ALMONTY INDUSTRIES

Management Discussion and Analysis

For the Three and Twelve Month Periods Ended September 30, 2013

REPORT DATED: December 19, 2013

1. Introduction

This management discussion and analysis ("**MD&A**"), dated December 19, 2013, provides a review of the financial position and results of operations of Almonty Industries Inc. (TSX-V: AII) ("**Almonty**" or the "**Company**"). This MD&A reviews the business of Almonty and discusses the Company's financial results for the three and twelve month periods ended September 30, 2013. It should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended September 30, 2013.

The Company's management is responsible for the preparation of the consolidated financial statements as well as other information contained in this MD&A. The board of directors of Almonty (the "**Board of Directors**") is required to ensure that management assumes its responsibility in regard to the preparation of the Company's financial statements. To facilitate this process the Board of Directors has created an audit committee (the "**Audit Committee**"). The Audit Committee meets with members of the management team to discuss the operating results and the financial results of the Company, before making their recommendations and submitting the financial statements and MD&A to the Board of Directors for review and approval. Following the recommendation of the Audit Committee, the Board of Directors approved the audited consolidated financial statements for the year ended September 30, 2013 and this MD&A on December 19, 2013.

The audited consolidated financial statements of the Company for the year ended September 30, 2013 and 2012 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

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

Additional information about the Company, including the audited consolidated financial statements of the Company for the year ended September 30, 2013 year, is available on the Company's website at www.almonty.com and on SEDAR (www.sedar.com) under Almonty's profile.

Forward-Looking Information

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

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

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

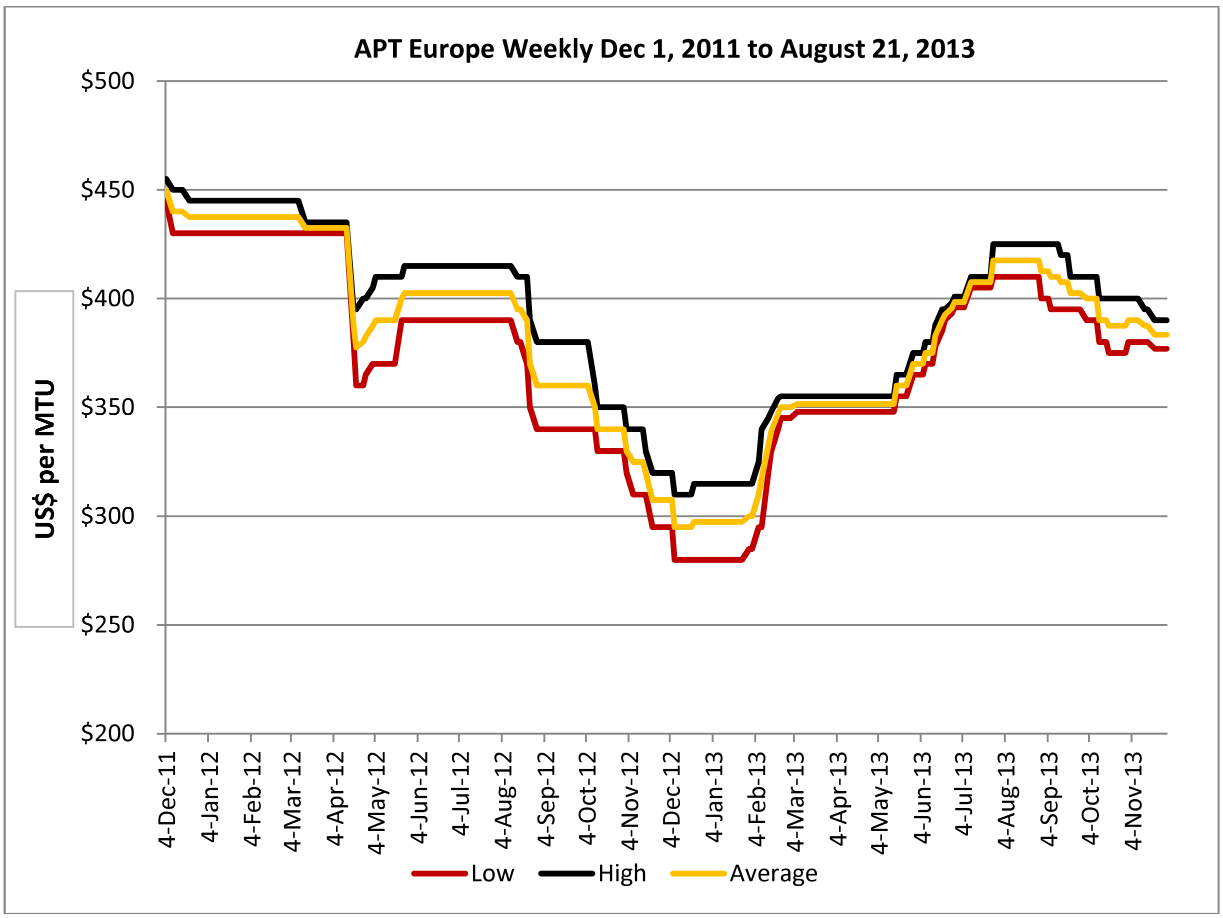
2. Overview

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

Market demand for tungsten concentrate continued to be stable during the fourth quarter of fiscal 2013 with average prices peaking in August 2013 at US$416/MTU of APT. Some softening in demand occurred in September 2013 with prices falling to an average of US$406/MTU and has continued down to the US$380-385 /MTU in November 2013. Management believes that the demand for tungsten concentrate has stabilized and that prices will likely remain at current levels during December 2013 and January 2014. Longer-term we expect the recovery in global economic output and global demand will continue to have a positive impact on the price of APT and that continued forecasted demand increases will lead to supply shortages for tungsten concentrates and sustained higher prices.

