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ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS 2014

North American Tungsten Corporation Ltd. (the "Company") 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 operating mine in the Northwest Territories; the Mactung project on the border of Yukon and the Northwest Territories; and other 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 January 13, 2015. This MD&A reviews the business of the Company and compares the Company's financial results for the quarter ended September 30, 2014 (Q4 2014) with those of the quarter ended September 30, 2013 (Q4 2013) and the results for the year ended September 30, 2014 (fiscal 2014) with those for the year ended September 30, 2013 (fiscal 2013).

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 these consolidated financial statements disclose a summary of the Company's significant accounting policies.

All dollar ($) figures in the 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 in this document 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.

REMARKS FROM THE CEO

At North American Tungsten, we continue to look optimistically into the future

During fiscal 2014, we accomplished several goals reaching out into the future:
- work was completed to extend the mine life beyond 2017 with an updated technical report filed in November 2014;
- environmental approval was granted for the continuation of permitting for our Mactung project;
- mill enhancements were substantially completed which should increase mill throughput by upwards of 20% from prior year levels;
- a permanent waste water treatment plant ("WWTP") was commissioned as an integral part of a long term tailings management plan – we are in the process of planning for the implementation of dry stacking of tailings;
- strengthened our relationships with our customers; and
- continued to enhance our operational team at Cantung.

Overall, I believe we are well positioned for the future.

Regarding fiscal 2014 operating performance, production results were somewhat disappointing and below our initial expectations as the implementation of the mill enhancements took longer than anticipated, resulting in lower than expected mill throughput and recovery during the year. However, the Cantung mine operated without any significant disruptions and, to the credit of our dedicated employees, has not had a lost time accident since November 2013.

I continue to speak to the frontline workers during my trips to the Cantung mine site. With renewed energy, our team is focused on strengthening operational and financial performance through improvements every day. We share a belief that we can perform at a higher level and we continue to listen to our customers and to strengthen our relationships with them.

We filed a technical report on the Cantung mine which reported that probable mineral reserves increased to 1.8 million tons. We have identified sufficient reserves to support continued operations at Cantung beyond the end of 2017 and our intention is to continue exploration and definition drilling to add to the reserves and resources, and, ultimately, the mine's operating life. These exploration results validate the significant, longer-term investment our Company has made in Cantung over the past several years, and reaffirm our confidence in the mine's future.

As well, we are excited that our Mactung project in Yukon has received environmental approval from the Yukon Environmental and Socio-economic Assessment Board ("YESAB") and of the necessary governmental agencies. This is an extremely important decision for our Company. This decision forms the basis for our next set of efforts to develop the Mactung project and to continue to be one of the largest tungsten producers in the western world. With this decision, the Company has a much clearer path towards the day when the Mactung project can be an operational mine site – not only for the Company and its shareholders but also for the people and communities of the North.

The Company monitored capital expenditures closely during the year. Three major projects have been substantially completed: the WWTP, the raise on a tailings pond and the majority of the mill improvement program. The 2015 capital plan reflects a level of spending that has been allocated between maintenance and investment to meet operational targets and to achieve the mine plan.

We recognise that challenges are ahead of us in 2015 and beyond – including volatility in the price of tungsten concentrate. We are investing time, expertise and capital to expand capacity and increase margins over the longer term to offset some of the market challenges. Executing on the operational and overall financial plan sets the foundation to operate through a broader range of market volatility – surviving downturns and thriving during growth periods. Progress has been made on strengthening the capital structure of the Company, and this work continues.

We have built the team, we are sharpening execution on goals and strengthening customer relationships. We are excited about the future and expect to be one of the largest producers of tungsten concentrates in the world outside of China long into the future.

I want to take this opportunity to thank you for your continued support. I can assure you, together, we are building to enhance shareholder value for the long-term and the future success of the Company.

Kurt Heikkila
Chairman and CEO

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OVERVIEW

The Company is one of the most significant tungsten miners outside of China and expects to remain so for the foreseeable future. In November 2014 the Company filed a technical report prepared in compliance with National Instrument 43-101 ("NI43-101") for the Cantung mine which reported probable mineral reserves of 1.82 million tons and extended the life of mine to beyond 2017. Diamond and in-fill drilling continues with the goal to further extend the life of the Cantung mine. In addition, the Company's large Mactung project which received environmental approval in September 2014, when developed, would enable the Company to continue to be a major world supplier of tungsten concentrates.

Improvements in process

An improvement program 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 over 1,240 tons per day in Q4 2014. Efforts are being made to increase tonnage by an additional 10% in throughput. Under the improvement program, various low cost improvements in the mill permit higher throughput together with higher metallurgical recoveries. To support the enhanced throughput, the Company completes seasonal open pit operations to supplement the underground mining operations. The improvements in process were completed due to a potentially lower grade ore body. For the three months ended December 31, 2014 the Company's production improved with 83,549 MTUs produced at a mill feed grade of 0.98% WO_3 and metallurgical recovery of 81.1%.

Management has identified other areas of potential improvement in the mill to increase recovery which are expected to be completed by Q2 2015. Efforts are being made to increase metallurgical recovery significantly from present levels. With the improvements to date and planned future improvements, management is optimistic that higher recoveries can be achieved.

At the Mactung project, continued progress is being made on permitting and community relations. With the issuance of a Decision Document by YESAB in Q4 2014, the project can move into the development phase.

Results

Results for the year ended September 30, 2014 significantly improved compared to the 2013 period. The gross margin from operations was $5.1 million for the year ended September 30, 2014, up significantly from the negative $0.1 million gross margin for fiscal 2013.

However, the positive result from mining operations was insufficient to cover corporate overhead costs including substantial interest and financing costs. There was a net loss of $6.6 million for the year ended September 30, 2014 compared to a net loss of $13.3 million for the year ended September 30, 2013.

Cash flows from operations were positive throughout fiscal 2014 with the exception of Q1 2014. They were $3.9 million in Q4 2014 and $10.8 million for the year ended September 30, 2014. In Q4 2013 and the year ended September 30, 2013 these cash flows were $3.8 million and $3.7 million respectively.

