



NOTICE OF ANNUAL AND SPECIAL  
MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 26, 2014

AND

MANAGEMENT INFORMATION CIRCULAR

## ALMONTY INDUSTRIES INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 26, 2014

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting of the holders of common shares (the “**Shares**”, and holders thereof, the “**Shareholders**”) of Almonty Industries Inc. (the “**Company**”) will be held at the Company’s offices at 40 King Street West, Suite 2706 Toronto, Ontario on Tuesday, March 26, 2014, at 9:00 a.m. (Toronto time) (together with any adjournment or postponement thereof, the “**Meeting**”).

The following business of the Company will be transacted at the Meeting:

1. to receive and consider the audited consolidated financial statements of the Company for the fiscal year ended September 30, 2013, together with the auditor’s report thereon;
2. to set the number of directors and to elect directors to serve for the ensuing year;
3. to appoint the auditor of the Company for the ensuing year and to authorize the board of directors of the Company to fix such auditor’s remuneration;
4. to consider and, if thought advisable, to ratify and reapprove the Company’s stock option plan;
5. to transact such other business as may properly come before the Meeting.

This notice is accompanied by a management information circular (the “**Circular**”) and a form of proxy, which together provide additional information relating to the matters to be dealt with at the Meeting.

The record date for determination of Shareholders entitled to receive notice of and to vote at the Meeting was the close of business on February 18, 2014 (the “**Record Date**”). Only Shareholders whose names were entered in the register of holders of Shares on the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting.

Registered Shareholders are entitled to vote at the Meeting either in person or by proxy. Regardless of whether a Shareholder plans to attend the Meeting in person, please complete, date and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Circular. To be valid, such proxies must be deposited with the Company’s transfer agent, Computershare Investor Services Inc., not later than 48 hours prior to the commencement of the Meeting, excluding Saturdays, Sundays and holidays.

All non-registered Shareholders who plan to attend the Meeting must follow the instructions set out in the voting instruction form and in the Circular to ensure that such Shareholders’ Shares will be voted at the Meeting. If you hold your Shares in a brokerage account, you are not a registered Shareholder.

#### **BY ORDER OF THE BOARD OF DIRECTORS**

Toronto, Ontario  
February 19, 2014

*(signed) “Lewis Black”*

Lewis Black  
Chairman of the Board of Directors, President and Chief Executive Officer

**ALMONTY INDUSTRIES INC.  
MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MARCH 26, 2014**

**This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Almonty Industries Inc. (the “Company”), a corporation governed by the *Canada Business Corporations Act* (the “CBCA”), for use at the Annual and Special Meeting of the holders of common shares of the Company (the “Shares”, and holders thereof, the “Shareholders”) to be held at the offices the Company at 40 King Street West, Suite 2706 Toronto, Ontario on Wednesday, March 26, 2014, at 9:00 a.m. (Toronto time) (together with any adjournment or postponement thereof, the “Meeting”) for the purposes set out in the accompanying notice of Meeting (the “Notice of Meeting”).**

Information contained in this Circular is given as at February 19, 2014, and all dollar amounts are stated in Canadian dollars, unless otherwise indicated.

**GENERAL PROXY INFORMATION**

**A. SOLICITATION OF PROXIES**

**The accompanying proxy is being solicited by or on behalf of the management of the Company and the cost of such solicitation will be borne by the Company.** It is expected that the solicitation of proxies will be primarily by mail, though proxies may also be solicited, without special compensation, in person or by telephone, fax, email, or other means of communication by directors, officers or regular employees of the Company. The Company may pay investment dealers or other persons holding Shares in their own names or in the names of nominees (collectively, “**intermediaries**”) for their reasonable expenses incurred in sending this Circular and the accompanying Notice of Meeting and form of proxy or a voting instruction form, to non-registered, beneficial owners of Shares.

**B. HOW TO VOTE YOUR SHARES**

***Registered Shareholders***

A registered Shareholder (“**Registered Shareholder**”) is a Shareholder whose share certificate bears the name of that Shareholder. Registered Shareholders are entitled to vote their Shares in person at the Meeting or by proxy, and such Shareholders may be able to vote their proxies over the internet, by telephone or by mail in accordance with the instructions set out in the accompanying form of proxy.

If you are a Registered Shareholder and wish to vote in person at the Meeting, you should not complete or return the accompanying form of proxy, as your vote will be taken and counted at the Meeting. Shareholders wishing to vote in person must register their attendance with the scrutineer upon arrival at the Meeting.

If you are a Registered Shareholder and do not wish to attend the Meeting or to vote in person, you may vote by proxy by properly completing, signing and depositing the accompanying form of proxy with the Company’s transfer agent, Computershare Investor Services Inc. (the “**Transfer Agent**”). Registered

Shareholders who elect to submit a proxy may do so online at [www.investorvote.com](http://www.investorvote.com), by telephone at 1-866-732-VOTE (8683) (for Shareholders within North America) or 1-312-588-4290 (for Shareholders outside North America), or by mail to 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, in all cases in accordance with the instructions provided by the Transfer Agent in the accompanying form of proxy and ensuring that the proxy is received not later than 48 hours prior to the commencement of the Meeting, excluding Saturdays, Sundays and holidays.

### ***Beneficial Shareholders***

If your Shares are registered in the name of an intermediary, rather than in your own name, you are a beneficial Shareholder (a “**Beneficial Shareholder**”). Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of Shares) or as set out in the following disclosure.

If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder’s name on the records of the Company. Such Shares will more likely be registered under the names of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: those who object to their name being made known to the issuers of securities which they own (referred to as “**OBOs**” for objecting beneficial owners) and those who do not object to the issuers of the securities they own knowing who they are (referred to as “**NOBOs**” for non-objecting beneficial owners).

### **Non-Objecting Beneficial Owners**

The Company is taking advantage of those provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators (the “**CSA**”), which permits the Company to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (“**VIF**”). These VIFs are to be completed and returned to the Transfer Agent online at [www.investorvote.com](http://www.investorvote.com), by telephone at 1-866-734-VOTE (8683) (for Shareholders within North America) or 1-312-588-4291 (for Shareholders outside North America), or by mail to 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, in all cases in accordance with the instructions provided in the VIF. The Transfer Agent will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Shares represented by the VIFs it receives.

This Circular, together with the accompanying Notice of Meeting and form of proxy, is being sent to both Registered Shareholders and Beneficial Shareholders. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary who holds your Shares on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding your Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions that you receive.

### Objecting Beneficial Owners

Beneficial Shareholders who are OBOs should carefully follow the instructions of their broker or intermediary in order to ensure that their Shares are voted at the Meeting.

The form of proxy that will be supplied by your broker will be similar to the proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary how to vote your Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge will mail a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s proxy to represent your Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder) other than any of the persons designated in the VIF to represent your Shares at the Meeting and that person may be you. To exercise this right, you should insert the name of your desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting and the appointment of any Shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Shares voted at the Meeting, or to have an alternative representative duly appointed to attend and to vote your Shares at the Meeting.**

### *Voting by Proxyholder*

If voting instructions are given on your form of proxy or request for voting instructions, then your proxyholder must vote, or withhold from voting, your Shares in accordance with your instructions. If no voting instructions are given, then your proxyholder may vote your Shares as he, she or it sees fit and, **if you appoint the proxyholders named on the accompanying form of proxy, and do not provide instructions as to how they should vote your Shares, your Shares will be voted “FOR” of each of the matters set out in the form of proxy.**

As of the date of this Circular, none of the directors or officers of the Company are aware of any amendments or variations to the matters set out in the Notice of Meeting, nor of any other matter to be presented at the Meeting. However, if any amendment, variation or other business is properly brought before the Meeting, the accompanying form of proxy confers discretion on the persons named thereon to vote on any amendment or variation of the matters set out in the Notice of Meeting or any such other business in accordance with their best judgment.

### **C. APPOINTMENT OF PROXYHOLDER**

The persons named in the form of proxy accompanying this Circular have been selected by the board of directors of the Company (the “**Board**”) and have indicated their willingness to represent as proxyholders the Shareholders who appoint them. **A Shareholder has the right to appoint as his, her or its proxyholder a person or company (who need not be a Shareholder) other than the persons designated in the accompanying form of proxy to attend and act on that Shareholder’s behalf at the Meeting.** As a Shareholder, you may exercise this right by inserting the name of such person or company in the blank space provided in the form of proxy and striking out the other names or by properly

completing and signing another proper form of proxy and, in either case, depositing such form of proxy with the Transfer Agent at the location and within the time limits set out above.

