Management's Discussion and Analysis

For the Three and Six-Month Periods Ended March 31, 2017

REPORT DATED: May 30, 2017

1. Introduction

This management's discussion and analysis ("**MD&A**"), dated May 30, 2017, provides a review of, and discusses the financial position and results of operations of Almonty Industries Inc. (TSX-V: AII) ("**Almonty**" or the "**Company**") for the three and six-month periods ended March 31, 2017. It should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company and notes thereto for the three and six month periods ended March 31, 2017 (the "**Q2 2017 Financial Statements**").

The Company's management is responsible for the preparation of the Company's 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 Q2 2017 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 Q2 2017 Financial Statements and this MD&A on May 30, 2017.

The Q2 2017 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), Accounting Standard No. 34.

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

Additional information about the Company, including the Q2 2017 Financial Statements, 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 the economic environment in which it operates. Forward-looking statements may include, but are not limited to, statements with respect to possible acquisitions, demand for tungsten, tungsten prices, tungsten recovery and production, reductions in operating and unit production costs, improvements in efficiencies or reduction in dilution, 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 licenses, 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 and under the heading "Risk Factors" in the Company's Annual Information Form January 30, 2017 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. Capitalized terms used but not otherwise defined herein have the respective meanings ascribed thereto in the glossary of terms.

2. Overview

Almonty is a publicly-traded company listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "AII". The principal business of Almonty is the mining, processing and shipping of tungsten concentrate from the Los Santos tungsten mine located near Salamanca, Spain (the "**Los Santos Mine**"), the processing and shipping of tungsten concentrate from the Panasqueira tin and tungsten mine in Covilha, Castelo Branco, Portugal (the "**Panasqueira Mine**"), the refurbishment of the Wolfram Camp tungsten and molybdenum mine located near the town of Dimbulah, Queensland, Australia (the "**Wolfram Camp Mine**"), as well as the evaluation of the Sangdong tungsten mine located in Gangwon Province, Republic of Korea (the "**Sangdong Mine**") and the evaluation of the Valtreixal tin and tungsten project located in Western Spain in the province of Zamora (the "**Valtreixal Mine**").

The Los Santos Mine was acquired by Almonty in September 2011 and is located approximately 50 kilometers from Salamanca in western Spain and produces tungsten concentrate. The Wolfram Camp Mine was acquired by Almonty in September 2014 and is located approximately 130 kilometers west of Cairns in northern Queensland, Australia. The Panasqueira Mine, which has been in production since 1896 and is located approximately 260 kilometers northeast of Lisbon, Portugal, was acquired in January 2016. The Sangdong Mine, which was historically one of the largest tungsten mines in the world and one of the few long-life, high-grade tungsten deposits outside of China, was acquired by Almonty in September 2015. Almonty owns a 100% interest in the Valtreixal Mine project in northwestern Spain, having exercised its option to acquire the remaining ownership in the mine on December 21, 2016.

Almonty acquired 100% of the share capital of Wolfram Camp Mining Pty Ltd ("**WCM**") and Tropical Metals Pty Ltd ("**TM**") (which collectively own a 100% interest in the Wolfram Camp Mine) from Deutsche Rohstoff AG ("**DRAG**") on September 22, 2014. Production at the Wolfram Camp Mine has been suspended during the period of time that Almonty is refurbishing the mill. The Company estimates that it will be back in production before the end of calendar 2017, pending a sustained increase in the quoted price for an MTU of APT.

On January 6, 2016, Almonty acquired 100% of the issued and outstanding shares of Beralt Ventures Inc. ("**BVI**") from Sojitz Tungsten Resources Inc. for €1.00. In connection, therewith, Almonty acquired and purchased €12,260 in aggregate principal amount of debt owed by Beralt Tin & Wolfram (Portugal), S.A. ("**Beralt"**), a wholly-owned subsidiary of BVI, to Sojitz Corporation of Japan in exchange for a cash payment of €1,000 on closing and a promissory note issued by Almonty in the principal amount of €500, bearing interest at 4% per annum, maturing December 29, 2017 (the "**January 2016 Note**"). BVI, through its wholly-owned subsidiaries, is the 100% owner of the Panasqueira Mine.

On December 21, 2016 Almonty exercised its option to acquire the remaining 49% of the Valtreixal Mine it did not already own for payment of Euro 1.5 million. Almonty now owns a 100% interest in the Valtreixal Mine.

Further information about the Company's activities may be found at www.almonty.com and under the Company's profile at www.sedar.com.

Market for Tungsten Concentrate

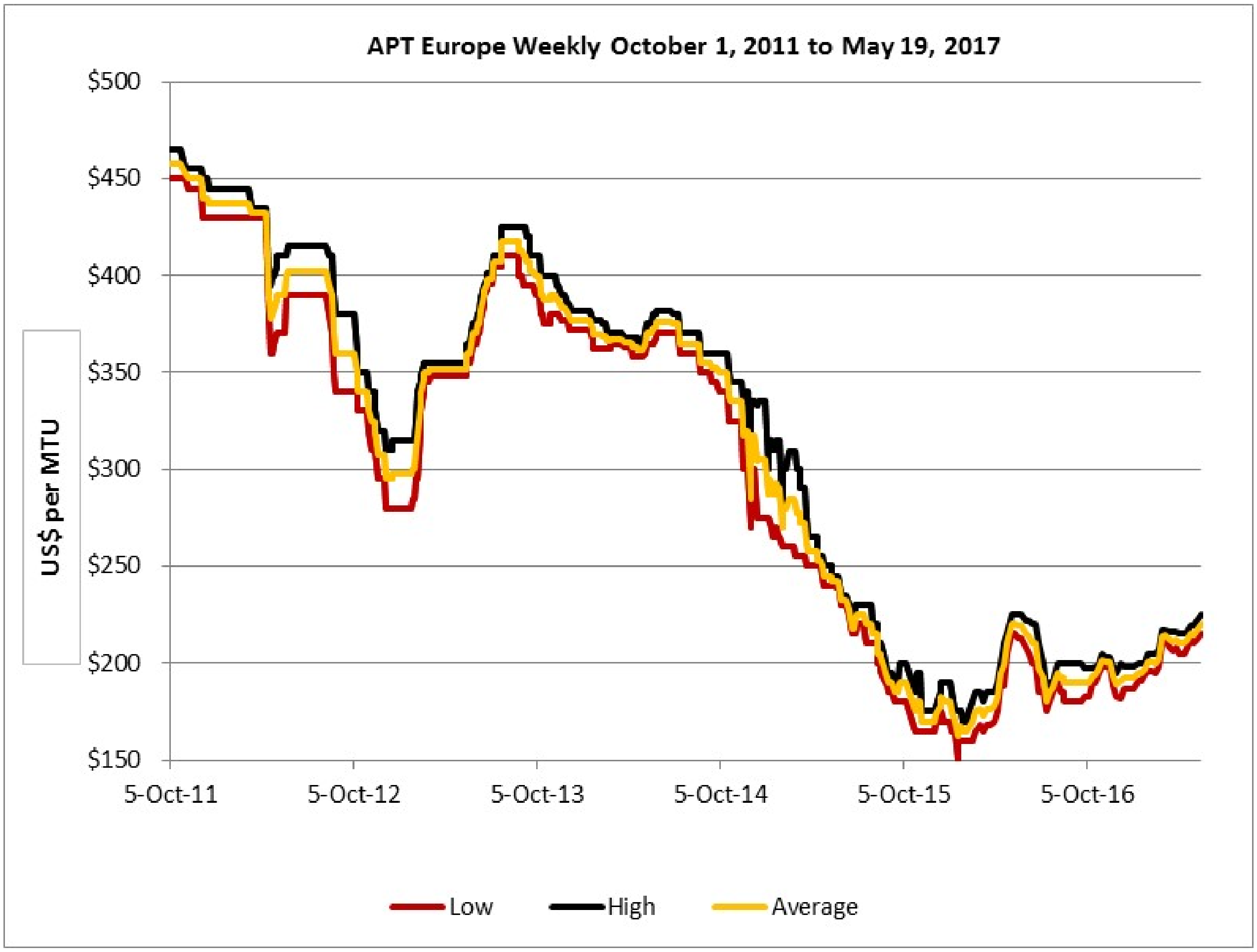
Market demand for tungsten concentrate continued to be stable during the second quarter of fiscal 2017, although the current pricing environment continues to be challenging from a cash flow perspective. During Q2 2017 the Company entered in to several 12-month fixed price contracts for the supply of tungsten concentrate. Effective January 1, 2017 100% of the production of the Panasqueira mine for calendar 2017 is at a fixed price of US$210/MTU, the equivalent price of US$269/MTU of APT assuming an industry standard 22% discount for an MTU of WO3 tungsten concentrate. In addition, effective February 1, 2017, the Company entered into a fixed price contract at its Los Santos mine where by approximately 80% of the production of the mine is subject to a fixed price of US$192.50 for an MTU of WO3 tungsten concentrate. This implies a price of US$247 per MTU of APT assuming an industry standard discount factor of 22% for tungsten concentrate. The spot-market price of an MTU of APT averaged US$204 for European APT during Q2 2017, an increase of US$10 over the pricing level experienced in Q1 2017. The balance of production at the Company's Los Santos mine is subject to market pricing. The fixed price contracts represent premiums of 31.8% and 21.0% respectively for production from Panasqueira and Los Santos. Management expects that the limited quantities of "spot" concentrate available in the market will help with continued price improvement in the near to mid-term (between now and the end of calendar 2017) with several forecasting services projecting prices in the US$250 per MTU of APT by December 31, 2017. The Company's primary customers continued purchasing substantially all production from Almonty's operations over and above the minimum volumes specified in the Supply Agreements (as hereinafter defined) during the three-month period ended March 31, 2017. The fixed price contracts have already had a positive impact the cash flow of the Company's Panasqueira Mine and Los Santos Mine during Q2 2017 and continues to do so in the first half of Q3 2017.

