

Old metal in new times

Specialty Metals

10th March 2021

Almonty Industries Inc (TSX:All) is a global mining company specialising in the mining, processing and sale of tungsten concentrate. The company's primary operations are in Spain, Portugal and South Korea, where it is in the last stages of commencing production from its flagship asset, the Sangdong Tungsten-Molybdenum Project. The company is on the cusp of a transformational growth opportunity which aims to increase tungsten concentrate production 7-fold out to 2027, representing some 7-10% of global supply. The company is about to commence the evaluation of its Sangdong Molybdenum play with a 12,500m drilling campaign (mid-April) aiming to define a JORC compliant resource. Old metals continue to have life in a new industrial world and with global growth continuing to rebound from the COVID pandemic, All is well positioned to drive value accretion from its pre-development portfolio.

Scope

This report has been commissioned by Almonty Industries to present investors with an analysis of the opportunities emerging for the company over the next 12 months. The company is projecting strong growth through the development of new mining operations at Sangdong (South Korea) and Valtreixal (Spain) which should result in All becoming a globally significant tungsten producer. The mining and extraction of industrial minerals is high-risk by definition but the growth opportunity is transformational and deliverable within an immediate investment window.

Business model

Almonty Industries is a mid-cap miner holding a portfolio of production and pre-production assets across Europe and Asia. The company has an ambitious and transformational tungsten growth strategy set to impact from 2022. An early-stage molybdenum play could add 'growth on growth' and we will know by end-2021. The company continues to seek acquisition opportunities to which it can apply its mining expertise (a core competency of the company) and in that regard, the operating portfolio could look materially different over the forecast period...the growth options are unlikely to end with Sangdong and Valtreixal.

Scenario analysis

Our analysis and review of Almonty Industries' opportunities **assumes delivery of growth opportunities as guided**. We have evaluated the All portfolio against a range of risk factors based on our assessment of the operating environment accounting for commodity prices, location, phase of development, timing and scale of work programmes; and the probability of success associated with delivering the growth strategy. However, we note our current assumptions are subject to potentially significant adjustment as development data and operational outcomes become better defined.

Valuation of C\$336m (C\$1.71/share)

We set our base asset value against risk-weighted development (NPV) scenarios based on company guidance, applying where appropriate, discretionary probability weightings to pricing, volume and success factors, which we believe are reasonable given the commercial operating environment and available data. We assign a risked valuation of C\$336m (C\$1.71/share) to the assets base against a **reference share price of C\$1.09/share**. We highlight the strong risk weightings applied to inferred resources and projects not yet defined (Sangdong-Moly) and note the significant value upside inherent in unwinding the risk on timing and further in-ground activity. It's also worth commenting that long-life resource opportunities at Sangdong (c.95 years on current production estimates) can perhaps be considered as an annuity-style cashflow – lower risk and higher value. We are comfortable assigning a **valuation upside to C\$2.00 and over**.

Share details

| | |
|-------------------------------|---------|
| TSX Code | All |
| Share price (8 Mar) | C\$1.16 |
| Market Capitalisation | C\$212M |
| Shares on issue | 183M |
| Net cash (est) at 31 Dec 2020 | C\$4M |
| Free float | ~49% |

Share performance (12 months)



Upside Case

- Above model production outcomes across the operating portfolio & the potential for upgrades on planned developments and expansions
- Rapid global economic recovery driving tungsten demand – upwards price pressure
- Bringing forward Inferred Resource commercialisation.

Downside Case

- Delays in the delivery of the Sangdong Project in the short-term and Valtreixal in the long-term
- Margin squeeze on revenue and costs versus guidance and forecasts
- Persistent global economic weakness

Board of Directors

| | |
|------------------|----------------------|
| Lewis Black | Director and CEO |
| Daniel D'Amato | Independent Director |
| Mark Trachuk | Independent Director |
| Thomas Gutschlag | Independent Director |
| Michael Costa | Independent Director |
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Almonty Industries Inc – There's still life in the tungsten game

Almonty Industries Inc. (TSX:AI) is a Canadian domiciled company, listed on the Toronto Stock Exchange (TSX) since 1, June 2018, having previously been listed on the Toronto Venture Exchange (TSX-V). The company was formed in 2011 and is now an established miner, producing tungsten concentrate from its Los Santos mine in Spain (now in care and maintenance) and tin and tungsten from the Panasqueira operations in Portugal. The portfolio also includes the pre-development assets at Sangdong (South Korea) and Valtreixal (Spain). The pre-development assets provide the transformational investment opportunity projected to deliver a 7-fold increase in tungsten concentrate production to 2027. The macro-outlook for tungsten remains strong with demand continuing to run high and projected to increase by some 25% to 2027 against a background of potential mine closures and a desire for ex-China supply sources in the current political climate. The company is well advanced in delivering a strategic, secondary listing on the ASX with an anticipated timing of April, 2021. The ASX is an historically strong bourse for mining and metals listings in terms of financing, investor support and liquidity underpinning price discovery.

Exhibit 1: All NAV – the NAV is compelling before unwinding of risk weightings

| | | Pr | A\$m | A\$/share | |
|--------------------|------|-----|--------------|---------------|---|
| Sangdong | 100% | 85% | \$363 | \$1.97 | Finalising financing would unwind some of the risk discount |
| Sangdong Moly | 100% | | \$14 | \$0.08 | This should be considered a nominal value only at this stage as we await the results of the evaluation drilling to be conducted this year |
| Valtreixal | 100% | | \$29 | \$0.16 | We apply 75% weighting to Valtreixal as proposed given the project is yet to finalise financing and timing. We value the 'resource' upside against a 25% Pr weighting |
| Panasqueira | 100% | | \$32 | \$0.17 | We weight the resources upside at Pr=25% against the unit NPV of the producing operation |
| Los Santos | 100% | | \$12 | \$0.068 | Expected to restart in 2021 post the COVID related care and maintenance phase |
| | | | \$451 | \$2.33 | |
| Net Debt | | | (\$108) | (\$0.59) | Estimated as at 31-Dec-2020 |
| Corporate | | | (\$6) | (\$0.04) | |
| TOTAL | | | \$336 | \$1.71 | |
| Shares issued (mn) | 183 | | | | Estimated as at 31-Dec-2020 |
| | 195 | | \$398 | \$2.04 | Against issued capital assumptions through 2021, particularly with respect to the assumed conversion of current debentures on financing of Sangdong, offset by unwinding of Sangdong Project risk and other discount factors. |

Source: RaaS analysis; Risked values based on Probabilities of Success (POS) and weighted by a RaaS risk overlay. Weightings at RaaS' discretion.

Valuation Considerations

Our NAV is based upon the parameters as outlined within the Technical Reports and adjusted where necessary for production targets and company guidance.

Operating data within the Technical Reports are 2016 estimates, which we have verified with management as remaining broadly applicable to the current projects. We note the mining operations will likely continue to be undertaken by contract, so indicative unit pricing across the asset base should be quite predictable.

As projects financials are USD denominated, we apply a CAD forward curve over the life of the project to its end-point to 2025 then run to our long-run estimate (C\$0.77) over two years to 2027.

The AUD conversion of the NAV is done using the current (calculated), cross rate (CAD:AUD). The forward curves as applied are included in the **Financials** section (p.24).

Tungsten pricing is set by individual and asset specific contracts and varies significantly from project to project. We apply the following project APT commodity prices –

- Sangdong US\$370/MTU Conc price received US\$288/MTU
- Valtreixal US\$290/MTU
- Panasqueira US\$250/MTU
- Los Santos US\$370/MTU Conc price received SU\$288/MTU

Other metal contributions such as tin at Valtreixal are included within the project NPV (base valuations) unless otherwise split out as per Sangdong Moly.

DCF (Risked) Valuation at \$1.71/share

We value All using a combination of the estimated NPV of producing and development assets; and unit values on 'resource' estimates adjusted for our discretionary project probability weighting (1-risk %), to derive a value per share. Probability weightings are subject to change as the company delivers key milestones or significant changes to the outlook/macro-operating environment.

Assigning a value to All is a readily quantifiable exercise given the broad operating parameters and guidance as confirmed by management. This is not to say the valuation is without risk as new projects, in this case Valtreixal and the molybdenum play at Sangdong are longer dated and subject to final definition. Our estimates are underpinned by a significant number of assumptions that are not readily verifiable and a probability weighted confidence assessment of ultimate commercial outcomes.

The assignment of probability weightings is subjective, particularly in terms of the value ascribed to the economic conversion of Indicated and Inferred volumes.

We would also highlight our assumptions made with respect to the existing debt component of the NAV with conversion of existing debentures to equity and repayment of the current debt liability in 2021.

The most critical variable is the tungsten concentrate price and **we model the project scenarios as being NPV positive at ATP prices below ~US\$200/MTU.**

We reiterate that we carry high risk weightings on inferred resources and projects not yet properly define (Sangdong-Molybdenum) and note the significant value upside inherent in unwinding the risk on timing and further in-ground activity.

We choose to value projects on a NPV basis to the limit of the current 'proven' reserves then apply a weighted unit NPV to the remaining resources. This can result in a discount compared to valuing the assets at a reserve life based on a reasonable conversion of higher risk ore volumes to economic reserves. For example, treating Sangdong as a 30+-year annuity style cashflow, implying lower risk and higher unit values, would deliver significant upside to our ascribed NAV.

We await more confirmation of project expansions and extensions, but feel comfortable assigning a **valuation upside to C\$2.00 and over.**

The critical sensitivity to our NAV is the discount rate, particularly with production assets of largely fixed (contract) cost. Given the current low interest rate environment we have used a nominal rate of 9%, which is more about determining the breakeven or minimum value under our range of assumptions.

The NAV range across the rates applied underpins our positive outlook.

| Rate | 8% | | 9% | | 10% | |
|------|----------|---------|----------|---------|----------|--------|
| NAV | C\$371mn | C\$1.90 | C\$336mn | C\$1.71 | C\$304mn | \$1.54 |

A quick SWOT – A globally significant tungsten play in the making

As typical for any resources companies – offsetting strengths and weaknesses, opportunities and threats. The base business sets a platform for growth and for All to become a globally significant tungsten play.

Exhibit 2: SWOT Analysis and Comments

| Strengths | Comments |
|---|---|
| A proven and experienced tungsten miner – a core competency of the company. | The company is operating within its core competencies which lends a high degree of confidence to the economic projections. |
| Growth within growth. There's embedded upside in the new assets at Sangdong and Valtreixal | There are expansion options and new minerals to be chased. |
| Growth is high margin | Sangdong in particular is projected to be "...amongst the lowest cost (tungsten) producers in the world". |
| Regional diversification in economically developed and 'conflict' free regions. | Locations in Europe and Asia (South Korea) have stability benefits over economically developing countries, with a high level of 'at hand' skills and resources little risk to free flow of capital. |
| Long life reserves and resources | Mine life calculated at >90years on a R/P ratio potential makes the company an 'annuity' style investment |
| Weaknesses | Comments |
| Strong dependence on Sangdong to deliver as projected | Should the project underperform the growth expectation, servicing debt would be onerous and we could not rule recourse to equity markets at a steep discount |
| Debt levels may be an issue. Gearing is very high (70-80%) until Sangdong reaches maximum output from 2023. | The current debt structure is a mix of term loans, LIBOR and EURIBOR related debt with convertible debentures. Term loans are of short duration and are continually being rolled over. We suggest existing debt needs to be rationalised ahead of finalising the US\$75mn Sangdong financing. |
| Long life reserves and resources | Long-life reserves are not optimal in terms of company value...the NPV benefit of operating cash beyond 20 years is minimal. Expansion and acceleration of production may capital, market and operationally constrained capping the NAV |
| Opportunities | Comments |
| Delivery of the development portfolio would make the company a globally significant tungsten supplier with perhaps 7-10% of the market. | Successful delivery of the new projects should see tungsten concentrate production increase 7-fold by 2027. |
| Tungsten is a difficult metal to substitute and should remain in strong demand in a dynamically evolving technological world. | Declared a critical raw material by the EU based on "high supply risk" and economic importance. Important component of automotive, mining, aerospace, energy industries to name a few |
| China as a dominant player. | In a changing geo-political world, ex-China supply options are highly attractive to buyers. |
| Growth beyond tungsten with the company also progressing a molybdenum (Mo) project in South Korea. | Demand for Mo is strong and positioned adjacent to Sangdong, capex should be relatively low and operating costs shared...more details will be released through 2021. |
| Threats | Comments |
| China as a dominant player | Delivery of the growth projections would see All as a significant global supplier (perhaps preferred supplier) and challenging China's export income stream. We suggest there is some risk of price discounting or 'bundling' by China to win back market share, at All's expense. |
| Areas of operation whilst 'stable' are not without risk. | Spain is historically characterised by strongly socialist governments (post Franco) and is anecdotally noted as having a somewhat difficult regulatory regime...the approvals process can be onerous. South Korea is next to North Korea. |
| Bigger companies with bigger balance sheets looking for a short-cut. | Small to mid-cap companies with large-scale resources, in production can be attractive on a M&A basis, particularly if capital constrained with respect to the growth potential. |
| Persisting or returning COVID-19 restrictions | The virus is not gone! Restrictions on travel and the supply chain can flow through to project delivery |

Source: RaaS analysis

Evaluating the offering - Almonty is a growth story

Although a metal with a long history of conventional, industrial applications based on strength, conductivity and toughness, there is a future for an 'old metal in a new world', particularly in a rapidly evolving energy environment. The future involves demand growth in energy storage (super capacitors and batteries), power generation/transmission/distribution (geothermal energy, gas turbines and lighting) and increasing applications in the medical industry.

To directly cite the company's most recent presentation (Dec-2020), Almonty has *"...huge growth potential in a well-diversified portfolio"*. Certainly, there is some geographic diversity (**Exh. 3**), but we see Almonty as a relatively simple play based on developing its suite of tungsten deposits, *"...to produce some 30% of all tungsten outside of China"*, which would be *"...7-10% of global supply"*.

To achieve its growth-target the company is transitioning from one to multiple producing assets, anchored by its flagship project, Sangdong in South Korea.

