Management Discussion and Analysis

For the Three and Twelve Month Periods Ended September 30, 2014

REPORT DATED: January 28, 2015

1. Introduction

This management discussion and analysis ("**MD&A**"), dated January 28, 2015, provides a review of the financial position and results of operations of Almonty Industries Inc. (TSX-V: AII) ("**Almonty**" or the "**Company**"). This MD&A reviews the business of Almonty and discusses the Company's financial results for the three and twelve month periods ended September 30, 2014. It should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended September 30, 2014.

The Company's management is responsible for the preparation of the consolidated financial statements as well as other information contained in this MD&A. The board of directors of Almonty (the "**Board of Directors**") is required to ensure that management assumes its responsibility in regard to the preparation of the Company's financial statements. To facilitate this process the Board of Directors has created an audit committee (the "**Audit Committee**"). The Audit Committee meets with members of the management team to discuss the operating results and the financial results of the Company, before making their recommendations and submitting the financial statements and MD&A to the Board of Directors for review and approval. Following the recommendation of the Audit Committee, the Board of Directors approved the audited consolidated financial statements for the year ended September 30, 2014 and this MD&A on January 29, 2015.

The audited consolidated financial statements of the Company for the year ended September 30, 2014 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

All currency figures in this MD&A appear in thousands of Canadian dollars unless otherwise stated.

Additional information about the Company, including the audited consolidated financial statements of the Company for the year ended September 30, 2014, is available on the Company's website at www.almonty.com and on SEDAR (www.sedar.com) under Almonty's profile.

Forward-Looking Information

This MD&A contains forward-looking statements that reflect management's expectations, estimates and projections concerning future events in relation to the Company's business and the economic environment in which it operates. Forward-looking statements may include, but are not limited to, statements with respect to possible acquisitions, demand for tungsten, tungsten prices, tungsten recovery and production, reductions in operating costs, improvements in efficiencies or reduction in dilution, future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing of activities and the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, the success of mine development and construction activities, the success of future mine operations, the success of other future business operations, requirements for additional capital and sources and uses of funds. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "estimates", "intends", "strategy", "goals", "objectives" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events, results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the inability of the Company to maintain its interest in its mineral projects or to obtain or comply with all required permits and licences, risks normally incidental to exploration and development of mineral properties, uncertainties in the interpretation of drill results, the possibility that future exploration, development or mining results will not be consistent with expectations, changes in governmental regulation adverse to the Company, lack of adequate infrastructure at the mineral properties, economic uncertainties, the inability of the Company to obtain additional financing when and as needed, competition from other mining businesses, the future price of tungsten and other metals and commodities, fluctuation in currency exchange rates, title defects and other related matters. See Section 9, "Risks and Uncertainties", in this MD&A for a further discussion of factors that could cause the Company's actual results, performance or achievements to be materially different from any anticipated results, performance or achievements expressed or implied by forward-looking statements. The forward-looking statements in this MD&A represent the expectations of management as of the date hereof and accordingly, are subject to change after such date. Readers should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. The Company does not undertake to update any forward-looking information, except as, and to the extent required by applicable laws. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

A glossary of terms is affixed to the last page of this MD&A.

2. Overview

Almonty is a publicly traded company listed on the TSX Venture Exchange (the "**TSX-V**") under the symbol "AII". The principal business of Toronto, Canada-based Almonty Industries Inc. (TSX-V: AII) is the mining, processing and shipping of tungsten concentrate from its Los Santos Mine in western Spain and its Wolfram Camp Mine in northern Queensland, Australia. The Los Santos Mine was acquired by Almonty in September 2011 and is located approximately 50 kilometres from Salamanca in western Spain and produces tungsten concentrate. The Wolfram Camp Mine was acquired by Almonty in September 2014 and is located approximately 110 km west of Cairns in northern Queensland, Australia and produces tungsten and molybdenum concentrate. Almonty also has an option to acquire a 100% ownership interest in the Valtreixal tin-tungsten project in north western Spain. Management and certain members of the Board of Directors led the turnaround and eventual sale of Primary Metals Inc., the operator of the Panasqueira Tungsten Mine in Portugal from 2003 to 2007. Further information about the Company's activities may be found at www.almonty.com and under the Company's profile at www.sedar.com.

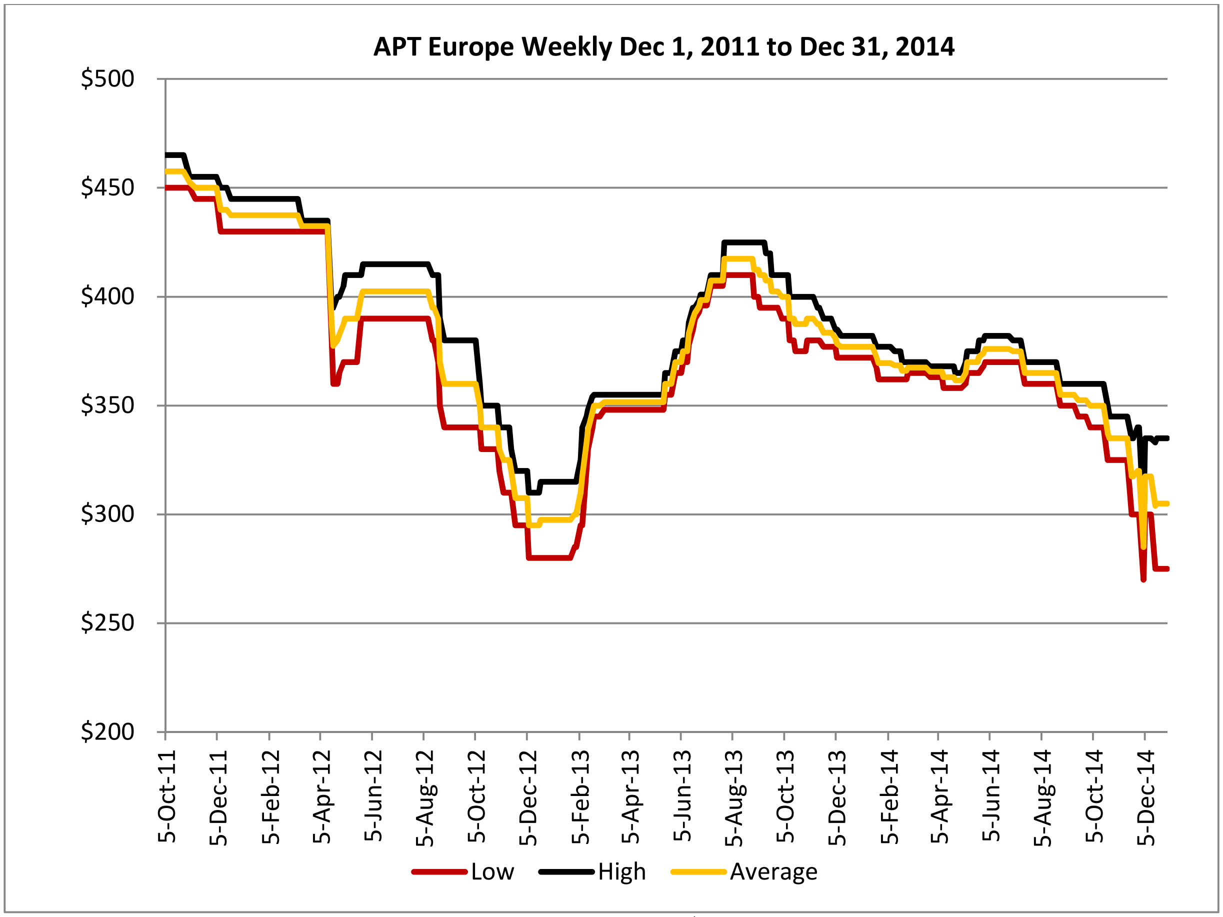
Market for Tungsten Concentrate

Market demand for tungsten concentrate continued to be stable during the fourth quarter of fiscal 2014 with an average price during the three month period ended September 30, 2014 of US$362/MTU of APT. Market prices for APT were down from the average of US$370/MTU for the three months ended June 30, 2014 and have continued to decline subsequent to year end with an average price for the three months ended December 31, 2014 of US$327 /MTU. Management believes that the demand and pricing for tungsten concentrate will rebound, given the limited quantities of "spot" concentrate available and the Company's customers purchasing all production from its operations over and above the minimum volumes specified in the Company's long-term supply agreements during the three and twelve month periods ended September 30, 2014. Longer-term we expect the recovery in global economic output and global demand will continue to have a positive impact on the price of APT and that continued forecasted demand increases will lead to supply shortages for tungsten concentrates and sustained higher prices.

Tungsten prices according to the MB European quotation for APT (from which Almonty's concentrate prices are derived by varying formulae under its long-term supply agreements) averaged US$362/MTU during the three months ended September 30, 2014. Pricing declined by 12% over the US$411/MTU average of the three month ended September 30, 2013. The average quoted price for European APT for the three month period ended December 31, 2012 was US$323/MTU; the average price for the three months ended March 31, 2013 was US$325/MTU; the average for the three months ended June 30, 2013 was US$364/MTU; the average price for the three months ended September 30, 2013 was US$410/MTU; the average price for the year ended September 30, 2013 was US$357/MTU; the average price for the three months ended December 31, 2013 was US$386/MTU; and, the average price for the three months ended March 31, 2014 was US$370/MTU; the average price for the three months ended June 30, 14 was US$370/MTU; the average price for the three months ended September 30, 2014 was US$362/MTU; and the average price for the year ended September 30, 2014 was US$ 368/MTU. Almonty prices its tungsten concentrate product in relation to the prior month's average quoted price for APT on the MB European quotation service.

Demand for tungsten concentrate remained strong with Almonty selling all the tungsten concentrate it produced during the quarter and the year ended September 30, 2014.