Tungsten prices according to the MB European quotation for APT (from which Almonty's concentrate prices are derived by varying formulae under its Supply Agreements) averaged the following:

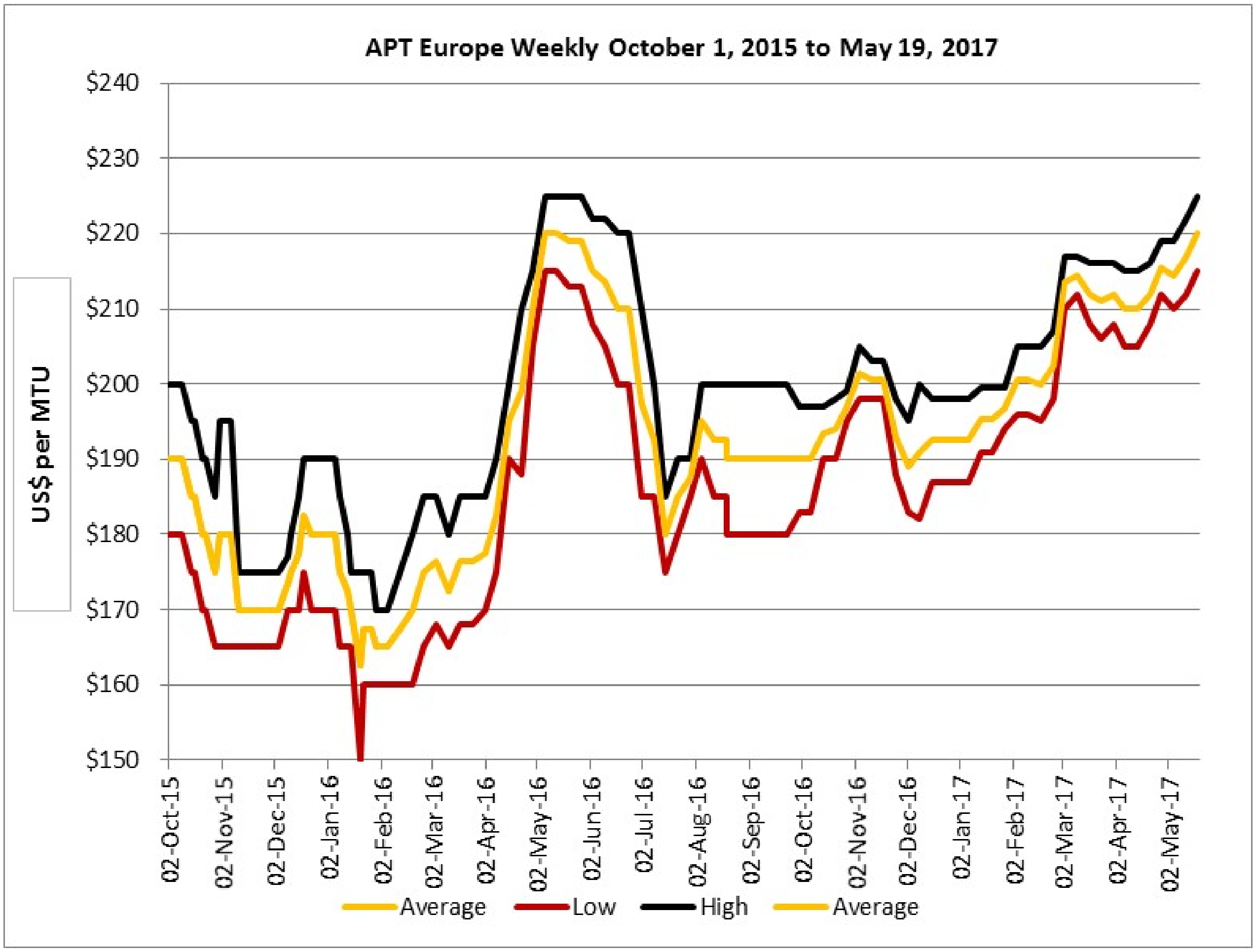
Three Months ended	Tungsten APT European Average High -Low US$/MTU	Year ended	Tungsten APT European Average High -Low US$/MTU
31-Dec-11	$448		
31-Mar-12	$436		
30-Jun-12	$400		
30-Sep-12	$384	30-Sep-12	$417
31-Dec-12	$324		
31-Mar-13	$325		
30-Jun-13	$364		
30-Sep-13	$411	30-Sep-13	$356
31-Dec-13	$387		
31-Mar-14	$370		
30-Jun-14	$370		
30-Sep-14	$362	30-Sep-14	$372
31-Dec-14	$327		
31-Mar-15	$282		
30-Jun-15	$242		
30-Sep-15	$207	30-Sep-15	$264
31-Dec-15	$178		
31-Mar-16	$172		
30-Jun-16	$207		
30-Sep-16	$190	30-Sep-16	$184
31-Dec-16	$194		
31-Mar-17	$204		

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

Almonty prices its tungsten concentrate product (on volumes of material that are not subject to a fixed price contract) in relation to the prior month's average quoted price for APT on the MB European quotation service and the Metal Pages pricing service.



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



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

Los Santos Mine

Summary operating information for the Los Santos Mine is set forth below:

	Three Months Ended Mar 31, 2017	Three Months Ended Mar 31, 2016	Six Months Ended Mar 31, 2017	Six Months Ended Mar 31, 2016	Three Months Ended Dec 31, 2016	Year Ended Sept 30, 2016
Ore treated (tonnes)	121,564	126,400	245,075	259,693	123,511	519,803
WO_3 produced (MTU)	17,368	20,688	32,155	47,492	15,040	93,102
WO_3 sold (MTU)	17,032	19,615	31,562	46,268	14,530	94,201
Sales revenue (US$ million)	3.3	3.4	5.4	9.0	2.1	15
Cash operating costs (US$/MTU)	108	99	112	89	116	91
Waste rock and ore mining costs, including deferred stripping costs (US$/MTU)	126	81	124	59	120	68
All in cash operating costs (US$/MTU)	234	180	236	148	236	159
Ore mined (tonnes)	115,302	132,301	193,805	278,676	78,504	522,782
Average grade WO_3 mined	0.30%	0.28%	0.25%	0.33%	0.18%	0.35%
Average WO_3 recovery rate	55.3%	59.7%	55.8%	61.0%	56.3%	60.2%

MTU production during the three months ended March 31, 2017 decreased 16.8% when compared to the three months ended March 31, 2016. Production increased 15.4% when compared to production during Q1 2017. The grade of ore milled during Q2 2017 was significantly lower than the grade of ore milled during Q2 2016 as a result of the Company working through the low grade of ore that was mined during Q1 2017. Mined ore grades during Q2 2017 returned to the longer-term normalized grade of 0.30% which should benefit MTU production in future periods. The decreased grades of ore mined during Q1 2017, and processed during Q2 2017, resulted from ore mined in a new pit that was opened during the end of Q4 2016 and mined extensively during Q1 2017. This resulted in a substantial increase in the amount of waste rock moved during Q1 2017 when compared to prior periods. Production began to return to normal levels in February 2017 and is expected to be back to regular production volumes in Q3 2017 after the Company has finished working through the low-grade ore in inventory from the new pit opening. The reduction in grade and tungsten recovery rates from oxidized ore associated with new pit openings is consistent with past experience. Tungsten recovery rates for Q2 2017 were in line with the comparative periods when lower grade, oxidized ore, from newly opened pits were processed historically. The grade of ore milled has an impact on the tungsten recovery rate, with lower grades typically resulting in lower recovery rates when compared to higher grades. The decrease in MTU production during Q2 2017 when compared to Q2 2016 was directly attributable to the lower grade of ore processed during the quarter as well as the processing of oxidized ore. Increased tungsten recovery rates are expected in future periods when the higher grade of ore mined during Q2 2017 is processed. The lower grade ore processed in Q2 2017 led to an increase in unit production costs during Q2 2017 when compared to Q2 2016 and Q1 2017. Almonty continues to focus on cost control and its cost reduction program. Unit cash operating costs are anticipated to continue a downward trend but are approaching the theoretical cost limits of the Los Santos operations. Additional decreases in unit costs will be dependent on improvements in the tungsten recovery rate. Unit costs are expected to continue their variability in the +/- 10% range over time along with the variability in the grade of ore milled during any give period.

Almonty continued its work with third party consultants in evaluating its tailings reprocessing methodology, running bulk samples through the existing plant in Q1 and Q2 2017 as well as continued sampling through a testing circuit. Results to date have reaffirmed management's belief that the planned tailings reprocessing methodology will enable it to economically reprocess the stockpile of tailings inventory as outlined in the technical report dated October 31, 2015 prepared pursuant to NI 43-101 entitled "Technical Report on the Mineral Resources and Reserves of the Los Santos Mine Project, Spain" (the "**Los Santos Technical Report**"). The tailings recovery rate contained in the Los Santos Technical Report assumes no additional modifications will be carried out in the mill processing circuit and assumes a tungsten recovery rate of 46%. Based on additional testing work carried out by Almonty in connection with the design and testing of the milling circuit for the Sangdong mineral processing plant (also a scheelite ore deposit), the Company believes that it will be able to achieve a tungsten recovery rate in the tailings in excess of 52% with minimal capital expenditures required to modify the existing processing circuit. These plant modifications are expected to be implemented in the latter half of fiscal 2019 after the mine has been depleted of its ore reserves. The exact timing of this changeover is dependent on Almonty's ability to identify additional ore resources at the Los Santos Mine through continued exploration activities.

Effective February 1, 2017 the Company entered into several fixed priced contracts representing 100% of the output of the Panasqueira mine's tungsten concentrate production. See the discussion above under the section titled Market Demand for Tungsten Concentrate.

Wolfram Camp Mine

Almonty ceased all fresh ore mining towards the end of Q2 2016 as previously reported and suspended all ore mining activity (including mineralized waste mining and processing) during Q3 2016 and shutdown the milling circuit to concentrate on the construction of a new tailings dam and continue with the installation of new equipment and the upgrading of the milling circuit. The shutdown led to several redundancies in the labour force at the mine site and revaluation of the work program at the mine site – leading to a reduction in the planned work week, mining schedule and milling throughput once the operations are brought back on line. The decision to restart the mining and milling process will depend on a sustained improvement in the forecast price of APT. Optimization of the operations is continuing as scheduled during the shutdown period. The Company has carried out extensive testing on the revamped design of the milling and processing circuit, based in part on its extensive experience of mining and processing wolframite ore at its Panasqueira Mine and is confident that significant costs savings will be realized once production has resumed. The revamped testing and revised milling circuit has been documented in a revised NI 43-101 Technical Report on the Wolfram Camp Mine dated March 31, 2017 that has been filed on SEDAR and is available on the Company's website.