Exhibit 3: Multiple opportunities leveraging embedded experience



Source: Company data; we note Los Santos reserves and resources are subject to a review currently being conducted

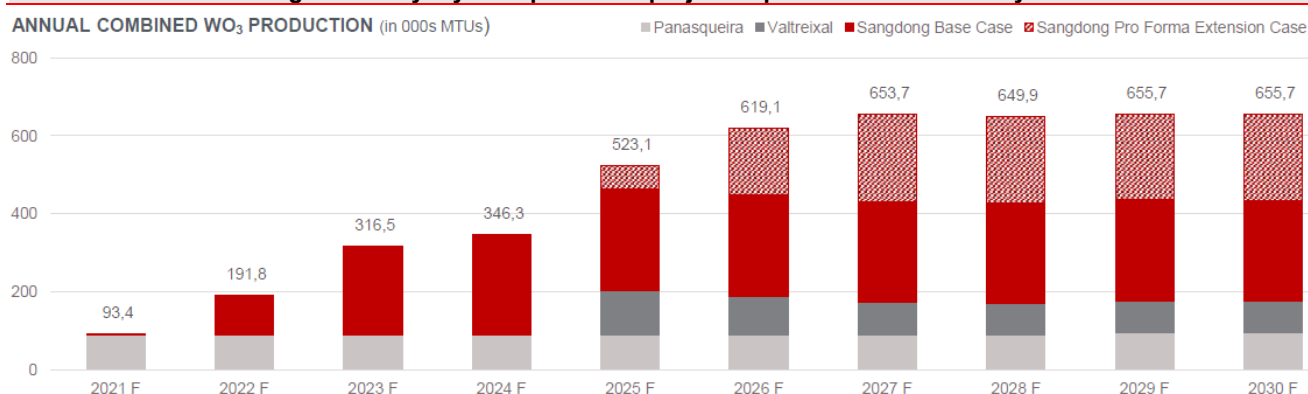
Exhibit 4 outlines the growth opportunity off the existing production base of the Panasqueira operations. As guided, management expects production from Sangdong to commence in late 2021 (this may slip into 2022), before both the contributions from the (Sangdong) Extension case and Valtreixal in 2025.

On development success, All will increase its tungsten contrate production 7-fold by 2027, with further upside from the as yet still early-stage molybdenum project ("Almonty-Moly") opportunity.

Our analysis is focussed on the tungsten plays as being the principal business of the company with growth projects well advanced through the evaluation process. We do, however, expect to see initial scoping details with respect to the Almonty-Moly throughout 2021.

We see the company as adequately funded to deliver the projects as planned from a financing perspective.

Exhibit 4: Growth leading to annuity style output with a projected production life of 30+ years



Source: Company data

Extensions of production life in these assets beyond 2030 are predicated on the conversion of M&I (Measured and Inferred) resource volumes into Proven reserves, which naturally comes with risk, both as to the quantity of 'new ore' and capital required for delivery.

We have attempted to capture this uncertainty in our valuation through the application of discretionary probability weightings to pricing, volume and success factors.

We base our commentary on a series of quite comprehensive technical reports available on the company's website, which analyse the geological settings, reserves and resources estimates, operating plans and economics of each of the company's assets.

These reports were published over 2015-2016 and after discussions with the company we are confident that we have captured any material changes and not the company is currently conducting a reserves and resources review. **Estimates contained herein are subject to change on the release of updated data.**

It's beyond the scope of this report to independently verify the data and assumptions in a specific and absolute sense, but we have rather applied the context of assessing the 'reasonableness' and validity of the conclusions on a forward basis.

For more information with respect to the details underpinning the asset evaluations, we refer readers to these reports.

<https://almonty.com/investors/technical-report/>

Coming to Australia...and Korea

The company is well advanced in its plans to have a secondary listing on the Australian Stock Exchange (ASX), which it expects to have completed no later than April.

Whilst the primary listing will remain on the TSX, we see this as a smart, strategic move with the ASX being an historically strong bourse for mining and metals listings in terms of financing, investor support and liquidity **leading through to price discovery**. All would represent an investment with a strong point of differentiation against other listed tungsten offerings and against the mid-cap mining space in general as a funded production growth story. Based on RaaS Group's market experience, we would expect there to be strong investor interest.

We note the company has indicated it is evaluating the benefits of a listing on the Korean bourse upon bedding down Sangdong operations and a corporate team.

As noted in the company release of 13-Jan "...Korea is the world's largest consumer of tungsten per capita and the third largest consumer of molybdenum. Korea will ultimately become the primary base of the company and increasing our market presence in Asia and Australia will now become a central strategy for the incoming team".



Secondary listings do bring additional costs and adoption of the most detailed reporting requirements in terms of accounting standards and disclosure. There may be some issues with currency translation and arbitrage but all of these risks should smooth out over time.

We would highlight that at this time the CAD/AUD cross-rate can be considered as one for one on a practical level.

At the time of writing, we believe all permits and approvals are in good standing, however, working in varied jurisdictions, with assets at differing stages of progress does represent a risk to the timing of delivery as guided, particularly with the delays and backlogs that have arisen from COVID related issues.

Putting the pieces together – addressing the opportunities

A global ambition for a ‘new-old’ metal with Almonty looking to become a globally significant tungsten producer. Delivery to guidance would generate a 7-fold increase in production to 2030, to >650kt MTU. Almonty would be producing “...30% of all tungsten outside of China and 7-10% of global supply”.

The Sangdong Project...the cornerstone for growth

The Sangdong Tungsten Project is one of the **largest tungsten resources in the world** and the cornerstone upon which All will drive its growth strategy. On a base case outcome, Sangdong can account for a three-fold increase in concentrate production and in combination with an expansion case, a six-fold upside...**delivery of Sangdong as planned is the critical success outcome.**

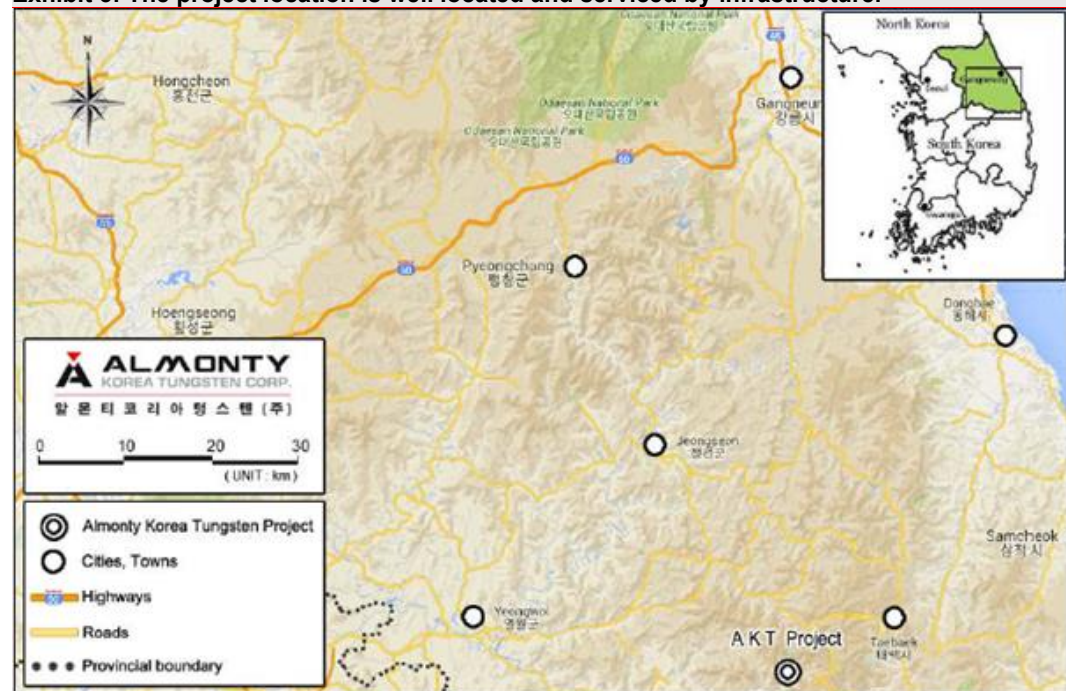
Tungsten was discovered in the Sangdong region in 1916, with mining on limited scale expanding into the main ore body in 1939-40. Post the Second World War (1949-1992) the project area was continuously mined, producing tungsten, bismuth and molybdenum concentrate from annual ROM rates of up to 600kt.

There is an extensive network of previous development through 20 levels with 3.8km of inclines and tracked haul-ways. Extraction was via conventional underground room and pillar methods on four main mineralised horizons.

Our analysis is based on ‘REPORT NI 43-101 – TECHNICAL REPORT ON THE MINERAL RESOURCES AND RESERVES OF THE SANGDONG PROJECT, SOUTH KOREA’

<https://almonty.com/investors/technical-report/>

Exhibit 5: The project location is well located and serviced by infrastructure.



Source: Company data

The project is located some 187km and a 3½ hour drive, east-southeast of Seoul. The site is readily accessible via an extensive and developed network of paved roads. The township of Taebaek lies 20km southwest of the project and is navigable by paved roads. Taebaek is an historic and established coal mining town that can provide logistics and operating support.

The existing exploration and mining permits cover all the active exploration and mining areas and are reported to be in good standing.

As indicated by management, with total reserves and resources booked of ~58Mt, Sangdong has a potential mine life of >90 years at a projected production rate of 640kt pa. **This is an annuity project.**

A geological quick-look

The tungsten mineralisation of the **Sangdong deposit** is contained in several tabular skarns in the Myobong Shale sourced from circulating, mineralised fluids associated the underlying granite bodies.

The main host formations of the Sangdong deposit are the Myobong Slate formation (>150 m thickness) and the Pungchon Limestone formation (1,150–1,470 m thickness). The main orebody (**M**) and footwall orebodies (**FW1–4**) with high concentrations of tungsten are located in the Myobong Slate. The Pungchon Limestone hosts the hanging wall orebody (**HW**).

‘Sequential Scheelite Mineralization of Quartz–Scheelite Veins at the Sangdong W-Deposit: Microtextural and Geochemical Approach (Choi et al)’

<https://www.mdpi.com/2075-163X/10/8/678/htm>

The *Jangsan Quartzite* is about 200-250m thick and **contains quartz-molybdenite veins** which host the Deep Molybdenum deposit and underlies the tungsten skarn.

The *Myobong Slate* consists of a 150-200m thick sequence dominantly comprised of with some 7-8 thin, interbedded limestone units. These limestone beds, with skarn alteration host a significant portion of the tungsten mineralisation in the Sangdong Project area.

Exhibit 6: Old rocks provide the economics

| Geologic Era | Period | System | Formation | Thickness | |
|--------------|-------------------|-------------------|------------------------|------------------|------|
| Paleozoic | Ordovician | Chosun | Great Limestone Series | Makdon Limestone | 300± |
| | | | Dumudong Limestone | 200± | |
| | | | Dongieom Quartzite | 30± | |
| | Cambrian | | Hwajeol Limestone | 200± | |
| | | | Seson Shale | 80± | |
| | | | Pungchon Limestone | 300± | |
| | Yangduk Series | Myobong Slate | 150± | | |
| | | Jangsan Quartzite | 250 | | |
| Pre-Cambrian | | Taebaeksan | Schist | | |
| | Naeduk Granite | | | | |
| | Nonggeori Granite | | | | |

Mineralised W

Mineralised W, Mo, Bi

Mineralised Mo in quartz veins over a 200m thick interval

Source: Company data (adj)

There are three broad mineralised horizons designated the **Hangingwall (HW)**, **Main (M)** and **Footwall (FW)** – refer **Exh. 7**

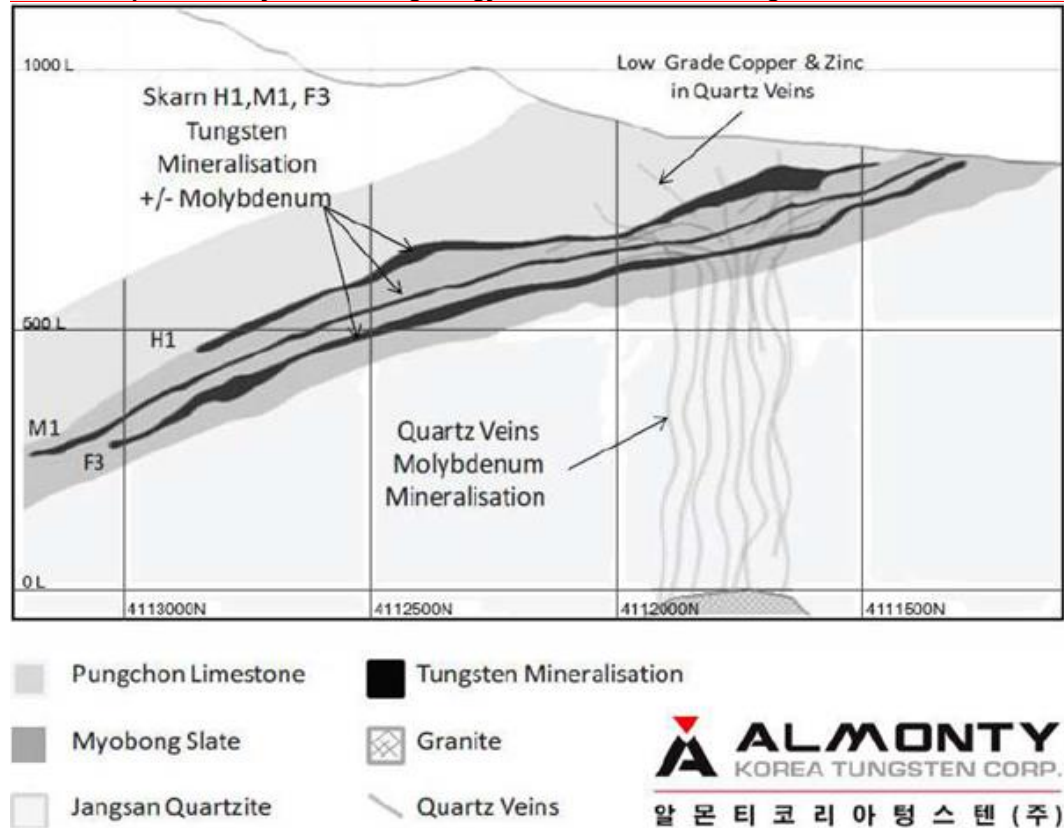
The **HW** interval is the topmost zone and ranges in thickness between 5-30m mirroring the irregular boundary with the overlying formation (*Pungchon Limestone*). As such, the mineralised zone is not tabular throughout its occurrence. This zone has a strike length of 600m and extends down-dip for about 800m. The tungsten values show some zonation and decrease in value up-dip. The base of the **HW** zone is approximately 14m above the upper contact of the Main horizon.

The **Main** zone has a strike length in excess of 1,300m with the thickness within a narrow range of from 5-6m. The zone dips between 15° and 30°. The **Main** horizon occurs as three, approximately circular, concentric zones. The central zone is most of interest being 350m in diameter is coincident with the higher tungsten grade portion of the deposit.

The **FW** interval contains multiple relatively thin layers, designated F1 through F5. The F1 interval is only ~1m below the **Main** horizon and is ~2m thick; F2 and F3 are ~35-40m deeper and are 2.6m thick on average. Further and deeper zones are collectively referred to as F4. The F1 zone has sometimes been mined with extraction of the Main Zone. Some parts of F2 and F3 have been mined in the upper section of the mine.

The individual beds below the **HW** structure generally have an average thickness of 1-4m. The overall thickness of the entire mineralised tungsten suite of skarn bodies is approximately 130 m.