The Company anticipates that prices will continue to remain at current levels in the near-term and not return to the lows experienced in January and February 2013. We remain cautious as to the timing of a return to the historical high prices experienced in the first half of the Company's fiscal 2012. The Company continues to take the necessary steps to reduce operating costs and enhance its efficiency in order to ensure that the Company remains profitable should the price for APT and the Euro /USD exchange rate return to levels experienced during January and February 2013. Prices during the three months ended December 31, 2014 (Q1 2015) have declined to lows of US$310 MTU, however, offsetting this price decline has been the appreciation of the USD that has largely mitigated the negative impact of the low tungsten price when compared to the prior period.



Source: Metal Bulletin, ammonium para tungstate (APT), European (US$/MTU).

Los Santos Mine

Almonty has implemented significant operational changes and enhancements to the milling circuit at the Los Santos Project since its acquisition on September 23, 2011. The changes implemented yielded expected results and improvement in tungsten recoveries up to February 2013 and met our minimum targeted tungsten recovery rate of 65% from all types of ore found at the Los Santos Project. In March 2013, Almonty re-calibrated its lab equipment according to the results it received from assay work carried out by two large, global independent third party laboratories. In December 2013, Almonty determined that the recalibration was faulty. The faulty calibration was discovered by Almonty after an extensive review of all assay work carried out by the Company and the external assay laboratories from March 2013 up to the end of December 2013. The Company and the third party assay laboratories determined that the error occurred as a result of faulty assay work produced by the external laboratories. This error affected the Company's assay work carried out on the feed grade to the plant, as well as the tailings grade exiting the plant, leading to a miscalculation of the Company's tungsten recovery rate for the period. No other assay results were affected (blast assays, exploration assays etc. were unaffected). The Company rectified the problem in late December 2013 and recalibrated its internal laboratory after consultation with five additional third party assay laboratories that were employed by Almonty in its extensive review of the assay work.

The Company continues to re-tune its mineral processing circuit based on the now corrected tungsten feed grades. The Company anticipates that it will be able to return to its previously achieved base-line targeted tungsten recovery rate of 65% (achieved in the months of December 2012, January 2013 and February 2013 prior to the faulty calibration of its internal laboratory). The Company does not anticipate that there will be any material change to its plant configuration and that all previously installed upgrades to its processing circuit can be fine-tuned and fully utilized as originally planned.

There was no financial impact to this recalibration as it did not impact the assay results of final tungsten concentrate produced, thereby having no impact on the calculation of WO3 grades contained in the final concentrate that was sold by Almonty during the affected periods.

On January 31, 2014, Almonty re-stated its previously calculated tungsten recovery rates as follows:

Summary tungsten recovery information:

	Three Months Ended September 30, 2013	Three Months Ended June 30, 2013	Three Months Ended March 31, 2013	Three Months Ended December 31, 2012	Year Ended September 30, 2013
Original Average WO_3 recovery rate	62.5%	57.0%	63.6%	63.2%	62.0%
Restated Average WO_3 recovery rate	51.2%	46.0%	59.6%	63.2%	55.2%

The average tungsten recovery rate for the three months ended December 31, 2013 was 50.5%, in-line with the restated tungsten recovery rate for the three months ended September 30, 2013 as the Company was still operating the milling circuit based on faulty calibration of its laboratory. The tungsten recovery rate improved during the three months ended March 31, 2014 to 54.6%; it was 52.6% for the three months ended June 30, 2014 and it was 53.6% for the three months ended September 30, 2014. During the three months ended June 30, 2014, the Company was mining ore from a pit that was fully mined out in July 2014. Although the average grade of tungsten ore from this pit was higher than the average grade of the Los Santos mine, the ore from the pit was ultra-fine resulting in a greater loss of ore when it was processed when compared to ore from the main pits at the Los Santos Project. The Company anticipates that it will return to a more normal ore consistency as it returns to processing ore mined from the main pits at the Los Santos Project.

Almonty also was able to complete its connection to the Spanish electricity grid during the first week of October 2013. The connection continues to deliver material cost savings when compared to the cost of diesel generated power that was previously in place. Annual savings from the connection are estimated to be in excess of €750 per annum based on the terms of a supply contract the Company has entered into with Iberdrola SA, the operator of the Spanish state electricity grid. Results to date are in line with the expected savings.

Management has also identified several opportunities to expand the Los Santos Project's potential and is continuing its exploration campaign at the Los Santos Mine. The 2013 exploration campaign was completed in June 2013 with over 6,955 metres drilled. The campaign was focused on furthering our understanding of the resource at the Los Santos Project. The 2013 campaign resulted in an updated technical report being completed as at October 31, 2013 prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") (the technical report is filed on SEDAR under the Company's profile and also available on the Company's website). As a result of the exploration program, tungsten reserves increased by an additional 6.30%, contained tungsten by an additional 5.75% and the mine life was further extended by 1 year, to 9 years. The campaign was able to replace all of the mineral reserves that were consumed during the year (July 1, 2013 to June 30, 2013). More importantly we now have sufficient understanding of the resource to fully optimize the pit design and long-term mine plan.

The 2014 exploration campaign was completed in June 2014 and focused on drilling from existing underground galleries in order to confirm the overall final pit design and assess the underground potential of the Los Santos Project. Almonty is in the process of analysing the results and anticipates being able to release an updated NI 43-101 technical report prior to the end of calendar 2015.

Pit optimization work is continuing on schedule and the pit design is being enhanced based on the results of the NI 43-101 technical report dated October 31, 2013 as well as our understanding of additional exploration work that was completed as part of the 2014 campaign. Average grades of ore mined during the period of time of the pit optimization are improving and are beginning to approach the anticipated long-term grade of the resource. The improvement in the grade being mined, coupled with the optimization of the processing plant, is expected to enhance tungsten production levels in future periods. During the three months ended December 31, 2013 the Company experienced a modest increase in waste rock removal costs compared to the three months ended September 30, 2013 as it prepared in advance for the change-over in mining contractors in January 2014. The changeover to a new mining contractor in January 2014 went smoothly and costs for waste rock removal have returned to anticipated levels. The targeted strip ratio for 2014 is anticipated to be in line with the 12 months ended September 30, 2014 as the improved pit design is implemented.

During the three months ended September 30, 2014, the average grade of ore mined was 0.45% and for the three months ended June 30, 2014 it was 0.53%. The higher grades of ore mined enabled the Company to begin reprocessing the tailings stockpile. Blending tailings with fresh ore allowed the feed grade of ore to the plant to be optimized for the design specifications of the processing equipment.

Production during the three months ended September 30, 2014 was in line with the previous quarter and over 53% greater than production from the three months ended September 30, 2013. Production during the year ended September 30, 2014 was up over 33% when compared to the year ended September 30, 2013. Production during the three and twelve month periods ended September 30, 2013 was negatively impacted by stoppages in production during the quarter to install and commission the final components of the milling circuit optimization as well as the shutdown of mineral processing due to damage caused by a fire on June 23, 2013.

Ore mined during the quarter has reverted back towards the long-term average grade of the mineral reserves, currently estimated to be 0.39% for the Los Santos Mine. The Company anticipates that mined grades will continue to trend towards the long-term average grade of the deposit as mining ore from the main pits at the Los Santos Mine continues and that tungsten recovery rates will improve once the Company has completed processing the ultra-fine grain ore from the pit that was completely mined out during July 2014.

On December 19, 2013, Almonty served notice to Sanchez y Lago, the former mining contractor at the Los Santos Project, that it was terminating its agreement effective January 15, 2014. Almonty has entered into a new contract with "**MOVITEX**" (Movimentos de Tierras Y Excavaciones, S.L.U.) for contract mining services at Los Santos effective January 15, 2014. Almonty owed Sanchez y Lago €40 for the demobilization of its equipment and up to €35 for a maintenance workshop owned by Sanchez y Lago that is located at the Los Santos mine site (total payment of €75 estimated to be $109 based on the CAD/Euro exchange rate as of the date notice was given) as a termination fee under the contract. This amount became payable in January 2014 and was fully paid during the three months ended March 31, 2014. MOVITEX began providing contract mining services at the Los Santos Project on schedule and Almonty estimates that the cost of such services will be significantly less than what it was paying to Sanchez y Lago for similar services. The equipment being employed by MOVITEX is smaller and better suited to both the size and types of open pits being mined at the Los Santos Project and experience to date has been favourable, both in terms of cost reductions and a reduction in the amount of dilution.

Summary operating information for the Company's Los Santos Project:

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Year Ended September 30, 2014	Year Ended September 30, 2013
Ore treated (tonnes)	127,122	117,821	488,110	456,895
WO_3 concentrate produced (MTU)	24,042	15,717	90,282	67,435
WO_3 concentrate sold (MTU)	23,226	14,688	90,828	66,807
Sales revenue (US$ million)	6.5	4.6	26.2	17.8
Cash operating costs (US$/MTU)	111	206	119	170
Waste rock mining costs, including deferred stripping costs (US$/MTU)	94	154	105	123
All in cash operating costs (US$/MTU)	205	360	224	293
Ore mined (tonnes)	142,383	155,887	474,509	556,861
Average grade WO_3 mined	0.35%	0.31%	0.49%	0.33%
Average WO_3 recovery rate	53.6%	51.2%	52.9%	55.2%

MTU production during the three months ended September 30, 2014 continued to be robust despite lower than planned tungsten recovery rates during the period. The retuning of the milling circuit, with the final pieces of equipment installed during Q2, 2015, is well under way and has yielded the expected results. We are continuing with the re-tuning process and anticipate reaching a 60% tungsten recovery rate in the near-term, as we return to processing ore from the main pits at the Los Santos Mine, and back to the industry standard target of 65% by the end of calendar 2015. The resulting increase in MTU produced during the quarter, when compared to the three months ended September 30, 2013, combined with the Company's continued focus on cost control and its cost reduction program, led to Euro denominated cash operating costs to continue to decrease. Unit cash operating costs are anticipated to further decrease as the tungsten recovery rate improves.

MTU production for the year ended September 30, 2014 was negatively impacted by the continued reliance on the faulty laboratory calibration during the three months ended December 31, 2013. The faulty calibration was not discovered until late December 2013 and lead to a lower tungsten recovery rate for the three months ended December 31, 2013 when compared to the three months ended December 31, 2012 and the three months ended September 30, 2013.