If you appoint some other person to represent you, it is your responsibility as a Shareholder to inform that other person or company that he, she or it has been so appointed and to ensure that your proxy has been signed by you or your attorney authorized in writing (or, if the Shareholder is a corporation, under its corporate seal and signed by a director, officer or attorney thereof, duly authorized).

#### **D. REVOCATION OF PROXIES**

If you are a Registered Shareholder and you have submitted a proxy and later wish to revoke it, you can do so by:

- (a) completing and signing a form of proxy bearing a later date and depositing it with the Transfer Agent at the location and within the time limits set out above;
- (b) depositing an instrument in writing signed by you or your attorney authorized in writing (or, for Shareholders that are corporations, under such Shareholder's corporate seal and signed by a director, officer or attorney thereof, duly authorized), with either: (i) the Transfer Agent, at the address noted above, or at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used, or (ii) the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting; or
- (c) following any other manner permitted by law.

Any Registered Shareholder attending the Meeting has the right to vote in person and, if you, as a Registered Shareholder, elect to do so, your proxy will be nullified with respect to any matters upon which you vote, and in respect of any subsequent matters to be voted upon at the Meeting.

Beneficial Shareholders should note that **only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must make appropriate arrangements with their respective intermediaries.** Beneficial Shareholders should also be aware that intermediaries may set deadlines earlier than of those set out in this Circular or otherwise for the receipt of requests for voting instructions or proxies from Beneficial Shareholders, and are not required to act on any revocation that is not received by the intermediary prior to the deadlines set by that intermediary. As such, Beneficial Shareholders who wish to revoke their voting instruction form or proxy and to vote should contact their intermediary as soon as possible, and in any event well in advance of the Meeting.

#### **E. NOTICE TO SHAREHOLDERS IN THE UNITED STATES**

This solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of Canada and the securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the CBCA, certain of its directors and officers are residents of Canada and countries other than the United States, and all of the assets of the

Company and a substantial portion of the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

### A. DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Shares. As of the close of business on February 19, 2014, there were 37,022,389 Shares issued and outstanding. Each Share carries the right to one vote. The Shares are the only class of securities entitled to vote at the Meeting. No group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares. As of the date hereof, the Shares are listed for trading on the TSX Venture Exchange (the “**Exchange**”) under the symbol “AII”.

### B. QUORUM

The quorum necessary for the Meeting is the holders of 25% of the Shares being present in person or represented by proxy, provided that a quorum shall not be less than two persons. A quorum need not be present throughout the Meeting provided that a quorum is present at the opening of the Meeting.

### C. RECORD DATE

The Board has fixed February 18, 2014 as the record date (the “**Record Date**”) for determining those Shareholders entitled to receive notice of, and vote at, the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

### D. OWNERSHIP OF SHARES

To the best knowledge of the directors and officers of the Company, the only persons or companies that beneficially own, directly or indirectly, or exercised control or direction over, securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company as at February 19, 2014 are:

Name of Shareholder	Type of Ownership	Number of Shares Owned	Percentage of issued Shares <sup>(2)</sup>
Almonty Partners LLC <sup>(1)</sup>	Direct	13,850,420	37.4
Heemskirk Consolidated Limited (“ <b>Heemskirk</b> ”)	Direct	5,560,000	15.0

Notes:

- (1) Almonty Partners LLC is a privately held investment company specializing in tungsten mining investments in respect of which Lewis Black, Chief Executive Officer of the Company, and Daniel D’Amato, a director of the Company, are each partners. Daniel D’Amato is also the Registered Shareholder of 988,000 Shares.
- (2) Based on 37,029,389 Shares outstanding as at the date hereof.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as otherwise disclosed herein, no director or officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, and the re-approval of the Company's incentive stock option plan (the "**Stock Option Plan**"), all as set out herein.

## **BUSINESS TO BE CONDUCTED AT THE MEETING**

### **A. PRESENTATION OF FINANCIAL STATEMENTS**

The audited financial statements of the Company for the fiscal year ended September 30, 2013, together with the auditor's report thereon, have been approved by the Board and will be presented to the Meeting. No vote of the Shareholders is required with respect to this item of business.

### **B. ELECTION OF DIRECTORS**

The Board currently consists of five directors. The term of office for each of the present directors of the Company expires at the Meeting. It is proposed that the number of directors for the ensuing year be fixed at five, subject to such increases or decreases as may be permitted by the Articles of the Company. At the Meeting, the Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution fixing the number of directors to be elected at the Meeting at five. **Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted "FOR" fixing the number of directors for the ensuing year at five.**

It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the Articles of the Company, unless his office is earlier vacated in accordance with the Articles of the Company and the provisions of the CBCA.

**Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted "FOR" the election of each of the nominees named below (the "Management Nominees").** If any of the Management Nominees should, for any reason, become unable to serve as a director of the Company prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their sole discretion.

The following disclosure sets out (i) the names of the five Management Nominees, (ii) their major offices and positions with the Company (if any), (iii) the committees of the Board on which each currently sits (if any), (iv) the period of time during which each has been a director of the Company, (v) their principal occupation, business or employment for the preceding five years, (vi) the number of Shares beneficially owned, or controlled or directed, directly or indirectly, by each as at February 19, 2014, and (vii) the number of options held by each as at February 19, 2014.



Name, residence, office(s) held and date first became a director	Principal occupation, business or employment	Shares beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup>	Options held <sup>(2)</sup>
<p><b>Lewis Black</b> Paris, France</p> <p>Chairman, President and Chief Executive Officer</p> <p>Director since September 23, 2011</p>	<p>Mr. Black is currently the President and Chief Executive Officer of the Company. He is also currently a Partner of Almonty Partners LLC, a privately held company specializing in tungsten mining investments.</p> <p>Mr. Black previously served as Chairman and Chief Executive Officer of Primary Metals Inc., a tungsten mining company formerly listed on the Exchange, from 2005 to 2007. Prior to that he was head of sales and marketing for SC Mining Tungsten Thailand. Mr. Black holds a B.A. (Honours) from Manchester University and is a former Vice President of the International Tungsten Industry Association.</p>	13,850,420 <sup>(3)</sup>	250,000
<p><b>Daniel D'Amato</b> Paris, France</p> <p>Director</p> <p>Compensation and Corporate Governance Committee</p> <p>Director since September 23, 2011</p>	<p>Mr. D'Amato is currently a Partner of Almonty Partners LLC, a privately held company specializing in tungsten mining investments. He has held this position since 2005.</p> <p>Mr. D'Amato previously served on the board of directors of Primary Metals Inc., a tungsten mining company formerly listed on the Exchange, from 2005 to 2007. He began his career on Wall Street with Bear Stearns where over nearly a decade he became Managing Director. Mr. D'Amato holds a B.Sc. from Siena College and holds several securities and insurance licenses.</p>	14,838,420 <sup>(3) (4)</sup>	100,000
<p><b>Dennis Logan</b> Toronto, Ontario, Canada</p> <p>Director, Chief Financial Officer and Corporate Secretary</p> <p>Audit Committee</p> <p>Director since September 23, 2011</p>	<p>Mr. Logan is currently the Chief Financial Officer and Corporate Secretary of the Company.</p> <p>Mr. Logan was previously Managing Director, Investment Banking at Desjardins Securities Inc. from 2007 to 2011. From 2005 to 2007, he was Director, Investment Banking at Westwind Partners Inc. and was formerly a Partner at Loewen, Ondaatje, McCutcheon Limited. Mr. Logan is a Chartered Accountant and a member of the Institute of Chartered Accountants of Ontario. Mr. Logan also holds a B.A. (Honours) and an M.B.A. from the University of Toronto.</p>	1,000	500,000
<p><b>Bruce C. Ratner</b> New York, New York, United States</p> <p>Audit Committee</p> <p>Director since March 26, 2013</p>	<p>Mr. Ratner is currently the Chairman and Chief Executive Officer of Forest City Ratner Companies, a New York based real estate development company he started in 1985. He is also currently a director of Forest City Enterprises, Inc., a New York Stock Exchange listed national real estate company, a position he has held since 2007.</p> <p>Prior to starting Forest City Ratner Companies, Mr. Ratner served as New York City's Commissioner of Consumer Affairs during the administration of Mayor Ed Koch. He also served for four years as a faculty member at the New York University Law School. Mr. Ratner holds a B.A. from Harvard University and a J.D. from Columbia University School of Law.</p>	988,000	-

