Management Discussion and Analysis

For the Three and Six Month Periods Ended March 31, 2012

REPORT DATED: April 30, 2012

1. Introduction

This management discussion and analysis ("**MD&A**"), dated April 30, 2012, provides a review of the financial position and results of operations of Almonty Industries Inc. (TSX-V: AII) ("**Almonty**" or the "**Company**"). This MD&A reviews the business of Almonty and discusses the Company's financial results for the three and six month periods ended March 31, 2012. It should be read in conjunction with the unaudited consolidated interim financial statements and notes thereto of the Company for the three and six month periods ended March 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 and six month periods ended March 31, 2012 and this MD&A on April 30, 2012.

The unaudited consolidated interim financial statements of the Company for the three and six month periods ended March 31, 2012 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.

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**"). Immediately prior to the completion of the Qualifying Transaction the outstanding securities of the Company (then RCG) were consolidated on the basis of one post consolidation security for each of the previously outstanding 6.67 securities of the Company effective September 23, 2011.

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. As Almonty Sub was incorporated on June 9, 2011 for the express and sole purpose of completing the acquisition of Daytal, there are no comparative figures available for the three or six month periods ended March 31, 2012.

Additional information about the Company, along with the audited consolidated financial statements of the Company for the period June 9, 2011 to September 30, 2011 and the unaudited interim financial statements of the Company for the three month period ended December 31, 2011 are 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 10, "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.

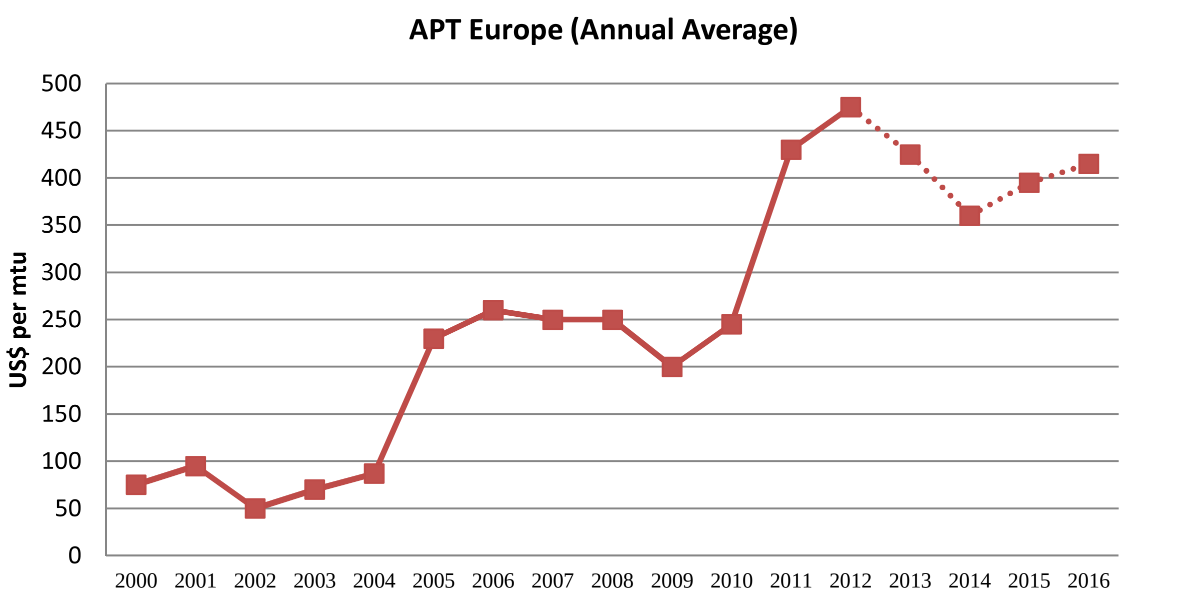
A glossary of terms is affixed to the last page of this MD&A.

