NORTH AMERICAN TUNGSTEN CORPORATION LTD

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED:

SEPTEMBER 30, 2009

REPORT DATED: JANUARY 22, 2010

This discussion and analysis of financial position and results of operations of North American Tungsten Corporation Ltd. The "Management Discussion and Analysis" (MD&A) is prepared as of January 22, 2010, and should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2009. This MD&A reviews the business of North American Tungsten Corporation Ltd. and compares the Company's financial results for 2009 with those of 2008. In this discussion, unless the context otherwise dictates, a reference to North American Tungsten, NATC, or the Company refers to North American Tungsten Corporation Ltd. and its subsidiaries. Additional information relating to the Company including its Annual Information Filing is available on SEDAR at www.sedar.com.

Caution on Forward-Looking Information

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

A glossary of terms is affixed

BUSINESS OVERVIEW

Over the course of the 2009 corporate year, the Company operated well, progressing the development of the Mactung property, improving efficiencies and significantly improving operating results at the Cantung mine, successfully testing methods to process tungsten products at the tungsten processing facility in Minnesota that is now in operation, and carrying out an on-going drilling program at Cantung which resulted in an increase of the expected life of the mine. (See news release dated August 18, 2009 on www.sedar.com)

But the Company could not ignore weakened markets for tungsten. As product stockpiled at the mine because of lessened demand, the Company put the Cantung mine into care and maintenance, just after the fiscal year end, reducing the work force until demand and price improve. Spot markets have since recovered sufficiently to substantially eliminate the Company's remaining concentrate stockpiles. The Company expects the tungsten market to continue to strengthen so as to match gains made in other commodities. It therefore anticipates a reopened mine at Cantung during fiscal 2010.

Some specific highlights:

-Fiscal 2009 net earnings were $0.9 million.
Operating performance at Cantung improved considerably as operating margins increased to $7.2 million compared to negative $3.2 million in fiscal 2008 due in part to significantly lower unit production costs and foreign exchange rates. The net earnings for fiscal 2009 were $0.9 million after a $1.0 million gain from the sale of the Company's interest in the Jennings/Tootsie River property. The net earnings also include a gain of $3.1 million on dilution of the investment in Tungsten Diversified Industries LLC ("TDI"), a $0.5 million future income tax recovery, offset by a $0.6 million equity loss in TDI as well as a write down of mineral properties of $1.2 million.

-Tungsten prices fell significantly in fiscal 2009 but are improving.
Tungsten is sold to world markets: demand and price could not be insulated against the global economic malaise in fiscal 2009. Following the economic crisis of late 2008, demand for tungsten fell, especially in the latter quarters of the fiscal year. The Company's own inventories, including inventories of its lower grade flotation product, had risen to $10 million at the fiscal year end. Some mid-length sales contracts were not renewed once they expired, although the spot market has since shown strong signs of recovery. During the year, quoted prices for tungsten were similarly depressed.

The average MB European free market quotation for APT was US$215/mtu for fiscal 2009, compared to a US$248/mtu average for fiscal 2008. That quotation reached its cyclical low in May 2009. Thereafter, prices firmed. Tungsten demand is currently increasing and the average quotation is now US$202.50/mtu.

Generally economic conditions are now stabilizing and various metal prices have moved upwards. Recovery of the lagging tungsten market may follow. In the longer term, the Company expects considerably stronger markets for its products, as the imbalance between the projected shortfall of western world mine production and growing consumption become more pronounced.

-Cash requirements are being met with new financing and expanded bank facilities
The Company's available cash balances were low at the end of the year, largely reflecting the build up of inventories. The Company successfully negotiated both expanded and new credit facilities with its bankers: this included an increase in its operating loan facility to $6.0 million. On November 30, 2009 the Company closed a non-brokered private placement for $3.07 million.

-Temporary closure of the Cantung mine
Due to increased product inventories, low sales prices and weak demand, the Cantung mine suspended operations on October 18, 2009. Our employees, Western and Northern Canadians who rotated three week shifts, were given three months' notice of the layoffs. The mine was placed soundly into care and maintenance, with processes ready to restart the mine promptly and in an orderly way when market conditions improve. The Company has sufficient inventories to meet its current contractual sales obligations.

-Good operating results at Cantung
In fiscal 2009 production increased by 16% and cash operating costs were some 6% less as compared to 2008. Production of 315,192 MTUS for the 2009 was at 95% of budgeted production. The development potential of the Western Extension deep zone appears promising. Approximately 400 feet of additional development remains to be driven to the deep zone ore lense at the 3610 elevation.

