (USD)	$ 273	$ 267	$ 237	$ 270
Cost of sales per MTU[1] (CDN)	$ 336	$ 291	$ 284	$ 292
Copper sold (lbs)	115,837	112,814	415,918	403,109
Copper revenue (in $000's)	$ 395	$ 376	$ 1,451	$ 1,531
Quarterly average USD$ foreign exchange rate (USD$1 to CDN)	$ 1.228	$ 1.092	$ 1.197	$ 1.082
Financial data (in $000's)				
Revenues	$ 14,968	$ 22,452	$ 59,917	$ 65,977
Cost of sales:				
Mine operating costs:				
Mine	$ 4,749	$ 6,673	$ 18,182	$ 21,165
Mill	$ 3,599	$ 3,250	$ 10,407	$ 9,739
Power generation and surface maintenance	$ 3,841	$ 4,618	$ 12,771	$ 14,450
Site administration and environmental	$ 3,276	$ 3,388	$ 10,453	$ 10,580
Mine operating costs:	$ 15,465	$ 17,929	$ 51,813	$ 55,934
Inventory change, adjustments and write-downs	$ 3,012	$ 745	$ 2,907	$ (2,518)
Amortization and depreciation	$ 1,120	$ 1,950	$ 3,601	$ 5,481
Freight and handling	$ 306	$ 388	$ 1,112	$ 1,461
Royalties	$ 147	$ 220	$ 588	$ 645
Cost of sales:	$ 20,050	$ 21,232	$ 60,021	$ 61,003
Gross margin[2]	$ (5,082)	$ 1,220	$ (104)	$ 4,974
Net loss	$ (31,975)	$ (401)	$ (38,592)	$ (2,463)
EBITDA[3]	$ (5,012)	$ 2,514	$ 901	$ 8,131

1) Cost of sales per MTU is determined by dividing cost of sales less copper revenue by the number of MTUs sold during the period.

2) Gross margin is determined by taking revenue less cost of sales.

3) EBITDA = Net income (loss) before income taxes, interest and financing costs, interest income, depreciation and amortization, accretion of financial liabilities, foreign exchange loss (gain), write-off of option payments related to Mactung and impairment of property, plant and equipment. For additional information, see the "Non-IFRS Measures" section of this MD&A.

REVIEW OF FINANCIAL RESULTS

Q3 2015 compared to Q3 2014 for mine operating results

Net loss for Q3 2015 was $32.0 million or ($0.13) per share (basic and diluted), compared to net loss of $0.4 million or $0.00 per share in Q3 2014. The net loss for Q3 2015 was impacted by the following factors:

- Tonnage and grade of ore mined at the Cantung mine have fluctuated in recent years. In Q3 2015, the average ore grade processed of 0.77% WO_3 was below the average of 0.80% WO_3 for Q3 2014. This resulted in 51,932 MTUs produced which was substantially lower than the 59,877 MTUs produced in Q3 2014. This lower production resulted in higher unit costs with a $5.1 million loss generated from Cantung operations compared to income generated from Cantung operations of $1.2 million in Q3 2014.
- Revenue was $15.0 million on sales of 58,533 MTUs with an average realised sales price of $249/MTU (USD$203/MTU) and cost of sales of $336/MTU for a negative margin of $87/MTU compared to revenue in Q3 2014 of $22.5 million on sales of 71,655 MTUs with an average realised sales price of $308/MTU (USD$282/MTU) and cost of sales of $291/MTU for a margin of $17/MTU. Included in revenue of $15.0 million was $0.4 million for the sale of copper which is a by-product of the tungsten mining compared to $0.4 million in Q3 2014.
- Tungsten concentrate production for Q3 2015 was 51,932 MTUs from a mill feed of 87,793 tonnes with an average grade of 0.77% WO_3 and average mill recovery of 76.9% compared to production of 59,877 MTUs from a mill feed of 101,272 tonnes with an average grade of 0.80% WO_3 and average mill recovery of 74.1%. Despite increased metallurgical recovery resulting from the substantial completion of the mill improvement project, lower average ore grade and operational issues associated with power generation resulted in less MTUs produced.
- Total mine operating costs decreased to $15.5 million incurred in Q3 2015 compared to $17.9 million in Q3 2014. The Company initiated a temporary layoff in mine operations in June 2015 which resulted in a substantial decrease in underground mining and payroll costs. The Company continues to benefit from the decline in diesel prices. Cost of sales decreased by 3% to $20.1 million in Q3 2015 compared to $21.2 million in Q3 2014. Cost of sales decreased due to less sales in the quarter.