Capital spending

Management continued to limit capital spending to essential programs throughout fiscal 2014. In addition to upgrading the mill capacity under the improvement program, the Company finalized upgrades to its current tailings ponds and completed the construction of a permanent WWTP. The Company continued with its comprehensive long term tailings management program with work commencing on the engineering of the dry stack tailings facility.

Additions to property, plant and equipment were $8.3 million excluding $1.4 million related to the reclamation liabilities estimate for the year ended September 30, 2014.

Financial position

The Company's debt level remains high, as is the cost of servicing the debt. Significant amounts of debt were refinanced or replaced with new financing in fiscal 2014.

On May 15, 2014, the Company executed an $11.0 million loan with Callidus Capital Corporation ("Callidus"). Of the loan proceeds, $5.8 million was used to repay the balance of the HSBC Operating Loan facility which was then cancelled and $1.0 million was used to repay certain equipment loans and capital leases.

On July 2, 2014 the Company executed a USD$12.0 million promissory note with Queenwood Capital Partners II LLC ("Queenwood II") to replace the $12.0 million Working Capital Loan which was then cancelled.

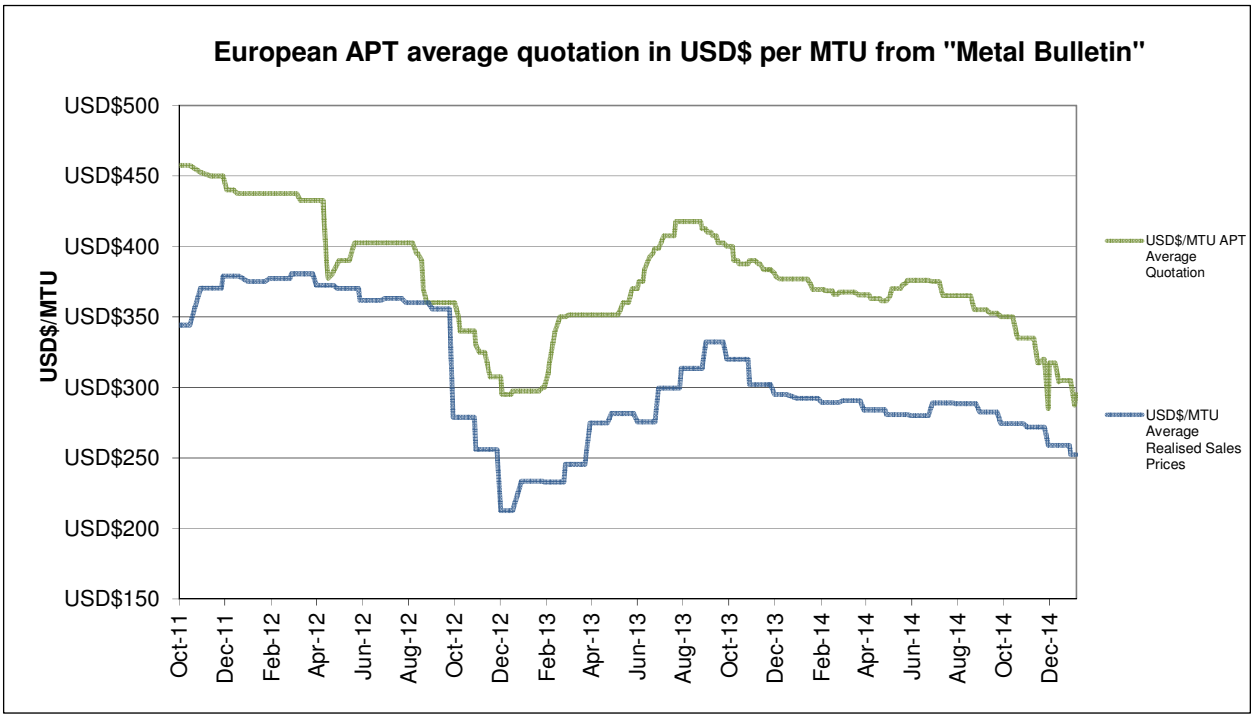
With the refinancing of current debts to long-term during fiscal 2014, the working capital deficit of the Company improved to $15.2 million at September 30, 2014.

Subsequent to September 30, 2014 the Company entered into a promissory note with Queenwood II for up to a maximum aggregate principal amount of USD$3.0 million. To date, the Company has drawn the full amount on the promissory note.

Subsequent to September 30, 2014 the Company extended the Callidus loan to May 31, 2016 and borrowed additional funds of $3.65 million. Of the additional funds received, $2.0 million was used to repay a promissory note that matured on December 31, 2014. The repayment of any principal amounts to Queenwood II is fully subordinated to the repayment of the Callidus loan. 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.

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$350.00/MTU at September 30, 2014 and was USD$295.00/MTU at January 9, 2015. The following table shows historical APT quotations and the Company's average realised sales prices since October 2011 in USD per MTU.



OPERATIONS UPDATE

Cantung Mine

The following summary table highlights the production results for the three months and year ended September 30, 2014:

	Q4 2014	Q4 2013	Fiscal 2014	Fiscal 2013
Tonnes milled	103,745	91,853	393,403	364,733
Grade	0.80	0.98	0.91	1.02
Recovery %	76.3	75.5	76.5	77.5
MTUs produced	63,002	67,728	274,063	287,032

The production results for Q4 2014 decreased from the comparable 2013 period mainly due to lower mill feed grade and mill disruptions during the mill improvement project. However, the Company continued to make progress towards increasing production at lower mill feed grades as a result of higher mill feed tonnes and recovery as MTUs produced in Q4 2014 decreased by only 7% despite a decrease in feed grade of 18% WO_3 from the comparable period. This supports that Cantung is moving from a mine driven historically by higher mill feed grade, to a mine that has adjusted to a lower average grade ore body. The Company expects recovery to improve in fiscal 2015 with the mill improvement project substantially complete.

