NORTH AMERICAN TUNGSTEN CORPORATION LTD

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED:

SEPTEMBER 30, 2010

restated February 21, 2011

REPORT DATED: January 28, 2011

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 28, 2011, (restated as of February 21, 2011 to correct the allocation of cash flows as between operating and investment activities, see below) and should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2010. This MD&A reviews the business of North American Tungsten Corporation Ltd. and compares the Company's financial results for 2010 with those of 2009. 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

This MD&A contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian securities laws concerning the Corporation's anticipated results and developments in the Corporation's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future, made as of the date of this MD&A.

Forward-looking statements may include, but are not limited to, statements with respect to future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing of activities and the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, the success of mine development and construction activities, the success of future mine operations, the success of other future business operations, requirements for additional capital and sources and uses of funds. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "estimates", "intends", "strategy", "goals", "objectives" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of exploration activities; actual results of remediation and reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold, silver and other commodities; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development activities. Furthermore, forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Corporation or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including but not limited to those referred to in this MD&A under the heading "Risk Factors" and elsewhere.

A glossary of terms is affixed

BUSINESS OVERVIEW

The business outlook has improved considerably. A global supply shortfall for tungsten concentrates has led to record high prices and will require additional mine production.

Some specific highlights:

-Tungsten prices are at record levels
The MB European quotation for APT (from which concentrate prices are derived by varying formulae) has risen to US$337.50/MTU based on a range of (US$335-340). That average has risen 81% from a monthly low of US$186.50/MTU in July 2009. The September 2010 closing average price was US$250.22/MTU.

-Cantung restarts operations
As a result of near sold out production and record setting quoted tungsten prices, the Cantung mine re-started operations on October 7, 2010. The Cantung mine is again the largest mine supplier of concentrates in the western world.

-Tungsten demand is high
Advance payments from certain customers totaling nearly $8 million assisted in funding the re-start process. By contrast, the Company suspended production at Cantung in October 2009, by when the book value of unsold product inventories was in the $10 million region.

-Further growth is expected
The International Monetary Fund ("IMF") expects global growth of 4.8% in calendar 2010 and 4.2% in calendar 2011. For China, growth is projected to be 10.5% in 2010 and 9.6% in 2011. Historically, China has been a major supply factor in the tungsten market but is now using its production internally while its imports are rising. Production of western mines is materially less than western demand.

-Cantung will be more competitive
New equipment has been installed. Over a period of months, unit costs of production are expected to benefit from reduced operating outlays and improved recoveries.

-Mactung continues its regulatory approval and study processes
The Company is considering an updated feasibility study for the proposed 2,000 tonne per day mining operation at Mactung. The technical report produced in 2009, based on an estimated initial 2,000 tpd underground mine with an estimated 11 year life of mine, indicated that 748,000 mtus/year are planned during the initial five-year period after Mactung commences production. The report projects an estimated 23.5% internal rate of return and a pre-tax net present value discounted at 8% of an estimated $277 million.

-Preparation for downstream activities continues
The Company's 43.2% owned affiliate, Tungsten Diversified Industries (TDI), is currently focusing on marketing and product development. Particular effort is being directed to lead metal substitution in sporting and military applications and the production of tungsten powders.

-Financing
A 12.5% convertible debenture that was issued in May, 2010 has been converted in September, 2010. The Company's bank facilities have been renewed; an operating loan facility of up to $8.0 million has been arranged (previously $6 million) and two equipment loans for $3,500,000 each have been provided.

-Increased Reserves
On September 28, 2010 the Company announced an increase of its probable minerals reserves to an estimated 1.693 million tons as at September 1, 2010.

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 a 43.2% interest in Tungsten Diversified Industries, LLC ("TDI") which has a tungsten processing facility in Minnesota, USA.

Through the TDI investment, the Company is involved in the production and marketing of tungsten composites, a business that has potential for considerable growth. Replacement of lead in various uses, for safety and environmental reasons, will be amongst the growing uses for tungsten composites.

In fiscal 2009, due to the entry of additional investors, the Company's interest in TDI was reduced from 100% to 43.2%.

OVERALL PERFORMANCE

Mactung

The Company continues to consider an update of the feasibility study for the proposed 2,000 tonne per day mining operation at Mactung. The new study could include an open pit as well as the underground mining that formed the basis of the original feasibility study published in February 2009.

