Management Discussion and Analysis

For the Three Month Period Ended December 31, 2012

REPORT DATED: February 13th, 2013

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1. Introduction

This management discussion and analysis ("**MD&A**"), dated February 13th, 2013, 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 month period ended December 31, 2012. It should be read in conjunction with the unaudited consolidated interim financial statements and notes thereto of the Company for the three month period ended December 31, 2012.

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 consolidated interim financial statements for the three month period ended December 31, 2012 and this MD&A on February 13th, 2013.

The unaudited consolidated interim financial statements of the Company for the three month period ended December 31, 2012 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

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

Qualifying Transaction

On September 23, 2011, the Company (then RCG Capital Inc. ("**RCG**")) completed its qualifying transaction (the "**Qualifying Transaction**"), whereby all of the issued and outstanding securities of 7887523 Canada Inc. ("**Almonty Sub**") were acquired in exchange for securities of the Company on a one-for-one basis and the Company changed its name to "Almonty Industries Inc." and its stock symbol to "AII". The Qualifying Transaction was a reverse take-over with the former shareholders of Almonty Sub holding approximately 98% of the outstanding shares of the Company immediately following its completion. In connection with the Qualifying Transaction and immediately prior to its completion, Almonty Sub acquired all of the issued and outstanding shares of Daytal Resources Spain, S.L. ("**Daytal**") from Heemskirk Europe PLC and Heemskirk Consolidated Limited (collectively, "**Heemskirk**"). Daytal is the owner of a 100% interest in the Los Santos tungsten project located near Salamanca, Spain (the "**Los Santos Project**").

In accordance with IFRS 3, *Business Combinations*, the Qualifying Transaction constituted a reverse acquisition of a non-operating company. The Qualifying Transaction does not constitute a business combination as, prior to the completion of the Qualifying Transaction, the Company (then RCG) did not meet the definition of a business under the accounting standard. As a result, the Qualifying Transaction is accounted for as a capital transaction with Almonty Sub being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of Almonty Sub. Almonty Sub was incorporated on June 9, 2011 for the express and sole purpose of completing the acquisition of Daytal. There was no activity in Almonty Sub prior the acquisition of Daytal. The comparative figures presented for the three month period ended September 30, 2011 and the period from June 9, 2011 to September 30, 2011 represent only seven days of Almonty's ownership of Daytal and reflect costs associated with the acquisition of Daytal by Almonty Sub and the completion of the Qualifying Transaction.

Additional information about the Company, including the audited consolidated financial statements of the Company for the year ended September 30, 2012 and the unaudited consolidated interim financial statements for the three month period ended December 31, 2012, 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 economic environment in which it operates. Forward-looking statements may include, but are not limited to, statements with respect to 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.

