

## The tungsten ride starts now

Almonty Industries Inc (All.ASX) 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. The company's flagship asset, the Sangdong Tungsten-Molybdenum Project should underpin a transformational growth opportunity which aims to increase tungsten concentrate production 7-fold out to 2028. The company has successfully completed its ASX listing with the raising of A\$15.25mn and is now well set financially to accelerate progress on its range of growth options. Notices to date indicate early works at Sangdong have progressed well and debt financing finalised. The company has confirmed the scope and plan for its 12,500m drilling campaign at Sangdong Molybdenum aiming to define a JORC compliant resource. Old metals continue to have life in a new industrial world and demand should remain strong as global growth emerges from the COVID driven slow-down. All is well positioned to drive value accretion from its pre-development portfolio, particularly over the next 12 months with a number of significant re-rating events in the offing.

### Business model

Almonty Industries is a mid-cap miner holding a portfolio of production and pre-production assets across Europe and South Korea. The company has an ambitious and transformational tungsten growth strategy set to impact from 2022. An early-stage molybdenum play at Sangdong could add 'growth on growth' and we will likely know through early-2022. 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 appear unlikely to end with Sangdong and Valtreixal.

### Financing and listing in place and it's time to pass go!

With the completion of the Sangdong debt financing and equity (compliance) raising for ASX listing, the company is in a significantly strong financial position to progress (and accelerate) its growth portfolio, particularly at its flagship Sangdong Project. Sangdong construction has commenced with some support facilities completed and site works underway. Positively these works are expected to come in under budget by some US\$0.8mn. Project construction costs are set against a fixed-price contract with POSCO E&G, which makes the chances of a significant cost blow-out very low and any capital savings significant.

### We reset our valuation to A\$2.09/share

We set our base asset value against risk-weighted development (NPV) scenarios underpinned by company guidance, applying where appropriate, discretionary probability weightings to pricing, volume and success factors. We reset our risk weighted valuation at A\$2.09/share against a **reference share price of A\$1.00/share**. We highlight the risk weightings applied to inferred resources and projects not yet defined (Sangdong-Moly) or in construction, noting the significant value upside inherent in unwinding the risk delivery of evaluation and feasibility results.

Our assumptions are subject to potentially significant adjustment through the course of delivery of the company's growth strategy and particularly given the global economic and operating risks inherent in the present COVID environment.

## Specialty Metals

3 August 2021

### Share details

ASX Code	All
Share price (2 Aug)	A\$1.00
Market Capitalisation	AC\$208M
Shares on issue	208M
Net cash (est) at 30 Jun	~C\$1.17M
Free float	~50.2%

### 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 on a return to COVID operating restrictions

### Board of Directors

Lewis Black	Executive Chairman/CEO
Daniel D'Amato	Independent Director
Mark Trachuk	Independent Director
Thomas Gutschlag	Independent Director
Michael Costa	Independent Director
James Kim	Independent Director

### Company contacts

Lewis Black (Exec Chair/CEO)	+1 64 7438 9766
lewis.black@almonty.com	

### RaaS Advisory contacts

Andrew Williams	+61 417 880 680 andrew.williams@raasgroup.com
Finola Burke	+61 414 354 712 finola.burke@raasgroup.com

## A successful ASX listing

With the raising of A\$15.25mn, Almonty is now dual listed and trading on the Australian Stock Exchange (All.ASX). On a day (Mon) dominated by the ASX 100 and situational plays the stock has done well to end at its offer price.

Whilst the primary listing will remain on the TSX, this is 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.

We note the company has indicated it is continuing to evaluate the benefits of a listing on the Korean bourse upon bedding down Sangdong operations.

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”.

