



This is the 1st affidavit
of Karin Laursen in this case
sworn on 7/July/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, Karin Laursen, Purchasing Manager, of Global Tungsten & Powders Corp, 1 Hawes Street, Towanda, PA 18848, USA, make oath and say as follows:

1. I am a Purchasing Manager of strategic raw materials of Global Tungsten & Powders Corp ("GTP") and I have personal knowledge of the facts and matters referred to herein except where stated to be based on information and belief and as to those facts I verily believe them to be true.
2. I am authorized by GTP to make this affidavit.
3. I have read the Notice of Application made by North American Tungsten Corporation Ltd. ("NATC") dated July 2, 2015 and the Affidavit #4 of Dennis M. Lindahl sworn July 2, 2015 ("Lindahl Affidavit #4"), and I make this affidavit in response to that application.
4. GTP is a Delaware corporation owned by the Plansee Group, Austria. GTP was established in 1916 (then Patterson Screen Company) in Towanda, Pennsylvania.

GTP is a world-leading manufacturer of tungsten oxide-, tungsten metal-, and tungsten carbide powders.

5. The unique properties of tungsten make it indispensable in modern high-tech industries. It has the highest melting point of all metals making it suitable for high temperature applications in energy and lighting technology, and in the space industry. With a density comparable to gold, it is used in flywheel and counter-balance weights and anti-vibration tool-holders in aerospace, automotive, sport, and telecommunications applications. Tungsten serves as a substitute for lead and is used as radiation-shielding in medical engineering.
6. When combined with carbon as tungsten carbide it exhibits diamond-like hardness and, thereby, forms the basis of modern cutting and drilling tools in metal-, stone-, plastics-, and wood-working. Applications range from miniature drills for the electronics industry and drills used in mining and tunnelling to specialized tools for cutting, pressing, and forming.
7. GTP owns and operates a tungsten processing plant in Towanda, Pennsylvania, which processes tungsten concentrates and tungsten containing secondary raw materials into tungsten containing powders. An affiliate of GTP also owns and operates a tungsten plant in Bruntal, Czech Republic.
8. GTP is a customer of NATC and purchases tungsten concentrates from NATC that are produced at the Cantung Mine owned and operated by NATC located in the Northwest Territories, pursuant to a Supply Agreement dated December 19, 2013 (the "Supply Agreement"). Attached hereto and marked as Exhibit "A" is a true copy of the Supply Agreement.
9. The Supply Agreement provides for the annual delivery by NATC of 100,000 to 115,000 metric tonne units (MTUs) of tungsten concentrate for a total of at least 320,000 MTUs as more particularly described in the Supply Agreement.
10. At the same time as entering into the Supply Agreement, GTP agreed to lend to NATC the amount of US\$4,700,000 (the "GTP Loan") pursuant to the terms of a

written Loan Agreement dated December 19, 2013 (the "Loan Agreement"). Attached hereto and marked as Exhibit "B" is a true copy of the Loan Agreement, without its voluminous schedules.

11. NATC's indebtedness to GTP is secured by a Security Agreement dated December 19, 2013 (the "Security Agreement") and the collateral of all of NATC's present and after acquired property relating to or connected with the MacTung Mine owned by NATC. Attached hereto and marked as Exhibit "C" is a true copy of the Security Agreement, without its voluminous schedules.
12. GTP is a party to a Priority Agreement with certain debenture holders, a Priority Agreement with Messrs. Erickson and Heikkila, a Subordination Agreement with Her Majesty the Queen in Right of Canada as represented by the Minister of Indian Affairs and Northern Development, which I understand has now been assigned to the Government of the Northwest Territories as represented by the Minister of Environment and Natural Resources ("GNWT"), and an Intercreditor Agreement with Wolfram Bergbau und Hutten ("WBH"), the other customer of concentrates from the Cantung Mine.
13. At the time of swearing this affidavit, the outstanding indebtedness of NATC to GTP on the GTP Loan is approximately US\$4.3 million plus accrued interest.
14. The reason that GTP agreed to lend money to NATC in late 2013 was to provide financial assistance to the operating tungsten mine to help stabilize and continue the operations so as to continue the sale of concentrates to GTP in the ordinary course of business. At the time of the signing of the security agreement, GTP was certain that it had received adequate securities for the GTP Loan based on what was disclosed regarding the liability to DIAND, now GNWT. That liability has possibly expanded substantially which could impair GTP's security. GTP's security should not be impaired further by adding on more debt, heavy interest accruals, fees and expenses, all in the name of keeping the Cantung Mine running for another few months. All this is doing is postponing the inevitable which is to cease operations at the Cantung Mine.

15. The tungsten market has seen a serious decline in over the past 6-8 months, and due to the lack of demand prices have dropped significantly. Based on GTP's market analyses, I see no real chance that tungsten prices would turn around in the foreseeable future.
16. I am very familiar with tungsten market analyses and price reports prepared by market analysts (ie Argus Media and Roskill) that portray a much brighter outlook on the tungsten market. However, it is my opinion as a tungsten producer that these reviews do not reflect the true market and stem from overly optimistic forecasts of certain investors and customers of these market experts.
17. Based on the current, short-term and long-term tungsten market, I see no opportunity that the Cantung Mine would be able to restart again if the mine was to be placed under care and maintenance.
18. The current plan of putting the Cantung Mine into care and maintenance will result in the cessation of concentrate shipments to GTP pursuant to the Supply Agreement, which will put NATC in material breach under the Supply Agreement. GTP will be forced to source tungsten concentrates elsewhere to replace the missing tonnage. Even if the Cantung Mine could be restarted at a future date, the supply agreements with both customers would need to be revised or renewed; a major challenge in a future tungsten market with more competition from other mines.
19. GTP and WBH have reviewed the cash flow projections attached to Lindahl Affidavit #4, and it is our conclusion that providing DIP financing for \$3 million at interest rates of 14% or 21%, depending on the lender, will not help NATC emerge from this process with a workable plan or arrangement. Putting the Cantung Mine under care and maintenance in November of this year and then hoping that tungsten prices rise is not a workable plan.
20. Rather than invest another \$3 million plus interest to postpone the inevitable result, to the prejudice of GTP's and other's security interests, GTP believe it is in the interest of all stakeholders that the assets of NATC are put up for sale.

SWORN (OR AFFIRMED) BEFORE ME at)
Towanda Pennsylvania)
Bradford County on)
7 / July / 2015:)
Allyson M. Bridgham)
A Notary Public for _____)

Karin Laurson
KARIN LAURSEN