Exhibit 7: An indicative cross section of Sangdong showing the mineralised zones in relationship...relatively consistent geology makes for easier mining



Source: Company data

A mining (and processing) quick-look

With the majority of the ore zones projected to be dipping between 20°-30° and lying within the angle of repose, the company proposes a dual mining methodology -

- Mechanized Inclined Panel mining (**MIP**) – in areas where the mineralised thickness <3m;
- Cut-and-Fill mining (**CAF**) – for areas where the thickness is >3m.

Activity will be conducted using mechanised equipment which requires minimum stope parameters, so all blocks have set against a minimum thickness of 2.2m...there will be areas with reasonably significant dilution factors.

Based on variable thickness parameters of the ore and requirements across each method, the split between **MIP** and **CAF** mining will be ~40%:60%. This ratio will likely change with expansion of the reserves from further drilling and downdip movement the economic horizons.

As noted in the technical report “...resource estimates for the project are currently only classified as Indicated and Inferred. **None of the resources at the current time are currently designated as Measured resources, owing to the lack of detailed structural modelling**”. [emphasis added]

There is significant structuring in the area and on a larger scale, the lateral extent of the Sangdong deposit is defined by its major bounding faults. There are a number of closely spaced post-mineralisation faults within the planned mining area with throws between 1-4m...certainly sufficient to offset mineralised zones. We suggest these faults should be picked up by drilling ahead of new stope developments, but do represent operational risk and potentially delivery of guided tonnages.

Stopes are being modelled to 100m long panels along the strike length of the ore and the mine plan is being concentrated, naturally to capture volumes at the Indicated category. At this stage Inferred volumes are being treated as dilution with respect to the mine plan.

We would suggest the plan may be overstating the dilution impact during excavation and drilling data ahead of mining may lead to significant conversion of volumes to Indicated from Inferred over time.

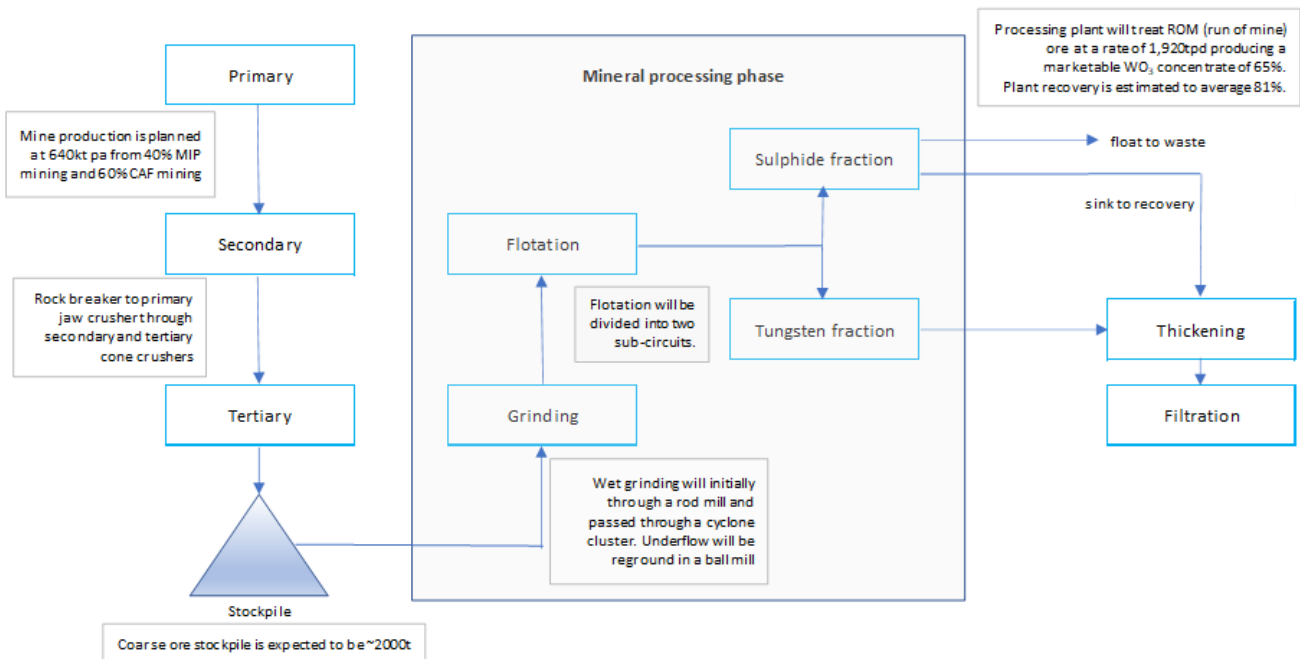
The mining plan is based on ~7.9Mt of 'Probable' resources at a WO_3 grade of 0.45%. Against the proposed mill capacity of 640kt pa, this would imply a 12-year mine life but noting the significant upside residing at the Inferred level, extension of operations well beyond 12 years is a reasonable assumption.

Please refer to Reserves and resources section of the report – **p.23** for context.

The processing is not complex and in a very simplified summary consists of crushing, grinding (through rod and ball mills), followed by a floatation separation circuit to produce a WO_3 concentrate with a grade of 65%.

Recoveries of contained tungsten of 81% have been confirmed by test work and for the basis of concentrate output for economic evaluation purposes. We note recent studies have indicated **upside to tungsten recovery rates to 85%**, which represents upside opportunity versus the modelling assumptions.

Exhibit 8: Simplified processing schematic – the processing should be relatively straightforward



Source: Company data (analyst interpretation). For a more detailed flow sheet refer Sangdong Technical Report Fig. 17-1

Concentrate sales are underpinned by an offtake deal recently finalised with the Plansee Group, which has committed to underwriting the entire initial production (equivalent to 45% of the design output) of the mine. The concentrate will have a floor price of US\$183/MTU (APT eq = US\$235/MTU) and is secured for a term of 15 years...this effectively guarantees a minimum project revenue of C\$750mn.

We assign an NPV based on the defined project and to capture the upside potential using a discretionary probability weighting against a unit concentrate NPV metric

We estimate the Sangdong Project (risked) base case to be worth ~C\$363mn or C\$1.97/share based on an ATP - US\$370/MTU (WO_3) price, ungeared and a risk weighted (Pr=90%) development scenario.

On an unrisked basis, the project could be valued at >C\$2.45/share...could this valuation represent the annuity value?

The expansion case.

Management has projected an expansion case for Sangdong commencing sometime in 2025, which intrinsically makes sense given the resources ascribed to the project and mine life (>90 years) predicated on the base case production assumptions.

The expansion case will not be resource constrained. We interpret the timing as prudent, perhaps somewhat conservative and dependent on bedding down the initial operations. It would also be a decision made on what demand opportunity prevails at that time.

We suggest the option will not be market (demand) constrained...it intrinsically feels like the expansion option could be triggered earlier than indicated, perhaps delivering first contributions from late 2023 or early 2024 (RaaS estimate).

The capital cost would be relatively low and mostly associated with increasing stope development and logistics around haulage. Management suggests the expansion project could be delivered at an indicative capital cost of ~US\$16mn (subject to confirmation). The processing plant has already been sized for higher throughput (only requiring additional flotation cells), so in some respects, the works being undertaken for the tungsten development would include a 'pre-investment' for the expansion option.

The molybdenum opportunity

We expect to be able to better define this growth option over the course of 2021 and ascribe only a nominal value to the project at this stage.

The company has announced the first step in the commercialisation of the molybdenum play, indicating a 12,500m drilling campaign will commence in mid-April *"...to convert the existing historical data for its Sangdong Molybdenum Project into a NI 43-101 and JORC compliant report."* The drilling campaign will broadly replicate the previous works.

There is a massive variation around the size of the opportunity.

Data from previous investigations conducted in the 1980's, based on 12,390m of core drilling suggested tonnage >16.30Mt with grades >0.40% MoS₂ and compared to global analogues this would make Sangdong Molybdenum *"...one of the world's largest long-life high-grade Molybdenum projects."*

Importantly the molybdenum orebody is located just 150m below the tungsten deposit. Initial capital costs should be low at least from a mine development perspective. This is the critical aspect as to the commerciality in our view – the proximity to existing works and infrastructure footprint should deliver significant capital and operating cost savings.

Almonty estimates the initial drilling works will take 6 months to complete and support a mining plan integrated with operations in the tungsten mine.

We add from the company's release *"...(t)his campaign will also allow the company to attribute a value to the Moly deposit where currently in the absence of a NI 43-101 compliant report, it cannot apply any book value to these reserves. Being LME traded has enormous benefits to the Company regarding hedging and pricing transparency."*

Should the drilling results be supportive a project commitment could be delivered by around end-2022.

We value the Sangdong Molybdenum Project option on a nominal basis only adding the potential from significant upside to be generated upon completion of drilling and evaluation works before end-2021.

We ascribe a value of ~C\$14mn or C\$0.08/share based on a long-run molybdenum price forecast of US\$10/lb and a risk weighted resource size.

The Valtreixal Project...growth has another leg

The Valtreixal Project can provide the company with another, high margin growth option through the development of a potentially long-life open pit operation, that is forecast to produce over 70,000 MTUs (and up to 80,000 MTUs) from 2025 on a sustainable basis.

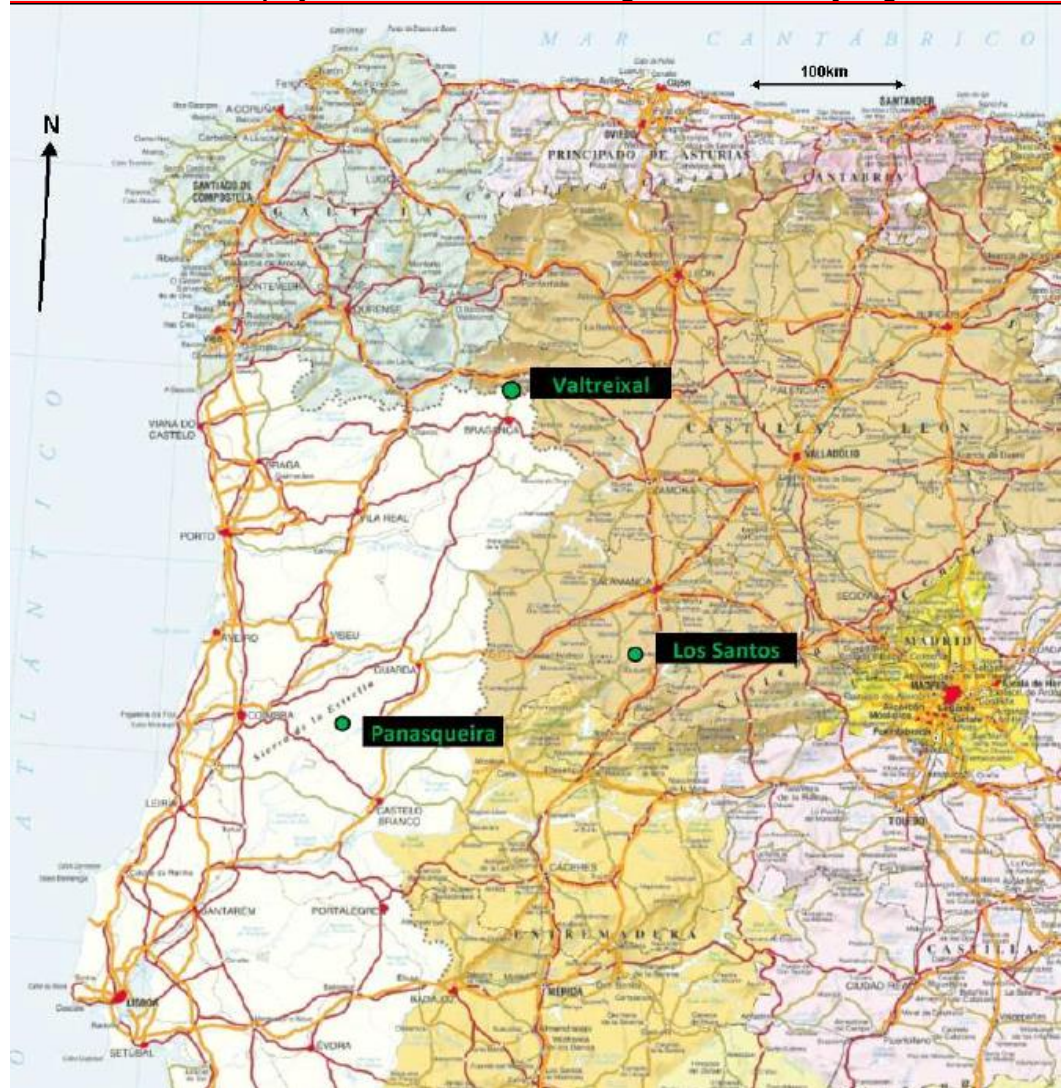
The deposit is located in the NW part of the Zamora province, in the Castilla de Leon region of Spain close to the Portuguese border. The project is readily accessible by public network roads, being about a three-hour drive from Salamanca.

Valtreixal is situated at a reasonably high elevation, so operating conditions are likely to be temperate to cold, but as indicated, there should be no significant to mining.

Our analysis is based on 'REPORT NI 43-101 – TECHNICAL REPORT ON THE MINERAL RESOURCES AND RESERVES OF THE VALTREIXAL PROJECT, SOUTH KOREA'

<https://almonty.com/investors/technical-report/>

Exhibit 9: A cluster of projects makes for easier management and cost synergies



Source: Company data

Valtreixal has been previously explored dating back to the late 1800s but essentially for tin where mining had been conducted through to the 1920s on a continuous basis. Tin operations continued through to closure in 1969 but only intermittently.

Interestingly the tungsten opportunity had been effectively wholly ignored. Waste dumps and tailings from tin operations have returned grades of ~0.2% WO₃.

Almonty first secured an interest in the Valtreixal play in 2013 and secured 100% of the asset in 2015 at a total purchase price of c.€3.4mn. The project has been in a pre-feasibility study phase since Oct-2015.

The principal products are tungsten and tin.

The mineralisation at Valtreixal has been classified as a 'complex vein deposit'...it is exactly as described

The geology in the project area is characterised by three main formations of Cambro-Ordovician age, all of which broadly align along a strike direction trending SW-NE and are steeply dipping at an angle of ~80°.

The uppermost layer is a 300-600m sequence of Ordovician slates (Pizarras de Luarca), phyllites and schists is the primary host of most of the mineralisation. The formation contains a *"...high frequency of segregated quartz veins and schist bands sometimes rich in sulphur"*.

As noted, a significant proportion of the tungsten mineralisation (as scheelite) is located away from the quartz veining and appears to be strata-bound*. The tin mineralisation (as cassiterite), occurs in and around the quartz veins and *"...there appears to be a degree of separation into tin and tungsten zones"*.

In this regard the zones can be considered somewhat distinct in location and can be mined as separate ore bodies per se.