-The focus on developing the Mactung project continues
A summer drilling program was completed at Mactung, as the Company further defined the ore body to facilitate mine planning. The technical report produced earlier in the fiscal year based on an initial 2,000 tpd underground mine with an 11 year life of mine indicated that 748,000 mtus/year will be produced during the initial five-year period after Mactung commences production. The report projects a 23.5% internal rate of return and a pre-tax net present value discounted at 8% of $277 million. Operating costs are projected to be $104 per mtu. The project payback is expected to be 2.9 years based on a capital cost of $356.5 million plus a contingency of $45.6 million.

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

-The Cantung mineral reserves have been expanded
On August 18, the Company announced the updating of the Cantung Mine's mineral reserves and filed a Technical Report on October 1, 2009 in the Company's profile at www.sedar.com. The updated probable reserves increased to 1,020,699 short tons of ore grading 1.08% WO3 as at July 1, 2009 (See Mine Operations below). When production is taken into account, reserves have increased significantly since the previous report in 2008.

DESCRIPTION OF BUSINESS

North American Tungsten Corporation Ltd. is engaged in tungsten mining and related activities which includes the acquisition, exploration, development and processing of ores and concentrates. The Company owns the Cantung mine in the Northwest Territories; the Mactung mineral property on the border of the Yukon Territory and the Northwest Territories; other tungsten exploration prospects; and has an equity position in the TDI tungsten processing facility in Minnesota, USA.

The Company has received formal notification from the Yukon Environmental and Socio-economic Assessment Board (YESAB) that its Proposal for the Mactung Project has been deemed adequate and that screening of the Proposal will commence pursuant to the Yukon Environmental and Socio-economic Assessment Act (YESAA). Following this adequacy determination, the project proposal proceeds to Screening which will include public comment periods and result in a screening report and recommendations. The assessment process then terminates with a Decision Document. The subsequent steps in the process would be the acquisition of permits, including the Quartz Mining License and Type A Water Permit, followed by project construction.

The Company released Wardrop Engineering Inc.'s positive feasibility study of the project which was followed by a 2009 field program that included an in-fill drilling program, geotechnical drilling for site facilities and additional environmental studies. The results of this program are still pending.

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

As a result of the additional investors in TDI (formerly Tungsten Joint Venture LLC "TJV") the Company's interest was reduced from 100% to 43.2%. The remaining 56.8% is held by Tundra as to 43.2% and Queenwood as to 13.6%. The Company's interest in TDI is now accounted for as equity accounted investment.

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

Overall Performance

Mactung

In 2009 the Company completed the work required for an updated feasibility study for a 2,000 tonne per day mining operation at Mactung. Publication of the study took place during February 2009. The Company's focus is increasingly on the development of the Mactung property. In 2009, there was considerable activity on the ground. A summer site program was conducted that included an in-fill drilling program, geotechnical drilling to assist with open pit mine design and additional environmental studies.

Mine Operations

The Cantung mine, located on the western border of the Northwest Territories, is the Company's sole mining operation. For the year ended September 30, 2009, the mine produced 315,192 metric tonne units (mtus) of tungsten concentrate compared with 272,483 mtus for the year ended September 30, 2008. The increased tungsten production during 2009 was a result of reducing dilution while recovering ore from the pillars in the Main Zone of the deposit, producing a higher mill feed grade. An updated Technical Report on the Cantung mine was filed on October 1, 2009 and available under the Company's profile at www.sedar.com

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

TABLE 1-1 CANTUNG PROBABLE MINERAL RESERVES

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

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

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

TABLE 1-2 CANTUNG INDICATED MINERAL RESOURCES

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

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

Sales revenues for the year ending September 30, 2009 were $58.1 million (including $1.0 million in copper sales revenues) from 243,709 mtus of concentrate, 8,702 mtus of APT and 13,652 mtus of TBO compared to revenues in 2008 of $56.0 million from sales of 251,563 mtus of concentrate, 16,264 mtus of APT and 3,500 mtus of TBO.

During the year, efforts continued to increase output from existing ore reserves and to establish additional new ore resources. A significant underground diamond drilling program continued on potential new resources both above and below the 3,700 foot working level of the mine. In total 31,511 feet of exploration drilling was completed plus 3,600 feet of definition drilling were undertaken. The development of a new decline down to the 3450 level had reached the 3610 level by year end.