## The Almonty growth story is set to accelerate

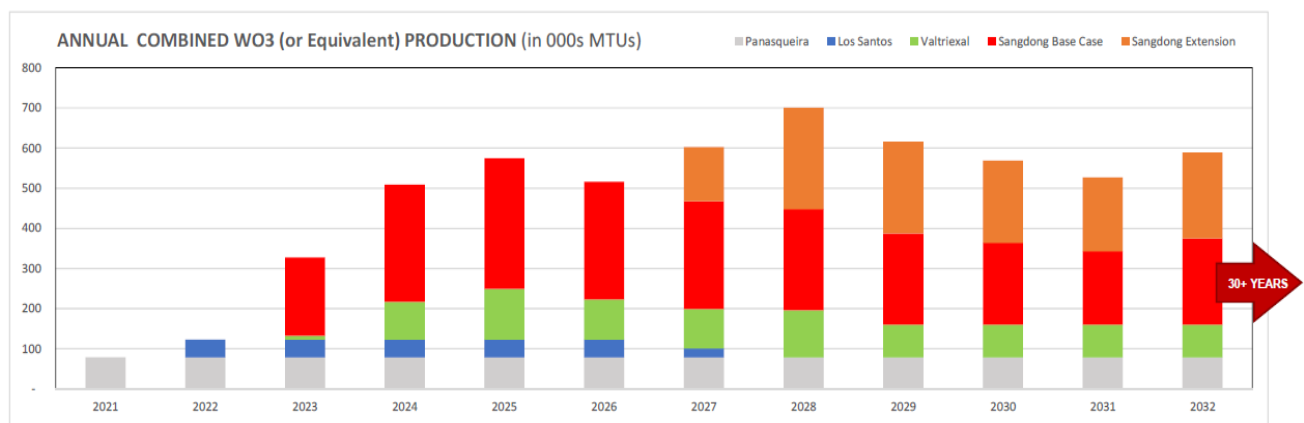
Finalisation of Sangdong debt facilities and the equity (compliance raising for ASX listing) puts the company in a strong financial position to progress (and accelerate) its growth portfolio across the range of options available to it.

The business strategy is bold but we think, achievable - to become a globally significant tungsten producer. Delivery to guidance would generate a 7-fold increase in production to 2028, sustaining at ~600kt MTU and producing “...30% of all tungsten outside of China and 7-10% of global supply”.

Growth-forecasts (operationally and financially) are anchored by the key, Sangdong Tungsten Project in South Korea. The project is strategically important, underpinning a shift away from Chinese dominance of the industry, high grade, high margin and long life. Mine life is assessed to be around 90 years based on resources of 58Mt at 0.44% WO<sub>3</sub> at a production rate of 640kt pa.

The project is fully permitted and ready to accelerate construction now the equity raise and listing have been completed.

**Exhibit 1: Growth leading to annuity style output with a projected production life of 30+ years**



Source: Company data

**Exh. 1** outlines the growth opportunity off the existing production base of the Panasqueira operations, with Sangdong projected to increase attributable tungsten concentrate production 7-fold by 2028. We add that there is further upside potential to be evaluated from the as yet still early-stage molybdenum project (“Almonty-Moly”) opportunity.

## Sangdong out of the starting blocks

All has completed a US\$75mn senior secured loan with Germany's state bank KfW which has been guaranteed by the Austrian development bank OeKB, via an Export Credit Agency cover. Together with the A\$15.25mn equity raising, the company is fully funded for Sangdong through to production. Mining should commence around mid-2022, delivering production 2023 as per **Exh.1**

The company has executed a 15 -year offtake agreement with Plansee GTP, with a significantly favourable floor price which we believe to be US\$183/MTU (APT eq = US\$235/MTU).