2. Overview

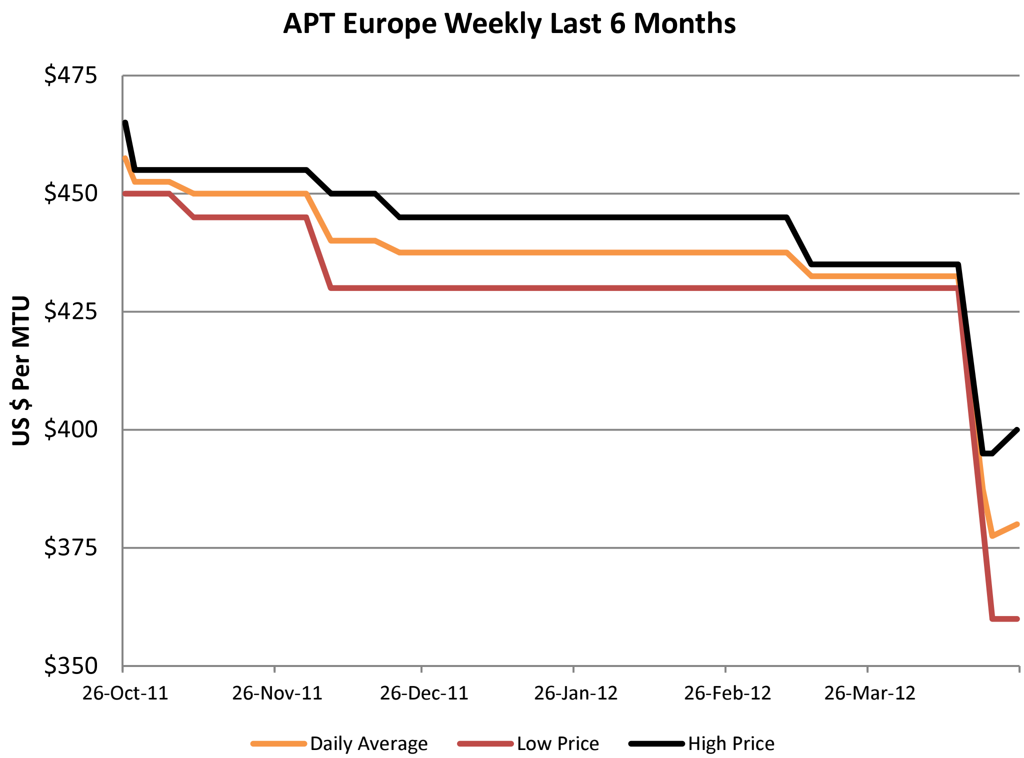
Almonty is a publicly traded company listed on the TSX Venture Exchange (the "**TSX-V**") under the symbol "AII". The principal business of Almonty is the production of tungsten concentrate and the advancement of exploration and development activities at the Los Santos Project. The Los Santos Project 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 remained robust since Almonty first entered into negotiations to acquire Daytal in April 2011. A continued global supply shortfall for tungsten concentrates coupled with increasing demand has led to sustained higher prices over the first 6 months of Almonty's ownership of the Los Santos Project. Additional planned global mine output will be required in order to meet forecasted demand increases.

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) continue to remain strong despite recent price declines during the month of April. Pricing forecasts, based on Roskill Information Services "Tungsten: Market Outlook to 2016, 10th edition 2011", take into account both growing demand and anticipated new sources of supply coming to market.



Source: Metal Bulletin, ammonium para tungstate, European (US$/MTU), Forecast Roskill Information Services



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

Despite the recent weakness in the MB quoted price for APT during the month of April, Almonty continues to believe that long-term market fundamentals remain robust with limited availability of product on the market and strong demand for tungsten concentrate.

Almonty has identified areas of operational improvement and has embarked on a plan to increase the recovery of tungsten concentrate from the Los Santos Project to industry standard through operational changes and enhancements to the milling circuit and improvements to the way in which ore is fed into the processing circuits. Results to date have been promising and the improvement in recoveries is on target. Optimization of the existing mill circuits has been completed with tungsten recovery rates currently running in the 57% range. Further operational improvements are underway with the addition of a hydrosizer that was added to the processing circuit in April 2012 that is expected to further increase the tungsten recovery rate and the planned addition of a flotation circuit in July 2012 that is currently undergoing testing. The additions of both the hydrosizer and flotation circuit are expected to improve the overall tungsten recovery rate to a minimum of 65%. The Company believes it is on track to achieve this targeted recovery rate by the end of calendar 2012.