As a result of the faulty calibration, the Company is currently in the process of re-evaluating its tailings stockpile that was produced during the period of March 1, 2013 to December 31, 2013 as it contains significantly higher grades of tungsten than previously thought, leading to an increase in the anticipated production of MTUs of WO_3 when the tailings are ultimately reprocessed.

The Company completed the installation of milling equipment and circuit upgrades in late December 2013 that specifically targeted the recovery of fine and ultra-fine material. This equipment was specifically designed to aid in the recovery of tungsten from the Company's growing stockpile of tailings. Management originally believed that due to its inability to recover tailings prior to January 2014. Management undertook additional analysis of the tailings stockpile and determined that it should ascribe a value to the tailings stockpile. Management undertook a detailed review of the net realizable value that could be expected once the tailings stockpile was reprocessed, taking into account the current commodity price environment, and determined that there was economic value that was being created in the tailings stockpile.

The initial inclusion of the tailings stockpile in the Los Santos Mine 43-101 reserve estimate occurred in 2013. This, coupled with management's continued assessment of its ability and intention to reprocess the tailings stockpile, and, in light of the increased amount of recoverable MTU's of tungsten in the stockpiles as a result of the calibration error that was previously discussed, led management to conclude that financial results for fiscal 2013 should be restated to reflect an allocation of costs of production to the tailings stockpile. (See Note 2 in the Company's audited consolidated financial statements for the year ended September 30, 0214). The impact of the tailings stockpile cost allocation also affected fiscal 2014 and the amounts have been included in the financial results for fiscal 2014.

Management has also conducted a review of the future profitability of the Los Santos mine in light of the positive net income experienced during 2014. This analysis was first carried out without taking into consideration the positive impact to net income from the allocation of costs to the tailings inventory. The tailings cost allocation lead further credence to the view that it was more likely than not that Almonty would be able to utilize tax loss carry forward amounts at the Los Santos Mine to offset income in future periods. This analysis has been carried out annually by management when it reviewed the appropriate carrying value for the Company's deferred tax asset. The review has lead management to record an increase in the amount of the deferred tax asset recognized as at September 30, 2013 and 2014 (See Note 2 and Note 25 in the Company's audited annual consolidated financial statements for the year ended September 30, 2014)

Wolfram Camp Mine

Almonty acquired 100% of the share capital of Wolfram Camp Mining Pty Ltd ("**WCM**") and Tropical Metals Pty Ltd ("**TM**") (combined the two companies own a 100% interest in the Wolfram Camp Mine), on September 22, 2014. Total consideration for the acquisition was approximately $16.9 million satisfied by Almonty as follows:

- Almonty issued approximately 12,209,302 common shares at a value of $0.77 per share (being closing share price on September 22, 2014) for deemed consideration of approximately $9.4 million, representing approximately 24.9% of Almonty's issued and outstanding common shares as at such date; and

- The remaining purchase price of approximately $7.5 million was satisfied by Almonty issuing a convertible debenture to Duetsched Rohstoff AG ("**DRAG**"), the former owner of TM and WCM. The convertible debenture has a maturity of 2.5 years with a coupon of 4% with interest payable quarterly. The convertible debenture may be converted, at the option of the seller, into common shares of Almonty at a conversion price of $1.45 per Almonty share.

The principal business of the Wolfram Camp Mine is the advancement of exploration, development and production activities at the Wolfram Camp Mine. The Wolfram Camp Mine is a wolframite and molybdenum mineral deposit. The mine is located about 130 kilometres from Cairns, Queensland, Australia, near the town of Dimbulah.

The Wolfram Camp Mine mineralisation was discovered in 1894 and previous mining operations have been based either on surface eluvial mining of residual wolframite grains or on the underground extraction of high-grade pipes of erratic shape and lateral dimensions. The hard rock mines of the Wolfram Camp Mine mineral field have recorded combined production of at least 10,000t of wolframite, molybdenite, bismuth and mixed concentrates. Eluvial and early hard rock production is poorly recorded. The main periods of hard rock mining were 1908-1920, 1967-1972 and 1978-1982.

After a very brief period of production in 2008 under former owners, the mine restarted open pit ore production during the latter months of 2011, and the mill was commissioned during the beginning of 2012. It has operated continuously since that time.

The results of the Wolfram Camp Mine were consolidated with those of the Company effective September 22, 2014 and are included in the Wolfram Camp Mine operations segment.

The following table presents the preliminary allocation of purchase price to the fair value of the assets acquired and the liabilities assumed at the date of acquisition:

Net assets acquired:

	Fair value at acquisition date
Assets	
Property, plant and equipment	6,644
Mine development	11,522
Financial Assurance Deposit	954
Other current assets	349
Inventories	3,952
GST Receivable	45
Cash and cash equivalents	185
	23,651
Liabilities	
Trade and other payables	3,591
Other liabilities and accruals	2,367
Restoration provision	792
	6,750
Total identifiable net assets	**16,901**
Direct costs attributable to the acquisition	873
Net cash acquired with WCM	185
Transaction costs incurred	(873)
Net consolidated cash outflow	**(688)**

Direct transaction costs of $873 have been expensed and are included in transaction costs on the consolidated statement of operations and comprehensive income (loss) for the period ended September 30, 2014.

The amounts of the Wolfram Camp Mine's revenue and net (loss) included in the Company's consolidated statements of income for the year ended September 30, 2014 was $1,192 and ($276), respectively.

If the acquisition had occurred on October 1, 2013, management estimates that the Company's consolidated revenue would have been approximately $41,058 and consolidated net income would have been approximately $8,623 for the year ended September 30, 2014. In determining these amounts, management has assumed the fair value adjustments which arose on the date of acquisition, would have been the same as if the acquisition would have occurred on October 1, 2013. This pro forma information is for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisition been consummated at that time, nor is it intended to be a projection of future results.

The fair values disclosed have been determined by management after review of the mine plan and review of the fair market value of the assets acquired.

Mine development and property, plant and equipment will be amortized over the useful life of the mine based on a unit-of-production. See Note 2 for a summary of the Company's accounting policies; Note 7 regarding property, plant and equipment; and, Note 8 regarding mine development in the audited consolidated financial statements for the year ended September 30, 2014.

Direct transaction costs of $606 and an estimate for the stamp duty payable of $267 have been expensed and are included in transaction costs on the consolidated statement of operations and comprehensive income (loss) for the period ended September 30, 2014.

Subsequent to September 30, 2014 Almonty submitted a claim under the share purchase agreement that governed the acquisition of the Wolfram Camp Mine seeking an adjustment to the purchase price under several clauses of the acquisition agreement. The claim has not yet reached arbitration and there can be no certainty that Almonty will be successful.

On October 16, 2014 Almonty filed a National Instrument 43-101 Technical Report for the Wolfram Camp Mine. The technical report was filed on SEDAR (www.sedar.com) under Almonty's company profile and is also be available on the Company's website at www.almonty.com

Almonty owned the Wolfram Camp Mine for approximately one week in the year ended September 30, 2014. Production activity during the period was limited and therefore did not lend itself to meaningful disclosure of production, cost and recovery detail. In future periods Almonty will provide a production summary similar to what is disclosed for the Los Santos Mine.

Subsequent to year end Almonty has begun implementing changes to the milling and processing circuit (addition of ore sorting equipment, mobile jaw crusher, screens and equipment targeting fine material) in order to improve through put, reduce dilution and increase tungsten recovery. Almonty has also embarked on a 10,000 metre exploration program to further delineate the resource base at the mine and has begun pit optimization work. Planning is under way to evaluate the underground potential of the mine.

Valtreixal Project

On March 21, 2013, the Company announced that it had entered into an option agreement to acquire a 51% interest in, and be the project operator of, the Valtreixal Sn-WO_3 project in north western Spain (approximately 250km from its Los Santos tungsten project) for total consideration of €1,400. Almonty made the first installment payment of €100 in June 2013. The second installment of €300 was originally due in June 2014 but was rescheduled to December 2014 so that Almonty could finish its current evaluation of the project during Q4 2014. The balance of funds originally due in June 2015 have also been rescheduled and are due in December 2015 should Almonty decide to continue with the project. Almonty also has the option to acquire the remaining 49% interest in the project for an additional €2,000 at the end of the 24 month period. Almonty has begun its evaluation of the historical data and has carried out exploration drilling on the site. Almonty anticipates development work on the project to be carried out over the first 18 months of the option period.

The Company has embarked on a review of the historical data and the exploration work that it has carried out on the Valtreixal Project and has conducted additional analysis of existing trenches and galleries on the project. We anticipate being able to update the market on the progress made to date prior to the end of fiscal 2014.

On October 24, 2014 Almonty filed a National Instrument 43-101 technical report for the Valtreixal Project. The technical report was filed on SEDAR (www.sedar.com) under Almonty's company profile and is also be available on the Company's website at www.almonty.com. Further review and analysis of ongoing work carried out on the project since that time has enabled Almonty to gain a more detailed understanding of the project's potential. The Company believes that the Valtreixal Project warrants continued development and anticipates that the 2015 exploration campaign, which is scheduled to be completed in the spring of 2015, will support this position.

On January 5, 2015 Almonty announced that it made the third installment payment of €300 on the Valtreixal Project (instalment payments to date total €700). Almonty now owns a 25% interest in the Valtreixal Project and has an option to acquire the remaining 75% ownership interest through €1,700 in additional installment payments over the next 18 months.

3. Financial Highlights

The Company adopted the following new and amended standards in the current reporting period: New standard IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine ("**IFRIC 20**") IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity through either: useable ore that can be used to produce inventory or improved access to further quantities of material that will be mined in future periods.

