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INTERIM MANAGEMENT DISCUSSION AND ANALYSIS Q2 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.

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 May 28, 2015. This MD&A reviews the business of the Company and compares the Company's financial results for the quarter ended March 31, 2015 (Q2 2015) with those of the quarter ended March 31, 2014 (Q2 2014) and the six months ended March 31, 2015 with those of the six months ended March 31, 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.

Table of Contents

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. In addition, the Company's large Mactung project which received an important environmental approval in September 2014, when developed, would enable the Company to continue to be a major world supplier of tungsten concentrates.

The Company is currently evaluating measures to offset the adverse cash flow impact of the current downswing in tungsten prices. A severe cash conservation program is being initiated. Measures to be taken include both deferrals of capital projects and reductions in operating outlays. Further operational and financial alternatives are under consideration.

Improvements in process

The mine improvement program that is substantially completed at the Cantung mine has increased the tonnage processed from 1,100 tons of ore per day at the start of fiscal 2013, to nearly 1,250 tons per day in the six months ended March 31, 2015. Efforts continue to be made to increase tonnage throughput by an additional 10%. Under the mill improvement program, various low cost improvements permit higher throughput together with higher metallurgical recoveries. This allows for the potential of processing lower average grade ore, which reduces cut-off grade and further extends the life of the mine. For Q2 2015 the Company's production was 70,871 MTUs produced at a mill feed grade of 0.87% WO_3 and metallurgical recovery of 80.6%.

Efforts are being made to further increase metallurgical recovery from present levels. Management identified other areas of potential improvement in the mill to increase recovery which are expected to be completed by Q3 2015. With the improvements to date and planned future improvements, management is optimistic that higher recoveries can be achieved.

The Company is currently assessing the most economically beneficial approach to development of the Mactung project. Progress continues to be made on permitting and community relations. The Company continues to engage with government officials and the First Nations to progress through the permitting process.

Results

Gross margin from operations was $1.0 million for Q2 2015, down significantly from $5.4 million gross margin for Q2 2014. The positive margin from mining operations covered general and administrative costs however was insufficient to cover substantial interest and financing costs and the unrealised foreign exchange loss. There was a net loss of $6.4 million for Q2 2015 compared to net income of $2.5 million for Q2 2014.

Due to the continued decline in APT prices, during Q2 2015 the Company completed an in-depth review of mine operating costs, corporate costs and capital expenditures to identify areas of cost reduction for the remainder of fiscal 2015. Based on the completed review, management has identified areas to reduce cash outflows in order to conserve cash.

Cash inflows from operations were positive at $2.0 million for Q2 2015 compared to cash inflows from operations of $1.8 million for Q2 2014.

Capital spending

In response to the current market situation, capital spending is now being severely curtailed. In the six months ended March 31, 2015, management continued to limit capital spending to essential programs necessary to realise the mine plan. This included detailed engineering, in Q2 2015, for the dry stack tailings facility. A temporary deferral of that project is now planned.

Cash outflows from the purchase of property, plant and equipment and expenditures on the Mactung project were $0.8 million for Q2 2015.

Financial

The Company's debt level remains high, as is the cost of servicing the debt. There were no new debt instruments executed in Q2 2015 after the execution of the USD$3.0 million Queenwood Capital Partners II LLC ("Queenwood II") promissory note and the additional funds borrowed of $3.65 million with Callidus Capital Corporation ("Callidus") in Q1 2015. The Company and holders of the Debentures and Queenwood II promissory notes agreed to defer interest payments for Q2 2015 in order to conserve cash.

