NORTH AMERICAN TUNGSTEN CORPORATION LTD

May 24, 2012

Mr. Ken McKinnon
YESAB
Suite 200-309 Strickland Street
Whitehorse
Yukon Y1A 2J9

Subject: Mactung mine project proposal (2008-0304). Response to YESAB additional Information request dated May 8,2012.

Please find enclosed with this letter a technical memo that was prepared by EBA Engineering, A Tetra Tech Company (EBA) on behalf of North American Tungsten Corporation (NATC). NATC fully endorses the content of the memo and hopes that the information contained therein allows YESAB to proceed with preparing the draft screening report for the Mactung Project.

If you have any further questions, please do not hesitate to contact me at the address below.

Sincerely yours,

Tracy Thomas
Community and Environmental Affairs
Cell: 867.332.5858
Email: tthomas@natungsten.com

CC: Stephen Leahy, NATC
Glen Rudman, EBA
Keith MaGuire, YESAB
Michael Muller, YESAB

EBA Engineering Consultants Ltd. operating as EBA, A Tetra Tech Company
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Whitehorse, YT Y1A 2V3 CANADA
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TECHNICAL MEMO

ISSUED FOR USE

TO:	Ken McKinnon, YESAB	**DATE:**	May 23, 2012
C:	Michael Muller, Keith Maguire (YESAB), Doug Watt (NATC), Glenn Rudman (EBA)	**MEMO NO.:**	As dated
FROM:	Stephen Leahy, Tracy Thomas (NATC)	**EBA FILE:**	W23101211.003

SUBJECT: **NATC Response to YESAB's additional information request dated May 8, 2012 pertaining to the proposed Mactung mine.**

1.0 INTRODUCTION

The following information is provided by North American Tungsten Corporation Ltd. (NATC) and their agents, EBA, A Tetra Tech Company (EBA) in response to the letter request from YESAB for additional information dated May 8, 2012. The information pertains to the water treatment plant to be installed at the proposed Mactung Mine as well as further clarification on the backfilling and sealing of the mine stopes.

The responses are provided in the same order as the information requests in the letter dated May 8, 2012.

2.0 PROPOSED WATER TREATMENT PLANT

The information received by NATC from potential water treatment plant suppliers is based on parameters previously provided in reports submitted to YESAB in July and October 2011. The information is presented again below.

2.1 Flows

The proposed water treatment plant (WTP) will be designed to meet the flow parameters indicated in the site water balance tables provided in the response document dated July 15, 2011. As detailed engineering and mine design will determine if the WTP is best installed to treat the reservoir discharge water or just the mill discharge water, the highest and lowest flow rates were provided to potential WTP suppliers. The lowest anticipated flow rate would be approximately 47 L/s, a relatively constant rate discharged from the mill all year round. The highest anticipated flow rate would be approximately 160 L/s discharged from the reservoir at peak times during the year (May to September). However, the total maximum outflow rate from the reservoir of 215 L/s was provided to WTP suppliers to ensure that the highest predicted maximum flow rate could be treated.

2.2 Water Quality Parameters

As previously stated by NATC, according to the water quality prediction model provided to YESAB in October, 2011 none of the constituents in the reservoir are anticipated to exceed MMER criteria. However, NATC obtained treatment information from WTP suppliers based on those effluent constituents that remained of continued concern to YESAB, namely arsenic, cadmium, chromium, copper, lead, selenium and zinc. As YESAB will be aware, MMER does not have regulatory criteria for cadmium, chromium and selenium.

Furthermore, it is generally understood that any CCME guideline values (for the protection of aquatic life) that may be applied to the downstream receiving environment, as agreed with the regulators, will be set at a negotiated distance downstream of the ravine dam discharge point. The precise location of the CCME monitoring point and the target concentrations for those constituents will be determined during the application process for the Type A Water Licence. In conformance with the MMER, the current target final effluent discharge concentrations for arsenic, copper, lead and zinc are as follows:

- Arsenic – less than 0.5 mg/l
- Lead – less than 0.2 mg/l
- Zinc – less than 0.5 mg/l
- Copper – less than 0.3 mg/l
- Total suspended solids (TSS) – 500 to 750 mg/l

These regulatory criteria were provided to potential WTP suppliers. These criteria have been key inputs into the preliminary WTP design phase, and will remain the target criteria unless different values are agreed to between NATC and the regulators during the water licence application phase.

As indicated in the attached documentation, the current proposed WTP system will use a combination of pH modification for metals precipitation, decantation (Actiflo design by Veolia) pH adjustment, and drum filtration. The appended brochure from Veolia provides further information about this particular system (Attachment 1) including examples of other mine water treatment plants that have successfully employed this process system. A preliminary flow diagram for the Mactung Water Treatment Plant is provided in Attachment 2.

2.3 Waste Generated by the Water Treatment Plant

Assuming that a WTP is operated at the proposed Mactung mine, a waste sludge will be generated. This waste will be disposed of (buried) in the dry stack tailings storage facility or transported off-site to a permitted treatment or storage facility most likely located in southern Canada.

2.4 Water Quality Management Plan

A comprehensive Water Quality Management Plan (WQMP) will be completed during the Type A Water Licence and Quartz Mining Licence application phases. The WQMP will be prepared to inform the design and operation of the WTP, and monitor the effectiveness of the WTP. The WQMP will include and address the following topics:

Background Information

Information on the baseline water quality and quantity at the site and the expected water quality of the mill and reservoir water will be included in this section, based on the water quality prediction model. The potential constituents of concern, their origin, characteristics and fate will be included in this section.

WTP Objectives

The objectives of the WTP will include:

- The target concentrations for selected constituents;
- The timeline for construction and operation of the WTP.

Location of the WTP

- The proposed location and rationale for the choice of location.

Construction

- Construction criteria;
- Construction sequencing.

Operation

- When operation of the plant may be needed;
- The trigger concentrations for plant operation;
- Lead-in time to prepare the plant for operation;
- Plant operation description;
- Waste sludge management (collection, storage, disposal).

Maintenance and Monitoring

- Maintenance schedule (for operation and non-operation periods);
- Monitoring Criteria and schedule;
- How the plant will be monitored for its effectiveness, if it is used.

Plant Safety and Malfunction Preparedness

- Safety within the plant;
- Staff training and qualifications to operate the plant;
- Trouble shooting the plant.

Decommissioning

- Information to be considered when the plant is decommissioned.

3.0 BACKFILLING AND SEALING OF STOPES

3.1 Backfilling Stopes

The conceptual sequence of operations to backfill the long hole stopes is presented in Figures 1, 2 and 3 and described below.

Stage 1: If available, a layer of waste rock will be placed on the floor of the empty stope using the lower portal for access. If no waste rock is placed the sequence will start with Stage 2.

Stage 2: Seal off the lower access portal with a shotcrete bulkhead and/or concrete plug. The pillar thickness through which the lower stope portal is located is approximately 4 m thick, which is adequate to construct a structural element (shotcrete bulkhead and/or concrete plug) that will both provide resistance to prevent the flow of retained tailings into the adjacent mine workings and provide a low permeable barrier to water egress from the backfilled stope. This will also further limit the available oxygen to the backfilled material.

Stage 3: Dump filtered tailings from the upper access into the stope. This will either be achieved by end dumping directly into the stope or by dumping outside the upper access and pushing the tailings into the stope using a low ground pressure dozer.

Stage 4: Continue to backfill the stope with filtered tailings and/or intermixed waste rock from the upper access. A low ground pressure dozer will be used to spread the backfill into the lateral extents of the stope.

Stage 5: Continue to backfill the stope with filtered tailings and/or intermixed waste rock from the upper access. A low ground pressure dozer will be used to spread the backfill into the lateral extents of the stope.

Stage 6: Backfill the upper stope void space using filtered tailings and a low ground pressure dozer.

Stage 7: Continue to backfill the upper stope void space using filtered tailings and a low ground pressure dozer.

Stage 8: Complete backfilling of the upper stope void space retreating towards the upper access portal. Once the stope backfilling is complete, install a shotcrete bulkhead or concrete plug to seal off the upper access portal.

The mechanized cut-and-fill stopes will, if required, be backfilled in a similar manner.

3.2 Sealing Access to the Stopes

The shotcrete bulkheads and/or concrete plugs will provide the necessary resistance to prevent the flow of retained tailings out of the backfilled stope into the adjacent mine workings and will effectively inhibit air (oxygen) circulation. The proposed pillar thickness between individual stopes is four (4) m, which is considered adequate to enable the design of a structural element to provide the necessary shear resistance to support non-structural filtered tailings and be a low permeability barrier to groundwater egress.

