ALMONTY INDUSTRIES

Management Discussion and Analysis

For the Three Month Period Ended December 31, 2014

REPORT DATED: February 27, 2015

1. Introduction

This management discussion and analysis ("**MD&A**"), dated February 27, 2015, provides a review of, and discusses the financial position and results of operations of Almonty Industries Inc. (TSX-V: AII) ("**Almonty**" or the "**Company**") for the three month period ended December 31, 2014. It should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto of the Company for the three month period ended December 31, 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 unaudited interim consolidated financial statements for the three month period ended December 31, 2014 and this MD&A on February 27, 2015.

The unaudited interim consolidated financial statements of the Company for the three months ended December 31, 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 unaudited interim consolidated financial statements of the Company for the three month period ended December 31, 2014, is available on the Company's website at www.almonty.com and on SEDAR (www.sedar.com) under Almonty's profile. Also available on SEDAR is the Company's most recent Annual Information Form (the "**AIF**") dated February 17, 2015.

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 and under the heading “Risk Factors” in the AIF 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 130 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 first quarter of fiscal 2015 with an average price during the three month period ended December 31, 2014 of US$327/MTU of APT. Market prices for APT were down from the average of US$362/MTU for the three months ended September 30, 2014 and down from the average of US$387/MTU for the three month period ended December 31, 2013 and have continued to decline subsequent to quarter end with an average price for the month of January

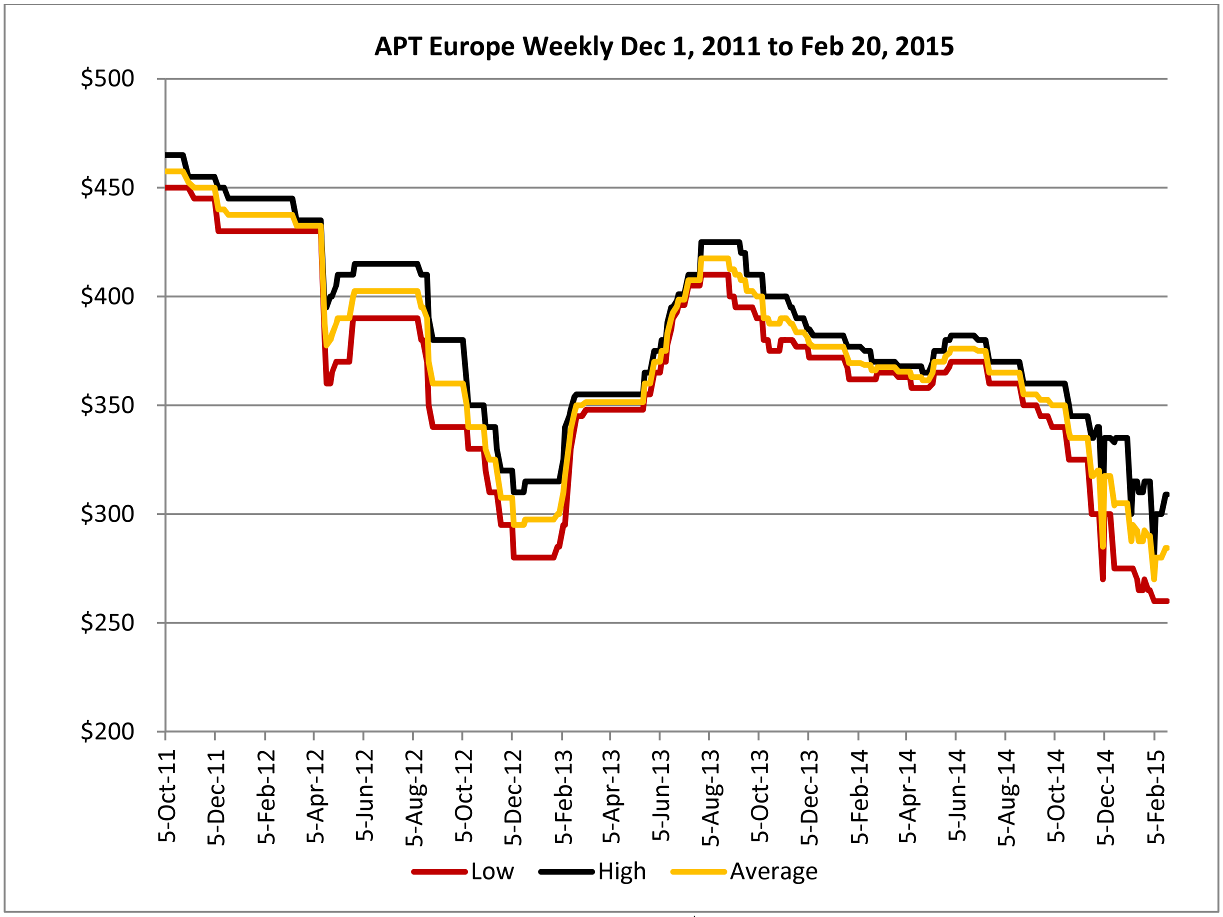
2015 of US$292 /MTU. Management believes that the demand and pricing for tungsten concentrate will rebound, given the limited quantities of "spot" concentrate available and the Company's sole customer purchasing all production from its operations over and above the minimum volumes specified in the Company's long-term supply agreements during the three month period ended December 31, 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 the following:

Three Months ended	Tungsten APT European Average High -Low US$/MTU	Year ended	Tungsten APT European Average High -Low US$/MTU
31-Dec-11	$448		
31-Mar-12	$436		
30-Jun-12	$400		
30-Sep-12	$384	30-Sep-12	$417
31-Dec-12	$324		
31-Mar-13	$325		
30-Jun-13	$364		
30-Sep-13	$411	30-Sep-13	$356
31-Dec-13	$387		
31-Mar-14	$370		
30-Jun-14	$370		
30-Sep-14	$362	30-Sep-14	$372
31-Dec-14	$327		

Almonty prices its tungsten concentrate product in relation to the prior month's average quoted price for APT on the MB European quotation service.

The Company anticipates that prices will continue to remain at current levels in the near-term before returning to the US$350/MTU in the medium-term. We remain cautious as to the timing of a return to higher prices. 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 continue to remain at current levels and the Euro/USD and AUD/USD exchange rates return to levels experienced during January and February 2013. Tungsten prices during the two months of January and February 2015 have declined to lows of US$280/MTU; however, offsetting this price decline has been the appreciation of the USD that has partially mitigated the negative impact of the low tungsten price when compared to the three months ended December 31, 2013.



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

Los Santos Mine

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. 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. The detailed review enabled Almonty to identify additional areas of improvement in the milling circuit and the Company has since installed equipment targeting the recovery of finer material. Recoveries have improved and production increased as a result. We anticipate additional gains in the tungsten recovery rate going forward.

The average grade of tungsten ore mined during the three months ended December 31, 2014 has continued to trend back towards the average grade of the Los Santos mine. In addition, the ore mined during the three month period ended December 31, 2014 returned to a more normal ore consistency and, as expected, tungsten recovery rates have continued to improve. Tungsten recovery rates averaged 56.6% for the three month period ended December 31, 2014 and averaged 59.5% for the month of December 2014..

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 were in excess of the originally estimated amount 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.

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 carrying out additional exploration work and 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 has been carried out since June 2013. 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 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.

During the three months ended December 2014 the average grade of or mined was 0.33% compared to the average grade of ore mined for the three months ended September 30, 2014 of 0.35% and the three months ended December 31, 2013 of 0.37%. 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 December 31, 2014, was in line with the previous quarter and that of the three months ended December 31, 2013.

Ore mined during the three months ended December 31, 2014 has reverted back towards the long-term average grade of the mineral reserves, currently estimated to be 0.32% 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 stabilize in the 60-65% range going forward.