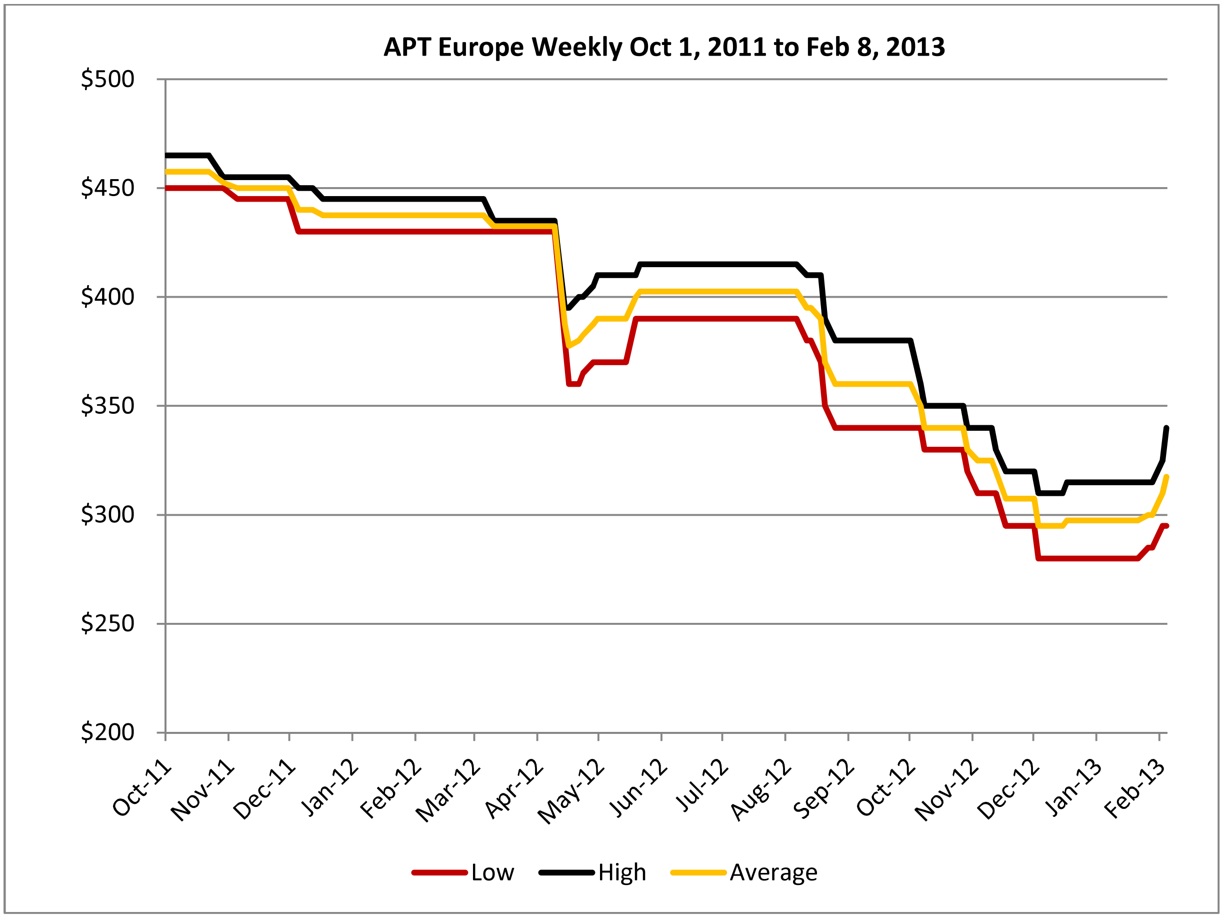
2. Overview

Almonty is a publicly traded company listed on the TSX Venture Exchange (the "**TSX-V**") under the symbol "AII". The principal business of Almonty is the production of tungsten concentrate and the advancement of exploration and development activities at the Los Santos Project. The Los Santos Project is a tungsten mine located approximately 50 kilometres from Salamanca, in western Spain. The mine has been in production since 2008 and produces tungsten concentrate products which are currently sold under a long-term supply agreement. The mine was opened in June 2008 and commissioned in July 2010 by its former owner, Heemskirk.

The tungsten business outlook has weakened since mid-2012. Market demand for tungsten concentrate softened during the first quarter of fiscal 2013 resulting in price weakness that has persisted into the second quarter of fiscal 2013. However, management believes that recent improvement in the overall recovery of global economic activity coupled with continued indications of a recovery in global demand should have a positive impact on the price of APT in the near-term. Longer term, Almonty believes 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 agreement) have remained in the US$300/MTU level during the first quarter of fiscal 2013. The price is down considerably from recent highs of US$440/MTU experienced in the fall of 2011 and from the US$383/MTU average experienced in the three months ended September 30, 2012. The average quoted price for European APT for the twelve months ended September 30, 2012 was US$412/MTU and the average price for the three month period ended December 31, 2012 was US$323/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. The price Almonty received for its tungsten concentrate during the year was negatively impacted by the decline in the MB European quoted price and resulted in a lower average price for its tungsten concentrate in the three months ended December 31, 2012 when compared to prior periods during the 2012 fiscal year.

European APT quoted prices during October 2012 averaged US$345/MTU, during November 2012 averaged US$317/MTU and during December 2012 averaged US$298/MTU. Weakness in global demand, specifically in Europe and the slower growth being experienced by China, has reduced demand for both tungsten concentrate and APT. Almonty believes that APT pricing has crossed an inflection point as inventory levels of the consumers of tungsten are further depleted and the need to restock will return as global demand returns. The Company anticipates that prices will stabilize and begin to increase in future periods, however we remain cautious as to the timing of such a turn-around in demand and are taking the necessary steps to ensure that the Company remains profitable should the price for APT continue to remain at current levels. APT quoted prices have started to show signs of improvement subsequent to December 31, 2012 with the average price during the month of January 2013 being US$298/MTU and US$309/MTU during the first week of February 2013.