Management has also identified several opportunities to expand the Los Santos Project's potential and has begun an exploration campaign with the intent of converting measured and indicated mineral resources to proven and probable mineral reserves. The exploration campaign is targeting over 7,000 metres of drilling per year over the next 4 years and Almonty is working with third party mining consultants to optimize the pit design based on the results of the drilling campaign. As at the date of this MD&A,

Almonty had completed approximately 3,377 metres of drilling (924 metres as at December 31, 2011) out of the targeted 7,000 metres for the current year. Preliminary pit optimization work is also underway and on schedule. Average grades of ore mined during the period of time of the pit optimization are below the anticipated long-term grade of the resource and are causing tungsten production levels to remain stagnant despite improvements to the overall tungsten recovery rate. We anticipate improved production volumes as a result of both improvements in recoveries and higher WO_3 grades in future periods.

Almonty intends to perform sufficient drilling in order to support the completion of an updated National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") compliant technical report prior to the end of calendar 2012. Almonty will provide updates on this and other initiatives as they progress.

Prior to its acquisition by Almonty, the Los Santos Project mined 441,4976 tonnes of ore at an average grade of 0.27% producing approximately 61,599 MTU of WO_3 for an average tungsten recovery of 52.3% for the period from October 1, 2010 to September 30, 2011.

Summary operating information for Daytal[1]:

	Three Months Ended March 31, 2012	Six Months Ended March 31, 2012	Three Months Ended March 31, 2011	Six Months Ended March 31, 2011	Year Ended September 30, 2011
Ore treated (tonnes)	117,849	240,522	100,091	202,144	441,976
WO_3 concentrate produced (MTU)	15,299	32,188	16,729	29,724	61,599
WO_3 concentrate sold (MTU)	14,811	32,856	16,647	29,944	52,807
Sales revenue (US$ million)	5.0	11.3	4.0	7.2	15.0
Cash operating costs (US$/MTU)	191	191	170	188	193
Average grade WO_3 mined	0.21%	0.26%	0.37%	0.34%	0.32%
Average WO_3 recovery rate	57.1%	56.6%	52.5%	51.6%	52.3%

3. Financial Highlights

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

	Three Months Ended March 31, 2012 $'000	**Six Months Ended March 31, 2012 $'000**	**Three Months Ended September 30, 2011 $'000**
Revenue	4,964	11,449	-
Cost of sales	2,612	6,027	-
Gross profit	2,352	5,422	-
Bargain purchase gain	-	-	68

1 Information for the three months ended March 31, 2011, the six months ended March 31, 2011 and 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.

General and administrative costs	(707)	(1,441)	(326)
Other income	1	76	-
Transaction costs	-	-	(786)
Listing expense	-	-	(698)
Non-cash compensation costs (options issued to directors, officers and key management)	(107)	(152)	(363)
Earnings (loss) before the undernoted items	1,539	3,905	(2,105)
Depreciation and amortization	(1,143)	(2,751)	-
Interest expense	(16)	(28)	-
Net income (loss) for the period	380	1,126	(2,105)
Income (loss) per share basic and diluted	$0.01	$0.03	($0.06)
Dividends	-	-	-
Cash flows provided by (used in) operating activities	1,323	3,570	(593)
Cash flows used in investing activities	(2,129)	(3,901)	(14,152)
Cash flows provided by financing activities	2	197	15,901

	March 31, 2012	December 31, 2011	September 30, 2011
Cash	1,022	1,826	1,156
Total assets	31,424	30,684	31,315
Long-term trade payables	534	502	520
Capital lease obligations	186	200	50
Shareholders' equity	21,412	20,730	21,177
Other			
Outstanding shares ('000)	37,011	37,011	37,011
Weighted average outstanding shares ('000)			
Basic	37,011	37,011	37,011
Fully diluted	42,852	42,702	42,702
Closing share price	$0.99	$1.00	$1.00