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 entered into a contract with "**MOVITEX"** (Movimentos de Tierras Y Excavaciones, S.L.U.) for contract mining services at Los Santos effective January 15, 2014. MOVITEX began providing contract mining services at the Los Santos Project on schedule and the cost of such services has been 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 Mine:

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013	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)	125,827	129,215	127,122	117,821	488,110	456,895
WO_3 produced (MTU)	21,631	17,160	24,042	15,717	90,282	67,435
WO_3 sold (MTU)	22,200	16,900	23,226	14,688	90,828	66,807
Sales revenue (US$ million)	5.9	5.3	6.5	4.6	26.2	17.8
Cash operating costs (US$/MTU)	120	154	111	206	119	170
Waste rock mining costs, including deferred stripping costs (US$/MTU)	89	150	94	154	105	123
All in cash operating costs (US$/MTU)	209	304	205	360	224	293
Ore mined (tonnes)	118,612	139,212	142,383	155,887	474,509	556,861
Average grade WO_3 mined	0.33%	0.37%	0.35%	0.31%	0.49%	0.33%
Average WO_3 recovery rate	56.0%	53.8%	53.6%	51.2%	52.9%	55.2%

MTU production during the three months ended December 31, 2014 continued to be robust as the tungsten recovery rate improved when compared to the three months ended September 30, 2014 and December 31, 2013. The resulting increase in MTUs produced during the three months ended December 31, 2014, when compared to the three months ended December 31, 2013, combined with the Company's continued focus on cost control and its cost reduction program, led 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 three months ended December 31, 2013 was negatively impacted by the continued reliance on the faulty laboratory calibration. 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, 2014.

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 with additional pieces of equipment installed in January 2015 that specifically targeted the recovery of fine and ultra-fine material. This equipment is designed to aid in the recovery of tungsten from the Company's growing stockpile of tailings.

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 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:

	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 interim consolidated statements of income for the three month period ended December 31, 2014 was $2,006 and ($3,639) respectively.

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 unaudited interim consolidated financial statements for the three months ended December 31, 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 three month 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 February 25, 2015 the Company announced that it had entered into an agreement (the "Agreement") with DRAG whereby the parties have agreed to unconditionally settle all claims made under the provisions of the Share Sale Agreement (the "SSA") dated September 22, 2014. The SSA relates to Almonty's previously announced acquisition of 100% of both Wolfram Camp Mining Pty Ltd and Tropical Metals Pty Ltd (which collectively own 100% of the Wolfram Camp tungsten and molybdenum mine in Queensland, Australia ("WCM")) (see Note 4 in the unaudited interim consolidated financial statements for the three months ended December 31, 2014). The claims were in connection with adjustments to closing working capital balances on the acquisition of WCM.

Under the terms of the Agreement, DRAG will pay Almonty $1,500, which will be satisfied by DRAG surrendering to Almonty $1,500 of the principal amount of the $7,500 convertible debenture issued by Almonty as part of the purchase price paid for WCM. Almonty and DRAG have agreed to release each other from all claims made to date under the SSA and not to bring any future claims against the other in connection therewith.

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.

During the three month period ended December 31, 2014 Almonty began implementing changes to the milling and processing circuit (including an 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.

Summary operating information for the Company's Wolfram Camp Mine:

	Three Months Ended December 31, 2014
Ore treated (tonnes)	82,857
WO_3 produced (MTU)	11,069
WO_3 sold (MTU)	6,817
Sales revenue (US$ million)	1.9
Cash processing costs (US$/MTU)	176
Cash mining costs (US$/MTU)	176
All in cash operating costs (US$/MTU)	354
Ore mined (tonnes)	114,323
Average grade WO_3 mined	0.18%
Average WO_3 recovery rate	65.1%

MTU production during the three month period ended December 31, 2014 was down compared to budgeted amounts as a result of a mining equipment breakdown (main excavator) that resulted in the Company being forced to utilize a smaller excavator over a two week period during the month of December. Sales of MTUs of tungsten were significantly below MTUs of tungsten produced due to logistical issues with shipping finished goods during December 2014 as a result of heavier rainfall restricting access to the mine site and the Christmas holiday period that caused additional shipping delays.

Almonty is midway through the initial phase of our two phase 12 month optimization and turn-around plan at Wolfram Camp Mine and results to date are on track:

> Phase one: replacement of hire fleet completed. Exploration drilling to produce the first mine plans scheduled for completion 1st week of March 2015. Ongoing restructuring of all cost centers. Commencement of rebuilding and converting the existing Moly plant into a Tungsten recovery plant similar in design to our former project in Panasquiera.
>
> Phase two: commencement Q3 including-Accessing old underground galleries. Continued drilling to expand resource and mine planning. Expansion of existing tailings dam to meet increased production.