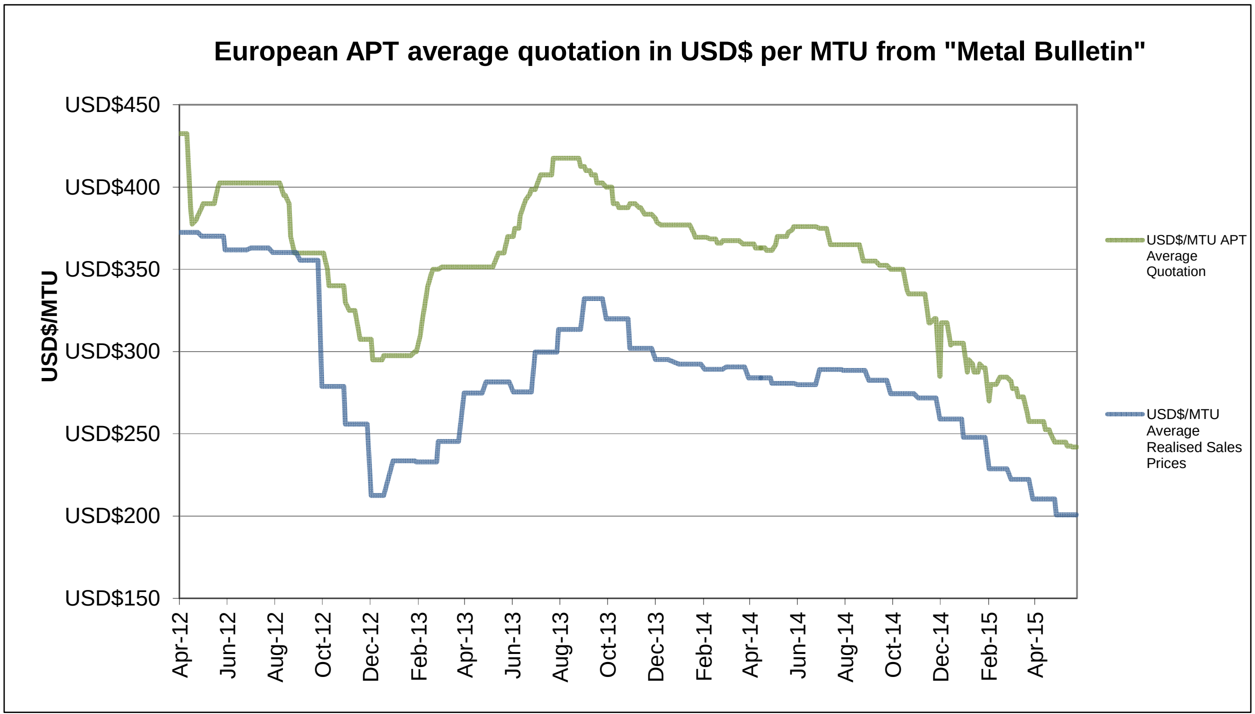
Additional steps are required to improve liquidity, reduce the working capital deficit, increase profits from operations and reduce outstanding debt. Additional financing may be required for necessary capital investments.

Reclamation plan and security deposit

In conjunction with seeking approval for construction of the dry stack tailings facility at the Cantung mine and subsequent renewal of the water license beyond January 29, 2016, the Company is working with Northwest Territories regulatory authorities to update the long term reclamation plan and security arrangements for the mine site. The Company continues to participate in the regulatory review process for the reclamation plan and associated funding structure. Additional work and dialogue will be necessary to finalise the amount, form and timing of any revised reclamation plan as well as any collateral required to support such plan. The security deposit, currently required to be $11.7 million may be amended with a potential required security deposit ranging from $15.2 million to $30.9 million, in cash and other security.

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$258/MTU at March 31, 2015 and was USD$242/MTU at May 27, 2015. The following chart shows historical APT quotations and the Company's average realised sales prices since April 2012 in USD per MTU.



OPERATIONS UPDATE

Cantung mine

The following summary highlights the production results for the three and six months ended March 31, 2015 and 2014:

	Q2 2015	Q2 2014	For the six months ended March 31, 2015	For the six months ended March 31, 2014
Tonnes milled	101,250	93,499	205,916	188,386
Grade	0.87	1.22	0.93	1.04
Recovery %	80.6	78.4	80.9	77.2
MTUs produced	70,871	89,116	154,420	151,184

The production for Q2 2015 decreased significantly from the comparable 2014 period. Despite higher tonnes milled and improved metallurgical recovery, production decreased due to lower mill feed grade. In addition, during Q2 2015, operations were negatively impacted as a result of mill interruptions due to unexpected equipment failures. These unexpected equipment failures negatively impacted operational uptime in the mill. The Company completed a maintenance overhaul of equipment in the mill in Q3 2015.