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

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 to date have yielded the expected results and the improvement in tungsten recoveries is nearing our minimum targeted tungsten recovery rate of 65%. The average tungsten recovery rate for the three months ended December 31, 2012 was 63.3% (represented by average tungsten recovery rates of 60.2%, 64.2% and 64.8% for the months of October, November and December 2012, respectively). The Company continues to identify areas of operational improvement and is in the process of implementing additional improvements that are expected to further increase the recovery of tungsten concentrate from the Los Santos Project beyond the 65% level.

Management has also identified several opportunities to expand the Los Santos Project's potential and is continuing its exploration campaign at the Los Santos Project. The 2012 exploration campaign was completed in June 2012 with 5,078 metres being drilled and resulted in an updated technical report being completed as at September 30, 2012 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). Tungsten reserves increased by 10%, contained tungsten by 20% and the mine life was extended to 8 years.

The 2013 exploration campaign commenced in November 2012 and is focused on furthering our understanding of the resource at the Los Santos Project. The exploration campaign is targeting over 7,000 metres of drilling in the current year and the Company intends to perform sufficient drilling to support the completion of an updated NI 43-101 technical report prior to the end of calendar 2013. Over 1,000 metres has been drilled to date yielding promising results and identifying areas of further interest that will be the target of additional exploration activity. Almonty will provide updates on this and other initiatives as they progress.

Preliminary pit optimization work is continuing and on schedule. 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 is enhancing tungsten production levels in combination with the improvements to the overall tungsten recovery rate. Management anticipates improved production volumes as a result of both improvements in recoveries and higher WO_3 grades in future periods. However, in the near-term, two to three months of higher than normal waste rock removal is expected as new pits are opened and the existing pits optimized. Mined grades may be negatively impacted during this period but the recent enhancements to the tungsten recovery rates should help offset the negative impact of lower feed grades to the mill.

Summary operating information for the Company[1]:

	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Year Ended September 30, 2012	Year Ended September 30, 2011
Ore treated (tonnes)	116,151	122,673	476,591	441,976
WO_3 concentrate produced (MTU)	19,359	16,889	65,848	61,599
WO_3 concentrate sold (MTU)	19,260	18,045	66,419	52,807
Sales revenue (US$ million)	5.0	6.3	21.5	15.0
Cash operating costs (US$/MTU)	146	190	183	193
Ore mined (tonnes)	127,928	135,557	462,221	482,968
Average grade WO_3 mined	0.37%	0.30%	0.28%	0.32%
Average WO_3 recovery rate	63.3%	56.2%	57.8%	52.3%

Average tungsten recovery rates continue to improve as the optimization plan is implemented. Subsequent to December 31, 2012 the Company is in the process of adding additional tungsten recovery equipment and continues to enhance tungsten recovery rates.

1 Information for the year ended September 30, 2011 is based on the operating results of Daytal under its previous owner, Heemskirk, prior to Daytal being acquired by Almonty.

3. Financial Highlights

The following financial information is for the periods from October 1, 2011 to September 30, 2012, from October 1, 2011 to December 31, 2011, and from October 1, 2012 to December 31, 2012:

	Three Months Ended December 31, 2012 $'000	**Three Months Ended December 31, 2011 $'000**	**Year Ended September 30, 2012 $'000**
Gross Revenue	5,032	6,485	21,645
Cost of sales	2,520	3,415	11,106
Gross profit	**2,512**	**3,070**	**10,539**
Bargain purchase gain	-	-	-
General and administrative costs	(820)	(734)	(3,104)
Other income (loss)	(32)	75	31
Transaction costs	-	-	-
Listing expense	-	-	-
Non-cash compensation costs (options issued to directors, officers and key management)	(15)	(45)	(263)
Earnings (loss) before the undernoted items	**1,645**	**2,366**	**7,203**
Depreciation and amortization	(1,399)	(1,608)	(4,863)
Interest expense	(17)	(12)	(66)
Deferred income tax (expense) recovery	-	-	141
Net income (loss) for the period	**229**	**746**	**2,415**
Income (loss) per share basic	$0.01	$0.02	$0.07
Income (loss) per share diluted	$0.01	$0.02	$0.07
Dividends	-	-	-
Cash flows provided by (used in) operating activities	1,712	2,467	8,612
Cash flows used in investing activities	(2,512)	(1,772)	(8,835)
Cash flows provided by financing activities	(15)	150	119