The Company has reassessed how it has accounted for its tailings inventory that forms part of the Company's tungsten reserves. The Company had previously not recorded the cost of this tailing inventory for the year ended September 30, 2013. The Company determined that the stockpiles of low grade ore should be accounted for as non-current inventory under IAS 2 effective October 1, 2012, since the processing of the low grade ore became economically viable, as determined in the NI 43-101 Technical Report on the Mineral Resources and Reserves of the Los Santos Mine Project, and management intention to process the stockpile in the future existed at that time.

As a result of this exercise, the Company's consolidated balance sheet and consolidated statement of operations and comprehensive income (loss) did not reflect the appropriate inventory cost and cost of sales for the year ended September 30, 2013. This has been corrected retrospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, resulting in the adjustment of prior year financial information.

The changes in accounting policies have been applied retroactively with restatement as of October 1, 2012 and there was no impact on October 1, 2012 opening balances. Additional detail on the impact of this accounting change can be found in Note 2 of the Company's audited consolidated financial statements for the year ended September 30, 2014.

The following financial information is for the periods from July 1, 2014 to September 30, 2014; from July 1, 2013 to September 30, 2013; from March 31, 2014 to June 30, 2014; from October 1, 2013 to September 30, 2014; and, from October 1, 2012 to September 30, 2013. Historical information has been restated to reflect the new accounting policies that have been adopted.

Historical periods have been restated. Readers are referred to Note 2 and Note 25 of the Company's audited consolidated financial statements for the year ended September 30, 2014 for further details.

	Three Months Ended September 30, 2014 $'000	**Restated Three Months Ended September 30, 2013 $'000**	**Restated Three Months Ended June 30, 2014 $'000**
Gross Revenue	8,451	4,730	7,368
Mine operating costs	3,815	3,304	2,396
Depreciation and amortization	1,972	1,378	2,608
Earnings from mining operations	2,664	48	2,364
General and administrative costs	846	737	578
Net other expense (income)	708	(61)	337
Non-cash compensation costs	-	14	-
Earnings (loss) before the undernoted items	**1,110**	**(642)**	**1,449**
Interest expense	139	97	112
Loss due to fire	-		-
Gain from insurance settlement	-	(928)	-
Deferred tax provision	(502)	(1,840)	-
Net income (loss) for the period	**1,473**	**2,029**	**1,337**
Income (loss) per share basic	$0.03	$0.05	$0.04
Income (loss) per share diluted	$0.03	$0.05	$0.04
Dividends	$0.0272	-	-
Cash flows provided by (used in) operating activities	2,227	(56)	(805)
Cash flows provided by (used in) investing activities	(1,207)	(1,792).	(2,706)
Cash flows provided by (used in)financing activities	9,591	(551)	2,7776

	Year Ended September 30, 2014 $'000	Restated Year Ended September 30, 2013 $'000
Gross Revenue	29,609	18,341
Production costs	10,287	11,400
Depreciation and amortization	4,610	3,447
Earnings from mining operations	14,712	3,494
General and administrative costs	3,213	2,803
Net other expense	1,107	66
Non-cash compensation costs	56	210
Earnings (loss) before the undernoted items	**10,336**	**4155**
Interest expense	443	214
Loss due to fire	-	527
Gain from insurance settlement	-	(928)
Earnings before taxes	9,983	602
Income tax provision- deferred	(502)	(1,840)
Net income (loss) for the period	10,395	2,442
Income (loss) per share basic	$0.24	$0.07
Income (loss) per share diluted	$0.24	$0.07
Cash flows provided by (used in) operating activities	8,661	378
Cash flows provided by (used in) investing activities	(7,252)	(6,078)
Cash flows provided by (used in) financing activities	12,355	5,648

	September 30, 2014	September 30, 2013
Cash	14,847	1,083
Restricted cash	956	237
Total assets	88,047	42,123
Long-term trade payables	675	617
Long-term debt	21,336	5,946
Capital lease obligations	296	108
Convertible debenture	7,292	-
Shareholders' equity	47,096	27,304
Other		
Outstanding shares ('000)	48,987	37,044
Weighted average outstanding shares ('000)		
Basic	43,149	37,044
Fully diluted (treasury method)	43,149	37,044
Closing share price	$0.70	$0.93

Three Month Period Ended September 30, 2014

During the three months ended September 30, 2014, Almonty mined 142,383 tonnes of ore at a weighted average grade of 0.45% WO_3 (155,887 tonnes of ore at a weighted average grade of 0.31% for the three months ended September 30, 2013) and the Company processed 127,122 tonnes of ore at a weighted average grade of 0.41% WO_3 for a total contained MTU WO_3 processed of 44,841 (117,821 tonnes of ore processed at a weighted average grade of 0.21% WO_3 for a total contained MTU WO_3 processed of 24,909 for the three months ended September 30, 2013). Tungsten concentrate recovery averaged 53.6% and 51.2% for the three month periods ended September 30, 2014 and 2013, respectively. Almonty shipped 23,226 MTU of high grade concentrate (65.0% or higher WO_3) and nil MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended September 30, 2014 compared to 11,688 MTU of high grade concentrate (65.0% or higher WO_3) and 3,000 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended September 30, 2013.

Gross revenue for the three month period totalled $7,368 ($4,730 for the three month period ended September 30, 2013). The average APT price for the three months ended September 30, 2014 was US$362MTU compared to an average of US$411/MTU for the three months ended September 30, 2013. The 12% price decline was off-set by an increase in unit sales of over 50% as the prior year quarter had several shut-downs due to a fire.

Mine operating costs (direct mining and milling costs waste rock stripping costs associated with current production) totalled 3,815 for the three month period ended September, 2014. For the three month period September 30, 2013 mining operating costs totalled $3,304. Depreciation and amortization expense for the three months totalled 1,972 ($1,378 for the three months ended September 30, 2013). Earnings from mining operations totalled $2,664 for the three month period compared to $48 for the prior period. The significant increase in earnings from mining operations for the three month period ended September 30, 2014 was a direct result of lower costs experienced during the period coupled with a higher grade ore that was mined when compared to the prior year period. In addition, operations during the prior year period we negatively impacted from the fire that caused several stoppages in operations during Q4 2013.

General and administrative costs for the three month period ended September 30, 2014 totalled $846. For the three month period ended September 30, 2013, general and administration costs were $737. General and administrative costs include employee salaries and employment related expenses of all non-mining/processing personnel as well as corporate overhead costs, business development and corporate development costs, listing and transfer agent fees, accounting, legal and other professional fees and travel.

Non-cash compensation costs of $*nil* were incurred during the three month period ended September 30, 2014. Non-cash compensation costs for the three months ended September 30, 2013 consisted of $14 relating to the vesting of a portion of the options previously granted to the Chief Financial Officer.

Other expense (income) was $708 for the three month period ended September 30, 2014 compared to an income $61 for the three month period ended September 30, 2013. This consisted of (i) foreign exchange (gains) losses on the translation of United States dollar revenue into Euros and the revaluation of non-interest bearing trade payables valued in United States dollars totalling $55 for the three month period ended September 30, 2014 compared to $42 for the three month period ended September 30, 2013, and (ii) other (income) expense for the three month period ended September 30, 2014 of $653 compared to other (income) expenses of $18 for the three month period ended September 30, 2013. The expense of $652 for the three months ended September 30, 2014 is comprised of legal, accounting, tax, financing, due diligence costs and advisory fees in connection with the Company's acquisition of the Wolfram Camp Mine on September 22, 2014.

Depreciation and amortization expense for the three month period ended September 30, 2014 totalled $1,972 comprised of depreciation and amortization of mining operations based on historical costs utilizing a unit of production ("**UOP**") methodology. Total depreciation and amortization for the three month period ended September 30, 2013 was $1,378 comprised of depreciation and amortization of mining operations based on historical costs utilizing a UOP methodology. The increase was due in part to greater production of MTU's of WO_3 during the three months ended September 30, 2014 when compared to the three months ended September 30, 2013 as well as the fact that ore mined during July 2014 was from a higher cost pit that was fully mined out as at the end of July 2014.

The Company also continued to add to its tailings inventory stockpile during period, adding $2,030 during the quarter when compared to $2,302 in the period ended September 30, 2013. Both periods saw an increase in mining activity and tailings production when compared to other periods in each of the respective years.

Overall income (loss) for the three month period ended September 30, 2014 was $1,473 or $0.03 per common share. For the three month period ended September 30, 2013 overall income was $2,029 or $0.05 per common share and included the recognition of a deferred tax benefit of $502 as a result of the expected future profitability of the operations. The Company realized a gain on the settlement of an insurance claim related to the fire, as well as the recognition of a deferred tax benefit of $1,840 during the prior year. The Company also recognized a deferred tax benefit during the three month ended September 30, 2014 in the amount of $502. These provisions are non-cash and will reverse as the company utilizes its tax loss carry forward amounts to shelter income in future periods.

Cash provided by (used in) operating activities totalled $2,227 and ($56) for the three month periods ended September 30, 2014 and 2013, respectively.

Cash used in investing activities totalled ($1,257) for the three month period ($1,792 for the three month period ended September 30, 2013) and is related to exploration activities of $150 on the Valtriexal Project, ($54 for the three month period ended September 30, 2013), additions to plant and equipment of $$135 ($965 for the three month period ended September 30, 2013), and pit optimization and waste rock movement of $1,034. ($775 for the three month period ended September 30, 2013). Pit development costs are capitalized and then amortized based on the UOP method as the current strip ratio is greater than the average strip ratio over the life of the Los Santos Project. The Company also acquired net cash on the on the acquisition of the Wolfram Camp Mine of $112.

Cash provided by (used in) financing activities totalled $9,584 and comprised net new borrowings under a credit facility for $11,200 less principal repayments on existing debt of $557. The Company also declared and paid a dividend for $1,001, $0.0272 per share, during the three month period ended September 30, 2014. Cash provided by (used in) financing activities for the three month period ended September 30, 2013 was ($551) consisting of repayment of long-term debt of $541 and capital lease payments of $10.