Tungsten prices according to the MB European quotation for APT (from which Almonty's concentrate prices are derived by varying formulae under its long-term supply agreement) averaged US$410/MTU during the fourth quarter of fiscal 2013. Pricing improved by 5.7% over the US$388/MTU average of the three month ended September 30, 2012. Although the price is still down from the highs of US$440/MTU experienced in the fall of 2011 all signs point to a sustained recovery in the price of APT. The average quoted price for European APT for the twelve months ended September 30, 2012 was US$412/MTU, the average price for the three month period ended December 31, 2012 was US$323/MTU and the average price for the three months ended March 31, 2013 was US$325/MTU and the average for the three months ended June 30, 2013 was US$364/MTU and the average for the year ended September 30, 2013 was US$357/MTU. Almonty prices its tungsten concentrate product in relation to the prior month's average quoted price for APT on the MB European quotation service. The price Almonty received for its tungsten concentrate during the three months ended September 30, 2013 was positively impacted by the increase in the MB European quoted price through to August 2013 and resulted in a higher average price for its tungsten concentrate in the three months ended September 30, 2013 when compared to the three month period ended June 30, 2013.

The Company anticipates that prices will continue to remain at current levels in the near-term and not return to the lows experienced in January and February 2013. We remain cautious as to the timing of a return to the historical high prices experienced in the first half of fiscal 2012. The Company continues taking the necessary steps to ensure that the Company remains profitable should the price for APT return to levels experienced during January 2013.



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

Almonty has implemented significant operational changes and enhancements to the milling circuit at the Los Santos Project since its acquisition on September 23, 2011. The changes implemented to date have yielded expected results and the improvement in tungsten recoveries has met our minimum targeted tungsten recovery rate of 65% from all types of ore found at the Los Santos Project. The Company expects additional improvements to its tungsten recovery rate as the additional improvements made to the processing circuit are fine-tuned. The average tungsten recovery rate for the three months ended September 30, 2013 was 63.2%. The increase in the tungsten recovery rate during the three months ended September 30, 2013 when compared to the 56.9% average for the three month period ended June 30, 2013 was a direct result of the targeted improvements made to the processing circuit that are designed to address the variations of ore expected to be processed from all pits going forward and will specifically assist in the recovery of fine and ultra-fine ore as well as ore containing oxide and sulphide material. The implementation of the final phase of the mill optimization project was completed during the second week of May 2013 and fine tuning of the improvements continued into June 2013 prior to the forced shut-down on June 23 due to fire. The Company has continued the fine-tuning of its processing improvements since restarting operations after the fire and has reached its base-line targeted level of 65%. The tungsten recovery rate for August 2013 was 64.5%, for September 2013 it was 64.6%, for October 2013 it was 66.5% and for November 2013 it was 64.6%.

Almonty also was able to complete its connection to the Spanish electricity grid during the first week of October 2013. The connection is expected to deliver material cost savings over the life-of-mine when compared to the cost of diesel generated power that was previously in place prior to the fire.

Management has also identified several opportunities to expand the Los Santos Project's potential and is continuing its exploration campaign at the Los Santos Project. The 2012 exploration campaign was completed in June 2012 with 5,078 metres being drilled and resulted in an updated technical report being completed as at September 30, 2012 prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") (the technical report is filed on SEDAR under the Company's profile and also available on the Company's website). As a result of the exploration program, Tungsten reserves increased by 10%, contained tungsten increased by 20% and the mine life was extended to 8 years.

The 2013 exploration campaign was completed in June 2013 with over 6,955 metres drilled. The campaign was focused on furthering our understanding of the resource at the Los Santos Project. The 2013 campaign resulted in an updated technical report being completed as at October 31, 2013 prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") (the technical report is filed on SEDAR under the Company's profile and also available on the Company's website). As a result of the exploration program, tungsten reserves increased by an additional 6.30%, contained tungsten by an additional 5.75% and the mine life was further extended by 1 year to 9 years. The campaign was able to replace all of the mineral reserves that were consumed during the year (July 1, 2013 to June 30, 2013). More importantly we now have sufficient understanding of the resource to fully optimize the pit design and long-term mine plan. The campaign has also identified areas of further interest and the Company intends to carry out additional exploration activity in 2014 that will target the underground potential of the Los Santos Project. Almonty will provide updates on this and other initiatives as they progress.

Pit optimization work is continuing on schedule and the pit design is being enhanced based on the results of the recently filed NI 43-101 technical report. Average grades of ore mined during the period of time of the pit optimization are improving and are beginning to approach the anticipated long-term grade of the resource. The improvement in the grade being mined, coupled with the optimization of the processing plant, is expected to enhance tungsten production levels in future periods. During the three months ended September 30, 2013 the Company experienced an expected increase in waste rock removal costs as it continued with bringing a new pit into production and finished mining in a smaller pit that was opened earlier in fiscal 2013. The continued optimization of its existing pits along with an expansion of the waste dump also caused an increase to capital expenditures spent on pit optimization. . Higher dilution as a result of the new pit opening and the completion of mining in a smaller pit negatively impacted the grade of ore delivered to the mill for processing. During the three months ended September 30, 2013 the average grade of ore mined was 0.31% and continues to move toward the long-term average grade of the mineral reserves, currently estimated to be 0.39%.

On March 21, 2013, the Company announced that it had entered into an option agreement to acquire a 51% interest in, and be the project operator of, the Valtreixal Sn-WO_3 project in North Western Spain (approximately 250km from its Los Santos tungsten project) for total consideration of €1.4 million. Almonty made the first installment payment of €100,000 in June 2013. The balance of funds are due over the remaining 24 months of the option period should Almonty decide to continue with the project. Almonty also has the option to acquire the remaining 49% interest in the project for an additional €2.0 million at the end of the 24 month period. Almonty has begun its evaluation of the historical data and has carried out test drilling on the site in order to facilitate the planning of additional exploration work on the property. Almonty anticipates development work on the project to be carried out over the course of the first 18 months of the option period. The Company has embarked on a review of the historical data and exploration work that was carried out on the Valtreixal Project with a view to developing a comprehensive exploration program. We will update the market as we progress with our evaluation of the project.