Name, residence, office(s) held and date first became a director	Principal occupation, business or employment	Shares beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup>	Options held <sup>(2)</sup>
<p><b>Mark Trachuk</b> Toronto, Ontario, Canada</p> <p>Director</p> <p>Audit Committee Compensation and Corporate Governance Committee (Chair)</p> <p>Director since September 23, 2011</p>	<p>Mr. Trachuk is a lawyer and is currently a Partner in the Business Law Group at Osler, Hoskin &amp; Harcourt LLP in Toronto. He practices in the area of corporate and securities law with an emphasis on mergers, acquisitions and strategic alliances. Mr. Trachuk has chaired Osler’s International Practice Group, Corporate Practice Group and Corporate Finance Practice Group.</p> <p>Mr. Trachuk holds a B.A. in Economics from Carleton University, an LL.B. from the University of Ottawa and an LL.M. from the London School of Economics. He also holds the ICD.D designation from the Institute of Corporate Directors. Mr. Trachuk is called to the bar in Ontario and British Columbia and is a solicitor in England and Wales.</p>	100,000	100,000

Notes:

- (1) The number of shares beneficially owned, or controlled or directed, directly or indirectly, by each Management Nominee is based on information furnished by the nominees and from insider reports available under the Company’s profile on SEDI at www.sedi.ca.
- (2) Particulars of the options held by each Management Nominee are set out in the sections “*Named Executive Officer Compensation*” and “*Director Compensation*”, below.
- (3) Almonty Partners LLC, a privately held company specializing in tungsten mining investments, holds 13,850,420 Shares or approximately 37.4% of the issued and outstanding Shares as of the date hereof. Lewis Black and Daniel D’Amato are each partners of Almonty Partners LLC.
- (4) Daniel D’Amato is the Registered Shareholder of 988,000 Shares.

Each of the Management Nominees are, in the opinion of management, qualified to direct the activities of the Company until the next annual meeting of Shareholders and all nominees have indicated their willingness to stand for election.

***Orders, Bankruptcies, Penalties or Sanctions***

To the Company’s knowledge, none of the Management Nominees:

- (a) is, as at the date of this Circular, nor has been within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an

event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

- (b) is, as at the date of this Circular, nor has been within ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold any of their respective assets.

To the Company's knowledge, none of the Management Nominees has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority;
- (b) entered into a settlement agreement with a securities regulatory authority; or
- (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for such proposed director.

### C. APPOINTMENT OF AUDITORS

Ernst & Young LLP, Chartered Accountants ("E&Y"), of 222 Bay Street, Toronto, Ontario, M5K 1J7, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the Board. E&Y was the auditor of Daytal Resources Spain, S.L. ("Daytal") prior to Daytal's indirect acquisition by the Company in connection with the Company's Qualifying Transaction (as defined in the Exchange Corporate Finance Manual), which was completed on September 23, 2011 (the "Qualifying Transaction").<sup>1</sup> Thereafter, E&Y became the auditor of the Company. **Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted "FOR" the reappointment of E&Y as auditor of the Company to hold office until the close of the next annual meeting of Shareholders, at a remuneration to be fixed by the Board.**

Additional information on the Company's audit committee, and on the Company's relationship with E&Y, is set out in the section "*Corporate Governance – Audit Committee*", below.

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<sup>1</sup> The Qualifying Transaction included the Company's acquisition of 7887523 Canada Inc. ("Almonty Sub") on September 23, 2011 in a reverse take-over whereby all of the issued and outstanding securities of Almonty Sub were acquired by the Company in exchange for securities of the Company on a one-for-one basis. In connection with such acquisition and immediately prior to its completion, Almonty Sub acquired all of the issued and outstanding shares of Daytal. Additional information about the Qualifying Transaction can be found in the Company's filing statement dated September 14, 2011 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company's profile.

#### **D. RE-APPROVAL OF THE STOCK OPTION PLAN**

Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution ratifying and re-approving the Company's Stock Option Plan. The existing incentive stock option plan (the "**Existing Option Plan**") was previously approved by Shareholders at the Company's last annual meeting of Shareholders on March 26, 2013.

The Stock Option Plan is a 10% "rolling" stock option plan, where the maximum number of Shares which may be reserved for issuance pursuant to options granted under the Stock Option Plan is 10% of the number of issued and outstanding Shares as of the date of grant, less any Shares reserved for issuance under any other option or security-based compensation mechanism of the Company. The Exchange requires that a rolling stock option plan be re-approved by Shareholders annually.

##### ***Summary of Stock Option Plan***

The Stock Option Plan is designed to provide additional flexibility to the Board and Compensation and Corporate Governance Committee of the Board (the "**CCG Committee**") in implementing their compensation objectives.

The purpose of the Stock Option Plan is to attract and retain officers, directors, employees and consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company, through stock options, and benefit from its growth. The Stock Option Plan is administered by the CCG Committee in conjunction with management. The CCG Committee is responsible for recommending for approval to the Board the grants of options to purchase Shares under the Stock Option Plan.

Pursuant to the terms of Stock Option Plan and in accordance with the policies of the Exchange, the Board has the authority to grant options to officers, directors, employees or consultants (or a corporation employing or wholly-owned by such persons) on such terms, limitations, conditions and restrictions as the Board deems necessary or advisable.

The Stock Option Plan provides for the issuance of options exercisable to acquire up to 10% of the number of issued and outstanding Shares as at the date of grant, less any Shares reserved for issuance under any other option or security-based compensation mechanism of the Company. This type of plan is called a "rolling" plan because as options are exercised, the base of issued and outstanding Shares on which the 10% applies increases. If an option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of that expired or terminated option shall again be available for the purpose of the Stock Option Plan.

In addition to the maximum number of Shares to be reserved, under the Stock Option Plan the number of Shares reserved for issuance to any one individual in a 12 month period may not exceed 5% of the issued and outstanding Shares and the number of Shares reserved for issuance to consultants may not exceed 2% of the issued and outstanding Shares. The Company may not grant options to any person conducting Investor Relations Activities (as defined in the Stock Option Plan), promotional or market-making services.

Options granted under the Stock Option Plan may be exercised for a period not exceeding ten years. Options granted to an officer, director, employee or consultant who ceases to be so engaged must be exercised within one year following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement is by reason of death, the

options may be exercised within a maximum period of one year after such death, all subject to the earlier expiry date of such options.

The exercise price of any option issued pursuant to the Stock Option Plan will be determined by the Board, in its discretion, but will not be less than the closing price of the Shares on the day preceding the date of grant, less any discount permitted by the Exchange. Options will be subject to resale restrictions imposed by the Exchange.

Options are non-assignable and non-transferable (subject to options being exercisable by the optionee's heirs or administrator). The number of Shares reserved under the Stock Option Plan and the exercise price payable for the Shares subject to such options will be adjusted appropriately in the event of any consolidation, subdivision, conversion or exchange of the Shares. The Stock Option Plan contains no vesting requirements. Subject to Exchange and Shareholder approval in certain circumstances, the Board may from time to time amend the terms of the Amended Option Plan or may terminate the Amended Option Plan at any time.

#### ***Resolution for the approval of the Amended Option Plan***

The text of the resolution relating to the ratification and re-approval of the Stock Option Plan that management intends to place before the Meeting, with or without modification, is substantially as follows:

#### **“IT IS RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. The incentive stock option plan (the “**Stock Option Plan**”) of Almonty Industries Inc. (the “**Company**”) is hereby authorized, ratified and approved.
2. The Company be and is authorized to grant stock options pursuant and subject to the terms and conditions of the Stock Option Plan.
3. Any director or officer of the Company is hereby authorized to execute and deliver, on behalf of the Company, all such documents and instruments, and to do all such acts and things as such director or officer may determine to be necessary or advisable in order to carry out the effect of this resolution, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument or the doing of any such act or thing.”

To be effective, the Stock Option Plan must be approved by the majority of the votes cast on the resolution by Shareholders, present in person or by proxy at the Meeting.

**Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted “FOR” the authorization and approval of the Amended Option Plan.**

#### **E. OTHER BUSINESS**

As of the date of this Circular, none of the directors or officers of the Company are aware of any amendments or variations to the matters set out in the Notice of Meeting, nor of any other matter to be presented at the Meeting. However, if any amendment, variation or other business is properly brought before the Meeting, the accompanying form of proxy confers discretion on the persons named therein to vote on any amendment or variation of the matters set out in the Notice of Meeting or any such other business in accordance with their best judgment.

