This is the 1st Affidavit of
Dennis M. Lindahl in this case and
was made on June 8, 2015

NO. S-154746
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT* R.S.C. 1985, c. C-36, as amended

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985 c. C-44, as amended

AND

IN THE MATTER OF NORTH AMERICAN TUNGSTEN CORPORATION LTD.

PETITIONER

AFFIDAVIT

I, DENNIS M. LINDAHL, businessperson of 1640 – 1188 West Georgia Street, Vancouver, British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am the chief financial officer and a director of North American Tungsten Corporation Ltd., the petitioner in this proceeding ("**NATC**" or the "**Petitioner**"), and as such have personal knowledge of the matters deposed to in this Affidavit except where I depose to a matter based on the information from an informant I identify, in which case, I believe that both the information from the informant and the resulting statement are true. In preparing this Affidavit, I have also consulted with other members of the senior management team of the Petitioner.

2. I am authorized to make this Affidavit on behalf of the Petitioner.

3. This Affidavit is sworn in support of a petition by the Petitioner (the "**Petition**") for relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

4. The Petition arises as a result of a variety of circumstances, as described below, which require NATC to restructure in order that it can proceed as a viable business entity going forward.

5. Due to many factors, including, among others, the current commodity pricing environment, the challenging capital market in the mining and metals space, the anticipated increase by the Mackenzie Valley Land and Water Board ("**Water Board**") of the amount of security NATC must post for reclamation of its operating mine, and NATC's depressed share price, the value of the Petitioner's assets, if disposed of in a forced sale environment, would likely be less than the total of its liabilities. Moreover, NATC is suffering from a lack of liquidity and capital and is unable to meet its liabilities generally as they become due without the benefit of a filing under the CCAA. As such, NATC is insolvent.

6. I believe that restructuring under the protection of the CCAA will have the effect of improving the long term financial prospects of NATC, while preserving value for the stakeholders generally and permitting NATC to continue to operate on a going concern basis during and beyond the period of creditor protection. The restructuring initiatives contemplated by the Petitioner are discussed in detail below.

THE PETITIONER

7. NATC is a federal corporation incorporated under the *Canada Business Corporations Act*, as amended, R.S.C. 1985 c. C-44 (the "**CBCA**").

8. NATC's head office is located at #1640-1188 West Georgia Street, P.O. Box #19, Vancouver, British Columbia.

9. Corporate operations are directed and controlled out of the head office in Vancouver, British Columbia, including banking, corporate accounting, corporate finance, shareholder relations, taxation, audit and business strategy.

10. NATC is extra-provincially registered in British Columbia and extra-territorially registered in the Yukon and the Northwest Territories.

11. NATC has no active subsidiaries.

COMPANY HISTORY

12. The original predecessor company to NATC was incorporated pursuant to the *Company Act* (British Columbia) in October 1979 and in May 1996, by Certificate of Continuance pursuant to the CBCA, changed its name to North American Tungsten Corporation Ltd. and altered its capital such that the authorized capital of NATC consists of an unlimited number of common shares. NATC is a reporting issuer in British Columbia and Alberta and is listed on the TSX Venture Exchange and traded under the symbol "NTC".

13. NATC is a public company engaged in the acquisition, exploration, development, mining and milling of minerals. Its business is presently concentrated in North America.

14. NATC is focused on the tungsten business, including the exploration, mine development and production of tungsten concentrate through the mining and milling of ore.

15. NATC has one mine in production—the 100% owned "Cantung Mine" located in the Northwest Territories. The Cantung Mine is located in along the Flat River in the southwestern Northwest Territories close to the Yukon border, approximately 300 km by road northeast of Watson Lake, Yukon.

16. NATC's key development property is the "Mactung Property" located on the border of the Yukon Territory and the Northwest Territories. The Mactung Property is located in the Selwyn Mountain Range and covers the area around Mt. Allan, approximately eight kilometres northwest of MacMillan Pass. The nearest settlement accessible by road, Ross River, is 250 km to the southwest along the Canol Road. The property is located at latitude 63º17'N and longitude 130º10'W, and the Cantung Mine is approximately 160 km to the southeast.

17. NATC's principal product is tungsten concentrate. Tungsten concentrate is then refined into Ammonium Paratungstate ("**APT**") by NATC's customers.

18. Tungsten is a critical raw material component used in the production of a number of materials and products, including hard metals, alloy steels, mill products, chemicals, catalysts and pigments. Tungsten metal has an extremely high melting point and is extremely dense. Tungsten products are used in heavy engineering industries to bore automotive engine blocks, manufacture airplane parts, drill for oil, and mine coal. It is most often used in high speed cutting tools and also is used in computers to draw heat away from microchips. The output from Cantung is one of the world's few alternative sources of supply of this metal outside China, where 70% of world tungsten is produced.

19. NATC's sales of tungsten concentrate during the fiscal year ended September 30, 2014 were 263,872 metric tonne units ("**MTUs**"). NATC also sold 536,929 pounds of copper in the last fiscal year.

SHARE CAPITAL AND CONSOLIDATED CAPITALIZATION

20. All of NATC's common shares rank equally as to voting rights, participation and distribution of its assets upon liquidation, dissolution, winding up and entitlement to dividends. The holders of common shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meeting. Each common share carries with it the right to one vote.

21. The authorized capital of NATC consists of an unlimited number of common shares without par value, of which 238,123,058 shares were issued and outstanding as of May 28, 2015. NATC shares are currently trading at $0.035 per share for an overall market capitalization of approximately $8,334,307.

22. Also issued and outstanding as of May 28, 2015, are 2,250,000 share options and 2,000,000 warrants. The share options are held by the Petitioner's employees, directors, and consultants.

23. NATC's major shareholders include Ronald Erickson and Kurt Heikkila, who collectively hold 42,597,902 (17.9% of the presently issued and outstanding share capital), and Kevin Douglas, trustee of K&M Douglas Trust, who holds 33,589,500 (14.1% of the presently issued and outstanding share capital).

24. NATC's insiders are as follows:

Insiders	**Shares (direct and indirect holdings)**
Ronald Erickson	42,597,902
Kurt Heikkila	42,597,902
Allan Krasnick	252,000
Dennis M. Lindahl	1,540,450
Bryce Porter	30,000
Total	**44,420,352** (18.7% of the presently issued and outstanding share capital)

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BUSINESS OPERATIONS

NATC acquires Tungsten assets from Aur Resources Inc.

25. In October 1997, NATC acquired a 100% interest in the tungsten assets of both Aur Resources Inc. ("**Aur**"), and 11126 Yukon Ltd. ("**Yukon**"), a private, wholly owned subsidiary of Aur, by way of a July 1997 purchase agreement (the "**1997 Agreement**"). These assets included the Cantung mine and adjacent property and the Mactung property. Through these two properties, NATC controls a significant percentage of the world's known high-grade tungsten reserves and resources and the western world's largest high-grade tungsten resource.

26. The consideration for the acquisition of the Aur and Yukon tungsten assets included the following:

(a) the issuance to Aur of 2,361,111 common shares in the capital stock of NATC and 1,000,000 special warrants entitling Aur to acquire, without further consideration, one further common share in the capital stock of NATC for each special warrant held;

(b) the issuance of 277,778 common shares of NATC to Yukon;

(c) the payment of $127,438 in cash to Aur; and

(d) the reservation of the following net smelter returns royalties ("**NSR**"):

(i) to Yukon, a 3% NSR over the Cantung Mine, with an escalation clause to 4%; and

(ii) to Aur, a 4% NSR in respect of the Mactung Property; and

(e) an indemnity to Aur respecting reclamation claims pertaining to the Cantung property.

27. Aur was subsequently acquired by Teck Cominco Inc. ("**Teck**"), and the rights of Aur and Yukon under the 1997 purchase agreement were assumed by Teck. In January 2005, NATC entered into amendment agreements with Teck in respect of the royalty payable on both the Cantung and Mactung properties. NATC has exercised its option under those agreements to reduce the royalty owed to Teck in respect of production at Cantung to a 1% NSR. NATC has

the right, which it has yet to exercise, to reduce Teck's royalty in respect of production at Mactung to a 2% NSR.

Cantung Mine Operations

28. The Cantung Mine and adjacent property consists of seven surface mineral leases and 11 contiguous unpatented claims covering 15,294 acres. The Mine is located in the District of MacKenzie and situated in a narrow valley on the Flat River between the McKenzie and Logan Mountains in the southwestern corner of the Northwest Territories.

29. Operations at Cantung include both surface and underground mining, a mill, concentrator and tailings ponds.

30. After a significant increase in world supply of tungsten, due largely from increased production in China, prices fell, undermining the viability of Cantung's continuing operation. As a result, the mine was placed in care and maintenance in 1986, remaining in that state until its reopening in 2002 under new ownership and management and with the support of its customers. The Cantung Mine was preserved in conditions designed to ensure its rapid re-start in the event that world prices for tungsten reached the level that would warrant the commencement of commercial mining activity.

31. In 2001, in anticipation of restarting the Cantung mine, NATC entered into loan and supply agreements with AB Sandvik Coromant ("**Sandvik AB**") a Swedish company based in Stockholm, Sandvik Canada Inc. ("**Sandvik Canada**"), a Canadian subsidiary of Sandvik AB, and Osram Sylvannia Products, Inc. ("**Osram**"), a company based in Pennsylvania, USA. Under the loan agreements, Sandvik Canada and Osram advanced $5 million to NATC to finance the start-up of mining activities at the Cantung mine, which amount was secured against NATC's assets. Under the supply agreements, Osram and Sandvik AB agreed to purchase all of the tungsten concentrate produced from Cantung, and to participate in the future development of Mactung.

32. In January 2002, the Cantung Mine reopened.

Earlier CCAA Filing

33. In December 2003 Osram and Sandvik purported to terminate their supply agreements with NATC, and Osram and Sandvik Canada made demand for the balance owing under their loan agreements, necessitating that NATC obtain CCAA protection. On December 11, 2003, NATC applied for, and was granted, a stay under the CCAA. On April 23, 2004, NATC

announced that it had signed a settlement agreement with Sandvik Canada and Osram, whereby NATC agreed to pay US$300,000 in cash and a quantity of tungsten concentrate with a deemed value of US$600,000 from the re-commencement of production at the Cantung mine. NATC filed a Plan of Arrangement and Compromise with the Court, which was approved by the creditors and sanctioned by the Court on November 22, 2004. As of March 31, 2005, NATC had successfully met all conditions precedent of the Plan and emerged from creditor protection under the CCAA.

Post-CCAA

34. With a stronger balance sheet and its restructuring complete, the Cantung Mine reopened in late 2005, and has operated consistently since then, except for a brief closure from October 15, 2009, through October 7, 2010, when the Cantung Mine was placed on a care and maintenance program during a time of increased product inventory and declining tungsten prices. More recently, NATC's efforts at the Cantung mine have been directed at exploiting additional ore resources that are located below the 3700 level in an area of the mine known as the West Extension. Over the years, the Cantung Mine has provided employment, a supply chain and significant economic activity to the area.

35. In November 2014, NATC released the results of a National Instrument 43-101 Compliant Technical Report on the Cantung Mine (the "**Cantung Report**"). The Cantung Report shows probable mineral reserves that support a mine life beyond 2017. A press release dated November 3, 2014, summarizing the findings of the Cantung Report is attached hereto as **Exhibit "A"**.

36. In the fiscal year ending September 30, 2013, the Cantung Mine produced 287,032 MTUs of tungsten concentrate; in the fiscal year ending September 30, 2014 it produced 274,063 MTUs of tungsten concentrate; and in the six months since the fiscal year ending 2014 (to March 31, 2015), it produced 154,420 MTUs of tungsten concentrate.

Reclamation Security for the Cantung Mine

37. Projected remediation expenses at the Cantung Mine (the "**Reclamation Obligations**") are secured under a water license (as subsequently amended, the "**Water License**"), a land use permit, and reclamation security agreement (as amended, the "**RSA**") between NATC and Her Majesty the Queen in Right of Canada, as represented by the Ministry of Indian Affairs and Northern Development ("**DIAND**").

38. In February 2014, NATC was informed by its counsel that, in June 25, 2013, DIAND and the Government of the Northwest Territories as represented by the Minister of Environment and Natural Resources ("**GNWT**") entered into the Northwest Territories Lands and Resources Devolution Agreement (the "**Devolution Agreement**"), which had the effect of transferring jurisdiction over the lands on which the Cantung Mine is located to GNWT effective on April 1, 2014. The Devolution Agreement required that DIAND (since renamed Aboriginal and Northern Affairs Canada ("**ANDC**")) transfer all security held in relation to existing interests, including the Cantung mine, to GNWT with effect on April 1, 2014.

39. On March 28, 2014, NATC, ANDC and GNWT entered into an assignment, assumption and amendment agreement effective as of April 1, 2014 (the "**Assignment**"), by which all of the rights, benefits, obligations, covenants and liabilities of ANDC in relation to the RSA were assigned to GNWT, including promissory notes from NATC held as security under the RSA and subordination agreements with certain of NATC's secured creditors. In conjunction with the Assignment, NATC and Computershare Trust Company of Canada ("**Computershare**") entered into an amended and restated trust indenture (the "**Indenture**").

40. The payment and performance of NATC's obligations under the RSA and Water License are secured by a continuing security interest in all present and after-acquired property, assets and undertakings of NATC relating to the Mactung Property. The security interest does not extend to the Cantung Mine.

41. The RSA provides for quarterly posts or deposits of cash or letters of credit into a qualifying environmental trust for the Cantung Mine (the "**RST**"). NATC and Computershare entered into a RST indenture dated October 21, 2011, as required by the RSA. As of March 31, 2015, NATC has posted $6.2 million in cash and $5.5 million in secured promissory notes, for a total of $11.7 million to further secure performance of the Reclamation Obligations.

42. The current Water License expires on January 29, 2016.

43. In March 2014, the Petitioner submitted an application to GNWT and the Water Board to amend the Water License to implement a dry stack tailings management system, as part of the Petitioner's long term tailings plan. The application process has involved public hearings, considerable scientific and engineering research and design, correspondence between GNWT and NATC, as well as between the Water Board and NATC, and extensive consultations with various stakeholders, including engagement and accommodation with the area's First Nations.

44. Since late 2014, NATC has spent considerable time and energy working with the Water Board and GNWT with respect to an estimate of the security to be posted by NATC in respect of the Reclamation Obligations, with a view to seeking a commercially reasonable resolution or compromise in respect of the estimate.

45. On March 2, 2015, the Water Board issued its recommendation to the GNWT for approval of the requested amendment to the Water License and determined that, within 90 days of the GNWT's approving the Water License, NATC must post reclamation security of $29.95 million, rising to $30.95 million as certain works at the mine are commissioned. Pursuant to the *Waters Act (NWT)*, the GNWT had 45 days from the date the Water Board's recommendation was referred to it to accept or reject the amended Water License. After the amended Water License is signed, NATC would have 90 days to negotiate the form of and post acceptable security.

46. On March 26, 2015, NATC wrote to GNWT to request that GNWT take the maximum amount of time to approve the Water License to enable the Petitioner time to present to GNWT a reasoned case to reduce the amount of security required, which request was supported by a letter from the Nahanni Butte Dene Band, the community in the Dehcho First Nation which is the closest downriver from the Cantung Mine.

47. On April 28, 2015, GNWT wrote to NATC to inform the Petitioner that GNWT would invoke the *Waters Act* (NWT) to extend the timeline for consideration of the amendment to the Water License to June 13, 2015.

48. The proposed increase in the GNWT's required security from the current $11.7 million to the ultimate $30.95 million has negatively impacted the Petitioner's ability to capitalize its business and has the potential to impede value realizable from the Mactung Property. Moreover, the Petitioner believes this increase is not necessary and that security of $15.2 million would be adequate to protect GNWT fully from any liability in respect of the Reclamation Obligations.

49. Because the Cantung Mine was in existence when the federal government's "Mine Site Reclamation Policy for the Northwest Territories" was adopted, the Cantung Mine operates under the "Transitional Rules for Existing Mines" (the "**Policy**"). The Policy enables NATC to negotiate the form, amount, and scheduling of security required of NATC but this is subject to negotiations with the GNWT, to which the Policy was devolved on April 1, 2014.

50. NATC is committed to working with GNWT to develop an agreed-upon plan regarding reclamation security in an effort to minimize the potential negative effects on NATC's business and viability.

The Mactung Property

51. The Mactung Property is located in the Selwyn Mountain Range and consists of a combination of leases and claims located in Yukon and Northwest Territories. The property consists of 113 mineral claims and 38 mining leases in Yukon and eight mining leases in the Northwest Territories, and covers 4,541.6 ha. Mactung was originally staked in 1962, following the discovery of scheelite-bearing float in the headwaters of the Cirque Lake Valley.

52. In February 2009, NATC released the results of a National Instrument 43-101 Compliant Technical Report on the Mactung Property. NATC then continued to progress the Mactung Property and has made considerable strides over the last few years. In particular, in September 2014, the federal and Yukon governments issued Decision Documents pursuant to the *Yukon Environmental and Socio-economic Assessment Act* confirming the determination by the Yukon Environmental and Socio-economic Assessment Board, made after a six-year public process, that the Mactung Project be allowed to proceed without further review.

53. Feasibility work was also done and according to an internal scoping study on the Mactung Property dated May 14, 2015, the capital expenditure estimate to bring the Mactung Property to pre-production is US$229.7 million plus a contingency of US$23.0 million. A further US$106.3 million plus a US$10.6 million contingency would be required to sustain operations.