In November 2014, the Company filed a NI43-101 technical report for the Cantung mine which reported probable mineral reserves of 1.82 million tons of ore and extended the life of mine to beyond 2017. Diamond and in-fill drilling continues with the goal to further extend the life of the Cantung mine. Geophysical surveys are also being employed to supplement and guide the diamond drilling. The Company acquired an additional development drill and a scoop under financing leases in 2015 to support the development of future production areas of the mine. The Company continues to explore and evaluate potential ore targets in the vicinity of the Cantung ore body.

The mill process improvement project that commenced in 2013 is substantially complete. All of the major equipment necessary for the project was installed and commissioned by July 2014. Mill processes continue to be adjusted to optimize the flows in the gravity and flotation circuits for the increase tonnage and newly commissioned equipment. These adjustments to the circuits are required in order to achieve consistent results and recovery targets. The completion of the optimization will require some minor additions of equipment and/or the replacement of some existing equipment.

The improvement project plan is to increase the mill throughput by upwards of 20% from prior year levels and to increase the total metallurgical recovery by increasing the effectiveness of the gravity and flotation circuits. To provide the additional tons required after the mill throughput is increased, open-pit mining campaigns are being utilized to supplement underground mining.

The Company completed the construction of the permanent WWTP in July 2014 and a raise on a tailings pond in October 2014. The Company is in the process of finalizing other components of the comprehensive tailings management program including the development of a dry stack tailings facility to allow for deposition of tailings underground and on surface without construction of additional tailings ponds.

The Company is reviewing power generation and distribution requirements to hopefully eliminate the need for additional power generation capacity to support the dry stack tailings facility.

The capital investment for these projects will be funded from operations and from new financings, as available.

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 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.

The Company continues exploration of the Cantung deposit and continues diamond and in-fill drilling to add to the reserves and 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

During the year, the Company received a positive environmental assessment of the Mactung project. 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 continues to engage in positive discussions and negotiations with the First Nations in the area as their continued support is important to the future success of the Mactung project.

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

FINANCE

A cash conservation policy that was initiated in Q1 2013 continued and capital expenditures continue to be limited to necessary investment. Capital expenditures for Q4 2014 were $2.9 million and were mainly for the construction of the permanent WWTP, the tailings pond raise and the mill improvement project. It is necessary for capital expenditures to increase for fiscal 2015 from the 2014 level with the investment in the dry stack tailings facility and new power distribution equipment, necessary to achieve the mine plan. Additional investment may be required for increased power generation capacity if it is determined to be necessary to support the dry stack tailings facility.

In Q4 2014 the Company realised a net loss of $4.2 million with positive cash flows from operating activities of $3.9 million. The net loss was mainly due to weaker production and a declining APT price since to Q4 2013.

During Q1 2014 the Company entered into a new tungsten delivery contract with an existing customer. In conjunction with the tungsten delivery contract a loan was arranged for USD$2.5 million and the pre-existing USD$2.2 million advance from that customer was rolled into the loan arrangement. The combined loan of USD$4.7 million matures on December 31, 2018. During Q2 2014 the Company entered into a new tungsten delivery contract with another existing customer. In conjunction with the tungsten delivery contract a loan was arranged for USD$2.5 million which matures on March 31, 2017.

During Q2 2014 USD$2.7 million convertible debentures, USD$4.0 million Queenwood II notes payable and a USD$2.0 million Working Capital Loan guarantee fee all became due and payable. The Company refinanced these debts along with additional financing of USD$2.3 million into USD$11.0 million of debentures. The regulators approved USD$9.0 million as Convertible Debentures and USD$2.0 million as Debentures.

During the year ended September 30, 2013, HSBC informed the Company that the $24.0 million HSBC credit facilities were to be fully repaid by December 31, 2013. The Company worked with HSBC and subsequent to September 30, 2013 HSBC provided extensions to the credit facilities until June 30, 2014. During Q3 2014 the Company executed a one year $11.0 million demand loan with Callidus. Of the Callidus loan proceeds, $5.8 million was used to repay the balance of the HSBC Operating Loan facility which was then cancelled and $1.0 million was used to repay certain equipment loans and capital leases.

On June 16, 2014 HSBC issued a demand for full repayment of the Working Capital Loan balance. On July 2, 2014 the Company executed a USD$12.0 million loan with Queenwood II to replace the $12.0 million Working Capital Loan which was then cancelled.

The Company is dependent on continued support from stakeholders, lenders and customers. The Company will need to maintain strong cash flows from operations which requires increased mill throughput and recovery from the Cantung mine. The Company executed a mine and mill improvement plan during fiscal 2014 which is substantially completed with the impact of the improvements beginning to be realised in Q4 2014. Necessary capital expenditures for fiscal 2015 required to meet the updated mine plan targets will be funded from operations and from new financings as necessary.

Subsequent to September 30, 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.

Subsequent to September 30, 2014 the Company extended 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 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.

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 and prices for tungsten concentrates and the ability of the Cantung mine to maintain positive cash flows from operations while containing non-operating outlays as necessary.

