Audited Consolidated Financial Statements

For the Year ended September 30, 2014

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Independent Auditors' Report

To the Shareholders of **Almonty Industries Inc.**,

We have audited the accompanying consolidated financial statements of **Almonty Industries Inc.**, which comprise the consolidated balance sheets as at September 30, 2014 and 2013, and the consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for the years ended September 30, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Almonty Industries Inc.** as at September 30, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada

January 28, 2015

Almonty Industries Inc.

Consolidated Balance Sheets

As at September 30
(in 000's of Canadian dollars unless otherwise noted)

	Note	2014	2013 (Restated – notes 2 d) and 25)
Assets			
Current Assets			
Cash and cash equivalents	17	14,847	1,083
Trade receivable	16	483	870
VAT/HST/GST receivable	16	1,497	1,471
Inventories	15	6,648	2,510
Other current assets		620	268
Total Current Assets		**24,095**	**6,202**
Non-Current Assets			
Property, plant and equipment	7	18,074	12,168
Mine development	8	26,554	12,690
Tailings inventory	15	14,514	7,409
Deferred tax assets	12	3,569	3,025
Restricted cash	17	956	237
Other non-current assets		285	392
Total Non-Current Assets		**63,952**	**35,921**
Total Assets		**88,047**	**42,123**
Liabilities			
Current Liabilities			
Trade and other payables	18	6,733	5,456
Deferred revenue	18	1,111	-
Capital lease	19	133	45
Current portion of long-term debt	20	6,332	2,225
Non-interest bearing obligation	18	675	617
Other accrued liabilities	18	2,209	2,159
Total Current Liabilities		**17,193**	**10,502**
Non-Current Liabilities			
Capital lease	19	163	63
Long-term debt	20	15,004	3,721
Convertible debenture	20	7,292	-
Deferred government grant		37	31
Restoration provision	11	1,262	502
Total Non-Current Liabilities		**23,758**	**4,317**
Total Liabilities		**40,951**	**14,819**
Shareholders' Equity			
Share capital	14	31,179	21,996
Convertible debenture equity portion	20	208	-
Contributed surplus	14	1,731	1,675
Accumulated other comprehensive income		1,832	881
Retained earnings		12,146	2,752
Total Shareholders' Equity		**47,096**	**27,304**
Total Liabilities and Shareholders' Equity		**88,047**	**42,123**

Almonty Industries Inc.

On behalf of the Board:

"Lewis Black"	*"Mark Trachuk"*
Lewis Black, Director, President & CEO	Mark Trachuk, Director

See accompanying notes

Consolidated Statement of Operations and Comprehensive Income

For the Years Ended September 30,
(in 000's of Canadian dollars unless otherwise noted)

	Note	2014	2013 (Restated – notes 2 d) and 25)
Revenue		29,609	18,341
Mine operating costs			
Production costs		10,287	11,400
Depreciation and amortization		4,610	3,447
Earnings from mining operations		**14,712**	**3,494**
.			
Expenses			
General and administrative		3,213	2,803
Net other expense	10	1,107	66
Non-cash compensation	14	56	210
		10,336	**415**
Interest expense		443	214
Loss on asset disposal from fire	21	-	527
Gain from insurance settlement	21	-	(928)
Earnings before taxes		**9,893**	**602**
Income tax provision			
Current			-
Deferred		(502)	(1,840)
Net income after tax		**10,395**	**2,442**
Net income for the year		**10,395**	**2,442**
Other comprehensive income			
Items that may be reclassified subsequently to profit/loss for the period			
Foreign currency translation adjustment		951	3,003
Total comprehensive income for the year		**11,346**	**5,445**
Earnings per share	13		
Basic income per share		**$0.24**	**$0.07**
Diluted income per share		**$0.24**	**$0.07**

See accompanying notes

Consolidated Statement of Changes in Shareholders' Equity

For the Years Ended September 30, 2014 and 2013

(in 000's of Canadian dollars except for share amounts)

	Share Capital		Convertible Debenture Equity Component	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
	Shares	Amount					(Restated – notes 2 d) and 25)
Balance at September 30, 2013	37,044,389	21,996	-	1,675	2,752	881	27,304
Issuance of equity	12,209,302	9,401	-		-	-	9,401
Repurchase of equity	(257,200)	(218)	-				(218)
Issuance of warrants and options		-	-	56	-	-	56
Equity component of convertible debenture		-	208	-	-	-	208
Net income for the year	-	- -	- -	(2,239)-	10,395	- (2,-239)	10,395
Dividends paid		-	-	-	(1,001)	-	(1,001)
Foreign currency translation adjustment		-	-	-	-	951	951
Balance at September 30, 2014	**48,996,491**	**31,179**	**208**	**1,731**	**12,146**	**1,832**	**47,096**

	Share Capital		Convertible Debenture Equity Component	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
	Shares	Amount					
Balance at September 30, 2012	37,044,389	21,996	-	1,465	310	(2,122)	21,649
Equity capital issued							-
Issuance of warrants and options		-	-	210	-	-	210
Warrants exercised		-	-	-	-	-	-
Net income for the year		-	-	-	2,442	-	2,442
Foreign currency translation adjustment		-	-	-	-	3,003	3,003
Balance at September 30, 2013	**37,044,389**	**21,996**	**-**	**1,675**	**2,752**	**881**	**27,304**

See accompanying notes

Consolidated Statement of Cash Flows

For the Years Ended September 30,
(in 000's of Canadian dollars unless otherwise noted)

	2014	2013 (Restated – notes 2 d) and 25)
Cash flow provided by (used in) operating activities		
Net income for the year	10,395,	2,442
Add (deduct) non-cash items:		
Non–cash compensation expense	56	210
Depreciation and amortization	4,610	3,447
Loss on disposal of fixed assets due to fire		527
Deferred tax benefit	(502)	(1,840)
Other net non-cash charges/revaluations	(520)	233
	14,039	5,019
Net change in non-cash working capital	(5,378)	(4,641)
Net cash flow provided by operating activities	**8,661**	**378**
Cash flow used in investing activities		
Acquisition of WCM, net cash	112	-
Additions to property, plant and equipment and mine development	(7,621)	(5,841)
Restricted cash	257	(237)
Net cash flow used in investing activities	**(7,252)**	**(6,078)**
Cash flow provided by in financing activities		
Repurchase of common stock	(218)	
Long-term debt	13,652	5,695
Net financing costs	(28)	
Dividends paid	(1,001)	
Capital lease payments	(50)	(47)
Net cash flow provided by financing activities	**12,355**	**5,648**
Effect of foreign exchange on cash	69	83
Net increase in cash and cash equivalents during the year	**13,764**	**31**
Cash and cash equivalents at beginning of year	1,083	1,052
Cash and cash equivalents at end of the year	**14,847**	**1,083**

See accompanying notes

1. Description of Business

Almonty Industries Inc. (**"Almonty"** or **"the Company")** is a listed public company, incorporated in Canada. The head office of the Company is located at 100 King Street west, Suite 5700, Toronto, Ontario, M5X 1C7. The principal business of Almonty is the mining, processing and shipping of tungsten concentrate from the Los Santos Project, a tungsten mine located in western Spain and owned by the Company through its wholly-owned subsidiary, Daytal Resources Spain S.L. (**"Daytal"**), and the mining processing and shipment of tungsten and molybdenum concentrate from the Wolfram Camp Mine (Wolfram Camp), which was acquired by the Company on September 22, 2014 (note 5).

Daytal is wholly owned by the Company's wholly owned Almonty subsidiary, 7887523 Canada Inc. (**"Almonty Sub"**). Almonty Sub has incorporated another wholly owned subsidiary, Valtreixal Resources Spain (**"VRS"**). VRS owns a 25% interest in the Valtreixal tin/tungsten project located in western Spain. VRS has an option to acquire the remaining 75% of the project that it does not own over the next 18 months. The principal business of VRS is the exploration of the Valtreixal Project.