Nine months ended June 30, 2015 compared to nine months ended June 30, 2014 for mine operating results

Net loss for the nine months ended June 30, 2015 was $38.6 million or ($0.16) per share (basic and diluted), compared to net loss of $2.5 million or ($0.01) per share for the nine months ended June 30, 2014. The net loss for the nine months ended June 30, 2015 was impacted by the following factors:

- For the nine months ended June 30, 2015, the average ore grade processed of 0.88% WO_3 was below the average of the comparable period. The 206,352 MTUs produced down from the 211,061 MTUs produced for the comparable period which was driven by a decrease in mill feed grade. This lower production resulted in higher unit costs with a $0.1 million loss generated from Cantung operations compared to income generated from Cantung operations of $5.0 million in the comparable period.
- Revenue was $59.9 million on sales of 206,512 MTUs with an average realised sales price of $283/MTU (USD$236/MTU) and cost of sales of $284/MTU for a negative margin of $1/MTU compared to revenue of $66.0 million on sales of 203,777 MTUs with an average realised sales price of $316/MTU (USD$292/MTU) and cost of sales of $292/MTU for a margin of $24/MTU in the comparable period. Included in revenue of $59.9 million was $1.5 million for the sale of copper which is a by-product of the tungsten mining compared to $1.5 million in the comparable period.
- Tungsten concentrate production for the nine months ended June 30, 2015 was 206,352 MTUs from a mill feed of 293,709 tonnes with an average grade of 0.88% WO_3 and average mill recovery of 79.7% compared to production of 211,061 MTUs in the comparable period from a mill feed of 289,658 tonnes with an average grade of 0.95% WO_3 and average mill recovery of 76.4%. With the substantial completion of the mine and mill improvement project, increased mill feed and metallurgical recovery were realised however, lower average feed grade resulted in a decrease in MTUs produced.
- Total mine operating costs decreased with $51.8 million incurred in the nine months ended June 30, 2015, from $55.9 million in the comparable period. The Company initiated a temporary layoff in mine operations in June 2015 which resulted in a substantial decrease in underground mining and payroll costs. The Company continues to benefit from the decline in diesel prices. Cost of sales decreased to $60.0 million compared to $61.0 million in the comparable period. A decrease in amortization and depreciation due to a revised total tons available to be mined based on the filed NI43-101 technical report and mine operating costs were offset by inventory changes, adjustments and write-downs as a result of lower production levels and lower levels of inventory on hand.

Expenses

Financial data (in $000's)	For the three months ended June 30, 2015	June 30, 2014	Change	For the nine months ended June 30, 2015	June 30, 2014	Change
Impairment of property, plant and equipment	$ 23,114	$ -	$ 23,114	$ 23,114	$ -	$ 23,114
Foreign exchange loss	(566)	(597)	31	4,547	516	4,031
Interest and financing costs	1,968	1,366	602	5,663	3,791	1,872
Accretion of financial liabilities	1,366	218	1,148	2,398	937	1,461
Restructuring costs	403	-	403	403	-	403
Write-off of option payments - Mactung	-	-	-	300	-	300
General and administrative	647	640	7	2,198	2,126	72
Interest and other income	(39)	(22)	(17)	(130)	(131)	1
Gain on disposal of assets	-	-	-	(5)	-	(5)
Loss on revaluation of derivatives	-	-	-	-	29	(29)
Share-based compensation	-	16	(16)	-	48	(48)
Exploration	-	-	-	-	121	(121)
Total	$ 26,893	$ 1,621	$ 25,272	$ 38,488	$ 7,437	$ 31,051

Q3 2015 compared to Q3 2014 for expenses

- Impairment of property, plant and equipment of $23.1 million was recognised in Q3 2015 related to the Cantung mine which was determined to be impaired based on the current operational plan and low APT prices. In Q3 2014 there was no impairment of property, plant and equipment recognised.
- Accretion of financial liabilities increased for Q3 2015 as the recognition of accretion expense was accelerated in order to recognise the specific debt instruments at face value as of June 30, 2015 due to filing for protection under CCAA.
- Interest and financing costs increased for Q3 2015 as interest rates on outstanding debt instruments in the quarter are higher than the comparable quarter and the Company holds more debt compared to Q3 2014.