The Company has received a request for supplementary information from the Yukon Environmental and Socio-economic Assessment Board (YESAB) on the Mactung Project Proposal pursuant to the Yukon Environmental and Socio-economic Assessment Act (YESAA). This step follows the review of comments on the proposal from the public, regulatory agencies and other interested parties. The supplementary information has been submitted by the Company and the project proposal will now proceed through the Screening phase, which will include one more public comment period. This phase will result in recommendations by YESAB. The assessment process then terminates with a Final Report by YESAB. The recommendations in the Final Report will be considered by the regulatory agencies when drafting permits. Subsequent steps in the process would be the acquisition of permits from the Yukon Government regulatory authorities, including the Quartz Mining License and Type A and Type B Water Permits, followed by project construction.

Leading up to the submission of the YESAB application, the Company had completed at monthly intervals 1 year of water quality monitoring of the surface and ground water in and around the Mactung property. During 2010, the Company continued the water sampling program, and will have accumulated 2 years of data as of January 2011. This data will be available to the Yukon regulatory agencies as required under the permitting process for the issuance of the Type A and B Water Licenses and the Quartz Mining License required commencing construction and operations at Mactung.

The Yukon Territorial Government has issued a class IV mining land use permit (#LQ00253) to allow continuing exploration and development of the Mactung property. The permit includes road construction and underground development.

Mine Operations

The Cantung mine, located on the western border of the Northwest Territories, is the Company's sole mining operation. Production of tungsten concentrates from the mine commenced on October 7, 2010; production of copper concentrates commenced on December 12, 2010. Production had been suspended as an inventory control measure on October 18, 2009. During the period of suspended operations, key employees were retained to identify and plan for cost, recovery and productivity initiatives to reduce unit costs of production and enhance the competitiveness of the Cantung mine.

On September 28, 2010 the Company announced an increase of its probable minerals reserves to an estimated 1.693 million tons as at September 1, 2010.

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 3600 Area	553,4020	1.47	813,650
E Zone Pillars	541,860	1.00	539701
Pit Underground	598,162	1.05	627,986
TOTAL Probable Reserves	1,693,454	1.17	1,981,337

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.*

Markets and Foreign Exchange

Since January 2010, there has been a strong upwards trend in the tungsten market with tungsten prices reaching record levels.

The Metal Bulletin average monthly European quotation for APT per mtu increased 26.7% to US $250.22/mtu at September 30, 2010 from US $197.50/mtu at September 30, 2009. Tungsten prices have now reached historic highs as the current APT average quotation is US $337.50 on a range of US $335 to US $340. That average has risen 81% from a monthly low of US$186.50/MTU in July 2009. The December 2009 closing average APT price was US$197.50/MTU.

The US dollar closing rate at September 30 was US$0.97. The exchange rates applicable to sales averaged one Canadian dollar per US$0.9516 of sales in 2010 (as compared to US$0.8462 in 2009). The net exchange gain of $0.2 million recorded in fiscal 2010 arose primarily on translation of US currency denominated loans and deposits.

APT European Metal Bulletin Prices	**2005 December**	**2006 December**	**2007 December**	**2008 December**	**2009 December**	**2010 September**
Average Quarterly Prices						
APT European Free Market Average $US	$ 263	$ 252	$ 241	$ 246	$ 198	$ 250

FINANCIAL REVIEW

The net loss for 2010 was $11.9 million compared to net earnings of $0.9 million for 2009.The adverse changes reflect 2010 costs relating to the shut-down and care and maintenance of the Cantung Mine, which were $3.4 million and costs associated with the start up of operations of $5.3 million. The 2009 earnings included a $3.1 million dilution gain on the TDI transaction and a gain on sale of mineral property interests of $1.0 million in 2009.

In addition, the gross margin on sales decreased in 2010 due to lower sales prices and volumes, effects of the increased exchange value of the Canadian currency and a mix of sales that included lower grade concentrates. The gross margin decreased from $7.2 million in 2009 to negative $0.8 million in 2010.

Minesite cost of sales was $12.0 million in 2010 compared to $47.4 million in 2009 reflecting the cessation of operations in early fiscal 2010.

