Management Discussion and Analysis

For the Three and Nine Month Periods Ended June 30, 2013

REPORT DATED: August 28, 2013

1. Introduction

This management discussion and analysis ("**MD&A**"), dated August 28 , 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 nine month periods ended June 30, 2013. It should be read in conjunction with the unaudited consolidated interim financial statements and notes thereto of the Company for the three and nine month periods ended June 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 unaudited consolidated interim financial statements for the three and nine month periods ended June 30, 2013 and this MD&A on August 28, 2013.

The unaudited consolidated interim financial statements of the Company for the three and nine month periods ended June 30, 2013 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

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

Qualifying Transaction

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

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

Additional information about the Company, including the audited consolidated financial statements of the Company for the year ended September 30, 2012 and the unaudited consolidated interim financial statements for the three and nine month periods ended June 30, 2013, 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.

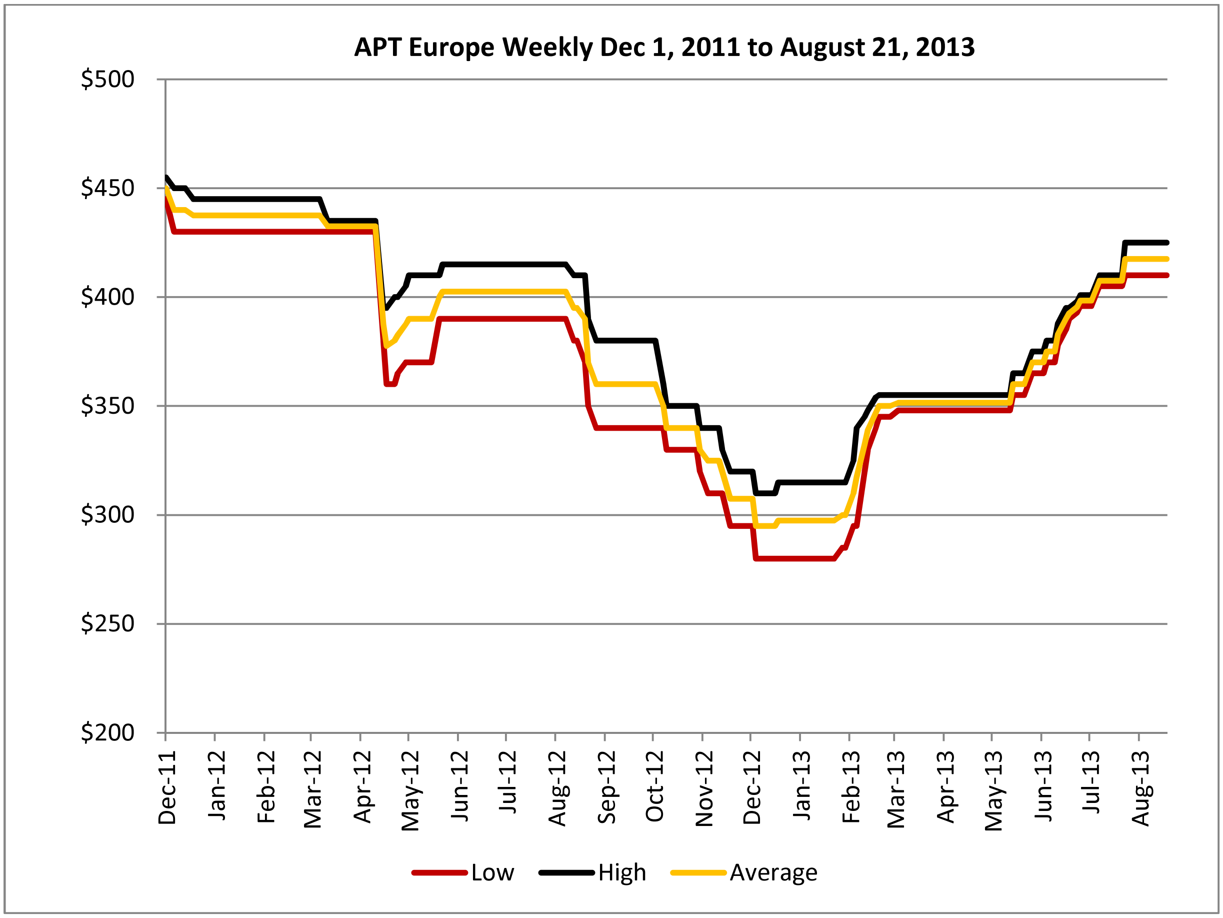
2. Overview

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.