Nine months ended June 30, 2015 compared to nine months ended June 30, 2014 for expenses

- Impairment of property, plant and equipment of $23.1 million was recognised for the nine months ended June 30, 2015 related to the Cantung mine which was determined to be impaired based on the current operational plan and low APT prices. In the comparable period, there was no impairment of property, plant and equipment recognised.
- The foreign exchange loss increased for the nine months ended June 30, 2015 as the Company had higher USD denominated debt levels and the USD appreciated in value versus the CDN from $1.1200 at September 30, 2014 to $1.2490 at June 30, 2015. In the comparable period the USD appreciated in value versus the CDN from $1.0303 at September 30, 2013 to $1.0670 at June 30, 2014.
- Interest and financing costs have increased for the nine months ended June 30, 2015 as interest rates on outstanding debt instruments in the quarter are higher than the comparable quarter and the Company holds more debt compared to the nine months ended June 30, 2014.
- Accretion of financial liabilities increased for the nine months ended June 30, 2015 as the recognition of accretion expense was accelerated in order to recognise the specific debt instruments at face value as of June 30, 2015 due to filing for protection under CCAA.

SUMMARY OF QUARTERLY INFORMATION

In $000's, except per share amounts and realised sales price per MTU sold	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Tungsten concentrate produced (MTUs)	51,932	70,871	83,549	63,002	59,877	89,116	62,068	67,728
Tungsten concentrate sold (MTUs)	58,533	78,817	69,162	60,095	71,655	69,934	62,188	66,264
Average realised sales price $USD/MTU	$ 203	$ 234	$ 268	$ 286	$ 282	$ 291	$ 305	$ 317
Quarterly average USD$ foreign exchange rate (USD$1 to CDN)	$ 1.228	$ 1.238	$ 1.136	$ 1.090	$ 1.092	$ 1.102	$ 1.050	$ 1.038
Revenues	$ 14,968	$ 23,451	$ 21,498	$ 19,232	$ 22,452	$ 23,063	$ 20,462	$ 22,461
Net income (loss)	$ (31,975)	$ (6,407)	$ (210)	$ (4,183)	$ (401)	$ 2,467	$ (4,529)	$ 412
Net income (loss) per share, basic and diluted	$ (0.13)	$ (0.03)	$ 0.00	$ (0.02)	$ 0.00	$ 0.01	$ (0.02)	$ 0.00
Cash flow from operations before changes in non-cash working capital	$ (5,779)	$ 1,497	$ 3,735	$ 1,587	$ 2,669	$ 6,416	$ (489)	$ 3,097
Cash flow from operating activities	$ 3,000	$ 2,033	$ 66	$ 3,912	$ 2,881	$ 1,794	$ 2,208	$ 3,809

The Company's results are primarily driven by MTUs produced and sold each quarter, the market quotations for APT and fluctuations in the USD/CDN exchange rates. Other significant factors that impacted specific quarters are:

- Q3 2015 was affected by declining APT prices and operational issues with respect to power generation resulting in low production results for the quarter. Also, the Company was affected by the recognition of an impairment of property, plant and equipment of $23.1 million.
- Q2 2015 was affected by lower production due to lower mill feed grade and mill interruptions due to unexpected equipment failures.
- Q1 2015 was affected by higher production due to improved mill feed grade and metallurgical recoveries, declining APT prices and inventory in transit higher than normal due to winter weather at the end of the quarter.
- Q4 2014 was affected by lower production due to lower mill feed grades and mill interruptions due to the completion of unexpected maintenance and continued adjustments to the newly commissioned equipment associated with the mill enhancement project.
- Q3 2014 was affected by lower production due to lower mill feed grades and lower recoveries during the quarter.
- Q2 2014 had higher production due to improved mill feed grade; however sales of 19,030 MTUs were deferred to Q3 2014 due to the new tungsten delivery contracts.
- Q1 2014 was affected by lower production due to lower mill feed grades.
- Q4 2013 was affected by higher realised sales prices on lower sales volume due to lower production mainly due to lower recoveries during the quarter.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

Liquidity and going concern

On June 9, 2015, the Company sought creditor protection in order to financially restructure the Company under CCAA. The need to restructure under CCAA was attributable to a number of factors including the continuation of low prevailing market prices of tungsten, high debt service payments, insufficient capitalization and operational issues.