Summary operating information for the Wolfram Camp Mine is set forth below:

	Three Months Ended Mar 31, 2017	Three Months Ended Mar 31, 2016	Six Months Ended Mar 31, 2017	Six Months Ended Mar 31, 2016	Three Months Ended Dec 31, 2016	Year Ended Sept 30, 2016
Ore treated (tonnes)	0	48,078	0	73,897	0	73,897
WO_3 produced (MTU)	0	4,436	0	7,327	0	7,327
WO_3 sold (MTU)	0	6,230	0	9,316	0	9,316
Sales revenue (US$ million)	0	1.0	0	1.4	0	1.4
Cash processing costs (US$/MTU)	0	354	0	386	0	386
Cash mining costs (US$/MTU)	0	111	0	108	0	108
All in cash operating costs (US$/MTU)	0	465	0	494	0	494
Ore mined (tonnes)	0	24,006	0	24,006	0	24,006
Average grade WO_3 mined	0.00%	0.21%	0.00%	0.21%	0.00%	0.21%
Average WO_3 recovery rate	0.0%	48.2%	0.0%	54.7%	0.0%	54.70%

Almonty has reworked the proposed tailings dam to significantly reduce its size and capital cost while still meeting the requirements of its mining and exploitation permits. The Company is working on initiatives to reduce the amount of additional security that will need to be posted with the Queensland government as a financial assurance amount to cover estimated reclamation cost once all the ore has been mined and mining operations have ceased. The proposed reduction is directly linked to the much smaller area of disturbance that will result from the revamped design of the tailings dam. Almonty expects that the per unit production costs will decrease significantly once activity levels return to normal levels on completion of the optimization plan.

Valtreixal Mine

During Q1 2017 Almonty exercised its option to acquire the remaining 49% interest in the project for a payment of €1.5 million in December 2016, a reduction of €750 from the previously agreed price, resulting in a much-needed savings of capital on the acquisition. The Company is continuing to carry out work on the project and is working towards a final decision on proceeding with the development of the project. The Company continues to fine tune its planning and budgeting for the potential build-out and commissioning of the Valtreixal Mine.

Sangdong Mine

On September 15, 2015, Almonty reached an agreement with TaeguTec Ltd. ("**TaeguTec**") for an extension to March 31, 2016 of the indebtedness of Sangdong Mining Corporation (now renamed Almonty Korea Tungsten Corporation) owed to TaeguTec (in the outstanding principal amount of approximately $6,330 after deducting the $5,000 payment that was made to TaeguTec by Almonty as part of the agreement) on similar terms as the original debt previously due on September 15, 2015. On March 31, 2016 Almonty reached an agreement with TaeguTec for a further extension of the indebtedness of Almonty Korea Tungsten to December 31, 2016 on the same terms as the original debt previously due on March 31, 2016. On November 28, 2016, Almonty repaid all principal outstanding and interest owing to TaeguTec totaling $6,550. The loan was repaid out of funds drawn on the Company's previously announced working capital loan agreement (this loan is now fully drawn). In addition to the repayment to TaeguTec, the parties terminated all the other agreements that were previously in effect between the parties relating to the Sangdong Mine.

On December 31, 2015, Almonty completed an updated technical report prepared pursuant to NI 43-101 entitled "Technical Report on the Mineral Resources and Reserves of the Sangdong Project, South Korea" (the "**Sangdong Technical Report**") that is available under Almonty's profile on SEDAR (www.sedar.com) and on the Company's website (www.almonty.com).

On January 29, 2016, Almonty completed an update to the feasibility study of the Sangdong Mine that resulted from information gathered during Almonty's due diligence associated with the acquisition of Woulfe Mining Corp. The analysis of additional exploration data that was not previously considered as part of the old feasibility study that was filed on June 5, 2015, led to the updated National Instrument 43-101 technical report on the Sangdong Mine that was filed by Almonty on January 6, 2016. This in turn led to a review of the mining methods and mine development plan, which have now been adapted to Almonty's overall vision for the long-term potential of the project. A copy of the feasibility study is available on the Company's website (www.almonty.com).

On July 26, 2016, the Company announced that the Credit Committee of the Korean Development Bank (the "**KDB**"), a state-owned bank in Korea, has entered into a binding Letter of Commitment (the "**LoC**") for a six (6) year term loan facility of Korean Won 50.0 billion ($57.9 million at the prevailing exchange rate as at July 26, 2016) with the KDB (the "**KDB Loan**").

One of the conditions of the KDB LoC required Almonty to raise subordinated financing (equity, subordinated debt or other financing that ranked below the KDB Loan) by January 26, 2017 to fund the balance of the planned build-out costs of the Sangdong Mine prior to KDB entering into the KDB Loan with Almonty. As a result, KDB now has the right to terminate the LoC. Almonty is continuing discussions with KDB regarding the LoC. There is no guarantee that Almonty will be able to negotiate an extension to the LoC and the KDB could cancel the current LoC at any time.

Almonty is also working with other financial institutions as well as industry participants on financing alternatives, including sufficient funding to replace the KDB Loan and fund Sangdong in its entirety. The Company is continuing with the development and permitting required to commence construction once the appropriate finding package has been put in place. Almonty is continuing to work with POSCO on the proposed engineering, procurement and construction ("**EPC**") contract and expects to be in a position to execute the EPC contract once funding has been secured. Almonty is also working on an offtake agreement with several industry participants for the full production of the planned Sangdong Mine. The Company is on track, subject to securing appropriate financing, to bring the Sangdong Mine into commercial production in the second half of calendar 2018

Panasqueira Mine

On January 6, 2016 Almonty acquired a 100% ownership interest in BVI from Sojitz Tungsten Resources, Inc. for €1.00. BVI, through its wholly-owned subsidiaries, is the 100% owner of the various rights and interests comprising the Panasqueira Mine. In connection therewith, Almonty acquired and purchased €12,260 in aggregate principal amount of debt owed by Beralt, a wholly-owned subsidiary of BVI, to Sojitz Corporation of Japan in exchange for a cash payment of €1,000 on closing and a promissory note issued by Almonty in the principal amount of €500, bearing interest at 4% per annum, maturing December 29, 2017. There is presently €375 outstanding on the promissory note. The Panasqueira Mine has been in production since 1896, and is located approximately 260 kilometers northeast of Lisbon, Portugal. The Company has determined that the operations of BVI represent a business, and as such, the acquisition has been accounted for as a business combination.

The following represents the allocation of the purchase price:

	Fair value at acquisition date
Assets acquired	
Cash and cash equivalents	683
VAT Receivable	499
Inventory	5,515
Other current assets	305
Plant and equipment	34,143
Deferred tax asset	161
Other assets	327
Total assets	**41,633**
Liabilities assumed	
Trade and other payables	1,759
Other liabilities and accruals	2,431
Long-term debt	70
Employee benefit obligation	190
Restoration provision	34,910
Total liabilities	**39,360**
Net assets acquired	**2,273**
Consideration:	
Cash	1,516
Promissory note	757
Total consideration	**2,273**

Direct transaction costs of $146 were expensed during the year ended September 30, 2016.

On February 12, 2016 Almonty entered into a 5-year off-take agreement with the Panasqueira Mine on similar terms as the existing off-take agreements at both its Los Santos Mine and its Wolfram Camp Mine. This off-take agreement is in addition to the distribution agreement currently in place with Sojitz Corporation (the former owner of the mine) for the sale of tungsten concentrate from the mine to Japanese based customers.

Almonty filed an updated NI 43-101 compliant technical report on the Panasqueira Mine on SEDAR on February 23, 2017. The report is dated December 31, 2016.

Summary operating information for the Panasqueira Mine:

	Three Months Ended Mar 31, 2017	Three Months Ended Mar 31, 2016	Six Months Ended Mar 31, 2017	Three Months Ended Dec 31, 2016	Year Ended Sept 30, 2016
Ore treated (tonnes)	193,412	146,347	300,834	154,487	601,596
WO_3 produced (MTU)	21,015	15,701	32,491	16,790	66,164
WO_3 sold (MTU)	20,103	17,982	35,908	17,926	71,787
Sales revenue (US$ million)	4.3	2.5	5.3	2.8	11.3
Cash processing costs (US$/MTU)	68	62	68	73	67
Cash mining costs (US$/MTU)	110	138	110	143	134
All in cash operating costs (US$/MTU)	178	200	178	216	201
Ore mined (tonnes)	193,696	164,180	317,252	153,072	611,252
Average grade WO_3 mined	0.10%	0.07%	0.10%	0.10%	0.10%
Average WO_3 recovery rate	80.00%	80.00%	80.00%	80.30%	80.20%

Almonty acquired the Panasqueira Mine on January 6, 2016. Results presented above for the Six months ended March 31, 2016 only includes 3 months of production from January 6, 2016 to March 31, 2016 when Almonty owned the mine. Data for the year ended September 30, 2016 includes the three months ended December 31, 2015 when Almonty did not own the mine.

Almonty continued its focus on cost reduction and all-in-production costs at Panasqueira continued to decrease. Mined grades continued to improve throughout Q2 2017 and into Q3 2017 as expected under the revised mine plan implemented by Almonty since its acquisition in January 2016. Mined grades in Q2 2017 are also showing significant improvements in the content of by-product payable metals as well (copper and tin) which help reduce the operating costs of the mine. Overall production volumes of tungsten concentrate in Q2 2017 were up 33.8% over Q2 2016 and up 25.1% over tungsten production volumes during Q1 2017. Panasqueira is a poly metallic wolframite deposit as opposed to a skarn deposit scheelite mine like Los Santos. Tungsten recovery rates for wolframite deposits are typically higher than for scheelite deposits. The Panasqueira Mine has some of the highest tungsten recovery rates in the industry.

Almonty anticipates that the grades of ore mined will begin trending towards the long-term average of the remaining life of mine of 0.185% (see NI 43-101 technical report on the Panasqueira Mine filed on SEDAR under Almonty's profile, also available on the Company's website www.almonty.com) through the refinement of the life of mine plan. The expected increased grades are continuing to have an impact on the level of production currently being experienced and the increase in contained tungsten is also having a positive impact on unit costs as at the date of this MD&A. Almonty has also entered into several one-year fixed price off-take agreements with its existing customers at the Panasqueria Mine. The net price to be received by Almonty under the contracts is US$210 per MTU of contained WO3, equating to an effective price of US$269 per MTU of APT (assuming an industry standard discount of 22% to the price of APT when pricing MTUs of WO3). Please refer to Almonty's press release dated November 29, 2016. The improving grade, coupled with Almonty's continued focus on cost control and the fixed price contacts that came into effect on January 1, 2017 enabled the Panasqueira Mine to reach positive operating cash flow in Q2 2017.