Wolfram Camp is wholly owned through Almonty's wholly owned subsidiaries, Tropical Metals Pty Ltd ("**TM**") (15% ownership of Wolfram Camp) and Wolfram Camp Mining Pty Ltd ("**WCM**") (85% ownership of Wolfram Camp).

2. Basis of Preparation of the Consolidated Financial Statements

a) Statement of compliance

The consolidated financial statements of Almonty for the years ended September 30, 2014 and 2013 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on January 28, 2015.

b) Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and include the accounts of the 100% owned subsidiaries, Daytal, VRS, Almonty Sub, TM and WCM.

The accounting policies and methods of computation adopted in the preparation of the financial statements of the subsidiaries are consistent with those adopted and disclosed in Note 3.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Almonty obtains control, and continue to be consolidated until the date when such control ceases. The Company controls an investee if the Company has:

(i) power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Company's potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in loss and comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends have been eliminated in full on consolidation.

c) Economic dependence

Almonty's wholly owned subsidiaries, Daytal and Wolfram Camp Mine Pty Ltd have long-term supply agreements with one customer who participates in the global tungsten business. Currently all of the output of Almonty's operations is sold to this customer. Almonty is economically dependent on the revenue received from this customer in order to be able to meet its current obligations. There is no guarantee that Almonty would be able to find an alternative customer or customers on market terms similar to its existing supply agreements should this current customer cease operations or become unable to pay Almonty under the current contracts.

d) New standards, interpretations and amendments

The Company adopted the following new and amended standards in the current reporting period:

New standard IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20")

IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity through either: useable ore that can be used to produce inventory or improved access to further quantities of material that will be mined in future periods.

The change in accounting policy has been applied retroactively with restatement as of October 1, 2012 and there was no impact on October 1, 2012 opening. The impact on September 30, 2013 balances was a decrease to mine development expenditures of $3,823, an increase to tailing inventory of $1,966, an increase to cost of sales of $4,549 and a decrease in depreciation and amortization expense of $2,519.

The impact of the change in accounting policy on the statement of financial position as at September 30, 2013 and the statement of comprehensive income and cash flows for the year ended September 30, 2013 are set out below:

Impact on the consolidated balance sheet

	As previously reported	Impact of change in accounting policy IFRIC 20	Effect of correction (note 25)	As restated
	$	$	$	$
Assets				
Mine development	16,513	(3,823)	-	12,690
Tailings inventory	-	1,966	5,443	7,409
Deferred tax assets	1,164	-	1,861	3,025
Shareholders' Equity				
Accumulated other comprehensive income	115	173	593	881
Retained earnings (deficit)	(1,929)	(2,030)	6,711	2,752

Impact on the consolidated statement of operation and comprehensive income

	As previously reported	Impact of change in accounting policy IFRIC 20	Effect of correction (note 25)	As restated
	$	$	$	$
Production costs	10,420	4,549	(3,569)	11,400
Depreciation and amortization	6,826	(2,519)	(860)	3,447
General and administrative	3,245	-	(442)	2,803
Income tax provision	-	-	(1,840)	(1,840)
Net income (loss) for the year	(2,239)	(2,030)	6,711	2,442
Foreign currency translation adjustment	2,237	173	593	3,003
Earnings (loss) per share				
Basic income (loss) per share	($0.06)	($0.05)	$0.18	$0.07
Diluted income (loss) per share	($0.06)	($0.05)	$0.18	$0.07

Impact on Statement of Cash Flows

	As previously reported	Impact of change in accounting policy IFRIC 20	Effect of correction (note 25)	As restated
	$	$	$	$
Cash flows related to operating activities				
Net income (loss) for the year	(2,239)	(2,030)	6,711	2,442
Depreciation and amortization	6,826	(2,519)	(860)	3,447
Net change in non-cash working capital	1,152	(1,793)	(4,011)	(4,641)
Non-cash change in deferred tax	-	-	(1,840)	(1,840)

Additions to Mine Development and PP&E	(12,183)	(6,342)	-	(5,841)

Amendments to IFRS 7 – Financial Instruments: Disclosures
Amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting or similar arrangements. The new disclosures are effective for annual periods beginning on or after January 1, 2013. As the Company is not offsetting financial instruments and does not have relevant offsetting arrangements, the retrospective adoption of these amendments to IFRS 7 did not have any impact on the disclosures of the Company.

New standard IFRS 10 Consolidated Financial Statements
Provides a new single consolidation model that identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent corporation. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. As of October 1, 2013, the Company adopted IFRS 10 which had no impact on the consolidated financial statements for the period or prior periods presented as the adoption did not result in a change in the consolidation status of any of the Company's subsidiaries or investees or the identification of any subsidiaries.

New standard IFRS 11 Joint Arrangements
IFRS 11 establishes principles to determine the type of joint arrangement, which are classified as either joint operations or joint ventures, and provides guidance for financial reporting activities required by the entities that have an interest in arrangements that are controlled jointly. In a joint operation, the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the arrangement, and recognize their share of the assets, liabilities, revenues and expenses in accordance with applicable IFRS. In a joint venture, the parties to the arrangement have rights to the net assets of the arrangement and account for their interest using the equity method of accounting under IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. As of October 1, 2013, the Company adopted this standard and there was no impact on the Company's consolidated financial statements since the Company does not have any joint arrangements.

New standard IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. As of October 1, 2013, the Company adopted this standard and there was no impact on the Company's consolidated financial statements. The Company's subsidiaries are all wholly owned and as such the determination of whether to consolidate these entities or the identification of any subsidiaries did not involve any significant judgments or assumptions. There are no significant restrictions on the ability of the Company to access or use the assets, and settle the liabilities of the Company and its subsidiaries.

New standard IFRS 13 Fair Value Measurement

IFRS13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The standard also establishes a framework for measuring fair value and sets out additional disclosure requirements for fair value measurements. The standard did not have a material measurement impact on the consolidated financial statements.

e) New accounting standards and interpretations not yet adopted

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

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

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

IFRIC 21 Levies

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

IAS 36 Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets

IAS 36 (Amendment) - This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.

IFRS 9 Financial Instruments: Classification and Measurement

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

Amendments to IAS 16 – Property, Plant and Equipment

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

Amendments to IAS 32 – Financial Instruments: Presentation

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

Amendments to IFRS 11 – Joint Arrangements

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

Amendments to IFRS 15 – Revenue from Contracts with Customers

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

3. Significant Accounting Judgments, Estimates and Assumptions

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 revenue 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 below.

(a) Mine rehabilitation and restoration provision

Almonty assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditures differing from the amounts currently provided.

The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the consolidated balance sheet by either increasing or decreasing the rehabilitation asset and liability if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16, *Property, Plant and Equipment*.

Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to income. If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, Almonty is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36, *Impairment of Assets*.

If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to expenses. For closed sites, changes to estimated costs are recognized immediately in income. Also, rehabilitation obligations that arise as a result of the production phase of a mine are expensed as incurred.

Almonty, through its wholly owned subsidiary Daytal, is required to decommission and rehabilitate the Los Santos Project at the end of the Los Santos Project's useful life to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation program, discounted to its net present value, is provided when the environmental disturbance occurs. The cost is capitalized when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation and the increase in the net present value of the provision for the expected costs is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future costs of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related assets are adjusted and the effect is recognized in the consolidated statement of operations and comprehensive income (loss) on a prospective basis over the remaining life of the operation.