54. NATC is currently assessing approaches to marketing and/or developing the Mactung Property, which includes discussions with local First Nations. At current tungsten prices, however, further outlays by NATC on the Mactung Property are unrealistic, particularly given NATC's lack of capital and liquidity.

Supply Agreements and Customer Financing

55. Presently, approximately 100% of the tungsten produced at the Cantung mine is sold to two companies: Global Tungsten & Powders Corp. ("**GTP**") and Wolfram Bergbau und Hütten AG ("**WBH**", and together with GTP, the "**Customers**").

56. In December 2013, NATC signed a three-year supply agreement with GTP (the "**GTP Supply Agreement**"), whereby GTP agreed to purchase approximately 320,000 MTUs of WO_3 concentrate, including both G1 high grade concentrate and mid grade flotation

concentrate, in equal monthly installments. The GTP Supply Agreement will expire on February 1, 2017, subject to two one-year automatic extensions (in the absence of notice). NATC is paid for shipments to GTP five days after shipment by way of a factoring agreement with The Royal Bank of Scotland PLC. In addition, GTP had advanced US $2.2 million.

57. On December 19, 2013, GTP and NATC also entered into a loan agreement (the "**GTP Loan Agreement**") and a security agreement (the "**GTP Security Agreement**"), which provide for a non-revolving US$2.5 million loan, rolling in an existing US$2.2 million advance, for a combined loan of US$4.7 million (the "**GTP Loan**"), secured by a charge on the Mactung Property. The GTP Loan matures on December 31, 2018, and bears interest of 3.0% per annum.

58. In February 2014, NATC signed a three-year supply agreement with WBH (the "**WBH Supply Agreement**"), whereby WBH agreed to purchase a minimum of 320,000 MTUs of WO_3 concentrate, including both G1 concentrate and mid grade flotation concentrate, in equal quarterly installments. The WBH Supply Agreement will expire on February 1, 2017, subject to two one-year automatic extensions (in the absence of notice). WBH has advanced $3.0 million, to ensure that sufficient funds have been advanced to NATC to pay for the estimated value of product in shipment or transit to WBH at any given time, and pays NATC for additional product as it leaves the mine gate.

59. Also in February 2014, WBH and NATC entered into a loan agreement (the "**WBH Loan Agreement**") and a security agreement (the "**WBH Security Agreement**"), which provide for a non-revolving US$2.5 million loan (the "**WBH Loan**"), secured by a charge on the Mactung Property. The WBH Loan matures on March 31, 2017, and bears interest of 3.0% per annum.

60. The Customers entered into an intercreditor agreement dated February 20, 2014 (the "**Customer Intercreditor Agreement**"), pursuant to which the Customers agreed that NATC's indebtedness to, and the security interests of, each of the Customers ranks *pari passu*, and the Customers agreed to share any proceeds of enforcing on their collateral.

61. The Customers have in the past been very supportive of NATC and have committed to purchasing all of NATC's production in 2015.

Other Financing Arrangements

62. On December 31, 2013, NATC entered into subscription agreements (the "**Subscription Agreements**") with various parties (the "**Debentureholders**") to recapitalize

US$11 million of indebtedness owing by NATC into an aggregate principal amount of US$11 million of debentures (the "**Debentures**"). The Debentures have a two-year term and bear interest at a rate of 11% per annum. Except in respect of a principal amount of US$2 million of Debentures issued to certain insiders (the "**Nonconvertible Debentures**"), the principal amount of the Debentures are convertible into common shares of the Petitioner. Pursuant to the terms of the Subscription Agreements, the interest rate on the Nonconvertible Debentures is 18% per annum.

63. The Debentures are secured by a general security interest in the Petitioner's assets (the "**Debenture GSA**"). Pursuant to various priority agreements, the security interests of the Debentureholders granted by the Debenture GSA are subordinated to (a) the security interests of GNWT in respect of the Reclamation Obligations, and (b) the Customers to a maximum amount of US$2.5 million plus interest and costs per Customer, for a total of US$5.0 million plus interest and costs.

64. On May 15, 2014, Callidus Capital Corporation ("**Callidus**") and NATC entered into a loan agreement (the "**Callidus Loan Agreement**"), which provided for a demand non-revolving loan for $11 million (the "**Callidus Loan**"). The Callidus Loan was for a term of one year after the first advance, repayable on demand, bearing interest at a rate of 18% per annum, with interest payable monthly, and monthly principal repayments of $150,000 commencing July 31, 2014.

65. Also on May 15, 2014, NATC executed a general security agreement in favour of Callidus (the "**Callidus GSA**"), granting security in all or substantially all the Petitioner's present and after-acquired property other than any present or after-acquired property, assets and undertakings related to the Mactung Property. As such, Callidus' security does not extend to the Mactung Property.

66. $5.8 million of the proceeds from the Callidus Loan were used to repay the outstanding balance of the Petitioner's operating loan facility with HSBC Bank Canada, which has been cancelled. $1.0 million of the proceeds from the Callidus Loan were used to repay certain equipment loans and capital leases and the remainder was available for working capital and investment in capital projects.

67. In conjunction with the Callidus Loan, NATC, Callidus and the Debentureholders entered into priority agreements granting Callidus priority over the collateral described in the Callidus GSA, postponing all payments to the Debentureholders (except interest), and standing

still all enforcement rights of the Debentureholders for so long as the Petitioner is indebted to Callidus.

68. On July 2, 2014, NATC completed a US$12.0 million loan (the "**Queenwood II Loan**") with Queenwood Capital Partners II LLC ("**Queenwood II**"), to replace its $12.0 million working capital loan facility with HSBC. Ronald Erickson and Kurt Heikkila collectively own all the issued and outstanding units of Queenwood II. The Queenwood II Loan is evidenced by a promissory note (the "**Queenwood II Note**"), with a maturity date of October 1, 2015. Interest is payable on the Queenwood II Loan at the rate of 12% per annum, payable by the Petitioner quarterly in arrears, with any remaining accrued and unpaid interest payable at maturity.

69. Also on July 2, 2014, Queenwood II and NATC entered into a general security agreement (the "**Queenwood II GSA**") to secure the obligations of NATC pursuant to the Queenwood II Loan and Queenwood II Note. The Queenwood II GSA granted a security interest in all NATC's presently owned and after-acquired personal property and a floating charge on real property.

70. In conjunction with the Queenwood II Loan, NATC, Callidus and Queenwood II entered into a priority agreement granting Callidus priority over the collateral described in the Callidus GSA, postponing all payments to Queenwood II (except interest), and standing still all enforcement rights of Queenwood II for so long as the Petitioner is indebted to Callidus.

71. On October 24, 2014, Queenwood II and NATC finalized the terms of further borrowing of up to US$3 million (the "**Additional Queenwood II Loan**"), payable on demand, evidenced by a grid promissory note (the "**Queenwood II Grid Note**", and together with the Queenwood II Note, the "**Queenwood II Notes**"), with a first advance of US$1 million. Interest is payable on the Additional Queenwood II Loan at the rate of 18% per annum, payable by the Petitioner quarterly in arrears, with any remaining accrued and unpaid interest payable at maturity.

72. Also on October 24, 2014, Queenwood II and NATC entered into a general security agreement (the "**Second Queenwood II GSA**") to secure the obligations of NATC pursuant to the Additional Queenwood II Loan and Queenwood II Grid Note. The Second Queenwood II GSA granted a security interest in all NATC's presently owned and after-acquired personal property and a floating charge on real property.

73. On December 30, 2014, NATC and Callidus entered into an amendment of the Callidus Loan Agreement (the "**Callidus First Amending Agreement**"), which provided for

additional proceeds of $3.65 million, a deferred fee of approximately $154,000, and an extension of the repayment date for the Callidus Loan balance to May 31, 2016. To satisfy a condition of the Callidus First Amending Agreement, Queenwood II advanced the remaining US$2 million available under the Queenwood II Grid Note. The Callidus Loan remains repayable on demand and bears interest at 18% per annum with interest payable monthly, with monthly principal repayments of $150,000 to continue, with the remaining balance due at maturity. The Callidus Loan continues to be secured by the Callidus GSA and the collateral described therein. Further to the Callidus First Amending Agreement, the $11 million demand promissory note previously executed was canceled, and the Petitioner executed a replacement demand promissory note in the amount of $13.9 million. Of the additional proceeds, $2.0 million was utilized to repay a note payable to a mining contractor, with the remaining proceeds to be used for capital projects and working capital.

74. NATC has also entered into a number of equipment loan agreements and equipment leases in respect of equipment used at the Cantung Mine (collectively, the "**Equipment Leases**") with counterparties who have registered financing statements in the Personal Property Registries of British Columbia, the Yukon Territory and the Northwest Territories in respect of same.

75. On February 3, 2015, the NATC entered into a security agreement with Finning (Canada) A Division of Finning International Inc. ("**Finning**") to secure the purchase of a 2013 Caterpillar Genset Model No. CAT 3516B ("**Genset**") as well as to secure other amounts owing to Finning on account of services provided by Finning to the Petitioner.

76. The Petitioner believes its outstanding secured obligations have the following priorities:

No.	Secured Party	Amount/Obligation	Collateral
1.	Equipment Leases	Financing lease amounts	Purchase money security interests in specific serial numbered goods
2.	Government of the Northwest Territories	Reclamation Obligations (currently under negotiation)	All present and after acquired property related to Mactung
3.	Global Tungsten & Powders, *pari passu* with WBH	Up to US$2.5 million plus interest and costs	All present and after acquired property related to Mactung

No.	Secured Party	Amount/Obligation	Collateral
4..	Wolfram Bergbau und Hütten, *pari passu* with GTP	Up to US$2.5 million plus interest and costs	All present and after acquired property related to Mactung
5.	Callidus Capital Corporation	$13.1 million	All present and after acquired property *not* related to Mactung
6.	Debentureholders	US$11.0 million	All present and after acquired property of NATC
7.	Queenwood II	US$15.0 million	All present and after acquired property of NATC
8.	Global Tungsten & Powders, *pari passu* with WBH	Remainder of debt	All present and after acquired property related to Mactung
9.	Wolfram Bergbau und Hütten, *pari passu* with GTP	Remainder of debt	All present and after acquired property related to Mactung
10.	Finning International Inc.	Outstanding indebtedness, except for amount secured as purchase money security interest which is senior in priority	All present and after acquired property of NATC

KEY SUPPLIERS

77. The operations of NATC cannot be maintained without several key providers of supplies and services, who can generally be described as:

(a) reagent and chemical suppliers;

(b) fuel suppliers;

(c) food and janitorial service providers;

(d) transport of employees to site providers;

(e) utilities;

(f) transportation/freight providers; and

(g) explosive and other mining materials suppliers.

78. NATC believes that a number of its key suppliers may suffer serious financial hardship if they do not receive timely payments.

79. NATC is working to identify the suppliers that are key to the business and to its continued operations. In doing so, NATC will consider various factors including the importance of the supplier to NATC's operation, the nature of the goods or services supplied and whether there are alternative supply sources, the ability of the supplier to remain in business or continue normal operations if not paid, the ability and the likelihood that the supplier may delay or otherwise restrict supply and services in the event of non-payment, the volume of the goods or services supplied, potential for disruption to NATC's operation if the supplier delays or fails to expedite supply of goods or services pursuant to their existing contracts, the ability of the supplier to maintain a possessory lien on the property and the amount NATC currently owes to each supplier.

80. It is my understanding that a stay of proceedings may require suppliers to continue supplying goods and services but will not allow NATC to require expedited supply from its suppliers or require suppliers to extend credit. Furthermore, it is my understanding that without approval from the Court, amounts owing to suppliers in respect of pre-filing debt cannot be paid.

81. As a result of these unique circumstances, NATC is seeking approval of the Court to allow it to pay certain pre-filing amounts but only with Monitor approval. It is likely that a number of NATC's key suppliers are in a fragile financial state and that any stay of proceedings that results in these suppliers not being paid certain outstanding pre-filing amounts could result in these suppliers suffering financial distress and an inability to supply even if ordered to do so.

82. NATC relies on an extensive interwoven network of suppliers and service providers to ensure the continuance of its business. A number of these suppliers may insist upon payment of pre-filing amounts owing from the Petitioner or, if unpaid, will likely require a continuing supply of cash on delivery terms to continue to supply, which, owing to the nature of the business, are either extremely cumbersome or simply not tenable.

83. For a number of suppliers, given the quantity of product and the general delivery process, cash-on-delivery arrangements may be unworkable. The amounts to be paid to the suppliers can often only be established once the product has arrived at the mine. The

payment of certain pre-filing amounts (if consented to by the Monitor) will permit NATC to make arrangements with the suppliers that will ensure the continuation of supply. The Petitioner intends to rely upon those suppliers with which it had contracts that were entered into prior to the filing of the Petition.

84. NATC requires the ability to pay certain pre and post-filing payables to those suppliers it considers essential as confirmed by the Monitor. In the event the Petitioner encounters supplier issues post filing, the Petitioner, with the approval of the Monitor, may enter into arrangements with other suppliers which could involve some pre-filing payables. The Petitioner is aware of the potential prejudice to other creditors for making these payments and intends to keep them to a required minimal level. However, any such payments would be specifically intended to maintain basic operations.

CASH MANAGEMENT

85. NATC requires the collection and movement of funds through a number of bank accounts (the "**Accounts**") held at HSBC Bank Canada ("**HSBC**"). All of the revenue generated by the Cantung Mine is deposited into the Accounts.

86. NATC holds a credit card with HSBC. $25,000 is currently prepaid to secure charges made against this account.

PETITIONER'S FINANCIAL PROBLEMS

87. NATC is unable to meet its financial obligations as they become due and is accordingly insolvent. NATC's insolvency has been caused by a number of factors discussed above and including the continuation of low prevailing market prices of APT, high debt service payments, including some payments denominated in US dollars, insufficient capitalization, and recent operational issues, including mining of lower grade ore. At the same time, supply and infrastructure costs in the Canadian sub-Arctic remain high.

88. Although NATC has implemented production and cost improvement initiatives, low market prices, lower grades of ore, and recent operational interruptions have resulted in insufficient free cash flow to service NATC's secured debt and on-going and further capital expenditures.

89. Current problems in credit markets and a general deterioration of global economic conditions have led to a weakening of commodity prices for metals and related products. There is no market to hedge APT or tungsten concentrate prices, and as a result

NATC's results of operations are subject to significant market fluctuations that are beyond its control. Since September 2014, the price of European mid APT has dropped from US$350 per MTU to US$242 per MTU, or by approximately 30%.

90. The general deterioration of global economic conditions, particularly in relation to access to credit in recent years, has also limited the availability of funds and increased the cost of obtaining capital. NATC's market capitalization has been significantly reduced and it anticipates that if its reclamation liability to GNWT is materially increased, such will further negatively impact NATC's liquidity and its ability to raise the capital required to execute its business plans.

91. Through debt investments, Ronald Erickson, Kurt Heikkila, Queenwood II, and a number of the Debentureholders have funded a significant amount of the Petitioner's operations over the last several years. However, these supporters of the Petitioner are unlikely to continue funding NATC's operations going forward, particularly given current APT prices. As such, NATC needs to find a new solution to ensure its long-term viability.

CURRENT FINANCIAL SITUATION

92. As of May 31, 2015, in addition to its normal trade payables, NATC is indebted as follows:

(a) $13,145,208 to Callidus in respect of Callidus Loan;

(b) US $6,612,500 to the Customers in respect of secured loans from the Customers;

(c) US $3,000,000 to the Customers in respect of advance payments;

(d) US $11,000,000 to the Debentureholders in respect of the Debentures;

(e) US $15,000,000 to Queenwood II in respect of the Queenwood II Loan and the Additional Queenwood II Loan;

(f) $2,378,000 to equipment lessors in respect of Equipment Leases; and

(g) $5,116,000 to Teck due in respect of accrued royalty payments.

93. Under the current Water License and RSA, NATC has posted cash security of $6.2 million and has signed promissory notes of $5,500,000 related to the potential reclamation of the Cantung Mine. NATC previously retained an independent engineering firm

review the estimated reclamation costs, which indicated reclamation costs in the ordinary course of business would be approximately $10 million. However, depending on the agreement reached by NATC and GNWT as to how additional security owing under the Amended Water License must be posted, this promissory note amount could significantly increase to as much as approximately $25,000,000.

94. Finally, as of April 30, 2015, NATC owes approximately $14,865,000 in general unsecured payables.

95. Of this amount, normal trade payables total approximately $7,454,000.[1]

ASSETS AND LIABILITIES

96. The Petitioner's assets consist primarily of very little cash, accounts receivable, pre-paid expenses, tungsten ore and concentrate inventory, supply inventory, mining equipment and buildings, and mineral interests at Cantung and Mactung consisting of claims, licenses, leases and mining permits.

97. The audited consolidated balance sheet for NATC for the year ended September 30, 2014 indicates total assets holding a value of approximately $72.0 million and total liabilities of approximately $75.0 million. The audited consolidated balance sheet for NATC for the year ended September 30, 2014 and the Quarterly Financial Reports through to March 31, 2015 are attached to this Affidavit as **Exhibits "B" and "C"** respectively.

98. The estimated book value of NATC's property, plant and equipment at the present time is approximately $27.9 million.

99. In accordance with the Callidus First Amending Agreement, NATC obtained a confidential liquidation appraisal of the principal equipment over which Callidus has a first priority charge that could be sold to repay the Callidus Loan and other amounts owed by the Petitioner. Based on this appraisal and the value of other equipment and assets of the Petitioner, NATC expects that, although Callidus would likely be paid in full, other secured creditors would likely recover significantly less in a forced liquidation scenario as opposed to a going-concern or managed wind-down scenario, and the unsecured creditors would likely receive no recovery if NATC liquidated. NATC believes that the value of NATC's assets on a going-concern basis is higher than the liquidation value.