A focus on grade control from the mine's underground operation resulted in continuing adjustments to drilling,, blasting and extraction procedures for pillars in the Main Zone, where long-hole mining takes place.

For the year, long-hole stoping accounted for 72% of the ore mined. Mining by cut and fill plus development ore was 28% of the total.

The surface low grade stockpile had been depleted at year end and the surface high grade stockpiles contained 3,642 tons of ore.

To improve metallurgical performance in the mill, capital additions included the installation of a scheelite scavenger column cell, a process boiler and a flotation circuit to recover Cu in the form of concentrate.

In fiscal 2009 the mill processed 400,126 tons grading 1.13% WO_3 compared with 398,845 tons grading 1.03% WO_3 in 2008. For fiscal 2009, production of concentrate (total 315,192 mtus) consisted of 234,818 mtus of gravity concentrate grading 65.8% WO3 and 80,374 mtus of flotation concentrate grading 47.8% WO_3. Recovery for the year averaged 76.7% compared to 73.5% in 2008. Mill availability was 96.4% and average mill throughput was 47.5 tons per operating hour.

Exploration Mineral Properties

Cantung General Exploration

Exploration in and around the mine site, but outside of the main underground Cantung Mine was completed during the fourth quarter. Initially, geo-physical surveys were under-taken to identify favourable magnetic anomalies associated with the ore limestone/chert contact with the dolomite intrusion. Follow-up diamond drilling took place to test these anomalies for scheelite mineralization. Drilling totaled 1,594 meters in six holes. No significant mineralization was observed in the diamond drill core.

Jennings Property

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

Rifle Range Creek

A geo-chemical sampling program was completed on the Rifle Range Creek claims during the last quarter using a hot water generator to penetrate the glacier to allow soil and gravel sampling at the ice/ground contact. As well, four diamond drill holes totaling 676 meters were completed on Rifle Range glacier, testing promising geotechnical/geochemical targets. No significant visual scheelite was observed. Sub-ice sampling late in the season has identified additional potential targets to the north of the area that had been initially drilled.

Markets and Foreign Exchange

During fiscal 2009 the Canadian dollar sales revenues of the Company benefitted from a lower average exchange value for the Canadian dollar; this more than offset the substantial decrease in realized tungsten prices.

The Metal Bulletin average monthly European quotation for APT per mtu decreased 22.3% to US $197.50/mtu at September 30, 2009 from US $254.50/mtu at September 30, 2008. The average APT price for the year was US $215/mtu compared to US $248/mtu for 2008. Sales of concentrate averaged US $180/mtu compared to US $201/mtu for 2008. Average 2009 concentrate sales prices as a percentage of average APT prices were 83% compared to 81% for 2008.

The average exchange value of the Canadian dollar, as realized on sales for the year, was US$0.84 (resulting in a 17% foreign exchange benefit over 2008). This compared to US$0.99 for the year ended September 30, 2008. The European market mid APT quotation at December 31, 2009 was US $197.50/mtu.

	For the Quarter Ended					
APT European Metal Bulletin Prices	**2004 December**	**2005 December**	**2006 December**	**2007 December**	**2008 December**	**2009 December**
Average Quarterly Prices						
APT Free Market Average $US	$ 94	$ 263	$ 252	$ 241	$ 246	$ 198

Financial Review

The net earnings for fiscal 2009 were $0.9 million after a $1.0 million gain from the sale of the Company's interest in the Jennings/Tootsie River property. The net earnings also include a gain of $3.1 million on dilution of the investment in TDI, a $0.5 million net future income tax recovery offset by a $0.6 million equity loss in TDI as well as a write down of mineral properties of $1.2 million.

Operating results at the Cantung mine improved significantly.

Minesite cost of sales was $47.4 million compared to $56.6 million in 2008. The gross operating margin increased from a loss of $3.2 million in 2008 to earnings of $7.2 million in 2009 as a result of higher unit selling prices in Canadian dollars, the commencement of copper sales revenues, lower operating costs, combined with increased production volumes of 15.7% as average mill grades increased from 1.03% in 2008 to 1.13% in 2009.

	12 Months Ended 30-Sep-09	12 Months Ended 30-Sep-08
Gross Margin ($ 000'S)		
Tungsten & copper sales	$ 58,166	$ 56,025
Minesite cost of sales	47,406	56,629
Freight, handling & conversion costs	3,029	2,042
Royalties	551	540
Gross Margin	**$ 7,180**	**$ (3,186)**

Production and earnings were positively affected by improvements in grade control, mill process technology and product diversification via tolling arrangements to APT and TBO. Mill tonnage increased slightly from 398,845 tons in 2008 to 400,126 tons in 2009.