(b) Ore reserves and mineral resources estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from Almonty's mining properties. Almonty estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the ore reserve or mineral resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

(c) Units-of-production depreciation

Estimated recoverable reserves are used in determining the depreciation of mine specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Numerous units-of-production ("**UOP**") depreciation methodologies are available to choose from. Almonty adopts a Run of the Mine ("**ROM**") tonnes of ore UOP measure for mining costs and MTU (1 MTU= 1 metric tonne unit = 10kgs) of tungsten oxide (WO_3) produced UOP measure.

(d) Exploration and evaluation expenditures

The application of Almonty's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* resource is itself an estimation process that contains varying degrees of uncertainty, depending on sub-classification, and these estimates directly impact the point of deferral of exploration and evaluation expenditures. The Company's policy is to capitalize all exploration costs that are incurred on its mineral properties that currently have a NI 43-101 compliant resource estimate, provided that those expenditures are incurred to extend or enhance the resource. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in income in the period when the new information becomes available.

(e) Impairment of assets

Almonty assesses its assets at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, or when annual impairment testing for an asset is required, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions related to long-term commodity prices, discount rates, future capital requirements, exploration potential and future operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. As at the consolidated balance sheet date, management believes that no indication of impairment exists.

(f) Deferred stripping expenditures

Almonty defers advanced stripping costs incurred during the production stage of its operations in accordance with IFRIC 20. Should the estimate of the stripping ratio change over time as a result of a change/optimization in the design of the open pits, then Almonty will revisit the deferral and amortization rates related to its deferred stripping expenditures policy. The calculation of the life-of-mine stripping ratio requires the use of judgments and estimates such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result. Changes in a mine's life and design will usually result in changes to the expected stripping ratio (waste to mineral reserves ratio). These changes are accounted for prospectively.

(g) Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(h) Deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the consolidated balance sheet. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that Almonty will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from the estimates made, the ability of Almonty to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which Almonty operates could limit the ability of Almonty to obtain tax deductions in future periods.

(i) Cash and cash equivalents

Cash and cash equivalents in the consolidated balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of three months or less at the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade and other receivables

Trade receivables are initially recorded at the fair value of the contracted sale proceeds expected to be received only when there has been a passing of significant risks and rewards of ownership to the customer, and collectability is reasonably assured.

Collectability of trade receivables is reviewed on an ongoing basis. An impairment of doubtful receivables is raised when there is objective evidence that Almonty and the entities it controls will not be able to collect the debt.

(k) Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained MTUs of WO_3 based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

The cost of raw materials, stores and finished goods includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average cost. The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

Materials and supplies are valued at the lower of cost and net realizable value. Any provision for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

Tungsten ore and WO_3 in concentrate, WO_3 in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product. Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortization, incurred in converting materials into finished goods.

Tailing inventories represents stockpiles of low grade ore that has been mined and processed and is available for reprocessing. As tailing inventories will not be reprocessed within one year of the date of these consolidated financial statements, the net carrying amount related to the tailing inventories has been classified as non-current assets in the consolidated balance sheet statements.

(l) Property, plant and equipment and mine properties

Property, plant and equipment and mine properties are stated at cost, less accumulated depreciation / amortization and accumulated impairment losses, if any. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment. When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development.

Each class of property, plant and equipment is measured at cost less, where applicable, any accumulated depreciation and impairment losses.

Buildings

Buildings are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of operations and comprehensive income (loss).

Plant and Equipment
Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses, if any. The carrying values of plant and equipment are reviewed for impairment annually, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(m) Depreciation/amortization
Property, plant and equipment, including buildings, are depreciated/amortized over their estimated useful lives.

Accumulated mine development costs are depreciated/amortized on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied.

The unit of account for the ROM costs are tonnes of ore whereas the unit of account for post-ROM costs are recoverable MTUs of WO_3. Rights and concessions are depleted on the unit-of-production basis over the total reserves of the relevant area. The unit-of-production rate for the depreciation/amortization of mine development costs takes into account expenditures incurred to date.

Other plant and equipment such as mobile mine equipment is generally depreciated on a straight-line basis over their estimated useful lives of 3 to 10 years, commencing from the time the asset is ready for use. Leasehold improvements are amortized over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each consolidated balance sheet date.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

(n) Leases
Leases of plant and equipment under which Almonty assumes substantially all the risks and benefits identical to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalized, with a lease asset and lease liability equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments determined at the inception of the lease. Lease payments are apportioned between the financing charges and reduction of the lease liability. The finance charge component within the lease payment is expensed. Capitalized lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that Almonty or its controlled entities will obtain ownership by the end of the lease term.

Payments made under the leases are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

(o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in income in the expense category consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in income when the asset is derecognized.

(p) Trade and other payables

Trade and other payables are carried at cost. They represent unsecured liabilities for goods and services provided to Almonty and its controlled entities prior to the end of the fiscal period that are unpaid and arise when Almonty and any of its controlled entities become obliged to make future payments in respect of the purchase of these goods and services.

(q) Financial instruments

i) Determination of Fair Value

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. Fair value is determined by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximize the use of observable inputs.

When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and valuation inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

ii) Financial assets

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as FVTPL unless they are designed as effective hedges.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred.

Assets in this category include cash and cash equivalents.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or those that are expected to be settled after 12 months from the end of the reporting period, which are classified as non-current assets. Assets in this category include trade receivable and VAT/HST/GST receivable.

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest rate method, except for short- term receivables when the recognition of interest would be immaterial.

The effective interest rate method is used to determine the amortized cost of loans and receivables and to allocate interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of a trade or other receivable is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the

impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

De-recognition of financial assets

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss. Almonty determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Almonty's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (**"EIR"**) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized on the income statement

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(r) Provisions

Provisions are recognized when Almonty or any of its controlled entities has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When Almonty expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of operations and comprehensive income (loss), net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation as at the consolidated balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

(s) Share capital

Issued ordinary share capital is classified as equity and is recognized at the fair value of the consideration received by Almonty. Any transaction costs arising on the issuance of ordinary shares and the associated tax are recognized directly in equity as a reduction in share proceeds received.

(t) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to Almonty and its controlled entities and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. Almonty assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Almonty has concluded that it is acting as a principal in all of its revenue arrangements. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the purchaser. The significant risks and rewards of ownership are deemed to be transferred to the purchaser generally when product is physically transferred onto a third-party vessel, train, ship or other delivery mechanism, depending on the mode of transport, and Almonty has paid all costs of shipping, freight and insurance to the destination specified by the purchaser. The following criteria are also applicable to other specific revenue transactions:

WO_3 in concentrate sales

Contract terms for Almonty's sale of WO_3 in concentrate (WO_3 concentrate) allow for a price adjustment based on final assay results of the WO_3 concentrate by the customer to determine the final content. Recognition of sales revenue for WO_3 concentrate is based on the most recently determined estimate of WO_3 concentrate (based on initial assay results carried out by Almonty) and the contract price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Other income". If the customer disputes the invoiced amount based on a difference of assayed values of WO_3 concentrate, then the dispute is settled by an independent third party assaying service whose findings are binding on both parties. The terms of WO_3 concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for WO_3 concentrate is calculated based on the adjusted prevailing monthly average price per MTU of APT (Ammonium paratungstate) as published by London Metal Bulletin on the date of shipment to the customer.

(u) Income tax

Current income tax

Current income tax assets and liabilities for the current period are estimated as the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where Almonty and/or its controlled entities operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred income tax

Deferred income tax is provided using the consolidated balance sheet method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

1) Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income; and

2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

1) Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income; and

2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

Almonty recognizes neither the deferred tax asset regarding the temporary difference on the rehabilitation liability, nor the corresponding deferred tax liability regarding the temporary difference on the rehabilitation asset.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be available to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances arose. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or in income.