Three and Six Month Periods Ended March 31, 2012

During the three months ended March 31, 2012, Almonty mined 98,525 tonnes of ore at a weighted average grade of 0.21% WO_3 (234,082 tonnes of ore at a weighted average grade of 0.26% for the six months ended March 31, 2012). The Company processed 117,849 tonnes of ore at a weighted average grade of 0.23% WO_3 for a total contained MTU WO_3 processed of 27,105 (240,522 tonnes of ore at a weighted average grade of 0.24% WO_3 for a total contained MTU WO_3 processed of 56,851 for the six month period ended March 31, 2012). Tungsten concentrate recovery averaged 57.1% and 56.6% for the three and six month periods ended March 31, 2012, respectively. Almonty shipped 13,193 MTU of high grade concentrate (65.0% or higher WO_3) and 1,618 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended March 31, 2012 and shipped 29,436 MTU of high grade concentrate (65.0% or higher WO_3) and 3,420 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the six month period ended March 31, 2012.

Gross revenue for the three month period totaled $4,964 ($11,449 for the six month period). Direct selling expenses, consisting of freight, insurance and other transportation services required to deliver product, totalled $54 for the three month period ended March 31, 2012 ($107 for the six month period). Net sales for the three month period ended March 31, 2012 totaled $4,910 ($11,342 for the six month period).

Direct mining costs totalled $669 and direct processing costs totalled $1,889 for the three month period ended March 31, 2012. For the six month period ended March 31, 2012, direct mining costs totalled $1,376 and direct processing costs totalled $4,544. Gross profit for the three month period ended March 31, 2012 was $2,352 ($5,422 for the six month period).

General and administrative costs for the three month period ended March 31, 2012 totalled $813 and included non-cash compensation costs of $45 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 and $62 in non-cash compensation expense for options granted to certain employees of the Company on January 31, 2012. For the six month period ended March 31, 2012 general and administration costs were $1,517 and included non-cash compensation expense of $152 relating to the vesting of a portion of the options previously granted to the Chief Financial Officer of $90 and $62 relating to options granted to certain employees). Foreign exchange losses on translation of United States dollar revenue into Euros totalled $13 for the three month period ended March 31, 2012 compared to a gain of $41 for the six month period. Other income for the three month period totalled $1 compared to $76 for the six month period.

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, listing and transfer agent fees, accounting, legal and other professional fees and travel.

Depreciation and amortization expense totalled $1,143 comprised of amortization of $575 for mining operations based on historical costs and $568 in amortization charges related to the fair value bump-up in asset values that was recorded when the Company acquired Daytal on September 23, 2011. Total depreciation and amortization for the six month period was $2,751 comprised of amortization of $1,517 for mining operations based on historical costs and $1,234 in amortization charges related to the fair value bump-up in asset values that was recorded when the Company acquired Daytal on September 23, 2011.

The Company record $nil in tax expense for both the three and six month periods as it has sufficient tax loss carry forward amounts that can be utilized to reduce taxable income to zero.

Overall income for the three month period ended March 31, 2012 was $380 or $0.01 per common share. Overall income for the six month period was $1,126 or $0.03 per common share.

Cash provided by operating activities totalled $1,323 for the three month period and $3,570 for the six month period.

Cash used in investing activities totalled $2,129 for the three month period ($3,901 for the six month period) and is related to exploration expenses of $348 ($482 for the six month period), additions to plant and equipment of $244 ($486 for the six month period) and pit optimization and waste rock movement of $1,537 ($2,933 for the six month period). Pit development costs are capitalized and then amortized based on the units of production method as the current strip ratio is greater than the average strip ratio over the life of the Los Santos Project.

Cash provided by financing activities totalled $2 for the three month period and consisted of capital lease payments of $14 offset by non-cash interest expense of $16 that was capitalized. Cash provided by financing activities for the six month period was $197 consisting of a new capital lease entered into for the acquisition of vehicles and equipment of $183 less capital lease payments of $14 for a net capital lease amount of $169 and non-cash interest expense of $28 that was capitalized.