The creditor protection proceedings provide the Company with a period of time to stabilize its operations and financial condition and develop a comprehensive restructuring plan. Management believe that these actions make the going concern basis appropriate. However, it is not possible to predict the outcome of the creditor protection proceedings and accordingly significant doubt exists as to whether the actions taken in any restructuring will result in improvements to the financial condition sufficient to allow the Company to continue as a going concern. If a restructuring plan is not approved and the Company fails to emerge from the creditor protection proceedings, the Company could be forced into bankruptcy resulting in the liquidation of the Company' assets.

Operations at Cantung failed to be profitable for the quarter due to the continued downward pressure on APT prices. With losses from Cantung, the results are insufficient to cover corporate overheads including substantial interest and financing costs.

Cash to be generated from future Cantung operations will be subject to the various risks associated with mining and continuing risks of fluctuating feed grades. Other significant factors that impact the Company's financial position include outlays that may be required at the Cantung mine particularly for tailings management, reclamation security funding and the possible level of future capital spending to develop the Mactung project.

With respect to the Company continuing as a going concern, we draw your attention to Note 1 of the interim consolidated financial statements for the three and nine months ended June 30, 2015 which provides details on the going concern assumption for the Company.

Liquidity outlook

Factors that will impact liquidity in the forthcoming months:

- The outcome of the CCAA proceedings and SISP.
- The Company's ability to continue producing tungsten concentrate for its customers at low costs due to cash constraints.
- On a daily and monthly basis, significant fluctuations in results should be expected as there is significant variability in mill feed tonnes, grade and metallurgical recovery.
- Capital expenditures are currently restricted.
- Changes in the market quotations for APT.
- The USD/CDN exchange rate

Statement of financial position (in $000's)	As at June 30, 2015	As at September 30, 2014	As at June 30, 2014
Cash and cash equivalents	$ 1,113	$ 363	$ 190
Current assets	$ 14,055	$ 16,623	$ 15,713
Total assets	$ 57,451	$ 71,959	$ 69,734
Current liabilities	$ 99,096	$ 31,810	$ 39,740
Total liabilities	$ 99,096	$ 75,012	$ 68,943
Total financial liabilities includes the following: [1]			
Current financial liabilities	$ 58,078	$ 14,787	$ 26,068
Non-current financial liabilities	$ -	$ 33,808	$ 20,697
	$ 58,078	$ 48,595	$ 46,765
Shareholders' deficit	$ (41,645)	$ (3,053)	$ 791
Statistics:			
Working capital [2]	$ (85,041)	$ (15,187)	$ (24,027)

1 - Total financial liabilities includes current and long-term portions of the Operating Loan, Working Capital Loan, Callidus loan, customer advances, customer loans, debentures, equipment loans, capital leases, notes payable and other financial liabilities.

2 - Current assets less current liabilities

Cash flows for the three and nine months ended June 30, 2015 and 2014

Summarized cash flow activity (in $000's)	For the three months ended June 30, 2015	June 30, 2014	Change	For the nine months ended June 30, 2015	June 30, 2014	Change
Cash flow from (used in) operating activities before changes in non-cash working capital	$ (5,779)	$ 2,669	$ (8,448)	$ (547)	$ 8,596	$ (9,143)
Change in non-cash working capital	8,779	212	8,567	5,646	(1,713)	7,359
Provided by (used in) operating activities	3,000	2,881	119	5,099	6,883	(1,784)
Provided by (used in) investing activities	(696)	(2,292)	1,596	(2,127)	(6,307)	4,180
Provided by (used in) financing activities	(2,872)	(473)	(2,399)	(2,337)	(654)	(1,683)
Effect of exchange rate changes on cash	16	72	(56)	115	65	50
Increase (decrease) in cash	(552)	188	(740)	750	(13)	763
Cash, beginning of period	1,665	2	1,663	363	203	160
Cash, end of period	$ 1,113	$ 190	$ 923	$ 1,113	$ 190	$ 923

Q3 2015 compared to Q3 2014 for liquidity and cash flows

Cash flow provided by operating activities was $3.0 million for Q3 2015, an increase of $0.1 million compared to cash flow provided by operations of $2.9 million for Q3 2014.