Following the economic crisis of late calendar 2008, demand for tungsten has weakened in 2009 and was markedly lower in Q3 & Q4 2009. Quoted prices for tungsten (APT) in world markets have fallen from US$246 in December 2008 to US$192 at September 30, 2009 with a small recovery to US$198 at December 31, 2009. Several of the Company's sales contracts have expired and have not yet been renewed although the spot sales market is currently quite active. The Company's inventories, including inventories of its lower grade flotation product, have risen to $10 million at the fiscal year end.

Cash flow from operating activities before changes to non-cash working capital improved by $9.8 million to $3.7 million as compared to 2008, reflecting the improved operating performance. Due primarily to the increased investment in concentrate inventories and lower accounts payable, cash flow from operations was a negative $2.3 million.

(Annual Information $ 000,s except earnings (loss) per share)		**2009**		**2008**		**2007**
Earnings and Cash Flow						
Metal sales	$	58,166	$	56,025	$	59,420
Cash flow from operating activities		(2,255)		(5,706)		3,094
Net Earnings (Loss)		936		(11,693)		(1,203)
Net Earnings (Loss) per share		0.01		(0.09)		(0.01)
Balance Sheet						
Total assets	$	54,761	$	53,446	$	48,948
Total long term liabilities		5,592		4,627		4,655
Dividends						
Cash dividends declared per share		nil		nil		nil

Revenues

Total sales revenues were $58.2 million (including $1.0 million in copper sales) from 266,063 mtus of tungsten products for fiscal 2009 compared to sales of $56.0 million from 271,327 mtus of tungsten in 2008. The increase in sales revenues resulted from the re-activation of the copper recovery circuit; and offset by slightly lower tungsten sales volumes. The average realized Canadian dollar exchange rate against the US dollar decreased from $.9893 in fiscal 2008 to $.8448 in fiscal 2009. The average sales price realization for concentrates in fiscal 2009 was $Cdn 213/mtu (US$180/mtu) compared to $Cdn 204/mtu (US$201/mtu) in 2008.

	For the twelve months ended			
		30-Sep-09		**30-Sep-08**
Sales Units				
Concentrate Sales mtus		243,709		251,563
APT Sales mtus (delivered to customer)		8,702		16,264
TBO Sales mtus (delivered to customer)		13,652		3,500
Total mtus sold		266,063		271,327
Conversion Losses				
APT mtus		784		1,600
TBO mtus		681		425
Total Conversion Losses		1,465		2,025
Total Shipments		267,528		273,352
Revenues $ Cdn		**($000s)**		**($000s)**
Concentrate Sales $ Cdn		51,809		51,103
APT Sales $ Cdn		2,243		4,006
TBO Sales $ Cdn		3,069		916
Total Sales Revenues $Cdn		57,121		56,025
Revenues $ US		**($000s)**		**($000s)**
Concentrate Sales $ US		43,772		50,611
APT Sales $ US		1,864		3,926
TBO Sales $ US		2,623		887
Total Sales Revenues $US		48,258		55,423
$US foreign exchange rate		0.8448		0.9893
Concentrates sales price $US	$	179.61	$	201.18
Average European APT Prices	**$**	**215.31**	**$**	**247.75**
Concentrate sales price as a % of average APT pricing		**83.42%**		**81.20%**

Interest income earned in 2009 was $82 thousand compared to $379 thousand during 2008 reflecting significantly reduced average cash balances coupled with lower deposit interest rates on general operating funds and on funds held in escrow.

Cost of Production

Mine operating costs were as follows:

		12 Months Ended 30-Sep-09		12 Months Ended 30-Sep-08
Operating Costs ($ 000'S)		**$**		**$**
Mining		23,271		24,342
Milling		8,304		8,441
Plant & Site Services		12,141		14,787
Site Administration		9,397		9,146
Operating Costs		**53,113**		**56,715**
Inventory Change & Adjustments		(5,707)		(86)
Cost Of Sales		**47,406**		**56,629**
Mtus produced		315,192		272,483
Cost per mtu	$	168.51	$	208.14
Tons Milled		400,126		398,845
Feed Grade %		1.13		1.03
Recovery %		76.74		73.46

Mine operating costs decreased 6.4 percent from $56.7 million in 2008 to $53.1 million in 2009. Fuel costs decreased from $12.9 million in 2008 to $10.6 million in 2009. Labour costs remained stable at $20.8 million in 2008 and 2009. Contracted services decreased from $8.3 million in 2008 to $7.8 million in 2009 primarily as a reduction in materials handling and diamond drilling contractor costs reflecting a reduced underground diamond drill exploration program. As a result of these decreased costs and increase in production of 42,709 mtus in 2009, unit costs per mtu decreased from $208.14 for 2008 to $168.51 for 2009.