SUMMARIZED FINANCIAL RESULTS

Operating highlights	For the year ended September 30, 2014	For the three months ended September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	For the year ended September 30, 2013
Tonnes milled	393,403	103,745	101,272	93,499	94,887	364,733
Feed grade % WO_3	0.91	0.80	0.80	1.22	0.87	1.02
Recovery %	76.5	76.3	74.1	78.4	75.5	77.5
Tungsten concentrate produced (MTUs)	274,063	63,002	59,877	89,116	62,068	287,032
Tungsten concentrate sold (MTUs)	263,872	60,095	71,655	69,934	62,188	283,900
Average realised sales price $USD/MTU	$ 291	$ 286	$ 282	$ 291	$ 305	$ 266
Average realised sales price $CDN/MTU	$ 315	$ 312	$ 308	$ 321	$ 321	$ 271
Cost of sales per MTU[1] (USD)	$ 273	$ 284	$ 267	$ 221	$ 330	$ 266
Cost of sales per MTU[1] (CDN)	$ 296	$ 310	$ 291	$ 244	$ 347	$ 271
Copper sold (lbs)	536,929	133,820	112,814	168,418	121,877	800,480
Copper revenue (in $000's)	$ 2,000	$ 469	$ 376	$ 634	$ 521	$ 2,993
Quarterly average USD$ foreign exchange rate (USD$1 to CDN)	$ 1.084	$ 1.090	$ 1.092	$ 1.102	$ 1.050	$ 1.019
Financial Data (in $000's)						
Revenues	$ 85,209	$ 19,232	$ 22,452	$ 23,063	$ 20,462	$ 79,818
Cost of sales:						
Mine operating costs:						
Mine	$ 27,867	$ 6,702	$ 6,673	$ 7,564	$ 6,928	$ 26,371
Mill	$ 13,035	$ 3,296	$ 3,250	$ 3,224	$ 3,265	$ 11,789
Power generation and surface maintenance	$ 18,549	$ 4,099	$ 4,618	$ 5,002	$ 4,830	$ 17,926
Site administration and environmental	$ 14,420	$ 3,840	$ 3,388	$ 3,605	$ 3,587	$ 13,436
Mine operating costs:	$ 73,871	$ 17,937	$ 17,929	$ 19,395	$ 18,610	$ 69,522
Inventory change, adjustments and write-downs	$ (4,346)	$ (1,828)	$ 745	$ (4,358)	$ 1,095	$ (47)
Amortization and depreciation	$ 7,928	$ 2,447	$ 1,950	$ 1,787	$ 1,744	$ 7,546
Freight and handling	$ 1,801	$ 340	$ 388	$ 645	$ 428	$ 2,165
Royalties	$ 834	$ 189	$ 220	$ 225	$ 200	$ 765
Cost of sales:	$ 80,088	$ 19,085	$ 21,232	$ 17,694	$ 22,077	$ 79,951
Gross margin[2]	$ 5,121	$ 147	$ 1,220	$ 5,369	$ (1,615)	$ (133)
Net loss	$ (6,646)	$ (4,183)	$ (401)	$ 2,467	$ (4,529)	$ (13,266)
EBITDA[3]	$ 7,236	$ (345)	$ 3,077	$ 5,715	$ (1,211)	$ 763

1) Cost of sales per MTU is determined by dividing the 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. Gross margin is not an IFRS measure.

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

SUMMARY OF ANNUAL FINANCIAL INFORMATION

Financial data (in $000's, except per share amounts)	For the years ended September 30, 2014	September 30, 2013	September 30, 2012
Statement of financial position			
Total assets	$ 71,959	$ 72,839	$ 80,968
Total long-term liabilities	$ 43,202	$ 15,320	$ 13,748
Earnings and cash flow			
Revenue	$ 85,209	$ 79,818	$ 107,524
Cash flow from operating activities	$ 10,795	$ 3,730	$ 21,135
Net loss	$ (6,646)	$ (13,266)	$ (9,843)
Net loss per share			
- basic and diluted	$ (0.03)	$ (0.06)	$ (0.04)
Dividends			
Cash dividends declared per share	nil	nil	nil

REVIEW OF FINANCIAL RESULTS

Q4 2014 compared to Q4 2013 for revenue and cost of sales

Net loss for Q4 2014 was $4.2 million or ($0.02) per share (basic and diluted), compared to net income of $0.4 million or $0.00 per share in Q4 2013. The net loss for Q4 2014 was impacted by the following factors:

- Tonnage and particularly the grade of ore mined at the Cantung mine have fluctuated in recent years. In Q4 2014, the average ore grade processed of 0.80% WO_3 was below the average of Q4 2013. 63,002 MTUs were produced in Q4 2014, which was down from the 67,728 MTUs produced in Q4 2013. This lower production reflected in higher unit costs with the Company generating $0.1 million of income from Cantung operations.
- Revenues were $19.2 million on sales of 60,095 MTUs with an average realised sales price of $312/MTU (USD$286/MTU) and cost of sales of $310/MTU for a margin of $2/MTU compared to revenue of $22.5 million for Q4 2013 on the sale of 66,264 MTUs with an average realised sales price of $329/MTU (USD$317/MTU) and cost of sales of $280/MTU for a margin of $49/MTU. In Q4 2014 the Company recorded a write-down of concentrate inventory of $0.2 million, down to net realisable value.
- Metallurgical recoveries were adversely impacted by the below average grade of ore milled in the quarter as well as several unexpected mill interruptions due to minor failures of equipment. Tungsten concentrate production for Q4 2014 was 63,002 MTUs from a mill feed of 103,745 tonnes with an average grade of 0.80% WO_3 and average mill recovery of 76.3% compared to production of 67,728 MTUs from a mill feed of 91,853 tonnes with an average grade of 0.98% WO_3 and average mill recovery of 75.5%.
- Mine operating costs were stable with $17.9 million incurred in Q4 2014 compared to $18.2 million in Q4 2013 and cost of sales was $19.1 million compared to $19.2 million in Q4 2013. The cost of sales per MTU increased from $280/MTU in Q4 2013 to $310/MTU in Q4 2014 due to lower production due to low mill feed grade.

Year ended September 30, 2014 compared to September 30, 2013 for revenue and cost of sales

Net loss for the year ended September 30, 2014 was $6.6 million or ($0.03) per share (basic and diluted), compared to a net loss of $13.3 million or ($0.06) per share for the year ended September 30, 2013. The net loss for fiscal 2014 was impacted by the following factors:

- Average APT quotations were USD$400/MTU at the beginning of October 2013 then slowly declined throughout the year to USD$350/MTU at September 30, 2014. The average realised sales price was USD$291/MTU for fiscal 2014 compared to USD$266/MTU for fiscal 2013. The Company benefited from a weaker Canadian dollar throughout fiscal 2014 with an average realised sales price of CDN$315/MTU compared to CDN$271/MTU in fiscal 2013.
- Revenues were $85.2 million on sales of 263,872 MTUs with an average realised sales price of $315/MTU (USD$291/MTU) and cost of sales of $296/MTU for a positive margin of $19/MTU for the year ended September 30, 2014; compared to $79.8 million on the sale of 283,900 MTUs with an average realised sales price of $271/MTU (USD$266/MTU) and cost of sales of $271/MTU for no margin for the year ended September 30, 2013.