The Company acquired an additional development drill (January 2015) and a scoop (November 2014) under financing leases to support the development of future production areas of the mine. In the six months ended March 31, 2015, the Company continued exploring and evaluating potential ore targets in and around the Cantung ore body. Exploration is currently being curtailed.

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 completion of the optimization requires some minor additions of equipment and/or the replacement of some existing equipment with anticipated completion in Q3 2015.

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. To date in fiscal 2015, the Company has seen improvements to mill throughput and metallurgical recovery. To provide the additional tons required after the mill throughput is increased, open-pit mining campaigns may be utilized to supplement underground mining.

The Company has substantially completed detailed engineering for the dry stack tailings facility, the further scheduling of which is now under review. To support the additional power requirements of the mine, the Company invested in an additional generator in Q2 2015.

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.

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.

During Q2 2015 the Company continued exploration of the Cantung deposit and diamond and in-fill drilling 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 is currently assessing 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 continued its cash conservation policy and capital expenditures continued to be limited to necessary investment. Capital expenditures for the six months ended March 31, 2015 were $1.4 million and were mainly for capitalised underground development and for the dry stack tailings facility. Further, severe cash conservation measures are currently being initiated.

For the six months ended March 31, 2015 the Company realised a net loss of $6.6 million with positive cash flows from operating activities of $2.1 million and gross margin from operations of $5.0 million. The positive result from mining operations covered general and administrative costs however was insufficient to cover substantial interest and financing costs and foreign exchange loss.

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.

The Company is dependent on continued support from stakeholders, lenders and customers. The Company will need to generate strong cash flows from operations which requires increased mill throughput and recovery from the Cantung mine. Necessary capital expenditures for fiscal 2015 required to meet the updated mine plan will be funded from operations and from new financings.

In addition, it will be necessary to continue to roll-over, extend, replace or refinance existing loan facilities as they mature or arrange new financing. Future operations will also be impacted by market conditions, prices for tungsten concentrate and the ability of the Cantung mine to maintain positive cash flows from operations while limiting capital investment to necessary projects.

SUMMARIZED FINANCIAL RESULTS

Operating highlights	For the three months ended March 31, 2015	For the three months ended March 31, 2014	For the six months ended March 31, 2015	For the six months ended March 31, 2014
Tonnes milled	101,250	93,499	205,916	188,386
Feed grade % WO_3	0.87	1.22	0.93	1.04
Recovery %	80.6	78.4	80.9	77.2
Tungsten concentrate produced (MTUs)	70,871	89,116	154,420	151,184
Tungsten concentrate sold (MTUs)	78,817	69,934	147,979	132,122
Average realised sales price $USD/MTU	$ 234	$ 291	$ 250	$ 298
Average realised sales price $CDN/MTU	$ 290	$ 321	$ 297	$ 321
Cost of sales per MTU[1] (USD)	$ 224	$ 221	$ 222	$ 271
Cost of sales per MTU[1] (CDN)	$ 277	$ 244	$ 263	$ 292
Copper sold (lbs)	183,792	168,418	300,081	290,295
Copper revenue (in $000's)	$ 621	$ 634	$ 1,055	$ 1,154
Quarterly average USD$ foreign exchange rate (USD$1 to CDN)	$ 1.238	$ 1.102	$ 1.187	$ 1.077
Financial data (in $000's)				
Revenues	$ 23,451	$ 23,063	$ 44,949	$ 43,525
Cost of sales:				
Mine operating costs:				
Mine	$ 6,966	$ 7,564	$ 13,433	$ 14,492
Mill	$ 3,318	$ 3,224	$ 6,808	$ 6,489
Power generation and surface maintenance	$ 4,310	$ 5,002	$ 8,930	$ 9,832
Site administration and environmental	$ 3,523	$ 3,605	$ 7,177	$ 7,192
Mine operating costs:	$ 18,117	$ 19,395	$ 36,348	$ 38,005
Inventory change, adjustments and write-downs	$ 2,497	$ (4,358)	$ (105)	$ (3,263)
Amortization and depreciation	$ 1,214	$ 1,787	$ 2,481	$ 3,531
Freight and handling	$ 430	$ 645	$ 806	$ 1,073
Royalties	$ 230	$ 225	$ 441	$ 425
Cost of sales:	$ 22,488	$ 17,694	$ 39,971	$ 39,771
Gross margin[2]	$ 963	$ 5,369	$ 4,978	$ 3,754
Net loss	$ (6,407)	$ 2,467	$ (6,617)	$ (2,062)
EBITDA[3]	$ 1,300	$ 6,310	$ 5,913	$ 5,617