		12 Months Ended 30-Sep-10		12 Months Ended 30-Sep-09
Gross Margin ($ 000'S)				
Tungsten & copper sales	$	13,792	$	58,166
Minesite cost of sales		12,040		47,406
Freight, handling & conversion costs		794		3,029
Royalties		130		551
Gross Margin	**$**	**828**	**$**	**7,180**

The Company has entered into supply agreements, received deposits and has new and expanded financing facilities in connection with the restart of the Cantung mine. The Company's product inventories that had risen to $10 million in fiscal 2009 were sold throughout fiscal 2010 and were eliminated just prior to the decision to restart of the mine.

For 2010, the net operating cash flows were $2.8 million negative (restated) due to the reduction, in accounts payable and accrued liabilities partially offset by a large reduction in inventories and accounts receivable over that period. In comparison 2009 net operating cash flows were $2.3 million negative due primarily to the increased investment in concentrate inventories.

Annual Information

(Annual Information $ 000,s except earnings (loss) per share)		2010		2009		2008
Earnings and Cash Flow						
Metal sales	$	13,792	$	58,166	$	56,025
Cash flow from operating activities (restated for 2010)		(2,800)		(2,255)		(5,706)
Net Earnings (Loss)		(11,937)		936		(11,693)
Net Earnings (Loss) per share		(0.06)		0.01		(0.09)
Balance Sheet						
Total assets	$	49,927	$	54,761	$	53,446
Total long term liabilities		11,387		5,592		4,627
Dividends						
Cash dividends declared per share		nil		nil		nil

Revenues

Sales revenues for 2010 were $13.8 million including $0.8 million in copper sales; tungsten revenues were from 69,801 mtus of concentrate and 11,131 mtus of TBO. In fiscal 2009, sales were $58.2 million including copper sales of $1.0 million and tungsten sales of $57.1 million from 243,709 mtus of concentrate, 8,702 mtus of APT and 13,652 mtus of TBO. The decrease in sales revenues resulted from the closure of the Cantung Mine as an inventory control measure in October 2009.

	For the twelve months ended	
	30-Sep-10	**30-Sep-09**
Sales Units		
Concentrate Sales mtus	69,801	243,709
APT Sales mtus (delivered to customer)	-	8,702
TBO Sales mtus (delivered to customer)	11,131	13,652
Total mtus sold	80,932	266,063
Conversion Losses		
APT mtus	-	784
TBO mtus	374	681
Total Conversion Losses	374	1,465
Total Shipments	81,306	267,528
Revenues $ Cdn	**($000s)**	**($000s)**
Concentrate Sales $ Cdn	10,927	51,809
APT Sales $ Cdn	-	2,243
TBO Sales $ Cdn	2,113	3,069
Copper Sales $ Cdn	752	1,045
Total Sales Revenues $Cdn	13,792	58,166
Revenues $ US	**($000s)**	**($000s)**
Concentrate Sales $ US	10,412	43,772
APT Sales $ US		1,864
TBO Sales $ US	2,003	2,623
Copper Sales $ US	710	958
Total Sales Revenues $US	13,125	49,217
$US foreign exchange rate	0.9516	0.8462
Concentrates sales price $US	$ 149.17	$ 179.61
Average European APT Prices	**$ 217.89**	**$ 215.31**

Interest income earned in 2010 was $27 thousand compared to $82 thousand during 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-10	12 Months Ended 30-Sep-09
Operating Costs ($ 000'S)	**$**	**$**
Mining	1,023	23,271
Milling	828	8,304
Plant & Site Services	1,862	12,141
Site Administration	1,851	9,397
Care & Maintenance Costs	(3,351)	-
Operating Costs	**2,212**	**53,113**
Inventory Change & Adjustments	9,828	(5,707)
Cost Of Sales	**12,040**	**47,406**
Mtus produced	12,263	315,192
Cost per mtu *	$ 180.41	$ 168.51
Tons Milled	21,421	400,126
Feed Grade %	0.92	1.13
Recovery %	69.00	76.74

* Cost per/mtu is comprised of direct mine operating costs divided by mtus of tungsten concentrates produced.

Mine shutdown costs were $3.9 million for 2010. Operating costs (net of care and maintenance costs of $3.4 million) were $2.2 million in 2010 compared to $53.1 million in 2009 reflecting only a partial quarter of operations in Q1 2010.