In Q3 2015 there was a net loss of $32.0 million and cash flows used in operating activities before changes in non-cash working capital of $5.8 million. As a result of lower production, inventory levels decreased. Due to cash constraints and an inability to secure additional financing, accounts payable increased.

In Q3 2014 there was a net loss of $0.4 million and cash flows from operating activities before changes in non-cash working capital of $2.7 million. As a result of poor production results in Q3 2014, inventory and accounts receivable decreased. Accounts payable were paid down using cash flow from operations generated in Q2 2014 and proceeds from new financings.

Cash outflow from investing activities for property, plant and equipment and Mactung development was $0.7 million for Q3 2015 compared to $2.3 million in Q3 2014. During Q3 2015 the Company incurred expenditures for detailed engineering and purchases of equipment for the dry stack tailings facility. In May 2015, management decided to defer the dry stack tailings facility due to cash constraints. In the comparable period, the waste water treatment plant and the mill improvement projects were on-going.

For Q3 2015 there was a net cash outflow from financing activities of $2.9 million. The Company received additional funds under the existing Callidus loan of $0.5 million. Customer advances of $3.0 million were repaid along with scheduled principal repayments on the Callidus loan of $0.3 million. Principal payments on equipment loans and capital leases of $0.3 million were paid and interest and financing costs were received in the amount of $0.2 million. In the comparable quarter there was a cash outflow from financing activities of $0.5 million as the net proceeds of $10.4 million from the Callidus loan were received. Proceeds from Callidus were used to repay the Operating Loan with HSBC in the amount of $8.3 million and equipment loans and capital leases of $1.3 million. The Company also paid $1.3 million in interest and financing costs.

Nine months ended June 30, 2015 compared to nine months ended June 30, 2014 for liquidity and cash flows

Cash flow provided by operating activities was $5.1 million for the nine months ended June 30, 2015, a decrease of $1.8 million compared to cash flow provided by operating activities of $6.9 million for the comparable period.

For the nine months ended June 30, 2015 there was a net loss of $38.6 million and cash flows used in operating activities before changes in non-cash working capital of $0.5 million. As a result of lower production, inventory levels decreased. Due to cash constraints and an inability to secure additional financing, accounts payable increased.

For the nine months ended June 30, 2014, there was a net loss of $2.5 million and cash flows from operating activities before changes in non-cash working capital of $8.6 million. Due to the new supply agreements executed with existing customers which deferred sales recognition, inventory increased, accounts receivable decreased and accounts payable was paid down with the cash flows from operations and proceeds from the new financings.

Cash outflow from investing activities for property, plant and equipment and Mactung development was $2.1 million for the nine months ended June 30, 2015 compared to $6.3 million in the comparable period. During the nine months ended June 30, 2015 the Company continued underground development and commenced detailed engineering and purchases of equipment for the dry stack tailings facility. In May 2015, management decided to defer the dry stack tailings facility due to cash constraints. In the comparable period, the waste water treatment plant and the mill improvement projects were on-going.

For the nine months ended June 30, 2015 there was a net cash outflow from financing activities of $2.3 million as the net proceeds of $3.4 million from the extended Callidus loan were received and used to repay the $2.0 million notes payable to a former mining contractor. Additional funds of $0.5 million under the Callidus loan were received. Net proceeds of $3.5 million were received from the Queenwood II promissory note, customer advances of $2.6 million were paid, scheduled principal repayments of $1.2 million and $0.7 million were made on the Callidus loan and customer loans respectively, payments on equipment loans and capital leases of $0.6 million and $2.6 million of interest and financing costs were paid. In the comparable quarter there was a cash outflow from financing activities of $0.7 million as the net proceeds of $10.4 million and $2.3 million from the Callidus loan and debentures respectively were received. Proceeds of $5.4 million from customer loans were received. Equipment loans and capital leases of $3.2 million, interest and financing costs of $3.8 million, operating loan with HSBC of $11.1 million and notes payable of $0.7 million were paid.