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, 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

Q2 2015 compared to Q2 2014 for mine operating results

Net loss for Q2 2015 was $6.4 million or ($0.03) per share (basic and diluted), compared to net income of $2.5 million or $0.01 per share in Q2 2014. The net loss for Q2 2015 was impacted by the following factors:

- Tonnage and grade of ore mined at the Cantung mine have fluctuated in recent years. In Q2 2015, the average ore grade processed of 0.87% WO_3 was below the average of 1.22% WO_3 for Q2 2014. This resulted in 70,871 MTUs produced which was substantially lower than the 89,116 MTUs produced in Q2 2014. This lower production reflected in higher unit costs with $1.0 million of income generated from Cantung operations compared to $5.4 million in Q2 2014.
- Revenue was $23.5 million on sales of 78,817 MTUs with an average realised sales price of $290/MTU (USD$234/MTU) and cost of sales of $277/MTU for a margin of $13/MTU compared to revenue in Q2 2014 of $23.1 million on sales of 69,934 MTUs with an average realised sales price of $321/MTU (USD$291/MTU) and cost of sales of $244/MTU for a margin of $77/MTU. Included in revenue of $23.5 million was $0.6 million for the sale of copper which is a by-product of the tungsten mining compared to $0.6 million in Q2 2014.
- Tungsten concentrate production for Q2 2015 was 70,871 MTUs from a mill feed of 101,250 tonnes with an average grade of 0.87% WO_3 and average mill recovery of 80.6% compared to production of 89,116 MTUs from a mill feed of 93,499 tonnes with an average grade of 1.22% WO_3 and average mill recovery of 78.4%. Despite increased mill feed and metallurgical recovery resulting from the substantial completion of the mill improvement project, lower average ore grade resulted in less MTUs produced.
- Total mine operating costs decreased to $18.1 million incurred in Q2 2015 compared to $19.4 million in Q2 2014. The Company continues to benefit from the decline in diesel prices. Cost of sales increased by 27% to $22.5 million in Q2 2015 compared to $17.7 million in Q2 2014. Cost of sales increased due to higher MTUs sold and decreased production resulting in higher unit production costs.

Six months ended March 31, 2015 compared to six months ended March 31, 2014 for mine operating results

Net loss for the six months ended March 31, 2015 was $6.6 million or ($0.03) per share (basic and diluted), compared to net loss of $2.1 million or ($0.01) per share for the six months ended March 31, 2014. The net loss for the six months ended March 31, 2015 was impacted by the following factors:

- For the six months ended March 31, 2015, the average ore grade processed of 0.93% WO_3 was below the average of the comparable period. The 154,420 MTUs produced was an improvement on the 151,184 MTUs produced for the comparable period which was driven by increased mill feed throughput and metallurgical recovery. This higher production reflected in lower unit costs with $5.0 million of income generated from Cantung operations compared to $3.8 million in the comparable period.
- Revenue was $44.9 million on sales of 147,979 MTUs with an average realised sales price of $297/MTU (USD$250/MTU) and cost of sales of $263/MTU for a margin of $34/MTU compared to revenue of $43.5 million on sales of 132,122 MTUs with an average realised sales price of $321/MTU (USD$298/MTU) and cost of sales of $292/MTU for a margin of $29/MTU in the comparable period. Included in revenue of $44.9 million was $1.1 million for the sale of copper which is a by-product of the tungsten mining compared to $1.2 million in the comparable period.
- Tungsten concentrate production for the six months ended March 31, 2015 was 154,420 MTUs from a mill feed of 205,916 tonnes with an average grade of 0.93% WO_3 and average mill recovery of 80.9% compared to production of 151,184 MTUs in the comparable period from a mill feed of 188,386 tonnes with an average grade of 1.04% WO_3 and average mill recovery of 77.2%. With the substantial completion of the mine and mill improvement project, increased mill feed and metallurgical recovery were realised resulting in increased MTUs produced despite lower average grade.
- Total mine operating costs decreased with $36.3 million incurred in the six months ended March 31, 2015, from $38.0 million in the comparable period. The Company continues to benefit from the decline in diesel prices. Cost of sales remained consistent at $40.0 million compared to $39.8 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 March 31, 2015	March 31, 2014	Change	For the six months ended March 31, 2015	March 31, 2014	Change
Foreign exchange loss	$ 3,733	$ 595	$ 3,138	$ 5,113	$ 1,113	$ 4,000
Interest and financing costs	2,012	1,373	639	3,695	2,425	1,270
General and administrative	877	844	33	1,551	1,486	65
Accretion of financial liabilities	486	147	339	1,032	719	313
Write-off of option payments - Mactung	300	-	300	300	-	300
Exploration	-	2	(2)	-	121	(121)
Share-based compensation	-	-	-	-	32	(32)
Loss on revaluation of derivatives	-	-	-	-	29	(29)
Gain on disposal of assets	-	-	-	(5)	-	(5)
Interest and other income	(38)	(59)	21	(91)	(109)	18
Total	$ 7,370	$ 2,902	$ 4,468	$ 11,595	$ 5,816	$ 5,779

Q2 2015 compared to Q2 2014 for expenses

- The foreign exchange loss increased in Q2 2015 as the Company had higher USD denominated debt levels and the USD appreciated in value versus the CDN from $1.1601 at December 31, 2014 to $1.2666 at March 31, 2015. In the comparable period the USD appreciated in value versus the CDN from $1.0636 at December 31, 2013 to $1.1055 at March 31, 2014.
- Interest and financing costs have increased for Q2 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 Q2 2014.

Six months ended March 31, 2015 compared to six months ended March 31, 2014 for expenses

- The foreign exchange loss increased for the six months ended March 31, 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 $1.2666 at March 31, 2015. In the comparable period the USD appreciated in value versus the CDN from $1.0303 at September 30, 2013 to $1.1055 at March 31, 2014.
- Interest and financing costs have increased for the six months ended March 31, 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 six months ended March 31, 2014.

SUMMARY OF QUARTERLY INFORMATION

In $000's, except per share amounts and realised sales price per MTU sold	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
Tungsten concentrate produced (MTUs)	70,871	83,549	63,002	59,877	89,116	62,068	67,728	67,433
Tungsten concentrate sold (MTUs)	78,817	69,162	60,095	71,655	69,934	62,218	66,264	71,563
Average realised sales price $USD/MTU	$ 234	$ 268	$ 286	$ 282	$ 291	$ 305	$ 317	$ 277
Quarterly average USD$ foreign exchange rate (USD$1 to CDN)	$ 1.238	$ 1.136	$ 1.090	$ 1.092	$ 1.102	$ 1.050	$ 1.038	$ 1.024
Revenues	$ 23,451	$ 21,498	$ 19,232	$ 22,452	$ 23,063	$ 20,462	$ 22,461	$ 20,954
Net income (loss)	$ (6,407)	$ (210)	$ (4,183)	$ (401)	$ 2,467	$ (4,529)	$ 412	$ (6,253)
Net income (loss) per share, basic and diluted	$ (0.03)	$ 0.00	$ (0.02)	$ 0.00	$ 0.01	$ (0.02)	$ 0.00	$ (0.03)
Cash flow from operations before changes in non-cash working capital	$ 1,497	$ 3,735	$ 1,587	$ 2,669	$ 6,416	$ (489)	$ 3,097	$ (301)
Cash flow from operating activities	$ 2,033	$ 66	$ 3,912	$ 2,881	$ 1,794	$ 2,208	$ 3,809	$ (1,158)