Other Expenses

Amortization and depreciation decreased slightly to $5.0 million from $5.2 million in 2008. Amortization is based on established ore reserves and does not take account of additional tonnages that may be added to reserves in future until the commencement of the next fiscal year.

($ 000,s)		12 Months ended September 30, 2009		12 Months ended September 30, 2008
GENERAL AND ADMINISTRATIVE				
Fees, wages and benefits	$	1,721	$	1,925
Office expenses		475		486
Accounting and audit		142		225
Legal fees		229		185
Investor relations, travel and business development		235		263
Consulting		102		106
Filing fees and transfer agent fees		61		55
	$	2,965	$	3,245

The decrease in general and administration expenses was principally due to reductions in salaries and benefits reflecting cost reduction initiatives and decreases in management staff levels. Accounting and audit expenses were reduced in the period. Travel for investor relations purposes and business development activities remained stable in the year.

Stock based compensation was $90 thousand in 2009 as compared with $733 thousand in 2008.

The depreciation of the Canadian dollar against US currency resulted in a nominal net gain of $40 thousand in 2009 compared to a net gain of $359 thousand in 2008. There were gains on accounts receivable in respect of concentrate sales which are all denominated in US currency, but these were offset by losses on the translation of the US denominated convertible debenture.

Write Down of Mineral Properties

The potential for success on the Bailey claims and the area around the Cantung mine as well as the Rifle Range Creek property is now considered remote. Accordingly capitalized expenditures of $16 thousand relating to the Bailey Claims, $625 thousand relating to the area around the Cantung mine and $595 thousand for Rifle Range Creek were written off in the year ended September 30, 2009.

Dilution Gain & Equity Loss

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

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

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

The Company accounts for its investment in TDI under the equity method. TDI's current year losses amounted to $1.36 million of which the Company's 43.2% share is $588 thousand. The current carrying value of the TDI investment is $7.13 million.

Financial Position and Liquidity

The Company had negative cash flow from operating activities of $2.3 million in 2009 compared to negative $5.7 million in 2008. Available cash balances were $1.3 million at the end of the year compared to $9.5million at September 30, 2008. The Company's cash flows and financial position are discussed below. Subsequent to the year end, the Company is utilizing currency hedges for a portion of its cash flows.

Operating Cash Flow

The gross margin from the Company's mining operations was $7.2 million positive in 2009 compared to negative $3.2 million in fiscal 2008. Despite the deterioration in tungsten markets, the improvement was a result of significantly reduced unit costs of production due to reduced operating costs and increased production coupled with an increase in the Canadian dollar realized concentrate sales price of $212.58 per mtu compared to $203.14 per mtu of concentrates for fiscal 2008.

Under the terms of the water license and reclamation security agreement the Company posted $0.5 million comprised of accrued interest of $0.1 million and $0.4 million in cash security for 2009 compared to $0.6 million for fiscal 2008.

Cost reduction efforts also reduced general and administrative costs to $2.97 million from $3.25 million in fiscal 2008.

Adverse factors included a $0.5 million annual increase in interest and financing costs, to $0.9 million, due to higher average outstanding debt and costs in connection with a $3 million loan facility that is now repaid.

Depreciation of the Canadian dollar in the year resulted in gains on accounts receivable denominated in US dollars offset by the US dollar convertible debenture. The net foreign exchange gain was $40 thousand compared to a gain of $359 thousand in 2008.

After adjustment for changes in accounts payable and inventories, operating cash flows were $2.3 million negative compared to $5.7 million negative in 2008. The cash drain from accounts payable and inventories was $5.5 million in 2009 mainly as a result of the increase in inventory levels by $4.6 million compared to a cash flow from accounts payable and inventories of $1.0 million in 2008.

Investing Activities

Mactung exploration and project related costs were $4.3 million compared to $5.9 million in 2008. Exploration expenditures for Rifle Range Creek and the Cantung area were $1.0 million compared to $5 thousand in 2008.