On completion of Phase 2 we expect the Wolfram Camp mine to have a similar cost structure to that of our profitable Los Santos Mine.

The Company is focused on optimizing mining and processing costs to ensure the long-term viability of the mine should the current market prices for APT continue to prevail over the medium term.

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.

Almonty is continuing with exploration work on the project and has begun the planning and budgeting work to assess the feasibility of continuing with the project. Almonty anticipates that, should its review be favourable, that it will move towards a decision on filing for permits and begin planning for the build out and commissioning of the project once it has exercised its option.

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 or the three month period ended December 31, 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 and unaudited interim consolidated financial statements for the three months ended December 31, 2014.

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

Readers are referred to Note 2 and Note 25 of the Company's audited consolidated financial statements for the year ended September 30, 2014 and Note 20 of the Company's unaudited interim consolidated financial statements for the three month period ended December 31, 2014 for further details.

Readers are referred to Note 2 and Note 25 of the Company's audited consolidated financial statements for the year ended September 30, 2014 and Note 20 of the Company's unaudited interim consolidated financial statements for the three month period ended December 31, 2014 for further details.

	Three Months Ended 31-Dec-14 $'000	Restated Three Months Ended 31-Dec-13 $'000	Three Months Ended 30-Sep-14 $'000
Gross Revenue	8,725	5,463	8,451
Mine production costs	6,336	2,523	3,815
Depreciation and amortization	1,961	624	1,972
Earnings from mining operations	428	2,316	2,664
General and administrative costs	1,341	614	846
Net other expense (income)	(38)	(157)	708
Non-cash compensation costs	112	56	-
Earnings (loss) before the under noted items	(987)	1,803	1,110
Interest expense	282	92	139
Other (gain) loss realized (fx, asset disposal, other)	12	64	-
Deferred tax provision	-	-	(502)
Net income (loss) for the period	(1,281)	1,647	1,473
Income (loss) per share basic	($0.03)	$0.04	$0.03
Income (loss) per share diluted	($0.03)	$0.04	$0.03
Dividends	-	-	$0.0272
Cash flows provided by (used in) operating activities	(1,302)	1,285	2,227
Cash flows provided by (used in) investing activities	(3,107)	(1,540)	(1,207)
Cash flows provided by (used in) financing activities	(807)	(588)	9,591

The following table sets forth a summary of the Company's consolidated financial position as of the date presented:

	31-Dec-14 $'000	30-Sep-14 $'000
Cash	9,441	14,847
Restricted cash	1,230	956
Total assets	86,950	88,047
Long-term trade payables	669	675
Bank indebtedness	1,685	1,041
Long-term debt	19,195	20,296
Capital lease obligations	365	296
Convertible debenture	7,300	7,292
Shareholders' equity	46,394	47,096
Other		
Outstanding shares ('000)	48,987	48,996
Weighted average outstanding shares ('000)		
Basic	48,992	43,149
Fully diluted (treasury method)	48,992	43,149
Closing share price	$0.67	$0.70

Three Months Ended December 31, 2014 ("Q1 2015") Compared to the Three Months Ended December 31, 2013 ("Q1 2014")

During Q1 2015, Almonty shipped a total of 29,017 MTU of contained tungsten in concentrate (16,900 for Q1 2014). The increase in shipments relates to improved operating performance at the Los Santos mine and the addition of shipments from the recently acquired Wolfram Camp Mine. The average US$/MTU price of APT decreased over 16% during Q1 2015 when compared to Q1 2014. This decrease in price had a significant negative impact on overall revenue and profitability during Q1 2015.

Gross revenue for the Q1 2015 was $8,725 ($5,463 for Q1 2014).

Mine production costs (including direct mining costs, milling costs and waste rock stripping costs associated with current production) increased by $3,813 when compared to Q1 2014. This was due to greater production during the period, both as a result of increased activity at the Los Santos Mine and the addition of higher cost production from the recently acquired Wolfram Camp Mine.