Other Expenses

Due to closure of mining operations, amortization and depreciation decreased to $0.52 million in 2010 from $5.0 million in 2009. Accretion of reclamation liabilities was $0.20 million in both 2010 and 2009.

		12 Months Ended 30-Sep-10		12 Months Ended 30-Sep-09
GENERAL AND ADMINISTRATIVE ($000's)				
Fees, wages and benefits	$	1,207	$	1,721
Office expenses		415		475
Accounting and audit		134		142
Legal fees		282		229
Investor relations, travel and business development		229		235
Consulting		74		102
Filing fees and transfer agent fees		47		61
	$	2,388	$	2,965

The decrease in general and administration expenses for 2010 compared to 2009 was principally due to reductions in salaries and benefits reflecting cost reduction initiatives and decreases in management staff levels. Accounting and audit and legal expenses were stable in the period. Travel for investor relations purposes and business development activities also remained flat for the period.

Stock based compensation was $0.11 million in 2010 compared to $0.90 million in 2009.

Exploration Expense

During the year exploration expenditures were $73 thousand primarily on drilling at the Cantung mine.

Equity Loss And 2009 Dilution Gain

The Company accounts for its investment in TDI under the equity method. TDI's current year losses amounted to $1.94 million of which the Company's 43.2% share is $0.86 million. The current carrying value of the TDI investment is $6.3 million.

In December 2008, the Company finalized an agreement with Tundra Particle Technologies ("TPT") and Queenwood Capital Partners LLC ("Queenwood") to invest in TDI. Current TDI requirements for Tungsten Blue Oxides to produce lead replacement products and tungsten powders are being provided by third party tungsten manufactures.

As a result of the additional investments the Company's interest in TDI was reduced from 100% to 43.2% and a dilution gain of $3.1 million was recorded in fiscal 2009.

FINANCIAL POSITION, LIQUIDITY AND GOING CONCERN

While the consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business, there are conditions and events that cast significant doubt on the validity of this assumption.

The Company's ability to continue as a going concern, is dependent firstly upon its ability to achieve positive cash flows following the restart of the Cantung operations. Additional funding may be required for development and working capital. In October 2010, proceeds from equity and debt financings were $5.3 million. Eventual development of the Mactung project will require further major external funding. While there has been a major improvement in market prices for tungsten, there is no assurance that the Company will succeed in arranging all necessary finance. Covenanted balance sheet ratios were not achieved; however, the Company's bankers are permitting the default and continuing all loan facilities. The Company had a working capital deficiency of $4.3 million at September 30, 2010. Expenditures for property, plant and equipment at the Cantung mine during 2010 were $6.8 million (before taking account of outstanding accounts payable) to facilitate the re-start of operations. Cash outlays on property, plant and equipment in that year, including settlements of $0.5 million of relative accounts payable of the previous year and excluding $2.1 million of amounts not settled by the year-end, were $5.2 million (restated).

The costs associated with re-start of operations and the temporary closure of the Cantung mine in October 2009 and subsequent costs of care and maintenance significantly impacted cash flows. Cash flows from operating activities, before working capital changes and increases in reclamation deposits, fell by $14.4 million (to a drain of $10.7 million) in 2010 as compared to positive cash flows ($3.7 million) in 2009.

In 2010, the primary source of operating funds was from reduction of working capital, particularly inventories. All 2009 product inventories have now been sold.

Available cash balances were $2.3 million at September 30, 2010 compared to $1.3 million at September 30, 2009. The Company's cash flows and financial position are discussed below.

Operating Cash Flow

The gross margin from the Company's mining operations was $ 0.8 million in 2010 compared to $7.2 million in 2009. The gross margin for 2010 was negatively impacted by significantly reduced average selling prices, lower sales volumes and unfavorable exchange rates.

Due to downsizing during care and maintenance and cost reduction efforts, general and administrative costs decreased to $2.4 million in 2010 from $3.0 million in 2009.

Adverse factors included $3.4 million in shut down/care & maintenance costs for 2010. Costs associated with re-starting the Cantung mine operations in the fourth fiscal quarter were $5.3 million. However interest and financing costs decreased to $0.6 million in 2010 compared to $0.9 million in 2009 as a result of the elimination of the 2009 convertible debenture and loan facility and reduced average borrowings under other loan facilities.