	December 31, 2012	**December 31, 2011**	**September 30, 2012**
Cash	252	1,052	1,052
Total assets	30,253	27,966	27,966
Long-term trade payables	584	556	556
Capital lease obligations	138	200	148
Shareholders' equity	22,716	20,730	21,649
Other			
Outstanding shares ('000)	37,044	37,011	37,044
Weighted average outstanding shares ('000)			
Basic	37,044	37,011	37,023
Fully diluted (treasury method)	37,069	37,036	37,047
Closing share price	$1.07	$1.00	$0.94

Three Month Period Ended December 31, 2012

During the three months ended December 31, 2012, Almonty mined 127,928 tonnes of ore at a weighted average grade of 0.37% WO_3 (135,557 tonnes of ore at a weighted average grade of 0.30% for the three months ended December 31, 2011) and the Company processed 116,151 tonnes of ore at a weighted average grade of 0.26% WO_3 for a total contained MTU WO_3 processed of 30,199 (122,673 tonnes of ore at a weighted average grade of 0.24% WO_3 for a total contained MTU WO_3 processed of 30,042 for the three months ended December 31, 2011). Tungsten concentrate recovery averaged 63.3% and 56.2% for the three month periods ended December 31, 2012 and 2011 respectively. Almonty shipped 17,360 MTU of high grade concentrate (65.0% or higher WO_3) and 1,900 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended December 31, 2012 compared to 16,243 MTU of high grade concentrate (65.0% or higher WO_3) and 1,802 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended December 31, 2011.

Gross revenue for the three month period totalled \$5,032 (\$6,485 for the three month period ended December 31, 2011).

Direct selling expenses, consisting of freight, insurance and other transportation services required to deliver product, totalled \$45 for the three month period ended December 31, 2012 (\$53 for the three month period ended December 31, 2011).

Direct mining costs totalled \$364 and direct processing costs totalled \$2,110 for the three month period ended December 31, 2012. For the three month period ended December 31, 2011, direct mining costs totalled \$707 and direct processing costs totalled \$2,655. Gross profit for the three month period ended December 31, 2012 was \$2,512 (\$3,070 for the three month period ended December 31, 2011).

General and administrative costs for the three month period ended December 31, 2012 totalled \$862 and included non-cash compensation costs of \$15 relating to the recognition of the vesting of a portion of options previously granted to the Chief Financial Officer of the Company on September 26, 2011. For the three month period ended December 31, 2011, general and administration costs were \$779 and included non-cash compensation expense of \$45 relating to the vesting of a portion of the options previously granted to the Chief Financial Officer. Other costs included in 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 \$113 was a result of increase corporate and business development activities and management cash compensation offset by a reduction in non-cash compensation expense of \$30 for a net increase in costs of \$83 for the three months ended December 31, 2012 when compared to the three months ended December 31, 2011.

Other income (loss) was (\$32) for the three month period ended December 31, 2012 compared to \$75 for the three month period ended December 31, 2011. 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 (\$35) for the three month period ended December 31, 2012 compared to \$nil for the three month period ended December 31, 2011, and (ii) other income for the three month period ended December 31, 2012 of $3 compared to $75 for the three month period ended December 31, 2011.

Depreciation and amortization expense for the three month period ended December 31, 2012 totalled $1,399 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 December 31, 2011 was $1,608 comprised of depreciation and amortization of mining operations based on historical costs utilizing a UOP methodology.

Overall income for the three month period ended December 31, 2012 was $229 or $0.01 per common share. For the three month period ended December 31, 2011 overall income was $746 or $0.02 per common share.

Cash provided by operating activities totalled $1,712 and $2,467 for the three month periods ended December 31, 2012 and 2011, respectively.