The short-term tungsten business outlook has improved since March 31, 2013. Market demand for tungsten concentrate continued to strengthen during the third quarter of fiscal 2013 resulting in sequential monthly price increases during the quarter. The trend has continued into fiscal Q4 with the average price of APT increasing to US$410/MTU as of August 13, 2013. Management believes that the recent improvement in the overall recovery rate of global economic activity and more specifically in the demand for commodities in general, will continue throughout the balance of fiscal 2013. 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$364/MTU level during the third quarter of fiscal 2013. Although the price is still down from the highs of US$440/MTU experienced in the fall of 2011 and from the US$400/MTU average experienced in the three months ended June 30, 2012, 2012 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. The average for the nine months ended June 30, 2013 was US$338/MTU as compared to US$425/MTU for the nine months ended June 30, 2012. 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 June 30, 2013 was positively impacted by the increase in the MB European quoted price and resulted in a higher average price for its tungsten concentrate in the three months ended June 30, 2013 when compared to the three month period ended March 31, 2012. The average price received for tungsten concentrate during the three month period ended June 30, 2013 was down approximately 9% when compared to the US$400/MTU average MB European quoted for APT for the three months ended June 30, 2012.

Improvements in global GDP, specifically in the USA and Europe and signs of improved growth returning to China, has increased demand for both tungsten concentrate and APT as fiscal 2013 has progressed. The Company anticipates that prices will continue to remain at current levels for the balance of fiscal 2013 before beginning to increase in future periods, however, 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% as of August 13, 2013. 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 June 30, 2013 was 56.9%. The decrease in the tungsten recovery rate during the three months ended June 30, 2013 when compared to the 63.8% average for the three month period ended March 31, 2013 (and the previous high of 64.8% experienced during the month of February 2013) was a direct result of the Company reducing/stopping its milling throughput to implement improvements to its processing circuit in April and May of 2013 coupled with the forced shutdown of the processing circuit due to a fire on June 23, 2013. During this time period the Company was also accessing ore from a newly opened pit. The ore from the new pit was inconsistent with the ore from previous pits as it contained a higher percentage of oxidized and fine grain ore. The targeted improvements made to the circuit 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%.

Almonty also anticipates that it will be in a position to complete its connection to the Spanish electricity grid prior to the end of fiscal 2013. The connection is expected to deliver material cost savings when it is completed.

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 Company is in the process of analysing the drill results and is working towards the completion of an updated NI 43-101 technical report prior to the end of calendar 2013. The campaign has identified areas of further interest that will be the target of additional exploration activity in future periods. Almonty will provide updates on this and other initiatives as they progress.

Pit optimization work is continuing on schedule. Average grades of ore mined during the period of time of the pit optimization are improving and are beginning to approach the anticipated long-term grade of the resource. The improvement in the grade being mined, coupled with the optimization of the processing plant, is expected to enhance tungsten production levels in future periods. During the three months ended June 30, 2013 the Company experienced an expected increase in waste rock removal costs as it opened a new pit and finished mining in a smaller pit. 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. Despite this, mined grades during the three months ended June 30, 2013 improved and approached the expected average grade of the resource. 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.

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.

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 has written down the value of its Property Plant and Equipment by $527 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 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. Construction of the electrical line and related infrastructure has been completed as at the date of this report and the Company anticipates that the line will be commissioned prior to the end of fiscal 2013. The Company's insurance adjusters completed their investigation into the cause of the fire and have recommended a settlement, net of any deductible, in the amount of $949 (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 expects to receive the insurance proceeds in September 2013 and will record a gain of $949 during Q4 2013 when it receives the insurance proceeds.