- Tungsten concentrate production for the year ended September 30, 2014 was 274,063 MTUs from a mill feed of 393,403 tonnes with an average grade of 0.91% WO_3 and average mill recovery of 76.5% compared to production of 287,032 MTUs from a mill feed of 364,733 tonnes with an average grade of 1.02% WO_3 and average mill recovery of 77.5%.
- For the year ended September 30, 2014 mine operating costs increased by 6% to $73.9 million from $69.5 million in the comparable year while production was 274,063 MTUs for fiscal 2014, which was down from 287,032 MTUs for the comparable year. Mine operating costs increased due to higher fuel prices, cost for reagents in the WWTP and with increased benefit costs and compensation for employees.

Expenses

Financial data (in $000's)	For the three months ended			For the year ended		
	September 30, 2014	September 30, 2013	Change	September 30, 2014	September 30, 2013	Change
Interest and financing costs	$ 1,456	$ 891	$ 565	$ 5,213	$ 3,399	$ 1,814
General and administrative	822	503	319	2,949	5,893	(2,944)
Foreign exchange loss (gain)	1,726	(62)	1,788	2,275	(37)	2,312
Accretion of financial liabilities	544	287	257	1,481	1,409	72
Exploration	386	202	184	507	514	(7)
Share-based compensation	-	82	(82)	48	358	(310)
Loss (gain) on revaluation of derivatives	-	(203)	203	29	(94)	123
Loss on disposal of assets	5	-	5	5	16	(11)
Impairment of property, plant and equipment	-	-	-	-	1,757	(1,757)
Interest and other income	(87)	(32)	(55)	(218)	(82)	(136)
Total	$ 4,852	$ 1,668	$ 3,184	$ 12,289	$ 13,133	$ (844)

Q4 2014 compared to Q4 2013 for expenses

- Interest and financing costs have increased for Q4 2014 as interest rates on refinanced debt instruments have increased from the comparable period.
- General and administrative costs increased in Q4 2014 as the Company incurred more consulting and legal expertise from the comparable period.
- The foreign exchange loss increased in Q4 2014 as the Company has USD denominated debts and the USD appreciated in value versus the CDN from $1.067 at June 30, 2014 to $1.120 at September 30, 2014. In the comparable period the USD/CDN exchange rate remained relatively stable.
- Accretion of financial liabilities was higher in Q4 2014 as the Callidus loan, USD$12.0 million Queenwood II promissory note and debentures were being accreted during the period.

Year ended September 30, 2014 compared to the year ended September 30, 2013 for expenses

- Interest and financing costs have increased for the year ended September 30, 2014 as the interest rates on the refinanced debt instruments and new debt instruments have increased from the comparable period.
- General and administrative costs have decreased for the year ended September 30, 2014 as the comparable period included the $1.8 million employment settlement contract due to the departure of the former Chief Executive Officer and $1.1 million related to the write down of accounts receivable due to the subsequent renegotiation of a sales contract.
- The foreign exchange loss increased for the year ended September 30, 2014 as the Company has USD denominated debts and the USD appreciated in value versus the CDN from $1.030 at September 30, 2013 to $1.120 at September 30, 2014. In the comparable period the USD/CDN exchange rate remained relatively stable.
- Impairment of property, plant and equipment was recognised for the year ended September 30, 2013 related to the cement back-fill plant and an underground ramp which was determined to be impaired based on the updated mine plans. In 2014, there was no impairment of property, plant and equipment.

SUMMARY OF QUARTERLY INFORMATION

In $000's, except per share amounts and realised sales price per MTU sold	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Tungsten concentrate produced (MTUs)	63,002	59,877	89,116	62,068	67,728	67,433	71,178	80,693
Tungsten concentrate sold (MTUs)	60,095	71,655	69,934	62,218	66,264	71,563	101,723	44,350
Average realised sales price $USD/MTU	$ 286	$ 282	$ 291	$ 305	$ 317	$ 277	$ 237	$ 238
Revenue	$ 19,232	$ 22,452	$ 23,063	$ 20,462	$ 22,461	$ 20,954	$ 24,939	$ 11,464
Net income (loss)	$ (4,183)	$ (401)	$ 2,467	$ (4,529)	$ 412	$ (6,253)	$ (3,413)	$ (4,012)
Net income (loss) per share, basic and diluted	$ (0.02)	$ 0.00	$ 0.01	$ (0.02)	$ 0.00	$ (0.03)	$ (0.01)	$ (0.02)
Cash flow from operations before changes in non-cash working capital	$ 1,587	$ 2,669	$ 6,416	$ (489)	$ 3,097	$ (301)	$ 41	$ (371)
Cash flow from operating activities	$ 3,912	$ 2,881	$ 1,794	$ 2,208	$ 3,809	$ (1,158)	$ 999	$ 80

The Company's results are primarily driven by MTUs produced and sold each quarter and the market quotations for APT. Other significant factors that impacted specific quarters are:

- 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.
- Q2 2013 was affected by the recovery in APT prices during the 2nd half of the quarter and tungsten concentrate inventories returning to normal levels.
- Q1 2013 was affected by expiring sales contracts and a softening in demand for tungsten concentrate which caused tungsten sales to decrease and concentrate inventories to build significantly.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

Liquidity and Going Concern

Liquidity continues to be a challenge. Continued support from stakeholders, lenders and customers will be important as existing debt matures requiring debt to be rolled-over or refinanced at reasonable interest rates. Support continues but further support is not guaranteed. It is expected that operations will become more profitable as the mill improvement project is completed. Capital expenditures for fiscal 2015 will be funded from operations and from new financings as necessary.

The Company produced positive cash flows from operations for the year ended September 30, 2014. All expenditures remain under scrutiny and capital expenditures will continue to be held to investments necessary to achieve the mine plan.

In the longer term, it will be important that higher levels of production be consistently achieved. Other significant factors that may impact the Company's financial position include the possible level of future capital spending for the Mactung project and outlays that may be required at the Cantung mine for tailings management. 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 and underground ore output.

For the Company to continue as a going concern we draw your attention to Note 1 of the consolidated financial statements for the year ended September 30, 2014 which provides details on the going concern assumption for the Company.