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[1] Payables due in US dollars have been converted at 1.2 to 1

OPERATIONAL RESULTS

100. For the second fiscal quarter of 2015, Cantung produced 70,871 MTUs of tungsten concentrate, compared with 89,116 MTUs for the same period the year prior ended March 31, 2014. This decrease in production is a result of lower mill feed grade and mill interruptions due to unexpected equipment failures. For the first quarter of 2015, sales revenues were approximately $23.5 million, as a result of sales of 78,817 MTUs of tungsten concentrate and 183,792 pounds of copper, compared with $23.1 million from sales of 69,934 MTUs of concentrates and 168,418 pounds of copper for the three months ended March 31, 2014.

101. Mine operating costs at Cantung were $18.1 million for the second fiscal quarter of 2015, compared to $19.4 million for the comparable quarter of 2014.

102. Finally, the net loss for the second fiscal quarter of 2015 was $6.4 million compared to a net income of $2.5 million for the comparable quarter of 2014.

TEMPORARY LAYOFFS

103. On June 1, 2015, NATC announced a series of temporary layoffs of approximately 80 employees at the Cantung Mine, effective June 3, 2015, as part of various cost savings and cash conservation measures implemented by the Petitioner. This layoff amounted to approximately 31% of the total number of employees at the Cantung Mine. Given the standard rotational schedule, each employee will miss one work rotation of three weeks. Employees continue to be paid all wages and vacation pay that is due and owing.

CURRENT CASH SITUATION

104. NATC has implemented a strict cash conservation and cost reduction plan to minimize capital expenditures and to enable operations to continue during a low point in the price of tungsten concentrate. In addition to the above noted layoffs, NATC has delayed construction of the projected $8 million dry stack facility, and cancelled or delayed various other capital improvement projects.

105. For the six months ended March 31, 2015, NATC experienced a net loss of $6.6 million. NATC's cash balances are extremely low and additional or replacement financing will likely be required.

106. Absent a CCAA filing, NATC expects to have insufficient cash in the coming weeks with which to pay its suppliers, employees, and debt service payments. Key trade creditors may take steps to refuse to provide services that are essential to transport, and therefore sell, existing tungsten inventories.

107. To assist with the Petitioner's cash situation, while these proceedings are ongoing:

(a) Kurt Heikkila and I have agreed to continue as officers of the Petitioner for a monthly salary of $1 effective June 1, 2015; and

(b) Queenwood II and the Debentureholders have agreed to defer interest payments (including over US$1.2 million already deferred to date); and

(c) The Directors (as defined below) have agreed to defer their Director's fee compensation.

108. One of the Directors, Allan Krasnick, provides consulting services forging crucial relationships with First Nations in the regions in which NATC operates. It is critical to NATC's ongoing operations that Mr. Krasnick continues to foster and maintain these relationships. Given NATC's financial challenges, Mr. Krasnick has agreed to a significant reduction in his compensation during these CCAA proceedings.

109. If the Cantung Mine is forced to shut down, NATC has no available liquidity to pay for the environmental monitoring of the tailing ponds that are situated next to the Flat River. NATC further has no immediate funds to pay for the shut down and maintenance of the Cantung Mine, which is required to preserve the equipment and machinery located on the mine site, as well as to preserve the mine for future production. NATC's lack of liquidity is highly critical and thus it will likely require interim financing.

110. The cash flow projection attached as **Exhibit "D"** to this Affidavit shows that NATC is modestly cash-flow negative over the next six weeks. NATC expects to have sufficient cash to operate over the next two to three weeks, but may need a small infusion of funds in late June 2015. NATC appreciates the urgency in exploring options for interim financing, and at the same time will manage its cash outflows carefully, including orders of mine supplies, to maximize its cash resources while taking steps to to stabilize and preserve the mine assets and identify its restructuring options.

111. I have reviewed the cash flow projection and believe that it is reasonable in the circumstances.

RESTRUCTURING

112. NATC management continues to believe that its core tungsten business is viable if it is allowed to restructure. The Cantung Mine has tungsten ore reserves that are proven as well as probable and indicated reserves. The Cantung Report shows probable mineral reserves supporting a mine life beyond 2017, as well as indicated resources that may extend its life beyond that time frame. Further, there is tungsten and copper in the tailings ponds that could be recovered and milled as part of NATC's progressive reclamation of the Cantung Mine. Finally, an orderly process would increase the likelihood of finding an investor for the Mactung Property, generating proceeds which could be used to pay down existing NATC liabilities.

113. The Cantung Mine produces extremely high quality tungsten concentrate which has a world market, and is one of the few sources of tungsten outside of China. Tungsten is a base metal that is in high demand by its end users and world demand is increasing.

114. Based on information from industry experts, NATC management believes that APT prices will increase over the next two to three years as global demand increases, particularly out of China. As the market price of APT increases, so will the revenue of NATC.

115. NATC's financial problems have been exacerbated by a number of external factors which were outside its control. NATC requires CCAA protection to seek to develop a plan for NATC to continue as a viable business.

116. As a direct result of the working capital deficit currently facing NATC, NATC is no longer able to meet its obligations as they fall due. In order to avoid enforcement proceedings by major secured creditors, or the cessation of services and seizure of essential equipment by unsecured creditors, NATC requires the protection of the stay available under the CCAA to provide it with an opportunity to stabilize the current situation so that it may consider refinancing and restructuring opportunities.

117. While operating with the benefit of such protection, NATC believes that it will be able to satisfy fully all of its post-filing obligations while it considers available restructuring opportunities.

118. Subject to court approval, Alvarez & Marsal Canada Inc. ("**A&M**") has consented to act as Monitor during the CCAA proceedings to assist NATC with its restructuring efforts. A consent letter from A&M is attached hereto as **Exhibit "E"**.

119. At no time in the past two years has A&M or any of its partners or directors been the Petitioner's auditor, accountant or employee of the auditor, or accountant for the Petitioner.

RELIEF REQUESTED

CCAA Stay

120. In the event NATC is not afforded the opportunity to restructure under the CCAA there will be an inevitable liquidation of the Petitioner's assets. The current unsettled tungsten market is not a favourable environment for liquidation. The remoteness of the Cantung Mine would impact negatively on asset values. In addition, NATC is unlikely to have the full ability to maintain its contractual arrangements with third parties and maintain its mining leases, claims and water permits. Accordingly, in the event the relief is not granted to NATC under the CCAA and NATC is forced to liquidate its assets on a break-up basis, there would likely be no recovery for the unsecured creditors of NATC and the secured creditors of NATC other than Callidus would likely suffer a shortfall on their security position. In addition, NATC will not be in a position to complete a progressive reclamation of the Cantung Mine or meet its total reclamation obligations to GNWT, which could impact the surrounding Nahanni watershed wilderness.

121. As at May 31, 2015, NATC employed approximately 259 people at the Cantung Mine, its total payroll was approximately $2.3 million monthly including benefits which represented approximately 38.4% of the total expenses of running the Cantung Mine. Over the past two years, NATC has increased its presence in northern communities. In Watson Lake, Yukon, where it remains the largest private-sector employer and purchaser of goods and services. NATC has also increased its presence in Whitehorse, where a weekly plane transports employees to the Cantung Mine site, as well as in Nahanni Butte and throughout the Dehcho Region of the Northwest Territories. NATC has concluded a renewable 7-year impact and benefit agreement with the Nahanni Butte Dene Band that increases local opportunities and provides the First Nation with involvement in NATC's environmental stewardship of Cantung. When positions at Cantung become available, job postings for the mine are now circulated throughout First Nations communities in the Kaska, Dehcho and Sahtu regions, providing

increased opportunities for local hiring. NATC has made significant social investments in providing jobs and business opportunities, training and apprenticeship programs. In addition, there are eight employees in the Vancouver office.

122. The liquidation of NATC's assets would likely result in the permanent closure of the Cantung Mine. Given the current state of the business climate and the mining industry in Northern British Columbia and the Territories, it is unlikely that the hundreds of employees subsequently laid off could find employment in the short term. The permanent shut down of NATC's business would therefore have consequences to businesses and working families in the northern communities where NATC's operations are carried out, including Watson Lake and Whitehorse.

123. NATC's creditors will likely receive substantially more if the operations continue as a going concern and a successful reorganization is accomplished rather than if NATC's assets are liquidated through a forced liquidation. In addition, the broader stakeholder groups of employees, suppliers, environmental regulators, and the surrounding communities will benefit from an orderly restructuring.

Interim Financing

124. In light of the current cash flow forecast, interim financing is not required immediately, but will likely be required in the short term. As such, NATC is exploring the possibility of interim financing with a priority charge over certain assets if same becomes necessary.

Administration Charge

125. A&M is prepared to act as Monitor during the CCAA proceeding and to assist the Petitioner with preparation of cash flow projections and with all aspects in relation to a restructuring pursuant to, and subject to, the terms of the Initial Order of the Court and the statutory provisions of the CCAA. If so directed by the Court, A&M is also prepared to monitor the operations of the Petitioner, to provide direction and guidance to management during the CCAA restructuring period regarding the restructuring, and to generally assist the Petitioner with the restructuring efforts.

126. The Petitioner's solicitors, the Monitor, and the Monitor's solicitors are essential to NATC's restructuring. They have each advised that they are prepared to provide or continue professional services to the Petitioner only if they are protected by a charge over the assets of

the Petitioner. Accordingly, the Petitioner seeks to establish a priority charge over those assets in favour of its solicitors, the Monitor, and the Monitor's solicitors.

127. In connection with its appointment, it is contemplated that the Monitor, counsel to the Monitor and counsel to the Petitioner, will be granted a court ordered charge as security for their respective fees and disbursements relating to services rendered up to a maximum amount of $500,000 with the priority set out in the Initial Order. This amount has been determined not on the basis of the total fees payable to these professionals during the proceedings but on an assessment of what could be an amount outstanding to these professionals at any given time in the proceedings.

128. The Petitioner has provided to the Monitor, counsel to the Monitor and counsel to the Petitioner, respectively, retainers of $20,000, $20,000 and $20,581.01 (funds remaining in trust after application to outstanding accounts).

Director and Officer Protections

129. The current directors of NATC are:

(a) Kurt Heikkila;

(b) Dennis M. Lindahl;

(c) Ronald Erickson;

(d) Allan Krasnick; and

(e) Bryce Porter

(collectively, the "**Directors**").

130. The current officers of NATC are:

(a) Kurt Heikkila; and

(b) Dennis M. Lindahl

(collectively, the "**Officers**").

131. A successful restructuring of the Petitioner will only be possible with the continuity of the Directors and Officers.

132. The Directors have significant expertise with NATC and their continuity is essential to the Petitioner's ongoing viability.

133. The Officers are equally important to NATC as they have specialized expertise and experience with the Petitioner and the tungsten mining industry generally. Over time, the Officers have developed relationships with suppliers, employees and other stakeholders that will be important to the restructuring process. These relationships are not easily duplicated or replaced. NATC will benefit from the experience and expertise of the Directors and Officers which will be invaluable in assisting the Petitioner through the CCAA process.

134. It is my understanding that in certain circumstances directors and officers can be held personally liable for certain of a company's obligations to the federal and provincial governments including with respect to payroll remittances, harmonized sales tax, goods and services taxes, withholding taxes, Workers Compensation remittances, etc. Furthermore I understand that it may be possible for directors and officers of a company to be held personally liable for certain wage related obligations to employees.

135. NATC retains directors and officers liability insurance through a directors and officers insurance policy (the "**D&O Insurance**"). The current D&O Insurance provides $10 million in coverage and expires on November 1, 2015.

136. The Directors have informed me that they are concerned with respect to potential personal liability if they continue in their current capacities. I am of the view that in light of the potential for personal liability some or perhaps all the Directors will not continue their service and involvement in the proposal restructuring unless the Initial Order grants a charge as described below.

137. With the assistance of the A&M, the Petitioner performed a calculation to determine the reasonable quantum of the potential Director and Officer liability based on the number of employees, NATC's pay cycle and various other potential sources of personal liability such as source deductions and tax liabilities.

138. After taking into account the amount of NATC's payroll and comments of A&M, the Petitioner proposes that a charge in favour of the Directors and Officers be granted in the amount of $500,000 (the "**D&O Charge**") to provide a reasonable level of protection to those Directors and Officers prepared to stay with NATC to see it through the CCAA process. The D&O Charge ensures that the Directors and the Officers will receive protection from liability if

the D&O Insurance cannot be renewed due to an increase of premiums or if NATC cannot otherwise rely on the D&O Insurance.

139. In particular given certain Directors' agreement to defer their fees during these proceedings and the Officers' agreement to serve for a salary of $1 per month, the Petitioner believes that the amount of the D&O Charge is fair and reasonable in the circumstances.

140. The D&O Charge is vital to encouraging the continuing participation in this CCAA proceeding of the Directors and Officers, who will provide necessary experience and stability to this process and guide NATC's restructuring efforts. It is critical that a level of continuity be maintained within the Petitioner to ensure focus on achieving a restructuring plan that will benefit its stakeholders. The D&O Charge will also provide significant assurances to NATC employees that the payment of wages, vacation pay and other statutory entitlements will be satisfied as well as withholding any tax obligations owing to federal, provincial or state authorities.

CONCLUSION

141. NATC is optimistic that a restructuring of the business will have the effect of improving its long term financial prospects while preserving value for all stakeholders and permitting it to continue to operate as a going concern beyond the period of creditor protection. The Petitioner believes that the best way to preserve enterprise value for NATC and its stakeholders is for the Initial Order to be granted and restructuring to be pursued through a CCAA Plan.

SWORN BEFORE ME at Vancouver, British Columbia, on the 8th day of June, 2015.	
A commissioner for taking affidavits for British Columbia	DENNIS M. LINDAHL

TEVIA JEFFRIES
Barrister & Solicitor
DENTONS CANADA LLP
20th Floor, 250 Howe Street
Vancouver, B.C. V6C 3R8
Telephone (604) 687-4460

This is **Exhibit "A"** referred to in the Affidavit of
DENNIS M. LINDAHL sworn before me at Vancouver
this 8th day of June, 2015.

A Commissioner for taking
Affidavits within British Columbia

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NORTH AMERICAN TUNGSTEN CORPORATION LTD

Head Office:
Box 19, #1640 – 1188 West Georgia Street
Vancouver, BC V6E 4A2
Ph. 604-684-5300 Fax 604-684-2992

DATE: November 3, 2014 **TSX VENTURE EXCHANGE (NTC)**

North American Tungsten Files Technical Report for Cantung Mine – Life of Mine Extended Beyond 2017

Vancouver, BC - North American Tungsten Corporation Ltd. (TSX.V: NTC) ("NTC" or "the Company") announces that the Company has filed a Technical Report entitled "Technical Report on the Cantung Mine, Northwest Territories, Canada" dated September 19, 2014 (the "Report"). The Report was prepared in compliance with National Instrument 43-101 – *Standards for Disclosure for Mineral Projects* and may be found under the Company's profile on SEDAR at www.sedar.com.

The Report supports the disclosure contained in the Company's press release of September 19, 2014, which announced that estimates of mineral reserves and resources had increased. The updated reserves and resources support an extended mine life beyond 2017, the report confirmed. Since that last update of 2011, NTC has extracted more than 1.4 million tons of ore at Cantung, yet probable reserve estimates have increased from the 1.69 million tons reported then to the current estimate of 1.82 million tons.

ON BEHALF OF THE BOARD OF DIRECTORS

"Kurt E. Heikkila"
Kurt E. Heikkila
Chairman & CEO

ABOUT NORTH AMERICAN TUNGSTEN CORPORATION LTD.
The Company is a publicly listed Tier 1 Junior Resource Company engaged primarily in the operation, development, and acquisition of tungsten and other related mineral properties in Canada. The Company's 100% owned CanTung mine and MacTung development project make it one of the few tungsten producers with a strategic asset in the western world. MacTung is one of the world's largest known undeveloped high grade tungsten-skarn deposits.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term as defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note: *The Company relies upon litigation protection for "forward-looking" statements.*

Safe Harbour Statement under the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation: *Except for the statements of historical fact contained herein, the information presented contains "Forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and similar Canadian legislation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," "believes," or variation of such words and phrases that refer to certain actions, events or results to be taken, and other factors which may cause the actual results, performance or achievements of North American Tungsten Corporation Ltd. to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such* *factors include, among others, the actual results of reclamation activities, the estimation or realization of mineral reserves and resources, the timing and amount of estimated future production, costs of production, capital expenditures, future prices of commodities, possible variations in ore grade or recovery rates, efficacy and efficiency of milling process, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes and other risks in the mining industry. Although North American Tungsten Corporation Ltd. has attempted to identify important factors that could cause actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained herein and in North American Tungsten Corporation Ltd.'s other filing incorporated by reference.*

INVESTOR CONTACT:
info@natungsten.com, Phone: +1.604.684.5300 Fax: +1.604.684.2992

This is **Exhibit "B"** referred to in the Affidavit of **DENNIS M. LINDAHL** sworn before me at Vancouver this 8th day of June, 2015.

A Commissioner for taking Affidavits within British Columbia

3

NORTH AMERICAN TUNGSTEN CORPORATION LTD

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2014 AND 2013

pwc

January 13, 2015

Independent Auditor's Report

To the Shareholders of North American Tungsten Corporation Ltd.