4.0 CLOSURE

EBA trusts that this additional information will meet the needs of the YESAB.

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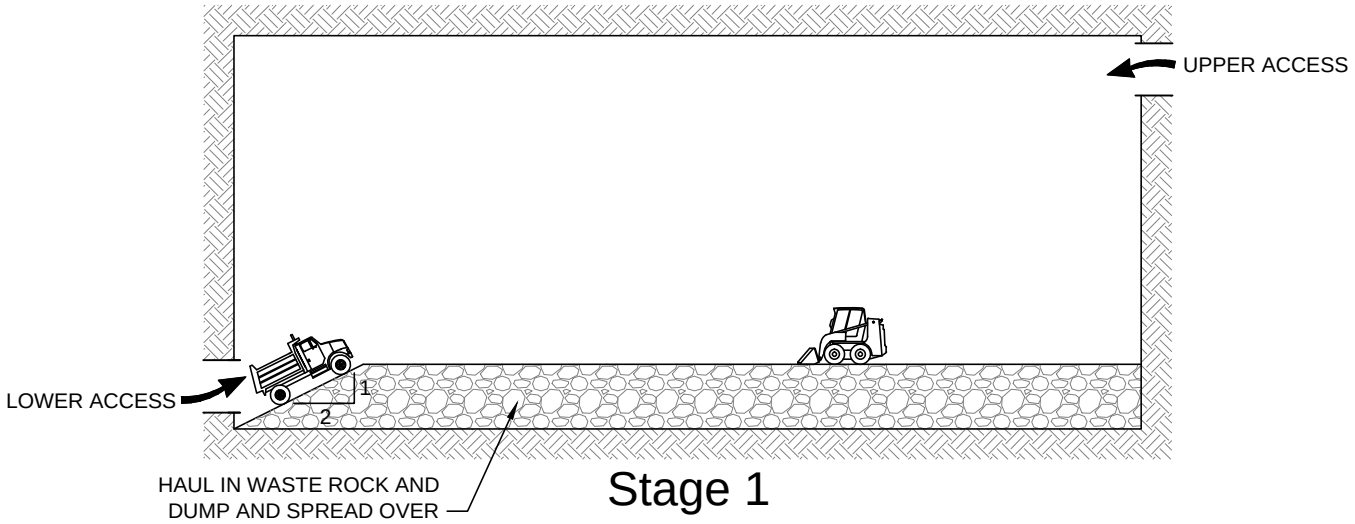
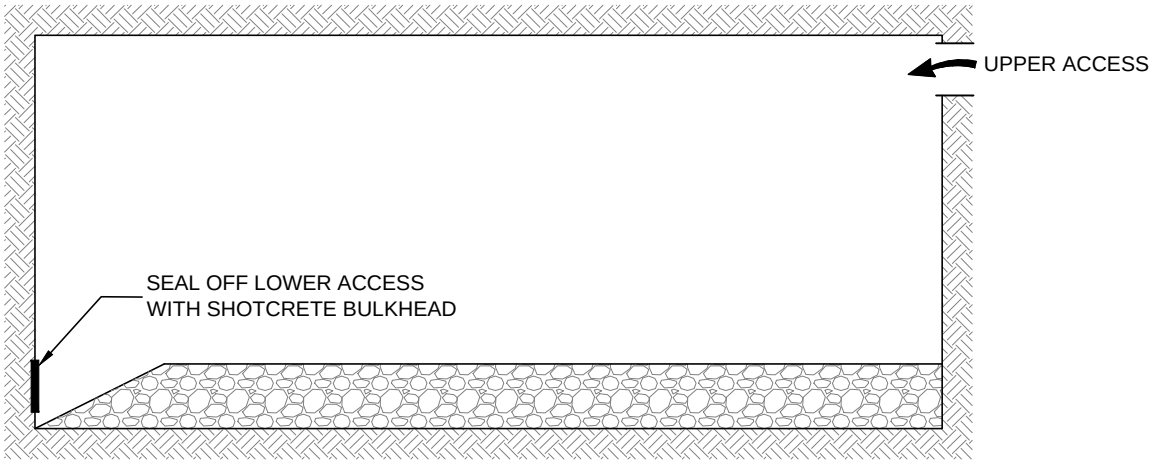
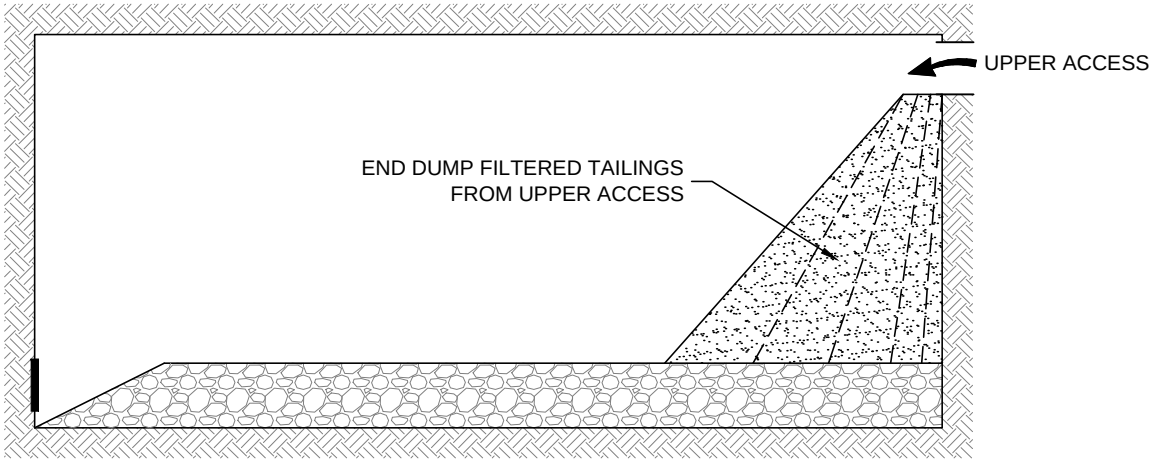
Attachments: Veolia Water Solutions and Technologies Industrial Application
Process Flow Diagram – Nat Mactung WTP



Stage 1



Stage 2



Stage 3

0 25

Scale: 1: 500 (metres)

CLIENT

NORTH AMERICAN TUNGSTEN CORPORATION LTD.