Almonty continued the metallurgical testing of the metal content of one of the tailings ponds at the Panasqueira Mine. This tailings pond contains more than 40 years of tailings and management believes there is a significant amount of economically recoverable WO3 contained in the tailings. In addition to the contained tungsten ore, the tailings also contain both copper and tin ore as the tailings in the pond are from a time when the milling circuit was not set up to recover the tin and copper from the ore being processed. Almonty is continuing its analysis of both the grade and economic recoverability of the contained metals in the tailings. On March 2, 2017 Almonty filed an updated NI 43-101 technical report. The updated reserve estimate of 1,951,000 tonnes at a grade of 0.20% WO3 represents an increase in the reserve base of over 14%, in addition the inferred resources increased by approximately 125%. The updated NI 43-101 Technical Report is available on SEDAR under Almonty's profile and is available on the Company's website (www.almonty.com).

On May 15, 2017, the Company announced that it had entered into an agreement with Crominet Mining Processing SA (PTY) Ltd ("**Crominet**") whereby Crominet will install and operate a series of XRT ore sorting and other ancillary equipment with sufficient capacity to treat all of the tailings generated by Panasqueira's heavy media separation unit. The installation of the XRT ore sorting equipment is expected to increase the overall tungsten recovery rate at the mine by 10%. The XRT ore sorting installation is expected to be operational by the end of October 2017.

3. Financial Highlights

The following financial information is for the periods from January 1, 2017 to March 31, 2017, from January 1, 2016 to March 31, 2016, from October 1, 2016 to March 31, 2017 and, from October 1, 2015 to March 31, 2016.

	Three Months Ended 31-Mar-17 $'000	Three Months Ended 31-Mar-16 $'000	Six Months Ended 31-Mar-17 $'000	Six Months Ended 31-Mar-16 $'000
Gross Revenue	10,175	10,377	17,235	18,558
Mine production costs	9,224	10,908	16,170	19,590
Inventory write-down	-	-	548	-
Depreciation and amortization	1,553	3,081	2,494	5,100
Earnings (loss) from mining operations	(602)	(3,612)	(1,977)	(6,132)
General and administrative costs	2,529	2,139	4,227	3,757
Earnings (loss) before the under noted items	(3,131)	(5,751)	(6,204)	(9,889)
Interest expense	621	555	1,277	1,090
Foreign exchange (gain) loss	(253)	(1,447)	570	(878)
Tax provision	-	(392)	-	(392)
Net income (loss) for the period	(3,499)	(4,467)	(8,051)	(9,709)
Income (loss) per share basic	($0.03)	($0.05)	($0.07)	($0.11)
Income (loss) per share diluted	($0.03)	($0.05)	($0.07)	($0.11)
Dividends	-	-	-	-
Cash flows provided by (used in) operating activities	2,002	(631)	2,697	262
Cash flows provided by (used in) investing activities	(3,261)	(3,657)	(8,004)	(5,583)
Cash flows provided by (used in) financing activities	58	7,680	2,492	7,973

The following table sets forth a summary of the Company's consolidated financial position as of the date presented:

	31-Mar-17	30-Sep-16
	$'000	$'000
Cash	1,266	4,215
Restricted cash	1,351	1,336
Total assets	167,079	167,766
Bank indebtedness	7,904	4,456
Long-term debt	59,327	56,497
Shareholders' equity	25,804	35,569
Other		
Outstanding shares ('000)	110,896	110,896
Weighted average outstanding shares ('000)		
Basic	110,896	107,871
Fully diluted	110,896	107,871
Closing share price	$0.28	$0.27

Three Months Ended March 31, 2017 ("Q2 2017") Compared to the Three Months Ended March 31, 2016, ("Q2 2016")

	Production		Shipments		APT USD/MTU	
Q2 March 31	2017	2016	2017	2016	2017	2016
Los Santos	17,368	20,688	17,032	19,615		
Panasqueira	21,015	15,701	20,103	17,982		
Wolfram Camp	0	4,436	0	6,230		
Total	38,383	40,825	37,135	43,827	$204	$172
	(6.0%)		(15.3%)			

Gross revenue for Q2 2017 was $10,175 ($10,377 for Q2 2016). Production volumes were down when compared to Q2 2016. Production decreased by 6.0% overall with the declines in production at Los Santos due to lower grade ore mined and processed being offset by increases in production at Panasqueira due to improving grade and higher throughput. The increase in production at Panasqueira was not enough to also off-set the decrease in production at Wolfram Camp. Shipment volumes decreased by 15.3% when compared to Q2 2016 due to decreases in shipments at the Los Santos mine and the curtailment of processing at the Company's Wolfram Camp mine being partially offset by an increase in shipment volume at the Company's Panasqueira mine. Overall revenue decreased marginally despite the low shipment volumes as the Company was able to benefit from the fixed price contracts that came into effect during Q2 2017 and also benefited from a higher average commodity price experienced during Q2 2017 for material not subject to fixed price contracts.

Mine production costs (including direct mining costs, milling costs and waste rock stripping costs associated with current production but excluding any impairment or the revaluation of inventory using the lower of cost and net realizable value because of any decreases in the commodity price) decreased by 15.4% when compared to Q2 2016. This decrease resulted from improved cost controls and lower stripping and mining costs experienced during Q2 2017 when compared to Q2 2016. Processing volumes decreased by 1.8% in Q2 2017 compared to Q2 2016. The large decrease in mine production costs was directly related to the increase in lower cost production volumes at the Company's Panasqueira mine (an increase of 32.2% in the volume of material processed during Q2 2017 when compared to volumes processed during Q2 2016) and the elimination of higher costs production at the Company's Wolfram Camp mine. Production volumes at the Company's Los Santos mine were in line with prior periods. The Company anticipates that the production costs at the Wolfram Camp Mine will decrease significantly once the operations are back on line, currently anticipated to be in calendar 2017. The decision to restart the mining and milling process at the Wolfram Camp Mine will depend on a sustained improvement in the forecast price of APT.

The Company carries out a quarterly revaluation of its ore and in-process ore and finished goods inventory as well as its stockpiles of long-term tailings inventory to ensure that the carrying is recorded at the lower of cost and net realizable value. Any adjustments to the carrying value of ore, in-process ore and finished goods inventory are included in costs of goods sold (mine production costs). Any adjustment to long-term tailings inventory is recognized as an impairment and the amount is expensed through the statement of operations. Changes in inventory values and write downs are recognized as an expense through mine operating costs in the statements of operations and comprehensive income (loss). The Company anticipates that the impairment charges incurred on the write-down of the long-term tailings stockpile in prior periods will be reversed in future periods once Almonty finalizes the metallurgical testing it is carrying out. Almonty is highly confident that the tungsten recovery rate on the tailings will be in excess of 52%. The current impairment analysis assumes a 46% recovery.

No write-downs of finished goods inventory were recognized during Q2 2017. The Company recognized a write-down of $548 on its finished goods inventory at WCM during Q1 2017.

In accordance with the Company's accounting policy, operating mines are tested for impairment when events or changes in circumstances suggest that their carrying amount may not be recoverable. The Company generally uses a discounted cash flow model to determine the value in use (VIU) for its operating mines where there are indicators of impairment. The assessment is done at the cash generating unit level ("**CGU")** level, which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. A CGU is generally an individual operating mine and its related long-term assets. An impairment loss is recognized when the carrying amount of the CGU exceeds the recoverable amount.

The Company considers the significant decrease in tungsten prices, specifically the revision downward of future forecast prices by third party pricing services as an indicator of possible impairment. Despite the recent improvement in the APT commodity price during Q2 2017, forecasting services have not yet adjusted their long-term pricing forecasts. Accordingly, management performed an impairment assessment for each of its two operating mines, the Los Santos Mine and Panasqueira Mine, as well as for the Wolfram Camp Mine that is expected to resume production once the refurbishment of the milling circuit has been finalized and the commodity price recovers.

The VIU was determined for each mine based on the NPV of future cash flows expected to be generated using the most recent life of mine plans. Future tungsten prices based on observable market or publicly available data was used to estimate future revenues and operating costs estimated based on current costs adjusted for anticipated changes. The future cash flows for each CGU were discounted using comparable discount rates for similar companies with the same market risk factors.

The key assumptions used in these impairment tests are summarized as follows:

	Assumptions	
	2016	**2015**
Future tungsten prices, per MTU	US$248 - US$350	US$231 - US$399
Discount rate - Spain	8%	8%
Discount rate - Portugal	11%	-
Discount rate - Australia	12%	12%
Life of mine – Daytal, Spain	8 years	8 years
Life of mine – Panasqueira, Portugal	12 years	-
Life of mine – Wolfram Camp, Australia	4 years	4 years

During Q4, 2016, the Company recognized an impairment loss relating to the Wolfram Camp Mine of $5,345 before tax that is included in the Loss from mining operations for the year. This charge was applied against mine development costs.

No impairment losses were recorded during Q2 2017 or during the 6-month period ended March 31, 2017.

Any variation in these key assumptions would result in a change of the assessed fair value. If a variation in assumption had a negative impact on fair value, it could indicate a requirement for impairment to the Company's mining assets.

It is estimated that changes in the key assumptions would have the following approximate impact on the fair value of each mine as at September 30, 2016, holding all other assumptions constant:

	Los Santos	**Panasqueira**	**Wolfram Camp**
10% change in tungsten prices	40.0%	37.7%	55.0%
1% change in discount rate	4.1%	6.0%	2.8%

The two largest factors in the impairment analysis were the forecast price of APT as reflected in the above table and the reserve and resource base. Should Almonty be able to increase the reserve and resource based at the Wolfram Camp Mine then the new reserve and resource estimates could be used in the VIU calculation and may lead to a reversal of the impairment charges incurred to date.