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:

- 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.
- Q3 2013 was affected by the recognition of the $1.8 million of employment contract settlements to officers and an impairment of property, plant and equipment of $1.8 million.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

Liquidity and going concern

Liquidity is an increasing and urgent challenge due to poor market prices. Continued support from stakeholders, lenders and customers will be important as existing debt matures requiring debt to be rolled-over, extended or refinanced.

Operations at Cantung continued to be profitable for the quarter despite the continued decline in APT prices. However, the results are insufficient to cover corporate overheads including substantial interest and financing costs. As cash flows from operations would be insufficient to cover expected outlays for tailings management, the dry stack tailings facility project is being temporarily deferred.

The Company produced positive cash flows from operations for the three and six months ended March 31, 2015 of $2.0 million and $2.1 million respectively. Due to failing market prices for tungsten, the Company is currently initiating measures to stabilize its financial position. These include capital project deferrals and further operational and financial alternatives.

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 may 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 six months ended March 31, 2015 which provides details on the going concern assumption for the Company.

Liquidity outlook

Factors that will impact liquidity in the forthcoming months:

- The Company is initiating a severe cash conservation program and is considering other operational and financial alternatives.
- 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. Cash conservation measures could affect production volumes.
- Improvements to the mill process and continued achievement of higher levels of production to support profitable operations and positive cash flows from operations.
- Capital expenditures are currently severely restricted.
- Changes in the market quotations for APT.
- The USD/CDN exchange rate

Statement of financial position (in $000's)		As at March 31, 2015		As at September 30, 2014		As at March 31, 2014
Cash and cash equivalents	$	1,665	$	363	$	2
Current assets	$	18,079	$	16,623	$	17,425
Total assets	$	74,717	$	71,959	$	71,849
Current liabilities	$	64,228	$	31,810	$	40,357
Total liabilities	$	84,387	$	75,012	$	70,672
Total financial liabilities includes the following: [1]						
Current financial liabilities	$	49,692	$	14,787	$	24,489
Non-current financial liabilities	$	10,694	$	33,808	$	21,955
	$	60,386	$	48,595	$	46,444
Shareholders' deficit	$	(9,670)	$	(3,053)	$	1,177
Statistics:						
Working capital [2]	$	(46,149)	$	(15,187)	$	(22,932)

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 six months ended March 31, 2015 and 2014

Summarized cash flow activity (in $000's)	For the three months ended March 31, 2015	March 31, 2014	Change	For the six months ended March 31 2015	March 31 2014	Change
Cash flow from (used in) operating activities before changes in non-cash working capital	$ 1,497	$ 6,416	$ (4,919)	$ 5,232	$ 5,927	$ (695)
Change in non-cash working capital	536	(4,622)	5,158	(3,133)	(1,925)	(1,208)
Provided by (used in) operating activities	2,033	1,794	239	2,099	4,002	(1,903)
Provided by (used in) investing activities	(781)	(1,946)	1,165	(1,431)	(4,015)	2,584
Provided by (used in) financing activities	(5,305)	107	(5,412)	535	(181)	716
Effect of exchange rate changes on cash	10	31	(21)	99	(7)	106
Increase (decrease) in cash	(4,043)	(14)	(4,029)	1,302	(201)	1,503
Cash, beginning of period	5,708	16	5,692	363	203	160
Cash, end of period	$ 1,665	$ 2	$ 1,663	$ 1,665	$ 2	$ 1,663

Q2 2015 compared to Q2 2014 for liquidity and cash flows

Cash flow provided by operating activities was $2.0 million for Q2 2015, an increase of $0.2 million compared to cash flow provided by operations of $1.8 million for Q2 2014.

