

**NORTH AMERICAN
TUNGSTEN
CORPORATION
LTD.**

Suite 11 - 1155 Melville Street,
Vancouver, B.C. V6E 4C4
Phone: 604-682-1333 Fax: 604-682-1324
Toll Free: 1-800-478-5550
Email: westpac@intergate.ca

July 12, 2001

Mackenzie Valley Land and Water Board
7th Floor, 4910 - 50th Avenue
Yellowknife, NT
X1A 2P6

Attention: Ms. Wanda Anderson
Assistant/Executive Director

Mackenzie Valley Land
& Water Board

File

JUL 27 2001

Application # N3L2-0004
Copied To MSLUB/Reg

Dear Ms. Anderson;

Re: Water Recycling at CanTung - Water Licence N3L2-0004, Tungsten, NWT

North American Tungsten Corporation Inc. plans to resume mill operations at the CanTung mine site no sooner than December 7, 2001. The CanTung mine is located in Tungsten, NWT on the Flat River. The mine operates under a Type "A" water licence (N3L2-0004) originally issued to Canada Tungsten Mining Corporation by the Northwest Territories Water Board.

As per Part C, Item 1 of the water licence, North American Tungsten has evaluated the use of water at the mine site and the potential for recycling water during operations. Every reasonable effort will be made to reduce and minimize fresh water usage in the mill.

The mill will recycle various streams within the gravity, floatation, and their associated circuits to meet this objective. Added benefits of recycling process water within the mill include a slight increase of floatation circuit performance due to warmer slurry temperatures and less tailing volumes to handle in the tailing ponds. It is in North American Tungsten's best interests to recycle as much water as possible within the system.

Historically, during operations, the recycled water was approximately 25% of the total used to process 1,000 tpd of ore. When processing ore, water from concentrate classifier, filter, thickeners, and settling equipment is recycled through the reclaim system for re-use in the mill. In addition, mine seepage water is utilized in the mill to the maximum extent possible.

As the mill has not operated in some years, an "investigative study" is not possible prior to resumption of operations. However, it is not expected that conditions will vary from what was previously achieved. An investigative study will be carried out following the resumption of milling operations to determine if the amount of water recycling can be increased. The results of this investigation will be submitted to the MVLWB.

North American Tungsten is committed to upholding good environmental performance from this site and to maintaining proper standards of care. We will also continue to rely on the experience and knowledge of site personnel and consultants.

Should you have any questions please feel free to contact me at your convenience.

Yours truly,



Udo von Doehren, President

NORTH AMERICAN TUNGSTEN CORPORATION LTD.