Daytal's contract with Sanchez y Lago ("**SYL**"), under which SYL carries out contract mining activities for Daytal at the Los Santos Project, expired in April 2012. Daytal is currently negotiating a new contract with SYL to cover the life of the mine and the parties have agreed to continue under the general terms of the expired contract during the negotiation period. 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 10 "Risks and Uncertainties – Operational Risks – Production", in this MD&A for additional details and analysis.

The Company had no interest bearing debt as at March 31, 2012 ($nil as at December 31, 2011 and $nil as at September 30, 2011) other than a capital lease obligation relating to several pieces of industrial machinery (front end loader, forklifts etc.) and vehicles totalling $186 that bear annual interest rates of between 2.75% and 4.50%. Long-term non-interest bearing trade payables of of $534 ($270 classified as long-term and $264 classified as current) relates to a non-interest bearing trade payable that matures in November 2013 and requires Almonty to make a payment of $17 in September 2012 and ongoing monthly instalments of $43 beginning in October 2012.

Three Months Ended March 31, 2012 (Q2 2012) Compared to the Three Months Ended December 31, 2011 (Q1 2012)

Revenues decreased by $1,521 in Q2 2012 compared to Q1 2012 due to a decrease in sales volumes from lower production levels of tungsten concentrate during the quarter. The reduction in production levels for Q2 2012 were the result of lower head grade being mined as the Company works through its pit optimization plans as well as a result of a 10 day extended cold weather period experienced at the Los Santos Project during February that forced the shutdown of the processing plant. Record cold temperatures experienced during this period were well below the design specifications of the plant and colder than any previously recorded temperatures in the region causing the water used for processing to freeze before it entered the plant thereby severely limiting the ore throughput rate of the plant. The Company also continues to work through a period of lower head grade ore during the pit optimization process as planned and anticipates mining higher grade material in the coming months. Almonty is on target with enhancements to its recovery rates which should help improve production volumes in future periods.

Net earnings decreased by $366 compared to Q1 2012 as a direct result of decreased revenue from the sale of tungsten concentrate offset by a reduction in depreciation and amortization expense during the quarter as a result of lower volumes of ore processed during Q2 2012 as compared to Q1 2012.

General and administrative costs for the three months ended March 31, 2012 were in-line with the three months ended December 31, 2012. While the Company experienced lower general and administration costs attributable to its operations in the amount of $76 for Q2 2012 as compared to Q1 2012 as a result of less volume of ore being processed, head office overhead costs increased during the quarter by $62 in non-cash compensation expense attributable to the granting of 150,000 incentive stock options to certain employees of the Company and an increase of $50 in connection with the preparation and mailing of the Company's Management Information Circular and annual and interim financial statements, the holding of the Company's Annual and Special Meeting of Shareholders on March 26, 2012 and the Company's continuance under the *Canada Business Corporations Act*.

During the three months ended March 31, 2012 the value of the Euro relative to the Canadian dollar increased from €1.00 = CAD$1.3193 as at December 31, 2011 to €1.00 = CAD$1.3322 as at March 31, 2012 resulting in the Company recording a cumulative translation adjustment and other comprehensive gain of $195 for the three months ended March 31, 2012. This compares to a decrease in the value of the Euro relative to the Canadian dollar for the three month period ended December 31, 2011 that resulted in the recording of an other comprehensive loss of ($1,238). 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 March 31, 2012, cash flow used in investing activities of $2,129 ($1,772 for the three month period ended December 31, 2011) represented an increase of $214 in capital spent on the Company's drilling exploration program, an increase of $141 spent on pit optimization and a $2 increase in the amount spent on equipment to enhance tungsten recoveries as compared to the three month period ended December 31, 2011.

Net operating cash flow for the three months ended March 31, 2012 was $1,323, representing a decrease of $924 as compared to the three months ended December 31, 2011. This decrease was a direct result of a reduction in the volume sales of tungsten concentrate under the Company's long-term supply agreement due to operational issues experienced during the February cold spell at the Los Santos Project and a lower average head grade processed during the quarter in connection with the planned pit optimization work being undertaken in Q2 2012.