## Financing

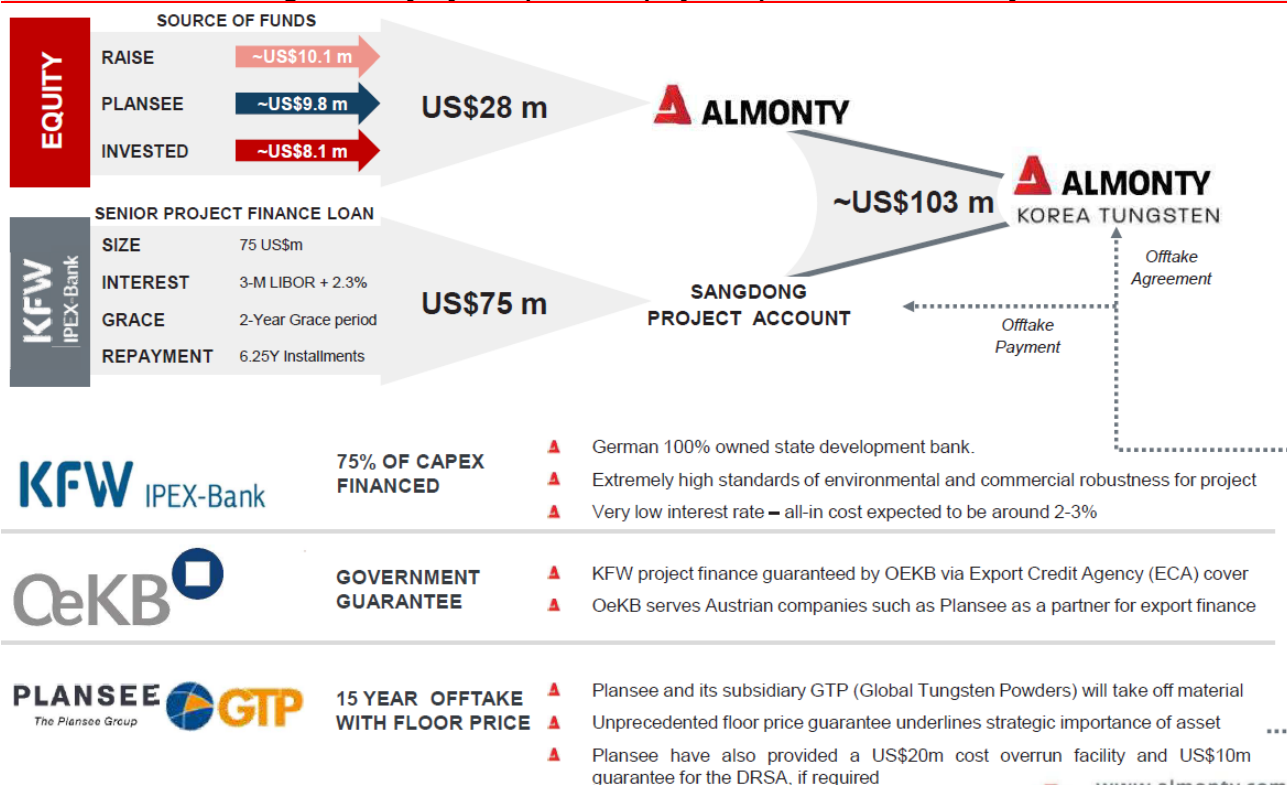
The company has ticked the boxes on a the Sangdong corporate financing, with the completion of two private placements and A\$15.25mn equity raising. The Sangdong debt facility is priced at Libor plus 2.3%.

Construction costs are set against a fixed-price contract with POSCO E&G, so we'd suggest the chances of a significant cost blow-out are very low.

We would also highlight the purchase of ~10.6mn ordinary shares at \$1.06 by the Plansee Group from Lewis Black as part of the transaction announced in Dec-2020. As noted –

*"This transaction provided Almonty with both a US\$20m cost overrun guarantee dedicated to the construction of the Sangdong project and a further non-dilutive US\$10m guarantee to cover the DRSA (reserve account) required by KfW IPEX bank as a condition of the loan to replace the more normal cash equity that would have had to be provided otherwise and represented one third of the total equity required".*

**Exhibit 2: Growth leading to annuity style output with a projected production life of 30+ years**



Source: Company data

We commented in our update report (7-May) that "...early -stage construction is underway on mine support facilities with the completion of the concrete batch plant and administration office, whilst road and site works are in progress.

Importantly and positively, management has reported anticipated capex savings in the order of US\$800,000 across these initial activities (against a budgeted capital cost of US\$105mn)."

## Operations and Outlook

We base our forecasts and valuation on guidance provided the company in presentations and project specific Detailed Feasibility Studies, available on the company's website. A more detailed review of these assets can be found in the RaaS Scoping report Scoping Report (Initiation 10-Mar).

Almonty has one operational mine (Panasqueira in Portugal) and one mine in planned care and maintenance being (Los Santos in Spain). The company is currently mining, processing and shipping tungsten concentrate from these operations.