Summary operating information for the Company[1]:

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

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Nine Months Ended June 30, 2013	Nine Months Ended June 30, 2012	Year Ended September 30, 2012	Year Ended September 30, 2011
Ore treated (tonnes)	114,347	116,166	339,074	356,688	476,591	441,976
WO_3 concentrate produced (MTU)	12,336	16,136	47,796	48,324	65,848	61,599
WO_3 concentrate sold (MTU)	12,963	14,986	52,119	47,842	66,419	52,807
Sales revenue (US$ million)	3.7	4.9	13.7	16.5	21.5	15.0
Cash operating costs (US$/MTU)	198	187	160	189	183	193
Ore mined (tonnes)	113,160	113,492	400,974	347,574	462,221	482,968
Average grade WO_3 mined	0.37%	0.28%	0.34%	0.27%	0.28%	0.32%
Average WO_3 recovery rate	56.9%	58.1%	61.7%	57.1%	57.8%	52.3%

MTU production during the three months ended June 30, 2013 was negatively impacted by stoppages in production during the quarter to install and commission the final 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. Subsequent to the restart of milling operations after the fire, fine tuning of the milling process has resulted in tungsten recovery rates improving to 65% during August 2013. Almonty expects to be able to exceed this level in future periods. The shutdowns during the quarter also caused a substantial increase in the amount of pre-concentrate stockpile as Almonty continued mining and pre-concentrate production during several of the stoppages that occurred as well as during the fine tuning of the milling circuit after the restart from the fire.. The Company anticipates being able to process the increased stockpile during Q4 2013 and expects to see a meaningful improvement in the number of MTUs of final concentrate produced during Q4 2013 when compared with Q3 2013.

3. Financial Highlights

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

	Three Months Ended June 30, 2013 $'000	**Three Months Ended June 30, 2012 $'000**
Gross Revenue	3,574	4,802
Cost of sales	2,179	2,563
Gross profit	**1,395**	**2,239**
General and administrative costs	780	788
Other expense (income)	81	(68)
Non-cash compensation costs (options issued to directors, officers and key management)	166	69
Earnings (loss) before the undernoted items	**368**	**1,450**
Depreciation and amortization	1,421	1,170
Interest expense	76	17
Loss on disposal of machinery and equipment due to fire	527	-
Deferred income tax expense (recovery)	-	-
Net income (loss) for the period	**(1,656)**	**263**
Income (loss) per share basic	($0.04)	$0.01
Income (loss) per share diluted	($0.04)	$0.01
Dividends	-	-
Cash flows provided by (used in) operating activities	(36)	2,635
Cash flows provided by (used in) investing activities	(3,352)	(2,583)
Cash flows provided by (used in)financing activities	5,949	(5)

	Nine Months Ended June 30, 2013 $'000	**Nine Months Ended June 30, 2012 $'000**
Gross Revenue	13,611	16,251
Cost of sales	7,138	8,590
Gross profit	**6,473**	**7,661**
General and administrative costs	2,318	2,230
Other expense (income)	127	(145)
Non-cash compensation costs (options issued to directors, officers and key management)	196	221
Earnings (loss) before the undernoted items	**3,832**	**3,905**
Depreciation and amortization	4,414	3,921
Interest expense (income)	117	44

Loss on disposal of machinery and equipment due to fire	527	
Deferred income tax expense (recovery)	-	-
Net income (loss) for the period	**(1,226)**	**1,390**
Income (loss) per share basic	($0.03)	$0.04
Income (loss) per share diluted	($0.03)	$0.04
Dividends	-	-
Cash flows provided by (used in) operating activities	4,526	6,192
Cash flows used in investing activities	(8,631)	(6,485)
Cash flows provided by financing activities	5,918	175

	June 30, 2013	Sept. 30, 2012
Cash	2,900	1,052
Total assets	35,957	27,966
Long-term trade payables	638	556
Long-term debt	6,379	-
Capital lease obligations	116	148
Shareholders' equity	22,335	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	$1.08	$0.94

Three Month Period Ended June 30, 2013

During the three months ended June 30, 2013, Almonty mined 113,160 tonnes of ore at a weighted average grade of 0.37% WO_3 (113,492 tonnes of ore at a weighted average grade of 0.28% for the three months ended June 30, 2012) and the Company processed 114,347 tonnes of ore at a weighted average grade of 0.29% WO_3 for a total contained MTU WO_3 processed of 23,257 (116,166 tonnes of ore at a weighted average grade of 0.23% WO_3 for a total contained MTU WO_3 processed of 27,786 for the three months ended June 30, 2012). Tungsten concentrate recovery averaged 56.9% and 58.1% for the three month periods ended June 30, 2013 and 2012 respectively. Almonty shipped 12,063 MTU of high grade concentrate (65.0% or higher WO_3) and 900 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended June 30, 2013 compared to 12,586 MTU of high grade concentrate (65.0% or higher WO_3) and 2,400 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the three month period ended June 30, 2012.