Liquidity Outlook

Factors that will impact liquidity in the forthcoming months:

- Arranging of financing for capital investment to achieve the mine plan; related party support continues to be indicated however is not guaranteed.
- On a daily / monthly basis, significant fluctuations in results should be expected as there is significant variability in the mill feed tonnes, grade and metallurgical recovery.
- Continued improvements to the mill process and achievement of higher levels of production to support profitable operations and positive cash flows from operations.
- Capital expenditures will be held to necessary expenditures to achieve the mine plan, but will rise during fiscal 2015 as the Company moves forward with the dry stacking of tailings plant.
- Changes in the market quotations for APT.
- The USD/CDN exchange rate.

Statement of financial position (in $000's)	As at September 30, 2014	September 30, 2013	September 30, 2012
Cash and cash equivalents	$ 363	$ 203	$ 2,124
Current assets	$ 16,623	$ 17,787	$ 26,649
Total assets	$ 71,959	$ 72,839	$ 80,968
Current liabilities	$ 31,810	$ 55,421	$ 52,619
Total liabilities	$ 75,012	$ 70,741	$ 66,367
Total financial liabilities includes the following: [1]			
Current financial liabilities	$ 14,787	$ 38,042	$ 32,024
Non-current financial liabilities	$ 33,808	$ 7,840	$ 5,344
	$ 48,595	$ 45,882	$ 37,368
Shareholders' (deficit) equity	$ (3,053)	$ 2,098	$ 14,601
Statistics:			
Working capital [2]	$ (15,187)	$ (37,634)	$ (25,970)

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 months and years ended September 30, 2014 and 2013

Summarized cash flow activity (in $000's)	For the three months ended September 30, 2014	September 30, 2013	Change	For the year ended September 30 2014	September 30 2013	Change
Cash flow from operating activities before changes in non-cash working capital	$ 1,587	$ 3,097	$ (1,510)	$ 10,183	$ 2,466	$ 7,717
Change in non-cash working capital	2,325	712	1,613	612	1,264	(652)
Provided by (used in) operating activities	3,912	3,809	103	10,795	3,730	7,065
Provided by (used in) investing activities	(2,851)	(1,324)	(1,527)	(9,586)	(5,211)	(4,375)
Provided by (used in) financing activities	(912)	(2,485)	1,573	(1,138)	(440)	(698)
Effect of exchange rate changes on cash and cash equivalents	24	-	24	89	-	89
Increase (decrease) in cash and cash equivalents	173	-	173	160	(1,921)	2,081
Cash and cash equivalents, beginning of period	190	203	(13)	203	2,124	(1,921)
Cash and cash equivalents, end of period	$ 363	$ 203	$ 160	$ 363	$ 203	$ 160

Q4 2014 compared to Q4 2013 for liquidity and cash flows
Cash flow provided by operating activities was $3.9 million for Q4 2014, a slight increase of $0.1 million compared to Q4 2013.

In Q4 2014 there was a net loss of $4.2 million and cash flows from operating activities before changes in non-cash working capital of $1.6 million. During Q4 2014 the Company executed a supplier financing agreement with a customer and its financial institution whereby the customer's financial institution pays for tungsten concentrate shipments within 3 to 5 business days of being invoiced. As a result of the supplier financing arrangement and lower production, accounts receivable decreased in Q4 2014 versus the comparable period. Concentrate inventory levels increased due to higher levels of inventory in transit under the terms of the new tungsten delivery contracts as well as ore stockpile inventories increased with the completion of the open-pit campaign. Due to cash constraints as a result of lower production, accounts payable increased by $2.8 million in Q4 2014.

In Q4 2013, there was net income of $0.4 million and accounts receivables decreased while accounts payable increased as the Company tried to conserve capital due to cash constraints resulting from previous quarter production results.

Cash outflow for investing activities for property, plant and equipment and the Mactung project was $2.9 million for Q4 2014 compared to $1.3 million in Q4 2013. During Q4 2014 the permanent WWTP and a tailings pond raise were completed and the mill improvement program continued while in the comparable quarter, there were no major projects in progress.

For Q4 2014 there was a net cash outflow from financing activities of $0.9 million as the net proceeds of $12.6 million from the Queenwood II promissory note were received and $12.0 million of the Working Capital Loan facility was repaid, scheduled principal repayments of $0.5 million were made on the Callidus loan, customer advances were received for $0.4 million and $1.4 million of interest and financing costs were paid. In the comparable quarter there was a cash outflow from financing activities of $2.5 million as the Company drew $1.0 million on its bank loan to fund operations, equipment loans and capital leases and notes payable were paid down by $1.7 million and $0.9 million respectively and interest and financing costs of $0.9 million were paid.

Year ended September 30, 2014 compared to the year ended September 30, 2013 for liquidity and cash flows
Cash flows from operating activities before changes in non-cash working capital was $10.2 million for the year ended September 30, 2014, an increase of $7.7 million compared to the comparable year where there was a cash inflow of $2.5 million. Due to the execution of new tungsten delivery contracts, inventory increased and accounts receivable decreased as 10,085 MTUs were held as inventory in transit. During Q4 2014 the Company executed a supplier financing agreement with a customer and its financial institution whereby the customer's financial institution pays for tungsten concentrate shipments within 3 to 5 business days of being invoiced, which further reduced accounts receivable. Accounts payable remained consistent with the prior year as the Company continued to monitor cash levels. In the comparable period there was a $2.5 million cash outflow from operations before change in non-cash working capital; accounts receivable were collected, inventory increased and accounts payable were paid down.

Cash flows from investing activities were $9.6 million for the year ended September 30, 2014 compared to $5.2 million in the comparable period. During the year ended September 30, 2014 the Company completed the WWTP, a tailings pond raise, the majority of the mill improvement program and other core maintenance. In the comparable period, the Company reduced capital expenditures to only essential expenditures in order to converse capital after the significant decline in the market price for APT.