Cash flow from financing during the three month period ended March 31, 2012 totalled $2 and comprised ($14) in payments under capital leases offset by $16 in non-cash interest expenses that were capitalized during the quarter. This represents a decrease of $193 in cash flow from financing as compared to the previous quarter as a result of the Company entering into new capital leases in the previous quarter for the purchase of new vehicles and equipment.

Liquidity and Capital Resources

As of March 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 2012 (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 $3,430 and non-cash working capital of ($465) as at March 31, 2012. Almonty is presently shipping tungsten concentrate under its long-term supply agreement and to date has received payment for all invoices submitted to its customer. The Company believes that, based on the current price of APT and its forecast production schedule for the remainder of fiscal 2012, that 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 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. To maintain or adjust its capital structure, Almonty may make a dividend payment to shareholders, return capital to shareholders or issue new shares. 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.

	March 31, 2012 $'000	**December 31, 2011 $'000**	**September 30, 2011 $'000**
Capital leases	186	200	50
Accounts payable and accrued liabilities	4,754	4,591	4,408
Long-term non-interest bearing trade payables	534	502	520
Less cash, short-term deposits and receivables	(3,430)	(3,768)	(2,180)
Net debt	2,045	1,525	2,798
Shareholders' equity	21,412	20,730	21,177
Equity and net debt	23,457	22,255	23,975
Gearing ratio	**8.7%**	**6.9%**	**11.7%**

The Company's approach to capital management did not change during the period.

Outstanding Share Data

As of the date hereof, there were 37,011,441 common shares outstanding, 1,459,967 options and 4,380,282 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 1,459,967 options outstanding under the option plan. The option plan and all grants of options under the option plan were 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

	2nd Quarter (2012)	**1st Quarter (2012)**	**4th Quarter (2011)**	**3rd Quarter (2011)**
Period Ended	**March 31, 2012 $'000**	**December 31, 2011 $'000**	**September 30, 2011 $'000**	**June 9 to June 30, 2011 $'000**
Total Revenue	4,964	6,485	-	-
Net income (loss)	380	746	(2,105)	-
Basic and diluted earnings (loss) per share	$0.01	$0.02	(0.06)	-
Total assets	31,424	30,684	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.

During the quarter ended March 31, 2012, Almonty shipped 13,193 MTU of high grade concentrate (65.0% or higher WO_3) and 1,618 MTU of low grade concentrate (between 45.0% and 65.0% WO_3). During the quarter ended December 31, 2011, Almonty shipped 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).

Net income for the three months ended March 31, 2012 totalled $380 compared to net income of $746 for the three months ended December 31, 2011.

See Section 3 "Financial Highlights", for additional details on the three and six month periods ended March 31, 2012 and a comparison of Q2 2012 to Q1 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 unaudited consolidated interim financial statements of Almonty as at March 31, 2012 and for the three month period 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
IAS 1	Presentation of Financial Statements (revised)	October 1, 2012
IAS 12	Income Taxes (amended)	October 1, 2012
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

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 and six month periods ended March 31, 2012.

	Three months ended March 31, 2012 $’000	Six months ended March 31, 2012 $’000
Short-term cash compensation	50	100
Long-term directors’ incentive share-based compensation	45	90
Total Compensation of Key Management Personnel	**95**	**190**

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 are being implemented in stages and the Company anticipates having all improvements installed and operational during the fourth quarter of its fiscal 2012 (period ending September 30, 2012). The Company has a target completion date of December 31, 2012 to improve tungsten recovery to industry standard. 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 prior to Almonty’s ownership of Daytal. The Company to date has achieved tungsten recovery rates of approximately 57% and anticipates reaching its announced milestone by the target date. The Company is optimizing its processing facility with the addition of new processing circuits and equipment. The Company budgeted US$1,690 to complete the targeted improvements. As of the date hereof, the Company has spent approximately US$481 and believes it will be able to meet the milestone within the budgeted amount by the milestone date.