## EXECUTIVE COMPENSATION

### A. COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation philosophy, objectives and processes and to discuss compensation decisions relating to the Company's executive officers, including its "named executive officers". Pursuant to applicable securities regulations, a "named executive officer" means (i) the Chief Executive Officer and the Chief Financial Officer of the Company, (ii) each of the three most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer who were serving as executive officers of the Company or any of its subsidiaries at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (iii) any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of the most recently completed financial year.

For the financial year ended September 30, 2013, the only named executive officers of the Company were Lewis Black, Chief Executive Officer, and Dennis Logan, Chief Financial Officer (together, the "**Named Executive Officers**").

#### *Compensation Governance*

##### Compensation and Corporate Governance Committee

The Board has established the CCG Committee to assist the Board in fulfilling its oversight responsibilities in relation to, among other things, executive compensation, Board compensation, broadly applicable compensation and benefit programs, and performance reviews of the Board, its committees and individual directors. The CCG Committee is currently comprised of Daniel D'Amato, Bruce Ratner and Mark Trachuk (Chair), all of whom have been determined by the Board to be independent under section 1.4 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). All members of the CCG Committee have experience in matters of executive compensation that is relevant to their responsibilities as members of such committee by virtue of their respective professions and long-standing involvement with public companies.<sup>2</sup> In addition, each member of the CCG Committee strives to keep abreast of trends and developments affecting executive compensation.

The Board has a written charter for the CCG Committee outlining its role and objectives, composition, meeting requirements and responsibilities. Pursuant to such charter, the specific duties and responsibilities of the CCG Committee include:

- (a) reviewing and recommending to the Board the compensation and benefits policies and plans (including incentive compensation plans) for the Company and its subsidiaries;
- (b) annually evaluating the performance of the Chief Executive Officer of the Company and recommending to the Board his or her annual compensation package;
- (c) annually reviewing and recommending to the Board the compensation packages for the other executive officers of the Company;

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<sup>2</sup> For a description regarding the relevant education and experience of Mr. D'Amato, Mr. Ratner and Mr. Trachuk, see the section "*Business to be Conducted at the Meeting – Election of Directors*", above.

- (d) reviewing and recommending to the Board any employment agreements with executive officers of the Company;
- (e) annually reviewing and recommending to the Board the compensation of the directors of the Company;
- (f) determining grants of options under the Company's stock option plan and recommending the same to the Board for approval; and
- (g) reviewing public disclosure of executive and director compensation.

The Board relies on the knowledge and experience of the members of the CCG Committee in carrying out its responsibilities and to recommend appropriate levels of compensation for the Company's executive officers. Under its Charter, the CCG Committee may also engage any external professional advisors, which it deems necessary to carry out its duties. However, to date, the CCG Committee has not retained any compensation consultant or advisor to assist the CCG Committee or the Board in determining compensation for the company's directors or executive officers.

A complete copy of the CCG Committee charter is available on the Company's website at [www.almonty.com](http://www.almonty.com). Additional information with respect to the Board and the CCG Committee can be found in the section "*Corporate Governance – Board of Directors*" and "*Corporate Governance – Compensation and Corporate Governance Committee*", below.

#### ***Executive Compensation Program Design and Philosophy***

The Company's executive compensation program is based on a pay-for-performance philosophy and is designed to deliver consistently strong performance for Shareholders. The Company's program is intended to achieve the following key objectives:

- (a) aligning the interests of the Company's executive officers and directors with those of its Shareholders;
- (b) attracting and retaining highly trained, experienced and committed executive officers and directors, whose performance will directly affect the Company's ongoing financial performance; and
- (c) motivating and rewarding executive officers and directors by linking incentive compensation to Shareholder value, the achievement of general business objectives, and financial and operational results.

The Company's compensation program is comprised of base salary, short-term incentive compensation and long-term incentive compensation. These components are discussed in more detail below. In setting the value of each of these components, the CCG Committee considers the performance of both the Company, as well as the individual performances of its executive officers for the period in question. The CCG Committee does not generally set specific performance objectives and so relies on its experience and judgment in determining compensation. However, the CCG Committee will generally have regard to, among other things:

- (a) The Company's performance relative to its general goals and objectives.

- (b) The Company’s performance relative to the mining industry as a whole and its peer group in particular. This peer group is determined by the Board from time to time on the basis of the size, scope and complexity of the other firms’ businesses and operations compared to those of the Company, with regard to factors including the relative stage of development, production levels, past exploration and development success, revenue levels, total assets, free cash flow and capital expenditures. Companies in this peer group (the “**Company’s Peer Group**”) include:

<b>Tungsten Mining Companies</b>	<b>General Base Metals Mining Companies</b>
Northcliff Resources Ltd. Black Heath Resources Inc. North American Tungsten Corporation Ltd. Wolf Minerals Limited Ormonde Mining PLC Colt Resources Inc. Woulfe Mining Corp. Largo Resources Ltd. Tungsten Mining NL	Canada Zinc Metals Corp Copper Mountain Mining Corporation Mawson West Ltd Mercator Minerals Ltd Nevada Copper Corp Western Copper & Gold Corporation Sandstorm Metals & Energy Ltd Black Iron Inc.

- (c) The relative competitiveness of the Company’s compensation program when compared with the Company’s Peer Group.
- (d) The Company’s share price and market capitalization.
- (e) Developments in, and the stability of, the financial markets more generally.

The CCG Committee has not conducted a formal evaluation of the implications of the risks associated with the Company’s compensation policies. Risk management is a general consideration of the CCG Committee when implementing the Company’s compensation policies and the CCG Committee does not believe that the Company’s compensation policies result in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on the Company.

The Company also does not have a policy that would prohibit a Named Executive Officer (as defined below) or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. However, management is not aware of any Named Executive Officer or director purchasing such an instrument.

### ***Elements of the Company’s Executive Compensation Program***

#### **Base Salaries**

Base salaries are considered to be an essential element in attracting and retaining highly qualified executive officers who are critical to the Company’s success. An executive officer’s base salary is intended to provide a fixed level of pay that reflects each executive officer’s experience, primary duties and responsibilities. It also provides a foundation upon which performance based incentive compensation elements are assessed. Base salaries are established by taking into account individual performance, experience, level of responsibility and pay practices in the mining industry generally. Base salaries of all executive officers are reviewed annually by the CCG Committee and approved by the Board.



### Short-Term Incentive Compensation

The Company may pay discretionary cash bonuses, which are intended to reward individual contribution to corporate performance over the course of the Company's most recent fiscal year. Bonuses are paid at the discretion of the Board, on the recommendation of the CCG Committee, and neither the CCG Committee nor the Board has established any particular trigger or formula for determining when an award will be made under this plan, nor the quantum of any award that is made. Instead, the CCG Committee and the Board will generally consider all aspects of an individual executive's personal contribution to corporate performance and general objectives when making a determination. To date, there have been no cash bonuses awarded.

### Long-Term Incentive Compensation – Option-Based Awards

The incentive stock option plan of the Company (as may be amended from time to time, the “**Option Plan**”) was initially adopted by the Company on February 10, 2010 when the Company was a Capital Pool Company (as defined in the Exchange Corporate Finance Manual) and an amended Stock Option Plan was approved by Shareholders at the Company's last annual meeting of Shareholders on March 26, 2013. The Board, on the recommendation of the CCG Committee, has the authority to grant options to officers, directors, employees or consultants (or a corporation employing or wholly-owned by such persons) on such terms, limitations, conditions and restrictions as the Board deems necessary or advisable.

The Option Plan is intended to advance the interests of the Company by encouraging the officers, directors, employees and consultants of the Company, and of its subsidiaries, to acquire Shares, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

Ownership of Shares is intended to align the interests of the Company's executive officers, directors and other stakeholders with those of the Shareholders, as participation in the Option Plan rewards overall corporate performance, as measured through the price of the Shares. The Option Plan is also intended to assist in the recruitment and retention of key personnel. Similar to many other firms in the Company's Peer Group, the granting of options forms an integral component of the Company's overall executive compensation package. The Option Plan enables executive officers to develop and maintain an ownership interest in the Company.

Options are normally awarded upon the commencement of an executive officer's employment with the Company, with the size of the award determined by the level of the executive officer's responsibility within the Company. The Board, on the recommendation of the CCG Committee, has authority to make additional grants from time to time, and such awards are intended to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Company. The Board and CCG Committee also have regard to other factors when determining whether to make an additional award of options to an individual under the Option Plan, including the number of outstanding options already granted to that individual, the value of such options and the total number of options available for grant under the Option Plan. See the section “*Business to be Conducted at the Meeting – Approval of Amended and Restated Incentive Stock Option Plan*”, above, for further information regarding the Option Plan.