An increase in the Canadian dollar against US currency resulted in a net gain of $158 thousand in 2010 primarily on US currency equipment loans and US based customer deposits compared to a net gain of $40 thousand in 2009.

After adjustment for changes in working capital, the operating cash flow for 2010 was $2.8 million negative (restated) primarily due to a large reduction in accounts payable and accrued liabilities offset by a liquidation of inventories and accounts receivable. Cash flows were also negatively impacted by care and maintenance and mine re-start costs collectively totaling $8.6 million.

Investing Activities

While the Company continues to advance the Mactung project, expenditures have been reduced from $4.3 million in fiscal 2009 to $0.7(restated) million in fiscal 2010. Also, in fiscal 2010, there were no outlays on exploration properties.

Capital cash outlays at Cantung in preparation for the restart were $5.2 (restated) million including mill process equipment, mining equipment and power generation/heat recovery equipment and mine development costs.

The Company paid $200,000 to maintain a royalty option agreement on the Mactung property with Teck Resources Limited.

Financing Activities

During 2010 the Company decreased bank borrowings from $5.9 million to nil and discharged approximately $0.5 million in existing lease obligations.

A 12.5% convertible debenture that was issued in May, 2010 has been converted in September, 2010. The holders converted the principal of $3.15 million into 17,500,000 shares at an issue price of $0.18 per share. The Company's bank facilities have been renewed; an operating loan facility of up to $8.0 million has been arranged (previously $6 million) and two equipment loans for $3,500,000 each have been provided. Improved power generating and heat recovery equipment has been largely financed by an equipment loan facility of $2.8 million (of which $0.7 million had been drawn by year end) with the finance arm of the supplier. An additional $1.3 million in equipment financing was taken up in 2010 with equipment suppliers. Advance payments from customers were $7.9 million ($US 7.75 million); the advances are repayable over terms from 6 months to 2 years. A portion of these deposits ($US 3.75 million) are secured by a letter of credit which is guaranteed by a director of the Company for a fee of 10% per annum of the outstanding face amount of the letter of credit.

On October 28, 2010 the Company issued Convertible Debentures in the amount of US$2.87 million for a three year term. The interest rate on the outstanding debt portion is fixed at 10% per annum compounded quarterly. Each US$1,000 principal is convertible into 2,267 common shares. Five directors participated in the Convertible Debentures for a total of US$1.37 million principal.

Bank Loan and Other Credit Facilities:

In September, 2010, the Company renewed and increased its credit facilities with HSBC Bank Canada (the “Bank”).

As part of the credit facilities the Company and the bank entered into a general security agreement over the Company’s assets.

Balance sheet ratios originally covenanted with the Bank were not achieved; however, the Bank permitted the default. The loan facilities were continued and amended until December 31, 2010. The original covenants were reinstated for the periodic reviews thereafter.

The Company’s bank credit facilities consist of:

Operating loan

The operating loan facility is CDN$8.0 million (2009 – CDN$6.0 million). Drawings against the facility may be in U.S. dollars as well as Canadian dollars, subject to a $5-million (U.S.) maximum. The borrowing base is based on a percentage of trade accounts receivable and product inventory. The loan is 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. As of September 30, 2010 the Company had not commenced to draw on this facility.

Equipment loans

The Company renewed its three outstanding equipments loans, in the principal amounts of $132,008; $149,008; $203,350. Interest on these loans range from Bank's Prime Rate plus 1.75% to Bank's Prime Rate plus 2.25%.

The Company entered into an agreement for a new "fourth" equipment loan for CDN$3.5 million. The loan, when advanced, will carry an interest rate of Banks Prime Rate + 3.75%; interest only is payable for the first six months; amortization period is 30 months after the initial interest only first six months. As of September 30, 2010 the Company did not draw on this facility.

The Company entered into an agreement for a "fifth" equipment loan for CDN$3.5 million. The loan when advanced will carry interest at the Bank's Prime Rate + 3.75%; interest only is payable for the first six months; amortization period is 30 months after the initial interest only first six months. As of September 30, 2010 the Company did not draw on this facility.