(v) Value added ("VAT"), harmonized sales ("HST") and Goods & Services ("GST") taxes
Revenue, expenses and assets are recognized net of the amount of VAT/HST/GST, except where the amount of VAT/HST/GST incurred is not recoverable. In these circumstances, the VAT/HST/GST is recognized as part of the acquisition cost of the asset or as part of the expense item. Receivables and payables in the consolidated balance sheet are shown inclusive of VAT/HST/GST.

Cash flows are presented in the consolidated statement of cash flows on a net basis, including the VAT/HST/GST component of investing and financing activities, which are disclosed as operating cash flows.

The net amount of VAT/HST/GST recoverable from, or payable to, the relevant taxation authority is included as part of receivables or payables in the consolidated balance sheet.

(w) Earnings per share
Basic earnings per share are calculated as net income (loss) for the period attributable to Almonty shareholders, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding.

Diluted earnings per share are calculated as net income (loss) for the period attributable to Almonty shareholders divided by the weighted average number of ordinary shares and dilutive potential ordinary shares using the treasury method.

(x) Foreign currency translation
The consolidated financial statements are presented in Canadian dollars, which is Almonty's functional currency and presentation currency.

Almonty has two foreign operations which receive all of their revenue in US dollars and incurs all of its costs in Euros and Australian Dollars. Daytal has a functional currency of Euros and translates its US dollar revenue into Euros at the respective US dollar/Euro exchange rate prevailing at the date of the transaction. Wolfram Camp Mine has a functional currency of Australian dollars and translates its US dollar revenue into Australian dollars at the respective US dollar/Australian dollar exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Exchange differences are recognized in profit and loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign entities are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized as a separate component of equity and as a foreign currency translation adjustment in other comprehensive income in the consolidated statements of operations and comprehensive income.

(y) Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in selling, general and administrative expenses.

When Almonty acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in income.

4. Segment Information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

Management monitors the business of Almonty as a single commodity segment, whose operations relate to the exploration and mining of tungsten across two geographical locations, Spain and Australia.

For management reporting purposes, the Group is organised into business units based on its products and activities and has three reportable operating segments, as follows:

- The Los Santos Mine located in Spain whose operations relate to the exploration and mining of tungsten that is ultimately sold as tungsten concentrate;
- The Wolfram Camp Mine located in Queensland, Australia whose operations relate to the exploration and mining of tungsten and molybdenum that is ultimately sold as tungsten concentrate and molybdenum concentrate; and,
- The Valtreixal Project located in Spain whose operations relate to the exploration and evaluation activities related to the Valtreixal tin/tungsten project

Almonty monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Almonty's financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used by Almonty in reporting segments internally are the same as those contained in Note 3 of the financial statements.

Year eneded September 30, 2014	Los Santos	Wolfram Camp Mine	Valtreixal	Corporate	Adjustments and eliminations	Consolidated
Revenue	28,417	1,192	-	1,738	(1,738)	29,609
Production costs	8,966	1,321	-	-	-	10,287
Depreciation and amortisation	4,536	74	-	-	-	4,610
Earnings from mining operations	14,915	(203)	-	1,738	(1,738)	14,712
Expenses						
General and administrative	3,522	72	10	1,347	(1,738)	3,213
Net other expense	(602)	-	-	1,709	-	1,107
Non-cash compensation		-	-	56	-	56
Interest expense	442	1	-	31	(31)	443
Loss on asset disposal from fire	(31)	-	-	-	31	0
Gain from insurance settlement	11,584	(276)	(10)	(1,405)	0	9,893
Earnings before taxes						
	54,434	24,644	1,332	11,334	(3,697)	88,047
Total assets	15,884	7,984	1,348	18,318	(2,583)	40,951
Total liabilities						
	6,799	12	810	-	-	7,621
Capital expenditures						

1. Capital expenditure consists of additions to property, plant and equipment, intangible assets, mine properties and exploration and evaluation assets including assets from the acquisition of subsidiaries.

Year eneded September 30, 2013	Los Santos	Corporate	Adjustments and eliminations	Consolidated
Revenue	18,341	1,223	(1,223)	18,341
Production costs	11,400	-	-	11,400
Depreciation and amortisation	3,447	-	-	3,447
Earnings from mining operations	3,494	1,223	(1,223)	3,494
Expenses				
General and administrative	2,644	1,383	(1,223)	2,804
Net other expense	66			66
Non-cash compensation		210		210
Interest expense	214	0	0	214
Loss on asset disposal from fire	527	-	-	527
Gain from insurance settlement	(928)	-	-	(928)
Earnings before taxes	971	(370)	0	601
Total assets	42,090	20,914	(20,881)	42,123
Total liabilities	14,613	396	(192)	14,817
Capital expenditures	5,312	-	-	5,312

Prior to the acquisition of the Wolfram Camp Mine in September 2014 and the acquisition of an owner ship interest in the Valtreixal project in December 2013, management monitored the business of Almonty as a single reporting segment whose operations related to the exploration and mining of tungsten in Spain.

Geographic Revenue Information	2014	2013
Country		
Spain	28,416	18,341
Australia	1,192	-
Total	29,608	18,341

5. Business Combinations – Acquisition

Almonty acquired 100% of the share capital of Wolfram Camp Mining Pty Ltd and Tropical Metals Pty Ltd (combined the two companies own a 100% interest in the Wolfram Camp Mine), on September 22, 2014. The principal business of the Wolfram Camp Mine is the advancement of exploration, development and production activities at the Wolfram Camp Mine. The Wolfram Camp Mine is a wolframite and molybdenum mineral deposit. The mine is located about 130 kilometres from Cairns, Queensland, Australia, near the town of Dimbulah. The Company acquired the Wolfram Camp Mine to complement its existing mining operations and expand its operations with its existing customer.

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

The total consideration paid to the seller at closing was $16,901 and comprises:

Convertible debenture issued	7,500
Shares issued at fair value (12,209,302)	9,401
Total consideration transferred	**16,901**

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

Net assets acquired:

	Fair value at acquisition date
Assets	
Property, plant and equipment	6,644
Mine development	11,522
Financial Assurance Deposit	954
Other current assets	349
Inventories	3,952
GST Receivable	45
Cash and cash equivalents	185
	23,651
Liabilities	
Trade and other payables	3,591
Other liabilities and accruals	2,365
Restoration provision	794
	6,750
Total identifiable net assets	**16,901**

Direct costs attributable to the acquisition	873

Net cash acquired with WCM	185
Transaction costs incurred	(873)
Net consolidated cash outflow	**(688)**

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

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

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

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

6. Related Party Transactions

There were no related party transactions that occurred during the year ended September 30, 2014 and 2013.