## B. NAMED EXECUTIVE OFFICER COMPENSATION

### *Summary Compensation Table*

The following table sets out the compensation provided to the Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(2)</sup>	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Lewis Black <sup>(3)</sup> Chief Executive Officer	2013	180,000	Nil	Nil	Nil	Nil	Nil	30,449 <sup>(9)</sup>	210,449
	2012	Nil	Nil	Nil	Nil	Nil	Nil	25,338 <sup>(4)</sup>	25,338
	2011	Nil	Nil	120,000 <sup>(5)</sup>	Nil	Nil	Nil	Nil	120,000
Dennis Logan <sup>(6)</sup> Chief Financial Officer	2013	200,000	Nil	Nil	Nil	Nil	Nil	6,804 <sup>(8)</sup>	206,804
	2012	200,000	Nil	Nil	Nil	Nil	Nil	Nil	200,000
	2011	3,846	Nil	240,000 <sup>(7)</sup>	Nil	Nil	Nil	Nil	243,846

Notes:

- (1) Based on the grant date fair value of the applicable awards. This amount was not paid in cash to the above noted individuals but is based on value attributed to the options using the Black-Scholes option pricing model. For options granted to Messrs. Black and Logan, the following assumptions were used: expected average option term – ten years; volatility – 35.0%; dividend yield – 0.0%; and risk free rate of return – 2.15%.
- (2) Amounts in this column do not include perquisites and other personal benefits where they total less than \$50,000 and less than 10% of the annual salary for the relevant Named Executive Officer.
- (3) Mr. Black was appointed as Chief Executive Officer of the Company upon completion of the Qualifying Transaction on September 23, 2011. Accordingly, the amounts for 2011 for Mr. Black relate to the compensation he received from the Company for the period from September 23, 2011 to September 30, 2011.
- (4) Represents the incremental cost to the Company for perquisites provided to Mr. Black, consisting of a car allowance (valued at \$18,683 in accordance with the rules for determining personal use of company automobiles under Spanish tax laws, the jurisdiction where the car is located) and insurance premiums associated with health and dental insurance.
- (5) Mr. Black was granted 250,000 options on September 27, 2011. The options vested on March 26, 2012, have an exercise price of \$1.00 and expire ten years from the grant date.
- (6) Mr. Logan was appointed as Chief Financial Officer of the Company upon completion of the Qualifying Transaction on September 23, 2011. Accordingly, the amounts for 2011 for Mr. Logan relate to the compensation he received from the Company for the period from September 23, 2011 to September 30, 2011.
- (7) Mr. Logan was granted 500,000 options on September 27, 2011. The options vested as to one half on the first anniversary of the grant date and as to one half on the second anniversary, have an exercise price of \$1.00 and expire ten years from the grant date.
- (8) Represents the incremental cost to the Company for perquisites provided to Mr. Logan consisting of insurance premiums associated with health and dental insurance.

- (9) Represents the incremental cost to the Company for perquisites provided to Mr. Black, consisting of a car allowance (valued at \$23,301 in accordance with the rules for determining personal use of company automobiles under Spanish tax laws, the jurisdiction where the car is located) and insurance premiums associated with health and dental insurance..

### ***Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth all outstanding Share-based and option-based awards for each Named Executive Officer as at September 30, 2013. The Company had no Share-based awards outstanding as of that date.

Name and Principal Position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed
<b>Lewis Black</b> Chief Executive Officer	250,000 <sup>(2)</sup>	1.00	September 27, 2021	Nil	N/A	N/A	N/A
<b>Dennis Logan</b> Chief Financial Officer	500,000 <sup>(3)</sup>	1.00	September 27, 2021	Nil	N/A	N/A	N/A

Notes:

- (1) The value of unexercised in-the-money options is the difference between the option exercise price and the market value of the Shares on the Exchange on September 30, 2013. The closing price of the Shares on the Exchange on September 30, 2013 was \$0.93.
- (2) Mr. Black was granted these options on September 27, 2011. The options vested on March 26, 2012 and expire ten years from the grant date.
- (3) Mr. Logan was granted these options on September 27, 2011. The options vest as to one half on the first anniversary of the grant date and as to one half on the second anniversary and expire ten years from the grant date.

### ***Incentive Plan Awards – Value Vested or Earned***

The following table sets forth the value of all incentive plan awards, including option-based, Share-based and non-equity incentive plans, for each Named Executive Officer that have vested during the year ended September 30, 2013. The Company had no Share-based awards or non-equity incentive plans outstanding during this period.

Name and Principal Position	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Lewis Black</b> Chief Executive Officer	Nil <sup>(2)</sup>	N/A	N/A
<b>Dennis Logan</b> Chief Financial Officer	Nil <sup>(3)</sup>	N/A	N/A

Notes:

- (1) This value reflects the aggregate dollar amount that would have been realized by the Named Executive Officer if the option-based awards which vested during the period were exercised by such Named Executive Officer on the vesting date. The aggregate dollar amount would be the difference between the market price of the underlying Shares at exercise and the exercise price of the options underlying the option-based award on the vesting date.
- (2) Mr. Black was granted 250,000 options with an exercise price of \$1.00, all of which vested on March 26, 2012. The closing price of the Shares on the Exchange on March 26, 2012 was \$0.69.
- (3) Mr. Logan was granted 500,000 options with an exercise price of \$1.00, half of which vested on September 27, 2012 and the other half vested on September 27, 2013. The closing price of the Shares on the Exchange on September 27, 2012 was \$0.86 and on September 27, 2013 it was \$0.93.

### ***Employment Agreements and Termination and Change of Control Benefits***

Other than as described below, as of the date of this Circular, the Company does not have any employment contracts, agreements or arrangements with the Named Executive Officers to compensate them in the event of their resignation, retirement, termination or in the event of a change of control of the Company.

#### **Dennis Logan, Chief Financial Officer**

Effective September 23, 2011, the Company entered into an employment agreement with Mr. Logan, as Chief Financial Officer of the Company. Under this agreement, Mr. Logan is entitled to (i) an annual salary of \$200,000 per year (the “**Base Salary**”), (ii) standard benefits made available by the Company to its employees, and (iii) participation in the Option Plan. The agreement also provided for a grant of 500,000 options to Mr. Logan, which vest as to one half on the first anniversary of the grant date and as to one half on the second anniversary of the grant date, have an exercise price of \$1.00, and expire ten years from the grant date. The agreement also contains certain confidentiality and non-competition provisions for the benefit of the Company.

Mr. Logan’s employment agreement may be terminated in the following manners:

- (a) termination by the Company for cause;
- (b) termination by the Company without cause;
- (c) resignation by Mr. Logan upon 60 days notice;
- (d) by death; and

- (e) termination by Mr. Logan for “good reason” (as defined in Mr. Logan’s employment agreement).

If Mr. Logan’s employment is terminated for cause, by resignation or death, Mr. Logan will receive his unpaid Base Salary and any other benefits earned through the termination date. In the case of termination for cause or by resignation, Mr. Logan’s vested options will remain exercisable until 90 calendar days following the termination date. In the case of termination by death, Mr. Logan’s vested options will remain exercisable by his heirs or administrators for one year from the date of death.

If Mr. Logan’s employment is terminated without cause or for good reason, then Mr. Logan will be entitled to receive (i) his unpaid Base Salary and any other benefits earned through the termination date, and (ii) eight months’ notice (or Base Salary in lieu of such notice) if the termination occurs within one year from the date of the agreement, or 12 months’ notice (or Base Salary in lieu of such notice) if the termination occurs following one year from the date of the agreement. In the case of termination without cause within the first two years following the date of the agreement, 50% of Mr. Logan’s unvested options will vest upon such termination and all vested options will remain exercisable for 12 months following the termination date. Options that do not vest will be forfeited.

There are no provisions in Mr. Logan’s employment agreement that provide for payments on a change of control, other than certain changes of control that may lead to termination by Mr. Logan for good reason. However, under the Option Plan, on a change of control, all options issued under the Option Plan will become vested.

Estimated Payments for Named Executive Officers upon Termination of Employment or Change of Control

The following table sets out the incremental payments (but excluding any statutory benefits) that would be made to each Named Executive Officer, at, following, or in connection with each of the termination scenarios below as if the triggering event had occurred on September 30, 2013.