We have audited the accompanying consolidated financial statements of North American Tungsten Corporation Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2014 and September 30, 2013 and the consolidated statements of loss and comprehensive loss, cash flows and equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of North American Tungsten Corporation Ltd. and its subsidiaries as at September 30, 2014 and September 30, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2014 AND 2013
FIGURES IN THOUSANDS OF CANADIAN DOLLARS

	Note(s)	September 30, 2014	September 30, 2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 363	$ 203
Accounts receivable	6	1,252	9,025
Inventories	7	14,064	7,642
Prepaid expenses		944	888
Derivative instruments	8	-	29
		16,623	17,787
Accounts receivable	6	2,595	5,358
Property, plant and equipment	9	27,149	25,494
Mineral property - Mactung	10	19,661	18,731
Reclamation deposits	19 & 21	5,931	5,469
		$ 71,959	**$ 72,839**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	$ 16,426	$ 16,416
Bank loans	12	-	24,679
Callidus loan	13	10,128	-
Current portion of customer advances	14	426	2,705
Current portion of customer loans	15	1,974	-
Current portion of debentures	16	-	2,917
Current portion of equipment loans and capital leases	17	259	2,807
Current portion of notes payable	18	2,000	4,934
Current portion of reclamation liabilities	19	597	963
		31,810	55,421
Customer advances	14	3,360	5,358
Customer loans	15	6,090	-
Debentures	16	11,564	-
Equipment loans and capital leases	17	210	482
Notes payable	18	12,584	2,000
Reclamation liabilities	19	9,394	7,480
		75,012	70,741
SHARE CAPITAL AND DEFICIT			
Share capital	20	64,836	64,836
Contributed surplus	20	7,762	6,267
Deficit		(75,651)	(69,005)
		(3,053)	2,098
		$ 71,959	**$ 72,839**

Going concern	1
Commitments and contingencies	21 & 22
Subsequent events	34

ON BEHALF OF THE BOARD

"signed"
Kurt E. Heikkila

"signed"
Bryce M. A. Porter

The accompanying notes are an integral part of these consolidated financial statements

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013
FIGURES IN THOUSANDS OF CANADIAN DOLLARS

(figures in thousands of dollars except for per share amounts)	Note(s)	For the year ended September 30, 2014	September 30, 2013
REVENUES			
Sales	29	$ 85,209	$ 79,818
EXPENSES			
Cost of sales	23	80,088	79,951
Interest and financing costs	24	5,213	3,399
General and administrative costs	25	2,949	5,893
Foreign exchange loss (gain)		2,275	(37)
Accretion of financial liabilities	12, 13, 16 & 18	1,481	1,409
Exploration		507	514
Share-based compensation	20	48	358
Loss (gain) on revaluation of derivatives	8 & 16	29	(94)
Loss on disposal of assets		5	16
Impairment of property, plant and equipment	9	-	1,757
Interest and other income		(218)	(82)
NET LOSS BEFORE INCOME TAXES		**(7,168)**	**(13,266)**
Deferred income tax recovery	33	522	-
NET LOSS AND COMPREHENSIVE LOSS		**(6,646)**	**(13,266)**
Loss per share	30		
Basic and diluted		$ (0.03)	$ (0.06)
Weighted average number of shares (in thousands)			
Basic and diluted		238,123	237,438

The accompanying notes are an integral part of these consolidated financial statements

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013
FIGURES IN THOUSANDS OF CANADIAN DOLLARS

	Note(s)	For the year ended September 30, 2014	September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		$ (6,646)	$ (13,266)
Items not affecting cash:			
Amortization and depreciation	9	7,928	7,546
Accretion of financial liabilities	12, 13, 16 & 18	1,481	1,409
Accretion of reclamation liabilities	19	124	179
Inventory write-down	23	612	914
Share-based compensation	20	48	358
Impairment of property, plant and equipment	9	-	1,757
Loss on disposal of assets		5	16
Foreign exchange loss		1,968	442
Deferred income tax recovery		(522)	-
Loss (gain) on revaluation of derivatives	8 & 16	29	(94)
Interest and financing costs		5,156	3,205
		10,183	**2,466**
Adjustment for:			
Change in non-cash working capital	26	1,012	1,664
Increase in reclamation deposits	21	(400)	(400)
		10,795	**3,730**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Expenditure on Mactung property	10	(989)	(1,093)
Purchase of property, plant and equipment	9	(8,597)	(4,118)
		(9,586)	**(5,211)**
CASH FLOWS USED IN FINANCING ACTIVITIES			
Equipment loans and capital leases, net	17	(2,820)	(5,890)
Debentures, net	16	2,257	-
Notes payable, net	18	11,965	2,574
Working Capital Loan	12	(12,000)	-
Operating Loan, net	12	(11,103)	2,085
Callidus loan, net	13	9,871	-
Customer advances	14	426	3,996
Customer loans	15	5,422	-
Interest and financing costs paid		(5,156)	(3,205)
		(1,138)	**(440)**
Effect of exchange rate changes on cash and cash equivalents		**89**	-
CHANGE IN CASH AND CASH EQUIVALENTS		**160**	**(1,921)**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		203	2,124
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 363**	**$ 203**
Represented by:			
Cash		$ 363	$ 168
Cash equivalents		-	35
		$ 363	**$ 203**
Supplemental cash flow information	26		

The accompanying notes are an integral part of these consolidated financial statements

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013
FIGURES IN THOUSANDS OF CANADIAN DOLLARS EXCEPT NUMBER OF COMMON SHARES

	Note(s)	Number of common shares		Share capital		Contributed surplus		Deficit		Total equity
Balance at September 30, 2012		**237,123,058**	**$**	**64,673**	**$**	**5,667**	**$**	**(55,739)**	**$**	**14,601**
Common shares issued		1,000,000		163		-		-		163
Warrants issued	20					242				242
Share-based compensation	20	-		-		358		-		358
Net loss		-		-		-		(13,266)		(13,266)
Balance at September 30, 2013		**238,123,058**	**$**	**64,836**	**$**	**6,267**	**$**	**(69,005)**	**$**	**2,098**
Conversion feature of convertible debentures, net of taxes of $294	16	-		-		815		-		815
Capital contribution on Queenwood II promissory note, net of taxes of $228	18	-		-		632		-		632
Share-based compensation	20	-		-		48		-		48
Net loss		-		-		-		(6,646)		(6,646)
Balance at September 30, 2014		**238,123,058**	**$**	**64,836**	**$**	**7,762**	**$**	**(75,651)**	**$**	**(3,053)**

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of operations and going concern:

North American Tungsten Corporation Ltd. (the "Company") is engaged in tungsten mining and related activities including acquisition, exploration, development and processing of ore and concentrates. The Company owns the Cantung mine in the Northwest Territories; the Mactung mineral property on the border of Yukon and Northwest Territories; and other tungsten exploration prospects. The Company is incorporated under the Canadian Business Corporations Act ("CBCA"). The address of the head office is suite 1640 - 1188 West Georgia Street, Vancouver, British Columbia, Canada.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 realise 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.

For the year ended September 30, 2014 the Company recorded a net loss of $6.6 million (year ended September 30, 2013 the net loss was $13.3 million). At September 30, 2014 the Company had a working capital deficiency of $15.2 million (September 30, 2013 - $37.6 million) and shareholders' deficit of $3.1 million (September 30, 2013 - shareholders' equity of $2.1 million).

The ability of the Company to continue as a going concern depends upon continued support from its shareholders, lenders and customers. The Company will need to generate positive net earnings. To accomplish this, the Company commenced a mine and mill improvement project to increase mill throughput and metallurgical recovery, which is near completion at September 30, 2014. In addition, it will be necessary to roll-over, extend, replace or refinance existing loan facilities as they mature, arrange new financing or convert existing debts into equity.

Subsequent to September 30, 2014, the Company executed a promissory note with Queenwood Capital Partners II LLC ("Queenwood II") for up to USD$3.0 million to provide near term liquidity and working capital (Note 34).

Subsequent to September 30, 2014, the Company extended the Callidus Capital Corporation ("Callidus") loan to May 31, 2016 and borrowed additional funds of $3.65 million (Note 34). 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.

If the going concern assumption were not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, reported expenses and classification used in the statement of financial position. The adjustments would be material.

2. Significant accounting policies:

a. Basis of preparation

These consolidated financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL") which are stated at their fair value.

The Board of Directors approved these financial statements on January 13, 2015.

b. Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give the Company the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a subsidiary's share capital. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company.

Intercompany balances and transactions, including any unrealised income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

Name of subsidiary	Country of incorporation	Ownership interest	Functional currency
Numbered Company Inc.	Delaware, United States of America	100%	USD
International Carbitech Industries Inc. [(1)]	British Columbia, Canada	100%	CND

(1) International Carbitech Industries Inc. was dissolved by way of voluntary dissolution under the CBCA on March 21, 2014.

c. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is the Canadian dollar ("CND"). The consolidated financial statements are presented in CND, which is the Company's presentation currency.

Translation of foreign operations

The results and financial position of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: assets and liabilities – at the closing rate at the date of the statement of financial position and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognised in other comprehensive income (loss) as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income (loss) related to the foreign operation are recognised in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income (loss) related to the subsidiary is reallocated between controlling and non-controlling interests.

Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognised in income (loss) for the period.

d. Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to contractual provisions of the financial instrument. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the category of financial instruments. FVTPL financial assets and liabilities are subsequently measured at fair value with gains, losses and transactions costs recognised in income (loss) for the period. Financial assets held to maturity, loans and receivables and other financial liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Available for sale financial assets are subsequently measured at fair value with unrealised gains and losses, including changes in foreign exchange rates, recognised in other comprehensive income (loss).

The Company has designated each of its significant categories of financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Accounts receivable	Loans and receivables
Reclamation deposits	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Bank loans	Other financial liabilities
Callidus loan	Other financial liabilities
Customer loans	Other financial liabilities
Equipment loans and capital leases	Other financial liabilities
Debentures & convertible debentures (interest bearing portion)	Other financial liabilities
Notes payable	Other financial liabilities
Derivative instruments	FVTPL

e. Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and demand deposits with maturities from the date of acquisition of 90 days or less.

f. Inventories

Concentrate inventories are comprised of tungsten and copper concentrates. Tungsten concentrate inventories include all direct costs incurred in production including labour, materials, cost of freight to the mine site, depreciation and attributable administrative overhead costs. Net realisable value for tungsten concentrate inventories is determined based on the Company's average realised tungsten sales price for the month less the costs to sell.

Copper concentrate is a by-product of the tungsten production process. The cost of copper inventory is determined based on the relative sales value approach, where the total production costs for the period when the copper was produced are allocated based on the estimated sales value of the copper compared to the estimated sales value of the tungsten. Net realisable value for copper inventories is determined based on the market sales price for copper at the end of the reporting period less the costs to sell.

Ore stockpile inventory consists of stockpiled ore on the surface and includes all directly attributable mining costs to the specific stage of production including, for material from the open pit, associated waste rock stripping costs.

Supplies inventory is valued at weighted average cost.

All inventories are carried at the lower of cost and net realisable value. If the net realisable value of an item of inventory is below its cost, it is written down to net realisable value in the period. In subsequent periods, if the circumstances that caused the inventory to be written down below cost no longer exist or there is clear evidence that an increase in net realisable value has occurred, the write down is reversed to the extent that the new carrying amount is the lower of the original cost or the revised net realisable value.

g. Property, plant and equipment

Property, plant and equipment are initially recorded at cost and are carried at cost less accumulated depreciation and write-downs. Property, plant and equipment are amortized using the unit of production method.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in each asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of comprehensive loss during the period in which they are incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances, the portion of the repairs relating to the betterment is capitalized as part of plant and equipment. Major overhauls are capitalized to each asset in the period that they are incurred and the costs associated with the original asset derecognised.

The major categories of property, plant and equipment are as follows:

Major categories	Depreciation method
Mine infrastructure assets	Unit of production
Buildings, equipment and plant	Unit of production
Tailings management	Unit of production
Equipment under capital leases	Unit of production

Mine infrastructure assets include costs of access drifts, ramps, tunnels and infrastructure to access ore bodies, which are estimated to provide benefits to the Company for future production. Costs are assigned to individual ore bodies and are amortized using the unit of production method based on the estimated recoverable tungsten units associated with the specific ore body. When the estimated recoverable tungsten units associated with the costs have been mined and it is determined that no future material benefit will be provided by the assets, a retirement is recorded to remove the costs and associated accumulated depreciation.

The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant components and separately depreciates each component over its useful life. Residual values, method of depreciation and useful lives of the assets are reviewed at each reporting date and adjusted if appropriate. Gains and losses on disposals of property, plant and equipment are recognised in the statement of comprehensive loss in the period when the disposal occurs.

Costs associated with the stripping of overburden or waste rock in an open pit that provide access to additional sources of ore and that are expected to provide future benefits are capitalised as deferred stripping costs within property, plant and equipment. Deferred stripping costs are amortised over the estimated tons of ore made available by the stripping campaign and are transferred to stockpile inventory as the ore tons are mined. Deferred stripping is initially measured at cost and subsequently carried at cost less amortisation and impairment losses.

h. Capital leases

Assets under capital lease are capitalized as part of property, plant and equipment and the outstanding lease obligations are shown in equipment loans and capital leases. The interest element of lease payments is expensed over the term of the lease and is reported in the statement of comprehensive loss as an interest and financing cost.

i. Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially complete and ready for their intended use. All other borrowing costs are recognised as interest and financing costs in the statement of comprehensive loss in the period in which they are incurred.

j. Mineral property interests

Mineral property costs for the acquisition, exploration, evaluation and development of mineral property interests are capitalized on a property-by-property basis. Such expenditures include direct costs and an appropriate portion of related overhead expenditures. Mineral property costs are considered to be intangible assets. Mineral property costs are not amortized. Each property is evaluated each reporting period for indicators of impairment, in order to determine if the costs incurred to date continue to be recoverable. Capitalized costs that exceed the estimated recoverable amount are charged to the statement of loss. Upon sale or abandonment of mineral properties, the accumulated costs are derecognised and any gains or losses thereon are included in the statement of loss.

When a mineral property moves from exploration into development, the costs of the property are transferred to property, plant and equipment.

k. Impairment of non-financial assets

Property, plant and equipment and any intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of expected future cash flows of the relevant asset or CGU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been previously recognised. A reversal of an impairment loss is recognised immediately in the statement of loss.

l. Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that contain an option to convert a portion or the entire amount into equity at the option of the holder and the number of shares to be issued does not vary. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost with accretion due to the passage of time recognised as an expense in the statement of comprehensive loss. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

m. Reclamation liabilities

Provision is made for closure, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related obligation arises, based on the estimated future costs using the best information available at the statement of financial position date. At the time of establishing the provision, a corresponding asset is capitalised to property, plant and equipment as a reclamation asset, where it gives rise to a future benefit. The provision is discounted using a current market based pre-tax discount rate and the unwinding of the discount is recorded as interest and financing costs.

The provision is reviewed each reporting period for changes to obligations, legislation or discount rates that impact estimated costs or timing of settlement. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate.

n. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured and when it is probable that the future economic benefit will flow to the Company. These criteria are generally met when title, risk and benefit have passed to the customer and acceptance of the product has been obtained when contractually required. Typically revenue is recognised when product is delivered to customer facilities or when loaded on a vessel at an international shipping port.

Tungsten concentrates are sold under pricing arrangements where final prices are determined based on quoted market prices of the refined product in a period prior to the date of sale.

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 two to three 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 recognised as revenue adjustments as they occur until the price is finalized.

o. Income taxes

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income (loss) except to the extent that it relates to items recognised directly in equity, in which case the income tax is also recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

In general, deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the date of the statement of financial position and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

p. Share-based compensation

The Company grants share options to directors, employees and consultants. Share options are granted with varying vesting terms over the life of the option. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognised over the tranche's vesting period based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognised immediately. Share options that are granted to consultants (non-employees) are fair valued based on the fair value of the products and services received by the Company from the consultant. If the fair value of the products and services received cannot be reliably measured, the options are fair valued using Black-Scholes.

q. Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing the net income (loss) for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the "treasury share method". The number of shares included with respect to convertible debentures and similar instruments is computed using the "if converted method". The Company's potentially dilutive common shares comprise share options granted to employees, warrants and convertible financial liabilities. When a net loss is incurred for a period, basic and diluted earnings per share are the same because the exercises of options, warrants and convertible financial liabilities would be anti-dilutive.

r. Share capital

The Company records proceeds from share issuances net of share issuance costs. Share capital issued for non-monetary consideration is recorded at the fair value of the products or services received unless the fair value cannot be reasonably determined in which case the share capital is recognised at the fair value of the shares on the date the shares are issued.

3. 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.

4. IFRS pronouncements – Issued but not yet effective:

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change for liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (loss) rather than in net earnings, unless this creates an accounting mismatch. The Company does not expect IFRS 9 to have a material impact on the consolidated financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 28, 2014. The objective of the standard is to establish principles about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfer of Assets from Customers and SIC 31 – Revenue – Barter Transactions involving Advertising Services. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently assessing the impact of adopting IFRS 15.

IFRIC 21 – Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company does not expect IFRIC 21 to have a material impact on the consolidated financial statements.

5. Critical accounting estimates and judgments:

The preparation of these 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.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

- 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.

Impairment of property, plant and equipment

As at September 30, 2014, the Company identified indicators of impairment associated with its property, plant and equipment. The recoverable amount was determined based on the value in use method using discounted future cash flows at a discount rate of 13.0%. The estimated future cash flows in the value in use model incorporated the Company's best estimates of the following assumptions: future tungsten production based on the mine plan, reserves, future sales prices, operating costs and discount rates. Sensitivities for the key assumptions in the value in use model are as follows:

- Forecasted realised sales prices - with other variables unchanged, a 10% decrease in the forecast realised sales price would produce no impairment.
- Tons of ore available to be mined - with other variables unchanged, a 10% decrease in the tons available to be mined would produce no impairment.
- Discount rate - with other variables unchanged, a 10% increase in the discount rate would produce no impairment.