Gross revenue for the three month period totalled $3,574 ($4,802 for the three month period ended June 30, 2012). The average APT price for the three months ended June 30, 2013 was US$364/MTU compared to an average of US$400/MTU for the three months ended June 30, 2012.

Direct selling expenses, consisting of freight, insurance and other transportation services required to deliver product, totalled $32 for the three month period ended June 30, 2013 ($55 for the three month period ended June 30, 2012).

Direct mining costs totalled $492 and direct processing costs totalled $1,665 for the three month period ended June 30, 2013. For the three month period ended June 30, 2012, direct mining costs totalled $553 and direct processing costs totalled $1,889. Gross profit for the three month period ended June 30, 2013 was $1,395 ($2,239 for the three month period ended June 30, 2012).

General and administrative costs for the three month period ended June 30, 2013 totalled $946 and included non-cash compensation costs of $166 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 of $15 plus $151 in non-cash compensation costs relating to the granting of 100,000 options to each of one Director and two employees on May 28, 2013. For the three month period ended June 30, 2012, general and administration costs were $857 and included non-cash compensation expense of $69 relating to the vesting of a portion of the options previously granted to the Chief Financial Officer and options issued to employee. 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 $89 was a result of an increase in non-cash compensation expense of $97 offset by a decrease in other administrative costs of $8 during the three months ended June 30, 2013 when compared to the three months ended June 30, 2012.

Other expense (income) was $81 for the three month period ended June 30, 2013 compared to ($69) for the three month period ended June 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 $90 for the three month period ended June 30, 2013 compared to ($76) for the three month period ended June 30, 2012, and (ii) other income for the three month period ended June 30, 2013 of ($9) compared to other expenses of $8 for the three month period ended June 30, 2012.

Depreciation and amortization expense for the three month period ended June 30, 2013 totalled $1,421 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 June 30, 2012 was $1,170 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 opened during the three months ended June 30, 2013 when compared to the three months ended June 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 has written down the value of its Property Plant and Equipment by $527 to reflect the loss of the destroyed machinery. The Company's insurance adjusters completed their investigation into the cause of the fire and have recommended a settlement, net of any deductible, in the amount of $949 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 expects to receive the insurance proceeds in September 2013 and expects to record a gain of $949 during Q4 2013 when it receives the insurance proceeds.

Overall income (loss) for the three month period ended June 30, 2013 was ($1,656) or ($0.04) per common share. For the three month period ended June 30, 2012 overall income was $263 or $0.01 per common share.

Cash provided by (used in) operating activities totalled ($36) and $2,635 for the three month periods ended June 30, 2013 and 2012, respectively.

Cash used in investing activities totalled $3,352 for the three month period ($2,583 for the three month period ended June 30, 2012) and is related to exploration activities of $660 ($306 for the three month period ended June 30, 2012), additions to plant and equipment of $798 ($788 for the three month period ended June 30, 2012), and pit optimization and waste rock movement of $1,894 ($1,489 for the three month period ended June 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 $5,949 for the three month period ended June 30, 2013 and consisted of new net unsecured debt of $5,955 offset by capital lease payments of $6. Cash used by financing activities for the three month period ended June 30, 2012 was $5 consisting of capital lease payments of $20 offset by the issuance of capital stock on the exercise of warrants of $15.

Three Months Ended June 30, 2013 (Q3 2013) Compared to the Three Months Ended March 31, 2013 (Q2 2013)

Revenues increased by $1,431 in Q3 2013 compared to Q2 2013. Sales volumes were down by 7,433MTU in Q3 compared to Q2 as the result of a slow-down in mineral processing activities in order to install additional tungsten recovery equipment to the mill circuit in May 2013 as well as the forced shutdown of mineral processing activities on June 23, 2013 as a result of the fire that destroyed the Company's electricity infrastructure. The price received per MTU of WO_3 improved by an average of $39 per MTU compared to the previous quarter. Almonty has completed its plant optimization program and has restarted operations after the fire shutdown and the Company anticipates that MTU production will improve significantly in future periods when compared to the 3 months ended June 30, 2013.

Excluding the impact of the loss due to fire of ($527), Net earnings decreased by ($928) compared to Q2 2013 as a result of lower sales volume of tungsten concentrate leading to lower gross profit of ($1,423) offset by a reduction of $173 in depreciation and amortization expense during Q3 2013 when compared to Q2 2013.