We would note though that nothing is ever quite that simple with some scheelite occurring and associated with the quartz veins. The distribution and width of veins is variable and has been described as *"...quite erratic within localised areas"*.

Mining and... processing

Valtreixal will be mined via open-cut mining methods, designed on the basis of a producible ore volume of 2.5Mt of ore and a mill throughput of 500kt pa. The mineable resources could be considered as a function of the pit design rather than mine plan being driven by the ore volumes.

The Valtreixal mine design is based on 'site specific' technical studies whilst the processing plant is somewhat identical to that being used at the company's Los Santos operations. This highlights in part, the major benefit of the embedded and transferable IP (intellectual property) and infrastructure within the organisation...as well as local knowledge.

The company plans to use mining contractors, which should provide a strong degree of certainty with respect to recurrent operating costs.

Mining will not require drilling and blasting and the pit itself is expected to be some 700m in length along strike, and 300m at its widest point.

In order to establish mining parameters and a strip ratio, a WO₃-equivalent (or synthetic) grade was created using the nominal grades of the WO₃ and Sn. Using a 'cut-off' grade of 0.08% WO₃ underpinned a pit design encompassing ~2.5Mt of probable ore, at an overall strip ratio of 8.3: 1. We note commentary that *"...(t)his pit envelope also contained 2.2Mt of inferred resources at economic grades"*.

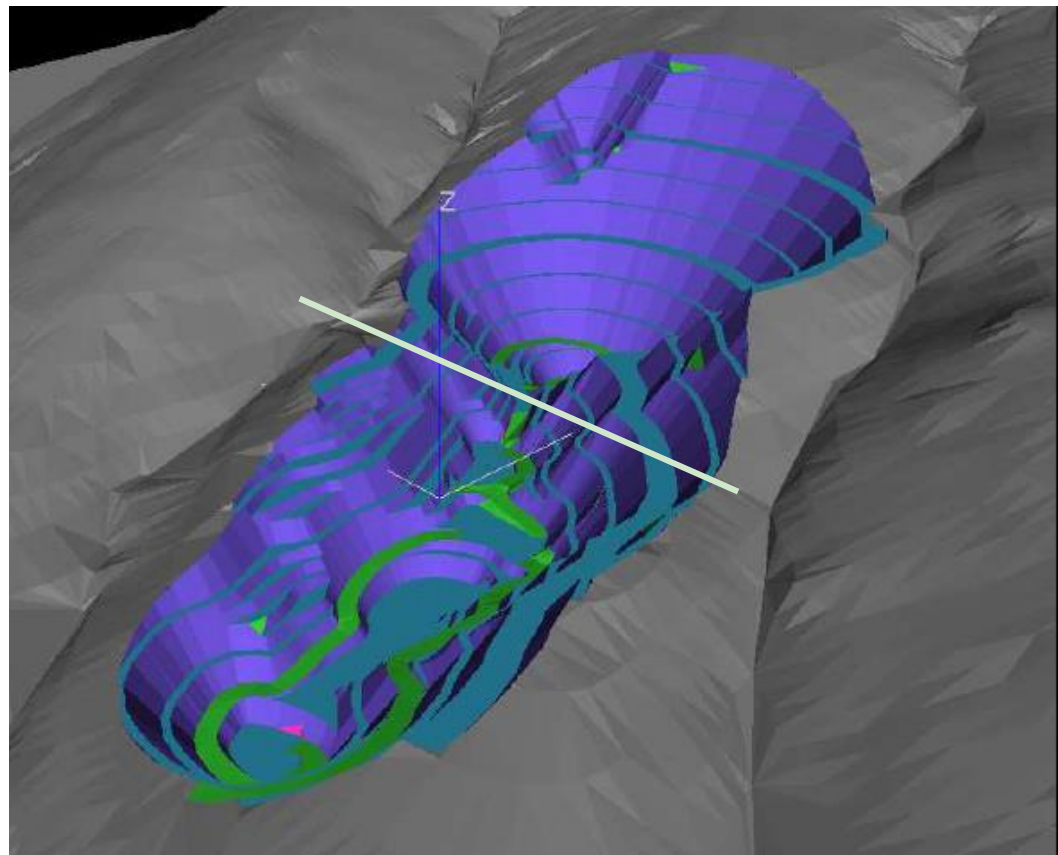
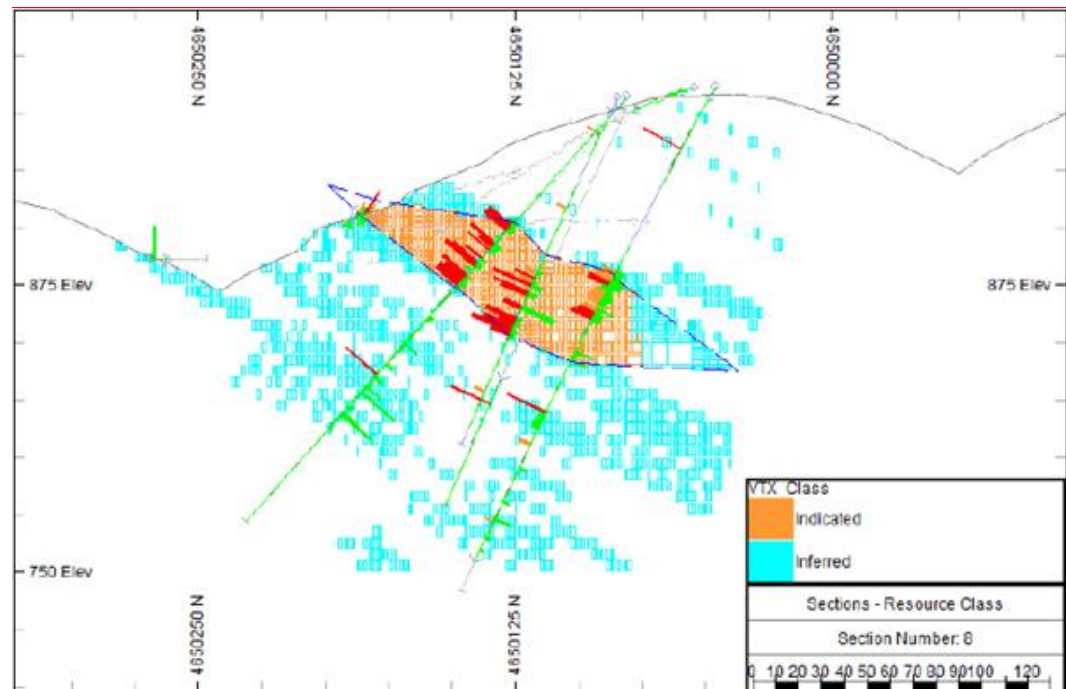
There are currently no Measured resources associated with the project with no closely spaced (15m x 15m), systematic grid drilling having been completed. The areas designated as Indicated resources, are defined by drilling on a minimum of 30m spacing.

We highlight that there is a large volume of ore as Inferred resources (>10Mt), which are likely to become better defined through drilling activity ahead of mining and **it's a reasonable assumption to proffer a significant mine life extension and/or pit expansion, both with depth and laterally along strike (refer Exh. 10).**

Please refer to Reserves and resources section of the report – **p.23** for context.

*A mineral deposit is said to be strata-bound when confined to a single or distinctly separated stratigraphic units.

Exhibit 10: Valtreixal cross-sections and schematics showing extent of the resource opportunity and likely scope of pit design



Source: Company data – Pit design looking SW-NE. Heavy line shows orientation of cross-sectional view

Cross section map indicates the dimensions and orientation of the ore zones split on a resource classification basis and quite strongly shows the defined opportunity and upside potential.

...and processing

Ore beneficiation is expected to be relatively simple based on the lithology of the mineralised zone. The conceptual plant design will consist of a straight forward crushing, grinding and gravity separation circuit to produce bulk concentrates of tungsten and tin.

Scheelite is not a hard mineral per se – classifying at 4.5-5 on mineral scale (Mohs Scale). It is expected that the mineral can be readily released “...without using excessively aggressive media”, avoiding excessive production of fines.

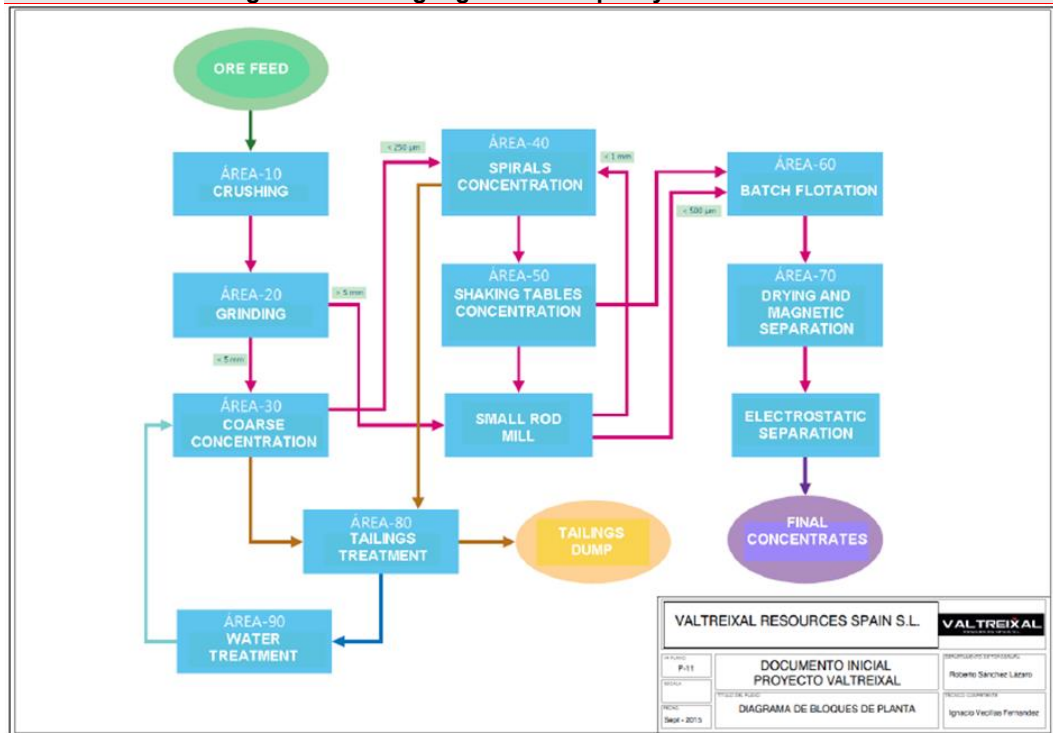
The crushing and grinding process would likely consist of a combination of a jaw crusher, cone crushers, followed by a rod mill. Separate stockpiles, according to WO₃ or Sn content will be maintained.

The ground product is then separated into different size fractions through hydro-cyclones and finally across a series of separation units (flotation, magnetic, electrostatic) to produce scheelite and cassiterite concentrates.

The plant will have a nominal treatment capacity of 500,000t pa of ROM ore and is expected to operate on a 24/7/365 basis.

Metallurgical testing and pilot plant studies supports the estimate of 55% tungsten recovery and production of a 65% WO₃ concentrate and; 65% tin recovery, delivering a 50% Sn concentrate.

Exhibit 11: Processing schematic highlights the simplicity of the circuit



Source: Company data

At this stage we are unaware of All having closed any offtake contracts for the concentrate which remains an item of risk, although we suggest given the global macro projections and encouragement for new supply (ex-China), securing off-takers will unlikely be a major issue for either the tungsten or tin.

We use US\$288/MTU (WO₃) and US\$9.40/lb (Sn) as the basis of our economic evaluation as per company guidance. Discussion on commodity prices is included in the Financials and Risks sections of the note (p.TT and VV).

We assign an NPV based on the defined project and to capture the upside potential using a discretionary probability weighting against a unit concentrate NPV metric. **We carry a risked value Valtreixal of ~C\$21mn or C\$0.12/share on an ungeared development scenario. The unrisked upside (approaching 2025 start-up) is calculated at c.C\$80mn (~C\$0.45/share) to 2030.**

Panasqueira Project...still some life left

The Panasqueira mine is located in central Portugal, some 300km northeast of Lisbon and 200km southeast of the port city of Porto (refer **Exh. 9**).

The mine site is readily accessed by sealed roads and multi-laned highways to the town of Fundão and hence some 35km along a secondary two-lane road to Barroca Grande, which is the location of the Panasqueira plant and offices. The project is well supported by in terms of required services including all heavy-duty equipment.

Wolframite was first recorded at Panasqueira in 1886 and mining operations for tungsten commenced in 1896. We note that *"...the underground mine has been operating more or less continuously since that time, except for a brief period at the end of World War II"*. In 1992 the mine was closed for a second time.

Although early records are somewhat sparse, over the period 1937-2016, mining has delivered

- ~128,000 tonnes of tungsten concentrate,
- ~6,600 tonnes of tin concentrate and;
- ~32,000 tonnes of copper concentrate.

Production quantity has been variable but recently is in the range of 85,000 – 95,000MTU WO₃ and projected (guidance) to be around 89,500MTU through the forecast period to 2030.

Almonty has title to the project through a convoluted, embedded ownership structure as follows:

All owns 100% of Beralt Ventures Inc. ("BVI"), which owns 100% of BTW, which holds 100% *"...of the various rights and interests comprising the Panasqueira tungsten mine"*.

Our analysis is based on 'REPORT NI 43-101 – TECHNICAL REPORT ON THE MINERAL RESOURCES AND RESERVES OF THE PANASQUEIRA PROJECT, PORTUGAL

<https://almonty.com/investors/technical-report/>

Geology and mineralisation

Panasqueira has been described as a vein type deposit consisting of a series of stacked, sub-horizontal, quartz veins containing wolframite mineralisation, intruding into the host rock (Beira schists), and exhibiting very large nugget-like crystals.