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

The Company wrote down the value of its Property Plant and Equipment by $527 in Q3 2013 to reflect the loss of the destroyed machinery. Almonty maintains adequate insurance coverage for both the net book value of its machinery and equipment as well as business interruption insurance to cover losses resulting from suspension of operations in certain situations. As a result of the fire Almonty was forced to suspend operations for 10 days incurred incremental costs in order to maintain operations (the rental of temporary diesel generators and ancillary electrical switching equipment) until the Company was able to complete its connection to the electricity grid in the first week of October 2013. The Company's insurance adjusters completed their investigation into the cause of the fire and recommended a settlement, net of any deductible, in the amount of $928 (equivalent to $0.03 per basic share outstanding) to cover both the replacement value of the machinery and equipment that was destroyed as well as an amount for business interruption as a result of the forced shut-down and restart. Almonty received the insurance proceeds in September 2013 and recorded a gain of $928 during Q4 2013.

Summary operating information for the Company[1]:

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Year Ended September 30, 2013	Year Ended September 30, 2012	Year Ended September 30, 2011
Ore treated (tonnes)	117,821	119,903	456,895	476,591	441,976
WO_3 concentrate produced (MTU)	15,717	17,524	67,435	65,848	61,599
WO_3 concentrate sold (MTU)	14,688	18,577	66,807	66,419	52,807
Sales revenue (US$ million)	4.6	5.2	17.8	21.5	15.0
Cash operating costs (US$/MTU)	172	159	177	183	193
Ore mined (tonnes)	155,887	114,647	556,861	462,221	482,968
Average grade WO_3 mined	0.31%	0.30%	0.33%	0.28%	0.32%
Average WO_3 recovery rate	63.2%	60.0%	62.0%	57.8%	52.3%

MTU production during the three months ended September 30, 2013 was negatively impacted by stoppages in production during the quarter to fine-tune the recently installed components of the milling circuit optimization as well as the shutdown of mineral processing due to damage caused by the fire on June 23, 2013 that stretched into the start of Q4 2013. Subsequent to the restart of milling operations after the fire, fine tuning of the milling process has resulted in tungsten recovery rates improving to 64.5% during August 2013 and 64.6% in September 2013. Almonty expects to be able to exceed this level in future periods and has experienced a tungsten recovery rate of 66.5% for October 2013 and 64.6% for November 2013. The shutdowns during Q3 and several stoppages that occurred during the fine tuning of the milling circuit after the restart from the fire caused a substantial increase in the amount of pre-concentrate stockpile as Almonty continued mining and pre-concentrate production during these periods. The Company was able to process a substantial portion of the increased stockpile during the three months ended September 30, 2013 and experienced an increase of 3,381 MTU of production, a 27% increase, over the amount produced during Q3 2013.

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

3. Financial Highlights

The following financial information is for the periods from July 1, 2013 to September 30, 2013, July 1, 2012 to September 30, 2012, October 1, 2012 to September 30, 2013 and from October 1, 2011 to September 30, 2012:

	Three Months Ended September 30, 2013 $'000	**Three Months Ended September 30, 2012 $'000**
Gross Revenue	4,730	5,394
Cost of sales	3,282	2,516
Gross profit	**1,448**	**2,878**
General and administrative costs	928	873
Other expense (income)	(61)	113
Non-cash compensation costs (options issued to directors, officers and key management)	14	43
Earnings (loss) before the undernoted items	**567**	**1,849**
Depreciation and amortization	2,412	943
Interest expense	97	22
Loss on disposal of machinery and equipment due to fire	-	-
Insurance (gain) loss	(928)	-
Deferred income tax expense (recovery)	-	(141)
Net income (loss) for the period	**(1,014)**	**1,025**
Income (loss) per share basic	($0.03)	$0.03
Income (loss) per share diluted	($0.03)	$0.03
Dividends	**-**	**-**
Cash flows provided by (used in) operating activities	2,242	2,425
Cash flows provided by (used in) investing activities	(3,552)	(2,351)
Cash flows provided by (used in)financing activities	(551)	(11)

	Year Ended September 30, 2013 $'000	**Year Ended September 30, 2012 $'000**
Gross Revenue	18,341	21,645
Cost of sales	10,420	11,106
Gross profit	**7,921**	**10,539**
General and administrative costs	3,245	3,104
Other expense (income)	66	(31)
Non-cash compensation costs (options issued to directors, officers and key management)	210	263
Earnings (loss) before the undernoted items	**4,400**	**7,203**

Depreciation and amortization	6,826	4,863
Interest expense (income)	214	66
Loss on disposal of machinery and equipment due to fire	527	-
Insurance (gain) loss	(928)	-
Deferred income tax expense (recovery)	-	(141)
Net income (loss) for the period	**(2,239)**	**2,415**
Income (loss) per share basic	($0.06)	$0.07
Income (loss) per share diluted	($0.06)	$0.07
Dividends	-	-
Cash flows provided by (used in) operating activities	6,709	8,635
Cash flows used in investing activities	(12,410)	(8,835)
Cash flows provided by financing activities	5,648	119

	September 30, 2013	**September 30, 2012**
Cash	1,083	1,052
Restricted cash	237	-
Total assets	36,676	27,966
Long-term trade payables	617	556
Long-term debt	5,946	-
Capital lease obligations	108	148
Shareholders' equity	21,857	21,649
Other		
Outstanding shares ('000)	37,044	37,044
Weighted average outstanding shares ('000)		
Basic	37,044	37,023
Fully diluted (treasury method)	37,044	37,047
Closing share price	$0.93	$0.94

Three Month Period Ended September 30, 2013

During the three months ended September 30, 2013, Almonty mined 155,287 tonnes of ore at a weighted average grade of 0.31% WO_3 (114,647 tonnes of ore at a weighted average grade of 0.30% for the three months ended September 30, 2012) and the Company processed 117,517 tonnes of ore at a weighted average grade of 0.21% WO_3 for a total contained MTU WO_3 processed of 24,909 (119,903 tonnes of ore at a weighted average grade of 0.24% WO_3 for a total contained MTU WO_3 processed of 29,229 for the three months ended September 30, 2012). Tungsten concentrate recovery averaged 63.2% and 60.0% for the three month periods ended September 30, 2013 and 2012 respectively. Almonty shipped 11,688 MTU of high grade concentrate (65.0% or higher WO_3) and 3,000 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended September 30, 2013 compared to 15,817 MTU of high grade concentrate (65.0% or higher WO_3) and 2,760 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended September 30, 2012.

Gross revenue for the three month period totalled $4,730 ($5,394 for the three month period ended September 30, 2012). The average APT price for the three months ended September 30, 2013 was US$410/MTU compared to an average of US$388/MTU for the three months ended September 30, 2012.