Cash used in investing activities totalled $2,512 for the three month period ($1,772 for the three month period ended December 31, 2011) and is related to exploration expenses of $51 ($348 for the three month period ended December 31, 2011), additions to plant and equipment of $191 ($384 for the three month period ended December 31, 2011), and pit optimization and waste rock movement of $2,270 ($1,040 for the three month period ended December 31, 2011). 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.

Cash used by financing activities totalled ($15) for the three month period ended December 31, 2012 and consisted of capital lease payments of ($15). Cash provided by financing activities for the three month period ended December 31, 2011 was $150 consisting of a new capital lease entered into for the acquisition of vehicles and equipment of $183 less capital lease payments of ($33) for a net capital lease amount of $150.

Daytal's contract with Sanchez y Lago ("**SYL**"), under which SYL carries out contract mining activities for Daytal at the Los Santos Project, was renewed for the life-of-mine with an effective date of July 1, 2012. Daytal currently does not have any mining capabilities of its own and relies on SYL for all mining activity, including waste rock removal, pit development and delivery of ore to Daytal's crushing and processing plant. See Section 9 "Risks and Uncertainties – Operational Risks – Production", in this MD&A for additional details and analysis.

The Company had no interest bearing debt as at December 31, 2012, 2012 ($nil as at September 30, 2012) other than a capital lease obligation relating to several pieces of industrial machinery (front end loader, forklifts etc.) and vehicles totalling $138 that bear annual interest rates of between 2.75% and 4.50%. Long-term non-interest bearing trade payables of $584 (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.

Three Months Ended December 31, 2012 (Q1 2013) Compared to the Three Months Ended September 30, 2012 (Q4 2012)

Revenues decreased by ($362) in Q1 2013 compared to Q4 2012 as a result of a decrease in the price received per MTU of $W0_3$ concentrate. Sales volumes increased during Q1 over Q4 due to higher production levels of tungsten concentrate during the quarter. The increase in production levels for Q1 2013 were the result of better head grades being mined as the Company works through its pit optimization plans as well as improvements to the tungsten recovery rate during the quarter (63.3% vs. 60.0% for Q4). Almonty has completed the initial phase of its plant optimization program on target and within budget. Additional improvements are underway and the Company anticipates further enhancements to its tungsten recovery rates which should help improve production volumes in future periods.

Net earnings decreased by ($796) compared to Q4 2012 as a result of a decrease in the overall selling price per MTU realized during the period when compared to Q4 2012. The Company also recognized a deferred tax benefit of $141 during the three months ended September 30, 2012 compared to $nil the three months ended December 31, 2012 and recognized an additional ($227) in depreciation and amortization expense during Q1 2013 when compared to Q4 2012 as a direct result of an increase in the tonnes of ore mined during Q1 2013.

General and administrative costs for the three months ended December 31, 2012 decreased by ($162) over the three months ended September 30, 2012. This resulted from a decrease in corporate overhead costs as a result of decreased business and corporate development activities during the quarter as well a decrease in realized foreign exchange losses during the period and a reduction in the amount of non-cash compensation expense during the period.

During the three months ended December 31, 2012 the value of the Euro relative to the Canadian dollar increased from €1.00 = CAD$1.2646 as at September 30, 2012 to €1.00 = CAD$1.3118 as at December 31, 2012 resulting in the Company recording a cumulative translation adjustment and other comprehensive income of $823 for the three months ended December 31, 2012. This compares to decrease in the value of the Euro relative to the Canadian dollar for the three month period ended September 30, 2012 that resulted in the recording of an other comprehensive loss of ($560) for Q4 2012. These amounts are non-cash and represent the fluctuation in the value of the Company's ownership of Daytal and the Los Santos Project.

During the three month period ended December 31, 2012, cash flow used in investing activities of $2,512 ($2,350 for the three month period ended September 30, 2012) represented an increase of $51 in capital spent on the Company's drilling exploration program, an increase of $445 spent on pit optimization and a $335 decrease in the amount spent on equipment to enhance tungsten recoveries as compared to the three month period ended September 30, 2012.