6. Accounts receivable:

	September 30, 2014	September 30, 2013
Trade receivables	$ 3,039	$ 13,950
Taxes and other receivables	808	433
	3,847	14,383
Current portion of accounts receivable	(1,252)	(9,025)
Long-term portion of accounts receivable	$ 2,595	$ 5,358

7. Inventories:

	September 30, 2014	September 30, 2013
Tungsten concentrates	$ 3,788	$ 839
Copper concentrates	86	87
Ore stockpile	5,301	2,613
Materials and supplies	4,889	4,103
	$ 14,064	$ 7,642

8. Derivative instruments:

	September 30, 2014	September 30, 2013
USD/CND forward exchange rate sale contracts	$ -	$ 29
	$ -	$ 29

There were no outstanding forward exchange rate contracts at September 30, 2014. At September 30, 2013 the Company held USD$7.5 million (CDN$7.7 million) of USD/CDN forward exchange rate sales contracts with exchange rates of USD/CDN1.029 to USD/CDN1.046. For the year ended September 30, 2014 a loss on revaluation of derivative instruments of $29 thousand was recognised (September 30, 2013 – gain of $29 thousand).

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

9. Property, plant and equipment:

	Equipment under capital lease	Buildings, equipment and plant	Mine infrastructure assets	Tailings management	Total
Opening cost, October 1, 2012	$ 12,960	$ 31,110	$ 40,415	$ 15,102	$ 99,587
Additions	907	1,058	334	1,488	3,787
Project cost adjustment	-	-	(602)	-	(602)
Disposals	-	(30)	-	-	(30)
Transfer between categories	(5,868)	5,868	-	-	-
Ending cost, September 30, 2013	7,999	38,006	40,147	16,590	102,742
Opening balance, accumulated depreciation and impairments, October 1, 2012	4,621	15,054	34,634	13,648	67,957
Depreciation	1,733	2,477	2,461	875	7,546
Impairment	-	1,513	244	-	1,757
Disposals	-	(12)	-	-	(12)
Transfer between categories	(2,884)	2,884	-	-	-
Ending balance, accumulated depreciation and impairments, September 30, 2013	3,470	21,916	37,339	14,523	77,248
Ending balance, September 30, 2013	**$ 4,529**	**$ 16,090**	**$ 2,808**	**$ 2,067**	**$ 25,494**
Opening cost, October 1, 2013	$ 7,999	$ 38,006	$ 40,147	$ 16,590	$ 102,742
Additions	564	6,248	168	2,733	9,713
Disposals	-	(110)	-	-	(110)
Transfer to ore stockpile - inventory	-	-	(125)	-	(125)
Transfer between categories	(7,572)	7,572	-	-	-
Ending cost, September 30, 2014	991	51,716	40,190	19,323	112,220
Opening balance, accumulated depreciation and impairments, October 1, 2013	3,470	21,916	37,339	14,523	77,248
Depreciation	1,358	4,257	1,808	505	7,928
Disposals	-	(105)	-	-	(105)
Transfer between categories	(4,489)	4,489	-	-	-
Ending balance, accumulated depreciation and impairments, September 30, 2014	339	30,557	39,147	15,028	85,071
Ending balance, September 30, 2014	**$ 652**	**$ 21,159**	**$ 1,043**	**$ 4,295**	**$ 27,149**

As part of the Callidus loan, the Company has entered into a general security agreement which includes all property, plant and equipment (Note 13) except for specific assets which are held as security for the promissory note with the former mining contractor (Note 18).

Included in tailings management is a raise on a tailings pond totalling $2.2 million which was under construction during the year ended September 30, 2014. Depreciation will commence on this asset in October 2014.

Included in mine infrastructure assets is $0.2 million (September 30, 2013 - $0.4 million) of deferred stripping costs from the fiscal 2013 open pit mining program.

At September 30, 2014 the Company assessed the Cantung assets for indicators of impairment and noted the presence of specific indicators. As a result, the Company reviewed the carrying value of the Cantung assets for potential impairment. The recoverable amount of the Cantung assets at September 30, 2014 was determined based on the value in use method using future cash flows discounted at a rate of 13.0%. The estimated future cash flows utilized in the value in use model incorporated the Company's best estimates of future tungsten production based on the mine plan, reserves, future sales prices and operating costs. Based on the value in use model, the carrying value of the Cantung assets are recoverable and no impairment charge is required.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

10. Mineral property - Mactung:

The following table summarizes the Company's investment in the Mactung property.

Balance October 1, 2012	**$**	**17,668**
Expenditures during the year		1,063
Balance September 30, 2013	**$**	**18,731**
Expenditures during the year		930
Balance September 30, 2014	**$**	**19,661**

The Mactung mineral leases are located on the border of Yukon and Northwest Territories and are held under various mineral lease agreements and claims.

On January 31, 2005 the Company entered into an Amended Royalty Agreement on the Mactung property with Teck Resources Limited ("Teck"). For $100 thousand Teck granted the Company an option (the "Option") to reduce the Mactung royalty from a 4% net smelter return ("NSR") to a 1% NSR, such Option to be exercisable by the Company upon paying to Teck an additional $1.0 million by the earlier of:

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

As the Company did not exercise the Option by March 30, 2010, it paid an additional $200 thousand to Teck to maintain the Option.

11. Accounts payable and accrued liabilities:

		September 30, 2014		**September 30, 2013**
Trade payables	$	9,663	$	9,287
Property, plant and equipment and Mactung property costs payable		446		812
Royalties payable		4,562		3,728
Other payables and accrued liabilities		1,755		2,589
	$	**16,426**	**$**	**16,416**

12. Bank loans:

The balances of the Operating and Working Capital Loans are as follows:

		September 30, 2014		**September 30, 2013**
Operating Loan	$	-	$	11,103
Working Capital Loan		-		13,576
	$	**-**	**$**	**24,679**

HSBC Bank Canada ("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. The loan carried interest at HSBC prime rate + 2.0% per annum to the maturity date which was subsequently extended with an increase in interest rate of 2.0% per annum. The loan contained a general security agreement in favour of HSBC over the Cantung mine and associated assets. During the year ended September 30, 2014 the Company repaid the balance of the Operating Loan facility which was then cancelled.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

Working Capital Loan

The Company had a Working Capital Loan facility with HSBC to a maximum of $12.0 million. The loan required monthly interest payments at HSBC Bank prime + 0.25% to the maturity date which was subsequently extended with an increase in interest rate of 2.0% per annum.

A letter of credit that was guaranteed (the "Guarantee") by two directors (the "Sponsors") of the Company (Note 27) was pledged as security for the Working Capital Loan, in the amount of USD$12.0 million. The Sponsors and HSBC entered into a Put Agreement exercisable by HSBC at its sole discretion, allowing HSBC to exchange the outstanding balance of the Working Capital Loan with the Sponsors for up to a USD$12.0 million letter of credit.

Under the extension of the credit facility to June 30, 2014, the Guarantee and the Put Agreement were also extended. The Company compensated the Sponsors by paying a fee of 2.25% of the amount of the outstanding balance of the letter of credit each quarter that the letter of credit remained outstanding. For the year ended September 30, 2014 the Company recognised an interest and financing cost of $750 thousand in respect of the Guarantee to the Sponsors (year ended September 30, 2013 - $794 thousand).

A fee payable to the Sponsors of USD$2.0 million for the Guarantee was due December 31, 2013. During the year ended September 30, 2014 the USD$2.0 million fee was refinanced in the Debentures (Note 16). 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 (Note 18) to replace its $12.0 million Working Capital Loan which was then repaid in full.

13. Callidus loan:

Balance at September 30, 2013	**$**	**-**
Callidus loan		11,000
Principal repayments		(450)
Transaction costs		(679)
Accretion		257
Balance at September 30, 2014	**$**	**10,128**

On May 14, 2014 the Company executed an $11.0 million loan with Callidus. The loan is for a term of 1 year, repayable on demand and bears interest at 18% per annum with interest payable quarterly. Principal repayments of $150 thousand per month commenced on July 31, 2014 with the remaining balance due on maturity. Included in transaction costs, the Company paid a non-refundable facility fee of 1% of the Callidus loan ($110 thousand) to Callidus and a finder's fee of $75 thousand was paid to a third party. The Company has provided security in the form of a first charge over all assets of the Company, excluding the Mactung property, accounts receivable from a customer and all mining and mineral leases, claims and tenures. The repayment of any principal amounts to debenture holders is fully subordinated to the repayment of the Callidus loan.

Of the loan proceeds, $5.8 million was used to repay the balance of the HSBC Operating Loan facility (Note 12) and $1.0 million was used to repay certain equipment loans and capital leases (Note 17). The remaining proceeds of the loan were used to provide working capital to the Company.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

14. Customer advances:

	September 30, 2014	September 30, 2013
Customer advances	$ 3,786	$ 8,063
Current portion of customer advances	(426)	(2,705)
Long-term portion of customer advances	$ 3,360	$ 5,358

On December 19, 2013, the Company entered into a loan arrangement with an existing customer and the pre-existing USD$2.2 million advance from that customer was rolled into the loan (Note 15).

On February 20, 2014, the Company entered into a new tungsten delivery contract with another existing customer. Under the terms of the new delivery agreement, the existing USD$3.0 million customer advance will bear interest at 3.0% per annum, with quarterly interest payments commencing on March 31, 2014. The customer advance is repayable by February 1, 2017 (the end of the initial contract term) or by mutual agreement by February 1, 2019 (the end of the optional contract renewal periods). See Note 29 for details of the tungsten delivery contract.

The tungsten delivery contracts contain provisions that could allow the customer to terminate the delivery contract if delivery quantities or concentrate specifications are not achieved for three consecutive months. In the event of termination of the delivery contract by the customer, the customer advances would become due on demand.

On July 2, 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. The financial institution charges a fee for providing this service of which $64 thousand was expensed in interest and financing costs for the year ended September 30, 2014. The customer pays their financial institution for the product within normal payment terms. Due to the provisions in the tungsten delivery contract, the Company had been paid for shipments that had not been recognised as revenue at September 30, 2014, resulting in a $0.4 million customer advance.

During the year ended September 30, 2014 the Company applied an existing USD$2.6 million customer advance against the associated receivables on completion of the requirements under the tungsten delivery contract.

15. Customer loans:

	September 30, 2014	September 30, 2013
Customer loans	$ 8,064	$ -
Current portion of customer loans	(1,974)	-
Long-term portion of customer loans	$ 6,090	$ -

On December 19, 2013, the Company entered into a new tungsten delivery contract with an existing customer (Note 29). In conjunction with the tungsten delivery contract a loan was arranged for USD$2.5 million and the existing USD$2.2 million advance from the customer (Note 14) was rolled into the loan. The combined USD$4.7 million loan matures on December 31, 2018 and bears interest at 3.0% per annum with quarterly interest payments commencing on March 31, 2014. Equal principal repayments of USD$293,750 per quarter commence on March 31, 2015 and continue each quarter thereafter with the final payment on December 31, 2018.

On February 20, 2014, the Company entered into a new tungsten delivery contract with another existing customer (Note 29). In conjunction with the tungsten delivery contract a loan was arranged for USD$2.5 million. The loan matures on March 31, 2017 and bears interest at 3.0% per annum with quarterly interest payments commencing on March 31, 2014. Equal principal repayments of USD$293,750 per quarter commence on March 31, 2015 and continue each quarter thereafter with the final payment of USD$150,000 on March 31, 2017.

The two customer loans have similar terms and conditions. Each of the loans may be required to be repaid in full on the expiry of the associated tungsten delivery contract. The loans provide the lenders the right to convert the respective outstanding balance of the loans into convertible notes at any time, which in turn could be converted into common shares of the Company. The convertible notes, if issued, would be convertible into common shares of the Company at either of the following: if the Company has defaulted under the terms of the loan, the conversion rate is the lowest price allowed by the stock exchange which the common share trade on; otherwise the rate is a 5% discount to the market price of the common share. The Company has the right, within 30 days of receiving notice for the loans to be converted into a convertible note, to either issue the convertible notes or to repay the loan in full. The loans are secured by a subordinate charge on the Company's Mactung property. The contingent conversion feature is an embedded derivative which has a nominal value. The embedded derivative liability has been included with the carrying value of the loans.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

16. Debentures:

Balance at October 1, 2012	$	2,353
Accretion		514
Gain on revaluation of derivative instrument		(65)
Loss on foreign exchange		115
Balance at September 30, 2013	$	2,917
Accretion		41
Loss on foreign exchange		92
Repayments and roll-over into new convertible debentures		(3,050)
Issuance of debentures and convertible debentures		11,728
Allocation of proceeds to equity for the conversion features		(1,108)
Transaction costs		(41)
Accretion		441
Loss on foreign exchange		544
Balance at September 30, 2014	$	11,564

On October 29, 2013 the Company repaid USD$170 thousand of the maturing convertible debentures and forbearance was provided for the remaining USD$2.7 million until December 31, 2013 under the existing terms aside from the repayment date.

The USD$2.7 million of the convertible debentures, along with the USD$2.0 million Working Capital Loan guarantee fee (Note 12) and USD$4.0 million Queenwood II notes payable (Note 18) all matured as of December 31, 2013. The Company refinanced these debts along with additional financing of USD$2.3 million from Queenwood II into USD$11.0 million of debentures. The conversion feature of the Convertible Debentures received approval by the non-participating shareholders on February 21, 2014. The regulators approved USD$9.0 million as convertible ("Convertible Debentures") and USD$2.0 million as non-convertible ("Debentures").

Queenwood Capital Partners LLC, Queenwood II and three directors of the Company combined hold USD$7.6 million of the Convertible Debentures and USD$2.0 million of the Debentures.

The Convertible Debentures bear interest at 11% per annum, payable quarterly and mature on December 31, 2015. The Convertible Debentures can be converted at any time into common shares of the Company at a rate of CDN$0.12 per share with a fixed exchange rate of CND$1.00 = USD$0.94, for an effective conversion rate of CDN$0.1128. The Debentures bear interest at 18% per annum, payable quarterly and mature on December 31, 2015. The Company has provided a general security agreement that has been subordinated to the Company's other secured indebtedness, as security for the debentures (Note 13).

The conversion feature in the Convertible Debentures meets the requirement for separate accounting as a component of shareholders' equity. The conversion feature was valued at $1.1 million and recognised in contributed surplus. The effective interest rate on the Convertible Debentures is 18%.

The initial fair value of the Debentures were recognised at USD$2.0 million, which is the face value of the Debentures.

17. Equipment loans and capital leases:

	September 30, 2014	September 30, 2013
Equipment loans	$ -	$ 1,819
Capital leases	469	1,470
	469	3,289
Current portion of equipment loans and capital leases	(259)	(2,807)
Long-term portion of equipment loans and capital leases	$ 210	$ 482

Refer to Note 21 for details of required payments for the equipment loans and capital leases.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

HSBC Non-revolving Equipment Loans

The Company had equipment loans that carried interest at rates that range from HSBC Bank Prime + 1.75% to 3.75% and matured in 2014. During the year ended September 30, 2014 the Company repaid the balance of the loans.

Caterpillar Financial Services Corporation ("Caterpillar") Loan Facility

During the year ended September 30, 2010, the Company entered into loans to purchase power generation, heat recovery equipment and electrical control systems for $3.5 million. The loans carried interest rates of 8.5% per annum.

During the year ended September 30, 2014 the $0.7 million remaining balance of the Caterpillar loans was repaid with proceeds from the Callidus loan (Note 13).

Capital leases

The Company has various capital leases for equipment with maturity dates that range from fiscal 2014 to 2018 and interest rates that range from 5.6% to 19.9%. The Company has pledged the acquired assets as security for the capital leases.

During the year ended September 30, 2014 capital leases with remaining balances of $0.3 million were repaid with proceeds from the Callidus loan (Note 13).

18. Notes payable:

	September 30, 2014	September 30, 2013
Former mining contractor	$ 2,000	$ 2,679
Queenwood II	12,584	4,255
	14,584	6,934
Current portion of notes payable	(2,000)	(4,934)
Long-term portion of notes payable	**$ 12,584**	**$ 2,000**

Queenwood II – USD$12.0 million promissory note

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 facility with HSBC which expired June 30, 2014 (Note 12). The maturity date for the Queenwood II promissory note is October 1, 2015. Interest is payable at 12% per annum with interest payable quarterly on March 31, June 30, September 30 and December 31 of each year, with any remaining accrued and unpaid interest payable on the maturity date. Transaction costs associated with the execution of the promissory note were $157 thousand including $100 thousand to Queenwood II. 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 (Note 13). Two directors of the Company collectively own all of the issued and outstanding units of Queenwood II.

The interest rate charged by Queenwood II was determined to be less than the market interest rate for the Company. As Queenwood II is considered a related party, this resulted in a capital contribution of $0.8 million recorded into contributed surplus and accretion being recognised over the term of the promissory note. The initial carrying value of the loan was $11.8 million and the effective interest rate on the promissory note is 12%.

Former mining contractor – promissory notes

In April 2013 the Company reached an agreement with a former mining contractor on a schedule of payments on the final amount due in respect of a contract under which mining services were provided at the Cantung mine.

The Company issued two promissory notes to the former mining contractor to settle the accounts payable amount with the following terms:

i. A $2.0 million note bearing interest at 6.0% per annum, with equal monthly principal installments of $226 thousand on the last day of the month commencing on April 30, 2013 up to and including December 31, 2013. This promissory note was fully repaid at December 31, 2013.
ii. A $2.0 million note bearing interest at 8.0%, with interest only payable on the last day of the month commencing on April 30, 2013 up to and including December 31, 2014 with the principal then due.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

The Company has pledged certain mobile equipment as security for the promissory notes. The initial financial liability was recognised at the $4.0 million accounts payable balance that was settled with the issuance of the notes payable and is subsequently carried at amortized cost using the effective interest method.