Three Months Ended September 30, 2014 (Q4 2014) Compared to the Three Months Ended June 30, 2014 (Q3 2014)

Revenues increased by $1,083 in Q4 2014 compared to Q3 2014despite sales volumes decreasing. A portion of the revenue increase can be attributed to the $1,192 in revenue recognized by WCM on the shipment of finished goods that had already been paid for prior to the acquisition. Sales volumes at Los Santos decreased by 1,474 MTU during the quarter when compared to the prior period. Despite the decrease in volume the Company enjoyed a small increase in pricing during the quarter and the relative strength of the US$ in comparison to the Euro and the AUD has had a positive impact on operations during Q1 2015. The Company anticipates that MTU production will stabilize at current levels as the tungsten recovery rate improves while the grade of ore mined and milled reverts back towards the long-term average expected over the life of the Los Santos Project.

Net Income before taxes decrease when compared to the prior quarter before taking into account the deferred tax benefit booked in Q4. The impact of the costs of closing the acquisition of Wolfram Camp, had a slightly negative impact on profitability during the final quarter of fiscal 2014.

During the three month period ended September 30, 2014, cash flow used in investing activities of $1,207 ($for the three month period ended March 31, 2014) represented an increase of $376 in capital spent on the Company's drilling exploration program (largely as a result of work carried out at the Company's Valtreixal project), an increase of $733 spent on pit optimization as the Company carried out advanced waste rock removal in preparation for a new pit design, and a $283 decrease in the amount spent on equipment as compared to the three month period ended March 31, 2014.

Cash flow (used in) provided by financing activities during the three month period ended June 30, 2014 totalled $2,776 consisting of new long-term borrowing net of the repurchase of common shares ebt of $2,662 and the repurchase of common shares under the Company's Normal Course Issuer Bid of ($70) compared to cash provided by financing activities of $9,584, comprised of the payment of a dividend of $0.0272 per share ($1,001) during the quarter and net new borrowing of long term debt of $10,585, and the acquisition of net cash of $112 with the Wolfram Camp Mine acquisition. The Company did not repurchase any shares under its NCIB during the period.

Year Ended September 30, 2014

The following production information relates to the operations at the Company's Los Santos Mine. The Company owned the Wolfram Camp Mine for 8 days during the year ended September 30, 2014 and the production information available for the Wolfram Camp Mine during this one week period was not significant.

During the year ended September 30, 2014, Almonty mined 474,509 tonnes of ore at a weighted average grade of 0.49% WO_3 (556,681 tonnes of ore at a weighted average grade of 0.33% for the year ended September 30, 2013) and the Company processed 488,110 tonnes of ore at a weighted average grade of 0.34% WO_3 for a total contained MTU WO_3 processed of 168,012 (456,895 tonnes of ore at a weighted average grade of 0.24% WO_3 for a total contained MTU WO_3 processed of 108,698 for the year ended September 30, 2013). Tungsten concentrate recovery averaged 52.9% and 55.2% for the years ended September 30, 2014 and 2013 respectively. Almonty shipped 90,828 MTU of high grade concentrate (65.0% or higher WO_3) and *nil* MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the year ended September 30, 2014 compared to 59,167 MTU of high grade concentrate (65.0% or higher WO_3) and 7,640 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the year ended September 30, 2013.

Gross revenue for the year totalled $29,609 for the year ended September 30, 2014 and include $1,192 in revenue recognized at the Wolfram Camp Mine on the shipment of concentrate that had been produced at the mine prior to the acquisition ($18,311 for the year ended September 30, 2013). The increase was a direct result of a greater volume of MTUs shipped during the period when compared to the year ended September 30, 2013.

Mine operating costs (direct mining costs, a portion of waste rock removal costs related to current production, crushing and milling costs) totalled $9,155 year ended September 30, 2014. For the year ended September 30, 2013, Mine operating costs totalled $and direct processing costs totalled $11,400. Mine operating profit for the year ended September 30, 2014 was $14,712 ($3,494 for the year ended September 30, 2013).Mine operating costs were lower as a direct result of cost saving initiatives that have been implemented at Los Santos. Direct milling costs were lower even though the Company had a 6% increase in milling throughput during the year. The lower throughput in the year ended 2013 was a direct result of stoppages in operations as a result of the electrical fire.

General and administrative costs for the year period ended September 30, 2014 totalled $3,213. For the year ended September 30, 2013, general and administration costs were $2,803. General and administrative costs include employee salaries and employment related expenses of all non-mining/processing personnel as well as corporate overhead costs, business development and corporate development costs, listing and transfer agent fees, accounting, legal and other professional fees and travel. The increase in costs of $410 were a result of an increase in costs associated with the implementation of additional cost savings measures including severance costs as the Company continued to optimize the size of its work force as well as an increase in business and corporate development costs and other administrative costs, off-set by realized cost savings from the Company's cost reduction program when compared to the year ended September 30, 2013.

Non-cash compensation costs of $56 were incurred during the year period ended September 30, 2014 and relate to the vesting of options granted to an employee. Non-cash compensation expense for the year ended September 30, 2013 were of $210. $60 of which relates to the vesting of a portion of the options previously granted to the Chief Financial Officer in September 2011, $50 for the granting of options to a director of the Company and $100 for the granting of options to two employees.

Net other expense was $1,107 for the year ended September 30, 2014 compared to $66 for the year ended September 30, 2013. This consisted of (i) foreign exchange gains (losses) on the translation of United States dollar revenue into Euros and the revaluation of non-interest bearing trade payables valued in United States dollars totalling $188 for the year ended September 30, 2014 compared to $99 for the year ended September 30, 2013, and (ii) other (income) expense for the year ended September 30, 2014 of $919 compared to $33 for the nine month period ended September 30, 2013. The amounts for the year ended September 30, 2014 were comprised of a loss of $1,709 from transaction costs associated with the Company's approach to Ormonde Mining Plc. (legal, accounting, tax, financing, due diligence costs and break fees) of $836 and direct transaction costs , including a one-time Stamp Duty charge on the acquisition of the Wolfram Camp Mine of $873. These amounts were off-set offset by a gain of $528 from the revaluation of outstanding liabilities owed to a supplier that were extinguished by a one-time lump-sum payment made at a discount to what was owed by Almonty and a gain of $157 from the salvage and sale of scrap equipment that was made redundant when the Company completed its connection to the Spanish electricity grid in October 2013; and, $322 in additional transaction costs (legal, accounting, tax, financing, due diligence and advisory costs) incurred with respect to the pending the Wolfram Camp Mine acquisition and the review of other strategic acquisitions by Almonty during the period.

Depreciation and amortization expense for the year ended September 30, 2014 totalled $4,610 comprised of depreciation and amortization of mining operations based on historical costs utilizing a unit of production (**"UOP"**) methodology. Total depreciation and amortization for the year ended September 30, 2013 was $3,447 comprised of depreciation and amortization of mining operations based on historical costs utilizing a UOP methodology. The increase of $1,163 is a function of both increased MTU's of contained tungsten mined and processed as well as the mining of ore from pits that had a higher historical cost base during the year ended September 30, 2014 when compared to the year ended September 30, 2013. The adoption of IFRIC 20 (See Note 2 in the Company's audited annual consolidated financial statements for the year ended September 30, 2014 and 2013 has led to a decrease in overall amortization charged against the mine development asset offset by an increase in waste rock stripping costs that are directly allocated to current production when compared to Almonty's prior method of accounting for stripping costs at Los Santos.

The Company's change in accounting policy for the allocation of costs (direct mining and processing costs as well as amortization and depreciation charges related to the production of tailings inventory) totalled $7,105 in the year ended September 30, 2014 compared to $7,409 for the prior year. This change in accounting policy resulted in an overall decrease in mining and production costs that were expensed during the years ended September 2014 and 2013. These costs have been capitalized to the tailings inventory stockpile and will be expensed when the tailings are reprocessed in future periods. The Company carries out a net realizable review on a quarterly on its inventory stockpiles t ensure it is being carried at the lower of cost or net realizable value.

Overall income for the year period ended September 30, 2014 was $10,395 or $0.24 per common share. For the year ended September 30, 2013 overall income was 2,442 or $0.07 per common share. The result of allocating costs to the tailings inventory resulted in the Company recording a deferred tax benefit for the year ended September 30, 2014 in the amount of $503 ($1,840 for the year ended September 30, 2013). These benefits are non-cash and relate to a timing difference in the recognition of loss carry forward amounts in the current period compared to when the losses will be utilized for tax purposes.

Cash provided by operating activities totalled $8,661 and $378 for the years ended September 30, 2014 and 2013, respectively.

Cash used in investing activities totalled $7,252 for the year ended September 30, 2014 ($6,744 for the year ended September 30, 2013) and is related to exploration expenses of $966 ($656 for the year ended September 30, 2013), additions to plant and equipment of $1,047, less $237 in restricted cash that was utilized during the period to offset a portion of the cost ($1,801 for the year ended September 30, 2013), and the capitalization of pit optimization and waste rock movement of $5,608 ($6,381 for the year ended September 30, 2013). Pit development costs are capitalized and then amortized based on the UOP method as the current strip ratio is greater than the average strip ratio over the life of the Los Santos Project. The Company also acquire net cash of $112 in net cash ($188 less a portion of the direct transaction expenses that were paid on acquisition of $76).

Cash provided by (used in) financing activities totalled $12,355 for the year ended September 30, 2014 and consisted of capital leases payments of $50, new borrowing of long-term debt net of repayments of $13,652, ($218) used in the repurchase of common shares under the Company's NCIB and ($1,001) in cash used to pay a dividend to shareholders. Cash provided by financing activities for the year ended September 30, 2013 was $5,648 and consisted of net new borrowing of long-term debt of 5,965 offset by capital lease payments of ($47).