Direct selling expenses, consisting of freight, insurance, factoring costs and other transportation services required to deliver product, totalled $34 for the three month period ended September 30, 2013 ($56 for the three month period ended September 30, 2012).

Direct mining costs totalled $1,059 and direct processing costs totalled $2,189 for the three month period ended September 30, 2013. For the three month period ended September 30, 2012, direct mining costs totalled $598 and direct processing costs totalled $1,862. Gross profit for the three month period ended September 30, 2013 was $1,448 ($2,878 for the three month period ended September 30, 2012).

General and administrative costs for the three month period ended September 30, 2013 totalled $942 and included non-cash compensation costs of $14 relating to the recognition of the vesting of a portion of options previously granted to the Chief Financial Officer of the Company on September 26, 2011. For the three month period ended September 30, 2012, general and administration costs were $916 and included non-cash compensation expense of $43 relating to the vesting of a portion of the options previously granted to the Chief Financial Officer. Other costs included in general and administrative costs include employee salaries and employment related expenses of all non-mining/processing personnel as well as corporate overhead costs, business development and corporate development costs, listing and transfer agent fees, accounting, legal and other professional fees and travel. The increase in costs of $26 was a result of a decrease in non-cash compensation expense of $29 offset by an increase in other administrative costs of $55 during the three months ended September 30, 2013 when compared to the three months ended September 30, 2012.

Other expense (income) was ($61) for the three month period ended September 30, 2013 compared to an expense of $113 for the three month period ended September 30, 2012. This consisted of (i) foreign exchange (gains) losses on the translation of United States dollar revenue into Euros and the revaluation of non-interest bearing trade payables valued in United States dollars totalling ($43) for the three month period ended September 30, 2013 compared to $121 for the three month period ended September 30, 2012, and (ii) other (income) loss for the three month period ended September 30, 2013 of ($18) compared to other (income) expenses of ($8) for the three month period ended September 30, 2012.

Depreciation and amortization expense for the three month period ended September 30, 2013 totalled $2,412 comprised of depreciation and amortization of mining operations based on historical costs utilizing a unit of production (**"UOP"**) methodology. Total depreciation and amortization for the three month period ended September 30, 2012 was $943 comprised of depreciation and amortization of mining operations based on historical costs utilizing a UOP methodology. The increase was due in part to the higher stripping costs associated with one of the pits that was finished during the three months ended September 30, 2013 that had a higher than anticipated stripping ration when compared to the pits that were mined during the three months ended September 30, 2012.

On June 23, 2013 a fire at the Los Santos Project, caused by a mechanical failure of a fuel line in one of the Company's generators, destroyed the Company's diesel generator power supply and caused severe damage to its electrical switching infrastructure. The gross book value of the machinery that was destroyed was $1,054 and the net book value was $527. The Company wrote down the value of its Property Plant and Equipment by $527 during Q3 to reflect the loss of the destroyed machinery. The Company's insurance adjusters completed their investigation into the cause of the fire and recommended a settlement, net of any deductible, in the amount of $928 to cover both the replacement value of the machinery and equipment that was destroyed as well as an amount for business interruption as a result of the forced shut-down and restart. Almonty received the insurance proceeds of $928 in September 2013 and recorded a gain of $928 during Q4 2013.

Overall income (loss) for the three month period ended September 30, 2013 was ($1,014) or ($0.03) per common share. For the three month period ended September 30, 2012 overall income was $1,025 or $0.03 per common share.

Cash provided by (used in) operating activities totalled $2,242and $2,425 for the three month periods ended September 30, 2013 and 2012, respectively.

Cash used in investing activities totalled $3,552 for the three month period ($2,351 for the three month period ended September 30, 2012) and is related to exploration activities of $52 ($nil for the three month period ended September 30, 2012), additions to plant and equipment of $964 ($526 for the three month period ended September 30, 2012), and pit optimization and waste rock movement of $2,535 ($1,825 for the three month period ended September 30, 2012). Pit development costs are capitalized and then amortized based on the UOP method as the current strip ratio is greater than the average strip ratio over the life of the Los Santos Project.

Cash provided by (used in) financing activities totalled ($551) for the three month period ended September 30, 2013 and consisted of the repayment of long-term debt of ($541) and capital lease payments of ($10). Cash provided by (used in) financing activities for the three month period ended September 30, 2012 was ($11) consisting of capital lease payments of ($18) offset by the issuance of capital stock on the exercise of warrants of $7.

Three Months Ended September 30, 2013 (Q4 2013) Compared to the Three Months Ended June 30, 2013 (Q3 2013)

Revenues increased by $1,156 in Q4 2013 compared to Q3 2013. Sales volumes were up by 1,425MTU in Q4 compared to Q3 as the result of a return to normal operations in Q4 after the forced shutdown from the fire at the end of Q3. The price received per MTU of WO_3 improved by an average of $47 per MTU compared to the price received per MTU of WO_3 in Q3 2013. Almonty has completed its plant optimization program and has restarted operations after the fire shutdown and completed connection to the state electrical grid during the first week of October 2013. The Company anticipates that MTU production will improve significantly in future periods when compared to the 3 months ended September 30, 2013 as plant through-put increases as a result of the optimization of the milling circuit and the tungsten recovery rate also improves.

Excluding the impact of the gain from insurance of $928 in Q4 2013 and the loss of ($527) due to the fire in Q3, Net loss increased by $813 compared to Q3 2013 as a result of an increase in depreciation and amortization expense of $991 and an increase in $21 in interest expense offset by lower SG&A costs of $146 and higher gross mining profit of $53 when compared to Q3 2013..

During the three months ended September 30, 2013 the value of the Euro relative to the Canadian dollar increased from €1.00 = CAD$1.3676 as at June 30, 2013 to €1.00 = CAD$1.3920 as at September 30, 2013 resulting in the Company recording a cumulative translation adjustment and other comprehensive income of $523 for the three months ended September 30, 2013. This compares to an increase in the value of the Euro relative to the Canadian dollar for the three month period ended June 30, 2013 that resulted in the recording of other comprehensive income of $1,060 for Q3 2013. These amounts are non-cash and represent the fluctuation in the value of the Company's ownership of Daytal and the Los Santos Project as a result of the fluctuation in the value of the Canadian dollar versus the Euro.