Capital resources

Loans, capital leases and other debt finance

Outstanding financial debts are as follows:

Financial debt (in $000's)	As at June 30, 2015	As at September 30, 2014	As at June 30, 2014
Current financial debt			
Callidus loan	$ 13,491	$ 10,128	$ 10,496
Customer advances	1,514	426	-
Customer loans	8,259	1,974	1,254
Debentures	13,739	-	-
Equipment loans and capital leases	2,340	259	318
Notes payable	18,735	2,000	2,000
Working Capital Loan	-	-	12,000
Total	58,078	14,787	26,068
Non-current financial debt			
Customer advances	-	3,360	3,201
Customer loans	-	6,090	6,429
Debentures	-	11,564	10,872
Equipment loans and capital leases	-	210	195
Notes payable	-	12,584	-
Total financial debt	$ 58,078	$ 48,595	$ 46,765

In filing for protection under CCAA, the Company commenced a SISP which allows the Company to continue with its current operating plan while inviting offers of purchase of the Company's assets, property and business or for an investment in the Company to help address the significant levels of debt.

Share issuances

There have been no issuances of common shares by the Company in the nine months ended June 30, 2015 or fiscal 2014.

Contractual obligations

Contractual obligations and commitments	Payments due in the years ended September 30, 2015 [1]	2016	2017	2018	2019	2020	Total
Mactung leases	$ -	$ 10	$ 10	$ 10	$ 10	$ 10	$ 50
Cantung leases and other agreements	209	227	269	293	316	649	1,963
Office leases [2]	59	245	251	84	-	-	639
	$ 2,608	$ 482	$ 530	$ 387	$ 326	$ 659	$ 4,992

1 - Commitments are for the remainder of fiscal 2015

2 - Includes basic rent and associated common costs under the lease

a. Water license

The MVLWB issued the Company's type "A" Water License ("license") for the Cantung mine, which expires January 29, 2016.

On June 12, 2015, the reclamation security deposit required under the Company's license was amended by the Government of the Northwest Territories ("GNWT") to $30.9 million from $11.7 million. This amended amount included approximately $3.4 million related to future tailings storage facilities. The Company has posted $6.3 million in cash and $5.5 million in the form of secured promissory notes pursuant to the Reclamation Security Agreement ("RSA").

The Company has provided a RSA which pledges the Mactung property as security for any amounts owing under the Cantung water license and monies owed by way of secured promissory notes. Any funds in excess of ultimate reclamation costs will be returned to the Company.

During the nine months ended June 30, 2015 the Company posted $300 thousand of cash towards the reclamation security deposit. The Company is currently in discussions with the GNWT regarding the reclamation plan, the amount of the reclamation security, and the form and timing of the security amounts to be posted.

b. Cantung smelter royalties

The Cantung Mine is subject to a 1% net smelter royalty.

c. Mactung smelter royalties

On January 31, 2005 the Company entered into an Amended Royalty Agreement on the Mactung property with Teck Resources Limited ("Teck"). For $100 thousand (paid) Teck granted the Company an option (the "Option") to reduce the Mactung royalty from a 4% net smelter return ("NSR") to a 1% NSR. As the Company did not exercise the Option by March 30, 2010, it paid an additional $200 thousand (paid) to Teck to maintain the Option. The Option was exercisable by the Company upon paying to Teck an additional $1.0 million by the earlier of:

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

The Option expired unexercised on March 30, 2015. As a result, the historical Option payments were written off in the amount of $0.3 million. The Company maintains the right to reduce the 4% NSR to 2% NSR with a payment of $2.5 million to Teck at any time.

OTHER INFORMATION

Equity

Outstanding equity securities	As of August 28, 2015	As of September 30, 2014
Common shares	238,123,058	238,123,058
Share options	2,250,000	3,041,666
Warrants	2,000,000	2,000,000

Related party transactions

Directors of the Company participated directly and indirectly in the USD$11.0 million Debentures and Convertible Debentures financing as to USD$9.6 million. For the nine months ended June 30, 2015 the Company recognised interest expense of $1.1 million (nine months ended June 30, 2014 - $0.6 million) on these Debentures and Convertible Debentures.