Capital outlays at Cantung in the year included $1.4 million on the access decline to the new Western extension section of the mine, to level 3600; mine production equipment of $0.8 million; power generator improvements of $0.8 million; mill equipment of $0.6 million and other capital of $0.2 million; plus a $0.2 million decrease in related accounts payable; for a total of $4.0 million. Capital outlays at Cantung in 2008 were $4.0 million.

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

Financing Activities

During the year the Company increased bank borrowings from $3.0 million to $5.9 million. Approximately $0.3 million in existing lease obligations were discharged in the year. On July 31, 2009 the Company closed a private placement of 40 million common shares at $0.15 per share with insiders and private investors for gross proceeds of $6.0 million. The Company issued 2,030,000 common shares on the exercise of stock options for proceeds of $0.2 million in Q3 2009. On November 27, 2009 the Company completed a $3 million non-brokered private placement of 20,433,333 shares.

Bank Loan and Other Credit Facilities:

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

Demand Operating Loan of $6.0 million

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

The margin requirements under this facility are as follows:
90% of acceptable receivables insured by EDC under its Accounts Receivable Insurance Program; plus
The lesser of 50% of acceptable inventory and $3 million; plus

100% of cash or term deposits pledged with the Bank in Canadian or US dollars, up to a maximum amount of $1.0 million; less the value of priority claims.

First demand non-revolving Equipment Loan of $231 thousand

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

Second demand non-revolving Equipment Loan of $198 thousand

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

Third demand non-revolving Equipment Loan of $500 thousand

The purpose of the loan is to assist in financing the acquisition by the Company of various items of equipment used in the Company's business. The loan is available by way of a direct advance made available only to the extent that such advance: (i) does not exceed 75% of the purchase price of any new piece of equipment pursuant to the purchase agreement or invoice relating thereto; and (ii) does not exceed 60% of the current market value/appraised value of any used piece of equipment. As of September 30, 2009, $232 thousand of the $500 thousand loan has been advanced. The amounts owing are repaid in equal monthly installments of principal and interest on the last day of each month, based on an interest rate of Bank's prime rate + 1.75% per annum and an amortization period of 5 years.

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

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

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

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

In obtaining the credit facilities noted above, the Company granted the Bank the following security:

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

- Security Agreement creating a first fixed and specific charge and security interest over any piece of equipment which is acquired by the Company using the proceeds of the Third Equipment Loan;
- Security over cash, credit balances and deposit instruments in the amount of $1.0 million;

COVENANTS AND CONDITIONS OF CREDIT

As long as the Company is indebted to the Bank it shall not without the consent of the Bank:
Permit its ratio of debt to tangible net worth at any time to exceed 2.5:1;
Permit the ratio of consolidated current assets to current liabilities of the Company to at any time be less than 1.1 to 1. The Company has acknowledged a breach of this ratio however the bank has agreed it will not to steps to act on the default so long as:

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

The required ratios have been achieved at September 30, 2009.

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

Loan Facility and Convertible Debentures:

On April 18, 2008 the Company entered into an agreement for a $3.0 million loan facility. The interest rate on outstanding borrowings was fixed at 10% per annum. Effective April 18, 2009 the Company paid $400 thousand of the principal; entered into an amended agreement to extend the maturity date of the remaining outstanding principal of $2.6 million until June 2, 2009; paid the lenders a $100 thousand consent fee; and increased the interest rate from 10% per annum to 20% per annum for the period commencing on April 19, 2009. The amended agreement also called for an additional consent fee of $50 thousand which was paid on May 18, 2009. The Company paid the remaining $2.6 million principal on June 2, 2009.

On September 22, 2008 the Company issued Convertible Debentures in the amount of US$3.0 million for a one year term. The interest rate on the outstanding debt portion was fixed at 8% per annum compounded quarterly. On July 31, 2009 the Company paid the full principal of the US$3.0 million due under the convertible debenture and the outstanding interest payable. The US$3.0 million convertible debenture has been extinguished.

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

Reclamation Deposit

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

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

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

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

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

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

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

Cash Resources and Liquidity

At September 30, 2009, the Company had net current assets of $2.3 million compared to $0.7 million at September 30, 2008. Working capital included cash and cash equivalents of $1.3 million, down from $9.5 million at September 30, 2008. Of the $1.3 million cash and equivalents balance, $0.3 million represents funds restricted to eligible Canadian exploration expenditures to be expended by December 31, 2009.