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

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

7. Property, Plant and Equipment

	Property, Plant and Equipment
Cost at September 30, 2013	13,972
Additions	7,670
Disposals	-
Translation adjustment	217
Cost at September 30, 2014	**21,859**
Accumulated amortization at September 30, 2013	1,804
Amortization charge	1,998
Disposals	-
Translation adjustment	(17)
Accumulated amortization at September 30, 2014	3,785
Closing net book value	**18,074**

	Property, Plant and Equipment
Cost at September 30, 2012	11,378
Additions	2,481
Disposal	(1,054)
Translation adjustment	1,167
Cost at September 30, 2013	**13,972**
Accumulated amortization at September 30, 2012	1,130
Amortization charge	1,079
Disposals	(527)
Translation adjustment	122
Accumulated amortization at September 30, 2013	1,804
Closing net book value	**12,168**

8. Mine Development

	Mine Development
Cost at September 30, 2013	19,785
Additions	18,074
Disposal/re-classification	-
Translation adjustment	131
Cost at September 30, 2014	**37,990**
Accumulated amortization at September 30, 2013	7,095
Amortization charge	4,398
Translation adjustment	(57)
Accumulated amortization at September 30, 2014	11,436
Closing net book value	**26,554**

	Mine Development
Cost at September 30, 2012	15,324
Additions	3,065
Disposals	(295)
Translation adjustment	1,691
Cost at September 30, 2013	**19,785**
Accumulated amortization at September 30, 2012	3,393
Amortization charge	3,188
Translation adjustment	514
Accumulated amortization at September 30, 2013	7,095
Closing net book value	**12,690**

9. Commitments and Contingent Liabilities

Almonty, through its wholly owned subsidiary, Daytal, owns the Los Santos Project, near the town of Los Santos, Salamanca in western Spain. Daytal rents the land where the Los Santos Project is located from several individual property owners as well as the municipalities of Los Santos and Fuenterroble. The leases range from 10 to 25 years and have expiry dates between 2017 and 2032. On all leases greater than 10 years Daytal has the right to terminate the leases under certain circumstances without penalty. Annual lease commitments total €181 (C$258) and are payable throughout the year on the anniversary dates of the individual leases.

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

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

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

Daytal has a long-term contract with MOVITEX – Movimentos de Tierras Y Excavaciones, S.L.U. ("MOVITEX") under which MOVITEX carries out contract mining activities for Daytal on the Los Santos Project. Daytal currently does not have any mining capabilities of its own and relies on MOVITEX for all mining activity, including waste rock removal, pit development and delivery of ore to Daytal's crushing and processing plant. The current contract with MOVITEX runs for the life of the mine. Any disruption in the contract mining services provided by MOVITEX would have a negative impact on Daytal's short-term economic viability.

10. Other (Income) Expense

During the year ended September 30, 2014 Almonty incurred costs of $835 for legal, accounting, tax, financing, due diligence costs and break fees associated with its evaluation of a potential offer for Ormonde Mining Plc., as disclosed in the Company's press release dated January 31, 2014 and $606 in legal, accounting, tax and, due diligence costs associated with its signing of a definitive agreement to acquire the Wolfram Camp Mine. In addition the Company has accrued $267 in estimated stamp duty fees that are payable to the Queensland state government on the acquisition of the Wolfram Camp Mine.

The Company also came to a settlement agreements on amounts outstanding that were owed to one of its suppliers. The parties agreed to settle all amounts outstanding for a lump-sum cash payment that resulted in Almonty realizing a gain of $528 for a reduction in the amount paid versus the outstanding payable. Subsequent to the settlement the supplier has served notice that, despite agreeing to the settlement, it considers the settlement to be invalid and has launched legal proceedings to attempt to recover amounts previously forgiven under the settlement agreement. Almonty believes, based on advice it has received from legal counsel, that this claim is without merit and that the outcome cannot be determined at this time..

During the nine month period ended June 30, 2014, in addition to the items listed above, the Company realized a gain of $157 on the sale of surplus electrical equipment that was no longer needed once the Company completed its connection to the Spanish state electricity grid. This equipment was decommissioned and was carried at a *nil* value after it was damaged in the fire.

These amounts have been recorded as Other (income) expense.

Other (income) expense during the year ended September,

	2014	**2013**
Transaction related expenses (Ormonde and Wolfram Camp Mine)	1,708	-
Gain on settlement of trade payables	(528)	-
Gain on sale of scrap	(157)	-
Other expenses	84	66
Net Other (income) expense	**1,107**	66

11. Restoration Provision

Almonty has recognized a restoration provision of $468 (2013 – $502) with respect to Daytal's future obligation to restore and reclaim the mine once it has ceased to mine tungsten ore from the Los Santos Project. The restoration provision represents the present value of rehabilitation costs relating to the mine site which are expected to be incurred in 2019 after the mine ceases production. This provision has been created based on Almonty's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect current market conditions at that time. The timing of the rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This in turn will depend on Almonty's ability to extend the mine life years through additional exploration and also on the future price of WO_3 concentrate**.** The Company is in the process of having its mine plan and restoration provision reviewed by the relevant authorities in Spain. The Company posted an insurance policy in the amount of $3,968 (€2,800) for a period of one year (maturity in June 2015) during the period of time that the mine plan is being reviewed. Almonty's current mine plan entails ongoing reclamation work of the site as part of the pit optimization work (several small pits that have been fully mined are filled in and reclaimed as part of the regular waste rock movement and stripping work carried on other pits that are in production, as opposed to hauling the waste rock to the waste dump). The current mine plan under review by the relevant authorities entails the reclamation of the majority of the site as part of on-going operations and waste rock movement. The restoration provision currently recognized by the company is estimated to be sufficient to cover any remedial restoration and reclamation work needed upon completion of the tailings reprocessing operation. Upon completion of open pit mining operations, during the period when the Company will process the bulk of its inventory stock pile of mineralized tailings, Almonty estimates that the current restoration provision will be sufficient to complete all reclamation work required under its mine plan. The relevant Spanish authorities may determine, upon final review that the amount required to be posted for future reclamation work be increased. The Company anticipates that it will receive approval of its mine plan prior to the expiration of the current insurance policy in June 2015.

Banco Popular has posted a bank warranty of €180 (C$246) on behalf of Daytal with the Region of Castilla y Leon, Trade and Industry Department as a form of deposit to cover the expected costs of restoring the mining property as required by Daytal's Environmental Impact Statement that forms a part of its mining and exploitation license on the Los Santos Project provision. The bank warranty cannot be cancelled unless such cancellation is approved by the government of Castilla y Leon upon approval of the completion of the restoration work. The bank warranty is undrawn and carries a quarterly stand-by fee of approximately €1 per quarter.

Almonty has recognized a restoration provision of $794 (2013 – $nil) with respect to the Wolfram Camp Mining Pty Ltd future obligation to restore and reclaim the mine once it has ceased to mine tungsten and molybdenum ore from the Wolfram Camp Mine. The restoration provision represents the present value of rehabilitation costs relating to the mine site which are expected to be incurred in 2019 after the mine ceases production. This provision has been created based on Almonty's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect current market conditions at that time. The timing of the rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This in turn will depend on Almonty's ability to extend the mine life years through additional exploration and also on the future price of WO3 concentrate.

As at September 30, 2014 Almonty had $956 (AUD$977) in restricted cash on deposit with the Queensland Government, Department of Natural Resources and Mines as required by the Department of Environment and Heritage Protection, based on the mine plan in effect as at September 30, 2014. Prior to year end the Company submitted a revised mine plan that was subsequently approved and required an additional deposit of $314 (AUD$321) under the revised mine plan to cover estimated reclamation work required under the revised plan. This amount was lodged with the Queensland Government in October 2014. Almonty did not own the Wolfram Camp Mine during fiscal 2013.

A summary of the Company's restoration provision is presented below:

	2014	**2013**
Balance, beginning of year	502	431

Revisions in estimated cash flows and changes in assumptions	(73)	1
Provision related to wolfram Camp Mine acquired	794	-
Accretion expense	29	25
Foreign exchange	10	45
Balance, end of year	**1,262**	502

12. Income Tax

Current Income Taxes

The major components of income tax expense for the year ended September 30, 2014 and 2013 are:

Tax expense	**2014**	**2013**
Current income tax	-	-
Deferred income tax	(502)	(1,840)
Income tax recovery	**(502)**	**(1,840)**

A reconciliation between income tax recovery and the product of accounting profit multiplied by Almonty's domestic tax rates for the year ended September 30, 2014 and 2013 is as follows:

	2014	**2013**
Earnings (loss) before taxes	9,873	602
Tax expense at statutory tax rates	26.5%	26.5%
Expected income tax expense (recovery) at statutory tax rates	2,622	160
Permanent differences and other	17	58
Change in benefit of current year tax losses not recognized	336	-
Change in benefit of previous unrecognized tax losses	(3,914)	(2,092)
Foreign tax differential	437	34
Income tax recovery	(502)	(1,840)

The enacted or substantively enacted tax rate in Canada (26.50% in 2014) and in Spain (30.00% in 2014) where the Company's principal subsidiary operates is applied in the tax provision calculation.