Queenwood II - USD$4.0 million note payable

In June 2013 the Company executed a USD$4.0 million short-term credit facility with Queenwood II. The facility carried interest at 12.5% per annum, matured on October 31, 2013. The security granted was subordinated to security previously granted.

On October 31, 2013 the Queenwood II short-term credit facility matured and forbearance was provided to December 31, 2013 under the existing terms aside from the repayment date. On December 31, 2013 the USD$4.0 million note payable was refinanced in the USD$9.0 million Convertible Debentures financing (Note 16).

19. Reclamation liabilities:

The Company's total undiscounted amount of estimated future cash flows required to settle the Cantung mine reclamation obligation is $9.8 million (September 30, 2013 - $8.9 million). For financial statement purposes this has been estimated with a market based pre-tax discount rate of 1.4% and an average rate of inflation of 1.6% (September 30, 2013 - discount rate 1.4%, inflation rate 1.5%). Based on the life of mine plan at September 30, 2014 the estimated timing of the reclamation work was revised with the majority of the reclamation work estimated to commence during fiscal 2018 through fiscal 2019. Due to the change in the estimated timing of the future reclamation work and higher estimated costs for the reclamation of the tailings ponds, the existing reclamation liability increased by $1.3 million with a corresponding increase to the reclamation asset.

The Cantung mine future reclamation cost was estimated by an independent engineering firm at each of September 30, 2014 and 2013.

The reclamation obligation reflects the Company's best estimates of costs and timing of reclamation work. The estimated liability will be revised in the future for changes to the mine reclamation plan, changes in regulations and discussions with the regulators, which could result in increases or decreases in the amount of the reclamation provision.

	September 30, 2014	September 30, 2013
Opening balance, reclamation liabilities	$ 8,443	$ 8,404
Accretion	124	179
Change in estimates of future costs	1,301	(140)
Additions	123	-
Closing balance, reclamation liabilities	**$ 9,991**	**$ 8,443**
Current portion of reclamation liabilities	(597)	(963)
Long-term portion of reclamation liabilities	$ 9,394	$ 7,480

The Company has posted deposits of $5.9 million in cash and $5.9 million in the form of secured promissory notes which are held in escrow as security for the mine reclamation obligations under the water license for the Cantung mine issued by the Mackenzie Valley Land and Water Board (Note 21 a).

20. Share capital:

a. Common shares

An unlimited number of common shares without par value are authorized.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

b. Warrants

Warrants outstanding as of September 30, 2013	Issued	Exercised	Expired	Warrants outstanding as of September 30, 2014	Exercise price	Expiry date
2,000,000	-	-	-	2,000,000	$1.00	27-Oct-15
5,000,000	-	-	(5,000,000)	-	$0.20	30-Jun-14
7,000,000	-	-	**(5,000,000)**	**2,000,000**		

During the year ended September 30, 2013, the Company issued 5,000,000 warrants to the Sponsors of the Working Capital Loan Guarantee (Note 12) as part of the compensation to extend the Guarantee to December 31, 2013. The value of the warrants was included in the determination of the fair value of the Guarantee. The warrants expired on June 30, 2014.

c. Share options

The Company has a rolling Share Option Plan ("Option Plan") which reserves up to a maximum of 10% of the issued and outstanding shares for the granting of options to eligible participants. The Option Plan provides that the Company's Board of Directors may from time to time grant share options to acquire common shares to any participant who is an employee, director or consultant of the Company. The total number of common shares that may be reserved for issuance to any one participant pursuant to options granted under the Option Plan may not exceed 5% of the issued and outstanding shares of the Company on the date of the grant of the share options, in any 12 month period. The maximum number of options granted to any one consultant may not exceed 2% of the issued and outstanding shares of the Company on the date of the grant of the options, in any 12 month period and the options granted to persons employed to provide investor relation services may not exceed 2% of the issued and outstanding shares of the Company on the date of grant of the options, in any 12 month period. No more than an aggregate of 10% of the issued shares of the Company, within any 12 month period may be granted to insiders; unless the Company has received disinterested shareholder approval. The options may not be granted at prices that are less than the discounted market price as defined in the TSX Venture Exchange policy. Each option is exercisable, subject to vesting terms as may be determined by the Board of Directors, into one common share of the Company.

Options outstanding as of September 30, 2013	Granted	Exercised	Forfeited	Cancelled	Expired	Options outstanding as of September 30, 2014		Exercise price	Expiry date	Options exercisable
75,000	-	-	-	-	-	75,000	$	0.15	19-Oct-14	75,000
875,000	-	-	-	-	(325,000)	550,000	$	0.19	1-Feb-15	550,000
100,000	-	-	-	-	-	100,000	$	0.28	19-Jan-17	100,000
1,050,000	-	-	-	-	(400,000)	650,000	$	0.42	8-Mar-17	650,000
1,866,667	-	-	(266,666)	-	(200,001)	1,400,000	$	0.19	28-May-18	1,400,000
50,000	-	-	-	-	-	50,000	$	0.19	10-Jul-18	50,000
-	100,000	-	(33,334)	-	-	66,666	$	0.14	30-Nov-14	66,666
-	150,000	-	-	-	-	150,000	$	0.10	4-Dec-18	50,000
4,016,667	**250,000**	-	**(300,000)**	-	**(925,001)**	**3,041,666**				**2,941,666**
Weighted average exercise price										
$0.25	$0.12	N/A	$0.18	N/A	$0.29	$0.23				$0.24

The outstanding options have a weighted average exercise price of $0.24 per share (September 30, 2013 - $0.25) and a weighted average remaining life of 2.6 years (September 30, 2013 – 3.5 years).

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

Share options granted during the year were valued using the Black-Scholes option pricing model with the following input values:

	For the year ended September 30, 2014	September 30, 2013
Exercise price	\$0.10 to \$0.14	\$0.185 to \$0.19
Share price	\$0.10 to \$0.14	\$0.185 to \$0.19
Expected life	4.0 years	4.0 years
Dividend yield	0%	0%
Risk-free interest rate	1.6% to 1.7%	1.2% to 1.6%
Expected volatility	139%	138% to 139%
Calculated fair value per option	\$0.05 to \$0.07	\$0.10

The share options generally vest in thirds over 12 to 18 months. During the year ended September 30, 2014 \$48 thousand was recognised as share based compensation expense (September 30, 2013 - \$358 thousand).

21. Commitments:

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 property 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.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

22. Contingencies:

Pursuant to contracts with directors, in the event of a change in control of the Company, the Company would be liable for payments totalling $0.3 million.

23. Cost of sales:

	For the year ended	
	September 30, 2014	September 30, 2013
Mine operating costs	$ 73,871	$ 69,522
Amortization and depreciation	7,928	7,546
Freight and handling	1,801	2,165
Royalties	834	765
Inventory changes, adjustments and write-downs	(4,346)	(47)
	$ 80,088	$ 79,951

The amount of inventory sold and recognised as cost of sales in the year, together with the $0.6 million write-down of tungsten concentrate inventories to the estimated recoverable amount in the year ended September 30, 2014 (year ended September 30, 2013 - $0.9 million), constitutes the cost of sales.

Mine operating costs by function:	For the year ended	
	September 30, 2014	September 30, 2013
Mine	$ 27,867	$ 26,371
Power generation and surface maintenance	18,549	17,926
Site administration and environmental	14,420	13,436
Mill	13,035	11,789
	$ 73,871	$ 69,522

Mine operating costs by nature:	For the year ended	
	September 30, 2014	September 30, 2013
Salaries and wages	$ 21,760	$ 20,196
Fuel and lubricants	16,256	14,461
Materials and supplies	15,892	15,206
Freight, expediting and support services	7,616	7,154
Employee benefits	5,067	4,768
Other costs	4,677	4,542
Mine and drill contractors	2,603	3,195
	$ 73,871	$ 69,522

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

24. Interest and financing costs:

	For the year ended September 30, 2014	For the year ended September 30, 2013
Bank loans and associated agreements	$ 1,688	$ 1,751
Debentures	1,178	293
Callidus loan	752	-
Notes payable	709	385
Other	377	394
Customer advances and loans	363	11
Equipment loans and capital leases	146	565
	$ 5,213	$ 3,399

25. General and administrative costs:

	For the year ended September 30, 2014	For the year ended September 30, 2013
Fees, wages and benefits	$ 1,214	$ 3,503
Office expenses	479	450
Consulting	364	163
Accounting and audit	349	242
Legal fees	301	145
Investor relations, travel and business development	204	217
Filing fees and transfer agent fees	38	40
Loss on renegotiation of sales contract	-	1,133
	$ 2,949	$ 5,893

Fees, wages and benefits for the year ended September 30, 2014 includes nil (year ended September 30, 2013 - $1.8 million) of employment contract settlement expense (Note 27).

During the year ended September 30, 2013 the Company incurred a loss of $1.1 million related to accounts receivable that were written down due to the subsequent renegotiation of a sales contract.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

26. Supplemental cash flow:

	For the year ended September 30, 2014	September 30, 2013
Change in non-cash working capital:		
Accounts receivable	$ 7,831	$ 2,770
Prepaid expenses	(56)	(62)
Inventories	(6,909)	(2,000)
Accounts payable and accrued liabilities	146	956
	$ 1,012	$ 1,664

	For the year ended September 30, 2014	September 30, 2013
Changes in accounts payable and accrued liabilities affecting cash flows used in investing activities:		
Expenditures on property, plant and equipment	$ 321	$ 629
Expenditures on Mactung property	$ 125	$ 184

27. 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 (Note 16). 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 (Note 12). 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, as compensation to the Sponsors for the guarantee of the Working Capital Loan matured, as of December 31, 2013. The Company refinanced the fee into the USD$2.0 million Debentures (Note 16). 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 (Note 18) 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.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

28. Segmented information:

The Company operates in the single business segment of tungsten mining and processing. Copper production is a by-product of that segment.

The geographical distribution of the Company's sales revenue is as follows:

	For the year ended					
	September 30, 2014			September 30, 2013		
TUNGSTEN:						
Europe	$	40,108	48%	$	37,738	49%
North America		39,230	47%		19,618	26%
Asia		3,871	5%		19,469	25%
		83,209	100%		76,825	100%
COPPER:						
North America		2,000	100%		2,993	100%
		2,000	100%		2,993	100%
	$	85,209		$	79,818	

All of the Company's non-current assets are located in Canada.

29. Sales and concentration of receivables:

The Company had three main delivery contracts for tungsten concentrate which expired or were replaced with new contracts during fiscal 2014, as well as a copper delivery contract. The contracts contain target delivery quantities and do not contain financial penalties for shortfalls in target delivery quantities.

During the year ended September 30, 2014 the Company negotiated a new tungsten delivery contract in conjunction with a USD$4.7 million loan arrangement (Note 15), with an existing customer that was effective February 1, 2014 and a new tungsten delivery contract in conjunction with a USD$2.5 million loan arrangement (Note 15) with an existing customer that was effective March 1, 2014. The Company also extended an existing copper delivery contract under similar terms to December 31, 2015.

The tungsten delivery contracts have similar terms and conditions. Each contract is for an initial term of the later of 3 years to February 1, 2017 or the completion of the delivery quantity for the initial term. The customer has the right, at its sole discretion, to extend the contract under the initial term until all amounts under the related loan arrangements have been repaid in full. If neither party gives notice of termination of the contract by February 1, 2016 the contract automatically is extended for an additional year to February 1, 2018 (year 4). If neither party gives notice of termination of the contract by February 1, 2017 the contract automatically is extended for an additional year to February 1, 2019 (year 5). The contracts contain quarterly and annual target delivery quantities and do not contain financial penalties for shortfalls in target delivery quantities. The contracts contain provisions that could allow the customer to terminate the delivery contract if quantities or concentrate specifications are not achieved for three consecutive months or if target delivery quantities are not achieved. In the event of default by the Company under the terms of the delivery contract, the customer has the right to demand immediate full repayment of the outstanding balance under the loan arrangement. In the event of termination of the delivery contract by the customer, the customer advances would become due on demand of the customer (Note 14).

Sales to four customers accounted for 100% of sales made in the year ended September 30, 2014 (year ended September 30, 2013 – 100% to six customers). The Company has two major customers from which revenues individually amount to more than 10% of the total revenue for the year ended September 30, 2014 (September 30, 2013 was four customers).

	For the year ended			
		September 30, 2014		September 30, 2013
Customer A	$	40,108	$	19,618
Customer B		39,230		27,998
Customer C		-		18,652
Customer D		-		9,740

As at September 30, 2014, $3.0 million in receivables was due from three customers (September 30, 2013 - $13.8 million from three customers).

30. Loss per share:

Loss per share, calculated on the basic and diluted basis, is as follows:

(In thousands except per share amounts)	For the year ended September 30, 2014	September 30, 2013
Loss per share:		
Basic and diluted	$ (0.03)	$ (0.06)
Net loss for the year:		
Attributed to common shareholders - basic and diluted	$ (6,646)	$ (13,266)
Weighted average shares outstanding:		
Weighted average shares outstanding - basic and diluted	238,123	237,438
Shares excluded from the determination of diluted loss per share:		
Stock options	3,042	3,967
Warrants	2,000	7,000
Convertible debentures	79,787	6,506
	84,829	17,473

The weighted average shares that were excluded from the determination of diluted earnings per share represent shares that would be anti-dilutive if they were included in the calculation.

There have been no significant issuances of new potentially dilutive securities subsequent to September 30, 2014.

31. 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 disclosed in Note 1.

32. Financial risk management:

a. Fair value estimation

The Company has financial assets which include cash and cash equivalents, accounts receivable, derivative instruments and reclamation deposits, the carrying value of which approximates fair value. The Company has financial liabilities which include accounts payable and accrued liabilities, bank loans, equipment loans, capital leases, notes payable, customer loans, Callidus loan, debentures and the interest bearing component of the convertible debentures, the carrying values of which may be higher than their fair value due to the Company's liquidity position (Note 1).

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

The Company's financial assets are measured and recognised according to a fair value hierarchy that reflects the significance of inputs used in making fair value measurements, based on the lowest level of input that is significant to the fair value measurement, as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - inputs for the asset or liability that are not based upon observable market data.

Categories of financial instruments

The estimated fair values of the Company's financial assets and liabilities were determined based on Level 2 inputs. The Company has no financial assets or liabilities that have fair value determined based on Level 3 inputs.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. The following table shows the carrying value of financial assets and liabilities for each category of financial instruments:

	September 30, 2014	September 30, 2013
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 363	$ 203
Accounts receivable	3,847	14,383
Reclamation deposits	5,931	5,469
Fair-value-through-profit or loss		
USD/CDN forward exchange rate contracts	-	29
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 16,426	$ 16,416
Bank loans	-	24,679
Callidus loan	10,128	-
Customer loans	8,064	-
Debentures & convertible debentures (interest bearing portion)	11,564	2,917
Equipment loans and capital leases	469	3,289
Notes payable	14,584	6,934

b. Financial risk factors

The Company is exposed in varying degrees to a variety of financial risks. The type of risk exposures and the way in which such exposure is managed is as follows:

i. Foreign exchange risk

The Company operates on an international basis and therefore foreign exchange risk exposures arise from transactions denominated in a foreign currency. The foreign exchange risk arises primarily with respect to the USD as sales are denominated in USD. For the year ended September 30, 2014, with other variables unchanged a $0.01 strengthening (weakening) of the Canadian dollar against the USD would result in a decrease (increase) of $0.8 million on net earnings (September 30, 2013 - $0.8 million).

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

As at September 30, 2014 and 2013 the Company is exposed to currency risk through the following financial assets and financial liabilities denominated in USD at settlement values:

	September 30, 2014	September 30, 2013
	USD	USD
Cash and cash equivalents	$ (257)	$ (2,489)
Accounts receivable	2,714	13,539
Accounts payable	(339)	(320)
Bank loans	-	(1,529)
Customer advances	(3,000)	(7,825)
Customer loans	(7,200)	-
Debentures	(11,000)	(2,870)
Equipment loans and capital leases	-	(1,070)
Notes payable	(12,000)	(4,000)
	$ (31,082)	**$ (6,564)**

ii. Credit risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure is minimized by dealing with only credit worthy counterparties. Accounts receivable for three of the primary customers totalled $3.0 million at September 30, 2014 (September 30, 2013 – three customers totalled $13.8 million). At September 30, 2014, no trade and other receivables were past due or impaired.

The maximum exposure of the Company to credit risk is represented by all financial assets as shown in the statement of financial position. Cash and cash equivalents are deposited with high credit quality financial institutions as determined by ratings agencies.

iii. Interest rate risk

The Company's interest rate risk mainly arises from the interest earned on cash and cash equivalents and variable interest rates paid on debt instruments. The interest rate management policy is generally to borrow at fixed rates to match the duration of the long lived assets. Floating rate funding may be used for short-term borrowing. Cash and cash equivalents receive interest based on market rates.