Depreciation and amortization expense for Q2 2017 decreased by 49.6% compared to Q2 2016 because of lower depreciation and amortization charges at the Panasqueira Mine when compared to the inclusion of depreciation and amortization at the Wolfram Camp Mine during Q2 2016 as well as a reduction in the amount of tungsten produced at the Los Santos Mine during Q2 2017. Almonty employs a unit-of-production basis for recording depreciation and amortization. (See Note 3 of the Company's Q2 2017 Financial Statements for additional information.)

Losses from mining operations, including inventory write-downs, were ($602) during Q2 2017, an improvement of $3,010 over Q2 2016 due to the addition of more cost-efficient production from the Company's Panasqueira mine and the curtailment of production at the Company's higher cost Wolfram Camp Mine. Almonty ceased production at the Wolfram Camp Mine while it continues with the optimization of the milling circuit and revises the mine plan. The Company anticipates that unit production costs will decrease significantly when production restarts once the optimization has been completed.

General and administrative costs increased by $39% during Q2 2017 when compared to Q2 2016 as a result of the inclusion of personnel and other related costs at Wolfram Camp being considered to be G&A costs during the period that the mine is being refurbished. Previously these costs were allocated to production costs when the mine was active. The costs at Wolfram Camp are expected to decrease significantly during the final phases of the refurbishment. 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.

Non-cash compensation costs of $nil were incurred during Q2 2017. This compares to a non-cash compensation expense of $nil during Q2 2016.

Interest expense increased by 11.9% during Q2 2017 as a direct result of the increase in long-term debt outstanding when compared to Q2 2016 due to increases in debt associated with the Company's working capital loan facilities.

Foreign exchange gains on the translation of United States dollar revenue into Euros and the revaluation of interest bearing long-term debt and non-interest bearing trade payables denominated in United States dollars of $253 were incurred during Q2 2017. This compared to a foreign exchange gain of $1,447 in Q2 2016.

The Net loss for Q2 2017 was ($3,499) or ($0.03) per common share. This compares to a net loss of ($4,467) or ($0.05) per common share, for Q2 2016.

Cash provided by (used in) operating activities totaled $2,002 and ($631) for Q2 2017 and Q2 2016, respectively.

Cash used in investing activities totaled $3,621 for Q2 2017 ($3,657 for Q2 2016). These amounts relate largely to the capitalized stripping costs at the Company's Los Santos Mine and capitalized exploration and evaluation expenditures related to the Company's Sangdong mine project in Korea.

Cash (used in) provided by financing activities totaled $58 and comprised principal repayments on existing debt of ($1,470) and proceeds from new borrowings of $1,528. during Q2 2017. Cash (used in) provided by financing activities during Q2 2016 was $7,680 consisting of repayment of long-term debt of ($2,298), proceeds from new borrowings of $6,793 and $3,215 from the issuance of common share and common share purchase warrants during the period.

Six Months Ended March 31, 2017 ("H1 2017") Compared to the Six Months Ended March 31, 2016, ("H1 2016")

	Production		Shipments		APT USD/MTU	
6 months March 31	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Los Santos	32,155	47,492	31,562	46,268		
Panasqueira	32,491	15,701	35,908	17,982		
Wolfram Camp	0	7,327	0	9,316		
	64,646	70,520	67,470	73,566	$199	$175
% Change	(8.3%)		(8.3%)			

Gross revenue for H1 2017 was $17,235 ($18,558 for H1 2016). Production and shipment volumes were both down 8.3% in H1 2017 when compared to H1 2016. The inclusion of a full six months of production from Panasqueira (an increase of 80% when compared to H1 2016) was not enough to off-set the decrease in shipments from Los Santos (a decrease of 30.5% when compared to H1 2016) and the decrease in shipments to nil at Wolfram Camp due to the curtailment of production and mining activities there. The decrease in both production and shipments at Los Santos was largely due to the Company dealing with lower grade ore from a new pit that was opened at the end of Q4 2017 – refer to additional discussion in the Q1 2017 MD&A for additional detail). Overall revenue decreased 7.1%, or $1,323, in H1 2017 when compared to H1 2016. The Company benefitted from a US$24 increase in the underlying commodity price of an MTU of APT during H1 2017 when compared to H1 2016 as well as benefit from the fixed price contracts that came into effect during Q2 2017.

Mine production costs during H1 2017 (including direct mining costs, milling costs and waste rock stripping costs associated with current production but excluding any impairment or the revaluation of inventory using the lower of cost and net realizable value because of any decreases in the commodity price) decreased by 17.5% when compared to H1 2016 despite the 11.8% increase in processing volumes in H1 2017 compared to H1 2016. The decrease in production costs resulted from improved cost controls and lower stripping and mining costs experienced during H1 2017 when compared to H1 2016 as well as the benefit of higher processing volumes from the Company's Panasqueira mine that has a significantly lower cost structure than the Company's Wolfram Camp mine that saw processing volumes decrease to nil during H1 2017. Production volumes at the Company's Panasqueira mine increased 94.7% in H1 2017 compared to H1 2016 more than offsetting the decline in processing volumes at Wolfram Camp and the 5.6% decline in processing volumes experienced at the Company's Los Santos mine. H1 2017 includes two full quarters of operations from Panasqueira compared to only one quarter in H1 2016. The Company anticipates that the production costs at the Wolfram Camp Mine will decrease significantly once the operations are back on line. The decision to restart the mining and milling process at the Wolfram Camp Mine will depend on a sustained improvement in the forecast price of APT.

The Company recognized a write-down of $548 on its finished goods inventory at WCM during H1 2017 (refer to the discussion of inventory write downs and impairment analysis above in the discussion of financial results for Q2 2017 for additional detail).

Depreciation and amortization expense for H1 2017 decreased by 51.1% compared to H1 2016 because of lower depreciation and amortization charges at the Panasqueira Mine when compared to the inclusion of depreciation and amortization at the Wolfram Camp Mine during H1 2016 as well as a reduction in the amount of tungsten produced at the Los Santos Mine during H1 2017. Almonty employs a unit-of-production basis for recording depreciation and amortization. (See Note 3 of the Company's Q2 2017 Financial Statements for additional information.)

Losses from mining operations, including inventory write-downs, were ($1,977) during H1 2017, an improvement of $4,155 when compared to a loss of ($6,132) in H1 2016 due to the addition of more cost-efficient production from the Company's Panasqueira mine and the curtailment of production at the Company's higher cost Wolfram Camp Mine. Almonty ceased production at the Wolfram Camp Mine while it continues with the optimization of the milling circuit and revises the mine plan. The Company anticipates that unit production costs will decrease significantly when production restarts once the optimization has been completed.

General and administrative costs increased $470 in H1 2017 when compared to H1 2016, with the inclusion of WCM site costs in G^& A due to the ceasation of all mining and processing activities. Previously $475 of these costs would have been included in Production costs had the Wolfram Camp mine been in production. These costs are expected to continue to decrease during th erefurbishment process.. 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.

Non-cash compensation costs of $nil were incurred during H1 2017. This compares to a non-cash compensation expense of $170 during H1 2016.

Interest expense increased by 17.2% during H1 2017 as a direct result of the increase in long-term debt outstanding under the Company's working capital loan facilities when compared to H1 2016.

Foreign exchange (losses) gains on the translation of United States dollar revenue into Euros and the revaluation of interest bearing long-term debt and non-interest bearing trade payables denominated in United States dollars of ($570) were incurred during H1 2017. This compared to a foreign exchange gain of $878 in H1 2016.

The Company also recognized a deferred tax provision of $nil in H1 2017 compared to a deferred tax provision gain of $392 in H1 2016.

The Net loss for H1 2017 was ($8,052) or ($0.07) per common share. This compares to a net loss of ($9,709) or ($0.11) per common share, for H1 2016.

Cash provided by (used in) operating activities totaled $2,696 and $262 for H1 2017 and H1 2016, respectively.

Cash used in investing activities totaled $8,004 for H1 2017 ($5,583 for H1 2016). These amounts relate largely to the capitalized stripping costs at the Company's Los Santos Mine and capitalized exploration and evaluation expenditures related to the Company's Sangdong mine project in Korea and the acquisition of the remaining 49% of the Company's Valtreixal mine project in Spain during H1 2017.

Cash (used in) provided by financing activities totaled $2,492 and comprised principal repayments on existing debt of ($9,725) and proceeds from new borrowings of $12,217. during H1 2017. Cash (used in) provided by financing activities during H1 2016 was $7,973 consisting of repayment of long-term debt of ($4,117), proceeds from new borrowings of $8,375 and $3,215 from the issuance of common share and common share purchase warrants during the period.

Liquidity and Capital Resources

As of March 31, 2017, the Company had sufficient cash resources, liquidity and undrawn bank lines to meet its current obligations at its operating subsidiaries and to fund working capital requirements and planned capital expenditures for Q3 2017. The Company had cash and receivables of $4,428 and net non-cash working capital of ($43,808) (Calculated as current assets (excluding cash) less accounts payable and accrued liabilities and deferred revenue, and the current portion of long-term debt, and excluding long-term tailings inventory) as at March 31, 2017. The Company believes that, based on the current price of APT, production subject to fixed price contracts, its forecast production schedule for the balance of fiscal 2017 and its ability to draw on existing loan facilities, it has the ability to generate sufficient cash flow to meet both its current and long-term obligations at its producing mines. The Company will, however, need to raise additional capital to continue funding the development of the Sangdong Mine, the ongoing refurbishment of the Wolfram Camp mill and to fund ongoing corporate overhead expenses during the balance of fiscal 2017. The current price of APT has reached levels where it is insufficient to cover the Company's cash operating costs on production volumes not subject to fixed price contracts. In addition, 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 (i) Spanish law requirements on minimum capital adequacy at Valtreixal Resources Spain SL, Daytal Resources Spain SL, (ii) Australian law requirements on minimum capital adequacy at Wolfram Camp Mine Pty Ltd and Tropical Metals Pty Ltd, (iii) Korean law requirements on minimum capital adequacy at Almonty Korea Tungsten, and (iv) Portuguese law requirements on minimum capital adequacy at Beralt Tin and Wolfram (Portugal) SA, there is no legal restriction on Almonty's ability to repatriate capital from its subsidiaries.

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 50%, which is consistent with industry standards. The Company may have a gearing ratio outside of this range for brief periods but over the long-term strives to maintain its gearing in this range. Almonty includes within net debt, interest-bearing loans and borrowings, trade and other payables, less cash, short term deposits and receivables from government tax authorities. Almonty is not exposed to any externally imposed capital requirements.