In Q2 2015 there was a net loss of $6.4 million and cash flows from operating activities before changes in non-cash working capital of $1.5 million. As a result of lower production, inventory levels decreased. Accounts payable were paid down using cash flow from operations generated in Q1 2015 and proceeds from new financings.

In Q2 2014 there was net income of $2.5 million and cash flows from operating activities before changes in non-cash working capital of $6.4 million. Production was above target levels in Q2 2014 which allowed for a decrease in accounts payable as cash was available to repay outstanding payables. Accounts receivable decreased due to the completion of a tungsten delivery contract which was not renewed. Inventory increased due to a change in the point of sale terms of the new supply agreements executed with existing customers.

Cash outflow from investing activities for property, plant and equipment and Mactung development was $0.8 million for Q2 2015 compared to $1.9 million in Q2 2014. During Q2 2015 the Company continued underground development and commenced detailed engineering and purchases of equipment for the dry stack tailings facility. In the comparable period, the waste water treatment plant and the mill improvement projects were on-going.

For Q2 2015 there was a net cash outflow from financing activities of $5.3 million. Customer advances of $1.9 million were repaid along with scheduled principal repayments on customer loans and the Callidus loan of $0.7 million and $0.5 million respectively. Principal payments on equipment loans and capital leases of $0.2 million and interest and financing costs of $1.9 million were paid. In the comparable quarter there was a cash inflow from financing activities of $0.1 million as the net proceeds of $1.1 million from the debentures and $2.8 million from customer loans were received. Equipment loans and capital leases of $0.6 million, interest and financing costs of $1.4 million and operating loan with HSBC of $1.8 million were paid.

Six months ended March 31, 2015 compared to six months ended March 31, 2014 for liquidity and cash flows

Cash flow provided by operating activities was $2.1 million for the six months ended March 31, 2015, a decrease of $1.9 million compared to cash flow provided by operations of $4.0 million for the comparable period.

For the six months ended March 31, 2015 there was a net loss of $6.6 million and cash flows from operating activities before changes in non-cash working capital of $5.2 million. As a result of improved production and higher than normal levels of inventory in transit due to delays in loading onto the vessel at the Vancouver port, inventory levels increased. Accounts payable were paid down using cash flow from operations generated in Q1 2015 and proceeds from new financings.

For the six months ended March 31, 2014, there was a net loss of $2.1 million and cash flows from operating activities before changes in non-cash working capital of $5.9 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 $1.4 million for the six months ended March 31, 2015 compared to $4.0 million in the comparable period. During the six months ended March 31, 2015 the Company continued underground development and commenced detailed engineering and purchases of equipment for the dry stack tailings facility. In the comparable period, the waste water treatment plant and the mill improvement projects were on-going.

For the six months ended March 31, 2015 there was a net cash inflow from financing activities of $0.5 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. Net proceeds of $3.5 million were received from the Queenwood II promissory note, customer advances of $0.3 million were received, scheduled principal repayments of $0.9 million and $0.7 million were made on the Callidus loan and customer loans respectively, payments on equipment loans and capital leases of $0.3 million and $2.8 million of interest and financing costs were paid. In the comparable quarter there was a cash outflow from financing activities of $0.2 million as the net proceeds of $2.3 million from the debentures and $5.4 million from customer loans were received. Equipment loans and capital leases of $2.0 million, interest and financing costs of $2.4 million, operating loan with HSBC of $2.8 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 March 31, 2015	As at September 30, 2014	As at March 31, 2014
Current financial debt			
Callidus loan	$ 12,907	$ 10,128	$ -
Customer advances	743	426	-
Customer loans	2,977	1,974	649
Debentures	13,418	-	-
Equipment loans and capital leases	1,135	259	1,522
Operating Loan	-	-	8,318
Notes payable	18,512	2,000	2,000
Working Capital Loan	-	-	12,000
Total	49,692	14,787	24,489
Non-current financial debt			
Customer advances	3,800	3,360	3,317
Customer loans	5,399	6,090	7,310
Debentures	-	11,564	11,116
Equipment loans and capital leases	1,495	210	212
Notes payable	-	12,584	-
Total financial debt	$ 60,386	$ 48,595	$ 46,444