During the three month period ended September 30, 2013, cash flow used in investing activities of $3,552 ($3,352 for the three month period ended June 30, 2013) represented a decrease of $608 in capital spent on the Company's drilling exploration program, an increase of $642 spent on pit optimization and a $166 increase in the amount spent on equipment to enhance tungsten recoveries as compared to the three month period ended June 30, 2013. The Company also invested $237 in restricted cash on deposit with a financial institution in Spain during Q3 2013. See Note 15 of the Audited Financial Statements for the year ended September 30, 2013 for additional details..

Net operating cash flow before working capital for the three months ended September 30, 2013 was $1,603, representing an increase of $1,366 as compared to the three months ended June 30, 2013. This increase was a direct result of higher sales volume of tungsten concentrate during Q4 2013when compared to Q3 2013. Changes in non-cash working capital of $639 during the three months ended September 30, 2013 was up $1,198 over the three months ended June 30, 2013 as the Company increase its payment terms with the majority of its suppliers to 60 days from 45 days.

Cash flow (used in) provided by financing activities during the three month period ended September 30, 2013 totalled ($551) and comprised ($10) in payments under capital leases and repayment of long-term debt of ($541) compared to capital lease payment s of ($6) and net proceeds from the issuance of long-term debt of $6,237 that was drawn down during the three months ended June 30, 2013.

Year Ended September 30, 2013

During the year ended September 30, 2013, Almonty mined 556,861 tonnes of ore at a weighted average grade of 0.33% WO_3 (462,221 tonnes of ore at a weighted average grade of 0.28% for the year ended September 30, 2012) and the Company processed 456,895 tonnes of ore at a weighted average grade of 0.24% WO_3 for a total contained MTU WO_3 processed of 108,698 (476,951 tonnes of ore at a weighted average grade of 0.28% WO_3 for a total contained MTU WO_3 processed of 133,445 for the year ended September 30, 2012). Tungsten concentrate recovery averaged 62.0% and 57.8% for the years ended September 30, 2013 and 2012 respectively. Almonty shipped 59,167 MTU of high grade concentrate (65.0% or higher WO_3) and 7,640 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the year ended September 30, 2013 compared to 57,839 MTU of high grade concentrate (65.0% or higher WO_3) and 8,580 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the year ended September 30, 2012.

Gross revenue for the year totalled $18,341 ($21,645 for the year ended September 30, 2012).

Direct selling expenses, consisting of freight, insurance, factoring costs and other transportation services required to deliver product, totalled $151for the year ended September 30, 2013 ($218 for the year ended September 30, 2012).

Direct mining costs totalled $2,541 and direct processing costs totalled $7,728 for the year ended September 30, 2013. For the year ended September 30, 2012, direct mining costs totalled $2,528 and direct processing costs totalled $8,360. Gross profit for the year ended September 30, 2013 was $7,921 ($10,539 for the year ended September 30, 2012).

General and administrative costs for the year ended September 30, 2013 totalled $3,455 and included non-cash compensation costs of $59 relating to the recognition of the vesting of a portion of options previously granted to the Chief Financial Officer of the Company on September 26, 2011 and non-cash compensation costs of $151 relating to the granting of 100,000 options that vested immediately to each of one director and two employees. For the year ended September 30, 2012, general and administration costs were $3,367 and included non-cash compensation expense of $263 relating to the vesting of a portion of the options previously granted to the Chief Financial Officer of $178 and $85 relating to options granted to certain employees. Other costs included in general and administrative costs include employee salaries and employment related expenses of all non-mining/processing personnel as well as corporate overhead costs, business development and corporate development costs, listing and transfer agent fees, accounting, legal and other professional fees and travel. The increase in costs of $88 represents an increase in cash compensation paid to key management personnel of $172 offset by a reduction in non-cash compensation expense of $53 and a reduction of business and corporate development activities and other administrative costs of $31 during the year ended September 30, 2013 when compared to the year ended September 30, 2012.

Other expense (income) was $66 for the year ended September 30, 2013 compared to ($30) for the year ended September 30, 2012. This consisted of (i) foreign exchange (gains) losses on the translation of United States dollar revenue into Euros and the revaluation of non-interest bearing trade payables valued in United States dollars totalling $96 for the year ended September 30, 2013 compared to $4 for the year ended September 30, 2012, and (ii) other (income) expense for the year ended September 30, 2013 of ($30) compared to ($35) for the year ended September 30, 2012.

Depreciation and amortization expense for the year ended September 30, 2013 totalled $6,826 comprised of depreciation and amortization of mining operations based on historical costs utilizing a unit of production (**"UOP"**) methodology. Total depreciation and amortization for the year ended September 30, 2012 was $4,863 comprised of depreciation and amortization of mining operations based on historical costs utilizing a UOP methodology.

On June 23, 2013 a fire at the Los Santos Project, caused by a mechanical failure of a fuel line in one of the Company's generators, destroyed the Company's diesel generator power supply and caused severe damage to its electrical switching infrastructure. The gross book value of the machinery that was destroyed was $1,054 and the net book value was $527. The Company wrote down the value of its Property Plant and Equipment by $527 in Q3 to reflect the loss of the destroyed machinery. The Company's insurance adjusters completed their investigation into the cause of the fire and recommended a settlement, net of all deductibles, in the amount of $928 to cover both the replacement value of the machinery and equipment that was destroyed and an amount for business interruption as a result of the forced shut-down and restart and the costs incurred to maintain operations until the Company completed its connection to the state electricity grid during the first week of October 2013.. Almonty received the insurance proceeds of $928 in September 2013 and recorded a gain of $928 during Q4 2013.

During the year ended September 30, 2013 the value of the Euro relative to the Canadian dollar increased from €1.00 = CAD$1.2646 as at September 30, 2012 to €1.00 = CAD$1.3920 as at September 30, 2013 resulting in the Company recording a cumulative translation adjustment and other comprehensive income of $2,237 for the year ended September 30, 2013. This compares to a decrease in the value of the Euro relative to the Canadian dollar for the year ended September 30, 2012 that resulted in the recording of other comprehensive (loss) of ($2,229). These amounts are non-cash and represent the fluctuation in the value of the Company's ownership of Daytal and the Los Santos Project as a result of the fluctuation in the value of the Canadian dollar versus the Euro.