YESAA ASSESSMENT
MACTUNG, YUKON

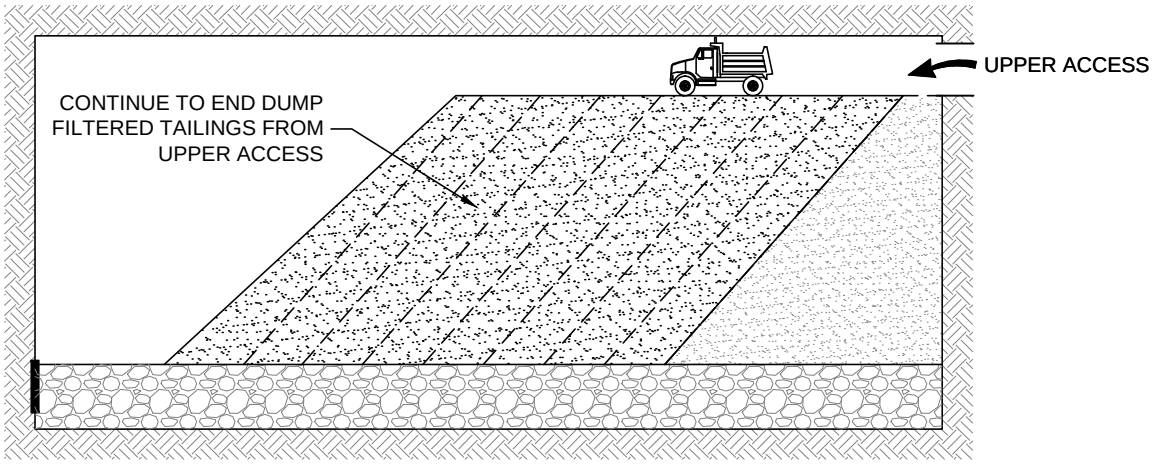
PROPOSED STOPE BACKFILL
STAGES 1 - 3

PROJECT NO.	DWN	CKD	REV
W23101211.003	CB	GMR	0

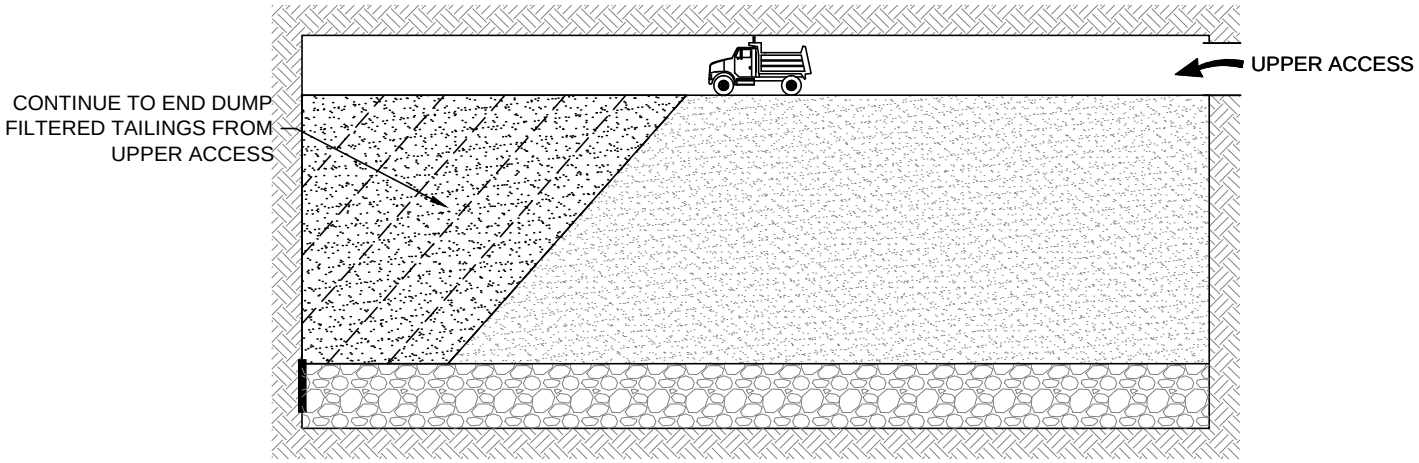
OFFICE	DATE
EBA-WHSE	May 18, 2012

A TETRA TECH COMPANY

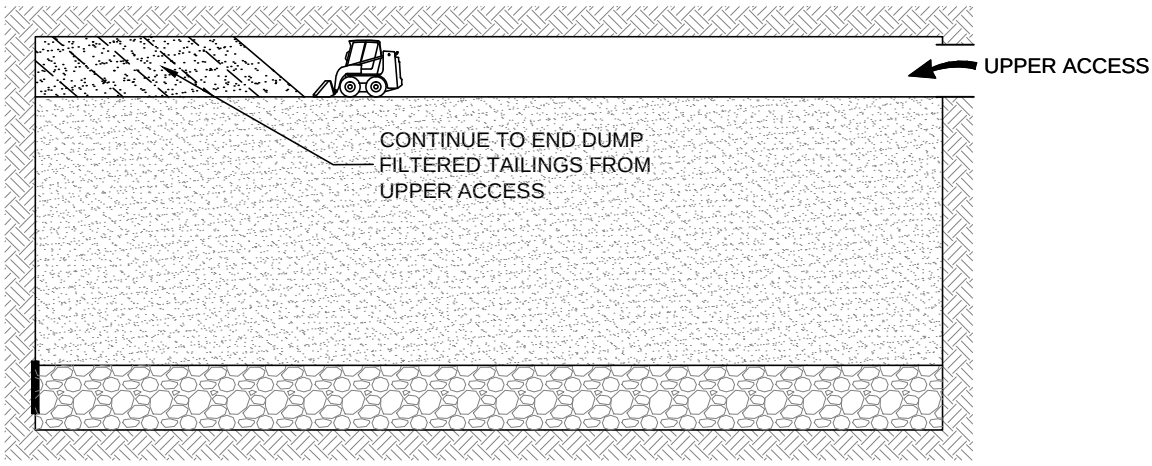
Figure 1



Stage 4



Stage 5



Stage 6

0 25

Scale: 1: 500 (metres)

CLIENT

NORTH AMERICAN TUNGSTEN CORPORATION LTD.

YESAA ASSESSMENT
MACTUNG, YUKON

PROPOSED STOPE BACKFILL
STAGES 4 - 6

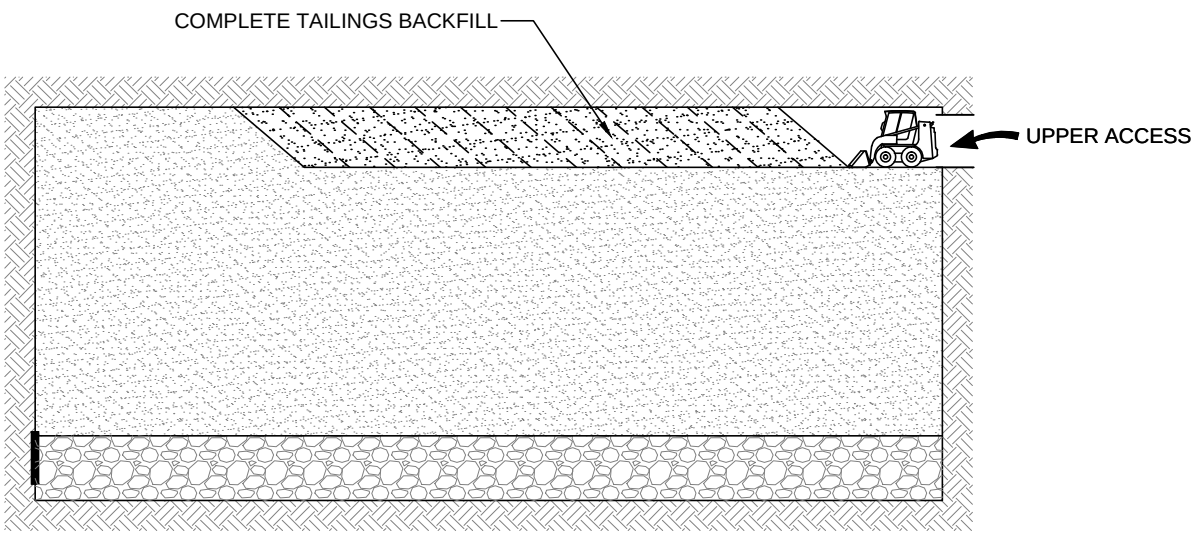
A TETRA TECH COMPANY

PROJECT NO.	DWN	CKD	REV
W23101211.003	CB	GMR	0

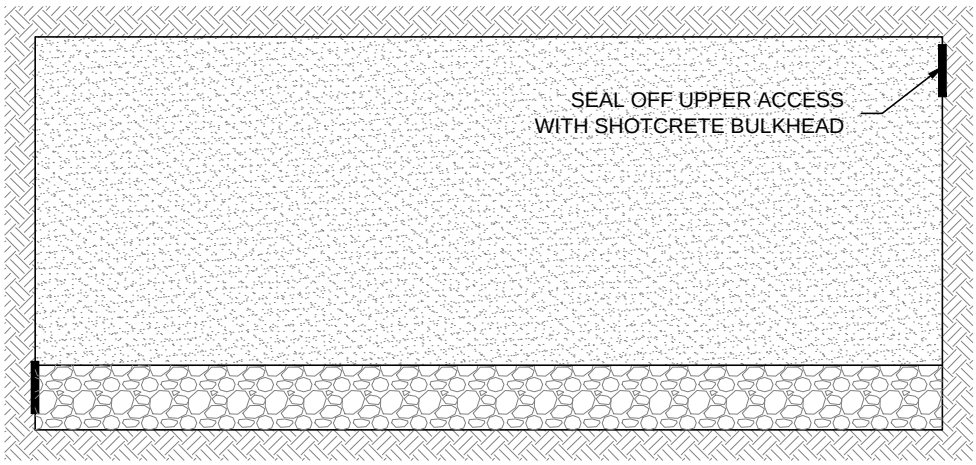
OFFICE	DATE
EBA-WHSE	May 18, 2012

Figure 2

C:\Users\cameron.buchan\Desktop\Working Drawings\For Nigel.dwg [FIGURE 2] May 18, 2012 - 3:45:34 pm (BY: BUCHAN, CAMERON)



Stage 7



Stage 8

0 25

Scale: 1: 500 (metres)

CLIENT

NORTH AMERICAN TUNGSTEN CORPORATION LTD.