Depreciation and amortization expense for Q1 2015 increased by $1,337 over Q1 2014 as a result of increased production during the period.

Earnings from mining operations decreased by $1,888 during Q1 2015 as a result of the lower price of APT during Q1 2015 when compared to Q1 2014, combined with higher production costs from the Company's Wolfram Camp Mine. Almonty is in the process of optimizing the performance of the Wolfram Camp Mine and anticipates that unit production costs will decrease significantly once the optimization has been completed.

General and administrative costs increased by $729 during Q1 2015 when compared to Q1 2014 as a direct result of the acquisition of the Wolfram Camp Mine that effectively doubled the size of the Company's operations and resulted in increased acquisition related costs when compared to Q1 2014. 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 $112 were incurred during Q1 2015 from the granting of 700,000 options to three investor relations consultants during the period. This compares to a non-cash compensation expense of $56 relating to the granting of 150,000 options to an employee during Q1 2014.

Net other expense (income) for Q1 2015 was ($36) and 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. This compared to net other (income) of ($157) in Q1 2014 that consisted of gains from the sale of scrap metal and material that was fully written off as a result of the fire that occurred in the Company's electrical generating facility in June 2013.

Net income (loss) for Q1 2015 was ($1,281) or ($0.03) per common share. This compares to net income of $1,647 or $0.04 per common share for Q1 2014.

Cash provided by (used in) operating activities totaled ($1,302) and $1,285 for Q1 2015 and Q1 2014, respectively.

Cash used in investing activities totaled $3,107 for Q1 2015 ($1,540 for Q1 2014) and is related to exploration activities of $847 and includes payments made under the Valtreixal option ($36 for Q1 2014), additions to plant and equipment of $816 ($74 for Q1 2014), and pit optimization and waste rock movement of $1,444 ($1,430 for Q1 2014). 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 acquisition of the Wolfram Camp Mine of $112.

Cash (used in) financing activities totaled ($807) and comprised principal repayments on existing debt of $782, payments on capital lease obligations of $19 and $6 spent on the repurchase of common shares under the Company's Normal Course Issuer Bid ("**NCIB**") during Q1 2015. Cash (used in) financing activities during Q1 2014 was ($587) consisting of repayment of long-term debt of $566, capital lease payments of $10 and $11 spent on the repurchase of common shares under the Company's NCIB.

Q1 2015 Compared to the Three Months Ended September 30, 2014 ("Q4 2014")

Revenues increased by $274 in Q1 2015 compared to Q4 2014, despite sales volumes increasing by over 5,791 MTUs. A significant decrease in the price of APT, which averaged US$35/MTU significantly impacted revenue in Q1 2015 when compared to Q4 2014. Included in Q1 2015 revenue was $2,007 from the Wolfram Camp Mine compared to $1,192 for Q4 2014. The sales volume of MTUs of WO_3 at Los Santos decreased by 1,026 MTUs during the quarter when compared to the prior period. This decrease was offset by the increase of 2,554 MTUs of WO_3 that was shipped from the Wolfram Camp Mine during Q1 2015 (4,264 MTUs shipped during Q4 2014 from the Wolfram Camp Mine). The relative strength of the US$ in comparison to the Euro and the AUD was not enough to offset the decrease in the price of an MTU of APT in Q1 2015 when compared to Q4 2014.

Net other expense (income) for Q1 2015 was ($36) as detailed above, compared favourably to Net other (income) expense of $708 in Q4 2014 that consisted of $55 of unrealized foreign exchange losses and $653 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.

Net Income before taxes in Q1 2015, before taking into account the deferred tax benefit booked in Q4 2014, decreased by $2,247 largely as a result of the decrease in the commodity price and higher mining and processing costs incurred at the Company's Wolfram Camp Mine when compared to Q4 2014. Net income (loss) per common share was ($0.03) in Q1 2015 compared to net income per common share of $0.04 in Q4 2014.