Deferred Income Taxes

Deferred income taxes relate to the following:

	2014	**2013**
Deferred tax assets in relation to:		
Non-capital losses	3,569	3,025

Opening balance as of October 1, 2013	**3,025**
Tax recovery during the period recognized in net income (loss) after tax	502
Tax expense during the period recognized in other comprehensive income (loss)	42
Closing balance as at September 30, 2014	**3,569**

The following temporary differences and non-capital losses have not been recognized in the consolidated financial statements as at September 30, 2014 and 2013:

	2014	**2013**
Eligible capital expenditure	523	523
Share issue costs	520	834
Non-capital losses	3,299	17,007
Depreciable properties	31,919	-
	36,261	18,364

Almonty has the following non-capital tax losses that expire in the periods indicated:

Expiring in 2025	6,315
Expiring in 2026	5,581
Expiring in 2027 or later	3,299

The non-capital losses are available for offset against future taxable income of the company in which the losses arose. The deferred tax assets recognized relate to the estimated recovery of a portion of the tax losses of the subsidiary.

13. Earnings (loss) per Share

Basic income (loss) per share amounts are calculated by dividing net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share amounts are calculated by dividing net income (loss) for the period by the weighted average number of fully diluted common shares outstanding during the period using the Treasury Method.

	Year ended September30,	
Basic	**2014**	**2013**
Net income (loss) for the period attributable to Almonty shareholders	10,395	2,442
Weighted average number of common shares outstanding	43,149,040	37,044,389
Basic income (loss) per common share	$0.24	$0.07

Fully Diluted	**2014**	**2013**
Net income (loss) for the period attributable to Almonty shareholders	10,395	2,442
Weighted average number of fully diluted common shares	43,149,040	37,064,084
Fully diluted income (loss) per fully diluted common share	$0.24	$0.07

The weighted average number of common shares outstanding as at September 30, 2014 was 48,996,491 an increase of 11,952,102 from September 30, 2013.

The weighted average number of fully diluted common shares outstanding is derived by adding the effect of all dilutive securities (calculated using the treasury method) to the weighted average number of common shares outstanding.

As at September 30, 2014 there were 1,800,000 options outstanding, an increase of 50,000 when compared to the number that was outstanding as at September 30, 2013. Nil of the options outstanding at September 30, 2014 were dilutive for the purposes of the 2014 calculation (2012 – *nil*).

As at September 30, 2014 there were *nil* warrants outstanding, 3,701,144 less than were outstanding as at September 30, 2013 due to the expiry of warrants in September 2014. None of the warrants outstanding at September 30, 2013 were dilutive for the purposes of the 2013 calculation.

As at September 30, 2014 there were $7,500 in convertible debentures outstanding (*nil* as at September 30, 2013) that had a strike price of $1.45 per common share. None of the convertible debentures outstanding at September 30, 2014 were dilutive for the purposes of the 2014 calculation.

As a result, the impact of dilutive securities of *nil*, has been added to the weighted average number of common shares outstanding to arrive at fully diluted shares outstanding for the year ended September 30, 2014 (19,695 for the year ended September 30, 2013).

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these consolidated financial statements.

14. Share Capital and Contributed Surplus

September 30, 2014	**Number of Shares**	**Amount $**
Authorized		
Unlimited common shares, without par value		
Common shares issued as at September 30, 2013	37,044,389	21,996
Common shares repurchased under the NCIB during the year	(257,200)	(218)
Common shares issued for the acquisition of Wolfram Camp Mine	12,209,302	9,401
Total Share Capital	**48,996,491**	**31,179**

	Number of Warrants/Options	**Amount $**
Contributed surplus		
Warrants/options outstanding as at September 30, 2013	5,451,144	1,675
Warrants/options expired unexercised during the year	(3,801,144)	-
Compensation options issued to employees during the year	150,000	56
Total Contributed Surplus as at September 30, 2014	**1,800,000**	**1,731**
Equity component of convertible debentures issued during the year	-	208
Total Share Capital and Contributed Surplus as at September 30, 2014	**50,746,491**	**33,118**

September 30, 2013

	Number of Shares	Amount $
Authorized		
Unlimited common shares, without par value		
Common shares issued	37,044,389	21,996
Total Share Capital	**37,044,389**	**21,996**

	Number of Warrants/Options	Amount $
Contributed surplus		
Warrants/options outstanding as at September 30, 2012	5,807,794	1,465
Warrants/options expired unexercised during the year	(656,650)	-
Compensation options previously issued whose expense was recognized during the year	-	59
Compensation options issued to directors/officers during the year	100,000	50
Compensation options issued to employees during the year	200,000	101
Total Contributed Surplus as at September 30, 2013	**5,451,144**	**1,675**
Total Share Capital and Contributed Surplus as at September 30, 2013	**42,495,533**	**23,671**

Incentive Stock Options

Almonty adopted RCG's stock option plan under which it can grant options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX Venture Exchange. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors of Almonty. The plan was approved by Almonty's shareholders at its Annual and Special Meeting of Shareholders held on March 26, 2014.

On May 28, 2013, Almonty granted 300,000 incentive stock options that vested immediately to one Director (100,000 options) and two employees (100,000 each) of its wholly-owned indirect subsidiary, Daytal. Each option is exercisable into one common share of Almonty at a price of $1.07 per share for a period of ten years from the date of grant. The grant resulted in stock-based compensation expense, using the Black-Scholes option pricing model, of $151 being recorded in the three month period ended June 30, 2012. The weighted average fair value of the stock options granted was $0.50 per option.

The following assumptions were used for the Black-Scholes valuation of incentive stock options granted on May 28, 2013:

Risk-free interest rate	1.750%
Expected life of options	10 years
Annualized volatility	35%
Dividend rate	0%
Strike price	$1.07

On November 23, 2013, Almonty granted 150,000 incentive stock options that immediately to an employee of its wholly-owned indirect subsidiary, Daytal. Each option is exercisable into one common share of Almonty at a price of $0.80 per share for a period of ten years from the date of grant. The grant resulted in stock-based compensation expense, using the Black-Scholes option pricing model, of $56 being recorded in the three month period ended December 31, 2013. The weighted average fair value of the stock options granted was $0.38 per option.

The following assumptions were used for the Black-Scholes valuation of incentive stock options granted on November 8, 2013:

Risk-free interest rate	2.06%
Expected life of options	10 years
Annualized volatility	35%
Dividend rate	0%
Strike price	$0.80

As at September 30, 2014 the following options are outstanding:

	Number of Options	Exercise Price	Expiry Date
Incentive stock options [1]	1,250,000	$1.00	26/09/2021
Incentive stock options [3]	50,000	$0.85	30/01/2022
Incentive stock options [3]	50,000	$1.02	19/06/2022
Incentive stock options [2]	300,000	$1.07	27/05/2023
Incentive stock options [3]	150,000	$0.80	23/11/2023
Total Options	**1,800,000**		

[1] Options issued to directors
[2] Options issued to directors, officers and employees.
[3] Options issued to employees.