YESAA ASSESSMENT
MACTUNG, YUKON

PROPOSED STOPE BACKFILL
STAGES 7 - 8

PROJECT NO.	DWN	CKD	REV
W23101211.003	CB	GMR	0

OFFICE	DATE
EBA-WHSE	May 18, 2012

A TETRA TECH COMPANY

Figure 3

C:\Users\cameron.buchan\Desktop\Working Drawings\For Nigel.dwg [FIGURE 3] May 18, 2012 - 3:45:55 pm (BY: BUCHAN, CAMERON)

ATTACHMENT I

Veolia Water Solutions and Technologies
Industrial Applications

Manitoba Science, Technology, Energy and Mines
Mines Branch
July 6, 2009

VEOLIA
WATER

COMPANY OVERVIEW

COMPANY OVERVIEW

WORLD LEADER IN ENVIRONMENTAL SERVICES

Present in more than 100 countries
with 310,000+ employees.
2008 Revenue = $42 billion

VEOLIA WATER SOLUTIONS AND TECHNOLOGIES

The technological **division of Veolia Water,** VWS is **the leader** in terms of:

- volume of activity
- number of references
- quality of offer (technology portfolio)

➔ **120 subsidiaries** in **over 55 countries**

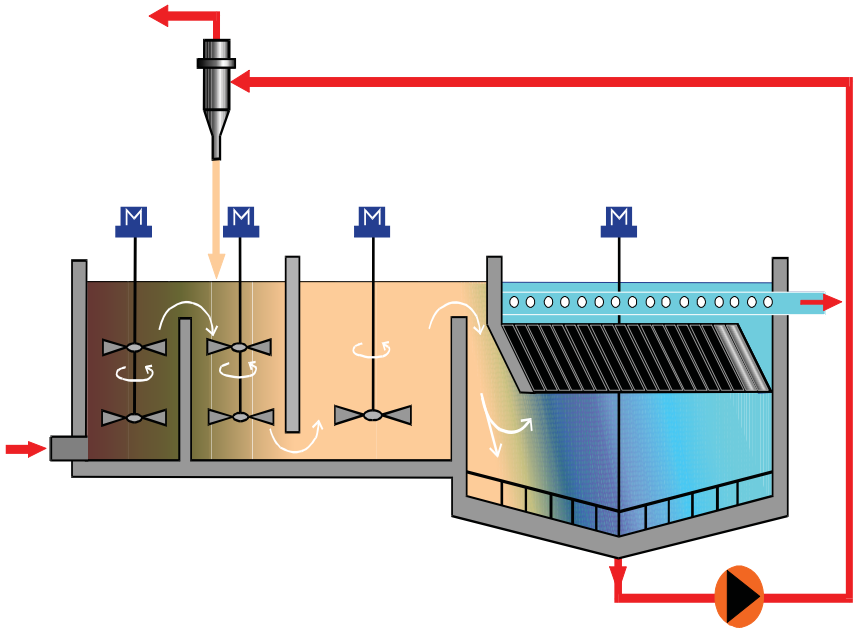
➔ **$2.8 billion** in revenue **in 2008**

TECHNOLOGIES

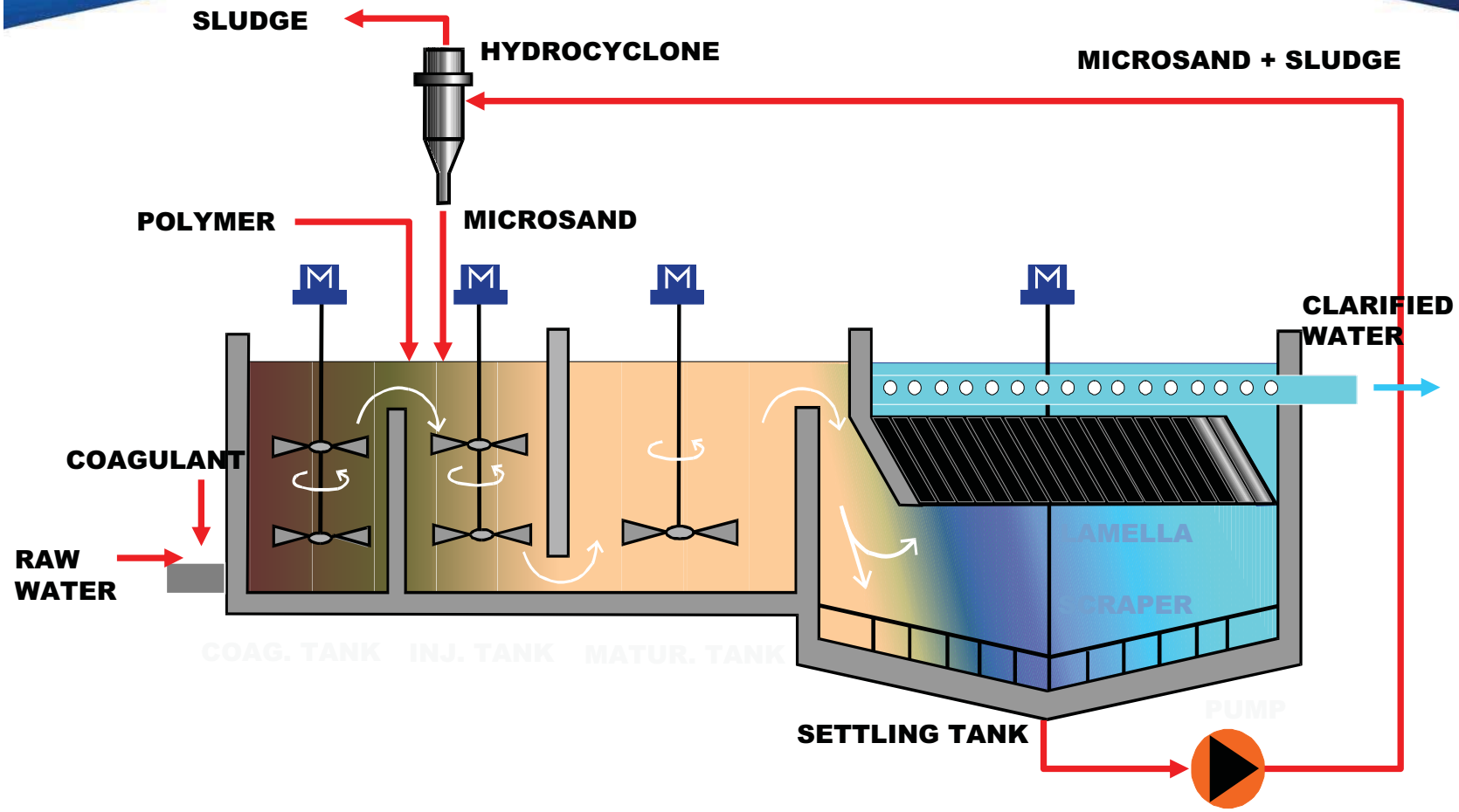
TECHNOLOGIES: ACTIFLO

ACTIFLO is a patented clarification process that relies on :

- Efficient coagulation
- Enhanced flocculation
- Ballasted floc
- Lamella tube settling
- Microsand recirculation

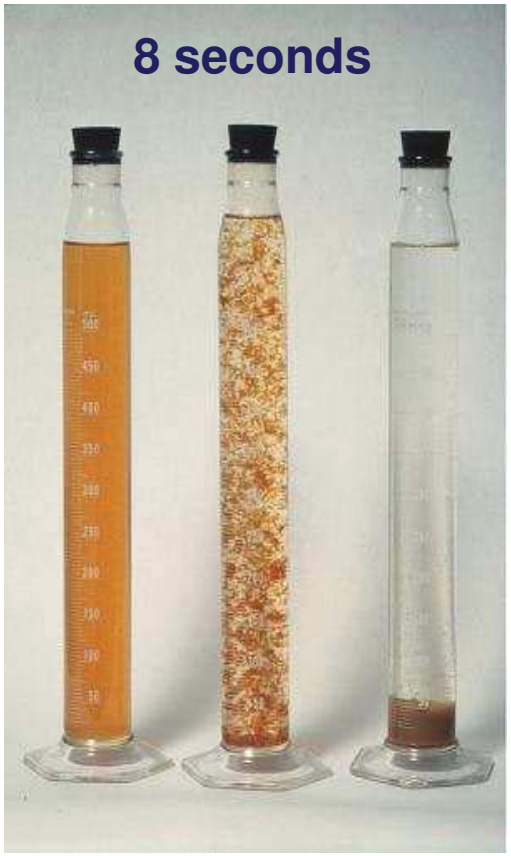


TECHNOLOGIES: ACTIFLO



ACTIFLO® Treatment Simulation

Left to right (Conventional, polymer assisted, and ballasted sedimentation)



ACTIFLO®
Relative Installed Footprint Comparison

TECHNOLOGIES: ACTIFLO

Parameters		Units	Mixed 95% FC/ 5% SM
Operational parameters			
1011 dry polymer dosage		mg/L	0.65
Total neutralization time Neutralization time in the tank Set pH in the neutralization tank		min. min. --	6 4 10.5
Flow rate Rise rate		m^3/h m/h	39 52
Analytical parameters			
Total suspended solids*	AFW CW Removal	mg/L mg/L %	147 3.3 → **98**
Nickel*	AFW CW Removal	TCU TCU %	7.89 0.19 → **98**
Copper*	AFW CW Removal	mg/L mg/L %	0.287 0.048 → **83**
Iron*	AFW CW Removal	mg/L mg/L %	27.6 0.26 → **99**
Turbidity	AFW CW Removal	NTU NTU %	110 0.764 → **99**
Alkalinity (as $CaCO_3$)	AFW CW	mg/L mg/L	100 80
Temperature	CW	ºC	1.7
Calcium*	AFW CW	mg/L mg/L	386 369
Sulfates*	AFW CW	mg/L mg/L	1539 1482
pH	CW	--	10.6

Mining Application

Actiflo Results

Nickel 98% removal

Copper 83% removal

Iron 99% removal

Turbidity 99% removal

Temperature near freezing!