Name and Principal Position	Type of Payment	Termination for cause (\$)	Termination without cause (\$)	Resignation (\$)	Death (\$)	Good Reason (\$)	Change of Control (\$)
<b>Lewis Black</b> Chief Executive Officer	Cash Severance	Nil	Nil	Nil	Nil	Nil	Nil
	Options <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dennis Logan</b> Chief Financial Officer	Cash Severance	Nil	200,000 <sup>(2)</sup>	Nil	Nil	200,000 <sup>(2)</sup>	Nil
	Options <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The values shown represent the in-the-money amount of options for which vesting would be accelerated. The closing price of the Shares on the Exchange on September 30, 2013, was \$0.93.
- (2) Severance is governed by Mr. Logan’s employment agreement. Mr. Logan would be entitled to 12 months’ notice (or Base Salary in lieu of such notice). The amount represents Base Salary in lieu of notice.

### ***Other Benefits***

The Company does not have a pension plan or similar benefit program.

### **C. DIRECTOR COMPENSATION**

#### ***Summary Compensation Table***

The following table sets forth information concerning the compensation paid to each director of the Company who is not also a Named Executive Officer.

<b>Name</b>	<b>Year</b>	<b>Fees Earned (\$)</b>	<b>Share-based Awards (\$)</b>	<b>Option-based Awards (\$)<sup>(1)</sup></b>	<b>Non-equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
<b>Daniel D'Amato<sup>(2)</sup></b> Director	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	48,000 <sup>(3)</sup>	Nil	Nil	Nil	48,000
<b>Bruce Ratner<sup>(2)</sup></b> Director	2013	Nil	Nil	50,391 <sup>(4)</sup>	Nil	Nil	Nil	50,391
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Mark Trachuk<sup>(2)</sup></b> Director	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	48,000 <sup>(3)</sup>	Nil	Nil	Nil	48,000

Notes:

- (1) Based on the grant date fair value of the applicable awards. These amounts were not paid in cash to the above noted individuals but are based on value attributed to the options using the Black-Scholes option pricing model. For options granted to Messrs. D'Amato, Ratner and Trachuk, the following assumptions were used: expected average option term – ten years; volatility – 35.0%; dividend yield – 0.0%; and risk free rate of return – 2.15%.
- (2) Appointed as a director of the Company upon completion of the Qualifying Transaction on September 23, 2011. Accordingly, the amounts for 2011 for such directors relate to the compensation received from the Company for the period from September 23, 2011 to September 30, 2011.
- (3) Each director was granted 100,000 options on September 27, 2011. The options vested on March 26, 2012, have an exercise price of \$1.00 and expire ten years from the grant date.
- (4) Based on the grant date fair value of the applicable awards. This amounts was not paid in cash to the above noted individual but is based on value attributed to the options using the Black-Scholes option pricing model. For options granted to Messrs. Ratner, the following assumptions were used: expected average option term – ten years; volatility – 35.0%; dividend yield – 0.0%; and risk free rate of return – 1.75%.

Other than the periodic granting of options for the purposes noted in the section “*Compensation Discussion and Analysis – Elements of the Company’s Executive Compensation Program – Long Term Incentive Compensation – Option-Based Awards*”, above, the Company does not pay directors on a per meeting basis and does not pay annual fees to its directors for their service on the Board. The Company

does, however, reimburse its directors for out-of-pocket expenses incurred in carrying out their respective duties.

***Outstanding Option-Based Awards and Share-Based Awards***

The following table sets forth all outstanding option-based and Share-based awards for each director of the Company who is not also a Named Executive Officer as at September 30, 2013. The Company had no Share-based awards outstanding as of that date.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share based awards that have not vested (\$)
<b>Daniel D'Amato</b> Director	100,000 <sup>(2)</sup>	1.00	September 27, 2021	Nil	N/A	N/A
<b>Bruce Ratner</b> Director	100,000 <sup>(3)</sup>	\$1.07	May 28, 2023	Nil	N/A	N/A
<b>Mark Trachuk</b> Director	100,000 <sup>(2)</sup>	1.00	September 27, 2021	Nil	N/A	N/A

Notes:

- (1) The value of unexercised in-the-money options is the difference between the option exercise price and the market value of the Shares on the Exchange on September 30, 2013. The closing price of the Shares on the Exchange on September 30, 2013 was \$0.93.
- (2) These options were granted on September 27, 2011. The options vested on March 26, 2012 and expire ten years from the grant date.
- (3) These options were granted on May 28, 2013 and vested immediately. The options expire ten years from the grant date.

***Incentive Plan Awards – Value Vested or Earned***

The following table sets forth the value of all incentive plan awards, including option-based, Share-based and non-equity incentive plans, for each director of the Company that have vested during the year ended September 30, 2013. The Company had no Share-based awards or non-equity incentive plans outstanding during this period.

Name	Option-based awards – Value vested during the period (\$) <sup>(1)</sup>	Share-based awards – Value vested during the period (\$)	Non-equity incentive plan compensation – Value earned during the period (\$)
<b>Daniel D'Amato</b> Director	Nil <sup>(2)</sup>	N/A	N/A

Name	Option-based awards – Value vested during the period (\$) <sup>(1)</sup>	Share-based awards – Value vested during the period (\$)	Non-equity incentive plan compensation – Value earned during the period (\$)
<b>Bruce Ratner</b> Director	Nil <sup>(2)</sup>	N/A	N/A
<b>Mark Trachuk</b> Director	Nil <sup>(2)</sup>	N/A	N/A

Notes:

- (1) This value reflects the aggregate dollar amount that would have been realized by the director if the option-based awards which vested during the period were exercised by such director on the vesting date. The aggregate dollar amount would be the difference between the market price of the underlying Shares at exercise and the exercise price of the options underlying the option-based award on the vesting date.
- (2) Each director was granted 100,000 options with an exercise price of \$1.00, all of which vested on March 26, 2012. The closing price of the Shares on the Exchange on March 26, 2012 was \$0.69.

#### D. EQUITY COMPENSATION PLANS

##### *Securities Authorized for Issuance Under Equity Compensation Plans*

The following sets forth information in respect of securities authorized for issuance under the Company's equity compensation plans as at September 30, 2013.

	Number of securities to be issued upon the exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	1,750,000	0.99	1,954,438 <sup>(1)</sup>
Equity compensation plans not approved by security holders	Nil	N/A	Nil
<b>Total</b>	<b>1,750,000</b>	<b>0.99</b>	<b>1,954,438</b>

Notes:

- (1) Equal to 10% of the 37,022,389 issued and outstanding Shares, less the number of Shares subject to options outstanding as at September 30, 2013. The Option Plan provides for the issuance of options exercisable to acquire up to 10% of the number of issued and outstanding Shares as at the date of grant, less any Shares reserved for issuance under any other option or security-based compensation mechanism of the Company.

As of the date of this Circular, the maximum number of Shares which may be issued pursuant to options under the Option Plan is 3,704,438 (representing 10% of the 37,022,389 Shares currently issued and outstanding). As at the date of this Circular, options to purchase an aggregate of 1,900,000 Shares have been granted and are outstanding pursuant to the Option Plan.

Shareholders will be asked to approve the Amended Option Plan at the Meeting. Further information on such approval and the material features of the Amended Option Plan can be found in the section “*Business to be Conducted at the Meeting – Approval of Amended and Restated Incentive Stock Option Plan*”, above.



## CORPORATE GOVERNANCE

The following discussion of the Company's corporate governance policies and practices is provided pursuant to the disclosure requirements applicable to it as set out in applicable securities laws and the policies of the Exchange. The Company is a "venture issuer" for purposes of these laws and policies and it is required to provide this disclosure relating to its corporate governance policies and practices annually.

The CSA have adopted National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201"), which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. The Board continues to regard good corporate governance practices as being central to the effective and efficient operation of the Company. However, the Board considers that certain of the guidelines set out in NP 58-201 are not suitable for the Company given its status as a venture issuer, current circumstances and stage of development and, as such, certain of these guidelines have not been adopted. An overview of the Company's current policies and practices, as required by applicable securities laws, is set out below.

In addition, the CSA have implemented National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), which prescribes certain disclosure by the Company of its corporate governance practices. This section also sets out the Company's approach to corporate governance and addresses the Company's compliance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

### **A. BOARD OF DIRECTORS**

#### ***Mandate of the Board of Directors***

On January 23, 2012, the Board approved a written Mandate of the Board of Directors to assist it in the better execution of its responsibilities. The mandate provides certain guidelines for Board composition and conduct, and highlights particular areas of the conduct of the Company's affairs for which the Board assumes specific responsibility.

#### ***Composition and Independence***

The Board facilitates its exercise of independent supervision over management by ensuring representation on the Board by directors who are independent of management and by promoting frequent interaction and feedback.