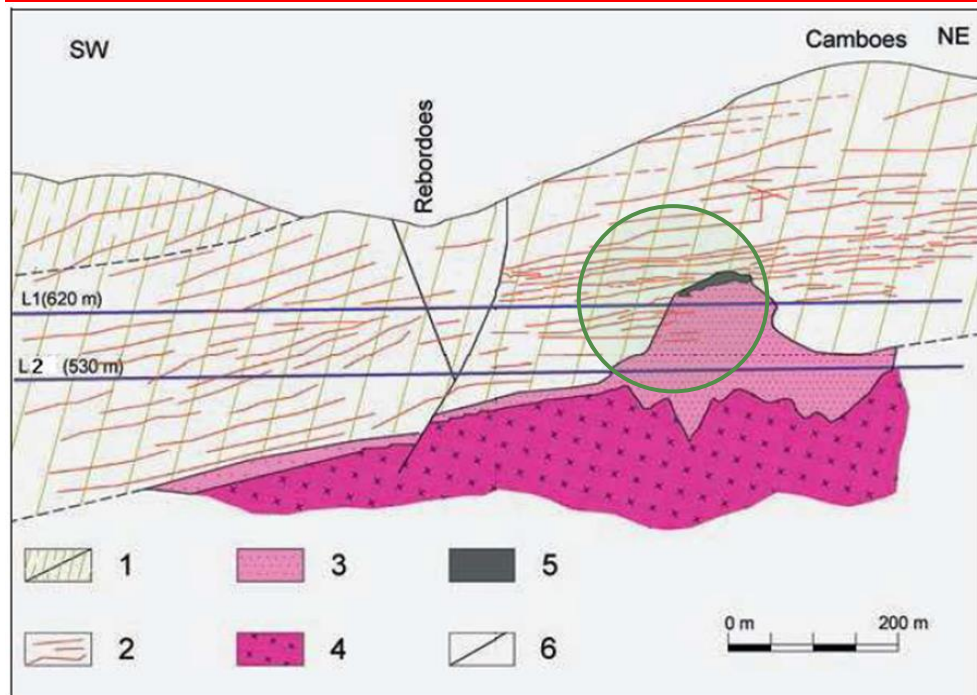
Exhibit 12: Flat-lying white quartz vein with black crystalline wolframite...the ore is pretty hard to miss



Source: Company data

As evidenced in the schematic cross-section, the largest concentration of veins occurs immediately over a granite-greisen high (cupola) on the No 2 Level of Panasqueira workings.

Exhibit 13: Cross-sectional schematic noting concentration of quartz veining



Source: Company data

1 – spotted schists, 2 – Quartz veins, 3 – Greisen, 4 – Granite, 5 – Silica cap, 6 – Main fault

The tungsten mineralised quartz veins occur in broad block across a strike length of ~2,500m, ranging in width from 400-2,200m, continuing to 500m in depth. The veins are characterised as being sub-horizontal with an average dip of 8°-10°.

The mineralisation is generally coarse-grained and very erratically distributed in the quartz veins which average about 0.30m in thickness and can persist over hundreds of metres, often overlapping with others. The narrow width of individual veins results in quite significant dilution during mining and maintaining a maximum stope height of 2.2m becomes quite critical.

Essentially, it indicates to use that the ore and mineral distribution is not uniform although some general trends can be discerned as per **Exh. 13** but there will be some embedded risk to resource estimates.

The Panasqueira deposit has not been extensively drilled despite being in operation for more than 100 years. The evaluation work has historically front run mining operations on what we would describe as a 'needs' basis. Evaluation or exploration drilling is undertaken in the course of normal operating activity.

The resource risk though is perhaps mitigated by the operational history of the mine...it just keeps producing.

Mining and processing

The ore is mined using mechanized room and pillar operations which is possible in part due to the very competent host rock. Underground rock support is rare with the mining method supporting an overall extraction rate of 84%.

We note that as indicated there is limited pillar recovery in the mine. Roof support pillars generally collapse some 4-5 months after stope completion.

Panasqueira is noted for producing very high-grade concentrates, which are almost pure wolframite. The brittle characteristic of wolframite can make impact mining recovery, but does make beneficiation easier as 'most' of the wolframite is easily liberated with only two stages of crushing.

The brittle nature of the mineralisation means a significant proportion of wolframite ends up as fines which need to be cleaned (swept) from the floor of the stoped area upon abandonment.

ROM ore is passed to the primary crushing circuit at a rate of 160tph, and onto Heavy Medium Separation (HMS) which accounts for ~80% of original feed ore. Fines pass through to sand and slime shaking tables.

The HMS fraction is further crushed with sulphides are removed by flotation. The final process is high-intensity magnetic separation to produce a very high-grade tungsten concentrate and a non-magnetic cassiterite concentrate which passes to a tin recovery circuit.

The plant recovers ~81% of the tungsten, producing >89% of MTUs as a 75% WO_3 concentrate, the other 10% forming a 74% concentrate of fines. These are some of the highest concentrate grades available on the market.

We carry a valuation for the Panasqueira Project of ~C\$32mn or C\$0.17/share based on a US\$288/MTU price, ungeared and risk weighted development scenario, noting the company is currently conducting a resource review with the potential to extend the mine life beyond our modelling assumptions. In this regard our NPV should likely be considered as a base case.

Los Santos Project...care and maintenance

The Los Santos open pit mine is located in central Spain and **was placed under care and maintenance as a result of COVID-19 related issues but is expected to re-open in 2021**. The mine has (mostly) been in continuous production since its commissioning in 2008.

Mining and processing operations began in 2008 and Almonty acquired the asset in 2011. All holds rights to Los Santos through 100% Spanish subsidiary, Daytal Resources Spain S.L, which in turn owns 100% of the mine and mining rights.

Los Santos is located in the southern part of the province of Salamanca and is some 180km west of Madrid, 50km south of Salamanca and 1km east of the town of Los Santos. There is ready access by an interconnected highway network and service roads right in the Los Santos village. (refer **Exh 9**).

The project is situated ~1,000 m above sea level, on the south slope of a hill, that extends over 3km in length.

Our analysis is based on 'REPORT NI 43-101 – TECHNICAL REPORT ON THE MINERAL RESOURCES AND RESERVES OF THE LOS SANTOS PROJECT, SPAIN

We note the somewhat potentially dated nature of the technical reports underpinning the analyses of this report project against which we have confirmed and adjusted data after commentary from management. We understand the Los Santos Project is undergoing an operational and resources review with the potential for significant changes to the assumptions as carried.

Local Geology

The Los Santos deposit is a typical skarn-hosted scheelite deposit (refer **Appendix 1**).

The tungsten occurs mainly as scheelite within massive skarn bodies. These bodies as mapped are described as “...generally narrow and steeply dipping”.

The ore deposit itself consists of “...a number of discrete zones, six of which have been modelled for the current resource estimate”. The zones dip somewhat uniformly in direction across the deposit but vary between 60° to 90°, however, the strike length is highly variable.

The mineralisation is located within a number of discrete individual beds within each zone, which range between 2-20m in width.

The tungsten occurs mainly as scheelite within massive pyroxene skarn but can also occur in sulphide rich skarns, up to 5m thick...adding some complexity to the processing stream.

Mining is conducted on a contract basis.

Extraction is quite conventional as an open-pit operation using ‘drill and blast’ methods. Waste benches are set at 10m, whilst ore benches are set at 5m.

The mine walls as can be evidenced in the associated picture are steep at 55° on the north face and 48° on the south.

The strip ratio varies within between the individual ore bodies but averages 8.2t/t (tonne for tonne basis). In the 12 months to Sep-2015, some 525kt of ore were mined from 2 open pit areas: Santos Sur and Las Cortinas East, 3.8Mt of waste at a strip ration of 7.2t/t.

Since mine start-up in 2008 open pit mining has been undertaken across five zones (first nominated in **Exh. 14**), each comprising multiple skarn units and trending from NW-SE.

Although the mining is somewhat simplistic, the overall ore body is relatively complex with multiple skarn zones exhibiting quite significant variations in dimensions, in particular thickness and extending quite deeply

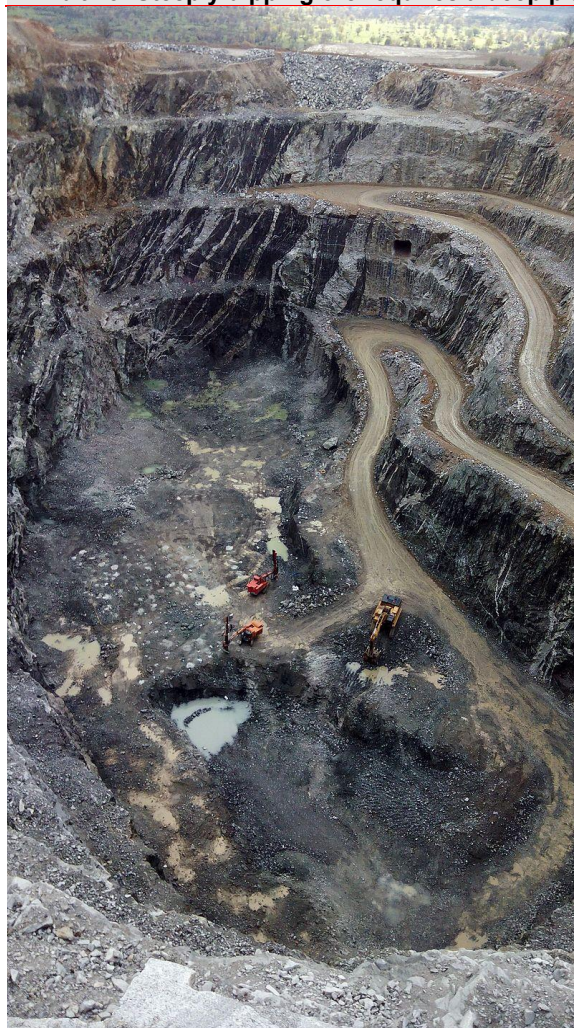
This variability makes dilution and grade control potentially difficult and certainly critical.

Exhibit 14: High variability demonstrated across the individual skarn units

| Ore zone | Skarn units | Strike length (m) | Depth (m) | Thickness (m) |
|--------------------------------|---|-------------------|-----------|-----------------------------|
| Las Cortinas | 1, 3, 20, 21 | 260-385 | 20-160 | 9-25 (max); 2.3-5.0 (ave) |
| Sector Central (now mined out) | 5 | | | |
| Capa Este (Capa E) | 11 | 130 | ...to 70m | 36 (max), 16.9 (ave) |
| Los Santos Sur -SW (LSSSW) | Day01, Day02, Day03, Day04a b c, Day05 | 25-115 | 35-190 | 10-35 (max), 6-12 (ave) |
| Los Santos Sur | 6, 7, 8, 9, 10 | 100-200 | 35-230 | 13-60 (max), 5.0-13.7 (ave) |
| Capa G | 12 | 250 | ...to 140 | 20 (max), 9.5 (ave) |
| Capa 4 | 4 | 630 | 20-120 | 12 (max), 4.0 (ave) |

Source: Company data

Exhibit 15: Steeply dipping ore requires a deep pit



Los Santos Sur pit



Las Cortinas West pit

Source: Company data – haulage system at Los Santos Sur pit

Processing lets gravity do the work

On a simplified basis, beneficiation begins with a primary crushing circuit followed by two cone crushers then thence to a wet grinding circuit (rod and ball mills) and hydro-cyclones producing coarse and fine fractions.

The size product then flows to separation circuits beginning with low intensity magnetic separator. The non-magnetics are then batch processed through flotation to remove sulphides. The 'non-float' is mainly scheelite to produce a concentrate with ~65% WO₃.

During 2015 (date of Technical Report) the plant processed 519kt, with an average feed grade of 0.32% WO₃ with a calculated recovery of 60%. The on-going planned recovery is 62%.

Reserves and resources – there's a lot of metal to be extracted

Almonty has a strong reserves and resources position across its portfolio of existing production and pre-development assets.

We have based our forecasts and valuation on the data contained within the technical reports and adjusted where necessary from the company presentation released in Dec-2020. **The company is currently conducting a reserves and resources review with the potential for material changes to estimates as noted, however, we are comfortable with the indicative volumes ascribed to both of the critical growth projects at Sangdong and Valtreixal.**

It is beyond the scope of this report to verify the estimates as reported. We refer readers to the individual Technical Reports as referenced throughout this report for specific details of reserves estimation methods and sampling/assay data underpinning the assumptions made therein. We would highlight that, where necessary asset specific resource estimation criteria have been used.

Exhibit 16: Resource volumes are sufficient to drive growth within growth – All will not be 'ore constrained'

| ROM volumes | RESERVES ESTIMATION | | | | | |
|--|---------------------|--------------|-----------------|--------------|-------------------|--------------|
| | Proven | | Probable | | Proven + Probable | |
| | WO ₃ | Grade | WO ₃ | Grade | WO ₃ | Grade |
| | kt | % | kt | % | kt | % |
| Sangdong | | | | | 5,822 | 0.41% |
| Los Santos (<i>shut in</i>) | | | | | 3,582 | 0.23% |
| Valtreixal (<i>in pre-feasibility</i>) | | | | | 2,549 | 0.34% |
| Panasqueira | | | | | 1,951 | 0.20% |
| | | | | | 13,904 | 0.32% |
| | RESOURCE ESTIMATION | | | | | |
| | Measured | | Indicated | | Inferred | |
| | kt | % | kt | % | kt | % |
| Sangdong | | | 8,029 | 0.51% | 50,686 | 0.43% |
| Los Santos (<i>shut in</i>) | 75 | .041% | 2,133 | 0.28% | 1,878 | 0.25% |
| Valtreixal (<i>in pre-feasibility</i>) | | | 2,828 | 0.34% | 15,419 | 0.17% |
| Panasqueira | 1,951 | 0.20% | 8,076 | 0.24% | 10,322 | 0.24% |
| | 2,026 | 0.21% | 21,066 | 0.36% | 78,305 | 0.35% |

Source: Company data (subject to change from current review and evaluation studies)

On **Sangdong** ore estimates of over 58Mt (M+Ind and Inf), the project would have a mine life of >90 years based on ROM production of 640kt pa. Long life production is always a good thing to have although not from an optimal valuation perspective. However, subject to physical constraints, we suggest it's worth evaluating Sangdong as an annuity style asset.

It is worth noting that even as a major growth opportunity, there are currently no measured resources at **Valtreixal**, as no areas have yet been systematically been drilled on a 15m x 15m grid.

The **Panasqueira** mine has historically always operated with a reserve level representing only a few years of production, which has necessitated the adoption of a resource estimation procedure specific to the deposit, based on statistical parameters and observations unique to the deposit (refer technical report).

We note as a vein deposit the assessment of reserves and resources at Panasqueira is determined by 'face sampling' and the area estimate of the contained wolframite crystals. When a sufficient statistically valid set of data samples are accrued, the 'crystal area' is used with "...the empirical Pintas formula, to estimate the recoverable wolframite per horizontal square" and estimate ore grades (refer Appendix 3).

Sampling has validity we suggest, but can return significant margins of error.

We are comfortable that the company will not be ore constrained and has access to sufficient resource volumes with a high enough probability of conversion to economic reserves to support its growth strategy as outlined (Exh. 4).

Financials – growing the revenue base

Our financials and valuation are based on production/revenue/cost estimates as per the technical reports. Noting the economic evaluations were conducted across 2015-2016 we have sought guidance on adjustments and confirmations from management.