The Company had $59,327 in long-term debt (including convertible debentures and capital leases but excluding operating and bank lines) ($56,497 as at September 30, 2016), comprised of individual facilities with Spanish domiciled banks, one facility with a US subsidiary of an Austrian bank, debt owed to an industry participant, promissory notes owed to third parties and a promissory note owed to a shareholder as at December 31, 2016. See Note 10 in the Q2 2017 Financial Statements for additional detail regarding each component of long-term debt.

Summary of Long-term Debt

	March 31 2017	September 30 2016
Term and other loans - Euro	8,475	10,345
Term and other loans - US dollar	34,155	23,494
Term and other loans - Canadian dollar	4,561	11,010
Convertible debentures	10,880	10,718
Obligations under capital leases	1,256	930
	59,327	56,497
Less: Current portion	(18,964)	(27,172)
	40,363	29,325

Summary of Gearing Ratio

	March 31 2017	September 30 2016
Accounts payable and accrued liabilities	24,049	21,799
Bank indebtedness	7,904	4,456
Long-term debt	59,327	56,497
Less: Cash and receivables	(4,428)	(6,361)
Net debt	**86,852**	**76,391**
Shareholders' equity	25,804	35,569
Equity and net debt	**112,656**	**111,960**
Gearing ratio	**77.1%**	**68.2%**

The Company's approach to capital management did not change during Q2 2017. The gearing ratio exceeded the targeted range as at March 31, 2017 due to the continued deterioration in the commodity price environment having a negative impact on net income and increased levels of debt used to fund capital expenditures and operating costs during Q2 2017. The Company is working to improve its profitability, raise additional equity capital and / or reduce its outstanding debt levels in order to return the gearing ratio to targeted levels.

On December 31, 2015, Almonty reached an agreement with respect to an expansion of its existing guaranteed loan agreement by up to US$14,000 (the "**Support Agreement**"). The Company entered into a long-term US$7,000 working capital loan agreement (the "**Working Capital Loan**") with UniCredit Bank AG ("**UniCredit**"), representing the first tranche of funds under the Support Agreement whereby Almonty was able to draw down on the facility based on production and shipments and granting security over certain assets of the Company. Principal under the Working Capital Loan is due to UniCredit under a revolving facility based on production and APT pricing levels. Repayment of the Working Capital

Loan will only begin when the price of APT exceeds US$254 MTU and accelerating in repayment at $320 MTU. The Working Capital Loan carries an interest rate of LIBOR plus 1.5%. The current balance under the Working Capital Loan as at the date of this MD&A is US$6,911.

On November 22, 2016, the Company drew down the full amount of the second tranche of the US$14.0 million working capital loan in the amount of US$7.0 million and used a portion of the proceeds to repay principal and interest owed to TaeguTec (refer to the discussion of the Sangdong Mine for additional details) in the amount of $6,550. The balance of the loan was used for general working capital purposes. On April 21, 2017, the Company agreed with the lender of a $9,415 (US$7,043) loan, including accrued interest, to terminate the loan, and as consideration, the Company will issue 27,562,500 Common shares at a deemed price of $0.3325 per share, and issue a US$173 convertible debenture to the lender, which may be converted by the holder into common shares at $0.265 per share, the closing price of the Company's shares on the day prior to the agreement. The transactions are subject to regulatory approval.

On January 1, 2016 Almonty issued a secured promissory note to DRAG (the "**DRAG Note**") for gross proceeds of US$1,000, which will mature on January 1, 2017, and bears interest at a rate of 6% per annum, payable at the maturity date. The DRAG Note is secured by the existing security granted to DRAG in connection with the 2015 DRAG Debenture. On January 26, 2017, the Company and DRAG reached an agreement to extend the term of this promissory note until January 1, 2019.

On January 27, 2017, the Company issued a secured promissory note (the "2017 **Note**") for aggregate gross proceeds of US$1.0 million (the "**2017 Note Financing**"). The Note was issued to DRAG, an existing shareholder of, and lender to, Almonty, matures on January 1, 2019, and bears interest at a rate of 6% payable semi-annually in arrears on July 1 and January 1 each year, per annum, payable in cash or, subject to approval of the TSX Venture Exchange, shares at the option of Almonty up to the maturity date. To the extent interest is paid in shares, such shares would be issued at the 5-day volume weighted average price on the day prior to the issuance. The 2017 Note Financing closed on January 26, 2017 and was funded in two tranches. The first tranche of US$500,000 was received on closing and the second tranche was received on March 3, 2017

Outstanding Share Data

As of the date hereof (May 30, 2017), there were 110,896,109 common shares outstanding, 4,700,000 options outstanding, with each option entitling the holder thereof to acquire one common share of Almonty, 10,224,989 potential shares to be issued upon the exercise of outstanding warrants and 10,853,066 potential shares to be issued upon conversion of outstanding convertible debentures. The Company issued 2,949,723 common shares on June 4, 2015, as part of its acquisition of shares in Woulfe, issued 34,806,205 common shares on September 10, 2015, pursuant to the Plan of Arrangement, issued 625,000 common shares in a non-brokered private placement on October 9, 2015, issued 10,396,040 common shares in a non-brokered private placement on March 9, 2016, issued 2,463,400 shares on March 31, 2016, issued 5,000,000 common shares in a brokered private placement on June 3, 2016, issued 329,250 common shares in a share for debt settlement, and issued 5,600,000 common shares in a brokered private placement on August 17, 2016.
The Company further expects to issue (subject to TSX-V approval 27,562,500 common shares as part of its debt settlement agreement with Global Tungsten & Powders Corp. on April 21, 2017 and to issue

(subject to TSX-V approval) 1,490,488 common shares as part of debt settlement agreements entered into with DRAG on April 24, 2017

	Number of Shares	Amount $
Authorized - Unlimited number of common shares		
Issued and outstanding		
Outstanding at September 30, 2015	86,484,919	60,827
Shares issued for cash	24,084,440	6,394
Shares issued on debt settlement	329,250	132
Shares repurchased under NCIB	(2,500)	(2)
Outstanding at September 30, 2016 and March 31, 2017	**110,896,109**	**67,351**

Outstanding options as at March 31, 2017

As of March 31, 2017, the outstanding options, all of which are exercisable, are summarized as follows:

	Number of Share Options
Options outstanding at September 30, 2015	4,443,546
Options expired/forfeited	(125,387)
Options granted	950,000
Options outstanding at September 30, 2016	5,268,159
Options expired/forfeited	**(568,159)**
Options outstanding at March 31, 2017	**4,700,000**

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$0.50 - $0.75	2,100,000	7.9 years	$0.656
$0.76 - $0.99	1,100,000	8.3 years	$0.802
$1.00 - $1.70	1,500,000	4.9 years	$1.015
	4,700,000	**7.0 years**	**$0.800**

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 are 4,700,000 options outstanding, all of which are under this stock option plan, which was last approved by the Company's shareholders at the Company's Annual and Special Meeting of Shareholders held on May 1, 2017. All of the outstanding options are fully vested.

The Company issued warrants in connection with financing and acquisitions. The outstanding warrants as of March 31, 2017, are summarized as follows:

Expiry Date	Exercise Price	Warrants
March 7, 2019	$1.26	3,482,769
October 9, 2017	$0.90	312,500
March 9, 2018	$0.30	5,198,020
March 31, 2018	$0.30	1,231,700
		10,224,989

4. Quarterly Earnings and Cash Flow

	1st Quarter (2017)	**2nd Quarter (2017)**		
Period Ended	**December 31, 2016 $'000**	**March 31, 2017 $'000**		
Total Revenue	7,060	10,175		
Net income (loss)	(4,553)	(3,499)		
Basic earnings (loss) per share				
Diluted earnings (loss) per share	($0.04)	($0.03)		
Total assets	($0.04)	($0.03)		
Total long-term debt	59,260	59,327		
Dividend	-	-		

	1st Quarter (2016)	**2nd Quarter (2016)**	**3rd Quarter (2016)**	**4th Quarter (2016)**
Period Ended	**December 31, 2015 $'000**	**March 31, 2016 $'000**	**June 30, 2016 $'000**	**Sept 30, 2016 $'000**
Total Revenue	8,181	10,377	8,280	10,472
Net income (loss)	(5,243)	(4,467)	(3,132)	(8,384)
Basic earnings (loss) per share	($0.06)	($0.05)	($0.03)	($0.08)
Diluted earnings (loss) per share	($0.06)	($0.05)	($0.03)	($0.08)
Total assets	119,200	163,640	166,358	167,766
Total long-term debt	45,114	49,096	55,737	56,497
Dividend	-	-	-	-

	1st Quarter (2015)	2nd Quarter (2015)	3rd Quarter (2015)	4th Quarter (2015)
Period Ended	**December 31, 2014 $'000**	**March 31, 2015 $'000**	**June 30, 2015 $'000**	**Sept 30, 2015 $'000**
Total Revenue	8,725	10,271	8,731	8,415
Net income (loss)	(1,281)	(3,198)	246	(15,312)
Basic earnings (loss) per share	($0.03)	($0.07)	$0.00	($0.26)
Diluted earnings (loss) per share	($0.03)	($0.07)	$0.00	($0.26)
Total assets	86,950	86,281	127,744	117,527
Total long-term debt	26,860	30,267	42,665	44,435
Dividend	-	-	-	-

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 and Note 8 of the 2016 Audited Annual Financial Statements.

6. New Accounting Standards and Interpretations

New Accounting Standards and Interpretations Not Yet Adopted
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or IFRS Interpretation Committee ("IFRIC") that are mandatory at certain dates or later. For IAS 1, IAS 16 and IAS 38 below, which are now applicable, Management has determined there is no significant impact on the adoption of these standards, and is still assessing the effects of the other pronouncements on the Company. The standards impacted that may be applicable to the Company are the following:

IAS 1 - Presentation of Financial Statements
IAS 1, Presentation of Financial Statements was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements.

For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of the financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 16 and IAS 38 – Property, Plant and Equipment and Intangible Assets
IAS 16 and IAS 38, Property, Plant and Equipment and Intangible Assets were amended by the IASB in December 2013. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset are not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendments are effective for annual periods beginning on or after January 1, 2016.

IFRS 9 - Financial Instruments
IFRS 9, Financial Instruments was issued in final form by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

Most requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements.