The Company's bank credit facilities contain the following covenants:

- debt to net tangible net worth ratio of 3.5:1:00 from October 1, 2010 till December 31, 2010; 3.0:1.00 - from January 1, 2010 till March 31, 2010; and 2.5:1.0 from April 1, 2011 thereafter;
- a current assets to current liabilities ratio of 0.75:1.00 from October 1, 2010 to September 30, 2011; achieve a ratio of 1.10:1.00 by December 31, 2011

The Company has acknowledged a breach of these ratios however the bank has agreed it will not take steps to act on the default.

Cat Financial Facility

The Company entered into an agreement with Caterpillar Financial Services Corporation for a loan facility in the amount of US$2,785,560 for a 48 month term with an interest rate of 8.50% per annum (the Cat Financial facility) to acquire power generation, heat recovery equipment and electrical control systems in the amount $3,481,950. The agreement requires a deposit of $696,390 which has been paid in September 2010. On September 17, 2010 the Company received the first equipment and borrowed $700,840 (US$678,294) against the Cat Financial facility.

Cash Resources and Liquidity

In fiscal 2010, inventories and accounts receivable were reduced to low levels while long and short term obligations increased under financial facilities used for the Cantung restart.

At September 30, 2010, the Company had net current liabilities of $4.3 million compared to net current assets of $2.3 million at September 30, 2009. Working capital included cash and cash equivalents of $2.3 million, compared to $1.3 million at September 30, 2009. Current liabilities include $3.0 million of equipment loans and leases and $1.0 million in customer advances.

The Company has completed the process of restarting the Cantung mine and expects that, following production of concentrates and the re-building of working capital, positive cash flows will be generated by the Company.

The Company has arranged new and extended loan facilities and advance payments from customers in order to provide adequate liquidity during the restart period. Subsequent to the year end the Company closed a private placement and issued convertible debentures to provide to provide additional liquidity to its operations.

Quarterly Earnings and Cash Flow

	2008	2009				2010			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Quarterly Earnings and Cash Flow	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**	**($000s)**
Total Revenues	16,336	17,643	13,995	14,962	11,566	9,632	3,738	390	32
Net earnings (loss)	(942)	4,918	(318)	(815)	(2,849)	(1,497)	(2,110)	(2,384)	(5,946)
Income (Loss) per share	(0.01)	0.04	-	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.03)
Cash flow from continuing operations before changes in non-cash working capital	978	3,540	(5)	(459)	635	(1,207)	(1,777)	(2,104)	(5,598)

OUTLOOK

The International Monetary Fund (IMF) predictions are for the world recovery to continue at a projected growth rate of 4.2% in 2011 however; there are underlying financial risks particularly in the Euro zone could spread and impact future economic growth and stability. Advanced economies including the United States, Europe and Japan are expected to expand by 2.4% in 2011 with growth in emerging and developing economies including Asia forecast at 6.45% in 2011. The projected growth in China is expected to be 9.6% in 2011.

The Company expects that with improving economic conditions, strengthening commodity prices and re-stocking by manufacturers will continue to drive the recovery in tungsten demand and prices. The market has improved dramatically following a cyclical low as Metal Bulletin European APT mid prices have now climbed to US $337.50/mtu up from US $197.50 per mtu at September 30, 2009. The current tungsten spot market is active with many inquiries from consumers particularly in the United States and Asia.

Cantung Mine

The Cantung Mine has restarted operations with shipments of tungsten concentrates to customers well under way. New equipment upgrades for mill process equipment and power generation/heat recovery are nearing final completion. The Company has finalized off-take agreements for a substantial portion of its fiscal 2011 and 2012 planned output; prices for concentrates sold under these off-take agreements are market based. The Company has installed new capital equipment with the view of enhancing productivity and reducing operating and unit costs.

Financing

Debt facilities are now in place with HSBC and others in conjunction with supplier based equipment financing arrangements. Customer deposits were received in advance of resumption of operations. Subsequent to the year end on October 27, 2010 the Company closed a non-brokered private placement for proceeds of $2.66 million. October 28, 2010 the Company issued Convertible Debentures in the amount of US$2.87 million for a three year term.

Mactung Project

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 will 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.