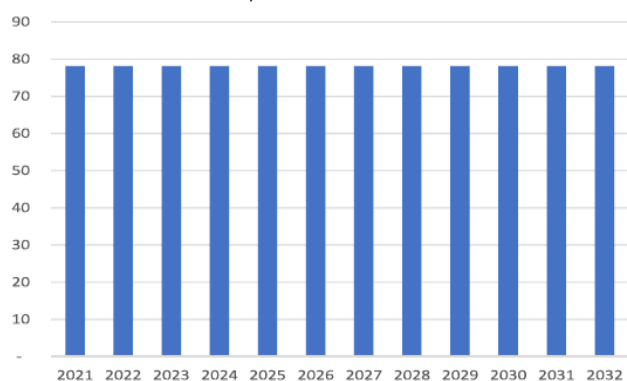
**Panasqueira provides the initial production base...from which all things grow**

The Panasqueira Mine is an underground operation and has been in more or less been in continuous operation since 1896.

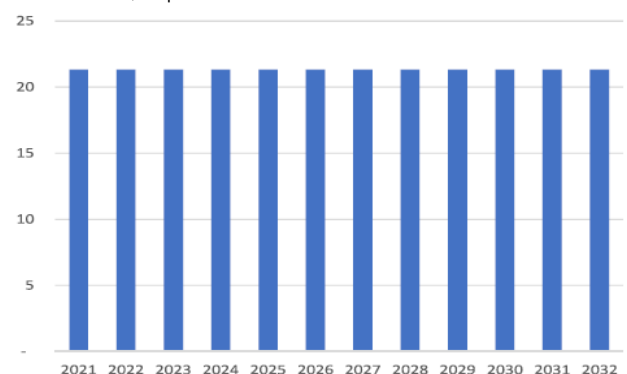
Almonty holds an exclusive exploitation concession for tungsten, copper, zinc, tin, silver and arsenic on an initial period of 60 years s from 16/12/1992. The term may be extended for two successive periods with an aggregate maximum of 30 years.

### Exhibit 3: Panasqueira guidance and asset data

Production in 000 MTU WO<sub>3</sub>eq



Revenue in US\$mn pa



The Panasqueira mine is located in central Portugal, some 300km northeast of Lisbon and 200km southeast of the port city of Porto.

Almonty has title to the project through an 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".

Panasqueira is currently in production, with an anticipated mine life of >10 years at a forecast annual rate of c.78,100 MTU WO<sub>3</sub>, (67,600MTU WO<sub>3</sub> and 10,500MTU WO<sub>3</sub>eq from by-products – tin and copper.

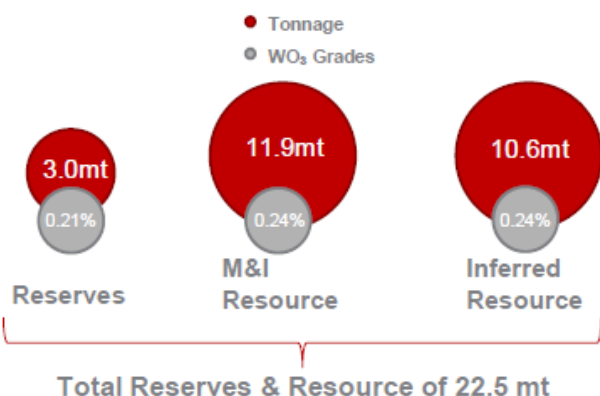
The Panasqueira Deep is noted to be rich in tin

The possibility of recovering several metals contained in the slime dams, especially tungsten, tin and copper is currently being investigated.

The Panasequeira 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.

The guidance provides a back-solved realised net tungsten price of ~US\$270/MTU WO<sub>3</sub>eq.



The **Panasequeira** 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 project.

**We carry a valuation for the Panasqueira Project of ~A\$46mn or A\$0.22/share based on a realised US\$270/MTU price, ungeared and risk weighted development scenario**, noting that we understand the company is 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.