Liquidity and Capital Resources

As of September 30, 2014 the Company had sufficient cash resources and liquidity to meet its current obligations and to fund working capital requirements and planned capital expenditures in fiscal 2015 (see Section 8, "Objectives and Outlook", in this MD&A for planned drilling and exploration activities and expenditures on pit optimization). The Company had cash and receivables of $16,827 and net non-cash working capital of ($732) as at September 30, 2014. As of the date of this MD&A, the Company has received payment for all invoices related to the sale of tungsten concentrate that were outstanding as at September 30, 2014. The Company believes that, based on the current price of APT and its forecast production schedule for fiscal 2015, it has the ability to generate sufficient cash flow to meet both its current and long-term obligations. Should the price of APT fall below a level sufficient to cover the Company's cash operating costs or should the Company no longer be able to produce tungsten concentrate in sufficient quantity, then the Company may not be able to meet its current and long-term obligations. Outside of abiding by Spanish law requirements on minimum capital adequacy at Daytal and abiding by Australian law requirements on minimum capital adequacy at the Wolfram Camp Mine, there is no legal restriction on Almonty's ability to repatriate capital from either Daytal or the Wolfram Camp Mine.

The primary objective of Almonty's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Almonty manages its capital structure and makes adjustments to it in light of changes in economic conditions. Almonty may make a dividend payment to shareholders, return capital to shareholders or issue new shares in order to meet its capital management objectives in future periods. Almonty monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. Almonty's policy is to maintain the gearing ratio between 5% and 40%, which is consistent with industry standards. Almonty includes within net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short term deposits and receivables from government tax authorities. Almonty is not exposed to any externally imposed capital requirements.

The Company's wholly-owned subsidiary had $21,336 in fully amortizing long-term debt comprised of 9 individual facilities with individual Spanish domiciled banks and one facility with a US subsidiary of an Austrian bank as at September 30, 2014 ($5,946 as at September 30, 2013). See Note 20 in the Company's audited annual consolidated financial statements for the year ended September 30, 2014.

There were capital lease obligations relating to vehicles totalling $1,100 that bear annual interest rates of between 3.00% and 8.50% as at September 30, 2014.

Long-term non-interest bearing trade payables of $648 (all classified as current) relates to a non-interest bearing trade payable that matures in November 2013 and required Almonty to make an initial payment of

$17 in September 2012 followed by monthly instalments of $43 beginning in October 2012. As of the date of this report Almonty has not yet made a payment against this non-interest bearing trade payable.

	Sept 30, 2014 $'000	**Sept 30, 2013 $'000**	**Sept 30, 2012 $'000**
Capital leases	296	108	148
Long-term debt	21,336	5,946	-
Convertible debenture (liability portion)	7,292	-	-
Current non-interest bearing trade payables	675	617	556
Accounts payable and accrued liabilities	10,053	7,615	
Less cash, short-term deposits and receivables	(16,827)	(3,424)	(2,559)
Net debt	22,825	10,862	3,327
Shareholders' equity	47,096	27,304	21,649
Equity and net debt	69,921	38,166	24,997
Gearing ratio	**32.6%**	**28.5%**	**13.3%**

The Company's approach to capital management did not change during the three and twelve month periods ended September 30, 2014.

Outstanding Share Data

As of the date hereof, there were 48,987,491 common shares outstanding, 3,100,000 options outstanding to acquire one common share each.

The Company has established a stock option plan for its directors, officers, employees and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. As of the date hereof there were 3,100,000 options outstanding, 2,400,000 of which are under the option plan that was approved by the Company's shareholders at the Company's Annual and Special Meeting of Shareholders held on March 26, 2014 and are fully vested. 700,000 options that are outstanding were granted under the amended option plan that has been filed with the TSX-V and is subject to shareholder approval at the next annual and special meeting of shareholders expected to be held in March 2015.

4. Quarterly Earnings and Cash Flow

Restated for Quarters 1-3– see Note 2 and Note 25 of the Company's audited consolidated financial statements for the year ended September 30, 2014	**1st Quarter (2014)**	**2nd Quarter (2014)**	**3rd Quarter (2014)**	**4th Quarter (2014)**
Period Ended	**December 31, 2013 $'000**	**March 31, 2014 $'000**	**June 30, 2014 $'000**	**September 30, 2014 $'000**
Total Revenue	$5,463	$8,327	$7,368	$8,451
Net income (loss)	2,367	$4,306	2,249	1,473
Basic earnings (loss) per share	$0.04	$0.12	$0.06	$0.03
Diluted earnings (loss) per share	$0.04	$0.12	$0.06	$0.03
Total assets				88,047
Total long-term debt	5,679	7,665	10,775	28,628
Dividend	-	-	-	$0.0272

Restated – see Note 2 and Note 25 of the Company's audited consolidated financial statements for the year ended September 30, 2014	**1st Quarter (2013)**	**2nd Quarter (2013)**	**3rd Quarter (2013)**	**4th Quarter (2013)**
Period Ended	**December 31, 2012 $'000**	**March 31, 2013 $'000**	**June 30, 2013 $'000**	**September 30, 2013 $'000**
Total Revenue	5,032	5,005	3,574	4,730
Net income (loss)				2,029
Basic earnings (loss) per share	$0.04			$0.05
Diluted earnings (loss) per share	$0.04			$0.05
Total assets	30,253	30,361	35,957	42,123
Total long-term debt	-	-	6,379	5,946
Dividend	-	-	-	-

See Section 3 "Financial Highlights", for details on the three month period year ended September 30, 2014 and a comparison to the three month period and year ended September 30, 2013.

5. Critical Accounting Estimates

The preparation of Almonty's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described in more detail in Note 2, Note 3 and Note 25 of the audited annual consolidated financial statements of Almonty as at September 30, 2014.

6. New Accounting Standards and Interpretations

New Accounting Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the consolidated financial statements of Almonty. They have been issued but are not yet effective and are available for early adoption; however, they have not been applied in preparing these consolidated financial statements.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements.

Reference	Title	Application date for Almonty
IFRIC 21	Levies	October 1, 2014
IAS 36	Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets	October 1, 2014
IFRS 9	Financial Instruments	October 1, 2018
IAS 16	Amendments to IAS 16 – Property, Plant and Equipment	October 1, 2016
IAS 32	Amendments to IAS 32 – Financial Instruments: Presentation	October 1, 2014
IFRS 11	Amendments to IFRS 11 – Joint Arrangements	October 1, 2017
IFRS 15	Amendments to IFRS 15 – Revenue from Contracts with Customers	October 1, 2018

IFRIC 21 Levies

IFRIC 21 Levies is an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

IAS 36 Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets
IAS 36 (Amendment) - This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in November 2013, removed the mandatory effective date from IFRS 9. IFRS 9 is now effective for annual periods beginning on or after 1 January, 2018. Entities may still choose to apply IFRS 9 immediately..

Amendments to IAS 16 – Property, Plant and Equipment
In May 2014, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

Amendments to IAS 32 – Financial Instruments: Presentation
In December 2011, IAS 32 Financial Instruments: Presentation has been amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right to offset must be available on the current date and cannot be contingent on a future event.

Amendments to IFRS 11 – Joint Arrangements
In May 2014, IFRS 11: Joint Arrangements has been amended to clarify how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendments to IFRS 15 – Revenue from Contracts with Customers
In May 2014, IFRS 15: Revenue from Contracts with Customers was issued to specify how and when to recognise revenue and requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

7. Related Party Transactions

There were no related party transactions that occurred during the three and twelve month periods ended June 30, 2014.

Compensation of key management personnel of Almonty during the three month period ended September 30,

	2014	2013
Short-term cash compensation	97	95
Long-term Directors' incentive share-based compensation	-	-
Total compensation of key management personnel	**95**	**95**

Compensation of key management personnel of Almonty during the years ended September 30

	2014	2013
Short-term cash compensation	382	372
Long-term Directors' incentive share-based compensation	-	109
Total compensation of key management personnel	**382**	**481**

8. Objectives and Outlook

Focus on Cost Control and Reducing the Cost per MTU of the Final Products

Almonty continues to focus on reducing its overall cash costs per MTU produced in order to remain competitive and to enable the Company to continue being profitable should the price that the Company is paid for its tungsten concentrate fall as a result of deterioration in the MB quoted price for APT.

Connection to the Spanish Electricity Grid

Almonty completed its connection to the Spanish electricity grid during the first week of October 2013. The connection has already started to deliver material cost savings when compared to the previous method of generating electricity using diesel generators.

Accelerate the Development and Exploration of the Mine in order to extend the Mine Life at Los Santos

Continuation of the development and exploration program recommenced in November 2012 and the 2013 exploration campaign was completed in June 2013 with over 6,955 metres drilled. The Company issued a revised NI 43-101 technical report dated October 31, 2013. As a result of the exploration program tungsten reserves were increased by 6.3% and contained tungsten by 5.75% and extended the mine life to 9 years. Our understanding of the measured and indicated resource has provided the company with sufficient forward planning visibility to fully optimize the pit and long-term mine plan for the Los Santos Project.

The 2014 exploration campaign was completed in June 2014 and focused on drilling from existing underground galleries in order to confirm the overall final pit design and assess the underground potential of the Los Santos Project. Almonty is in the process of analysing the results and anticipates being able to release an updated NI 43-101 technical report prior to the end of calendar 2015

Announcement of no Intention to Make an Offer

The Irish Takeover Panel imposed a deadline of January 31, 2014 for Almonty to either announce an offer for Ormonde Mining plc ("**Ormonde**") under Rule 2.5 of the Irish Takeover Rules or announce that it will not proceed with an offer for Ormonde. At the request of the Irish Takeover Panel, Almonty announced that it does not intend to make an offer for Ormonde. Accordingly, Almonty is bound by the restrictions under Rule 2.8 of the Irish Takeover Rules.

Valtreixal Project

On March 21, 2013, the Company announced that it had entered into an option agreement to acquire a 51% interest in, and be the project operator of, the Valtreixal Sn-WO_3 project in north western Spain (approximately 250km from its Los Santos tungsten project) for total consideration of €1,400. Almonty made an initial payment of €100 in June 2013 with the balance of funds due over the remaining 24 months should Almonty decide to continue with the project. Almonty also has the option to acquire the remaining 49% interest in the project for an additional €2,000 at the end of the 24 month period. Almonty has begun its evaluation of the historical data and has conducted a targeted exploration campaign on the project. Almonty is currently analysing the results of the drill program and anticipates being able to release a NI 43-101 compliant technical report on the project prior to the end of calendar 2014.