Net operating cash flow before working capital for the three months ended December 31, 2012 was $1,663, representing a decrease of $227 as compared to the three months ended September 30, 2012. This decrease was a direct result of lower revenues earned during the period resulting from a decrease in the price received per MTU of tungsten concentrate sold during the period when compared to Q4 2012. Changes in non-cash working capital of $50 during the three months ended December 31, 2012 was down from $535 for the three months ended September 30, 2012 resulting in an overall reduction of cash provided by working capital of ($485) for the three months ended December 31, 2012 when compared to the three months ended September 30, 2012.

Cash flow from financing during the three month period ended December 31, 2012 totalled ($15) and comprised ($15) in payments under capital leases. This represents decrease of ($4) in cash flow from financing as compared to the previous quarter where 10,494 common share purchase warrants were exercised resulting in $7 of gross proceeds being received by the Company offset by payments under capital leases of ($18) during the three months ended September 30, 2012

Liquidity and Capital Resources
As of December 31, 2012 the Company had sufficient cash resources and liquidity to meet its current obligations and to fund working capital requirements and planed capital expenditures in fiscal 2013 (see Section 8, "Objectives and Outlook", in this MD&A for planned drilling and exploration activities and expenditures on both pit optimization and tungsten recovery enhancement projects). The Company had cash and receivables of $2,920 and net non-cash working capital of ($1,906) as at December 31, 2012. 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 December 31, 2012. The Company believes that, based on the current price of APT and its forecast production schedule for fiscal 2013, 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, there is no legal restriction on Almonty's ability to repatriate capital from Daytal.

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.

	Dec 31, 2012 $'000	Sept 30, 2012 $'000	June 30, 2012 $'000	Mar 31, 2012 $'000	Dec 31, 2011 $'000	Sept 30, 2011 $'000
Capital leases	138	148	166	186	200	50
Accounts payable and accrued liabilities	6,362	5,182	5,157	4,754	4,591	4,408
Long-term non-interest bearing trade payables	584	556	513	534	502	520
Less cash, short-term deposits and receivables	(2,920)	(2,559)	(2,787)	(3,430)	(3,768)	(2,180)
Net debt	4,164	3,327	3,049	2,045	1,525	2,798
Shareholders' equity	22,716	21,649	21,136	21,412	20,730	21,177
Equity and net debt	26,880	24,997	24,185	23,457	22,255	23,975
Gearing ratio	**15.5%**	**13.3%**	**12.6%**	**8.7%**	**6.9%**	**11.7%**

The Company's approach to capital management did not change during the three months ended December 31, 2012.

Outstanding Share Data

As of the date hereof, there were 37,044,389 common shares outstanding, 1,450,000 options and 4,357,794 warrants 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 1,450,000 options outstanding under the option plan. The option plan was approved by the Company's shareholders at the Company's Annual and Special Meeting of Shareholders held on March 26, 2012.

4. Quarterly Earnings and Cash Flow

	1st Quarter (2013)
Period Ended	**December 31, 2012 $'000**
Total Revenue	5,032
Net income (loss)	229
Basic earnings (loss) per share	$0.01
Diluted earnings (loss) per share	$0.01
Total assets	30,253
Total long-term debt	-
Dividend	-

	4th Quarter (2012)	3rd Quarter (2012)	2nd Quarter (2012)	1st Quarter (2012)
Period Ended	**September 30, 2012 $'000**	**June 30, 2012 $'000**	**March 31, 2012 $'000**	**December 31, 2011 $'000**
Total Revenue	5,394	4,802	4,964	6,485
Net income (loss)	1,025	263	380	746
Basic earnings (loss) per share	$0.03	$0.01	$0.01	$0.02
Diluted earnings (loss) per share	$0.03	$0.01	$0.01	$0.02
Total assets	27,966	31,211	31,424	30,684
Total long-term debt	-	-	-	-
Dividend	-	-	-	-

	4th Quarter (2011)	3rd Quarter (2011)
Period Ended	**September 30, 2011 $'000**	**June 9 to June 30, 2011 $'000**
Total Revenue	-	-
Net income (loss)	(2,105)	-
Basic earnings (loss) per share	($0.06)	-
Diluted earnings (loss) per share	($0.06)	
Total assets	31,315	-
Total long-term debt	-	-
Dividend	-	-

Almonty owned Daytal for seven days during the period ended September 30, 2011. Prior to the closing of the Qualifying Transaction on September 23, 2011, the Company (then RCG) did not carry on a business and therefore did not have any revenue. Almonty Sub (the accounting acquirer) was incorporated on June 9, 2011 and also did not carry on a business prior to the closing of the Qualifying Transaction and therefore also did not record any revenue for the period ended September 30, 2011. During the one week period following the closing of the Qualifying Transaction, the Company did not ship any tungsten concentrate and as such did not record or recognize any revenue during the fourth quarter ended September 30, 2011.