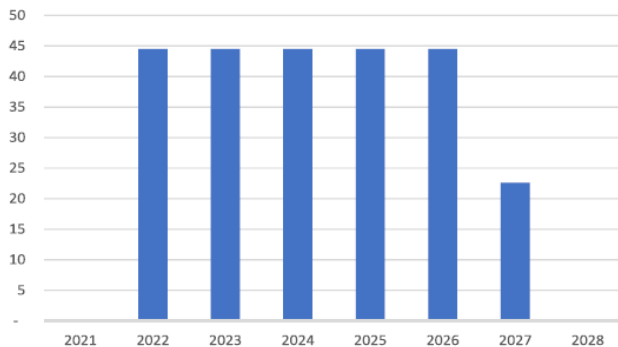
Source: Company data

## Los Santos

The Los Santos open pit mine **was placed under care and maintenance as a result of COVID-19 related issues but is expected to recommence operations (tailings reprocessing) in 2022**. The mine has (mostly) been in continuous production since its commissioning in 2008. Almonty acquired the asset in 2011 and holds rights to Los Santos through its 100% Spanish subsidiary, Daytal Resources Spain S.L, which in turn owns 100% of the mine and mining rights

### Exhibit 4: Los Santos guidance and asset data

Production in 000 MTU WO<sub>3</sub>eq

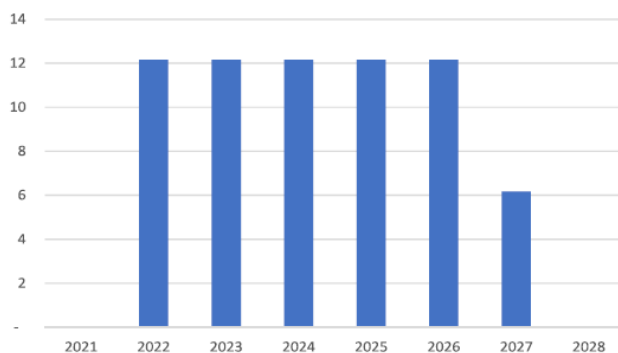


Los Santos is located in the southern part of the province of Salamanca and is some 180km west of Madrid.

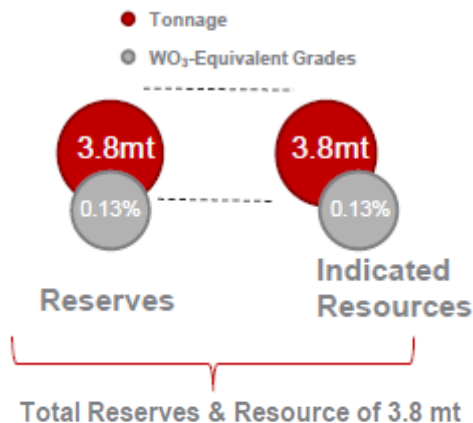
The mine has been in open pit production from 2008 to 2019 but operations are currently suspended pending a planned upgrade and return to operations through tailings reprocessing from 2022 with an expected operations life of up to 6 years. The intention is start reprocessing of tailings material again in late 2021.

The modelled tailings recovery is ~50% as a result of continuing tests and trials. Management forecasts production of c.45,000MTU WO<sub>3</sub> per annum.

Revenue in US\$m pa



The guidance provides a back-solved (long-run) realised net tungsten price of ~US\$275/MTU WO<sub>3</sub>eq.



The Indicated Resources all reside within tailings and the company considers that all these tailings resources are available and economically viable to process...hence all of these resources are included in the Ore Reserves, without any modifying factors. In this case Indicated resources = Probable reserves.

We assign an NPV based on the defined project and to capture the upside potential using a discretionary probability weighting.

**We carry a risked value for Los Santos of ~A\$6mn or A\$0.03/share on an ungeared development scenario. The unrisked upside (approaching 2025 start-up) is calculated at c.A\$0.04.**

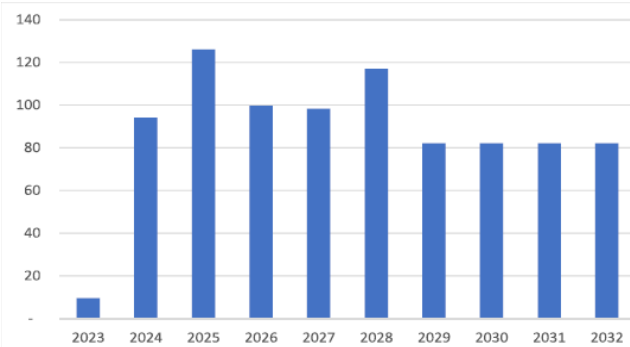
Source: Company data

Valtreixal is open-cut, long-life opportunity with the capacity to provide ‘annuity like’ output.