Overall income (loss) for the year ended September 30, 2013 was ($2,239) or ($0.06) per common share. For the year ended September 30, 2012 overall income was $2,415 or $0.07 per common share.

Cash provided by (used in) operating activities totalled $6,709 and $8,635 for the years ended September 30, 2013 and 2012, respectively.

Cash (used in) investing activities totalled ($12,410) for the year (($8,835) for the year ended September 30, 2012) and is related to exploration expenses of $1,205 ($654 for the year ended September 30, 2012), additions to plant and equipment of $2,480 ($1,801 for the year ended September 30, 2012), and pit optimization and waste rock movement of $8,498 ($6,380 for the year ended September 30, 2012). Pit development costs are capitalized and then amortized based on the UOP method as the current strip ratio is greater than the average strip ratio over the life of the Los Santos Project. The Company also invested $237 in restricted cash ($*nil* in 2012) on deposit with a financial institution in Spain in order to be in a position to fund provide a bank guarantee to Iberdrola, S.A. for the construction of a power substation. See note 15 of the Audited Annual Financial Statements for the year ended September 30, 2013 for additional details. .

Cash provided by (used in) financing activities totalled $5,648 for the year ended September 30, 2013 and consisted of capital lease payments of ($47) and the net drawn down of long-term unsecured debt of $5,695. Cash provided by (used in) financing activities for the year ended September 30, 2012 was $119 and consisted of new financing from capital leases of $97 plus cash proceeds from the issuance of common stock of $22.

Liquidity and Capital Resources

As of September 30, 2013 the Company had sufficient cash resources and liquidity to meet its current obligations and to fund working capital requirements and planed capital expenditures in fiscal 2014 (see Section 8, "Objectives and Outlook", in this MD&A for planned drilling and exploration activities and expenditures on both pit optimization and tungsten recovery enhancement projects). The Company had cash and receivables of $3,424 and net non-cash working capital of ($2,495) as at September 30, 2013. As of the date of this MD&A, the Company has received payment for all invoices related to the sale of tungsten concentrate that were outstanding as at September 30, 2013. The Company believes that, based on the current price of APT and its forecast production schedule for fiscal 2014, it has the ability to generate sufficient cash flow to meet both its current and long-term obligations. Should the price of APT fall below a level sufficient to cover the Company's cash operating costs or should the Company no longer be able to produce tungsten concentrate in sufficient quantity then the Company may not be able to meet its current and long-term obligations. Outside of abiding by Spanish law requirements on minimum capital adequacy at Daytal, there is no legal restriction on Almonty's ability to repatriate capital from Daytal.

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

The Company's wholly-owned subsidiary had $5,946 in fully amortizing long-term debt comprised of 4 individual facilities with individual Spanish domiciled banks as at September 30, 2013 ($nil as at September 30, 2012). The facilities all mature in April 2016 and carry interest rates ranging from 4.87%-6.53%. The total combined monthly payment of principle and interest is Euro 140,000. One facility totalling €1,944 (CAD$2,659) carries a guarantee by Almonty and is partially secured by the assets of Daytal, the Company's wholly owned subsidiary, while the other three facilities are non-recourse. See note 20 of the Company's Audited Financial Statements for the year ended September 30, 2013 for additional details.

There were capital lease obligations relating to vehicles totalling $108 that bears annual interest rates of 8.50% as at September 30, 2013 ($148 as at September 30, 2012).

Long-term non-interest bearing trade payables of $617 (all classified as current) relates to a non-interest bearing trade payable that matures in November 2013 and required Almonty to make an initial payment of $17 in September 2012 followed by monthly instalments of $43 beginning in October 2012. As of the date of this report Almonty has not yet made a payment against this non-interest bearing trade payable.

	September 30, 2013 $'000	**Sept 30, 2012 $'000**	**Sept 30, 2011 $'000**
Capital leases	108	148	50
Long-term debt	5,946	-	-
Accounts payable and accrued liabilities	7,614	5,182	4,408
Long-term non-interest bearing trade payables	617	556	520
Less cash, short-term deposits and receivables	(3,424)	(2,559)	(2,180)
Net debt	10,861	3,327	2,798

Shareholders' equity	21,859	21,649	21,177
Equity and net debt	32,720	24,997	23,975
Gearing ratio	**33.2%**	**13.3%**	**11.7%**

The Company's approach to capital management did not change during the three month period and year ended September 30, 2013.

Outstanding Share Data

As of the date hereof, there were 37,044,389 common shares outstanding, 1,750,000 options and 3,701,144 warrants outstanding to acquire one common share each.

The Company has established a stock option plan for its directors, officers, employees and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. As of the date hereof there were 1,750,000 options outstanding under the option plan. The option plan was approved by the Company's shareholders at the Company's Annual and Special Meeting of Shareholders held on March 26, 2013.

4. Quarterly Earnings and Cash Flow

	4th Quarter (2013)	3rd Quarter (2013)	2nd Quarter (2013)	1st Quarter (2013)
Period Ended	**September 30, 2013 $'000**	**June 30, 2013 $'000**	**March 31, 2013 $'000**	**December 31, 2012 $'000**
Total Revenue	4,730	3,574	5,005	5,032
Net income (loss)	(1,014)	(1,656)	201	230
Basic earnings (loss) per share	($0.03)	($0.04)	$0.01	$0.01
Diluted earnings (loss) per share	($0.03)	($0.04)	$0.01	$0.01
Total assets	36,676	35,957	30,361	30,253
Total long-term debt	5,946	6,379	-	-
Dividend	-	-	-	-

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

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

Almonty owned Daytal for seven days during the period ended September 30, 2011. Prior to the closing of the Qualifying Transaction on September 23, 2011, the Company (then RCG) did not carry on a business and therefore did not have any revenue. Almonty Sub (the accounting acquirer) was incorporated on June 9, 2011 and also did not carry on a business prior to the closing of the Qualifying

Transaction and therefore also did not record any revenue for the period ended September 30, 2011. During the one week period following the closing of the Qualifying Transaction, the Company did not ship any tungsten concentrate and as such did not record or recognize any revenue during the fourth quarter ended September 30, 2011.