During 2014 the Company executed a USD$12.0 million promissory note with Queenwood II. During the nine months ended June 30, 2015 the Company recognised interest expense of $1.3 million (nine months ended June 30, 2014 – nil) on this Queenwood II promissory note.

On October 24, 2014 the Company executed a promissory note with Queenwood II for up to a maximum aggregate principal amount of USD$3.0 million. The Company has drawn the full amount on the promissory note. During the nine months ended June 30, 2015 the Company recognized interest expense of $0.4 million (nine months ended June 30, 2014 – nil) on this Queenwood II note payable.

At June 30, 2015 there is $2.5 million of interest and financing costs in accounts payable and accrued liabilities due to related parties.

During the nine months ended June 30, 2015 the Company recognised $1.2 million (nine months ended June 30, 2014 - $0.8 million) for professional and consulting fees to directors or companies related to directors.

The above transactions were in the normal course of operations.

Subsequent events

Refer to the “Overview” section in the MD&A which discusses events in the CCAA proceedings subsequent to June 30, 2015.

Off-balance sheet arrangements

The Company is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company’s financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Financial instruments

The September 30, 2014 annual consolidated financial statements of the Company disclose the financial instruments of the Company and the associated financial risk exposure.

On October 24, 2014 the Company entered into a promissory note with Queenwood II and the Company has drawn the full USD$3.0 million of the promissory note. On December 30, 2014, the Company extended its Callidus loan facility and borrowed additional funds of $3.65 million.

On June 29, 2015 Callidus advanced an additional $0.5 million under the existing loan facility.

In filing for protection under CCAA, the Company accelerated the recognition of accretion associated with specific financial instruments in order to recognise the balances at face value as of June 30, 2015.

These financial instruments have similar financial risk characteristics to the financial instruments held by the Company at September 30, 2014.

Capital management

The Company defines its capital as cash, short-term and long-term financial debt, share capital and contributed surplus. The Company's objectives when managing its capital are:

- to maintain liquidity;
- to ensure that the Company will be able to continue as a going concern; and
- to maximize the return to stakeholders while limiting risk exposure.

To assist in the management of the Company's capital, the Company prepares budgets and forecasts which are approved by the Board of Directors. Actual results are reviewed against the budget on a monthly basis and forecasts are updated. The Company may adjust its capital structure by issuing new shares, issuing new debt, replacing existing debt, selling assets to reduce debt and reducing operating and capital expenditure levels.

Additional information regarding capital management is discussed in the "Liquidity and going concern" section of this MD&A.

CAUTION ON FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements, concerning the Company's operations and planned future developments and other matters. Any statements that involve discussions with respect to predictions, expectations, belief, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or "should", or "believes", or "possible", or stating that certain actions, events or results "may", "could", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be "forward-looking statements" and are intended to identify forward-looking statements, which include statements relating to, among other things, the ability of the Company to continue to conduct business successfully. Such forward-looking statements are based on the beliefs of the Company's management as well as on assumptions made by and information currently available to the Company at the time such statements were made. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information.

Forward-looking statements within the MD&A relating to the Cantung mine and the Company, may include, but are not limited to, statements regarding the CCAA proceedings, the expectations and estimates as to the timing and estimated costs for the completion of capital projects and the effect thereof, projects planned for the future such as an open pit program, the estimated future quotations for APT and the effect thereof, the estimation of mineral reserves and mineral resources and the economic viability thereof, potential results of exploration activities, environmental risks, reclamation obligations and expenses, the availability of qualified employees and the possibility to refinance, roll-over, replace or otherwise extended financial debt as it matures.

Forward-looking statements within the MD&A relating to the Mactung project, may include, but are not limited to, statements regarding the expectation and estimates to timing and estimated costs for feasibility and prefeasibility studies, permitting timelines, evaluation of opportunities, requirements for additional capital, government regulation of mining operations and environmental risks.

In addition, forward-looking statements within this MD&A may include, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour problems or other unanticipated difficulties with or shortages of labour or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain or renew necessary governmental permits; and other risks and uncertainties.

Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, the failure to obtain adequate financing on a timely basis and other risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set forth or incorporated in this MD&A generally and certain economic and business factors, some of which may be beyond the control of the Company. Some of the important risks and uncertainties that could affect forward-looking statements are described further in this document and in the Company's Annual Information Form.