The Company's ability to continue its operations in the normal course of business, develop its Mactung property, discharge its liabilities and realize the carrying value of its assets is dependent upon its ability to secure additional funding and achieve or sustain profitable operations. Management is exploring all available options to secure additional funding including equity and debt financing and strategic partnerships. It is not possible to determine with any certainty the success and adequacy of these initiatives. Since the end of the year a $3.1 million equity placement has been completed and substantial amounts of concentrates and intermediate product inventories have been sold under contract or on a spot basis.

Quarterly Earnings and Cash Flow

	2008				2009			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Quarterly Earnings and Cash Flow	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**
Total Revenues	11,786	12,471	15,432	16,336	17,643	13,995	14,962	11,566
Net earnings (loss)	(3,953)	(5,458)	(1,341)	(942)	4,918	(318)	(815)	(2,849)
Income (Loss) per share	(0.03)	(0.04)	(0.01)	(0.01)	0.04	-	(0.01)	(0.02)
Cash flow from continuing operations before changes in non-cash working capital	(2,778)	(4,266)	1	978	3,540	(5)	(459)	635

FOURTH QUARTER RESULTS

Tungsten metal sales volumes in the fourth quarter of 2009 were 61,743 mtus and were below normal quarterly shipment levels and below the fourth quarter of 2008 level of 71,922 mtus. Copper shipments in the fourth quarter of 2009 were 612.9 dry metric tons grading 22.26% copper, this represents the first shipment of copper concentrates from the re-activated copper circuit.

Revenue in the fourth quarter 2009 was $11.6 million including $1.0 million in copper concentrate sales with gold and silver credits compared to tungsten sales in the fourth quarter 2008 of $16.3 million.

Production in the fourth quarter of 2009 was 77,758 mtus from 103,123 tons of ore milled at a grade of 1.06% WO3 and recovery of 78.55% compared to 75,633 mtus produced in the fourth quarter of 2008 from 103,563 tons milled at a grade of 1.06% WO3 and recovery of 76.05%.

The Company recorded a net loss of $2.8 million in the fourth quarter 2009 compared to a loss of $0.9 million in the prior years quarter. The loss in the fourth quarter 2009 included a $1.2 million write down of mineral property interests as well as a $0.8 million provision for future income tax expense.

Expenditures on property plant and equipment were $0.7 million in the fourth quarter 2009 compared to $2.1 million in the fourth quarter of 2008. Expenditures on mineral property interests were $3.2 million in the fourth quarter 2009 compared to $2.8 million in the fourth quarter of 2008.

Outlook

The Company expects that improving economic conditions, strengthening commodity prices and re-stocking by manufacturers will continue to drive the recovery in tungsten demand and prices. The market is currently improving following a cyclical low. The current tungsten spot market is active; subsequent to the year end the Company has sold its remaining inventories of gravity concentrates, TBO and a substantial portion of flotation concentrates. The Company expects to have sold all its remaining product inventories by the March 2010 quarter end.

Cantung Mine

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

Financing

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

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

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

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

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

Other Information

Outstanding Share Data

As at January 23, 2010 there were 189,290,058 common shares outstanding. On July 24, 2009 the Company announced that it had negotiated a Private Placement of 40,000,000 common shares exercisable at $0.15 per share with insiders and private investors for gross proceeds of CDN$6.0 million. The proceeds of the private placement were used to repay the US$3.0 million convertible debenture and balance of funds for working capital. On November 27, 2009 the Company completed a $3 million non-brokered private placement of 20,433,333 shares.

There were 6,460,034 stock options outstanding with exercise prices ranging between $0.15 and $1.76 per share. During 2009 766,666 stock options were cancelled and 2,030,000 stock options were exercised. Subsequent to the year end 575,000 options were granted to employees and consultants exercisable at $0.15 per share which expire on October 20, 2014. Share purchase warrants outstanding were 250,200 with an exercise price of $1.20 and were issued on August 7, 2008; these warrants expired on August 7, 2009.

Critical Accounting Estimates

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

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

Revenue recognition

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

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

Valuation of long-lived assets

North American Tungsten Corporation Ltd. reviews the carrying values of its buildings and equipment on a regular basis by reference to estimates of future operating results and undiscounted net cash flows. If the carrying value of these assets exceeds estimated net recoverable amounts, a provision for impairment will be made unless the decline is temporary.

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

Inventories

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

Ore stockpile inventory consists of stockpiled ore on the surface, and is valued at the lower of average cost and net realizable value. Ore stockpile inventory includes all directly attributable costs up to that point of production.

Supplies inventory is valued at average cost.