Look through project economics are reported in USD whilst the company reports its financials in CAD. We convert to CAD (and where necessary AUD) using forward curve data as per **Exh. 17**.

| Exhibit 17: Currency forward curves as per date annotated | | | | | | | | | |
|--|------------|--------|--------|--------|--------|--------|--------|--------|------|
| | Date | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| AUD | 22/02/2021 | 0.6989 | 0.7864 | 0.7874 | 0.7872 | 0.7868 | 0.7864 | 0.7682 | 0.75 |
| CAD | 22/02/2021 | 0.7458 | 0.7916 | 0.7913 | 0.7892 | 0.7866 | 0.7840 | 0.7770 | 0.77 |
| EUR | 22/02/2021 | | 1.2157 | 1.2259 | 1.2398 | 1.2579 | 1.2759 | 1.2380 | 1.20 |
| EUR-CAD cross rate* | | | 1.5357 | 1.5493 | 1.5709 | 1.5991 | 1.6274 | 1.5932 | 1.56 |

Source: RaaS analysis; investing.com, barchart.com; *cross rate required for EURO denominated debt

Operating and capital assumptions are drawn from the technical reports and adjusted on company guidance.

Tungsten prices are assumed as per company guidance. Please refer to the Risks section (**p.28**) for more commentary.

Profit and Loss forecasts project a growth outlook so should be viewed as indicative at this stage and reflecting the direction and order of magnitude of upside rather than an absolute estimate. Production volumes and hence revenue estimates will be a direct function of project delivery and realised commodity prices.

Assumptions pertaining to the performance of Sangdong and accounting treatment should be considered as containing a significant embedded error at this stage; and the treatment of debt (with assumptions on gearing) are subject to confirmation and potentially significant change.

| Exhibit 18: Summary profit/loss results (reporting currency CAD, balance date 31-Dec) | | | | | |
|--|----------------|----------------|---------------|----------------|--|
| P&L | 2020f | 2020f | 2022f | 2023f | In C\$000's |
| Average W price (US\$/MTU) | | | 254 | 269 | Weighted price across all projects |
| Production (000s MTU) | | | 94,464 | 169,505 | |
| Revenue | 24,288 | 30,347 | 58,433 | 111,793 | |
| COGS | (23,646) | (28,902) | (42,436) | (64,281) | |
| Gross Profit | 642 | 1,445 | 15,997 | 47,513 | Reflects operating margin improvements and contribution from the ramp up of Sangdong |
| Proforma EBITDAX | 2,349 | 3,278 | 19,746 | 54,515 | |
| Proforma EBIT | (4,931) | (5,268) | 9,209 | 40,669 | |
| Profit before tax | (7,877) | (7,242) | 6,974 | 45,357 | |
| Tax | (7) | | (1,046) | (5,759) | Based on Canadian corporate tax rate |
| NPAT | (7,884) | (7,286) | 5,928 | 39,588 | |
| EPS (cps) | (4.3) | (3.7) | 2.9 | 15.4 | |

Source: RaaS analysis

Our forecast points to a modest NPAT outcome for 2021 but improving rapidly as Sangdong commissions and ramps.

Carrying significant debt

As of the last pro-forma financials for the quarter ending 20-Sep-2020, the company was carrying a closing debt position of C\$61.4mn primarily through a series of term loans and convertible debentures. Of the debt drawn, some C\$48.9mn was classified as a Current Liability, due and payable in 2021.

We believe negotiations are underway with the aim of restructuring the nature of the terms related to repayment, effectively pushing the repayment commitments out 'to the right' (perhaps by three years or more [RaaS estimate]).

The debt has a variety of denominations – Euro and USD for the term loans and debentures in CAD, with a mix of fixed and benchmarked linked interest rates. Some interest was payable on a monthly basis in arrears whilst other interest components were capitalised to be paid out with the principal.

Our interpretations of the debt facilities are outlined in **Exh. 19a, 19b**.

| Exhibit 19a: Summary debt instruments | | | | | |
|--|------|----------------------|------------------|--------|---|
| | | 30-Sep-20 C\$000s | Weighted rate | | |
| Term Loan | Euro | \$9,366 | 2.64% | Daytal | Unsecured with maturity dates to Jun-23 |
| | | | 2.50% | VRS | Monthly payments of principal and interest |
| Term Loan | USD | \$29,327 | LIBOR + 1.5% | | Unsecured with maturity at Jun-23 |
| | | | | | Monthly payments of principal and interest |
| Debentures | CAD | \$21,655 | | | Corporate facility of US\$15,560. |
| Leases | | \$754 | | | Interest is payable quarterly and the principal at maturity |
| Promissory Note | USD | \$250 | 6% | | which has been extended to 30-Sep-21. |
| Closing | | \$61,352 | | | Refer Exh. 19b |
| Current Debt | | \$48,864 | | | |
| Non-Current Debt | | \$12,488 | | | |

Source: RaaS analysis – maturity dates likely to be renegotiated

We model the Current Debt liability being paid out or converted where applicable and where it's related to the Convertible Debentures. With the impending finalisation of a US\$75mn financing facility related to Sangdong, we see the company potentially restructuring existing debt facilities.

Post the debt drawdown of the new facility, gearing is high and very dependent on delivery of production growth targets. **It is an element of risk to the financials as forecast.**

| Exhibit 19b: Summary convertible debentures...likely to be a 'go to' financing instrument | | | | | |
|--|------------------|-------------------------------------|------------------------------|---------------------|--|
| Tranche | Amount (000s) | Amount at Maturity (f) (000s) | Expected Maturity Date | Conversion Price | |
| 1 | US\$2,000 | US\$2,281 | 22/03/21 | C\$0.628 | Currently in the money and we expect to be converted at the prevailing All price. Coupon rate = 6% |
| 2 | US\$5,963 | US\$7,138 | 30/01/21 | C\$0.900 | Given conversion price we expect maturity rate to be pushed back by 12 months. Coupon rate = 6% |
| 3 | US\$6,000 | US\$6,817 | 22/03/21 | C\$1.450 | Given conversion price we expect maturity rate to be pushed back by 12 months, with the potential for further pushback. Coupon rate = 4% |
| 4 | US\$2,000 | US\$2,142 | 31/03/21 | US\$0.50 | Conversion price at spot = C\$0.637 so debentures are in the money. Coupon rate = 7% |
| 5 | €3,250 | €3,250 | 13/07/23 | €0.35 | We'd expect the debentures to be well in the money throughout the term against an equivalent price of C\$0.542 (at the spot cross-rate). Coupon rate = 10% |

Source: RaaS analysis

The balance sheet looks over-g geared and is likely to remain so through the early part of the Sangdong commissioning and production ramp-up. Whilst this is nominally a red flag and pointer to the potential for an equity raising, we model the gearing as significantly reducing from 2023, noting this represents the base case production scenario – delivery of Sangdong expansion would see the company in a comfortable gearing position perhaps sooner than forecast.

Whilst the debenture interest rates are somewhat high, ranging from 4-10%, there are impending conversion dates and the absolute level of carry forward principal is on a reducing basis out through 2023.

We would also highlight that the debt could be as 'friendly' with lenders also sitting on the register as shareholders.

Term facilities are keeping in line with current market rates and globally low interest rate environment as outlined in **Exh. 19a**.

Sangdong Financing

All has put in place project financing for Sangdong, securing US\$75.1m from the German state-owned KfW-IPEX Bank GmbH (the Credit Institute for Reconstruction) It is expected that this facility will cover ~70% of the US\$105 million construction costs. Construction costs are set against a fixed-price contract with POSCO E&G...the chances of a significant cost blow-out are very low we suggest.

The Sangdong debt financing is at Libor plus 2.3%.

We have indicated that the financials will be dependent on **the production guidance as provided** and realised commodity prices as modelled, which are subject to change.

As at 27-Jan, only US\$10.1m (of the implied ~US\$30mn) was required to complete the equity component of the financing.

Exhibit 20: Summary Balance Sheet – high debt levels will persist

| FINANCIAL POSITION | 2020f | 2021f | 2022f | 2023f | In A\$000's |
|--------------------------|-----------------|------------------|------------------|-----------------|---|
| Cash & Equivalents | 4,344 | 3,467 | 8,370 | 44,172 | Somewhat flatlining till Sangdong production ramp impacts |
| PP&E/Development assets | 126,749 | 169,079 | 165,330 | 158,328 | |
| Total Assets | 142,431 | 182,046 | 182,120 | 210,464 | |
| Debt | 60,778 | 111,254 | 110,435 | 109,697 | Assuming conversion and perhaps payback...debt levels will persist well above C\$100mn through the forecast period |
| Total Liabilities | 112,383 | 156,866 | 151,581 | 147,291 | |
| Net Assets/Equity | 30,048 | 25,180 | 30,540 | 63,173 | |
| Net Cash/(Debt) | (56,343) | (107,787) | (102,064) | (65,525) | |
| Gearing | 65% | 81% | 77% | 51% | Gearing high but improving...there will be risk from increasing rates through the forecast period particularly if global growth accelerates |

Source: RaaS analysis; FY21+ estimates based on the merged PGY-Royal entity

In line with delivering production growth, improving operating margins on new assets will drive net cash generation. The forecasts do not include any significant expenditure on secondary growth projects through the forecast period, but we see the company as adequately financed to deliver on expansion options as required.

Exhibit 21: Summary cashflow statement – building the cash balance

| CASHFLOW | 2020f | 2021f | 2022f | 2023f | In C\$000's |
|---------------------------------|----------------|-----------------|----------------|----------------|---|
| Net Operating Cashflow | (5,513) | (4,435) | 10,912 | 40,912 | Operating cash growing as production ramps |
| Payments for Mining Assets | (5,284) | (44,163) | (4,272) | (3,446) | |
| Net Investing Cashflow | (6,284) | (45,163) | (5,272) | (4,446) | Potential for more cash expenditure if Sangdong expansion and molybdenum project can be brought forward |
| Net Equity Issues (after costs) | 474 | 3,361 | | | |
| Net Debt movements | 9,280 | 45,060 | (737) | (663) | |
| Net Financing Cashflow | 9,042 | 48,721 | (737) | (663) | |
| Net Change in Cash | (2,755) | (877) | 4,903 | 35,802 | Cash build highlights transformative nature of growth strategy |
| Closing Cash | 4,344 | 3,467 | 8,370 | 44,172 | |

Source: RaaS analysis

Sensitivities

We use the Sangdong Project as the critical sensitivity component of our analysis as the underpinning asset of the growth story through the forecast window. Within that the major driver is the tungsten price, especially against a largely fixed (contract) operating cost base.

As may be expected on a static cost base, changes to tungsten price flow directly through to the operating margin and profit line on a nearly '1 for1' basis.

Exhibit 22: Sangdong sensitivities are indicative of the leverage to tungsten prices on a fixed (contract) cost base

| SANGDONG | | | | | % Change | | |
|---|--------------------------|-------|-------|-------|----------|---|-------|
| WO ₃ price | US\$/MTU | 280 | 296 | 320 | -5.4% | 0 | 8.1% |
| Gross Operating Margin | US\$mn | 25.8 | 28.9 | 33.5 | | | |
| Gross Operating Margin | % | 48% | 51% | 54% | -5.5% | | 7.3% |
| 1:1 to be expected given contract mining...changes in revenue should impact should directly impact the margin lines | | | | | | | |
| NPAT | % | 36% | 38% | 41% | | | |
| NPV | US\$mn | 119.1 | 137.9 | 166.1 | -13.6% | | 20.4% |
| Changing margins should drive significant variation based on aggregate changes over the project life | | | | | | | |
| | C\$mn | 153.7 | 177.9 | 214.1 | | | |
| Unit NPV | US\$/MTU WO ₃ | 62.05 | 71.84 | 86.52 | | | |
| Unit NPV | % margin | 18% | 19% | 22% | -8.7% | | 11.4% |

Source: RaaS estimates

The financial outlook remains robust with the base case Sangdong Project NPV positive at a realised WO₃ price as low as US\$180/MTU. By implications that suggests the aggregate growth outlook remains robust at these levels as well.

There's significant positive margin in the current macro-economic environment, particularly in the post-COVID rebound with strong bullish sentiment towards demand pull (against supply tightness) and upside to prevailing tungsten prices.

A risk assessment

The most critical factor in determining and delivering any project is, in our view the prevailing commodity price outlook and supply-demand variables of the industry.

Rather than a comprehensive assessment of all operating risks, we highlight a few key areas that we consider the most critical for the company and investors over the next 12-24 months.

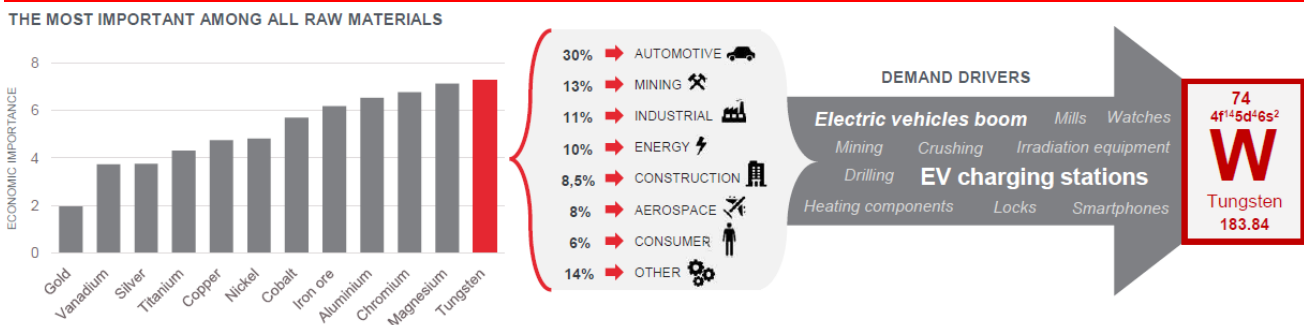
Market commentary

On old metal in new world dynamic, tungsten demand is expected to remain strong given its physical properties remain pertinent to conventional and emerging industries.

General commentary would suggest demand continues to be stable in the automotive industry and is rising in sectors like energy (particularly oil and gas) and defence.

Exh.23 (from the corporate presentation of Dec-2020) captures the situation and standing of tungsten as a critical metal of importance across a number of global economic sectors. Where the metal has a market advantage is its applications across many sectors, with the largest growth market emanating from the construction and industrial industries.

Exhibit 23: Multiple opportunities leveraging embedded experience



Source: Company data

A 2019 report published by *Steel & Metals Market Research (SMR)*, forecasts tungsten demand to increase by more than 25kt to 130kt by 2027 and by implication that represents ~25% aggregate growth.

Tungsten is considered to be quite a scarce mineral. Total global reserves are estimated to be around 3.4Mt of which 1.9Mt (56%) are located in China and 0.4Mt in Russia.

China is the largest producer globally and is estimated to provide >80% of supply, which highlights the market risk, should Chinese output be cut or reduced, with only a few options for ramping up production to offset any shortage. As the world's greatest consumer of the metal, there is a risk that more concentrate could be consumed internally, with a resultant squeeze in export volumes.