During the three months ended June 30, 2013 the value of the Euro relative to the Canadian dollar increased from €1.00 = CAD$1.3042 as at March 31, 2013 to €1.00 = CAD$1.3676 as at June 30, 2013 resulting in the Company recording a cumulative translation adjustment and other comprehensive income of $1,060 for the three months ended June 30, 2013. This compares to a decrease in the value of the Euro relative to the Canadian dollar for the three month period ended March 31, 2012 that resulted in the recording of other comprehensive (loss) of ($167) for Q2 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 June 30, 2013, cash flow used in investing activities of $3,352 ($2,768 for the three month period ended March 31, 2012) represented an increase of $218 in capital spent on the Company's drilling exploration program, an increase of $96 spent on pit optimization and a $270 increase in the amount spent on equipment to enhance tungsten recoveries as compared to the three month period ended March 31, 2013.

Net operating cash flow before working capital for the three months ended June 30, 2013 was $464, representing a decrease of $1,363 as compared to the three months ended March 31, 2013. This decrease was a direct result of lower sales volume of tungsten concentrate during Q3 2013when compared to Q2 2013. Changes in non-cash working capital of ($500) during the three months ended June 30, 2013 was down $1,475 over the three months ended March 31, 2013 as the Company reduce its balance owed to suppliers during the period.

Cash flow from financing during the three month period ended June 30, 2013 totalled $5,949 and comprised ($6) in payments under capital leases and net proceeds from long-term unsecured debt of $5,955 that was drawn down during the quarter. This represents an increase of $5,954 in cash flow from financing as compared to the previous quarter.

Nine Month Period Ended June 30, 2013

During the nine months ended June 30, 2013, Almonty mined 400,974 tonnes of ore at a weighted average grade of 0.34% WO_3 (347,574 tonnes of ore at a weighted average grade of 0.27% for the nine months ended June 30, 2012) and the Company processed 339,074 tonnes of ore at a weighted average grade of 0.25% WO_3 for a total contained MTU WO_3 processed of 83,790 (356,688 tonnes of ore at a weighted average grade of 0.24% WO_3 for a total contained MTU WO_3 processed of 84,638 for the nine months ended June 30, 2012). Tungsten concentrate recovery averaged 61.7% and 57.1% for the nine month periods ended June 30, 2013 and 2012 respectively. Almonty shipped 47,479 MTU of high grade concentrate (65.0% or higher WO_3) and 4,640 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the nine month period ended June 30, 2013 compared to 42,022 MTU of high grade concentrate (65.0% or higher WO_3) and 5,820 MTU of low grade concentrate (between 45.0% and 65.0% WO_3) for the nine month period ended June 30, 2012.

Gross revenue for the nine month period totalled $13,611 ($16,251 for the nine month period ended June 30, 2012).

Direct selling expenses, consisting of freight, insurance and other transportation services required to deliver product, totalled $117 for the nine month period ended June 30, 2013 ($162 for the nine month period ended June 30, 2012).

Direct mining costs totalled $1,483 and direct processing costs totalled $5,538 for the nine month period ended June 30, 2013. For the nine month period ended June 30, 2012, direct mining costs totalled $1,929 and direct processing costs totalled $6,499. Gross profit for the nine month period ended June 30, 2013 was $6,473 ($7,661 for the nine month period ended June 30, 2012).

General and administrative costs for the nine month period ended June 30, 2013 totalled $2,514 and included non-cash compensation costs of $45 relating to the recognition of the vesting of a portion of options previously granted to the Chief Financial Officer of the Company on September 26, 2011 and 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 nine month period ended June 30, 2012, general and administration costs were $2,451 and included non-cash compensation expense of $221 relating to the vesting of a portion of the options previously granted to the Chief Financial Officer of $135 and $86 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 $63 represents an increase in cash compensation paid to key management personnel of $131 offset by a reduction in non-cash compensation expense of $25 and a reduction of business and corporate development activities and other administrative costs of $43 during the nine months ended June 30, 2013 when compared to the nine months ended June 30, 2012.

Other expense (income) was $127 for the nine month period ended June 30, 2013 compared to ($145) for the nine month period ended June 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 $138 for the nine month period ended June 30, 2013 compared to ($117) for the nine month period ended June 30, 2012, and (ii) other income for the nine month period ended June 30, 2013 of ($11) compared to ($28) for the nine month period ended June 30, 2012.