See Section 3 "Financial Highlights", for details on the three month period ended December 31, 2012 and a comparison to the three month periods ended December 31, 2011 and September 30, 2012.

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 3 of the audited consolidated financial statements of Almonty as at September 30, 2012 and for year then ended.

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 the Company's consolidated financial statements.

Reference	Title	Application date for Almonty
IFRS 9	Financial Instruments	October 1, 2013
IFRS 10	Consolidated Financial Statements	October 1, 2013
IFRS 11	Joint Arrangements	October 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	October 1, 2013

IFRS 13	Fair Value Measurement	October 1, 2013
IAS 19	Employee Benefits (revised)	October 1, 2013
IAS 28	Investments in Associates and Joint Ventures (revised)	October 1, 2013
IFRIC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	October 1, 2013

The adoption of these new or amended standards is not expected to have a material impact on the consolidated financial statements of Almonty.

7. Related Party Transactions

There were no related party transactions that occurred during the three month period ended December 31, 2012.

Compensation of Key Management Personnel of Almonty

	Three months ended December 31, 2012 $'000	Three months ended September 30, 2012 $'000	Three months ended December 31, 2011 $'000
Short-term cash compensation	114	50	50
Long-term directors' incentive share-based compensation	15	43	45
Total Compensation of Key Management Personnel	**129**	**93**	**95**

8. Objectives and Outlook

Targeted Improvements in the Company's Tungsten Recovery Rates

Since September 30, 2011, the Company has commenced implementation of operational improvements at the mill operations of the Los Santos Project with the stated goal of increasing tungsten recovery rates to a minimum of 65%, considered to be industry standard. The improvements that have been implemented up to December 31, 2012 have resulted in the tungsten recovery rate improving to 64.8% for the month of December 2012 and 64.7% for the month of January 2013. Additional targeted improvements are being implemented in stages and the Company believes, based on preliminary test work, that further enhancements to the tungsten recovery rate will be realized.

Under the previous owner, Heemskirk, the tungsten recovery rate at the Los Santos Project was estimated to be 52% for the 51 week period ended September 23, 2011, immediately prior to Almonty's ownership of Daytal. To date Almonty has increased the tungsten recovery rate by approximately 25% since acquiring the Los Santos Project. Almonty budgeted US$1,690 to complete the targeted improvements. As of December 31, 2012, the Company spent approximately US$1,135 on the program to increase the tungsten recovery rate to the targeted 65% level.

Accelerate the Development and Exploration of the Mine in order to Extend the Mine Life

On October 1, 2011, Almonty embarked on a drilling program at the Los Santos Project, the aim of which is to convert inferred resources into measure and indicated reserves and to further delineate the nature of the resource at the Los Santos Project. The exploration program is ongoing and the Company has plans to drill 7,000 metres per year over the next four years as part of the campaign. The Company completed its drill campaign for fiscal 2012 in May after drilling 5,078 metres and issued a revised NI 43-101 technical report dated September 30, 2012. Tungsten reserves increased by 10%, contained tungsten by 20% and the mine life was extended to 8 years. The total amount budgeted for the fiscal 2012 drill campaign was set at US$1,800. The Company completed the fiscal 2012 drill campaign after spending US$1,060.

Continuation of the development and exploration program recommenced in November 2012 with the start of the 7,000 metre drill program planned for fiscal 2013. As at the date of this MD&A, over 1,000 metres of the 2013 exploration program have been completed and the results are currently being analyzed.

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 a deterioration in the MB quoted price for APT.