For the year ended September 30, 2014, with other variables unchanged, a 1.0% increase in the HSBC Bank prime rate would decrease net earnings by $0.2 million for the year.

iv. Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances and by utilizing debt instruments to meet short-term cash requirements while managing accounts payable and accounts receivables. Management continuously monitors and reviews both actual and forecasted cash flows and also matches the maturity profile of financial assets and liabilities. The Company's cash and cash equivalents are invested in bank accounts and demand deposits which are available on demand for the Company's programs. Additional information regarding liquidity risk is disclosed in Note 1. The Company's contractual obligations are disclosed in Note 21.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

Contractual undiscounted cash flow requirements for financial liabilities as at September 30, 2014 are as follows:

	Payments due in years ended September 30,						
	2015	2016	2017	2018	2019	More than 5 years	Total
Accounts payable and accrued liabilities	16,426	-	-	-	-	-	$ 16,426
Callidus loan	10,550	-	-	-	-	-	$ 10,550
Customer loans	1,974	2,632	1,813	1,316	329	-	$ 8,064
Notes payable	2,000	13,440	-	-	-	-	$ 15,440
Debentures	-	12,320	-	-	-	-	$ 12,320
Capital leases	286	147	72	2	-	-	$ 507
	$ 31,236	$ 28,539	$ 1,885	$ 1,318	$ 329	$ -	$ 63,307

33. **Deferred income taxes:**

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to net loss before income taxes. These differences result from the following items:

	For the years ended	
	September 30, 2014	September 30, 2013
Loss before income taxes	$ (7,168)	$ (13,266)
Canadian federal and provincial income tax rates	26.50%	26.50%
Income tax recovery based on the above rates	$ (1,900)	$ (3,515)
Increase (decrease) due to:		
Non-deductible expenses	$ 213	$ 230
Foreign exchange and other	476	(57)
Differences between foreign and Canadian tax rates	-	-
Changes in unrecognized deferred tax assets	689	3,342
Income tax expense (recovery)	$ (522)	$ -

The components of deferred income and mining taxes are as follows:	For the years ended	
	September 30, 2014	September 30, 2013
Unrecognized deferred tax assets:		
Non-capital losses	$ 9,646	$ 9,400
Share issuance costs and other	157	175
Property, plant and equipment and mineral property interests	7,341	6,385
Capital leases and loans	(14)	846
Capital losses	737	782
Reclamation liabilities	2,647	2,237
Total unrecognized deferred tax assets	$ 20,514	$ 19,825

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

At September 30, 2014 the Company has non-capital losses of approximately $35.9 million (September 30, 2013 - $34.5 million) which are not recognised as deferred tax assets. The Company recognises the benefit of tax assets only to the extent of anticipated future taxable income that can be reduced by the tax losses. The gross amount of the non-capital tax losses for which a tax benefit has not been recorded expire as follows:

2028	$	5,665
2030		11,746
2031		11,279
2032		626
2033		5,687
2034		862
	$	35,865

In addition to the non-capital losses, the Company has a capital loss in the United States of approximately USD$2.1 million that expires in 2017 and capital losses of $0.2 million in Canada with no expiry date.

34. Subsequent events:

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 (Note 13). 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 (Note 13) 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 (Note 18). 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.

This is **Exhibit "C"** referred to in the Affidavit of
DENNIS M. LINDAHL sworn before me at Vancouver
this 8th day of June, 2015.

A Commissioner for taking
Affidavits within British Columbia

NORTH AMERICAN TUNGSTEN CORPORATION LTD

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2015 AND SEPTEMBER 30, 2014
FIGURES IN THOUSANDS OF CANADIAN DOLLARS
UNAUDITED

	Note(s)	March 31, 2015	September 30, 2014
ASSETS			
Current assets			
Cash		$ 1,665	$ 363
Accounts receivable	3	642	1,252
Inventories	4	14,613	14,064
Prepaid expenses		1,159	944
		18,079	16,623
Accounts receivable	3	2,698	2,595
Property, plant and equipment	5	27,924	27,149
Mineral property - Mactung		19,853	19,661
Reclamation deposits	13 & 15	6,163	5,931
		$ 74,717	$ 71,959
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 13,939	$ 16,426
Callidus loan	7	12,907	10,128
Current portion of customer advances	8	743	426
Current portion of customer loans	9	2,977	1,974
Current portion of debentures	10	13,418	-
Current portion of equipment loans and capital leases	11	1,135	259
Current portion of notes payable	12	18,512	2,000
Current portion of reclamation liabilities	13	597	597
		64,228	31,810
Customer advances	8	3,800	3,360
Customer loans	9	5,399	6,090
Debentures	10	-	11,564
Equipment loans and capital leases	11	1,495	210
Notes payable	12	-	12,584
Reclamation liabilities	13	9,465	9,394
		84,387	75,012
SHARE CAPITAL AND DEFICIT			
Share capital	14	64,836	64,836
Contributed surplus	14	7,762	7,762
Deficit		(82,268)	(75,651)
		(9,670)	(3,053)
		$ 74,717	$ 71,959
Going concern	1		
Commitments and contingencies	15 & 16		

ON BEHALF OF THE BOARD

"signed"
Kurt E. Heikkila

"signed"
Bryce M. A. Porter

The accompanying notes are an integral part of these consolidated financial statements

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014
FIGURES IN THOUSANDS OF CANADIAN DOLLARS EXCEPT FOR PER SHARE AMOUNTS
UNAUDITED

	Note(s)	For the three months ended March 31, 2015	For the three months ended March 31, 2014	For the six months ended March 31, 2015	For the six months ended March 31, 2014
REVENUES		$ 23,451	$ 23,063	44,949	$ 43,525
COST OF SALES	17	22,488	17,694	39,971	39,771
GROSS MARGIN		963	5,369	4,978	3,754
EXPENSES					
Foreign exchange loss		3,733	595	5,113	1,113
Interest and financing costs	18	2,012	1,373	3,695	2,425
General and administrative costs		877	844	1,551	1,486
Accretion of financial liabilities	7, 10 & 12	486	147	1,032	719
Write-off of option payments - Mactung	15c	300	-	300	-
Exploration		-	2	-	121
Share-based compensation		-	-	-	32
Loss on revaluation of derivatives		-	-	-	29
Gain on disposal of assets		-	-	(5)	-
Interest and other income		(38)	(59)	(91)	(109)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		(6,407)	2,467	(6,617)	(2,062)
Income (loss) per share					
Basic and diluted		$ (0.03)	$ 0.01	$ (0.03)	$ (0.01)
Weighted average number of shares (in thousands)					
Basic and diluted		238,123	238,123	238,123	238,123

The accompanying notes are an integral part of these consolidated financial statements

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014
FIGURES IN THOUSANDS OF CANADIAN DOLLARS
UNAUDITED

	Note(s)	For the three months ended March 31, 2015	For the three months ended March 31, 2014	For the six months ended March 31, 2015	For the six months ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)		$ (6,407)	$ 2,467	$ (6,617)	$ (2,062)
Items not affecting cash:					
Amortization and depreciation	5	1,214	1,787	2,481	3,531
Accretion of financial liabilities	7, 10 & 12	486	147	1,032	719
Accretion of reclamation liabilities	13	35	30	71	61
Inventory write-down	17	192	-	192	-
Write-off of option payments - Mactung	15c	300	-	300	-
Foreign exchange loss		3,739	596	4,954	1,176
Share-based compensation		-	-	-	32
Loss on revaluation of derivatives		-	-	-	29
Interest and financing costs		1,938	1,389	2,819	2,441
		1,497	6,416	5,232	5,927
Adjustment for:					
Change in non-cash working capital	19	636	(4,522)	(2,933)	(1,725)
Increase in reclamation deposits	13 & 15	(100)	(100)	(200)	(200)
		2,033	1,794	2,099	4,002
CASH FLOWS USED IN INVESTING ACTIVITIES					
Expenditure on Mactung property		(154)	(315)	(476)	(556)
Purchase of property, plant and equipment	5	(627)	(1,631)	(955)	(3,459)
		(781)	(1,946)	(1,431)	(4,015)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Equipment loans and capital leases	11	(182)	(566)	(345)	(1,955)
Debentures, net	10	-	1,094	-	2,257
Notes payable, net	12	-	-	1,449	(678)
Operating Loan, net		-	(1,794)	-	(2,785)
Callidus loan, net	7	(509)	-	2,681	-
Customer advances	8	(1,934)	-	311	-
Customer loans	9	(742)	2,762	(742)	5,421
Interest and financing costs paid		(1,938)	(1,389)	(2,819)	(2,441)
		(5,305)	107	535	(181)
Effect of exchange rate changes on cash		10	31	99	(7)
CHANGE IN CASH		(4,043)	(14)	1,302	(201)
CASH, BEGINNING OF PERIOD		5,708	16	363	203
CASH, END OF PERIOD		$ 1,665	$ 2	$ 1,665	$ 2
Supplemental cash flow information	19				

The accompanying notes are an integral part of these consolidated financial statements

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE SIX MONTHS ENDED MARCH 31, 2015 AND 2014
FIGURES IN THOUSANDS OF CANADIAN DOLLARS EXCEPT NUMBER OF COMMON SHARES
UNAUDITED

For the six months ended March 31, 2014

	Note(s)	Number of common shares	Share capital	Contributed surplus	Deficit	Total equity
Balance at October 1, 2013		238,123,058	$ 64,836	$ 6,267	$ (69,005)	$ 2,098
Conversion feature of convertible debentures		-	-	1,108	-	1,108
Share-based compensation	14	-	-	32	-	32
Net loss		-	-	-	(2,062)	(2,062)
Balance at March 31, 2014		238,123,058	$ 64,836	$ 7,407	$ (71,067)	$ 1,176

For the six months ended March 31, 2015

	Note(s)	Number of common shares	Share capital	Contributed surplus	Deficit	Total equity
Balance at October 1, 2014		238,123,058	$ 64,836	$ 7,762	$ (75,651)	$ (3,053)
Net loss		-	-	-	(6,617)	(6,617)
Balance at March 31, 2015		238,123,058	$ 64,836	$ 7,762	$ (82,268)	$ (9,670)

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of operations and going concern:

North American Tungsten Corporation Ltd. (the "Company") is engaged in tungsten mining and related activities including acquisition, exploration, development and processing of ore and concentrates. The Company owns the Cantung mine in the Northwest Territories; the Mactung mineral property on the border of Yukon and Northwest Territories; and other tungsten exploration prospects. The Company is incorporated under the Canadian Business Corporations Act. The address of the head office is suite 1640 - 1188 West Georgia Street, Vancouver, British Columbia, Canada.

These interim consolidated financial statements have been prepared 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 realise 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.

For the six months ended March 31, 2015 the Company recorded a net loss of $6.6 million (year ended September 30, 2014 - net loss of $6.6 million). At March 31, 2015 the Company had a working capital deficiency of $46.1 million (September 30, 2014 - $15.2 million) and shareholders' deficit of $9.7 million (September 30, 2014 – deficit of $3.1 million).

The ability of the Company to continue as a going concern depends upon continued support from its shareholders, lenders and customers. Earnings and cash flows are impacted by changes in price for tungsten concentrates and foreign exchange rates. The Company will need to generate positive net earnings. To accomplish this, the Company has substantially completed a mine and mill improvement program which has increased mill throughput and metallurgical recovery. In addition, it will be necessary to roll-over, extend, replace or refinance existing loan facilities as they mature, arrange new financing or convert existing debts into equity. The Company has initiated a severe cash conservation program and is considering other operational and financial alternatives.

If the going concern assumption were not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, reported expenses and classification used in the statement of financial position. The adjustments would be material.

2. Significant accounting policies:

a. Basis of preparation

The interim consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the Company's most recently issued annual audited consolidated financial statements which includes information useful to understanding the Company's business and financial statement preparation. In particular, the Company's significant accounting policies were presented in Note 2 of the consolidated financial statements for the year ended September 30, 2014 and have been consistently applied in the preparation of these interim financial statements except as described in Note 2(b) below.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL") which are stated at their fair value.

The Board of Directors approved these financial statements on May 28, 2015.

b. Adoption of new and amended IFRS pronouncements

IFRIC 21 – Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 was adopted on October 1, 2014. The adoption of this standard did not have an impact on the consolidated financial statements.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

3. Accounts receivable:

	March 31, 2015	September 30, 2014
Trade receivables	$ 2,752	$ 3,039
Taxes and other receivables	588	808
	3,340	3,847
Current portion of accounts receivable	(642)	(1,252)
Long-term portion of accounts receivable	$ 2,698	$ 2,595

4. Inventories:

	March 31, 2015	September 30, 2014
Tungsten concentrates	$ 4,986	$ 3,788
Copper concentrates	117	86
Ore stockpile	4,251	5,301
Materials and supplies	5,259	4,889
	$ 14,613	$ 14,064

5. Property, plant and equipment:

	Equipment under capital lease	Buildings, equipment and plant	Mine infrastructure assets	Tailings management	Total
Net book value, September 30, 2014	$ 652	$ 21,159	$ 1,043	$ 4,295	$ 27,149
Opening cost, October 1, 2014	$ 991	$ 51,716	$ 40,190	$ 19,323	$ 112,220
Additions	2,534	-	368	354	3,256
Transfer between categories	(413)	413	-	-	-
Ending cost, March 31, 2015	$ 3,112	$ 52,129	$ 40,558	$ 19,677	$ 115,476
Opening balance, accumulated depreciation and impairments, October 1, 2014	$ 339	$ 30,557	$ 39,147	$ 15,028	$ 85,071
Depreciation	116	1,650	202	513	2,481
Transfer between categories	(152)	152	-	-	-
Ending balance, accumulated depreciation and impairments, March 31, 2015	$ 303	$ 32,359	$ 39,349	$ 15,541	$ 87,552
Net book value, March 31, 2015	$ 2,809	$ 19,770	$ 1,209	$ 4,136	$ 27,924

Total additions for the three months ended March 31, 2015 were $2.6 million (three months ended March 31, 2014 - $2.2 million).

In connection with the Callidus Capital Corporation ("Callidus") loan, the Company has entered into a general security agreement which includes all property, plant and equipment (Note 7) except for specific assets which are held as security under equipment loans and capital leases (Note 11).

At March 31, 2015 the Company reviewed the indicators of impairment for the Cantung mine and although there remain indicators of impairment, the review suggests that there is no further impairment.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

6. Accounts payable and accrued liabilities:

	March 31, 2015	September 30, 2014
Trade payables	$ 7,356	$ 9,663
Property, plant and equipment and Mactung property costs payable	257	446
Royalties payable	5,003	4,562
Other payables and accrued liabilities	1,323	1,755
	$ 13,939	$ 16,426

7. Callidus loan:

Balance at September 30, 2014	$ 10,128
Additional borrowings	3,650
Transaction costs	(214)
Principal repayments	(909)
Accretion	252
Balance at March 31, 2015	$ 12,907

On December 30, 2014 the Company extended the maturity date of the Callidus loan to May 31, 2016 and borrowed additional funds of $3.65 million. The loan remains due on demand with an interest rate of 18% per annum and monthly principal repayments of $150 thousand through the date of maturity. 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. The Company has provided security in the form of a first charge over all assets of the Company, excluding the Mactung property, accounts receivable from a customer, assets under equipment loans and capital leases and all mining and mineral leases, claims and tenures.

Of the additional loan proceeds, $2.0 million was used to repay a promissory note that matured on December 31, 2014 (Note 12). The remaining proceeds were used for capital projects and working capital.

8. Customer advances:

	March 31, 2015	September 30, 2014
Customer advances	$ 4,543	$ 3,786
Current portion of customer advances	(743)	(426)
Long-term portion of customer advances	$ 3,800	$ 3,360

During fiscal 2014 the Company entered into a new tungsten delivery contract with an existing customer. Under the terms of the new delivery agreement, the pre-existing USD$3.0 million customer advance, now bears interest at 3.0% per annum. The customer advance is repayable by February 1, 2017 (the end of the initial contract term) or by mutual agreement by February 1, 2019 (the end of the optional contract renewal periods).

During fiscal 2014 the Company executed a supplier financing agreement with a customer and the customer's financial institution whereby the customer's financial institution pays for tungsten concentrate shipments within 3 to 5 business days of being invoiced. The financial institution charges a fee for providing this service of which $194 thousand was expensed in interest and financing costs for the six months ended March 31, 2015. Due to the provisions in the tungsten delivery contract, the Company had been paid for shipments that had not been recognised as revenue at March 31, 2015, resulting in a $0.7 million customer advance.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

9. Customer loans:

	March 31, 2015	September 30, 2014
Customer loans	$ 8,376	$ 8,064
Current portion of customer loans	(2,977)	(1,974)
Long-term portion of customer loans	$ 5,399	$ 6,090

On December 19, 2013, 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 existing USD$2.2 million advance from the customer was rolled into the loan. The combined USD$4.7 million loan matures on December 31, 2018 and bears interest at 3.0% per annum payable quarterly. Equal principal repayments of USD$293,750 per quarter commenced on March 31, 2015 and continue each quarter thereafter with the final payment on December 31, 2018.

On February 20, 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. The loan matures on March 31, 2017 and bears interest at 3.0% per annum payable quarterly. Equal principal repayments of USD$293,750 per quarter commenced on March 31, 2015 and continue each quarter thereafter with the final payment of USD$150,000 on March 31, 2017.

10. Debentures:

Balance at September 30, 2014	**$ 11,564**
Accretion	323
Loss on foreign exchange	1,531
Balance at March 31, 2015	**$ 13,418**

Of the USD$11.0 million outstanding in debentures, USD$9.0 million are convertible ("Convertible Debentures") and USD$2.0 million are non-convertible ("Debentures"). Queenwood Capital Partners LLC, Queenwood Capital Partners II LLC ("Queenwood II") and three directors of the Company combined hold USD$7.6 million of the Convertible Debentures and USD$2.0 million of the Debentures.