Cash flows used in financing activities was $1.1 million for the year ended September 30, 2014 compared to $0.4 million in the comparable period. For the year ended September 30, 2014 maturing debts were refinanced into the Callidus loan with net proceeds of $10.4 million and the Queenwood II promissory note with net proceeds of $12.6 million. The debentures were issued with new funds of $2.3 million received and new funds of $5.4 million were received in the form of customer loans from two customers. Equipment loans and capital leases were paid down

by $2.8 million. With the use of the Callidus loan and Queenwood II promissory note, the Operating Loan facility and Working Capital Loan facility were repaid in the amount of $11.1 million and $12.0 million respectively. The Callidus loan and notes payable were paid down by $0.5 million and $0.7 million respectively and customer advances of $0.4 million were received. Interest and financing costs paid during the year were $5.2 million. For the year ended September 30, 2013 the Company received $4.0 million of customer advances, $2.1 million in bank operating loan and $2.6 million in notes payable while equipment loans and capital leases were paid down by $5.9 million and interest and financing costs of $3.2 million were paid.

Capital Resources

HSBC credit facilities

Operating Loan

The Company had an Operating Loan facility with HSBC to a maximum of $12.0 million, of which up to USD$5.0 million of the facility was available in USD. The borrowing base was a percentage of applicable trade accounts receivable and product inventory.

During the year ended September 30, 2014 the Company repaid the balance of the Operating Loan facility which was then cancelled.

Working Capital Loan

On October 13, 2011, the Company executed a Working Capital Loan facility with HSBC to a maximum of $12.0 million.

On June 16, 2014 HSBC issued a demand for full repayment of the loan balance and issued the Put notice, allowing HSBC to exchange the outstanding balance of the loan with the Sponsors within 30 days. On July 2, 2014 the Company executed a USD$12.0 million promissory note with Queenwood II to replace its $12.0 million Working Capital Loan which was then repaid in full.

Loans, capital leases and other debt financing

Outstanding financial debts are as follows:

Financial debt	**As at**	
(in $000's)	**September 30, 2014**	**September 30, 2013**
Current financial debt		
Operating Loan	$ -	$ 11,103
Working Capital Loan	-	13,576
Callidus loan	10,128	-
Customer advances	426	2,705
Customer loans	1,974	-
Debentures	-	2,917
Equipment loans and capital leases	259	2,807
Notes payable	2,000	4,934
Total	14,787	38,042
Non-current financial debt		
Customer advances	3,360	5,358
Customer loans	6,090	-
Debentures	11,564	-
Equipment loans and capital leases	210	482
Notes payable	12,584	2,000
Total financial debt	$ 48,595	$ 45,882

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. Subsequent to September 30, 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. As well, the Company extended the Callidus loan to May 31, 2016 and borrowed additional funds of $3.65 million. Of the additional funds received, $2.0 million was used to repay a promissory note that matured on December 31, 2014

Share issuances

During the year ended September 30, 2013 1,000,000 common shares were issued to the former Chief Executive Officer of the Company as part of his employment contract settlement. The fair value of the common shares, net of issuance costs, was $163 thousand.

There were no issuances of common shares by the Company in fiscal 2014.

Contractual Obligations

Contractual obligations and commitments	Payments due in the years ended September 30, 2015	2016	2017	2018	2019	Total
Mactung leases and royalty option payment	$ 1,006	$ 6	$ 6	$ 6	$ 6	$ 1,030
Cantung leases	56	56	56	56	56	280
Customer advances	426	-	3,360	-	-	3,786
Customer loans	1,974	2,632	1,813	1,316	329	8,064
Capital leases	259	135	73	2	-	469
Office leases [1]	233	245	251	84	-	813
Equipment purchase and rental contracts	200	-	-	-	-	200
	$ 4,154	**$ 3,074**	**$ 5,559**	**$ 1,464**	**$ 391**	**$ 14,642**

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

a. Water license

The Mackenzie Valley Land and Water Board ("MVLWB") issued the Company's type "A" Water License ("license"), which expires January 29, 2016.

The security deposit required under the Company's licenses is $11.7 million. The Company has posted $5.9 million in cash and $5.9 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 project as security for any amounts owing under the 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 year ended September 30, 2014 the Company posted $400 thousand of cash and the posted secured promissory notes were reduced by $500 thousand for the posted cash and accumulated interest. In conjunction with renewing the water license beyond January 29, 2016 the security deposit associated with the license may be amended.

b. Smelter royalties

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

OTHER INFORMATION

Equity

Outstanding equity securities	As of January 13, 2015	As of September 30, 2014
Common shares	238,123,058	238,123,058
Share options	2,900,000	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 Debenture and Convertible Debentures financing as to USD$9.6 million. For the year ended September 30, 2014 the Company recognised an expense of $1.0 million (year ended September 30, 2013 - $144 thousand) of interest on these Debentures and Convertible Debentures.

On June 14, 2013 the Company and HSBC agreed to terms for the extension of the $12.0 million Working Capital Loan facility to December 31, 2013. HSBC provided a further extension of the loan to June 30, 2014. Under the extension, the rate for the Guarantee increased to 2.25% per quarter and the Guarantee and Put Agreement were extended. In exchange for extending the Guarantee and Put Agreement, the Company compensated the Sponsors in the following manner:

a. paid the Sponsors (in USD) on the last day of each calendar quarter, an aggregate amount equal to 2.25% (1.25% up to December 31, 2013) of the maximum outstanding principal amount of the letter of credit during the immediately preceding calendar quarter (or portion thereof), payments began on March 31, 2014. For the year ended September 30, 2014 the Company recognised an expense of $750 thousand in respect of these payments (year ended September 30, 2013 - $794 thousand); and
b. reimbursed the Sponsors' expenses in respect of this transaction which totalled $34 thousand.

The guarantee fee of USD$2.0 million to compensate the Sponsors for the guarantee on the Working Capital Loan matured as of December 31, 2013. The Company refinanced the fee into the USD$2.0 million Debentures. For the year ended September 30, 2014 the Company recognised accretion of $497 thousand related to the fee (September 30, 2013 - $1.0 million).