The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. In addition, a single, forward-looking expected loss impairment model is introduced, which will require more timely recognition of expected credit losses. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 - Revenue from Contracts with Customers
IFRS 15, Revenue from Contracts with Customers was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 16 - Leases
In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16"), which replaces IAS 17 – Leases ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12-months or less or the

underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019.

7. Related Party Transactions

During the three months ended March 31, 2017 the Company incurred costs for officers and directors, in accordance with the terms of their compensation arrangements, of $418 (2016 - $112), of which $250 was owing as at March 31, 2017. During the six months ended March 31, 2017 the Company incurred costs for officers and directors, in accordance with the terms of their compensation arrangements, of $678 (2016 - $227). In addition, for the six-month period ended March 31, 2016, $150 of share-based compensation expense was attributable to officers and directors.

The Company has convertible debentures totaling $10,000 owing to DRAG, a company that is an existing shareholder of Almonty, and whose CEO is a member of the Board of Directors of the Company. The Company issued a total of US$2,000 of secured promissory notes to DRAG during fiscal 2016 and 2017. For the six months ended March 31, 2017, interest of $240 was accrued on the DRAG loans (2016 - $241), and no interest was paid. As of March 31, 2017, there is $861 (September 30, 2016 - $621) of unpaid interest on these loans included in accounts payable and accrued liabilities. See Note 20 of the Q2 2017 Financial Statements regarding the settlement of interest and extension of maturity dates on loans.

8. Objectives and Outlook

Los Santos Tailings analysis
Metallurgical testing continues on the stock piles of long-term tailings inventory at Los Santos with a view to increasing the projected tungsten recovery rate of the tailings by introducing flotation circuits to the milling circuits once the processing of ore has ceased. Initial results are positive and the Company expects that the ultimate design of the flotation circuit will result in a tungsten recovery rate in excess of 52% once tailings re-processing commences.

Summary of the Company's Long-Term Supply Agreements
Almonty, along with Daytal, WCM, and Beralt, is a party to three long-term supply agreements dated September 23, 2011 and September 22, 2014 and February 12, 2016 with one customer who participates in the global tungsten business. In the case of Daytal, the long-term supply agreement is dated September 23, 2011 and runs for a period of 10 years (the "**Los Santos Supply Agreement**"). In the case of WCM, the long-term supply agreement is dated September 22, 2014 and runs for a period of 5.5 years (the "**Wolfram Camp Supply Agreement")**. In the case of Beralt, the long-term supply agreement is dated February 12, 2016 and runs for a period of 5 years (the "**Beralt Supply Agreement**" and, together with the Los Santos Supply Agreement and the Wolfram Camp Supply Agreement, the "**Supply Agreements**"). The Supply Agreements provide 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 and Metal Pages tungsten pricing service. Each agreement has an automatic renewal for an additional two 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 any tungsten concentrate (that meets the

customer's specifications) produced by Almonty under each contract which exceeds the minimum amount required to be shipped under the terms of the relevant Supply Agreement.

The Company entered into Amendment No. 2 of the Los Santos Supply Agreement and Amendment No. 1 of the Wolfram Camp Supply Agreement on April 20, 2015 where by the pricing mechanism was adjusted to reflect the inclusion of a secondary source for pricing of APT as well an adjustment to the timing of the monthly average APT price used in the determining the selling price of concentrate. The revised pricing mechanism does not go into effect until the quoted price for APT shows an increase in the monthly average price when compared to the prior month for a period of three consecutive months. In exchange for agreeing to these amendments, Almonty received prepayment for four containers of concentrate totaling $1,355. The Company was obligated to deliver these containers prior to the end of March 2016, which was done, with the agreement of the customer, prior to June 30, 2016.

The Company entered into Amendment No. 3 of the Los Santos Supply Agreement on February 8, 2016 whereby the Company extended the term of the Los Santos Supply Agreement for an additional 5 years and amended the terms of the repayment of the unsecured trade payable of US$600 that had been accrued since September 23, 2011 as well as granted the customer a security interest over certain assets of the Company.

The Company entered into Amendment No. 4 of the Los Santos Supply Agreement on April 1, 2016 whereby the Company amended the pricing mechanism under the contract.

The Company entered into Amendment No. 2 of the Wolfram Camp Supply Agreement on February 8, 2016 whereby the pricing mechanism formula was adjusted and the customer's security over certain assets of the Company that are located in Australia was adjusted.

A redacted copy of each of the Supply Agreements and the related amendments thereto is available on SEDAR under Almonty's profile at www.sedar.com.

Stamp Duty Payable
In connection with the acquisition of the Wolfram Camp Mine the Company has accrued $268 in stamp duty payable to the Queensland State Government as at September 30, 2016. The Company received communication via its tax advisor in Australia that a final assessment has been agreed to and the parties have signed a Compromise Assessment Deed whereby the assessment has been revised to AUD$331 as at December 31, 2016. Almonty received a final notice of assessment February 9th 2017 and had until March 9th, 2017 to pay the assessed amount. The company is currently in discussion with the Queensland State Government regarding an extension of the time to pay.

Sangdong Surface Permits
On January 9, 2017, Almonty received the final surface permit in respect of its Sangdong Mine that now enables it to begin construction of the processing plant once the terms of funding for the build out have been finalized and the EPC contract with POSCO has been agreed to and signed.

Issuance of Secured Promissory Note
On January 26, 2017, the Company issued a secured promissory note (the "2017 **Note**") for aggregate gross proceeds of US$1.0 million (the "**2017 Note Financing**"). The Note was issued to DRAG, an existing shareholder of, and lender to, Almonty, and matures on January 1, 2019, and bears interest at a rate of 6% per annum, payable in cash or, subject to approval of the TSX Venture Exchange, shares at the option of Almonty at the maturity date. To the extent interest is paid in shares, such shares would be issued at the 5-day volume weighted average price on the day prior to the issuance. The 2017 Note Financing closed on January 27, 2017 and was funded in two tranches. The first tranche of US$500 was received on closing and the second tranche of US$500 was received on March 3, 2017. Almonty used the net proceeds of the 2017 Note Financing for working capital and general corporate purposes.

Issuance of Shares for Settlement of Debt
On April 21, 2017, the Company agreed with the lender of a $9,415 (US$7,043) loan, including accrued interest, to terminate the loan, and as consideration, the Company will issue 27,562,500 Common shares at a deemed price of $0.3325 per share, and issue a US$173 convertible debenture to the lender, which may be converted by the holder into common shares at $0.265 per share, the closing price of the Company's shares on the day prior to the agreement. The transactions are subject to regulatory approval.

On April 24, 2017, the Company agreed with DRAG to extend the maturity date of its $6,000 convertible debenture to March 22, 2019, with all other terms remaining as originally stated. The Company and DRAG also agreed to settle $422 of unpaid interest on this loan by the Company issuing 1,206,574 common shares, at $0.35 per share. In addition, the Company and DRAG agreed to settle $79 of unpaid interest on the US$1,000 promissory note issued on January 1, 2016 by the Company issuing 283,914 common shares, at $0.28 per share. The transactions are subject to regulatory approval.

9. Risks and Uncertainties

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 or may arise at a future date. For additional, and more detailed, risk factors, please see the Company's Annual Information Form dated January 30, 2017, under the heading "Risk Factors".

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 continue to be below the Company's cash operating costs, Almonty would continue to generate negative cash flow from operations. Payments of interest and principal under one of the Company's credit facilities is based on APT pricing levels (Note 10(b)). From time to time, the Company enters into contracts to fix the price of the product its sells for periods of time it deems appropriate.

Daytal, Valtreixal and Beralt operate in Europe in Euros (€), WCM and TM operate in Australia in Australian Dollars (AUD$), and Woulfe and Almonty Korea Tungsten Corporation (owner of the Sangdong Mine) operates in Canadian dollars (CAD$). The output from all producing operations are commodities that are primarily denominated in United States dollars (US$) and Almonty's reporting currency is in Canadian dollars (CAD$). As such, Almonty's consolidated balance sheet can be significantly affected by movements between these four currencies.

Foreign currency risk
Almonty's wholly-owned indirect subsidiary, Daytal, operates in Spain, and its wholly-owned indirect subsidiary, BTW, operates in Portugal, both of which operate in €. Their output is a commodity that is primarily denominated in United States dollars (US$) and Almonty's reporting currency is in Canadian dollars (CAD$). As such, Almonty's interim condensed consolidated balance sheet can be significantly affected by movements between the three currencies (CAD$, US$ and €).

During the six months ended March 31, 2017, the value of the US$ relative to the CAD$ increased from US$1.00 = CAD$1.3117 as at September 30, 2016 to US$1.00 = CAD$1.3310 as at March 31, 2017. As of March 31, 2017, a 5% change in the value of the CAD$ relative to the US$ would have an impact on revenue for the six-month period ended March 31, 2017 of approximately $859 (2016 - $927).

During the six months ended March 31, 2017, the value of the € relative to the CAD$ decreased from €1.00 = CAD$1.4741 as at September 30, 2016 to €1.00 = CAD$1.4222 as at March 31, 2017. As of March 31, 2017, a 5% change in the value of the CAD$ relative to the Euro would have an impact on the net income for the six-month period ended March 31, 2017 of approximately $112 (2016 - $148).

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

During the six months March 31, 2017, the value of the AUD$ relative to the CAD$ increased from AUD$1.00 = CAD$1.0054 as at September 30, 2016 to AUD$1.00 = CAD$1.0168 as at March 31, 2017. As of March 31, 2017, a 5% change in the value of the CAD$ relative to the AUD$ would have an impact on net income for the six months ended March 31, 2017 of approximately $40 (2016 - $102).

Currency movements during the six months ended March 31, 2017 resulted in the Company recording a cumulative translation adjustment loss of $1,708 (2016 - gain of $3,540). This amount is recorded as other comprehensive income (loss) in the interim condensed consolidated statements of operations and comprehensive loss and accumulated other comprehensive loss as a separate line item in Shareholders' equity.