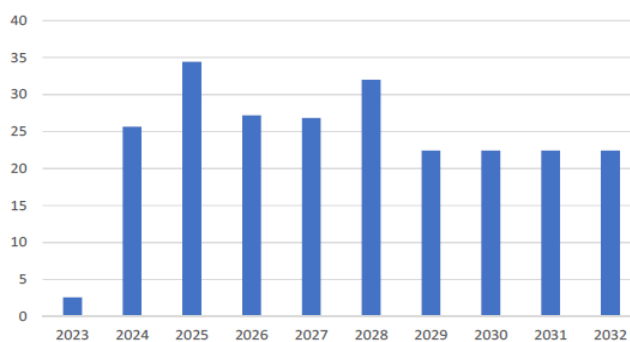
The Valtreixal Project is planned as an open pit operation with its principal potential products being tungsten and tin. Through its wholly owned subsidiary, Valtreixal Resources, Almonty owns 100% of the project, having acquired the operations between 2013 and the full acquisition in 2016.

#### Exhibit 5: Valtreixal guidance and asset data

Production in 000 MTU WO<sub>3</sub>eq



Revenue in US\$m pa



● Tonnage  
● WO<sub>3</sub>-Equivalent Grades



The Valtreixal Project provides the company with a high margin growth option through the development of a potentially long life open-cut operation, that is forecast up to 120,000 MTUs through the initial phase of operations, sustaining at around 80,000 MTUs) from 2029.

Production is expected to commence in 2023; with a projected mine life of >20 years, producing WO<sub>3</sub> and tin.

The deposit is located in the Castilla de Leon region of Spain close to the Portuguese border. Almonty holds 100% of the mining rights.

Valtreixal will be mined via open-cut mining methods, designed on the basis of a producible ore volume of 2.6Mt 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..

Feasibility studies conducted by independent consultants confirm the viability of the deposit as an open-cut mining project., with the initial design underpinned by the defined ore reserves translating to a 5 initial mining term , based on a mill throughput of 500ktpa.

Subsequent exploration drilling completed by the company (2013-2015) confirmed and extended the previously delineated resource base. In particular, by defining much wider mineralised zones.

*REPORT NI 43-101 – TECHNICAL REPORT ON THE MINERAL RESOURCES AND RESERVES OF THE VALTREIXAL PROJECT, SOUTH KOREA*

The guidance provides a back-solved (long-run) realised net tungsten price of ~US\$275/MTU WO<sub>3</sub>eq.

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.

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 riskd value for Valtreixal of ~A\$51mn or A\$0.33/share on an ungeared development scenario. The unriskd upside is calculated at c.A\$0.64/share.**

Source: Company data

Sangdong is the flagship and the cornerstone for growth

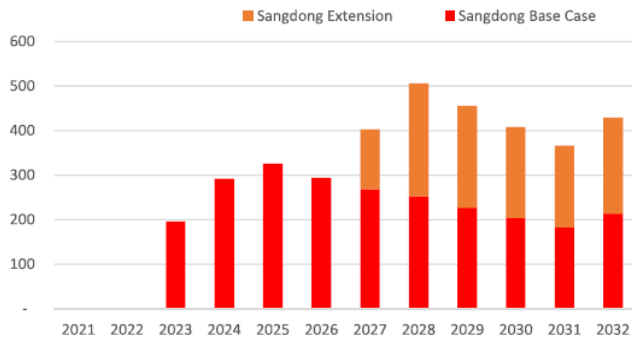
The Sangdong Tungsten Project is one of the **largest tungsten resources in the world** and the cornerstone upon which AII will drive its growth strategy. On a base case outcome, Sangdong can account for a three-fold increase in concentrate production by 2023 and in combination with an expansion case, a seven-fold upside case by 2028...**delivery of Sangdong as planned is the critical success outcome.**