NON-IFRS MEASURES

Throughout this document, the Company has provided measures prepared in accordance with IFRS, as well as some non-IFRS performance measures as additional information for stakeholders.

Since there is no standard method for calculating non-IFRS measures, they may not be a reliable way to compare the Company against other companies. Non-IFRS measures should be used along with other performance measures prepared in accordance with IFRS. The Company has defined its non-IFRS measures in the tables where they are presented and reconciled them with the reported IFRS measures when an IFRS measure exists.

These measures may differ from those used by other companies and may not be directly comparable to such measures as reported by other companies. The Company discloses these measures, which have been derived from its financial statements and applied on a consistent basis, because the Company believes they are of assistance in understanding the results of its operations and financial position and are meant to provide further information about its financial results to stakeholders.

Reconciliation of net loss with EBITDA

EBITDA is calculated as net loss before taxes, interest and financing costs, interest income, depreciation and amortization, accretion of financial liabilities, foreign exchange loss (gain), write-off of option payments related to Mactung and impairment of property, plant and equipment.

	For the three months ended		For the nine months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Net loss	$ (31,975)	$ (401)	$ (38,592)	$ (2,463)
Add back:				
Foreign exchange loss (gain)	(566)	(597)	4,547	516
Interest and financing costs	1,968	1,366	5,663	3,791
Depreciation and amortization	1,120	1,950	3,601	5,481
Accretion of financial liabilities	1,366	218	2,398	937
Impairment of property, plant and equipment	23,114	-	23,114	-
Write-off of option payments - Mactung	-	-	300	-
Interest income	(39)	(22)	(130)	(131)
EBITDA	$ (5,012)	$ 2,514	$ 901	$ 8,131

Management believes that EBITDA provides useful information as a measure of the results from operations, as it has the non-cash items and the cost of financing the debt removed, which otherwise masks the results.

RISK AND UNCERTAINTIES

The Company operates in the mining industry which is subject to numerous significant risks. The Company is subject to various risks and uncertainties in its business. In particular, the Company is subject to:

- uncertainty associated with the outcome of the CCAA proceedings;
- fluctuating commodity markets, tungsten prices and currency exchange rates;
- risks relating to underground mining;
- risk of low commodity pricing leading to temporary shut downs or care and maintenance programs;
- fluctuations in actual and estimated production;
- change in mine plans and production plans;
- permitting risks and general mining risks;
- other risks affecting the operation and economic viability of the Cantung mine;
- changes in environmental regulations, associated reclamation costs and requirements for reclamation deposits;
- risks of environmental impact associated with mining, particularly risks associated with tailings ponds;
- risks regarding the settlement, refinancing or roll-over of existing debt upon maturity;
- possible difficulties in reducing or deferring capital outlays to ensure adequate net cash flows;
- risks regarding liquidity, availability of additional financing to fund capital expenditures and/or operations and going concern;
- funding availability including the availability of funds to develop the Company's Mactung project; and
- availability of experienced operating personnel.

FINANCIAL AND DISCLOSURE CONTROLS

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI52-109") the Chief Executive Officer and Chief Financial Officer have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the interim consolidated financial statements for the three and nine month period ended June 30, 2015 and this accompanying MD&A (together the "Annual Filings").

In contrast to the full certificate under NI52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at www.sedar.com.

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
Cu	Copper
MB	Metal Bulletin of London that issues high and low quotations for APT (as well as various other metals) on a frequent basis
MTU	Metric tonne unit of 1 percent of a metric tonne (22.046 pounds) of contained WO_3
Scheelite	A brown tetragonal mineral, CaWO4. 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 is 20 pounds of WO_3 contained in concentrate
Ton	A short ton unit equal to 2,000 pounds
Tonne	A metric unit equal to 2,204.6 pounds (1,000 kilograms)
Tungsten concentrates	Concentrates generally containing between 35 and 75 percent WO_3
W	The elemental symbol for tungsten
WO_3	Tungsten tri-oxide (containing 79.33% W) a compound of tungsten and oxygen
YESAA	Yukon Environmental and Socio-economic Assessment Act
YESAB	Yukon Environmental and Socio-economic Assessment Board