OTHER INFORMATION

Outstanding Share Data

As at September 30, 2010 there were 206,790,058 common shares outstanding. On November 27, 2009 the Company completed a $3.1 million non-brokered private placement of 20,433,333 shares. On May 21, 2010 the Company closed an offering of $3,150,000 12.5% convertible debentures. During September, 2010 the holders converted the principal of $3,150,000 into 17,500,000 common shares at an issue price of $0.18 per share.

On October 27, 2010 the Company closed a non-brokered private placement of 7,000,000 units at a price of $0.38 per unit for proceeds of $2.66 million. Each unit consists of one common share and two-sevenths of a share purchase warrant. Each whole share purchase warrant is exercisable at a price of $1.00 into one common share expiring on October 27, 2015.

As at September 30, 2010 there were 3,703,367 stock options outstanding with exercise prices ranging between $0.15 and $1.76 per share. During the twelve months 2010 2,300,000 stock options were granted and 4,481,667 stock options were forfeited. Subsequent to the year end there are 3,771,700 stock options outstanding, 240,000 stock options were granted, 138,667 stock options were forfeited and 33,000 stock options were exercised during this period.

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. No impairment charge is required at this time.

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, 2010. 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 comprises tungsten and copper concentrates. Value added inventories include APT and TBO. These inventories are 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; value added inventories include costs associated with toll conversion.

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 future mine reclamation obligation is $4.2 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.

(in thousands of dollars)	September 30, 2010	September 30, 2009
Opening balance, asset retirement obligation	$ 3,780	$ 3,577
Accretion during the year	199	182
Additions during the year	-	252
Change in estimates of future costs	-	(231)
Closing asset retirement obligation	$ 3,979	$ 3,780

New Accounting Pronouncements:

Financial Instrument Disclosures

CICA Handbook Section 3855, Disclosures has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosures. The Company adopted this standard effective October 1, 2009 and there was no impact to the financial statements as a result of this new standard.

Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855, Recognition and Measurement, has been amended to change the categories into which a debt instrument is required or permitted to be classified, change the impairment model for held-to-maturity financial assets to the incurred credit loss model in Section 3025 and require reversal of previously recognized impairment losses on available-for-sale financial assets in specified circumstances. The Company adopted this standard effective October 1, 2009 and there was no impact to the financial statements as a result of this new standard.

Business Combinations

CICA Handbook Section 1582, Business Combinations, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian equivalent to International Financial Reporting Standards (“IFRS”) IFRS 3R, Business Combinations. This standard is effective for the Company for interim and annual financial statements beginning on October 1, 2011. The Company has not yet determined the impact of the adoption of this change on its financial statements.

Consolidated Financial Statements and Non-controlling Interests

CICA Handbook Sections 1601, Consolidated Financial Statements and 1602, Non-controlling Interests replace CICA Handbook Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Section 1602 is the equivalent to the corresponding provisions of IFRS IAS 27, Consolidated and Separate Financial Statements. These standards are effective for the Company for interim and annual financial statements beginning on October 1, 2011. The Company has not yet determined the impact of the adoption of these changes on its financial statements.

Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855 has been amended to clarify the application of the effective interest method after a debt instrument has been impaired and when an embedded prepayment option is separated from its host debt instrument for accounting purposes. These changes are effective for the Company for its interim and annual financial statements beginning on October 1, 2011. The Company has not yet determined the impact of the adoption of these changes on its financial statements.

Future Accounting Policies Changes

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

International Financial Reporting Standards

Canadian GAAP is converging with International Financial Reporting Standards ("IFRS") in 2011. The change will be effective for the Company on October 1, 2011. As from that time, comparative figures will require to be re-stated where necessary to comply with IFRS.

Although IFRS uses a conceptual framework similar to Canadian GAAP there are differences including accounting policy options that must be addressed.

Company officers and employees have studied literature dealing with IFRS and have attended training seminars on the transition to IFRS. They are currently monitoring transactions to identify any changes in accounting treatments that will be needed to comply with IFRS. They are considering possible impacts on the Company's financial reports, accounting policies, practices and internal controls.

While work to date has not identified any requirement for major change in accounting policies, reporting practices or controls, there are matters that require further consideration prior to the transition to IFRS.