15. Inventories

	September 30, 2014	September 30, 2013
Stores and fuel	820	764
Ore and in-process ore	17,582	8,911
Finished goods – WO_3 concentrate	2,760	244
Total inventories	**21,162**	**9,919**
Less: non-current tailing inventory	14,514	7,409
	6,648	**2,510**

The change in inventories is recognized as an expense through the cost of sales line on the consolidated statements of operations and comprehensive income.

16. Receivables

As at September 30, 2014, there was $483 ($870 as at September 30, 2013) in trade receivables outstanding relating to the sale of tungsten concentrate under the Company's long-term supply agreement.

As at September 30, 2014, Almonty recognized VAT recoverable in the amount of $1,315($1,438 as at September 30, 2013), HST recoverable in the amount of $75 ($33 as at September 30, 2013) and GST recoverable in the amount of $107 (*nil* as at September 30, 2013) for a total VAT/HST/GST receivable of $1,497 ($1,471 as at September 30, 2013).

17. Cash and Cash Equivalents

Cash at banks in deposit accounts that earn interest at floating rates based on daily bank deposit rates totalled $14,847 as at September 30, 2014 ($1,083 as at September 30, 2013). Almonty only deposits cash surpluses with major banks of high quality credit standing.

As at September 30, 2014, Almonty had $*nil* ($237 as at September 30, 2013) in restricted cash on deposit with a financial institution in Spain. The deposit was for an 18 month term that was to expire in July 2014. The deposit was closed out in February 2014 upon final completion of all work carried out by Iberdrola S.A. on the build-out and completion of a substation in conjunction with the Company's recent connection to the Spanish state electrical grid.

As at September 30, 2014 Almonty had $956 (AUD$977) in restricted cash on deposit with the Queensland Government, Department of Natural Resources and Mines as required by the Department of Environment and Heritage Protection, based on the mine plan in effect as at September 30, 2014. Prior to year end the Company submitted a revised mine plan that was subsequently approved and required an additional deposit of $314 (AUD$321) under the revised mine plan to cover estimated reclamation work required under the revised plan. This amount was lodged with the Queensland Government in October 2014.
As at September 30, 2014, Almonty owed $21,336 under its credit facilities (see note 20 – Long-term debt) and $7,500 under its convertible debenture.

18. Accounts Payable and Accrued Liabilities

	September 30, 2014	**September 30, 2013**
Trade and other payables	6,733	5,456
Deferred revenue	1,111	-
Sundry accruals	1,537	1,835
Accrued payroll and payroll taxes	565	234
Accrued audit fees	107	90
Total Accounts Payable and Accrued Liabilities	**10,053**	**7,615**
Current portion of capital lease (Note 19)	133	45
Current portion of long-term debt (Note 20)	6,332	2,225
Current portion of non-interest bearing trade payable	675	617
Total Current Liabilities	**17,193**	**10,502**

The net present value of the non-interest bearing obligation is $675 and was due for payment beginning September 1, 2012 with $17 due and payable thereon followed by 14 equal monthly instalments of $44. The non-interest bearing trade payable of $675 ($617 as at September 30,

2013) is classified as current (due within 12 months) of $675 ($617 as at September 30, 2013) and long-term (due after 1 year) of $nil ($nil as at September 30, 2013).

19. Capital Leases

	September 30, 2014	
	Minimum Lease Payment	Present Value of MLP
Within one year	160	133
After one year but not more than five years	196	163
After more than five years	-	-
Total minimum lease payments	**356**	**296**

The capital leases relate to certain equipment (forklifts, front-end loader and vehicles). Ownership of the equipment reverts to Almonty at the end of each lease. The leases carry an implied interest rate of between 2.75% and 8.50%.

	September 30, 2013	
	Minimum lease payment	Present value of MLP
Within one year	50	45
After one year but not more than five years	67	63
After more than five years	-	-
Total minimum lease payments	**117**	**108**

20. Long-term Debt

During April 2013, the Company's wholly-owned subsidiary entered into agreements with 4 individual Spanish banks (Facilities 1-4 in the table below) for a total of €4,870 in debt facilities at interest rates ranging from 4.87% to 6.53%. All of the debt facilities are fully amortizing over their respective 3-year terms that mature in April 2016. Facility 3 carries a guarantee by Almonty. In addition to the guarantee, under certain circumstances of default, the lender has a right to seize up to 20% of the net assets of Daytal in order to satisfy any amounts outstanding on the loan if the default is not cured. Facilities 1, 2 and 4 are non-recourse. The monthly minimum principal and interest payments on the facilities, calculated at prevailing interest rates as of June 30, 2014, totals €140 (CAD$213) per month. On January 24, 2014, Almonty entered into two unsecured debt facilities (Facility 5 and 6 in the table below) with Banaca de Empresas, a subsidiary of Banco Santander Group, totaling €2,500 (CAD$3,800 as at January 24, 2014). Facility 5 fully amortizes over its three year term ending January 24, 2017. Facility 6 is a line of credit that matures on February 20, 2015 and carries an interest rate on drawn funds of 6.067% up to April 24, 2014 after which interest will be charged on drawn funds at a rate of the 12-month Euribor rate plus 5.5%.

On February 15, 2014 Almonty entered into an unsecured debt facility (Facility 7) with Banco Popular totaling €600 (CAD $914 as of March 28, 2014). Facility 7 has a 12 month term and carries a fixed interest rate of 5.06% and has a lump sum payment due at the end of the 12 month term.

On April 1, 2014 Almonty entered into an unsecured debt facility with Banca de Empresas, a subsidiary of Banco Santander Group, totaling €1,000 (CAD$1,528 as at April 1, 2014) (Facility

8). The facility is fully drawn and carries a fixed rate of interest of 5.28% and is fully amortizing over its 12 month term.

On June 28, 2014 Almonty entered into an unsecured debt facility with Banco Popular totaling €2,000 (CAD$2,923 as at June 28, 2014) (Facility 9). Facility 9 carries a floating rate of interest based on the 12 month Euribor rate with the initial interest rate set at 5.065%. Facility 9 fully amortizes over its 3-year term.

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

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Facility	Security	Interest Rate	Current	Long-term	Total
1	Unsecured	Fixed 5.50%	$240	$148	$388
2	Unsecured	Floating 5.72%	458	250	708
3	Guarantee/ Partial security	Floating 4.98%	1,022	550	1,572
4	Unsecured	Floating 6.40%	726	446	1,172
5	Guarantee	Fixed 5.28%	472	629	1,101
6	Guarantee	Floating 6.067%	1,041	-	1,041
7	Guarantee	Fixed 5.06%	639	-	639
8	Guarantee	Floating 3.36%	831	-	831
9	Guarantee	Floating 5.06%	903	1,781	2,684
10	Secured/Guarantee by third party	Floating 1.7336%	-	11,200	11,200
Total			$6,332	$15,004	$21,336

	September 30, 2014	**September 30, 2013**
Current portion of long-term debt – due within one year	6,332	2,225
Long-term portion – due after one year but not more than 5 years	15,004	3,721
Total long-term debt	**21,336**	**5,946**

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

Face value of convertible debenture	September 30, 2014	September 30, 2013
Current portion convertible debenture – due within one year	-	-
Long-term portion – due after one year but not more than 5 years	7,500	-
Total long-term debt	**7,500**	**-**

Equity and debt components of Components	September 30, 2014	September 30, 2013
Equity component	208	-
Debt component		
Current portion convertible debenture – due within one year	-	-
Long-term portion – due after one year but not more than 5 years	7,292	-
Total long-term debt	**7,500**	**-**

The difference between the carrying value and the fact value of the convertible debenture is accreted using the effective interest rate method.