Asset Retirement Obligation

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

The Company's total undiscounted amount of estimated cash flows required to settle the mine reclamation obligation is $4.2 million (2008 - $4.0 million) which has been discounted using credit adjusted risk free rates of 1% to 4% (2008 – 4%). The liability estimate for the mine reclamation obligation on an undiscounted basis is approximately $4.0 million (2008 - $3.4 million).

(in thousands of dollars)	September 30, 2009	September 30, 2008
Opening balance, asset retirement obligation	$ 3,577	$ 3,403
Accretion during the year	182	174
Additions during the year	252	-
Change in estimates of future costs	(231)	-
Closing asset retirement obligation	$ 3,780	$ 3,576

New Accounting Pronouncements:

Effective October 1, 2008 the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

Section 3064 - Goodwill and Intangible Assets

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

Section 3031 - Inventories

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

Future Accounting Policies Changes

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

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the transition date for publicly listed companies to use IFRS, which will replace Canadian GAAP. The effective date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While we have begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Contractual and Other obligations

(in thousands of dollars)

Contractual Obligations	2010	2011	2012	2013	2014	**TOTAL**
Property leases / equipment loans & leases	$ 578	$ 514	$ 247	$ 150	$ 93	$ 1,582
Office Leases	203	207	204	0	0	614
	$ 781	$ 721	$ 451	$ 150	$ 93	$ 2,196

Water License

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

The security deposit required under the Company's prior license was $7.9 million, which the Company posted a total of $3.7 million in cash and $4.2 million in the form of secured promissory notes pursuant to the Reclamation Security Agreement ("RSA"). The RSA is secured generally over the assets of the Company by way of a General Security Agreement ("GSA"). The total security posted under the Company's prior license in favour of the Department of Indian and Northern Development ("DIAND") is $7.9 million which fulfilled the security requirements of the RSA for the prior license. The Reclamation Security Agreement provides for the cash components payable to DIAND to increase under certain events. In addition, the renewed license (issued on January 29, 2009) requires the Company to post an additional security deposit of $5.2 million over time as follows:

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

On February 1, 2010 an amount of $1.3 million shall be posted; and
On July 1, 2010 an amount of $1.3 million of security shall be posted.

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

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

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

Related Party Transactions

An entity in which a director of the Company has an interest directly owns 13.6% of the TDI membership units and, through its interest in TPT, owns a further 8.1% of the TDI membership units. A director appointed subsequent to September 30, 2009 through his interest in TPT owns 35.1% of the TDI membership units.

Accounts receivable as at September 30, 2009 include $2.0 million (2008 - $0.1 million) due from TDI due on 180 day terms. Sales to TDI were $3.0 million.

A director of the Company participated in the $6 million private placement as to 10,000,000 common shares and an entity in which a director has an interest participated as to 15,325,670 common shares.

A director appointed subsequent to September 30, 2009 participated in the $6 million private placement as to 7,662,835 common shares.

Risks and Uncertainties

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

Risks associated with the Cantung mine:

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

Production was at 95% of target levels in 2009. There is no assurance that the mine will be able to meet operating and cost targets in the future.

Global commodity prices including tungsten are subject to significant downward pressures in the current uncertain economic climate. APT prices have fallen from a 2009 monthly average high of US $253 per MTU to a current price US $198 per MTU a reduction of 22%.

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

Risks associated with the Mactung project:

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

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

Tungsten Price Volatility

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

If tungsten prices were to decline significantly or for an extended period of time, the Company might be unable to resume its operations, develop its properties, nor fulfill its obligations under its permits and licenses. As a result, the Company might lose its interest in, or be forced to sell some of its properties. A five percent change in tungsten commodity prices would have an impact on revenues of approximately Cdn $2.9 million per annum.

Currency Fluctuations

The Company maintains its accounts in Canadian currency and most of its costs are denominated in that currency. The Company's tungsten concentrate is sold in United States dollars and the Company is subject to fluctuations in the rates of currency exchange between United States dollars and the Canadian dollars. Due to currency fluctuations, construction, development and other costs may also be higher than the Company anticipates. The Company hedges a portion of its cash flows against currency exchange risks. A five percent change in Canadian dollar in relation to the US dollar prices would have an impact on revenues of approximately Cdn $2.7 million per annum.

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

In addition Management has identified various other risk factors which are set out in detail in the Annual Information Form for the year ended September 30, 2009 which is available on SEDAR at www.sedar.com.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements

GLOSSARY OF TERMS

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