The Convertible Debentures bear interest at 11% per annum, payable quarterly and mature on December 31, 2015. The Convertible Debentures can be converted at any time into common shares of the Company at a rate of CDN$0.12 per share with a fixed exchange rate of CND$1.00 = USD$0.94, for an effective conversion rate of CDN$0.1128. The Debentures bear interest at 18% per annum, payable quarterly and mature on December 31, 2015. The Company has provided a general security agreement that has been subordinated to the Company's other secured indebtedness, as security for the debentures. Notwithstanding the maturity date of December 31, 2015 the repayment of any principal amounts to debenture holders is fully subordinated to the repayment of the Callidus loan which has a maturity date of May 31, 2016.

11. Equipment loans and capital leases:

	March 31, 2015	September 30, 2014
Equipment loans and capital leases	$ 2,630	$ 469
Current portion of equipment loans and capital leases	(1,135)	(259)
Long-term portion of equipment loans and capital leases	$ 1,495	$ 210

Refer to Note 15 for details of required payments for the capital leases.

The Company has various capital leases for equipment with maturity dates in fiscal 2015 through 2020 and interest rates that range from 5.6% to 19.6%. The Company has pledged the acquired assets as security for the equipment loans and capital leases.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

12. Notes payable:

	March 31, 2015	September 30, 2014
Former mining contractor	$ -	$ 2,000
Queenwood II	18,512	12,584
	18,512	14,584
Current portion of notes payable	(18,512)	(2,000)
Long-term portion of notes payable	$ -	$ 12,584

Queenwood II – USD$3.0 million promissory note

On October 24, 2014 the Company executed a promissory note with Queenwood II for up to a maximum aggregate principal amount of USD$3.0 million. The Company has drawn the full amount on the promissory note. 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 promissory note is repayable on demand with no specified maturity date. 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 (Note 7). Two directors of the Company collectively own all of the issued and outstanding units of Queenwood II.

Queenwood II – USD$12.0 million promissory note

In 2014 the Company executed a USD$12.0 million promissory note with Queenwood II. The maturity date for the Queenwood II promissory note is October 1, 2015. Interest is payable at 12% per annum with interest payable quarterly on March 31, June 30, September 30 and December 31 of each year, with any remaining accrued and unpaid interest payable on the maturity date. 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 (Note 7).

Former mining contractor – promissory note

The Company issued a promissory note to a former mining contractor to settle an accounts payable amount. On December 31, 2014 the $2.0 million promissory note was repaid with proceeds from the Callidus loan (Note 7).

13. Reclamation liabilities:

The Company's total undiscounted amount of estimated future cash flows required to settle the Cantung mine reclamation obligation is $9.8 million (September 30, 2014 - $9.8 million). For financial statement purposes this has been estimated with a market based pre-tax discount rate of 1.4% and an average rate of inflation of 1.6%. Based on the life of mine plan at September 30, 2014 the timing of the majority of reclamation work is estimated to commence during fiscal 2018 through fiscal 2019.

	March 31, 2015	September 30, 2014
Opening balance, reclamation liabilities	$ 9,991	$ 8,443
Accretion	71	124
Change in estimates of future costs	-	1,301
Additions	-	123
Closing balance, reclamation liabilities	$ 10,062	$ 9,991
Current portion of reclamation liabilities	(597)	(597)
Long-term portion of reclamation liabilities	$ 9,465	$ 9,394

The Company has posted deposits of $6.2 million in cash and $5.5 million in the form of secured promissory notes which are held in escrow as security for the mine reclamation obligations under the water license for the Cantung mine issued by the Mackenzie Valley Land and Water Board ("MVLWB") (Note 15 a).

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

14. Share capital:

a. Common shares

An unlimited number of common shares without par value are authorized.

b. Warrants

The Company has 2,000,000 warrants outstanding with an exercise price of $1.00 per share and an expiry date of October 27, 2015.

c. Share options

Options outstanding as of September 30, 2014	Granted	Exercised	Forfeited	Cancelled	Expired	Options outstanding as of March 31, 2015	Exercise price	Expiry date	Options exercisable
75,000	-	-	-	-	(75,000)	-	$ 0.15	19-Oct-14	-
550,000	-	-	-	-	(550,000)	-	$ 0.19	1-Feb-15	-
100,000	-	-	-	-	-	100,000	$ 0.28	19-Jan-17	100,000
650,000	-	-	-	-	-	650,000	$ 0.42	8-Mar-17	650,000
1,400,000	-	-	-	-	(100,000)	1,300,000	$ 0.19	28-May-18	1,300,000
50,000	-	-	-	-	-	50,000	$ 0.19	10-Jul-18	50,000
66,666	-	-	-	-	(66,666)	-	$ 0.14	30-Nov-14	-
150,000	-	-	-	-	-	150,000	$ 0.10	4-Dec-18	100,000
3,041,666	**-**	**-**	**-**	**-**	**(791,666)**	**2,250,000**			**2,200,000**
Weighted average exercise price									
$0.23	N/A	N/A	N/A	N/A	$0.18	$0.25			$0.26

The outstanding options have a weighted average exercise price of $0.25 per share (September 30, 2014 - $0.24) and a weighted average remaining life of 2.8 years (September 30, 2014 – 2.6 years).

There were no share options granted during the six months ended March 31, 2015. During the six months ended March 31, 2015 nil was recognised as share-based compensation (six months ended March 31, 2014 - $32 thousand).

15. Commitments:

Contractual obligations and commitments	Payments due in the years ended September 30, 2015 [1]	2016	2017	2018	2019	2020	Total
Mactung leases	$ 4	$ 6	$ 6	$ 6	$ 6	$ 6	$ 34
Cantung leases and other agreements	226	227	269	293	316	649	1,980
Equipment loans and capital leases	600	1,088	752	152	29	9	2,630
Office leases [2]	177	245	251	84	-	-	757
Equipment purchases	1,294	-	-	-	-	-	1,294
	$ 2,301	**$ 1,566**	**$ 1,278**	**$ 535**	**$ 351**	**$ 664**	**$ 6,695**

1 - Commitments are for the remainder of fiscal 2015

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

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

a. Water license

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

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

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

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

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

b. Cantung smelter royalties

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

c. Mactung smelter royalties

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

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

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

16. Contingencies:

Pursuant to contracts with directors, in the event of a change in control of the Company, the Company would be liable for payments totalling $0.3 million.

17. Cost of sales:

	For the three months ended March 31, 2015	For the three months ended March 31, 2014	For the six months ended March 31, 2015	For the six months ended March 31, 2014
Mine operating costs	$ 18,117	$ 19,395	$ 36,348	$ 38,005
Amortization and depreciation	1,214	1,787	2,481	3,531
Freight and handling	430	645	806	1,073
Royalties	230	225	441	425
Inventory changes, adjustments and write-downs	2,497	(4,358)	(105)	(3,263)
	$ 22,488	$ 17,694	$ 39,971	$ 39,771

During the three and six months ended March 31, 2015, the Company recorded an inventory write-down of tungsten concentrates to net realisable value totalling $0.2 million (three and six months ended March 31, 2014 – nil).

NORTH AMERICAN TUNGSTEN CORPORATION LTD.
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014
FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

Mine operating costs by function:	For the three months ended March 31, 2015	March 31, 2014	For the three months ended March 31, 2015	March 31, 2014
Mine	$ 6,966	$ 7,564	$ 13,433	$ 14,492
Power generation and surface maintenance	4,310	5,002	8,930	9,832
Site administration and environmental	3,523	3,605	7,177	7,192
Mill	3,318	3,224	6,808	6,489
	$ 18,117	$ 19,395	$ 36,348	$ 38,005

Mine operating costs by nature:	For the three months ended March 31, 2015	March 31, 2014	For the three months ended March 31, 2015	March 31, 2014
Salaries and wages	$ 5,584	$ 5,730	$ 11,028	$ 10,907
Materials and supplies	4,293	3,836	8,622	7,995
Fuel and lubricants	3,699	4,816	7,744	8,981
Freight, expediting and support services	1,873	1,878	3,796	3,722
Employee benefits	1,376	1,363	2,470	2,521
Other costs	961	1,064	1,876	2,213
Mine and drill contractors	331	708	812	1,666
	$ 18,117	$ 19,395	$ 36,348	$ 38,005

18. Interest and financing costs:

	For the three months ended March 31, 2015	March 31, 2014	For the six months ended March 31, 2015	March 31, 2014
Notes payable	$ 620	$ 40	$ 1,142	$ 221
Callidus loan	612	-	1,090	-
Debentures	421	344	810	418
Other	201	175	396	304
Customer advances and loans	100	141	188	218
Equipment loans and capital leases	58	46	69	104
Bank loans and associated agreements	-	627	-	1,160
	$ 2,012	$ 1,373	$ 3,695	$ 2,425

19. Supplemental cash flow:

	For the three months ended March 31, 2015	March 31, 2014	For the six months ended March 31, 2015	March 31, 2014
Change in non-cash working capital:				
Accounts receivable	$ (343)	$ 3,001	$ 507	$ 3,708
Prepaid expenses	(127)	(74)	(215)	(159)
Inventories	1,826	(4,984)	(741)	(4,082)
Accounts payable and accrued liabilities	(720)	(2,465)	(2,484)	(1,192)
	$ 636	$ (4,522)	$ (2,933)	$ (1,725)

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

	For the three months ended		For the six months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Changes in accounts payable and accrued liabilities affecting cash flows used in investing activities:				
Expenditures on property, plant and equipment	$ 116	$ 1,096	$ 116	$ 1,096
Expenditures on Mactung property	141	15	141	15

20. Related party transactions:

Directors of the Company participated directly and indirectly in the USD$11.0 million Debentures and Convertible Debentures financing as to USD$9.6 million (Note 10). For the six months ended March 31, 2015 the Company recognised interest expense of $0.7 million (six months ended March 31, 2014 - $0.3 million) on these Debentures and Convertible Debentures.

During 2014 the Company executed a USD$12.0 million promissory note with Queenwood II (Note 12). During the six months ended March 31, 2015 the Company recognised interest expense of $0.9 million (six months ended March 31, 2014 – nil) on this Queenwood II promissory note.

On October 24, 2014 the Company executed a promissory note with Queenwood II for up to a maximum aggregate principal amount of USD$3.0 million (Note 12). The Company has drawn the full amount on the promissory note. During the six months ended March 31, 2015 the Company recognized interest expense of $0.2 million (six months ended March 31, 2014 – nil) on this Queenwood II note payable.

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

During the six months ended March 31, 2015 the Company recognised $0.7 million (six months ended March 31, 2014 - $0.2 million) for professional and consulting fees to directors or companies related to directors.

The above transactions were in the normal course of operations.

21. Financial instruments:

The Company has financial assets which include cash and cash equivalents, accounts receivable and reclamation deposits, the carrying value of which approximates fair value. The Company has financial liabilities which include accounts payable and accrued liabilities, equipment loans and capital leases, notes payable, customer loans, Callidus loan, debentures and the interest bearing component of the convertible debentures, the carrying values of which may be higher than their fair value due to the Company's liquidity position (Note 1).

The Company's financial assets are measured and recognised according to a fair value hierarchy that reflects the significance of inputs used in making fair value measurements, based on the lowest level of input that is significant to the fair value measurement, as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based upon observable market data.

Categories of financial instruments

The estimated fair values of the Company's financial assets and liabilities were determined based on Level 2 inputs. The Company has no financial assets or liabilities that have fair value determined based on Level 3 inputs.

FIGURES ARE IN THOUSANDS OF CANADIAN DOLLARS

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. The following table shows the carrying value of financial assets and liabilities for each category of financial instruments:

	March 31, 2015	September 30, 2014
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 1,665	$ 363
Accounts receivable	3,340	3,847
Reclamation deposits	6,163	5,931
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 13,939	$ 16,426
Callidus loan	12,907	10,128
Customer loans	8,376	8,064
Debentures & convertible debentures (interest bearing portion)	13,418	11,564
Equipment loans and capital leases	2,630	469
Notes payable	18,512	14,584

This is **Exhibit "D"** referred to in the Affidavit of
DENNIS M. LINDAHL sworn before me at Vancouver
this 8th day of June, 2015.

A Commissioner for taking
Affidavits within British Columbia

North American Tungsten Corporation Ltd.
Cash Flow Statement (Note 1)
For the 6-Week Period Ending July 17, 2015
($'000s)

	Week 1 12-Jun-15	Week 2 19-Jun-15	Week 3 26-Jun-15	Week 4 3-Jul-15	Week 5 10-Jul-15	Week 6 17-Jul-15	Week 6 Total	Notes
Receipts								
Collection of accounts receivable	$ 274	$ 1,266	$ 1,111	$ 1,478	$ 1,085	$ 1,092	$ 6,307	2
Other receipts	-	-	-	-	50	-	50	3
Total Receipts	274	1,266	1,111	1,478	1,135	1,092	6,357	
Disbursements								
Employee costs - mine site	(228)	(347)	(663)	(324)	(179)	(470)	(2,211)	4
Employee costs - head office	(53)	(2)	(76)	(31)	-	(56)	(220)	4
Mining raw materials	-	(22)	(7)	(23)	(73)	(39)	(164)	5
Mill raw materials	(50)	(108)	(85)	(85)	(85)	(112)	(524)	6
Fuel	(139)	(103)	(139)	(139)	(139)	(213)	(872)	7
Equipment parts and supplies	(45)	(86)	(68)	(68)	(68)	(90)	(424)	8
Freight and expediting	(50)	(63)	(63)	(63)	(63)	(75)	(375)	9
Catering and janitorial	(51)	(46)	(45)	(45)	(45)	(50)	(282)	10
Tailings management and dredging	(50)	-	(50)	-	(125)	-	(225)	11
Head office costs	(10)	(25)	(25)	(92)	(25)	(25)	(202)	12
Other operating costs	(67)	(215)	(180)	(180)	(180)	(224)	(1,045)	13
Mill maintenance	-	(54)	-	(6)	(121)	(65)	(246)	14
Restructuring professional fees	(50)	(60)	(60)	(60)	(60)	(60)	(350)	15
Total Disbursements	(793)	(1,130)	(1,460)	(1,115)	(1,161)	(1,480)	(7,139)	
Net Cash Flow	$ (519)	$ 136	$ (349)	$ 363	$ (26)	$ (387)	$ (782)	
Cash Balance								
Opening Cash Balance	532	13	149	(200)	163	138	532	
Closing Cash Balance / (Shortfall)	$ 13	$ 149	$ (200)	$ 163	$ 138	$ (250)	$ (250)	16

Notes:

1. The Cash Flow Statement has been prepared by management of North American Tungsten Corporation Ltd.(the "Company") to set out the Company's liquidity requirements during the 6-week period ending July 17, 2015 (the "Period"). Week 1 commences on June 9, 2015.
2. Collections of accounts receivable are estimated based on expected mine production and sales under supply agreements with the Company's two major customers. Accounts receivable are typically collected within 5 to 10 days of shipment from the mine. Collections during the week ending June 12, 2015 are expected to be negatively impacted by an operational disruption during the preceding week.
3. Other receipts relate to post-filing GST and fuel tax refunds.
4. Employee costs are forecast based on current run rates and adjusted to reflect staged temporary layoffs of mine employees. Payroll, benefits and source deduction remittances are forecast to remain current during the Period.
5. Mining raw material costs are forecast based on expected production levels which reflect reduced production due to temporary layoffs of mine employees (refer to Note 4).
6. Mill raw material costs are forecast based on expected production levels.
7. Fuel costs primarily relate to diesel used by the generators which provide power to the mine site.
8. Equipment parts and supplies costs are forecast based on current run rates, adjusted to reflect a reduction in stock on hand to approximately 30 days worth of parts.
9. Freight and expediting costs are forecast based on expected production and sales levels.
10. Catering and janitorial costs are estimated based on the number of employees expected to be at the mine site during the Period.
11. Tailings management and dredging includes construction of a tailings storage location, dredging of an existing tailings pond and construction of a temporary dry stack plant to provide tailings capacity for continued operations.
12. Head office costs include corporate and administrative costs as well insurance and operating leases.
13. Other operating costs relate primarily to production costs at the mine site and is based on forecast production levels. It is estimated that many suppliers will require cash-on-delivery or other reduced payment terms during the Period.
14. Mill maintenance comprise projects to maintain and improve the operating efficiency and power distribution at the mine site.
15. Restructuring professional fees include the estimated costs of the Company's legal counsel, the monitor and the monitor's legal counsel.
16. Cash balance includes funds on deposit in the Company's bank accounts at HSBC Bank Canada. The Forecast is based on the hypotheical assumption that the Company will be able to obtain additional borrowing capacity under its existing credit facilities to cover the projected shortfalls and/or interim financing with a priority charge over certain assets, subject to Court approval. Related party shareholder(s) have contributed approximately $930,000 (US$745,000) during the week prior to the Period in order to fund the Company's immediate liquidity requirements.

This is **Exhibit "E"** referred to in the Affidavit of
DENNIS M. LINDAHL sworn before me at Vancouver
this 8th day of June, 2015.

A Commissioner for taking
Affidavits within British Columbia

A
&
M

Alvarez & Marsal Canada Inc.
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Vancouver, BC V6C 3A6
Phone: +1 604 638 7440
Fax: +1 604 638 7441

June 4, 2015

Mr. Dennis Lindahl,
Chief Financial Officer and Director
North American Tungsten Corporation Ltd.
c/o Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC, V6C 3R8

Dear Mr. Lindahl:

North American Tungsten Corporation Ltd. (the "Company")

This letter serves to confirm the consent of the undersigned, Alvarez & Marsal Canada Inc., to act as Monitor should an Order be granted by the Supreme Court of British Columbia in respect of relief sought by the Company pursuant to the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended.*

Yours very truly,
Alvarez & Marsal Canada Inc.

Todd M. Martin, CPA, CA-CIRP
Senior Vice President