See Section 3 "Financial Highlights", for details on the three month period and year ended September 30, 2013 and a comparison to the three month period and year ended September 30, 2012.

5. Critical Accounting Estimates

The preparation of Almonty's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described in more detail in Note 3 of the audited consolidated financial statements of Almonty as at September 30, 2013 and for year then ended.

6. New Accounting Standards and Interpretations

New Accounting Standards and Interpretations Not Yet Adopted

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

Reference	Title	Application date for Almonty
IFRS 9	Financial Instruments	October 1, 2013
IFRS 10	Consolidated Financial Statements	October 1, 2013
IFRS 11	Joint Arrangements	October 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	October 1, 2013
IFRS 13	Fair Value Measurement	October 1, 2013
IAS 19	Employee Benefits (revised)	October 1, 2013

IAS 28	Investments in Associates and Joint Ventures (revised)	October 1, 2013
IFRIC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	October 1, 2013

The adoption of these new or amended standards is not expected to have a material impact on the consolidated financial statements of Almonty. A brief description of the above standards and interpretations can be found in the Company's Audited Consolidated Financial Statements for the Year Ended September 30, 2013.

7. Related Party Transactions

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

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

	2013	2012
Short-term cash compensation	95	50
Long-term Directors' incentive share-based compensation	14	43
Total compensation of key management personnel	**109**	**93**

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

	2013	2012
Short-term cash compensation	372	200
Long-term Directors' incentive share-based compensation	109	178
Total compensation of key management personnel	**481**	**378**

8. Objectives and Outlook

Targeted Improvements in the Company's Tungsten Recovery Rates

Since September 30, 2011, the Company has commenced implementation of operational improvements at the mill operations of the Los Santos Project with the stated goal of increasing tungsten recovery rates to a minimum of 65%, considered to be industry standard. The improvements that have been implemented up to September 30, 2013 have resulted in the tungsten recovery rate improving to 66.4.0% and 64.6% during the months of October and November 2013. The tungsten recovery rate for the three months ended September 30, 2013 increased to 63.2% as the Company restarted processing operations during July 2013 after the forced shutdown from the fire and continued to fine tune the recently installed milling improvements. Recoveries and production were also impacted as a result of a series of stoppages during Q4 2013 as the connection to the electricity grid was completed and commissioned. Management believes that the recovery rate will continue to improve as additional fine-tuning of the processing circuit is completed over the balance of fiscal 2014. The solutions implemented by the Company should enable the tungsten recovery rate to be maintained at a minimum of 65% in future periods across all types of ore that may be encountered at the Los Santos Project. Almonty completed its connection to the Spanish electricity grid during the first week of October 2013. The connection is expected to deliver material cost savings over the remaining life of the mine. Additional targeted improvements are being implemented in stages and the Company believes, based on preliminary test work, that further enhancements to the tungsten recovery rate will be realized.

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

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

Continuation of the development and exploration program recommenced in November 2012 and the 2013 exploration campaign was completed in June 2013 with over 6,955 metres drilled. The Company issued a revised NI 43-101 technical report dated October 31, 2013. As a result of the exploration program tungsten reserves were increased by 6.3% and contained tungsten by 5.75% and extended the mine life to 9 years. Our understanding of the measured and indicated resource has provided the company with sufficient forward planning visibility to fully optimize the pit and long-term mine plan for the Los Santos Project. The 2014 exploration campaign is expected to commence in calendar 2014 and will target the underground potential of the Los Santos Project.

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

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

Operational Review and Continued Investment in the Los Santos Project

Under the terms of Almonty's long-term supply agreement it was required to engage the services of a mining consultant to review the status of the Los Santos Project. During the quarter ended June 30, 2012, the Company received a final report from the mining consultant that contained recommendations with respect to areas of improvement and investment that may be required by Almonty in order to provide a level of comfort that Almonty's optimization plans, mining development and exploration programs will be sufficient in order for Almonty to perform its obligations throughout the term of the contract and thereby provide assurance that its customer will have access to the agreed supply of tungsten concentrate over the life of the contract. Almonty has reviewed the findings of the operational review with the mining consultant and its customer. Almonty believes that its current optimization program, enhanced tungsten recovery program and restated NI 43-101 technical report showing a mine life of 9 years (approximately 6 years longer than the term of its current long-term supply agreement) demonstrate that the Company will have satisfied its obligations under the long-term supply agreement. Almonty's future capital spending plans may be increased or otherwise altered as a result of ongoing review and discussions with its customer over the life of the supply agreement.

Valtreixal Project

On March 21, 2013, the Company announced that it had entered into an option agreement to acquire a 51% interest in, and be the project operator of, the Valtreixal Sn-WO_3 project in North Western Spain (approximately 250km from its Los Santos tungsten project) for total consideration of €1.4 million. Almonty made an initial payment of €100,000 in June 2013 with the balance of funds due over the remaining 24 months should Almonty decide to continue with the project. Almonty also has the option to acquire the remaining 49% interest in the project for an additional €2.0 million at the end of the 24 month period. Almonty has begun its evaluation of the historical data and has carried out test drilling and is in the process of planning additional exploration work on the property that is expected to be carried out over the course of the first 18 months of the option period.

Summary of the Company's Long-Term Supply Agreement

Almonty, along with its wholly-owned subsidiary Daytal, is a party to a long term supply agreement dated September 23, 2011 with a customer who participates in the global tungsten business. The agreement provides for the supply of a minimum amount of tungsten concentrate to the customer in accordance with certain specifications of the customer. Pricing is based on a formula derived from the prior month's average of the high and low price for European APT per MTU as quoted on the MB. The supply agreement runs for a term of five years with an automatic renewal for an additional five years (unless either party provides at least three months' notice of its intention not to renew). The customer was also granted a right of first refusal for tungsten concentrate that meets the customer's specifications produced by the Company above the minimum amount required to be shipped under the terms of the agreement. A copy of the agreement is available on SEDAR under Almonty's profile.