21. Loss on disposal due to fire and pending insurance settlement

On June 23, 2013 at its wholly owned Los Santos Project a fire caused by a mechanical failure of a fuel line in one of its generators that destroyed the Company's diesel generator power supply and caused severe damage to its electrical switching infrastructure, including the electrical supply building, ball mill soft-starter and the diesel generators, which were completely destroyed. The gross book value of the machinery and equipment that was destroyed was $1,054 and the net book value was $527.

The Company has written down the value of its Property Plant and Equipment to reflect the loss of the destroyed machinery. As a result of the fire Almonty was forced to suspend operations for 10 days and continues to incur incremental costs in order to maintain operations (the rental of temporary diesel generators and ancillary electrical switching equipment) until such time as the Company is able to complete its connection to the electricity grid.

As of August 22, 2013 the Company's insurance carrier had completed its investigation of the fire and has recommended a settlement amount of $928 for 100% of the replacement value of the equipment that was destroyed as well an amount for business interruption coverage. The Company received the proceeds from the insurance settlement in September 2013. The insurance proceeds covered the replacement costs of the destroyed equipment and an amount for business interruption as a result of the fire. The Company has recorded a gain of $928 in Q4 2013 when it received the insurance proceeds.

22. Financial Instruments, and Financial Risk Management Objectives and Policies

Classification of Financial Instruments

Financial instruments classified as fair value through profit or loss are carried at fair value on the consolidated balance sheet, and changes in fair values are recognized in net loss for the period.

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at September 30, 2014:

	FVTPL*	Loans and receivables / Other financial liabilities	Total
Measurement basis	(Fair value)	(Amortized cost)	
Financial assets			
Cash and cash equivalents	14,847	-	14,847
Restricted cash	956	-	956
Trade Receivables	-	483	483
VAT / HST / GST receivable	-	1,497	1,497
Total	15,803	1,980	17,783
Financial Liabilities	-		
Trade and other payables	-	6,733	6,733
Deferred revenue	-	1,111	1,111
Capital lease	-	296	296
Other accrued liabilities	-	2,209	2,209
Long-term debt		21,336	21,336
Convertible debenture(face value)	-	7,500	7,500
Non-interest bearing obligation	-	675	675
Total	-	39,860	39,860

**Financial instruments classified as fair value through profit and loss*

Fair Value Hierarchical Levels

Fair value hierarchical levels are directly determined by the amount of subjectivity associated with the valuation inputs of these assets and liabilities, and are as follows:

Level 1 - Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to determining the estimate.

As of September 30, 2014, cash and cash equivalents and restricted cash of $15,803, which is carried at fair value, was based on Level 1 inputs. Management has assessed the carrying values of financial assets and financial liabilities, other than Level 1inputs, and believes the amortized cost of these assets and liabilities is a reasonable approximation of fair value.

Financial Risk Management Objectives and Policies

Almonty's principal financial instruments comprise cash deposits and finance leases.

The main purpose of these instruments is to provide cash flow funding for the operations of Almonty and its controlled subsidiaries, Daytal, VRS, TM and WCM. Almonty has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

The main risks arising from Almonty's financial instruments are interest rate risk, foreign currency risk, commodity price risk, credit risk and liquidity risk.

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

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

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

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

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

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

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

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

Commodity price risk

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 ammonium para tungstate as quoted on the Metal Bulletin Exchange impacts the Company's revenue by +/- US$8.00 per MTU of $WO_{3.}$

Credit risk

Almonty's maximum exposure to credit risk, excluding the value of any collateral or other security, is the creditworthiness of its customer that is operating as counterparty to Almonty's supplier financing program. All invoices submitted to its major customer under its long-term supply agreements are subject to a supplier finance program and a factoring fee that varies with a fixed spread to the 6-month LIBOR rate. Almonty is exposed to fluctuations in the 6-month LIBOR rate up to a maximum of movement of 250 basis points. For every 100 basis point movement in the 6-month LIBOR rate would impact the Company's cash flow by +/- US$1.00 for each US$100.00 in revenue. Almonty assigns all trade receivables that are subject to the supplier finance program to a third party bank and receives prepayment from the bank on the invoices assigned. The availability of this program rests solely on the ability of Almonty's customer to continually pay down the supplier financing facility as it comes due in order to ensure Almonty has access to draw on the facility when it ships WO_3 concentrate to its customer under the agreement. If the 6-month LIBOR rate were to exceed the maximum amount or if Almonty were to no longer have access to the supplier financing program it would revert to normal trade terms with its customer.

The Company had $1,497in VAT/HST/GST receivables outstanding as at September 30, 2014 ($1,471 as at September 30, 2013) comprised of VAT of $1,315 ($1,438 as at September 30, 2013) due from the Spanish government; HST of $75 ($33 as at September 30, 2013) due from the Canadian government; and, GST of $107 ($nil as of September 30, 2013) due from the Australian government..

As at September 30, 2014, Almonty had submitted invoices totalling $433 ($870 as at September 30, 2013) under its supplier finance program where payment had not yet been received.

Liquidity risk

Almonty's objective is to use cash and cash equivalents, finance leases (see Note 20), inter-company participating loans, third party loans (see Note 19 Long-term Debt for debt maturities) and equity in order to maintain liquidity. Almonty's policy is to maximize liquidity in order to enable the continued development of the mine and operations of the plant and to enable the development of its projects. All financial liabilities with a contractual term of 12 months or less are classified as current.

23. Capital Management

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 maximise shareholder value. Almonty manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, Almonty may adjust the 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%. 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.

		September 30, 2014	**September 30, 2013**
Capital leases	Note 19	296	108
Long-term debt	Note 20	21,336	5,946
Convertible debenture (liability portion)	Note 20	7,292	
Accounts payable and accrued liabilities	Note 18	10,053	7,615
Long-term non-interest bearing trade payables		675	617
Less cash, short-term deposits and receivables		(16,827)	(3,424)
Net debt		**22,825**	**10,862**
Shareholders' equity		47,096	27,304
Equity and net debt		**69,921**	**38,166**
Gearing ratio		**32.6%**	**28.5%**

24. Subsequent Events

On December 8, 2014, Almonty announced that it has entered into Investor Relations Consulting Agreements with each of Mr. Richard Schaeffer, Mr. Samuel Gaer and Mr. Thomas Ross. Each Consulting Agreement is extendable on a month to month basis by mutual consent of the parties, and calls for the provision to the Company of investor relations and corporate communications services.

Pursuant to the Consulting Agreements, Almonty will grant stock options to each of the consultants, with Mr. Schaeffer receiving 300,000 options, and Mr. Gaer and Mr. Ross each receiving 200,000 options. The options are being granted pursuant to the stock option plan of Almonty (as amended) with each option permitting the holder to purchase one common share of Almonty at a price of $0.67. The options expire the earlier of one year from the date the applicable Consulting Agreement terminates or December 5, 2024. The options will vest evenly over the next 12 months.

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

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

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

Almonty filed a National Instrument 43-101 Technical Report for the Valtreixal tin-tungsten project on October 24, 2014

On January 7, 2015, Almonty announced the granting of stock options to members of the board of directors and senior employees of Almonty. Lewis Black, Dan D'Amato, Bruce Ratner, Mark Trachuk and Dennis Logan received 100,000 options and four other senior employees of Almonty have each been granted 50,000 options. The options are being granted pursuant to the stock option plan of Almonty with each option permitting the holder to purchase one common share of Almonty at a price of $0.65. The options expire January 6, 2025 and vested immediately.

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

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

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

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

25. Tailings Inventory

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

As a result, the Company's consolidated balance sheet and consolidated statement of operations and comprehensive income (loss) did not reflect the appropriate inventory cost and cost of sales for the year ended September 30, 2013. This has been corrected retrospectively, resulting in the adjustment of prior year financial information.

As a result of this matter, adjustments were made to the consolidated financial statements as disclosed in note 2 d).