On June 16, 2014 HSBC issued a demand for full repayment of the loan balance and issued the Put notice, allowing HSBC to exchange the outstanding balance of the loan with the Sponsors within 30 days. On July 2, 2014 the Company executed a USD$12.0 million promissory note with Queenwood II to replace its $12.0 million Working Capital Loan which was then cancelled. During the year ended September 30, 2014 the Company recognised an expense of $528 thousand (year ended September 30, 2013 - nil) of interest on the Queenwood II notes payable.

During the year ended September 30, 2014 the Company recognised $1.6 million (year ended September 30, 2013 - $0.6 million) for professional and consulting fees to directors or companies related to directors.

Key management includes directors and officers of the Company. During the year ended September 30, 2014 the Company recognised compensation for key management of $0.3 million which includes salaries and fees, benefits and directors fees and nil of share-based compensation. During the year ended September 30, 2013 the Company recognised compensation for key management personnel of $3.4 million which includes salaries and fees, benefits and directors fees and $0.2 million of share-based compensation. Included in the $3.4 million is $1.8 million of employment contract settlements to former executives of the Company.

The above transactions were in the normal course of operations.

Subsequent Events

The following significant events occurred after September 30, 2014:

Queenwood II – Promissory note

Subsequent to September 30, 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. Interest is payable at a rate of 18% per annum with interest payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, with any remaining accrued and unpaid interest payable on maturity. The Company has provided a general security agreement that has been subordinated to the Company's other secured indebtedness, as security for the promissory note. Two directors of the Company collectively own all of the issued and outstanding units of Queenwood II.

Callidus loan

Subsequent to September 30, 2014 the Company extended 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. Callidus earned a facility fee in the amount of $154 thousand in respect of the increase and extension of the loan agreement, which is due at maturity. Of the additional funds received, $2.0 million was used to repay a promissory note that matured on December 31, 2014. The remaining proceeds will be used for capital projects and working capital. The repayment of any principal amounts to debenture holders and Queenwood II is fully subordinated to the repayment of the Callidus loan.

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.

Adoption of New and Amended IFRS Pronouncements

The Company adopted the new and amended pronouncements listed below as at October 1, 2013 in accordance with transitional provisions outlined in the respective standards. The Company has determined that there is no material impact from the adoption of these new standards with the exception of additional note disclosures on the adoption of IFRS 13.

IFRS 10 – Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under pre-existing IFRS, consolidation was required when an entity had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation – Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements.

IFRS 11 – Joint Arrangements

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognise its share of the assets, liabilities, revenue and expenses of the joint operation. Under pre-existing IFRS, entities had the choice to proportionately consolidate or equity account for interests in incorporated joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements and associates. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – Fair Value Measurement

IFRS 13 is a comprehensive standard for the fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under pre-existing IFRS, guidance on measuring and disclosing fair value was dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These estimates and judgments are based on management's best knowledge of relevant facts, circumstances and past experiences. Significant areas where management's judgment is applied include: assessment of the Company's ability to continue as a going concern, useful lives of property, plant and equipment, impairment assessment inputs to determine valuation of property, plant and equipment, reclamation liabilities, amortization and depreciation and ore reserve determinations as they relate to the amortization bases.

Certain amounts recognised in the financial statements are subject to measurement uncertainty. The recognised amounts of such items are based on the Company's best information and judgment. Such amounts are not expected to change materially in the near term but changes in assumptions could materially affect the estimates.

- The amounts recorded for depreciation and amortization depend on estimates of tungsten reserves, the estimated economic lives of the assets and estimated salvage values.
- The allocation of waste stripping between ore stockpiles and deferred stripping depends on the estimate of tungsten reserves in the open pit.
- Reclamation liabilities for future site restoration costs depends on estimates of costs, rates of inflation, discount rates, estimated timing of progressive and future reclamation work, the regulatory environment and mine development plans which are all dependent on the life of mine assumptions. Changes in the life of mine or any of the assumptions could materially affect the estimated liability.
- Costs that have been deferred in relation to mineral property interests have been deferred to the extent that they are expected to be recovered. The viability of exploration properties depends on the quantity and grade of mineralization, the location of the deposit in relation to infrastructure, the estimated future market prices of the minerals and political, social and environmental considerations.

- In assessing the recoverable amount of property, plant and equipment in the event indicators of impairment are identified, the fair value less costs to sell and value in use assessment require management to make estimates and assumptions about expected production and sales volumes, realised sales prices, reserves, operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive loss.

Financial Instruments

The Company disclosed the financial instruments held by the Company and the associated financial risk exposure in the annual consolidated financial statements for the year ended September 30, 2014.

Capital Management

The Company defines its capital as cash and cash equivalents, 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 shareholders while limiting risk exposure.

To assist in the management of the Company's capital, the Company prepares budgets and forecasts which are reviewed by the Board of Directors. Actual results are reviewed against 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 management discussion and analysis 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 shareholders, lenders, customers and related parties.

Forward-looking statements within the management discussion and analysis 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 time-lines, evaluation of opportunities, requirements for additional capital, government regulation of mining operations and environmental risks.

In addition, forward-looking statements within this management discussion and analysis 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 management discussion and analysis 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 are not 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 our 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 and impairment of property, plant and equipment.

	For the three months ended		For the year ended	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Net loss	**$ (4,183)**	**$ 412**	**$ (6,646)**	**$ (13,266)**
Add back:				
Depreciation and amortization	2,447	1,832	7,928	7,546
Interest and financing costs	1,456	891	5,213	3,399
Accretion of financial liabilities	544	287	1,481	1,409
Impairment of property, plant and equipment	-	-	-	1,757
Taxes	(522)	-	(522)	-
Interest income	(87)	(32)	(218)	(82)
EBITDA	**$ (345)**	**$ 3,390**	**$ 7,236**	**$ 763**

Management believes 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, fluctuations in actual and estimated production and mineral resources and reserves;
- permitting risks and general mining risks;
- other risks affecting the operation and economic viability of the Cantung mine;
- changes in environmental regulations and associated reclamation costs;
- 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) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the annual consolidated financial statements for the year ended September 30, 2014 and this accompanying MD&A (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, 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 NI 52-109. 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