Normal Course Issuer Bid

On December 3, 2013, 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 901,627 common shares (which is equal to 2.4% 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 37,044,389 common shares outstanding. The Company has appointed Jennings Capital Inc. to conduct the Bid on its behalf.

The Bid is expected to commence on December 20, 2013 and will terminate on December 19, 2014 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.

Memorandum of Understanding for Financing and Off-take Commitment

On December 11, 2013, Almonty announced that it has entered into a Memorandum of Understanding with Global Tungsten & Powders Corp. for up to US$20.0 million in financing (the "**Financing"**) for the acquisition/build-out of, and an off-take commitment (the **"Off-Take Commitment"**) for a portion of the output of, Almonty's next tungsten project. Almonty is currently evaluating several potential tungsten mining projects that are at various stages of due diligence. No definitive agreements have been reached on any of the opportunities currently being evaluated by Almonty. Definitive terms of the Financing and Off-Take Commitment will be finalized once Almonty has reached a definitive agreement to acquire its next tungsten mining project.

Change of Mining Contractors at Los Santos
On December 19, 2013, Almonty served notice to Sanchez y Lago, the mining contractor at the Los Santos Project, that it was terminating its agreement effective January 15, 2014. Almonty has entered into a new contract with MOVITEX – Movimentos de Tierras Y Excavaciones, S.L.U. for contract mining services at Los Santos effective January 15, 2014. The Company has taken the necessary precaution of stockpiling additional ore in order to ensure that production is not interrupted as a result of changing mining contractors. Almonty estimates that it will owe Sanchez y Lago €40 for the demobilization of its equipment and up to €35 for a maintenance workshop owned by Sanchez y Lago that is located at the Los Santos mine site (total payment of up to €75 estimated to be $109 based on the CAD/Euro exchange rate as of the date notice was given) as a termination fee under its existing contract. This amount is expected to become payable in January 2014.

9. Risks and Uncertainties

Risk Factors
The Company operates in the mining industry which is subject to numerous significant risks that can influence profitability. The Company has disclosed several risks below which it believes to be the most significant and that could have a material impact on its current and future operations. Other risks may exist that are not indicated below and which may currently exist or arise at a future date regarding the Company and its operations. For additional and more detailed risk factors, please see the filing statement dated September 14, 2011 filed in connection with the Qualifying Transaction under the heading "Risk Factors – Risks Relating to the Resulting Issuer's Business and Industry".

Financial Risks
Price of Metals and Foreign Exchange Rates
The Company's profitability is exposed to commercial risks, notably those linked to the price of tungsten and foreign exchange rates.

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

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

During the three months ended September 30, 2013, the value of the € relative to the CAD$ increased from €1.00 = CAD$1. 3676 as at June 30, 2013 to €1.00 = CAD$1.3920 as at September 30, 2013, resulting in the Company recording a cumulative translation adjustment gain of $523 for the three months ended September 30, 2013. 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.

During the year ended September 30, 2013, the value of the € relative to the CAD$ increased from €1.00 = CAD$1.2646 as at September 30, 2012 to €1.00 = CAD$1.3920 as at September 30, 2013, resulting in the Company recording a cumulative translation adjustment gain of $2,237 for the year ended September 30, 2013. This amount is recorded as other comprehensive income (loss) on the Consolidated Statement of Operations and Comprehensive Income and accumulated other comprehensive income (loss) as a separate line item in Shareholders' Equity.

Fluctuation in Interest Rates

The Company had $5,946 in long-term debt outstanding at varying levels of fixed and floating interest rates between 4.87-6.53% as at September 30, 2013. The floating rate debt totaled $5,340 as at September 30, 2013 and is based on a fixed spread over the six-month Euribor rate. Any movement in the six-month Euribor rate over remaining term of the unsecured debt with have an impact on the amount of interest paid by the Company. For every 100 basis point (1.00%) movement in the six-month Euribor rate will cause the amount the Company is required to pay in monthly interest to fluctuate +/- $5. 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 the current European financial crisis that is causing borrowing costs in several European countries to increase may have a negative impact on both the Company's future borrowing costs and its ability to obtain debt financing.

As at September 30, 2013, Almonty had $108 in capital lease obligations that carry interest rate 8.50% with terms to maturity of 2 years.

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

Access to Capital Markets

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

Future Financing, Credit and Liquidity risk

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

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

Economic Dependency
Daytal, Almonty's wholly-owned indirect subsidiary, has a long-term supply agreement with one customer who participates in the global tungsten business. Currently over 95% of the revenue earned by the Company's operations is sold to this customer. Almonty is economically dependent on the revenue received from this customer in order to be able to meet its current obligations and is subject to the pricing terms set out in the supply agreement. There is no guarantee that Almonty would be able to find an alternative customer or customers on terms similar to its existing supply agreement should the current customer cease operations or become unable to pay Almonty under the current contract. See Section 8, "Objectives and Outlook – Summary of the Company's Long-Term Supply Agreement", in this MD&A for further details.

Operational Risks

Production
Daytal's contract with SYL, under which SYL carries out contract mining activities for Daytal at the Los Santos Project, was renewed for the life of mine with an effective date of July 1, 2012. Daytal currently does not have any mining capabilities of its own and relies on SYL for all mining activity, including waste rock removal, pit development and delivery of ore to Daytal's crushing and processing plant. There is no guarantee that Daytal would be able to replace SYL with another contract mining firm if SYL were no longer able to provide contract mining services to Daytal. Any disruption in the contract mining services provide by SYL would have a negative impact on Daytal's short-term economic viability.

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

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

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

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

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

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

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

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

Risks Linked to Common Shares
The price of the common shares of Almonty may fluctuate for several reasons such as exploration results or operating results and cash flow, exchange rates, available financing, lack of liquidity and several other

factors. It is possible that the price of a common share of Almonty may experience significant fluctuations and that such price might be less than the actual price paid by an investor.

10. Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited consolidated financial statements for the year ended September 30, 2013 do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited consolidated financial statements, and (ii) the audited consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of September 30, 2013, and for the year ended September 30, 2013.

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

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

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

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

11. Management's Responsibility for Financial Statements

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

December 19, 2013

On behalf of Management and the Board of Directors,

"Lewis Black"

Chairman, President and Chief Executive Officer

Glossary of Terms

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