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. 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 has completed several drill holes and has begun to analyze the results of the drilling completed to date. Almonty intends to continue the exploration campaign and conduct further analysis of the results with the intention of issuing a revised NI 43-101 compliant technical report once it has collected sufficient data to do so. Almonty intends to release the results of its exploration campaign in due course. The Company intends to complete the current phase of the exploration program by December 31, 2012 (11 months in total, consisting of eight months of drilling plus two months to complete the last laboratory analysis and one additional month to model the information). The total amount budgeted to meet the milestone was set at US$1,800. The Company commenced drilling in November 2011 and is on track to meet the budgeted time line. To date the Company has spent US$484 on its drilling program and completed approximately 3,377 metres of drilling. Laboratory analysis of the core samples drilled to date is ongoing.

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 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 exploration campaign to extend the life of mine will enable it 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.

Economic Outlook and Commodity Price Forecast

The International Monetary Fund (IMF) continues to expect global growth of 3.1% in 2012 (IMF Economic Outlook April 2012), with the Euro area still projected to go into a mild recession in 2012 as a result of the sovereign debt crisis and the effects of bank de-leveraging on the economy. While growth has been forecasted to remain steady at 3.1% globally, the overall demand for tungsten is expected to remain robust despite recent weakness in the quoted price per MTU for APT on the MB, which currently serves as a benchmark price for the Company's tungsten concentrate product. Roskill Information Services is forecasting the APT price per MTU to remain near record highs of US$475 per MTU (Roskill Information Services, "Tungsten: Market Outlook to 2016, 10th edition 2011") on average for 2012. Recent quotes for APT on the MB for the month of April have been US$360-$400, representing a 12% decline during the month when compared to the average price quoted for March 2012. Almonty believes that the recent quoted prices for APT on the MB in April are not reflective of true market demand given the underlying shortage of supply of available tungsten concentrate. Almonty anticipates the quoted price will return to levels above US$400 per MTU over the coming months**.**

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. 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$190 per MTU, Almonty would cease to generate positive cash flow from operations. In addition, tungsten is quoted on the market in United States dollars and the fluctuation of the United States dollar to the Canadian dollar and the European Euro will have an impact on the future earnings of Almonty. The majority of Almonty's activities take place outside of Canada. Therefore the Company is subject to the risk of fluctuation in the foreign exchange rate of the Canadian dollar vis-a-vis the other foreign currencies. During the three months ended March 31, 2012 the value of the Euro relative to the CAD$ increased from €1.00 = CAD$1.3193 as at December 31, 2011 to €1.00 = CAD$1.3322 as at March 31, 2012 resulting in the Company recording a cumulative translation adjustment gain of $195 for the three months ended March 31, 2012 (as compared to a ($1,238) loss for the three months ended December 31, 2011)

Fluctuation in Interest Rates
Although the Company does not currently have any interest bearing debt, it may in the future become a borrower of funds. If and when Almonty becomes a borrower of 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 March 31, 2012, Almonty did not have any interest bearing long-term debt outside of $186 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 100% of the output of Daytal'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.

Operational Risks

Production
Daytal's contract with SYL, under which SYL carries out contract mining activities for Daytal at the Los Santos Project, expired in April 2012. Daytal is currently negotiating a new contract with SYL to cover the life of the mine and the parties have agreed to continue under the general terms of the expired contract during the negotiation period. 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 will be able to negotiate a new contract with SYL and, in the event that a new contract is entered into, there is no guarantee that it will be on terms favourable to Daytal. Should Daytal be unable to renew its contract with SYL there is no guarantee that Daytal will be able to replace SYL with another contract mining firm. Any disruption in the contract mining services provide by SYL would have 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 at reasonable conditions.

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 permit 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 would be able to obtain the necessary permits in order to increase production.

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 the 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 financial statements for the three and six month periods ended March 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 unaudited consolidated 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 March 31, 2012 and for the three and six month periods ended March 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.

April 30, 2012

On behalf of Management and the Board of Directors,

"Lewis Black"

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Director, 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, 10kg (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