Depreciation and amortization expense for the nine month period ended June 30, 2013 totalled $4,414 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 nine month period ended June 30, 2012 was $4,414 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 has written down the value of its Property Plant and Equipment by $527 to reflect the loss of the destroyed machinery. The Company's insurance adjusters completed their investigation into the cause of the fire and have recommended a settlement, net of all deductibles, in the amount of $949 to cover both the replacement value of the machinery and equipment that was destroyed and the Company expects to also receive 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 completes its connection to the state electricity grid.. Almonty expects to receive the insurance proceeds in September 2013 and expects to record a gain of $949 during Q4 2013 when it receives the insurance proceeds.

During the Nine months ended June 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$1.3676 as at June 30, 2013 resulting in the Company recording a cumulative translation adjustment and other comprehensive income of $1,716 for the nine months ended June 30, 2013. This compares to a decrease in the value of

the Euro relative to the Canadian dollar for the nine month period ended June 30, 2012 that resulted in the recording of other comprehensive (loss) of ($1,669) for Q2 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.
Overall income (loss) for the nine month period ended June 30, 2013 was ($1,226) or ($0.03) per common share. For the nine month period ended June 30, 2012 overall income was $1,390 or $0.04 per common share.

Cash provided by (used in) operating activities totalled $4,526 and $6,192 for the nine month periods ended June 30, 2013 and 2012, respectively.

Cash used in investing activities totalled $8,631 for the nine month period ($6,485 for the nine month period ended June 30, 2012) and is related to exploration expenses of $1,152 ($654 for the nine month period ended June 30, 2012), additions to plant and equipment of $1,516 ($1,417 for the nine month period ended June 30, 2012), and pit optimization and waste rock movement of $5,963 ($4,414 for the nine month period ended June 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 $5,918 for the nine month period ended June 30, 2013 and consisted of capital lease payments of ($37) and the drawn down of net long-term unsecured debt of $5,955. Cash provided by (used in) financing activities for the nine month period ended June 30, 2012 was $175 and consisted of new financing from capital leases of $160 plus cash proceeds from the issuance of common stock of $15.

Liquidity and Capital Resources
As of June 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 2013 (see Section 8, "Objectives and Outlook", in this MD&A for planned drilling and exploration activities and expenditures on both pit optimization and tungsten recovery enhancement projects). The Company had cash and receivables of $4,337 and net non-cash working capital of ($2,534) as at June 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 June 30, 2013. The Company believes that, based on the current price of APT and its forecast production schedule for fiscal 2013 and 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 $6,379 in unsecured, fully amortizing long-term debt comprised of 4 individual facilities with individual Spanish domiciled banks as at June 30, 2013 ($nil as at September 30, 2012). The facilities all mature in April 2016 and carry interest rates ranging from 4%-7%. 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, while the other three facilities are non-recourse.

There were capital lease obligations relating to several pieces of industrial machinery (front end loader, forklifts etc.) and vehicles totalling $116 that bear annual interest rates of between 2.75% and 8.50% as at June 30, 2013 ($148 as at September 30, 2012).

Long-term non-interest bearing trade payables of $638 (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.

	June 30, 2013 $'000	Sept 30, 2012 $'000	June 30, 2012 $'000	Sept 30, 2011 $'000
Capital leases	116	148	166	50
Unsecured long-term debt	6,379	-	-	-
Accounts payable and accrued liabilities	6,004	5,182	5,157	4,408
Long-term non-interest bearing trade payables	638	556	513	520
Less cash, short-term deposits and receivables	(4,337)	(2,559)	(2,787)	(2,180)
Net debt	8,800	3,327	2,045	2,798
Shareholders' equity	22,335	21,649	21,412	21,177
Equity and net debt	31,135	24,997	23,457	23,975
Gearing ratio	**28.3%**	**13.3%**	**8.7%**	**11.7%**

The Company's approach to capital management did not change during the three and nine month periods ended June 30, 2013.

Outstanding Share Data

As of the date hereof, there were 37,044,389 common shares outstanding, 1,750,000 options and 4,357,794 warrants outstanding to acquire one common share each.