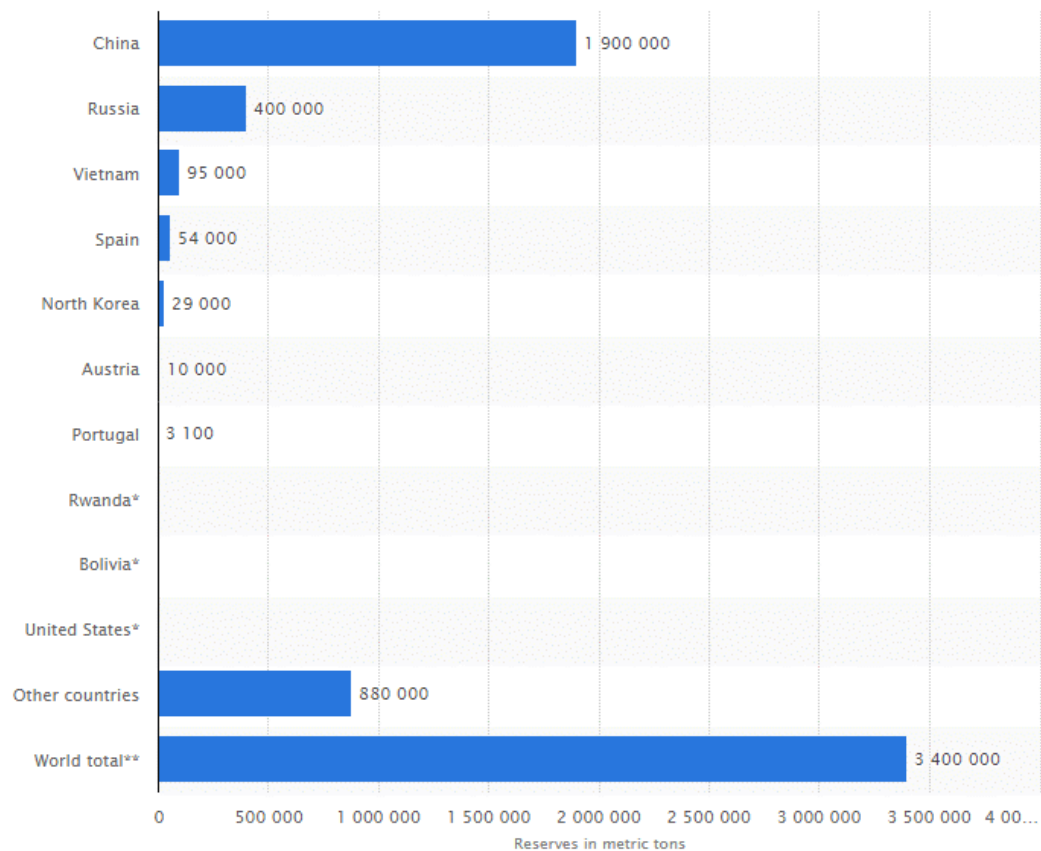
China also dominates the export trade, making Chinese mine and refined production of tungsten integral to conditions in the global market.

We are not aware of many new projects ready to come into supply outside of the All offerings and suggest on the positive side that a potential tungsten deficit could emerge if new mines and projects aren't brought online in the forecast period.

Most forecast expect several current major mines (in China and Russia) to reach their end of economic life by 2028 new mine supply required to ensure stable supply.

This presents a few limitations for the commodity, with supply and prices depending on the country's mining sector. These multiple factors suggest the potential for higher tungsten prices in the future we can evidence from All management guidance indicating a significantly higher WO₃ concentrate price for the Sangdong Project.

Exhibit 24: Global reserves position highlights why buyers would like increasing diversification.



Source: statista.com

It's interesting to note that tungsten has been categorised by the US Department of Defence, the British Geological Survey and the European Commission as a "critical raw metal" and "strategic" raw material due to its economic importance, supply risk and little potential substitutions.

There are still significant high-level risks to the global market outlook...it's not all blue-sky.

The tungsten market was significantly impacted by the COVID pandemic, with key end-use demand sectors strongly affected - notably the automotive and aerospace sectors.

Global vehicle production was estimated to have fallen 9% in 2020 (YOY), in an industrial segment that consumes around 30% of total tungsten production. The aerospace sector was impacted more severely with global commercial aircraft deliveries estimated to have fallen 40% YOY.

Although prices for ammonium paratungstate (ATP) have somewhat risen off lows seen in Jul-2020 "...the tungsten market still faces several headwinds."

We note commentary from the Roskill Tungsten Market Report –

"...(g)lobal vehicle production remains below pre-pandemic levels and far below 2017's peak production levels. With the threat of greater uptake of electric vehicles, tungsten consumption in the automotive sector may never recover to 2017 levels. Market sentiment (also) remains subdued by the ongoing trade dispute between the USA and China."

<https://roskill.com/market-report/tungsten/>

Balancing this on the positive side there are projections of long-term growth in a number of 'first-use' sectors, such as the manufacture of superalloys and tungsten-based materials are looking like promising anode materials for lithium-ion batteries. Niobium tungsten oxides could be used to make the batteries much faster charging.

Commodity and currency prices

It is beyond the scope of this report to enter into a detailed discussion of the dynamics of the tungsten market, except to highlight that the metal is not traded on a metal exchange and as such there is no spot market or forward curve against which to benchmark price assumptions.

The internationally accepted benchmark price for tungsten products is based on ammonium paratungstate (APT), which is an intermediate product containing 88.5% tungsten oxide. However, the high capital and operating costs to produce APT makes it prohibitive for miners...it's more economic to produce and sell a tungsten concentrate, typically containing 65-70% WO₃. Concentrate sales are generally struck at ~70-80% of the value of the tungsten in the concentrate based on the prevailing APT price.

The pricing mechanisms means the unit price varies for individual consignments with the APT price as published during the week of the shipment in Metals Bulletin magazine ("the Metals Bulletin price").

In the case of All at Sangdong, management has secured an offtake agreement with the Plansee Group* which has underwritten concentrate sales to the extent of 45% of the design output capacity of the mine. The contract stipulates a concentrate will have a floor price of US\$183/MTU (equivalent to an APT price of ~US\$235/MTU).

* The Plansee Group is an Austrian company specialising in the powder metallurgical production of materials and manufacture into tools and moulded parts.

Contracts provide price certainty (good for financing) and in this case allows All to participate in price upside that may occur as a result of tightening in the market over the forecast period.

Forecasting a price deck comes with significant risk, however, there is a bullish side emerging based on supply-demand models that indicates APT prices to potentially reach US\$445/MTU by 2023...subject to continuing global economic growth pushing demand and supply being squeezed.

We base our price estimates on company guidance noting the above forecast should be treated by as an upside case at this stage.

Geology...still an area of significant risk and uncertainty in operational and valuation terms.

On a generic basis, all resources plays come with inherent risk, even allowing for look-through from adjacent discoveries and analogue developments. Whilst the target zones and parameters of any prospect can sometimes be outlined with confidence, economic certainty does require closely spaced (15m x 15m) evaluation...and this may not always be possible or cost effective. There is always a balancing exercise being conducted on capex pre-investment benefits. Just how far ahead of mining and to what extent does reserves definition need to be conducted to support operational continuity? The less deposits are drilled and assayed, the higher the intrinsic risk.

It's worth noting the very high levels of Inferred Resources (refer **Exh. 16**) as defined, which represents mine life and value upside.

Much of the technical risk associated with any new resources venture should be uncovered and eliminated through the resource definition and feasibility evaluation stages (by definition). But geology, mining and metallurgy can surprise when scaled up from testing and simulations. Generally, these risks are small and like most engineering problems can be solved by the application of capital.

All's industry and operational expertise can go a long way to mitigating and minimising these risks, but they are not zero.

Although each project in a portfolio has its own specific requirements in mining and processing terms, in broad terms the detailed technical studies and project histories lend strong levels of confidence in support of capital and operating costs assumptions.

Financing

We have addressed some of the financing elements in the financials section so it's only worth highlighting here that whilst capital costs, in particular for Sangdong, look 'locked' there is always the potential for delays in construction and problems in commissioning, that can put stress on working capital reserves and requirements.

Although a financial quick-look suggests All is adequately financed through its capital programmes as guided. We do note on a positive basis, that above expectation results from the molybdenum drilling campaign and in Sangdong operations, could result in an acceleration of project timing and above forecast expenditure.

The Australian stock market, in particular has been supportive of the small resource space through 2020 and into 2021 and a capital raising via a strategic placement could have significant benefits...the share base has relatively low liquidity with a (~50%) and the introduction of long-term domestic shareholders would aid price discovery.

Quality institutional investors provide the company with stronger financing capacity, particularly if the company intends to pursue further acquisition opportunities at some point.

All has made use of Convertible Debentures but generally for small amounts of working capital and may do so again if warranted.

The annuity style nature of the production outlook would also continue to look attractive to lenders, although there are an increasing number of long-only institutions that would be attracted by long-life stable production outcomes with a growth overlay, although that may require a capital distribution policy at some point.

Board and management

The members of the Board of Directors provide Almonty with a strong cross-sectional range of skills and competencies befitting a company in a transformational growth phase of operations. The board has direct (hands on) management experience in the tungsten industry with legal and commercial experience.

Importantly the interests of debt holders are aligned with shareholders through board representation.

Lewis Black, Director, President, Chief Executive officer

Lewis is a Partner of Almonty Partners LLC and has over 15 years of experience in the tungsten mining industry. Over the period Jun-2005 to Dec-2007, he was Chairman and CEO of Primary Metals Inc. ("PMI"), a former TSX-V listed tungsten mining company. Lewis also formerly served as head of sales and marketing for SC Mining Tungsten, Thailand.

Daniel D'Amato, Director

Daniel is a Partner of Almonty Partners LLC with extensive experience in finance specialising in portfolio management and private equity. Daniel previously worked for with Bear Stearns reaching the position of Managing Director. From Jun-2005 to Jun-2007, he served as a director of Primary Metals Inc., an TSX-V listed tungsten mining company, of which Almonty was the majority owner.

In 2005, Lewis Black, and Daniel D'Amato co-founded Almonty Partners LLC.

Mark Trachuk, Director

Mark is a Partner in the Business Law Group at Osler, Hoskin & Harcourt LLP in Toronto specialising in the area of corporate and securities law with an emphasis on mergers, acquisitions and strategic alliances. He Trachuk holds a B.A. from Carleton University, an LL.B. from the University of Ottawa and an LL.M. from the London School of Economics. He also holds the ICD.D designation from the Institute of Corporate Directors.

Dr. Thomas Gutschlag, Director

Thomas is the CEO of Deutsche Rohstoff AG ("DRAG"), a public company listed on the Frankfurt Stock Exchange which identifies, develops and divests attractive resource projects on a global basis across a broad spectrum of minerals and hydrocarbons. He is a qualified economist with a degree in economics from the University of Heidelberg and a doctorate from the University of Mannheim.

DRAG is a significant counter-party to the company's debt holdings

Michael Costa, Director

Michael currently serves as Vice President and Portfolio Manager at Goodman & Company Investment Counsel Inc., managing a portfolio with a core focus on Canadian capital markets. From 2010 to 2012, he served as director with UBS Securities managing the Fundamental Investment Group's Canadian investment portfolio. Prior to joining UBS, Michael was a Vice President at Goldman Sachs & Co. as a member of the Goldman Sachs Special Situations Group ("GSSSG"), responsible for sourcing, structuring and executing public and private debt and equity principal investments. He holds a degree in economics, graduating cum laude with honours in from Colgate University (New York).

James Kim, Director

James has been recently added to the board as the company prepares for listing on the Korean bourse. He is the current Chairman and CEO of the American Chamber of Commerce Korea (AMCHAM) and was previously the Head of Operations for General Motors Korea, managing some 17,000 employees. This followed his role as CEO of Microsoft Korea.

Top 10

The company's shareholding register is dominated by private and long-term holders, which given the origin of the company (arising from Almonty Partners LLC., co-founded by Lewis Black and Daniel D'Amato in 2005) is somewhat expected and certainly not unusual.

However, the tightness of the register will need to be addressed as the register transitions towards a strong institutional holding, particularly in order to maximise the benefits of the impending ASX listing. Institutional investors can provide strong, alternate financing capacity, which may be necessary for supporting any capital requirements for the next phase of growth and/or any further interests All may have in the M&A space.

Exhibit 25: Top 10 Shareholders holding ~50.1% of the issued capital (ordinary shares)

| # | Investor Name | % held | No Shares (M) | Comments |
|----|---|--------------|---------------|--|
| 1 | Global Tungsten & Powders Corporation | 14.86% | 27.56 | Since 2008 Global Tungsten & Powders Corp. is a fully owned subsidiary of the Plansee Group |
| 2 | Deutsche Rohstoff AG | 13.69% | 25.40 | DRAG represented on the Board of Directors by Dr. Thomas Gutschlag and represents an example of the alignment of debt and equity holders on the register |
| 3 | Black (M Lewis) | 11.82% | 21.92 | Lewis Black controls two parcels (#s 3, 4) representing 19.3% |
| 4 | Almonty Partners, L.L.C. | 7.49% | 13.89 | |
| 5 | D'Amato (Daniel G) | 1.13% | 2.09 | |
| | | | | Parties associated with Almonty partners LLC represent 20.4% of the register...if necessary, a critical blocking stake. |
| 6 | Gutschlag (Thomas Joerg) | 0.59% | 1.09 | Director |
| 7 | Trachuk (Mark) | 0.42% | 0.78 | Director |
| 8 | China International Fund Management Co., Ltd. | 0.05% | 0.09 | |
| 9 | Mont Blanc Capital Management AG | 0.02% | 0.04 | |
| 10 | Dimensional Fund Advisors, L.P. | 0.01% | 0.01 | |
| | | 50.1% | 92.88 | |

Source: Refinitiv

Appendix 1 – What is a skarn deposit?

A skarn deposit is a lime-bearing siliceous rock produced by the metamorphic alteration of limestone or dolomite by hot, chemically-active fluids that flow or diffuse through the rocks and cause recrystallisation and compositional change. Skarns commonly form around the edges of a magma body that intrudes a nearby rock mass.

At the time of intrusion, the heat of contact metamorphism is the primary agent of change. Then, as the magma cools, it releases hot, acidic, silicate-rich fluids. As it invades carbonate rock, the hot, acidic, metal-laden water dissolves, replaces, recrystallizes and alters minerals in the carbonate rock.

Skarns are not defined by their chemical composition or the types of minerals in the rock. Instead, they are defined by the processes through which the rock was altered.

Skarns often contain a diverse assemblage of metamorphic minerals. The mineral assemblage in a skarn is determined by the lithology of the invaded rock, the chemistry of the invading liquid, and the temperature of the rock environment.

Metamorphic minerals that characterize the skarn environment include a wide range of calc-silicates, many types of garnet and a range of pyroxenes and amphiboles.

Skarn deposits are economically valuable as sources of metals such as tin, **tungsten**, manganese, copper, gold, zinc, lead, nickel, **molybdenum** and iron.

geology.com
<http://earthsci.org/>
www.geologyforinvestors.com/

Appendix 2 – ASX Listed comparatives...and there are not many

With an ASX listing pending, Almonty will represent a unique offering as a pure, international tungsten play with transformational growth.