On January 5, 2015, Almonty announced that it has made the third installment payment of €300,000 on the Valtreixal Project (instalment payments to date total €700,000). Almonty now owns a 25% interest in the Valtreixal Project and has an option to acquire the remaining 75% ownership interest through €1,700,000 in additional installment payments over the next 18 months.

Almonty filed a National Instrument 43-101 Technical Report for the Valtreixal Project on October 24, 2014.

Declaration of a Special Dividend

On August 15, 2014 Almonty declared a special cash dividend of 2.72 cents per share (the "**Special Dividend**") on all of its outstanding common shares. The record date for the Special Dividend was set for August 27, 2014 and the payment date was set for September 4, 2014. It is the intention of the Board of Directors, based on and subject to the future financial performance of Almonty, to annually declare a special dividend. Any such special dividends will only be payable if and when declared by Almonty's Board and there will be no entitlement to any dividend prior thereto.

The Special Dividend was designated as an "eligible" dividend for the purposes of the Income Tax Act (Canada) and any similar provincial legislation.

Acquisition of the Wolfram Camp Mine

Almonty acquired 100% of the share capital of WCM and TM (combined the two companies own a 100% interest in the Wolfram Camp Mine), on September 22, 2014 (See "Overview – Wolfram Camp Mine" above).

Summary of the Company's Long-Term Supply Agreements

Almonty, along with its wholly-owned subsidiaries Daytal Resources Spain SL and WCM, is a party to two long term supply agreements with one customer who participates in the global tungsten business. In the case of Daytal the long-term supply agreement is dated September 23, 2011 and runs for a period of 5 years. In the case of WCMthe long term supply agreement is dated September 22, 2014 and runs for a period of 5.5 years. Both agreements provide for the supply of a minimum amount of tungsten concentrate to the customer in accordance with certain specifications of the customer. Pricing is based on a formula derived from the prior month's average of the high and low price for European APT per MTU as quoted on the MB. Each agreement has an automatic renewal for an additional five years (unless either party provides at least three months' notice of its intention not to renew). The customer was also granted a right of first refusal for any tungsten concentrate (that meets the customer's specifications) produced by Almonty under each contract which exceeds the minimum amount required to be shipped under the terms of the agreement. Should Almonty produce tungsten concentrate in excess of the minimum required under the Agreement, the customer has been granted a right of first refusal to purchase it. A copy of both supply agreements agreement is available on SEDAR under Almonty's profile.

Additional financing

On April 1, 2014 Almonty entered into an unsecured debt facility with Banca de Empresas, a subsidiary of Banco Santander Group, totalling €1,000 ($1,520 as at April 1, 2014). The facility is fully drawn and matures on April 1, 2015 and carries an interest rate of 5.28%. The Company intends to use the funds from the Banca Financing for continued evaluation of potential strategic acquisitions and investment opportunities in the tungsten industry and for advancing the development of the Valtreixal Project.

On June 28, 2014 Almonty entered into an unsecured debt facility with Banco Popular totaling €2,000 ($2,923 as at June 28, 2014). The facility carries a floating rate of interest based on the 12 month Euribor rate with the initial interest rate set at 5.065% and fully amortizes over its 3-year term. The Company intends to use the funds for continued evaluation of potential strategic acquisitions and investment opportunities in the tungsten industry.

On September 22, 2014 Almonty entered into a secured debt facility with UniCredit AG totaling US$10,000 ($11,200 as at September 22, 2014) ("**Facility 10**"). Facility 10 carries a fixed charge over certain tenement properties owned by Almonty's wholly owned subsidiary and carries a third party guarantee. Facility 10 is fully drawn and carries a floating rate of interest based on the 3-month Libor rate with the initial interest rate set at 1.7336%. The facility has a term of 5-years and is interest only for the first 3.5 years.

On September 22, 2014 Almonty entered into a $7,500 convertible debenture agreement with DRAG as partial payment for the acquisition of the Wolfram Camp Mine (see Note 5 in the Company's audited annual consolidated financial statements for the year ended September 30, 2014). The convertible debenture has a term of 2.5 years and carries a 4% interest rate with interest payable quarterly in arrears. The first interest payment of $82 was due and payable on December 31, 2014 and has since been paid. The convertible debenture carries a conversion feature where-by the holder, at their option, can elect to convert any outstanding principle and accrued interest into common shares of Almonty at a strike price of $1.45 per Almonty share. Nil of the face value of the convertible debenture has been converted in to common shares of Almonty.

Change of Mining Contractors at Los Santos

On December 19, 2013, Almonty served notice to Sanchez y Lago, the mining contractor at the Los Santos Project, that it was terminating its agreement effective January 15, 2014. (See "Overview – Los Santos Mine" above).

Normal Course Issuer Bid

On December 22, 2014, Almonty announced that it intends to commence with a Normal Course Issuer Bid (the "**Bid**"). The Company intends to purchase, from time to time, as it considers advisable, up to 1,431,007 common shares (which is equal to 2.9% of the outstanding common shares) on the open market through the facilities of the TSXV. The price that Almonty will pay for any common share under the Bid will be the prevailing market price on the TSXV at the time of such purchase. Common shares acquired under the Bid will be subsequently cancelled. Almonty currently has 48,987,491 common shares outstanding. The Company has appointed Integral Wealth Securities Limited to conduct the Bid on its behalf.

The Bid commenced on December 29, 2014 and will terminate on December 28, 2015 or such earlier time as the Bid is completed or terminated at the option of Almonty. A copy of the Form 5G – Notice of Intention to make a Normal Course Issuer Bid filed by the Company with the TSXV can be obtained from the Company upon request without charge.

Letter of Intent with Woulfe Mining

On January 27, 2015 Almonty announced that it has entered into a non-binding letter of intent (the "**LOI**") with Woulfe Mining Corp. ("**Woulfe**") to combine the businesses of the two companies (the "**Merger**") and create the leading tungsten company outside of China. The combined business ("**MergeCo**") would have two producing tungsten assets located in Spain and Australia, pre-construction assets in South Korea and Spain, and serve as an attractive platform for further accretive growth and consolidation in the global tungsten sector.

Under the terms of the Merger, Almonty would acquire all of the outstanding common shares of Woulfe at a fixed price of $0.08 per share to be satisfied by each Woulfe share being exchanged for a fraction of an Almonty common share with such fractional Almonty common share having a fair market value on the effective date of the proposed Merger of $0.08 (the "**Almonty Consideration**"), which fair market value will be determined based on the Almonty volume weighted average trading price for the five trading days ending on the third trading day prior to the effective date of the proposed Merger (the "**Almonty VWAP**"). Notwithstanding the foregoing, in no event shall the Almonty Consideration be greater than 0.1231 of one Almonty common share ($0.65 Almonty VWAP) or less than 0.0942 of one Almonty common share ($0.85 Almonty VWAP).

Woulfe's principal asset is the 100%-owned Sangdong Tungsten/Molybdenum Project ("**Sangdong**") located in South Korea, located 187km southeast of Seoul (subject to a third party which may purchase a 25%-ownership interest in Sangdong for US$35 million). The property is comprised of 12 Mining Rights with an aggregate area of 3,173 hectares. Woulfe recently completed a de-risking review of its final Feasibility Study report based on, the Tetratech 2012 feasibility report, on the Sangdong mine.

The transaction is subject to completion of due diligence, the execution of a definitive agreement reflecting the terms set out in the LOI, and the approval of the Woulfe shareholders requiring a favourable vote of 66 2/3% of the votes cast at a meeting to be held as soon as practicable following execution of the definitive agreement, in addition to other customary closing conditions, including receipt of court and all regulatory and stock exchange approvals.

9. Risks and Uncertainties

Risk Factors

The Company operates in the mining industry which is subject to numerous significant risks that can influence profitability. The Company has disclosed several risks below which it believes to be the most significant and that could have a material impact on its current and future operations. Other risks may exist or may arise at a future date. For additional and more detailed risk factors, please see the Company's Annual Information Form dated January 28, 2015 under the heading "Risk Factors".

Financial Risks

Price of Metals and Foreign Exchange Rates

The Company's profitability is exposed to commercial risks, notably those linked to the price of tungsten and foreign exchange rates.

Almonty's policy is to maintain exposure to commodity price movements at its mining operations. The Company sells WO_3 concentrate that is denominated in US$ per MTU. Every +/- US$10.00 movement in the average price of 1 MTU of European APT as quoted on the MB exchange impacts the Company's revenue by +/- US$8.00 per MTU of WO_3. The price of tungsten varies considerably and is based on factors outside the control of the Company. Should the market price of tungsten concentrate fall below the Company's cash operating costs Almonty would cease to generate positive cash flow from operations.

Almonty's wholly-owned indirect subsidiary, Daytal, operates in Spain in Euros (€). Its output is a commodity that is primarily denominated in United States dollars (USD$) and Almonty's reporting currency is in Canadian dollars (CAD$). As such, Almonty's consolidated balance sheet can be significantly be affected by movements between the three currencies (CAD$, USD$ and €).

During the year ended September 30, 2014, the value of the € relative to the CAD$ increased from €1. 00 = CAD$1.3920 as at October 1, 2013 to €1.00 = CAD$1.4153 as at September 30, 2014.

Almonty's wholly-owned indirect subsidiary, Wolfram Camp, operates in Australia in Australian dollars (AUD$). Its output is a commodity that is primarily denominated in United States dollars (USD$) and Almonty's reporting currency is in Canadian dollars (CAD$). As such, Almonty's consolidated balance sheet can be significantly be affected by movements between the three currencies (CAD$, USD$ and AUD$).

During the year ended September 30, 2014, the value of the AUD$ relative to the CAD$ increased from AUD$1. 00 = CAD$0.9699 as at October 1, 2013 to AUD$1.00 = CAD$0.9790 as at September 30, 2014.