Cash flow used in investing activities of $3,107 ($1,207 for Q4 2014) represented an increase of $697 in capital spent on the Company's exploration projects (largely as a result of work carried out at the Company's Valtreixal project), an increase of $544 spent on pit optimization/waste rock movement, and a $681 increase in the amount spent on equipment, primarily from the purchase of equipment for the Wolfram Camp Mine as compared to Q4 2014.

Cash flow (used in) provided by financing activities during Q1 2015 totaled ($807) and consisted of the repayment of long-term debt of $782, capital lease payments of $19 and $6 on the repurchase of common shares under the Company's NCIB. This compares to cash provided by financing activities during Q4 2014 of $9,696 that was comprised of new long-term borrowing net of the repurchase long term debt of $10,585, the acquisition of net cash of $112 as part of the Wolfram Camp acquisition less the payment of $1,001 in dividends during the period. The Company did not repurchase any shares under its NCIB during Q4 2014.

Liquidity and Capital Resources

As of December 31, 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 $12,245 and net non-cash working capital of ($674) as at December 31, 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 (calculation in the table includes normal A/R) from government tax authorities. Almonty is not exposed to any externally imposed capital requirements.

The Company had $19,195 in fully amortizing long-term debt comprised of 8 individual facilities with Spanish domiciled banks and one facility with a US subsidiary of an Austrian bank as at December 31, 2014 ($20,296 as at September 30, 2014 and $5,679 as at December 31, 2013). See Note 10 in the Company's unaudited interim consolidated financial statements for the three month period ended December 31, 2014.

There were capital lease obligations relating to vehicles totaling $365 that bear annual interest rates of between 3.00% and 8.50% as at December 31, 2014.

Long-term non-interest bearing trade payables of $669 (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.

	Dec 31, 2014 $'000	Sept 30, 2014 $'000
Capital leases	365	296
Long-term debt	19,195	20,296
Current bank indebtedness	1,685	1,041
Convertible debenture (liability portion)	7,300	7,292
Current non-interest bearing trade payables	669	675
Accounts payable and accrued liabilities	9,680	10,053
Less cash, short-term deposits and receivables	(12,245)	(16,827)
Net debt	26,649	22,826
Shareholders' equity	46,394	47,096
Equity and net debt	73,043	69,922
Gearing ratio	**36.5%**	**32.6%**

The Company's approach to capital management did not change during the three month period ended December 31, 2014.

Outstanding Share Data

As of the date hereof, there were 48,983,491 common shares outstanding, 3,350,000 options outstanding, with each option entitling the holder thereof to acquire one common share of Almonty.

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 are 3,350,000 options outstanding, 2,650,000 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

	1st Quarter (2015)
Period Ended	**December 31, 2014 $'000**
Total Revenue	$8,725
Net income (loss)	(1,281)
Basic earnings (loss) per share	($0.03)
Diluted earnings (loss) per share	($0.03)
Total assets	$86,950
Total long-term debt	$26,860
Dividend	-

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	27,883
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	$0.02	($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 ended December 31, 2014 and a comparison to the three month periods ended September 30, 2014 and December 31, 2013, respectively.

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
IFRS 9	Financial Instruments	October 1, 2018
IAS 16	Amendments to IAS 16 – Property, Plant and Equipment	October 1, 2016
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

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 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 recognize 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 month period ended December 31, 2014.

Compensation of key management personnel of Almonty during the three month periods ended December 31, 2013 and December 31, 2014, respectively,

	2014	**2013**
Short-term cash compensation	100	95
Long-term Directors’ incentive share-based compensation	-	-
Total compensation of key management personnel	**100**	**95**

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.

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. Additional exploration work is being carried out, guided in part by the results of the 2014 drilling campaign. 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.

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.

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. And continues to carry out work on the project with a view to exercising the option to acquire 100% of the project and bring it into production.

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 WCM the 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 September 22, 2014 Almonty entered into a secured debt facility with UniCredit AG totaling US$10,000 ($11,601 as at December 31, 2014) (the "**Facility**"). The Facility carries a fixed charge over certain tenement properties owned by Almonty's wholly owned subsidiary and carries a third party guarantee. This Facility 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.