The Company is dependent upon continued support from its stakeholders, lenders and customers. It will be necessary to roll-over, replace or refinance existing loan facilities as they mature or arrange new financing.

Share issuances

There have been no issuances of common shares by the Company in the six months ended March 31, 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	$ 4	$ 6	$ 6	$ 6	$ 6	$ 6	$ 34
Cantung leases and other agreements	226	227	269	293	316	649	1,980
Equipment loans and capital leases	600	1,088	752	152	29	9	2,630
Office leases [2]	177	245	251	84	-	-	757
Equipment purchases	1,294	-	-	-	-	-	1,294
	$ 2,301	$ 1,566	$ 1,278	$ 535	$ 351	$ 664	$ 6,695

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.

The security deposit required under the Company's licenses is $11.7 million. The Company has posted $6.2 million in cash and $5.5 million in the form of secured promissory notes pursuant to the Reclamation Security Agreement ("RSA"). The RSA further provides for:

- the Company to post $100 thousand in cash on the 1st of September, 1st of December, 1st of March, and 1st of June to reduce the amounts pledged under the promissory notes until nil is outstanding under the promissory notes;
- the cash components payable to the Government of the Northwest Territories ("GNWT") to increase under certain events.

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 six months ended March 31, 2015 the Company posted $200 thousand of cash towards the reclamation deposit. The Company is currently in discussions with the GNWT regarding the reclamation plan and amount of reclamation security for an amendment to the Cantung water license to allow for the dry stack tailings facility and subsequent renewal of the water license beyond January 29, 2016. The security deposit associated with the renewed license may be materially higher than the currently required deposit, with the potential deposit ranging from $15.2 million to $30.9 million, in cash and other security.

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 May 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 six months ended March 31, 2015 the Company recognised interest expense of $0.7 million (six months ended March 31, 2014 - $0.3 million) on these Debentures and Convertible Debentures.

During 2014 the Company executed a USD$12.0 million promissory note with Queenwood II. During the six months ended March 31, 2015 the Company recognised interest expense of $0.9 million (six months ended March 31, 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 six months ended March 31, 2015 the Company recognized interest expense of $0.2 million (six months ended March 31, 2014 – nil) on this Queenwood II note payable.

At March 31, 2015 there is $0.7 million of interest and financing costs in accounts payable and accrued liabilities due to related parties.

During the six months ended March 31, 2015 the Company recognised $0.7 million (six months ended March 31, 2014 - $0.2 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

There were no subsequent events after March 31, 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. 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 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, the possibility to refinance, roll-over, replace or otherwise extended financial debt as it matures, and the continued support of stakeholders, lenders and customers.

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, write-off of option payments related to Mactung and impairment of property, plant and equipment.

	For the three months ended		For the six months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Net loss	$ (6,407)	$ 2,467	$ (6,617)	$ (2,062)
Add back:				
Foreign exchange loss	3,733	595	5,113	1,113
Interest and financing costs	2,012	1,373	3,695	2,425
Depreciation and amortization	1,214	1,787	2,481	3,531
Accretion of financial liabilities	486	147	1,032	719
Write-off of option payments - Mactung	300	-	300	-
Interest income	(38)	(59)	(91)	(109)
EBITDA	$ 1,300	$ 6,310	$ 5,913	$ 5,617

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:

- fluctuating commodity markets, tungsten prices and currency exchange rates;
- risks relating to underground mining;
- risk of low commodity pricing leading to temporary shut downs;
- 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 six month period ended March 31, 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