Applicable securities laws, including NP 58-201, recommend, but do not mandate, that boards of directors of venture issuers such as the Company be comprised of a majority of independent directors, as that term is defined under applicable securities laws. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board has reviewed the relationship between each current director and the Company with a view to determining independence. Based on that review, three of the Company's five current directors are independent.

The independent directors are:

- Daniel D’Amato;
- Bruce Ratner; and
- Mark Trachuk.

The non-independent directors are:

- Lewis Black; and
- Dennis Logan.

Mr. Black and Mr. Logan are not independent of the Company by virtue of their respective roles as Chief Executive Officer and Chief Financial Officer of the Company.

The Board has overall responsibility for the governance of the Company, including the exercise of independent supervision of the Company’s management. The Board considers that management is, and has been, effectively supervised by the independent directors on an informal basis, as these independent directors are, and have been, actively and regularly engaged in reviewing the operations and activities of the Company, and have full and regular access to management of the Company.

***Directorships of Other Reporting Issuers***

None of the current directors of the Company presently serve on the board of directors of any other reporting issuers (or the equivalent) in a Canadian jurisdiction or a foreign jurisdiction, other than as set out below.

Name of Director	Name of Reporting Issuer (or the Equivalent)	Name of Exchange
Bruce C. Ratner	Forest City Enterprises, Inc.	New York Stock Exchange

**B. AUDIT COMMITTEE**

***Audit Committee Charter***

The audit committee of the Board (the “**Audit Committee**”) operates under a written charter that outlines its role and objectives, composition, meeting requirements, and duties and responsibilities. The Audit Committee’s charter was approved by the Board on January 23, 2012, and the full text of the Audit Committee’s charter is attached to this Circular as Schedule B.

***Composition of the Audit Committee***

The Audit Committee is currently comprised of Dennis Logan, Bruce Ratner and Mark Trachuk (Chair). Mr. Ratner is considered independent as such term is defined in NI 52-110. Mr. Trachuk, although considered independent under NI 58-101, is not considered independent under NI 52-110 by virtue of being a partner of an entity that provides legal services to the Company. Mr. Logan is not independent for the reasons stated above. The Exchange Corporate Finance Manual requires that audit committees must be comprised of at least three directors, the majority of whom are not Officers, employees or

Control Persons of the issuer of any of its Associates or Affiliates (as such terms are defined in the Exchange Corporate Finance Manual). The Audit Committee meets this requirement as neither Mr. Ratner nor Mr. Trachuk is an Officer, employee or Control Person of the Company or any of its Associates or Affiliates, as defined by the Exchange.

All three current members of the Audit Committee are “financially literate”, as that term is defined in NI 52-110. Each has the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

***Relevant Education and Experience***

For a description regarding the relevant education and experience of Mr. Logan, Mr. Trachuk and Mr. Ratner see the section “*Business to be Conducted at the Meeting – Election of Directors*”, above.

As a result of their education and experience, each current member of the Audit Committee, along with Mr. Ratner has the education or experience necessary to provide each with:

- an understanding of the accounting principles used by the Company to prepare its financial statements;
- the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

***Pre-Approval Policies and Procedures***

The Audit Committee’s charter requires it to pre-approve all non-audit services to be provided to the Company by its external auditors. However, the Audit Committee has not adopted any specific procedures for assessing whether or not such pre-approval should be granted in any particular case. The Audit Committee does, however, consider on an *ad hoc* basis the potential impact of any such non-audit services on the independence of the Company’s external auditors in light of the circumstances as they exist at that time.

***External Auditor’s Fees***

The table below sets out the aggregate fees billed by the Company’s external auditors as follows:

	Year ended September 30, 2013 (\$)	Year ended September 30, 2012 (\$)
Audit Fees <sup>(1)</sup>	90,000	82,500
Audit-Related Fees <sup>(2)</sup>	Nil	Nil

Tax Fees <sup>(3)</sup>	25,852	20,615
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>115,852</b>	<b>103,115</b>

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” includes all other non-audit services.

### ***Exemption***

The Company relies on the exemption in section 6.1 of NI 52-110.

## **C. COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE**

The CCG Committee is comprised of Daniel D’Amato, Bruce Ratner and Mark Trachuk (Chair), all of whom have been determined by the Board to be independent under NI 58-101. The CCG Committee assists the Board in fulfilling its oversight responsibilities with respect to each of the areas discussed below.

### ***Compensation***

As discussed above, responsibility for matters relating to the overall compensation philosophy and guidelines for the directors and officers of the Company lies with the CCG Committee. The CCG Committee annually reviews and recommends to the Board, the adequacy and form of compensation of the directors of the Company in light of the responsibilities and risks involved in being such a director. The CCG Committee is also responsible for annually evaluating the performance of the Chief Executive Officer of the Company and recommending to the Board his or her annual compensation package. A detailed discussion and analysis of the Board’s and the CCG Committee’s approach to the determination of compensation is provided in the section “*Executive Compensation – Compensation Discussion and Analysis*”, above.

### ***Nomination of Directors***

In addition to its oversight mandate with respect to compensation matters, responsibility for matters relating to the identification and nomination of directors lies with the CCG Committee. The CCG Committee is responsible for reviewing and reporting to the Board on matters relating to the identification, nomination and review of directors, including:

- (a) developing criteria for selection of directors and procedures to identify possible nominees;

- (b) reviewing and assessing qualifications of director nominees including potential conflicts of interest;
- (c) submitting to the Board for consideration and decision, names of the nominees to be brought forward to the next annual meeting of Shareholders or to be appointed to fill vacancies between such meetings; and
- (d) determining if any Board member's qualifications or credentials since appointment have changed, or other circumstances arisen, so as to warrant a recommendation that such member resigns.

The CCG Committee does not currently have a written procedure for identifying new candidates for Board membership. In the normal course, the CCG Committee makes use of the formal and informal networks of the members of the Board and carries out formal searches for candidates when so directed by the Board.

### ***Orientation and Continuing Education***

Responsibility for orientation and continuing education of the Company's directors lies with the CCG Committee. The CCG Committee's charter provides it with a specific mandate to develop and review annually programs for the orientation of new directors and the ongoing education of existing directors. With respect to orientation, the CCG Committee relies on informal orientation programs that are tailored to the particular needs and experience of the new director in question and to the needs of the Board at that time. The CCG Committee will provide such information to new members of the Board so as to ensure that such directors are familiar with the Company's business and procedures of the Board. Information may include the Company's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures. The CCG Committee also ensures that every director possesses the capabilities, expertise, availability and knowledge required to fill his or her position adequately. With respect to ongoing education, the CCG Committee relies on its professional advisors to provide updates to the various members of the Board regarding changes in relevant policies, laws or regulations, and on a cultural expectation that directors communicate with the Company's management and professional advisors, as well as attend relevant industry conferences, in order to remain abreast of developments in the Company's industry and legal and regulatory environment. From time to time, the CCG Committee may arrange on-site tours of the Company's operations.

### ***Assessments***

Primary responsibility for assessing the performance of the Board, its committees and individual members lies with the CCG Committee. Pursuant to the CCG Committee's charter, the committee's responsibilities in this regard include the conduct of annual reviews of various aspects of the Company's corporate governance policies and practices, and in particular to conduct an annual review, together with the Chairman of the Board, of the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual director, and to make periodic reports to the Board on these matters. The CCG Committee is also responsible for reviewing and making recommendations to the Board with respect to the establishment or abolition of committees of the Board, their respective terms of reference, and the size and composition of the various committees of the Board.

## **D. ETHICAL BUSINESS CONDUCT**

As a responsible corporate citizen, the Company is committed to conducting its affairs with integrity, honesty, fairness and professionalism. On January 23, 2012, the Board approved a series of formal,

written policies intended in part to promote ethical business conduct by the Company and its directors, executive officers and employees. In addition to the Board being subject to the written mandate of the Board, as discussed above, and to the general requirement that the Company and its directors, executive officers, employees and consultants act in accordance with all applicable laws, these formal policies include:

- (a) *Code of Business Conduct*: Intended to promote the fundamental values of integrity, honesty, fair dealing and transparency, the code imposes certain and specific obligations on the directors, executive officers and employees of the Company to achieve this objective and provides for certain sanctions in the event of non-compliance. Responsibility for conducting periodic reviews of this Code of Business Conduct and overseeing management's monitoring of compliance with the Code of Business Conduct lies with the CCG Committee.
- (b) *Whistleblower Policy*: This policy imposes a general obligation on the Company's directors, executive officers, employees, consultants and contractors to submit all good faith concerns and complaints in respect of any matter that may constitute a breach of the Company's Code of Business Conduct, and in particular with respect to concerns about the Company's accounting, internal control or auditing procedures, to the Chair of the Audit Committee. Responsibility for administering this policy lies with the Audit Committee.
- (c) *Insider Trading Policy*: Intended to ensure compliance with applicable securities laws relating to insider trading and tipping, as well as avoiding the occurrence or appearance of improper trading or tipping and assisting the Company's directors, officers and employees to comply with their obligations under such laws. This policy outlines certain general obligations and provides for certain sanctions in the event of non-compliance with its terms by any of the Company's directors, executive officers, employees or consultants.