VEOLIA WATER

Mining

96% Arsenic

Removal

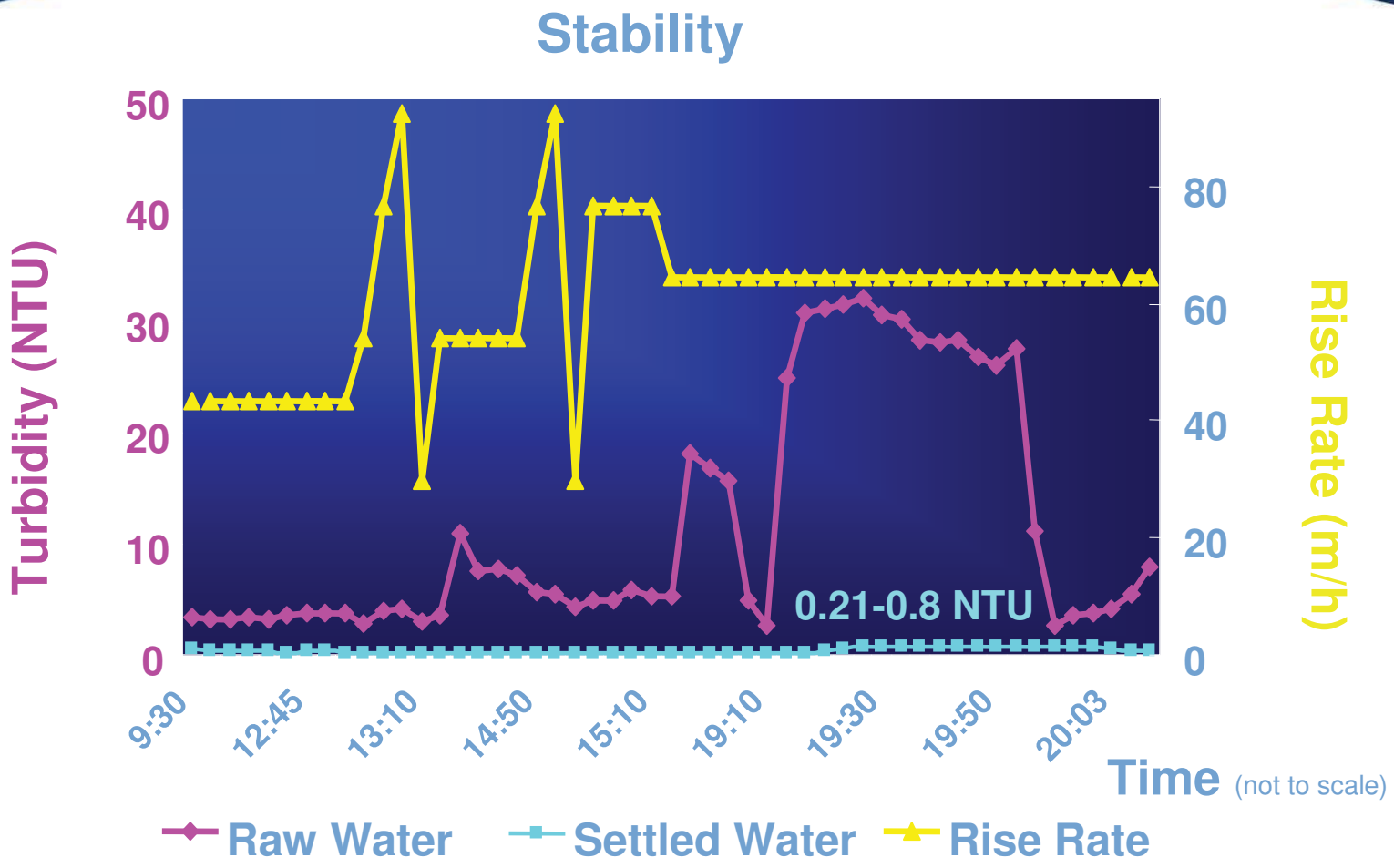
Parameters		Units	Oxidant		
			$KMnO_4$		NaOCl
Coagulant	Type	--	$FeCl_3$	$FeCl_3$	$FeCl_3$
	Dosage	mg/L	30	30	30
Polymer	Type	--	1011	1011	1011
	Dosage	mg/L	0.2	0.2	0.2
Oxidation	Type	--	$KMnO_4$	$KMnO_4$	NaOCl
	Dosage	mg/L	0.25	0.5	1.25
	Contact time	min.	2	2	5
PH	RW	--	7.63	7.63	7.63
	CW	--	7.08	7.22	7.02
Turbidity	RW	NTU	1.84	1.84	1.84
	CW	NTU	1.60	2.03	0.93
	% removal	%	**13.0**	NA	**49.5**
Apparent colour	RW	ACU	41	41	41
	CW	ACU	20	25	22
	% removal	%	**51.2**	**39.0**	**46.3**
Total arsenic*	RW	mg/L	0.686	0.686	0.686
	CW	mg/L	0.028	0.028	0.017
	% removal	%	**95.9**	**95.9**	**97.5**
Total iron	RW	mg/L	1.89	1.89	1.89
	CW	mg/L	0.39	0.22	0.31
	% removal	%	**79.4**	**88.4**	**83.6**
Total manganese	RW	mg/L	0.2	0.2	0.2
	CW	mg/L	0.106	0.14	0.119
	% removal	%	**47.0**	**30.0**	**40.5**