The Company has established a stock option plan for its directors, officers, employees and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. As of the date hereof there were 1,750,000 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

	3rd Quarter (2013)	**2nd Quarter (2013)**	**1st Quarter (2013)**
Period Ended	**June 30, 2013 $'000**	**March 31, 2013 $'000**	**December 31, 2012 $'000**
Total Revenue	3,574	5,005	5,032
Net income (loss)	(1,656)	201	229
Basic earnings (loss) per share	($0.04)	$0.01	$0.01
Diluted earnings (loss) per share	($0.04)	$0.01	$0.01
Total assets	35,957	30,361	30,253
Total long-term debt	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 and nine month periods ended June 30, 2013 and a comparison to the three and nine month periods ended June 30, 2012 and the three month period ended March 31, 2012.

5. Critical Accounting Estimates

The preparation of Almonty's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described in more detail in Note 3 of the audited consolidated financial statements of Almonty as at September 30, 2012 and for year then ended.

6. New Accounting Standards and Interpretations

New Accounting Standards and Interpretations Not Yet Adopted

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

Reference	Title	Application date for Almonty
IFRS 9	Financial Instruments	October 1, 2013
IFRS 10	Consolidated Financial Statements	October 1, 2013
IFRS 11	Joint Arrangements	October 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	October 1, 2013
IFRS 13	Fair Value Measurement	October 1, 2013
IAS 19	Employee Benefits (revised)	October 1, 2013
IAS 28	Investments in Associates and Joint Ventures (revised)	October 1, 2013
IFRIC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	October 1, 2013

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

7. Related Party Transactions

There were no related party transactions that occurred during the three or nine month periods ended June 30, 2013.

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

	2013	2012
Short-term cash compensation	87	50
Long-term Directors' incentive share-based compensation	65	45
Total compensation of key management personnel	**152**	**95**

Compensation of key management personnel of Almonty during the nine month period ended June 30

	2013	2012
Short-term cash compensation	281	150
Long-term Directors' incentive share-based compensation	95	135
Total compensation of key management personnel	**376**	**285**

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 June 30, 2013 have resulted in the tungsten recovery rate improving to 65.0% during the month of August 2013. The tungsten recovery rate for the three months ended June 30, 2013 dropped to 56.9% as the Company slowed/stopped processing operations during May 2013 to finalize the installation of tungsten recovery equipment. Recoveries and production were further impacted as a result of a stoppage on June 23, 2013 for the balance of Q3 2013 as a result of a fire that destroyed the Company's electrical generating capabilities. Subsequent to restarting mineral processing after the fire the Company's tungsten recovery rate has stabilized at 65% and 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 2013. The solutions implemented by the Company should enable the tungsten recovery rate to be maintained at a minimum of 65% plus level in future periods across all types of ore that may be encountered at the Los Santos Project. Almonty also anticipates that it will be in a position to complete its connection to the Spanish electricity grid prior to the end of fiscal 2013. The connection is expected to deliver material cost savings when it is completed. 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 results are currently being analyzed and the Company of the 2013 exploration program have been completed and the results are currently being analyzed. The Company is working towards the completion of an updated NI 43-101 technical report prior to the end of calendar 2013.

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 8 years (approximately 4 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.

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 June 30, 2013, the value of the € relative to the CAD$ increased from €1.00 = CAD$1.3042 as at March 31, 2013 to €1.00 = CAD$1.3676 as at June 30, 2013, resulting in the Company recording a cumulative translation adjustment gain of $1,060 for the three months ended June 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 nine months ended June 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$1.3676 as at June 30, 2013, resulting in the Company recording a cumulative translation adjustment gain of $1,716 for the nine months ended June 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 $6,379 in unsecured long-term debt outstanding at varying levels of fixed and floating interest rates between 4.87-6.53% as at June 30, 2013. The floating rate debt totaled $3,468 as at June 30, 2013 and is based on a fixed spread over the Euribor rate. Any movement in the 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 (0.01%) movement in the Euribor rate will cause the amount the Company is required to pay in monthly interest to fluctuate +/- $3. 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 June 30, 2013, Almonty had $116 in capital lease obligations that carry interest rates between 2.75% and 8.50% with terms to maturity between 1 years and 3 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 unaudited consolidated interim financial statements for the three and nine month periods ended June 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 unaudited consolidated interim financial statements, and (ii) the unaudited consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of June 30, 2013, and for the three and nine month periods ended June 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.

August 28, 2013

On behalf of Management and the Board of Directors,

"Lewis Black"

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Chairman, President and Chief Executive Officer

Glossary of Terms

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