Further information and complete copies of the Company's codes and policies are available on the Company's website at [www.almonty.com](http://www.almonty.com).

## **E. OTHER COMMITTEES**

As of the date of this Circular, there are no additional committees of the Board.

## **GENERAL MATTERS**

### **A. INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No director, nominee for election as a director, executive officer, employee or former director, executive officer or employee of the Company or any of its subsidiaries, or any of their associates or other member of management of the Company, was indebted to the Company at any time since the beginning of the most recently completed financial year of the Company or as at the date hereof, other than "routine indebtedness" as defined in applicable securities laws.

## **B. INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, except as disclosed in this Circular or in a previous information circular of the Company.

For the above purposes, an "informed person" means (i) a director or executive officer of the Company, (ii) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company, (iii) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights, attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution, and (iv) the Company after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

## **C. RECEIPT OF SHAREHOLDER PROPOSALS FOR THE NEXT ANNUAL MEETING**

Any Shareholder who intends to present a proposal at the 2015 annual meeting of Shareholders must send the proposal to the Company, Attention: Corporate Secretary at 100 King Street West, Suite 5700, Toronto, Ontario, M5X 1C7. In order for the proposal to be included in the proxy materials sent to Shareholders for that meeting, the proposal must be received by the Company no later than November 16, 2014, and must comply with the requirements of Section 137 of the CBCA.

## **D. AUDITORS AND TRANSFER AGENT**

The Company's auditor is Ernst & Young LLP, Chartered Accountants, 222 Bay Street, Toronto, Ontario, M5K 1J7.

The transfer agent and registrar of the Company is Computershare Investor Services Inc. through its principal offices in Vancouver, British Columbia.

## **E. ADDITIONAL INFORMATION**

Additional information with respect to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information with respect to the Company is provided in the Company's financial statements and management discussion and analysis for its most recently completed fiscal year. Shareholders can access this information on SEDAR under the Company's profile or by request to the Corporate Secretary of the Company at the following address:

Almonty Industries Inc.  
100 King Street West  
Suite 5700  
Toronto, Ontario  
M5X 1C7

Phone: (647) 438-9766

**F. APPROVAL**

The contents and the sending of this Circular have been approved by the Board.

Signed February 19, 2014.

*(signed) "Lewis Black"* \_\_\_\_\_

Lewis Black

Chairman of the Board of Directors



## SCHEDULE A

### AUDIT COMMITTEE CHARTER

#### **Policy Statement**

It is the policy of Almonty Industries Inc. (the “**Corporation**”) to establish and maintain an Audit Committee to assist the Board of Directors of the Corporation (the “**Board**”) in carrying out their oversight responsibility for the Corporation’s internal controls, financial reporting and risk management processes. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Audit Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties, within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

#### **Composition of the Audit Committee**

1. The Audit Committee shall consist of at least three directors, the majority of whom are not officers, employees or control persons of the Corporation or any of its associates or affiliates (as such terms are defined from time to time under the requirements or guidelines for audit committee service under the applicable rules of any stock exchange on which the Corporation’s securities are listed for trading). The Board shall appoint the members of the Audit Committee annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders of the Corporation after his or her appointment or until his or her successor shall be duly appointed and qualified. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.
2. Each member of the Audit Committee shall be “financially literate”. In order to be financially literate, a director must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the Corporation’s financial statements.
3. A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board at any time or until his or her resignation. A member of the Committee shall automatically cease to be a member of the Committee upon ceasing to be a director.
4. The Board may fill vacancies on the Audit Committee by appointing another director to the Audit Committee. The Board shall fill any vacancy if the membership of the Audit Committee is less than three directors. Whenever there is a vacancy on the Audit Committee, the remaining members may exercise all of the Audit Committee’s powers as long as a quorum remains in office.

#### **Meetings of the Audit Committee**

1. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the external auditors, or a senior officer of the

Corporation. Meetings of the Audit Committee shall correspond with the review of the quarterly financial statements of the Corporation and management's discussion and analysis thereon.

2. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee and to the external auditors of the Corporation, who shall be entitled to attend each meeting of the Audit Committee and shall attend whenever requested to do so by a member of the Audit Committee.
3. Notice of a meeting of the Audit Committee shall:
  - (a) be in writing;
  - (b) state the nature of the business to be transacted at the meeting in reasonable detail;
  - (c) to the extent practicable, be accompanied by copies of the documentation to be considered at the meeting; and
  - (d) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.
4. A quorum for the transaction of business at a meeting of the Audit Committee shall be the majority of the members of the Audit Committee. However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.
5. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.
7. The Chair of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however the Audit Committee (i) shall meet with the external auditors independent of management as necessary, in the sole discretion of the Audit Committee, and (ii) may meet separately with management.
8. The Audit Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair of the Audit Committee shall provide the Board with oral reports on the activities of the Audit Committee. All information reviewed and discussed by the Audit Committee at any meeting shall be retained and made available for examination by the Board upon request to the Chair of the Audit Committee. Minutes of the proceedings of the Audit Committee shall be kept in a minute book provided for that purpose. The minutes of the Audit Committee meetings shall accurately record the discussions of and decisions made by the Audit Committee, including all recommendations to be made by the Audit Committee to the Board and shall be distributed to all Audit Committee members.

## **Duties and Responsibilities of the Audit Committee**

1. The Audit Committee's primary duties and responsibilities are to:
  - (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
  - (b) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
  - (c) monitor the independence and performance of the Corporation's external auditors;
  - (d) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
  - (e) directly oversee the external audit process and results and resolve any disagreements between management and the external auditor regarding financial reporting;
  - (f) provide an avenue of communication among the external auditors, management and the Board; and
  - (g) establish a Whistleblower Policy for the Corporation to ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual.
2. The Audit Committee shall have the authority to:
  - (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
  - (b) discuss with the management and senior staff of the Corporation, its subsidiaries and affiliates, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
  - (c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
  - (d) set and pay the compensation for any advisors employed by the Audit Committee.
3. The Audit Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
4. The Audit Committee shall:
  - (a) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor and the compensation of the external auditors;
  - (b) consider the recommendations of management in respect of the appointment of the external auditors;

- (c) review the audit plan with the Corporation's external auditors and with management;
- (d) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
- (e) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
- (f) review and resolve any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- (g) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
- (h) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;
- (i) review and recommend for approval by the Board, the audited annual financial statements, management's discussion and analysis and related documents in conjunction with the report of the external auditors;
- (j) review and recommend for approval by the Board, the quarterly unaudited financial statements, management's discussion and analysis and related documents;
- (k) before release, review and recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including annual and quarterly financial statements, management's discussion and analysis, annual reports, annual information forms and press releases;
- (l) oversee any of the financial affairs of the Corporation, its subsidiaries and affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management;
- (m) pre-approve all non-audit services to be provided to the Corporation, its subsidiaries and affiliates by the external auditors;
- (n) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;
- (o) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Change of Auditors Notice and documentation required pursuant to National Instrument

51-102 – *Continuous Disclosure Obligations* (or any successor legislation) and the planned steps for an orderly transition period;

- (p) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities laws, on a routine basis, whether or not there is to be a change of external auditors; and
  - (q) review with management at least annually, the financing strategy and plans of the Corporation.
5. The Audit Committee shall review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.
  6. The Audit Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
  7. The Audit Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Audit Committee by any member of the Board, a securityholder of the Corporation, the external auditors, or senior management.
  8. The Audit Committee shall periodically review with management the need for an internal audit function.
  9. The Audit Committee shall review the Corporation's accounting and reporting of environmental costs, liabilities and contingencies.
  10. The Audit Committee shall establish and maintain procedures for:
    - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and
    - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
  11. The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors.
  12. The Audit Committee shall review with the Corporation's legal counsel as required, but at least annually, any legal matter that could have a significant impact on the Corporation's financial statements and any enquiries received from regulators or government agencies.
  13. The Audit Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Audit Committee.