Actiflo Data: Mining

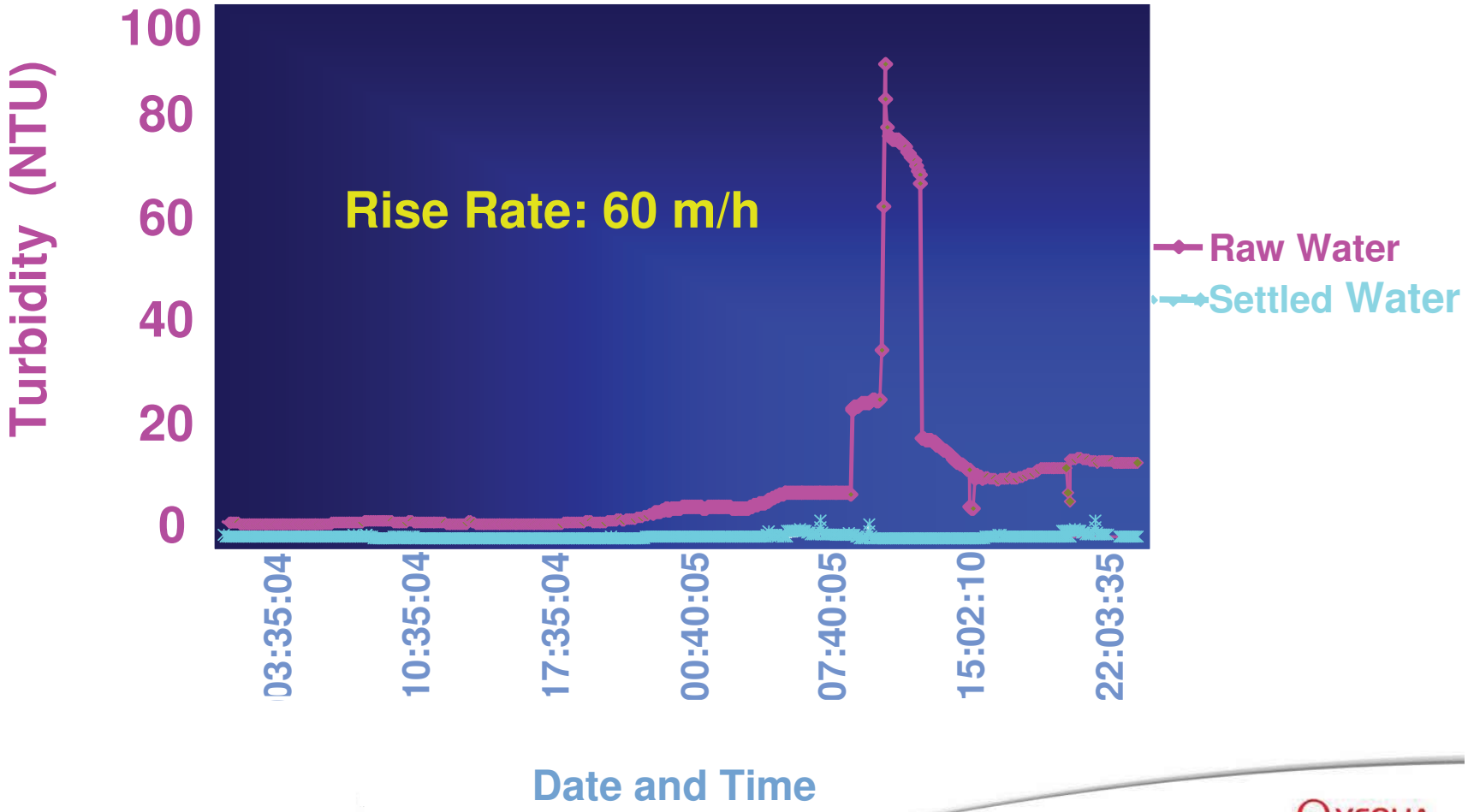
Sb, Mo, Cu Removal

Coagulant-lime addition sequence			Simultaneously	Coagulant : 5 min Lime : 5 min.
Coagulant	Type	--	$Fe_2(SO_4)_3$	$Fe_2(SO_4)_3$
	Dosage	µL/L	325	325
		mg/L Fe	60	60
Lime	Dosage	mg/L	120	120
Polymer	Type	--	Magnafloc 10	Magnafloc 10
	Dosage	mg/L	0.5	0.5
pH	ETP	--	7.46	7.46
	CW		6.90	7.10
Turbidity	ETP	NTU	1.39	1.39
	CW	NTU	0.28	0.31
	Removal	**%**	**79**	**77**
Total Arsenic (As)*	ETP	mg/L	0.009	0.009
	CW	mg/L	0.002	0.001
	Removal	**%**	**77**	**88**
Total Antimony (Sb)*	ETP	mg/L	1.96	1.96
	CW	mg/L	0.22	0.17
	Removal	**%**	**88**	**91**
Total Copper (Cu)*	ETP	mg/L	0.23	0.23
	CW	mg/L	0.05	0.01
	Removal	**%**	**78**	**95**
Total Lead (Pb)*	ETP	mg/L	< 0.01	< 0.01
	CW	mg/L	< 0.01	**< 0.01**
	Removal	**%**	**--**	**--**
Total Mercury (Hg)*	ETP	mg/L	< 0.1	< 0.1
	CW	mg/L	< 0.1	< 0.1
	Removal	**%**	**--**	**--**
Total Molybdenum (Mo)*	ETP	mg/L	1.61	1.61
	CW	mg/L	0.24	0.42
	Removal	**%**	**85**	**73**
Total Nickel (Ni)*	ETP	mg/L	0.24	0.24
	CW	mg/L	0.16	0.06
	Removal	**%**	**33**	**75**
Total Zinc (Zn)*	ETP	mg/L	0.03	0.03
	CW	mg/L	< 0.01	< 0.01
	Removal	**%**	**> 66**	**> 66**

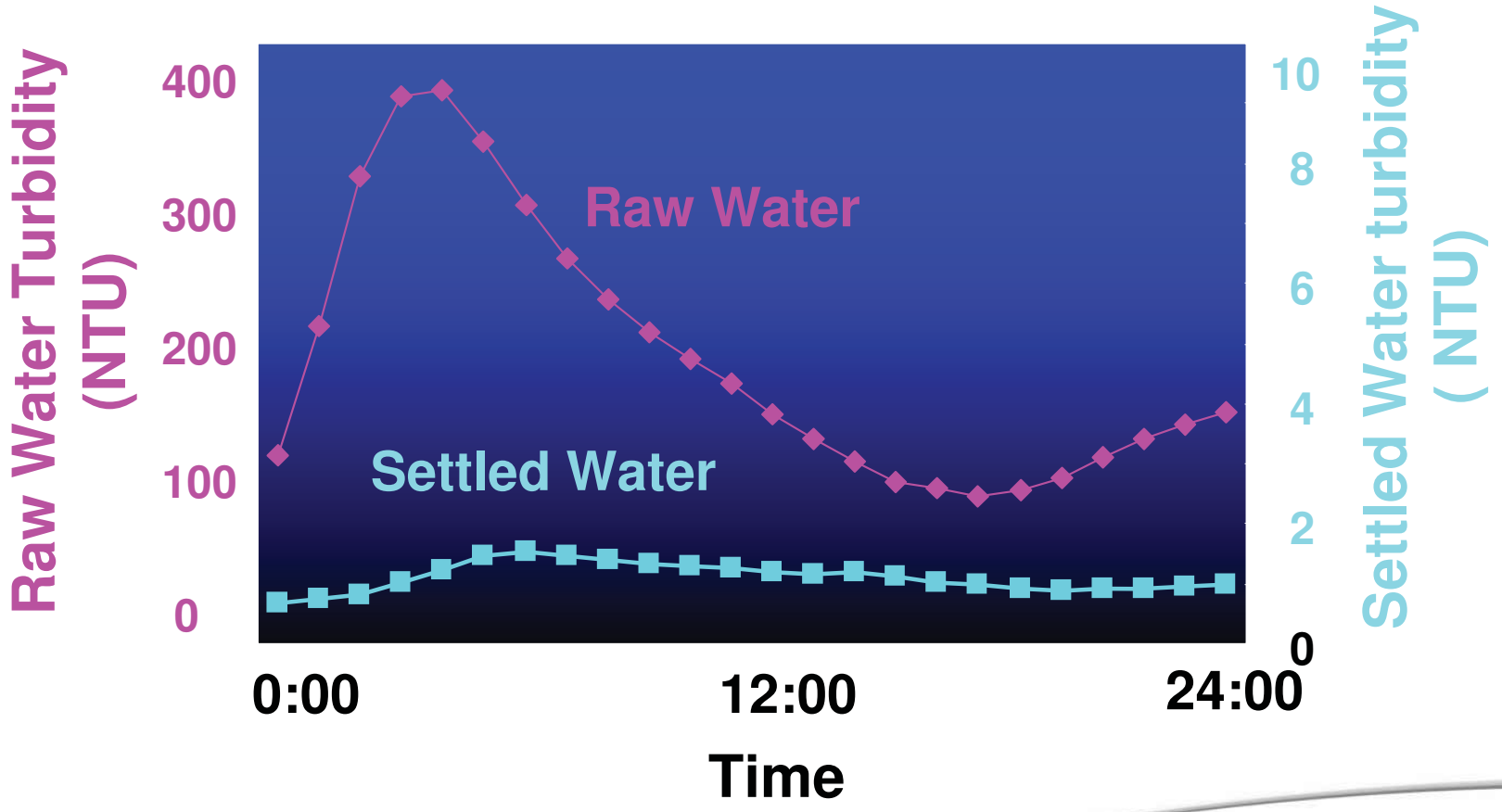
TECHNOLOGIES: ACTIFLO



Stability in Turbidity Spike



Stability in Turbidity Spike



Packaged Systems

Hi flow, low footprint, portable, packaged plants for any application.