There are a number of listed companies with tungsten exposure but only one we can see that compares relatively closely in terms of leverage and development timing, that being Tungsten Mining (ASX:TGN) and we would highlight the benefits that company will potentially receive from precious metal (and other) by-products.

The comparison highlights to us, the strength of the investment play that is Almonty based on the growth profile and key locations in a major tungsten and molybdenum consuming economy (South Korea). On a like-like basis, we suggest Sangdong would be worth on a NPV(8), pre-tax basis – >A\$530mn compared to Mt Mulgine at ~\$420mn.

We have not evaluated the DFS data associated with the Mt Mulgine studies and adjusted on a 'tungsten equivalent' basis. This analysis and comparison should only be used on a broadly comparative basis of the company's critical assets.

Almonty has assets currently in production and somewhat closer we suggest, to growth outcomes (start-up and expansion).

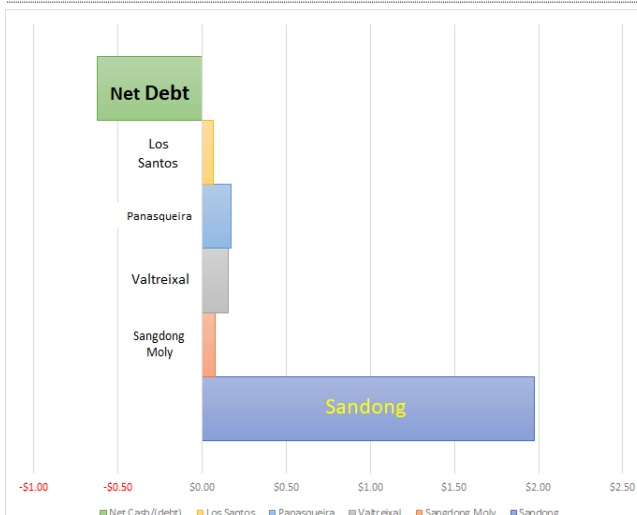
Exhibit 26: A snapshot of ASX listed tungsten plays, highlighting the limited number of pure play alternatives on the market

| Company | Ticker | Price | M-Cap A\$m | Major projects | Interest | Status | Reserves and resources | | | | | | |
|-----------------------|--------------------|----------|---------------|--------------------------|----------|-----------------------------|------------------------|--------------------------|-------------|----------|--------------------------|-------------|--|
| | | | | | | | Mt | Grade WO ₃ | Grade Mo | Mt | Grade WO ₃ | Grade Mo | |
| Tungsten Mining | ASX:TGN | \$ 0.16 | 126 | Mt Mulgine (WA) | 100% | Pre-development | Proved | | | Probable | | | Also contains Au @ 0.12g/t; Ag @ 5.9g/t; Cu @0.03% PFS financial model indicates potential NPV (pre-tax) of A\$422mn; LOM op costs US\$92/MTU (product adjusted) |
| | | | | Hatches Creek (NT) | 20%* | Exploration | | | | 0.2 | 0.58% | | |
| | | | | Watershed (QLD) | 100% | DFS completed | Measured and Indicated | | | Inferred | | | |
| | | | | Big Hill (WA) | 100% | Evaluation | 37.9 | 0.15% | | 11.5 | 0.15% | | |
| | | | | Kilba (WA) | 100% | Evaluation | 5.7 | 0.20% | | 1.5 | 0.15% | | |
| King Island Scheelite | ASX:KIS | \$ 0.21 | 72 | Dolphin (TAS) | 100% | DFS | | | | 4.4 | 0.92% | | PFS financial model indicates potential (pre-tax) NPV of A\$241mn and IRR =43%; Ave op costs A\$126-134/MTU Development to commence Jun-2021. First concentrate expected 4Q2022; capital cost A\$73mn |
| Thor Mining | ASX:THR AIM:THR | \$ 0.015 | 23 | Molyhil (NT) | 100% | DFS completed | Proved | | | 3.5 | 0.29% | 0.12% | Also contains Fe @ 18.1g/t; Cu @0.05% Also contains Cu @0.09% Across two zones includes Cu and Ag mineralisation |
| | | | | Bonya (NT) | 40% | | Indicated | | | 0.9 | 0.25% | 0.15% | |
| | | | | Pilot Mountain (NV, USA) | 100% | Scoping study | | | | 11.7 | 0.28% | | |
| Rafaella Resources | ASX:RFR | \$ 0.092 | 13 | Santa Comba (Spain) | 100% | PFS | | | | 4.6 | 0.15% | | PFS financial model indicates potential (pre-tax) NPV of A\$40mn and IRR =156%. Metallurgical work continuing Drilling to be conducted targeting 'resource upside' of 16.2Mt @ 0.15-0.23% WO ₃ Also holds a portfolio of non-tungsten plays being evaluated - not a 'pure' W exposure |
| Venture Minerals | ASX:VMS | \$ 0.05 | 65 | Mt Lindsay (TAS) | 100% | DFS completed | 8.1 | 0.10% | | 37 | 0.10% | | Mt Lindsay is a Sn-W deposit, being developed primarily as a tin mine - resources estimates based on a 0.2% tin cutoff Also holds a portfolio of non-tungsten plays being evaluated - not a 'pure' W exposure |
| EQ Resources | ASX:EQR | \$ 0.036 | 43 | Mt Carbine (QLD) | 100% | Producing and Commissioning | 30 | 0.11% | | 29.3 | 0.12% | | Production (limited) recommenced in 2020 Processing plant upgraded to 300kt pa capacity; co. plans to expand sorting/retreatment operations to 1Mt pa (waste sorting) Deposits actively mined in 1970-80s but considered to retain significant exploration upside |

Source: ASX data, Company data

Exhibit 27: Financial Summary

| ALMONTY INDUSTRIES INC | | | | | | All | listed on the TSX | nm = not meaningful na = not applicable | | | |
|---|----------|----------|----------|----------|-----------|-----------|-------------------|--|----------|---------|-------|
| YEAR END | | | | | | Dec | | | | | |
| NAV | C\$ | \$1.76 | A\$ | \$1.77 | | | | | | | |
| SHARE PRICE | C\$ | \$1.09 | A\$ | \$1.09 | | | | | | | |
| MARKET CAP | C\$M | 200 | A\$M | 201 | | | | | | | |
| ORDINARY SHARES | M | 183.5 | | | | | | | | | |
| OPTIONS | M | | | | | | | | | | |
| COMMODITY ASSUMPTIONS | | | | | | 2018 | 2019 | 2020f | 2021f | 2022f | |
| Average Tungsten Price | US\$/MTU | | | | | | | 254 | 273 | | |
| CAD:USD | | | | | | | | 0.7458 | 0.7916 | 0.7913 | |
| AUD:USD | | | | | | | | 0.6989 | 0.7864 | 0.7874 | |
| Spot cross rate | AUD:CAD | | | | | | | | | | |
| RATIO ANALYSIS | | | | | | 2018 | 2019 | 2020f | 2021f | 2022f | |
| Shares Outstanding | M | 181 | 181 | 183 | 195 | 203 | | | | | |
| EPS (pre sig items) | C\$ cps | 0.0 | 1.1 | (4.3) | (3.7) | 2.9 | | | | | |
| EPS (post sig items) | C\$ cps | | | | | | | | | | |
| PER (pre sig items) | x | | | na | na | 37.3x | | | | | |
| OCFPS | C\$ cps | | | (3.0) | (2.3) | 5.4 | | | | | |
| CFR | x | | | na | na | 20.3x | | | | | |
| DPS | C\$ cps | | | | | | | | | | |
| Dividend Yield | % | | | | | | | | | | |
| BVPS | C\$ cps | | | 16.4 | 12.9 | 15.1 | | | | | |
| Price/Book | x | | | 6.7x | 8.4x | 7.2x | | | | | |
| ROE | % | | | na | nm | 19% | | | | | |
| ROA | % | | | na | nm | 3% | | | | | |
| (Trailing) Debt/Cash | x | | | | | | | | | | |
| Interest Cover | x | | | | | | | | | | |
| Gross Profit/share | C\$ cps | | | (4.3) | (3.7) | 2.9 | | | | | |
| EBITDAX | C\$M | 28,472 | 13,177 | 2,349 | 3,278 | 19,746 | | | | | |
| EBITDAX Ratio | % | 44% | 31% | 10% | 11% | 34% | | | | | |
| EARNINGS | | | | | | C\$000s | 2018 | 2019 | 2020f | 2021f | 2022f |
| Revenue | | 65,171 | 42,384 | 24,288 | 30,347 | 58,433 | | | | | |
| Cost of sales | | (47,854) | (32,983) | (23,646) | (28,902) | (42,436) | | | | | |
| Gross Profit | | 17,317 | 9,401 | 642 | 1,445 | 15,997 | | | | | |
| Other revenue | | | | | | | | | | | |
| Other income | | | | | | | | | | | |
| Exploration written off | | | | | | | | | | | |
| Finance costs | | (2,459) | (2,403) | (2,947) | (1,974) | (2,235) | | | | | |
| Impairment | | (15,604) | (10,112) | 0 | 0 | 0 | | | | | |
| Other expenses | | (9,228) | (2,201) | (5,572) | (6,713) | (6,788) | | | | | |
| Profit before tax | | (9,974) | (5,315) | (7,877) | (7,242) | 6,974 | | | | | |
| Taxes | | (715) | (194) | (7) | 0 | (1,046) | | | | | |
| NPAT Reported | | (10,689) | (5,509) | (7,884) | (7,242) | 5,928 | | | | | |
| Underlying Adjustments | | 15,604 | 10,112 | 0 | 0 | 0 | | | | | |
| NPAT Underlying | | 4,915 | 4,603 | (7,884) | (7,242) | 5,928 | | | | | |
| CASHFLOW | | | | | | C\$000s | 2018 | 2019 | 2020f | 2021f | 2022f |
| Operational Cash Flow | | | | | | | | | | | |
| Net Interest | | | | | | | | | | | |
| Taxes Paid | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Net Operating Cashflow | | 10,940 | 4,210 | (5,513) | (4,435) | 10,912 | | | | | |
| Payments for Mining assets | | (6,270) | (9,206) | (5,284) | (44,163) | (4,272) | | | | | |
| PP&E | | | | | | | | | | | |
| Development | | | | | | | | | | | |
| Net Asset Sales/other | | | | | | | | | | | |
| Net Investing Cashflow | | (6,023) | (7,798) | (6,284) | (45,163) | (5,272) | | | | | |
| Dividends Paid | | | | | | | | | | | |
| Net Debt Drawdown | | 4,022 | | 9,280 | 45,060 | (737) | | | | | |
| Equity Issues/(Buyback) | | | | 474 | 3,661 | | | | | | |
| Other | | | | | | | | | | | |
| Net Financing Cashflow | | (540) | (3,556) | 9,042 | 48,721 | (737) | | | | | |
| Net Change in Cash | | 4,377 | (7,144) | (2,755) | (877) | 4,903 | | | | | |
| BALANCE SHEET | | | | | | C\$000s | 2018 | 2019 | 2020f | 2021f | 2022f |
| Cash & Equivalents | | 8,721 | 1,496 | 4,344 | 3,467 | 8,370 | | | | | |
| PP&E & Development | | 119,339 | 120,546 | 126,749 | 169,079 | 165,330 | | | | | |
| Exploration | | | | | | | | | | | |
| Total Assets | | 122,833 | 123,307 | 142,431 | 182,046 | 182,120 | | | | | |
| Debt | | 50,331 | 49,499 | 60,778 | 111,254 | 110,435 | | | | | |
| Total Liabilities | | 106,439 | 99,830 | 112,383 | 156,866 | 151,581 | | | | | |
| Total Net Assets/Equity | | 16,394 | 23,477 | 30,048 | 25,180 | 30,540 | | | | | |
| Cash/(Debt) | | (41,610) | (48,003) | (56,434) | (107,787) | (102,064) | | | | | |
| Gearing (d ₁ /(d ₁ +e)) | | 72% | 67% | 65% | 81% | 77% | | | | | |
| PRODUCTION | | | | | | 2018 | 2019 | 2020f | 2021f | 2022f | |
| Tungsten 000s MTU | | | | | | | | | | | |
| Sangdong | | | | | | | | | 4,964 | 80,005 | |
| Valteixal | | | | | | | | | 0 | 0 | |
| Panasqueira | | | | | | | | | 89,500 | 89,500 | |
| Los Santos | | | | | | | | | 0 | 0 | |
| TOTAL | | | | | | | | | 94,464 | 169,505 | |
| Ave Unit Production Cost | C\$/MTU | | | | | | | | 218.46 | 175.92 | |
| Ave Unit Revenue | C\$/MTU | | | | | | | | 321.26 | 344.73 | |
| Operating Margin | | | | | | | | | 32% | 49% | |
| RESERVES & RESOURCES | | | | | | | | | | | |
| Reserves | | | | | | Proven | Probable | Proven+Probable | | | |
| | | | | | | kt | % | kt | % | kt | % |
| Sangdong | | | | | | | | | | 5,822 | 0.41% |
| Los Santos | | | | | | | | | | 3,582 | 0.23% |
| Valteixal | | | | | | | | | | 2,549 | 0.34% |
| Panasqueira | | | | | | | | | | 1,951 | 0.20% |
| Resources | | | | | | Measured | Indicated | Inferred | | | |
| | | | | | | kt | % | kt | % | kt | % |
| Sangdong | | | | | | | | 8,029 | 0.51% | 50,686 | 0.43% |
| Los Santos | | | | | | | | 2,133 | 0.28% | 1,878 | 0.25% |
| Valteixal | | | | | | | | 2,828 | 0.34% | 15,419 | 0.17% |
| Panasqueira | | | | | | | | 8,076 | 0.24% | 10,322 | 0.24% |
| EQUITY VALUATION | | | | | | | | | | | |
| | | | | | | Interest | Pr | A\$M | Acps | | |
| Sandong | | | | | | 100% | | \$363 | \$1.98 | | |
| Sangdong Moly | | | | | | 100% | 25% | \$14 | \$0.08 | | |
| Valteixal | | | | | | 100% | | \$29 | \$0.16 | | |
| Panasqueira | | | | | | 100% | | \$32 | \$0.17 | | |
| Los Santos | | | | | | 100% | | \$13 | \$0.07 | | |
| | | | | | | | | \$438 | \$2.39 | | |
| Net Cash/(debt) | | | | | | | 100% | (\$108) | (\$0.59) | | |
| Corporate costs | | | | | | | | (\$6) | (\$0.04) | | |
| TOTAL | | | | | | | | \$324 | \$1.76 | | |
| Cash Producing Assets | | | | | | | | | \$2.15 | | |
| P/NAV | | | | | | | | | | 0.62 | |



Source: RaaS Advisory

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- our services
- how we transact with you
- how we are paid, and
- complaint processes

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In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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