Currency movements during the year ended September 30, 2014 resulted in the Company recording a cumulative translation adjustment gain of $951 for the year ended September 30, 2014. This amount is recorded as other comprehensive income (loss) on the Consolidated Statement of Operations and Comprehensive Income and accumulated other comprehensive income (loss) as a separate line item in Shareholders' Equity.

Fluctuation in Interest Rates

Almonty's exposure to the risk of changes in market interest rates relates primarily to cash at banks and on hand with a floating interest rate and amounts payable to Almonty under its supplier finance program that is part of its long-term supply agreement with its major customer.

The Company currently has $21,336 in long-term debt outstanding at varying levels of fixed and floating interest rates of between 1.7336% - 6.53%. A portion of the floating rate debt totaled $7,882 and is based on a fixed spread over the 6-month Euribor rate. Any movement in the 6-month Euribor rate over remaining term of the long-term debt with have an impact on the amount of interest paid by the Company. For every 100 basis point (1.0%) movement in the Euribor rate will cause the amount the Company is required to pay in monthly interest to fluctuate +/- $7. A second portion of the floating rate debt totaled $11,200 and is based on a fixed spread over the 3-month Libor rate. Any movement in the 3-month Libor rate over remaining term of the long-term debt with have an impact on the amount of interest paid by the Company. For every 100 basis point (1.0%) movement in the 3-month Libor rate will cause the amount the Company is required to pay in monthly interest to fluctuate +/- $9.

The Company may in the future become a borrower of an additional material amount of funds or repay its existing outstanding long-term debt at any time without penalty. The Company's primary operations are located in Spain and Australia. The current European financial crisis that is causing borrowing costs in several European countries to increase may have a negative impact on both the Company's future borrowing costs and its ability to obtain debt financing.

Credit risk

Almonty's maximum exposure to credit risk, excluding the value of any collateral or other security, is the creditworthiness of its customer that is operating as counterparty to Almonty's supplier financing program. All invoices submitted to its major customer under its long-term supply agreements are subject to a supplier finance program and a factoring fee that varies with a fixed spread to the 6-month LIBOR rate. Almonty is exposed to fluctuations in the 6-month LIBOR rate up to a maximum of movement of 250 basis points. For every 100 basis point movement in the 6-month LIBOR rate would impact the Company's cash flow by +/- US$1.00 for each US$100.00 in revenue. Almonty assigns all trade receivables that are subject to the supplier finance program to a third party bank and receives prepayment from the bank on the invoices assigned. The availability of this program rests solely on the ability of Almonty's customer to continually pay down the supplier financing facility as it comes due in order to ensure Almonty has access to draw on the facility when it ships WO3 concentrate to its customer under the agreement. If the 6-month LIBOR rate were to exceed the maximum amount or if Almonty were to no longer have access to the supplier financing program it would revert to normal trade terms with its customer.

See Section 3 "Financial Highlights – Liquidity and Capital Resources" in this MD&A for further information regarding the unsecured debt facilities.

Access to Capital Markets
To fund its future growth plans, the Company may become dependent on securing the necessary capital through loans or permanent capital. The availability of this capital is subject to general economic conditions and lender and investor interest in the Company's projects. To facilitate the availability of capital, the Company maintains an investor relations program in order to inform all shareholders and potential investors of the Company's developments.

Future Financing, Credit and Liquidity risk
The success of exploration programs, development programs and other transactions related to concessions could have a significant impact on the need for capital. If Almonty decides to develop one of its properties, it must ensure that it has access to the required capital. The Company could finance its need for capital by using working capital, by arranging partnerships or other arrangements with other companies, through equity financing, by taking on long-term debt, or any combination thereof.

Almonty's maximum exposure to credit risk, excluding the value of any collateral or other security, is the credit worthiness of its customers that are operating as counterparty to Almonty's supplier financing program. All invoices submitted to its major customer under the long-term supply agreement are subject to a supplier finance program. Almonty assigns all trade receivables that are subject to the supplier finance program to a third party bank and receives prepayment from the bank on the invoices assigned. The availability of this program rests solely on the ability of Almonty's customer to continually pay down the supplier financing facility as it comes due in order to ensure Almonty has access to draw on the facility when it ships tungsten concentrate to its customer under the agreement. If Almonty were to no longer have access to the supplier financing program it would revert to normal trade terms with its customer.

Economic Dependency
Almonty's wholly owned subsidiaries, Daytal and WCM have long-term supply agreements with one customer who participates in the global tungsten business. Currently all of the output of Almonty's operations is sold to this customer. Almonty is economically dependent on the revenue received from this customer in order to be able to meet its current obligations. There is no guarantee that Almonty would be able to find an alternative customer or customers on market terms similar to its existing supply agreement should this current customer cease operations or become unable to pay Almonty under the current contract. See Section 8, "Objectives and Outlook – Summary of the Company's Long-Term Supply Agreements", in this MD&A for further details.

Operational Risks
Production
Daytal's contract with MOVITEX, under which MOVITEX carries out contract mining activities for Daytal at the Los Santos Project, became effective on January 15, 2014 for the life of mine. Daytal currently does not have any mining capabilities of its own and relies on MOVITEX for all mining activity, including waste rock removal, pit development and delivery of ore to Daytal's crushing and processing plant. There is no

guarantee that Daytal would be able to replace MOVITEX with another contract mining firm if MOVITEX were no longer able to provide contract mining services to Daytal. Any disruption in the contract mining services provide by MOVITEX would have a negative impact on Daytal's short-term economic viability.

Competition
The mining industry is very competitive and the Company has to compete with other companies related to the acquisition of attractive mineral properties and the retention of skilled labour. Many competitors possess greater financial, technical and other resources. As a result, the Company may be faced with a shortage or no supply of ore or employees, as well as not being able to maintain or acquire mineral properties on reasonable terms.

Risks Related to Property Title
Although the Company leases all of the land of the Los Santos Project from third party property owners as well as the two closest municipalities to the Los Santos Project and the Company has obtained legal opinions on the titles to all of its properties, and although it has taken reasonable measures to ensure that all property titles are valid, there is no certainty that the property titles will not be challenged or questioned. Third parties could have valid claims to the lands occupied by the Company or immediately adjacent to the Company's leased lands.

Dependence on Key Personnel
The Company is dependent on a relatively small number of key employees, of which the loss of any could have an adverse effect on its operations.

Laws and Regulations
The Company's exploration and development projects are subject to laws and regulations, including those concerning mining as well as environmental and health and safety matters. The laws and regulations in place are susceptible to change and the impact of any modification is difficult to measure. The Company's policy is to maintain safe working conditions in compliance with applicable health and safety rules.

Licenses and Permits
There can be no guarantees that the Company will be able to obtain or maintain all the necessary licenses and permits to explore, develop, or maintain its continued operations, or that the Company will be able to comply with all the conditions imposed. The current operating permits and plant capacity limitations at the Los Santos Project allows Almonty to process up to 500,000 tonnes of ore per annum. Any increase in available ore or significant increase in the concentration of tungsten contained in the ore may require the Company to expand its production and processing capabilities. There is no guarantee that Almonty will be able to obtain the necessary permits in order to expand its production footprint.

The mining license for the Los Santos Project was granted in September 2002, for a period of 30 years and is extendable for 90 years. Daytal has to pay annual land taxes (approximately €2 per year) to the government. This amount is related to the surface covered and not to the production of minerals. There are no other royalty payments. The Company files applications in the ordinary course to renew the permits associated with its mining license that it deems necessary and/or advisable for the continued operation of its business. Certain of the Company's permits to operate that are associated with the mining license are currently under application for renewal.

The Company has the following tenement commitments in relation to exploration tenements held by TM and WCM. The Department of Mines and Natural Resources (Queensland, Australia) aggregates expenditure commitments over the first three to five years of the term and allows for variations to commitments should these be required due to operational practicalities:

Commitment 2014-15	Commitment 2015-16	Commitment 2016-17	Commitment 2017-18	Total
$313	$240	$98	$147	$798

Political Risk
The Spanish and Australian governments currently support the development of their natural resources by foreign and domestic companies. However, there is no assurance the governments will not adopt different policies regarding foreign ownership of mineral resources, taxation, exchange rates, environmental protection, labour relations, repatriation of income or expropriation in the future.

Litigation
All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may in the future be involved in various legal proceedings. While the Company is not aware of any possible legal proceeding that could have a material adverse effect on its financial position, future cash flow or results of operations of the Company, due to the inherent uncertainty of the litigation process and the defence costs which may have to be incurred, even with respect to claims that have not merit, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company.

Risks Linked to Common Shares
The price of the common shares of Almonty may fluctuate for several reasons such as exploration results or operating results and cash flow, exchange rates, available financing, lack of liquidity and several other factors. It is possible that the price of a common share of Almonty may experience significant fluctuations and that such price might be less than the actual price paid by an investor.

10. Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited consolidated annual financial statements for the years ended September 30, 2014 do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited annual consolidated financial statements, and (ii) the audited consolidated annual financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of September 30, 2014, and for the year ended September 30, 2014.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in

NI 52-109. In particular, the certifying officers filing the certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

11. Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

January 29, 2015
On behalf of Management and the Board of Directors,

"Lewis Black"

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Chairman, President and Chief Executive Officer

Glossary of Terms

APT	ammonium para tungstate is an intermediate product which is one of the principal chemical forms in which tungsten is traded
Concentrates	the valuable fraction of an ore that is left after waste material is removed in processing
€	Euros
MB	Metal Bulletin of London
MTU	metric tonne unit, equal to 1 percent of a metric tonne or 10 kg (22.046 pounds) of contained WO_3
Scheelite	a brown tetragonal mineral, $CaWO_4$. It is found in pneumatolytic veins associated with quartz, and fluoresces to show a blue color. Scheelite is a mineral of tungsten
Tonne	a metric unit equal to 1,000kg (2,204.6 pounds)
Tungsten concentrates	concentrates generally containing between 40 and 75 percent WO_3
US$	United States dollars
W	the elemental symbol for tungsten
WO_3	tungsten tri-oxide, a compound of tungsten and oxygen