TECHNICAL SERVICES

TREATABILITY STUDIES & PILOT PLANTS

ACTIFLO Pilot Plant (0.7 MGD)

PILOT PLANTS

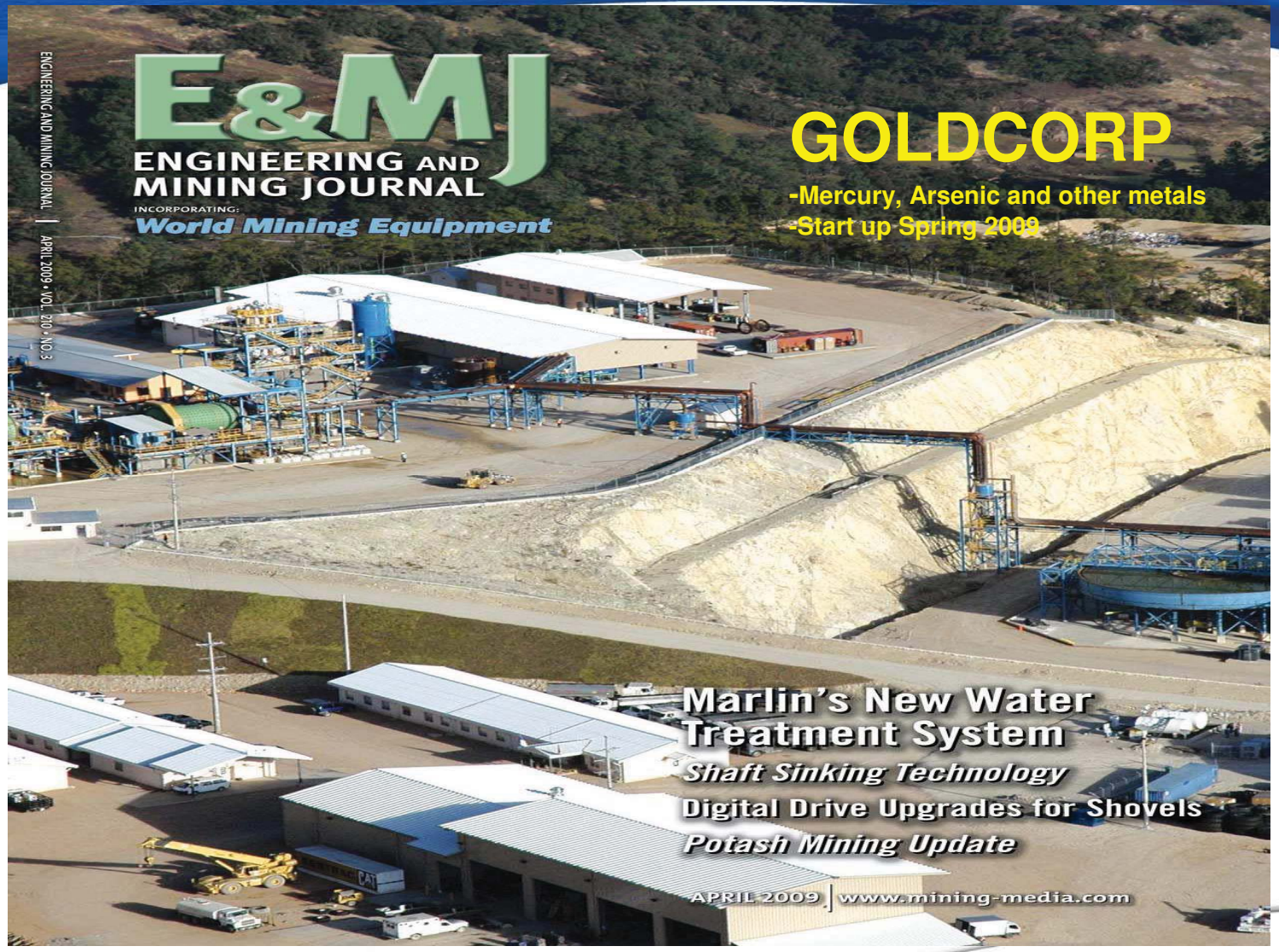
goldcorp inc.

teckcominco

INCO

REFERENCES

METALS AND CYANIDE



ACTIFLO - Arsenic

Goldcorp Wilanour Mine

- 8000 m^3/d (2 MGD)
- dual train, concrete Actiflo
- Arsenic reduced from 2 mg/L down to 0.02 mg/L

Start-up spring 2006

goldcorp inc.

Goldcorp Red Lake Mine

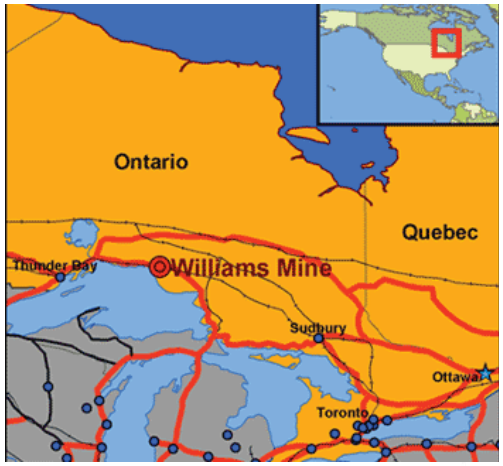
- 30,000 m^3/d (8 MGD)
- dual train Stainless Steel Actiflo Packaged Plant.
- Each unit 15'W x 38'L
- Arsenic reduced from 2 mg/L down to 0.02 mg/L

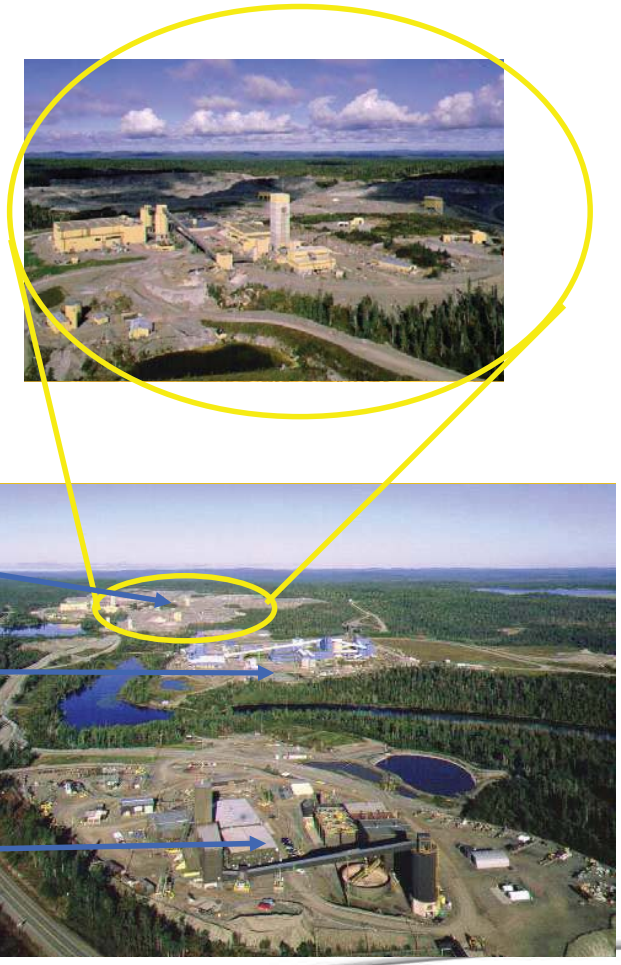
Start-up spring 2007

Barrick Gold Williams Mine

- 2000 m^3/d
- Tailings Effluent Treatment
- Single train Actiflo Packaged Plant
- TSS, Mo and Sb removal with option for sludge recirc

Start-up Winter 2010





Williams Mine - Barrick

Golden Giant Mine (Care & Mtce.)

David Bell Mine-Barrick

ACTIFLO: Mine Shaft Dewatering

Campbell Resources– Gold Mine

Actiflo Pilot Trailer (Mobile) 2100 m^3 per day

Application: Mine Shaft Dewatering - TSS

Package Plants

Troilus Mine – Northwest Quebec

Model: Actiflo ACP-750 (3500 gpm - 5 MGD)

Application: Mining Effluent - TSS

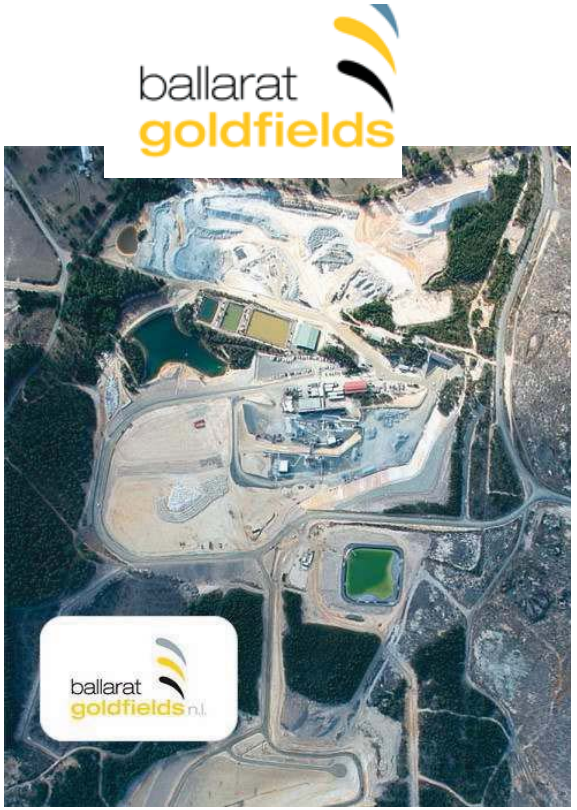
Redcorp Resources-Tulsequah Chief Mine

- 8000 m^3/d (2MGD)
- Dual train, packaged Actiflo and Filters
- Metals Removal to meet BC MEND Effluent Limits