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

The Company currently has $67,231 in short and long-term debt (including bank lines and overdraft lines) outstanding at varying levels of fixed and floating interest rates of between 0.0% - 12.0%. A portion of the floating rate debt totaling $11,976 is based on a fixed spread over the 6-month Euro Interbank Offered Rate ("Euribor") rate. Changes in the 6-month Euribor rate over the remaining term of the debt would have an impact on the amount of interest, with every 100 basis point (1.0%) movement in the Euribor rate resulting in a $120 change in annual interest costs. The remaining floating rate debt of $34,155 is based on a fixed spread over the 3-month Libor rate. Changes in the 3-month Libor rate over the remaining term of the debt would have an impact on the amount of interest, with every 100 basis point (1.0%) movement in the 3-month Libor rate resulting in a $342 change in annual interest costs.

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, Australia, Korea and Portugal. The ongoing uncertainty in the financial markets may have a negative impact on both the Company's future borrowing costs and its ability to obtain debt financing.

Pledge of Assets as Security
The Company has pledged certain of its assets as security in order to obtain additional capital through loans. Should Almonty fail to pay or remedy an event of default (as defined under the loan agreements) the holder of the security would then be able to seize and dispose of the secured assets.

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

Economic Dependency
Daytal, Beralt and WCM, together with Almonty, are parties to the Supply Agreements with one customer. Currently greater than 40% of all the revenue earned by the Company's operations was sold to the customer. Almonty is economically dependent on the revenue received from the customer in order to be able to meet its current obligations and is subject to the pricing terms set out in the Supply Agreements. There is no guarantee that Almonty would be able to find an alternative customer or customers on terms similar to its existing Supply Agreements should the customer cease operations or become unable to pay Almonty under the Supply Agreements. See Section 8, "Objectives and Outlook – Summary of the Company's Long-Term Supply Agreements", in this MD&A for further details.

Tungsten Market
There is no assurance that a profitable market will continue to exist for the sale of tungsten. Tungsten prices have experienced significant movement over short periods of time and are affected by numerous factors beyond the Company's control, such as international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption and demand patters, speculative activities and increased production due to improved mining and production methods. Tungsten prices may be negatively affected by any slowing of the global economy, increases in exports from one market economy countries, notably China, and the release of tungsten concentrate onto the market from the U.S. National Defence Stockpile.

Operational Risks
Production
Daytal's contract with Movimentos de Tierras Y Excavaciones, S.L.U. ("**MOVITEX**"), under which MOVITEX carries out contract mining activities for Daytal at the Los Santos Mine, was entered into for the life of the Los Santos Mine with an effective date of January 15, 2014. Daytal currently does not have any mining capabilities of its own and relies on MOVITEX for all mining activity, including waste rock removal, pit development and delivery of ore to Daytal's crushing and processing plant. There is no guarantee that Daytal would be able to replace MOVITEX with another contract mining firm if MOVITEX were no longer able to provide contract mining services to Daytal. Any disruption in the contract mining services provide by MOVITEX 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 than the Company. 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 or at all.

Risks Related to Property Title

Although the Company leases all of the land of the Los Santos Mine from third party property owners as well as the two closest municipalities to the Los Santos Mine 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 extract and process minerals, 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 Mine allows Almonty to process up to 500,000 tonnes of ore per annum. The current operating permits and plant capacity limitations at the Wolfram Camp Mine allow Almonty to process between 400,000 and 540,000 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. The current operating permits and plant capacity limitations at the Panasqueira Mine allow Almonty to process up to 865,000 tonnes of ore per annum. Almonty completed an engineering study at the Sangdong Mine and was granted all the necessary surface permits enabling the Company to begin building the Sangdong Mine. The Company is working with POSCO as its EPC contractor for the construction of the mine and anticipates beginning the buildout of the mine once funding for the project has been secured. There is no guarantee that Almonty will be able to raise sufficient capital to fund the construction of the Sangdong Mine.

The mining license for the Los Santos Mine 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 Spanish government. This amount is related to the surface covered and not to the production of minerals. There are no other royalty payments.

The current approved mine plan covers the period from January 2017 to January 2022 and comprises estimates of minimal disturbance activities during that period. The Company has the ability to revise and resubmit the mine plan within that period depending upon anticipated activities in future years.

The Company holds a valid Environmental Authority for its current operations and is in the process of negotiating the Financial Assurance figure to be held by the Department of Environmental Heritage and Protection. The initial Financial Assurance assessment was approximately AUD$2.9 million however it is anticipated that the final Financial Assurance total will be in the vicinity of AUD$2.3 million. The Department currently holds Financial Assurance of approximately AUD$1.3 million. A bank guarantee has been executed to cover the difference between the total and currently held Financial Assurance and is in the process of being transferred to the Department.

Almonty has all necessary licenses to operate and remain in compliance with regulations for WCM. Its licenses have no restrictions with respect to waste dumping or tailings capacity, subject to compliance with the Environmental Protection Order to maintain sufficient control of water on site, which the company has complied with. The Company has the tenement commitments set out below in relation to exploration tenements held by TM and WCM. The Department of Mines and Natural Resources (Queensland, Australia) aggregates expenditure commitments over the first three to five years of the term and allows for variations to commitments should these be required due to operational practicalities:

Year ending September 30:	
2017	500
2018	365
2019	50
	915

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. There is no guarantee that Almonty will be able to renew the necessary permits in order to continue operating.

For Q2 2017, Almonty has recognized a restoration provision of $654 (September 30, 2016 - $662) with respect to Daytal's future obligation to restore and reclaim the mine once it has ceased to mine tungsten ore from the Los Santos Mine. The restoration provision represents the present value of rehabilitation costs relating to the mine site which are expected to be incurred in 2020 after the Los Santos Mine ceases to mine ore based on the current estimate of economically recoverable ore resources. This provision has been created based on Almonty's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect current market conditions at that time. The timing of the rehabilitation is likely to depend on when the Los Santos Mine ceases to produce at economically viable rates. This in turn will depend on Almonty's ability to extend the mine life years through additional exploration and also on the future price of WO_3 concentrate. The Company has had its mine plan approved by the local mining and environmental authorities in the Province Salamanca and is currently awaiting approval of the regional mining authority in Castilla y Leon. Almonty's current mine plan entails ongoing reclamation work of the site as part of the pit optimization work (several small pits that have been fully mined are filled in and reclaimed as part of the regular waste rock movement and stripping work carried on other pits that are in production, as opposed to hauling the waste rock to the waste dump). The current mine plan under review by the relevant authorities entails the reclamation of the majority of the site as part of on-going operations and waste rock movement. The restoration provision currently recognized by the Company is estimated to be sufficient to cover any remedial restoration and reclamation work needed upon completion of the tailings reprocessing operation. Upon completion of open pit mining operations, during the period when the Company will process the bulk of its inventory stock pile of mineralized tailings, Almonty estimates that the current restoration provision will be sufficient to complete all reclamation work required under its mine plan. The relevant Spanish authorities may determine, upon final review, that the amount required to be posted for future reclamation work be increased. Upon approval of the mine plan the Company intends to arrange an insurance policy to cover any increase in the assessed reclamation requirements. The Company anticipates that it will receive approval of its mine plan for the Los Santos Mine prior to the end of fiscal 2017 (the updated plan was originally filed in February 2015). The Company continues to work with the relevant authorities in Spain with respect to obtaining approval of its mine plan and is also engaged in active discussions with several insurance brokers to renew the insurance policy to cover the life of mine. The Company had posted an insurance policy to over the anticipated reclamation costs when it originally filed its updated mine plan in February 2015. This policy expired in July 2016 and will be renewed upon final approval of the mine plan as filed. The relevant Spanish authorities are aware of the lapse in insurance coverage and are continuing their review of the mine plan as filed.

Banco Popular has posted a bank warranty of €180 ($256) on behalf of Daytal with the Region of Castilla y Leon, Trade and Industry Department as a form of deposit to cover the expected costs of restoring the Los Santos Mine as required by Daytal's Environmental Impact Statement that forms a part of its mining and exploitation license on the Los Santos Mine provision. The bank warranty cannot be cancelled unless such cancellation is approved by the government of Castilla y Leon upon approval of the completion of the restoration work. The bank warranty is undrawn and carries a quarterly stand-by fee of approximately €1 per quarter.

Almonty has recognized a restoration provision of $2,295 as at March 31, 2017 (September 30, 2016 - $2,269) with respect to WCM's future obligation to restore and reclaim the mine once it has ceased to mine tungsten and molybdenum ore from Wolfram Camp Mine. The restoration provision represents the present value of rehabilitation costs relating to the mine site which are expected to be incurred subsequent to 2023 after the mine ceases production based on the current reserve and resource estimate. This provision has been created based on Almonty's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect current market conditions at that time. The timing of the rehabilitation is likely to depend on when the Wolfram Camp Mine ceases to produce at economically viable rates. This in turn will depend on Almonty's ability to extend the mine life years through additional exploration and also on the future price of WO_3 concentrate.

As at March 31, 2017, Almonty had $1,351 (September 30, 2016 - $1,336) in restricted cash on deposit with the Queensland Government, Department of Natural Resources and Mines as required by the Department of Environment and Heritage Protection, based on the mine plan in effect as at September 30, 2015.

There is a restoration provision of $272 (September 30, 2016-$272) with respect to the Sangdong Mine based on the amount assessed by the relevant local government authorities.

Almonty assumed, on the acquisition, a restoration provision of $34,910, which as at March 31, 2107 has a balance of $40,435 (September 30, 2016 - $41,860) with respect to the Panasqueira Mine's future obligation to restore and reclaim the mine once it has ceased to mine ore. The restoration provision represents the present value of rehabilitation costs relating to the mine site which are expected to be incurred subsequent to 2033 after the mine ceases production. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect current market conditions at that time. The timing of the rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This in turn will depend on Almonty's ability to extend the mine life years through additional exploration and also on the future price of WO_3 concentrate.

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

Balance at September 30, 2015	2,987
Revisions in estimated cash flows and changes in assumptions	7,462
Provision assumed on acquisition	34,910
Accretion expense	412
Translation adjustment	(708)
Balance at September 30, 2016	45,063
Accretion expense	**65**
Translation adjustment	**(1,472)**
Balance at March 31, 2017	**43,656**

Political Risk

The Spanish, Portuguese, South Korean and Australian governments currently support 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 has in the past and 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 production and/or 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 Q2 2017 Financial Statements 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 interim condensed consolidated financial statements, and (ii) the Q2 2017 Financial Statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of and for the three and six months ended March 31, 2017.

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.

May 30, 2017
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
NI 43-101	National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*
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