Contractual and Other obligations

(in thousands of dollars) Contractual Obligations	2011	2012	2013	2014	2015	**TOTAL**
Property leases / equipment loans & leases	$ 1,085	$ 868	$ 759	$ 292	$ 86	$ 3,090
Office Leases	208	214	0	0	0	422
	$ 1,293	$ 1,082	$ 759	$ 292	$ 86	$ 3,512

The Company has entered into agreements to purchase equipment for its Cantung mine in the amounts of $3.2 million. All of this equipment is expected to be delivered to the Cantung mine by the end of March 2011.

Water License

On January 29, 2009 the Company received notification from the Mackenzie Valley Land and Water Board ("MVLWB") of the renewal of the Company's type "A" Water License ("license"). The license was 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, of 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 total security posted under the Company's prior license in favour of the Department of Indian and Northern Development ("DIAND") was $7.9 million which fulfilled the security requirements of the RSA for the prior license. The Amended Reclamation Security Agreement provides for the cash components payable to DIAND to increase under certain events. In addition, the renewed license (issued on January 30, 2009) required the Company to post an additional security deposit of $5.2 million (which was reduced in August 2010 to $3,777,000) 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; - this amount was posted on February 1, 2010 ($100,000 in cash and $1.2 million in the form of a secured promissory note) and
On July 1, 2010 an amount of $1.3 million of security was to be posted but the Company received a reduction in the amount of $1,422,161 security required to be posted and did not post the $1.3 million in security and also received a reduction to the promissory notes in the amount of $122,161.

Any security amounts owing under the license and monies owed by way of secured promissory notes are secured by a Security Agreement charging specific assets.

On August 24, 2010 the Company entered into an amended reclamation security agreement with DIAND which requires the Company to post $100,000 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.

The Company posted $100,000 in cash on September 1, 2010 to reduce the principal outstanding on the promissory notes.

As of September 30, 2010 the Company has posted $4.2 million in cash and $7,477,839 in the form of secured promissory notes.

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 during the period through his interest in TPT owns 35.1% of the TDI membership units.

Accounts receivable as at September 30, 2010 include $1.3 million (2009 - $2.0 million) due from TDI. Sales to TDI were $nil for the year ended September 30, 2010 (2009 – $3.0).

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 participated in the $6 million private placement as to 7,662,835 common shares.

Subsequent to September 30, 2010 directors of the Company participated in the US$2.87 million convertible debenture as to US$1.37 million.

Risks and Uncertainties

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

Risks associated with the Cantung mine:

In recent years of operations, the Cantung mine has successfully added more tons to its ore reserves than have been extracted by mining. It is uncertain if, or for how long, it will be able to add new economic ore reserves in the future, but it is certain that the mine has a limited life. There are uncertainties in planning the operation of the mine in the years remaining and projecting expected results.

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: 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.

Risks associated with the Tungsten Diversified Industries

There can be no assurance that TDI will generate sufficient earnings and cash flows to enable the Company to recover its investment in TDI. TDI is involved in the production and marketing of tungsten composites, a business that has potential for considerable growth however TDI has had losses totaling approximately $3,050,000 for the past two years. TDI may require additional capital to maintain operations and fund business development.

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, new mine developments, governmental stockpile policies, duties and regulations affecting international trade.

If tungsten prices were to decline significantly or for an extended period of time, the Company might be unable to continue its operations, develop its properties, 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.

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 has facilities in place to hedge 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 a significant impact under full production conditions.

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

Operating and Investing Cash Flows Reclassification

Management identified that the Company had previously misclassified $4.2 million of cash outflows as being related to expenditures for mineral properties and property plant and equipment whereas this amount related to settlement of accounts payable on the statement of cash flows. The cash flow statements for the year ended Sept. 30, 2010, have been restated to adjust the allocation of cash outflows between operating activities and investing activities. The MD&A has been amended to report the revised cash outflows.

OPERATING AND INVESTING CASH FLOWS BEFORE AND AFTER THE ADJUSTMENT

For the year ended September 30, 2010

(in thousand of dollars)	As previously filed	Adjustment	Restated
Change in non-cash working capital	12,272	(4,158)	8,114
Purchase of property, plant and equipment	(9,172)	3,997	(5,175)
Expenditure on Mactung development	(831)	161	(670)

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.
MB	Metal Bulletin Of London