Start-up summer 2009

ACTIFLO® HEAVY METALS REMOVAL

- **Project:** Ballarat Goldfield
- **Location:** Melbourne Aus.
- **Application:** Actiflo/Actidisc Treatment of underground mine water at the Ballarat Goldfields to remove heavy metals, arsenic, iron, manganese and other contaminants, with discharge to environment.
- Flow Rate**:** The new plant with a capacity of 3.89 ML/day



ACTIFLO® - Full Scale Turnkey Installation

STORA-ENSO
Port Hawksbury, NS
Paper Plant

- Turnkey, process water plant
- Guaranteed flow: 60,000 m^3/d (16mgd)
- Guaranteed performance: < 0.25 NTU Color < 5 UCV
- Commissionning: 2002
- Equipment: Actiflo®, Dusenflo®, dosage, pumping, instrumentation & control.
- Scope of work: Engineering, excavation, construction, electricity, building, operation assistance

Project Value: $7 600 000

PROCESS WATER: URANIUM MINE

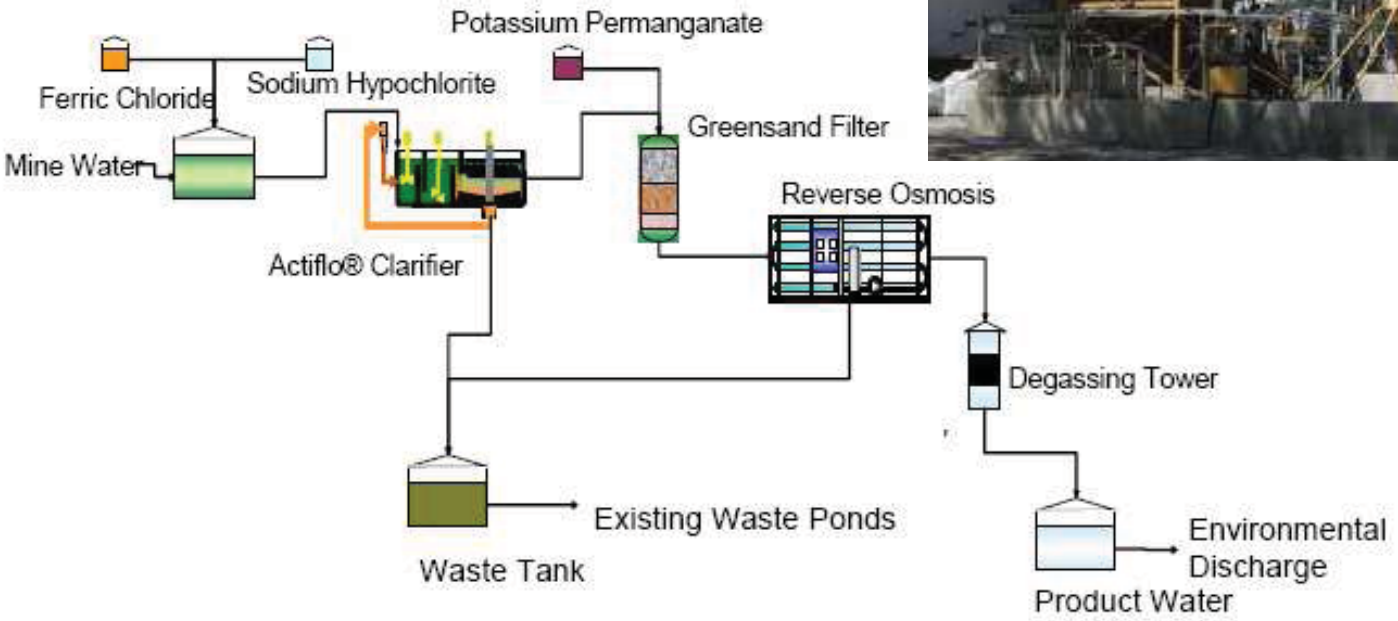
Project: SXR Uranium One –
VWS South Africa : Finance, Build, Operate, Maintain – 5 years

Location: Dominion South Africa
Start up: 2006
Application: Plant Process Water production

METALS REMOVAL

Bendigo Gold Mine – Australia

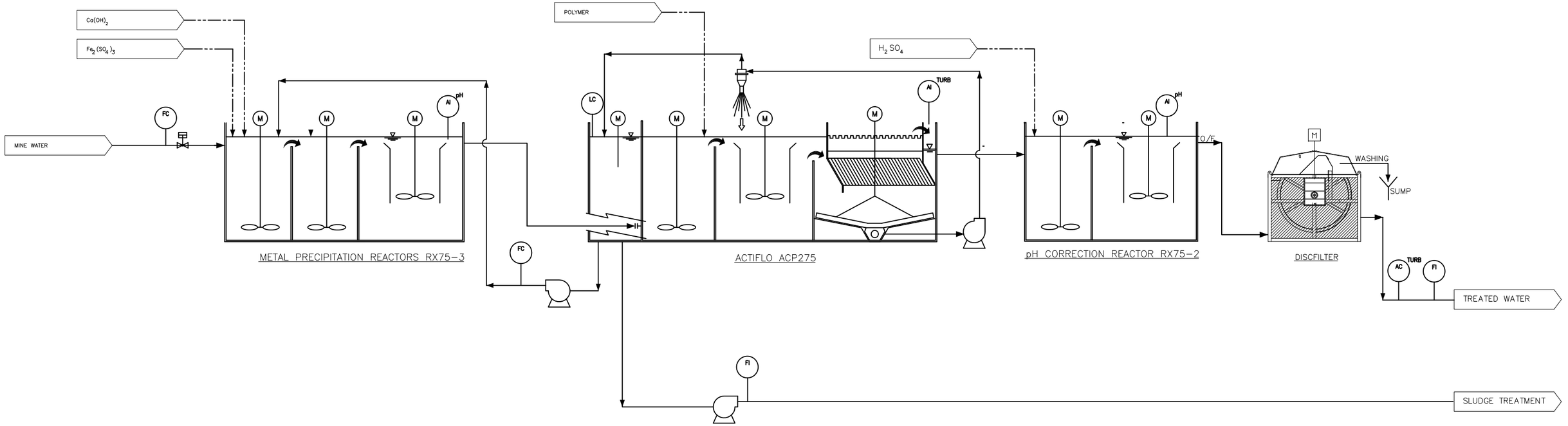
7000 m^3/d (2 MGD) Metals removal



2003 Turnkey design of 7.0 MGD 2-Stage Acid Mine Drainage Treatment System Horseshoe Bend WTP, Butte Montana

More efficient use of neutralizing agent
Reduces the volume of sludge generated from treating metal bearing wastewater
Reduces the quantity of filter cake generated (50 % decrease)
Reduces sludge dewatering time
For mine drainage wastes, provides capability to remove manganese and iron at a reduced pH
Consistent pH control
Decreases sludge blanket in clarifiers
Generates a metal oxide that may be reclaimed
Reduced scaling from gypsum formation

ATTACHMENT 2



PRELIMINARY

REV	DESCRIPTION	DATE	REV'D	CHKD	APV'D	ECN
A	PRELIMINARY	2012-05-16	J.D.	N/A	N/A	N/A

DESIGNER	J.D.
DATE	2012-05-16
CHECKER	N/A
DATE	N/A
ENGINEER	N/A
DATE	N/A
SCALE:	NONE

TITLE: PROCESS FLOW DIAGRAM
NAT MACTUNG
WATER TREATMENT PLANT

CLIENT

VEOLIA WATER Solutions & Technologies
VEOLIA Water Solutions & Technologies CANADA
2000 Argentia RD, Plaza IV, Suite 430
Mississauga, ON L5N 1W1 T.905-286-4846
F.905-286-0488

PROJECT	DRAWING	INTERNAL	SHEET	REV
12TB06 - PF001		GEN0000	1 OF 1	A

STD: "D" 22x34 | REF: | BAR = 1" AT PLOT SCALE