Normal Course Issuer Bid

On December 22, 2014, Almonty announced that it intends to commence with a NCIB. 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 NCIB will be the prevailing market price on the TSXV at the time of such purchase. Common shares acquired under the NCIB will be subsequently cancelled. Almonty currently has 48,983,491 common shares outstanding. The Company has appointed Integral Wealth Securities Limited to conduct the NCIB on its behalf.

The NCIB commenced on December 29, 2014 and will terminate on December 28, 2015 or such earlier time as the NCIB 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.

As of the date of this MD&A the Company has repurchased 47,500 common shares under the NCIB.

Under the previous normal course issuer bid that expired on December 19, 2014 the Company repurchased a total of 266,200 common shares.

Letter of Intent with Woulfe Mining

On January 27, 2015 Almonty announced that it had entered into a non-binding letter of intent (the "**LOI**") with Woulfe Mining Corp. ("**Woulfe**") to combine the businesses of the two companies.

On January 27, 2015 Almonty provided Woulfe with a $150 unsecured bridge loan, (the "**Bridge Loan**") which was to be used for basic working capital needs and to enable Woulfe to file its most recent National Instrument 43-101 Technical Report on the Sangdong Mine and the revised Feasibility Study on SEDAR, which as of the date hereof has not been done. Subject to an event of default occurring first, the Bridge Loan matures on April 30, 2015, bears an interest rate of 12% per annum payable at maturity and ranks pari passu with Dundee Corporation's existing unsecured convertible debt of Woulfe.

On February 17, 2015 Almonty announced that the LOI had been terminated and that it will not be pursuing the transaction further.

Change of Auditor

On February 24, 2015, pursuant to Section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators, Almonty filed a Notice of Change in Auditors on SEDAR. This notice is in respect of the resignation of Ernst & Young LLP, Chartered Accountants ("**E&Y**") as the auditor of the Company and the appointment of Collins Barrow Toronto LLP ("**Collins Barrow**") as auditor of the Company.

Settlement with DRAG

On February 25, 2015 the Company announced that it had entered into an agreement (the "Agreement") with DRAG whereby the parties have agreed to unconditionally settle all claims made under the provisions of the Share Sale Agreement (the "SSA") dated September 22, 2014. The SSA relates to Almonty's previously announced acquisition of 100% of both Wolfram Camp Mining Pty Ltd and Tropical Metals Pty Ltd (which collectively own 100% of the Wolfram Camp tungsten and molybdenum mine in Queensland, Australia ("WCM")) (see Note 4 in the unaudited interim consolidated financial statements for the three months ended December 31, 2014). The claims were in connection with adjustments to closing working capital balances on the acquisition of WCM.

Under the terms of the Agreement, DRAG will pay Almonty $1,500 which will be satisfied by DRAG surrendering to Almonty $1,500 of the principal amount of the $7,500 convertible debenture issued by Almonty as part of the purchase price paid for WCM. Almonty and DRAG have agreed to release each other from all claims made to date under the SSA and not to bring any future claims against the other in connection therewith.

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 February 17, 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 three month period ended December 31, 2014, the value of the € relative to the CAD$ increased from €1. 00 = CAD$1.4153 as at October 1, 2014 to €1.00 = CAD$1.4038 as at December 31, 2014.

Almonty's wholly-owned indirect subsidiary, WCM, 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 three months ended December 31, 2014, the value of the AUD$ relative to the CAD$ increased from AUD$1.00 = CAD$0.9790 as at October 1, 2014 to AUD$1.00 = CAD$0.9479 as at December 31, 2014.

Currency movements during the three months ended December 31, 2014 resulted in the Company recording a cumulative translation adjustment gain of $473. 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 $21,882 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 $6,527 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. 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 +/- $6. A second portion of the floating rate debt totaled $11,601 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. 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 +/- $10.

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. 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. There is no guarantee that Almonty will be able to renew the necessary permits in order to continue operating.

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 unaudited interim consolidated financial statements for the three month period ended December 31, 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 unaudited interim consolidated financial statements, and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of December 31, 2014, and for the three month period ended December 31, 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.

February 27, 2015
On behalf of Management and the Board of Directors,

"Lewis Black"

____
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