Operational Review and Continued Investment in the Los Santos Project

Under the terms of Almonty's long-term supply agreement it was required to engage the services of a mining consultant to review the status of the Los Santos Project. During the quarter ended March 31, 2012, the Company received a final report from the mining consultant that contained recommendations with respect to areas of improvement and investment that may be required by Almonty in order to provide a level of comfort that Almonty's optimization plans, mining development and exploration programs will be sufficient in order for Almonty to perform its obligations throughout the term of the contract and thereby provide assurance that its customer will have access to the agreed supply of tungsten concentrate over the life of the contract. Almonty has reviewed the findings of the operational review with the mining consultant and its customer. Almonty believes that its current optimization program, enhanced tungsten recovery program and restated NI 43-101 technical report showing a mine life of 8 years (approximately 4 years longer than the term of its current long-term supply agreement) demonstrate that the Company will be able to satisfy its obligations under the long-term supply agreement. Almonty's future capital spending plans may be increased or otherwise altered as a result of ongoing review and discussions with its customer over the life of the supply agreement.

Summary of the Company's Long-Term Supply Agreement

Almonty, along with its wholly-owned subsidiary Daytal, is a party to a long term supply agreement dated September 23, 2011 with a customer who participates in the global tungsten business. The agreement provides 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. The supply agreement runs for a term of five years with 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 tungsten concentrate that meets the customer's specifications produced by the Company above the minimum amount required to be shipped under the terms of the agreement. A copy of the agreement is available on SEDAR under Almonty's profile.

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 that are not indicated below and which may currently exist or arise at a future date regarding the Company and its operations. For additional and more detailed risk factors, please see the filing statement dated September 14, 2011 filed in connection with the Qualifying Transaction under the heading "Risk Factors – Risks Relating to the Resulting Issuer's Business and Industry".

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, currently running at US$159 per MTU, Almonty would cease to generate positive cash flow from operations.

In addition, tungsten is quoted on the market in United States dollars and the fluctuation of the United States dollar to the Canadian dollar and the European Euro will have an impact on the future earnings of Almonty. The majority of Almonty's activities take place outside of Canada. Therefore the Company is subject to the risk of fluctuation in the foreign exchange rate of the Canadian dollar vis-a-vis the other foreign currencies. During the three months ended December 31, 2012 the value of the Euro relative to the Canadian dollar increased from €1.00 = CAD$1.2646 as at September 30, 2012 to €1.00 = CAD$1.3118 as at December 31, 2012, resulting in the Company recording a cumulative translation adjustment gain of $823 for the three months ended September 30, 2012 (as compared to a loss of ($560) for the three months ended September 30, 2012).

Fluctuation in Interest Rates

The Company does not currently have any interest bearing debt (outside of the capital lease obligations described below), however it may in the future become a borrower of a material amount of funds. If and when Almonty becomes a borrower of such funds, the Company will be subject to risks associated with fluctuations in interest rates. The Company's primary operations are located in Spain and 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. As at December 31, 2012, Almonty did not have any interest bearing long-term debt outside of $148 in capital lease obligations that carry interest rates between 2.75% and 4.50% with terms to maturity between 2 years and 5 years.

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 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
Daytal, Almonty's wholly-owned indirect subsidiary, has a long-term supply agreement with one customer who participates in the global tungsten business. Currently over 95% of the revenue earned by the Company'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 and is subject to the pricing terms set out in the supply agreement. There is no guarantee that Almonty would be able to find an alternative customer or customers on terms similar to its existing supply agreement should the 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 Agreement", in this MD&A for further details.

Operational Risks

Production
Daytal's contract with SYL, under which SYL carries out contract mining activities for Daytal at the Los Santos Project, was renewed for the life of mine with an effective date of July 1, 2012. Daytal currently does not have any mining capabilities of its own and relies on SYL 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 SYL with another contract mining firm if SYL were no longer able to provide contract mining services to Daytal. Any disruption in the contract mining services provide by SYL 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.

Political Risk
The Spanish government currently supports the development of their natural resources by foreign and domestic companies. However, there is no assurance the government 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 believes it is unlikely that the final outcome of any possible future legal proceedings will have a material adverse effect on its financial position or results of operations, defence costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's future cash flow, results of operations or financial position.

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 sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited consolidated interim financial statements for the three months ended December 31, 2012 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 consolidated interim financial statements, and (ii) the unaudited consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of December 31, 2012, and for the three month period ended December 31, 2012.

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 13th, 2013

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