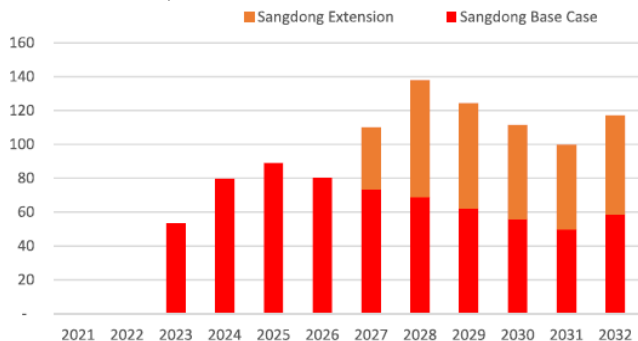
The Sangdong Project is the only new tungsten mine expected to be in production in the medium term, providing the company with a strong operational and industry advantage.

#### Exhibit 6: Sangdong guidance and asset data

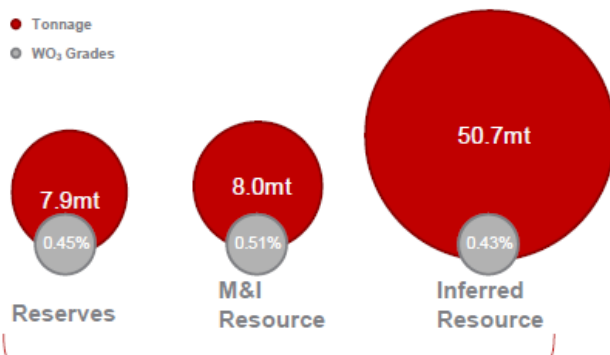
Production in 000 MTU WO<sub>3</sub>eq



Revenue in US\$mn pa



● Tonnage  
● WO<sub>3</sub> Grades



**Total Reserves & Resource of 58,000kt  
→ Potential 90+ years LOM at 640kt p.a.**

The project is located some 187km and a 3½ hour drive, east-southeast of Seoul. Production is expected to commence in 2023; with a projected mine life of >20 years, producing WO<sub>3</sub> and tin.

An expansion case is modelled as commencing sometime in 2027, 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 perhaps somewhat conservative and dependent on bedding down the initial operations.

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 2025 or early 2026 (RaaS estimate).

Early -stage construction has commenced and with financing finalised, we'd expect construction to accelerate. Construction costs are set against a fixed-price contract with POSCO E&G.

We understand there are current stockpiles at the surface that could be processed for >1year, reducing the projects early production risks.

Concentrate sales are underpinned by an offtake deal 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.

The guidance provides a back-solved (long-run) realised net tungsten price of ~US\$275/MTU WO<sub>3</sub>eq.

With total booked reserves and resources of ~58Mt, Sangdong has a potential mine life of >90 years at a projected production rate of 640kt pa. **This is as close to an annuity project and you will see.**

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 ~A\$313mn or A\$1.45/share based on management assumptions and pricing as outlined, ungeared and a risk weighted (Pr=75%) base-case development scenario.**

**On an unrisked basis, the project could be valued at >A\$2.50/share...could this valuation represent the annuity value?**

Source: Company data

There is a molybdenum opportunity...confirmation drilling is a lock

We understand the design aspects of the 12,500m drilling campaign for Almonty Moly are complete and will aim to deliver data as 'fit' for the purposes of 43-101 and JORC reports.

Post the completion of the drilling campaign we expect to be able to better define this growth option with likely significant upside to our currently ascribed (nominal) value. The company has previously indicated that a NI 43-101 compliant report would allow the company to apply a book value to subsequent reserves.

The company has previously suggested the drilling would take ~6 months to complete and support a mining plan that should integrate with operations in the tungsten project.

We highlight commentary from our Scoping Report-

*"Data from previous investigations...based on 12,390m of core drilling suggested tonnage >16.30Mt with grades >0.40% MoS<sub>2</sub>", that 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 - the proximity to existing works and infrastructure footprint should deliver significant capital and operating cost savings."*

Allowing for current delays to the timing we still hold to broad guidance that a success case would support the potential for a project commitment around end-2022, subject to results and other potential opportunities within and external to the current asset base.

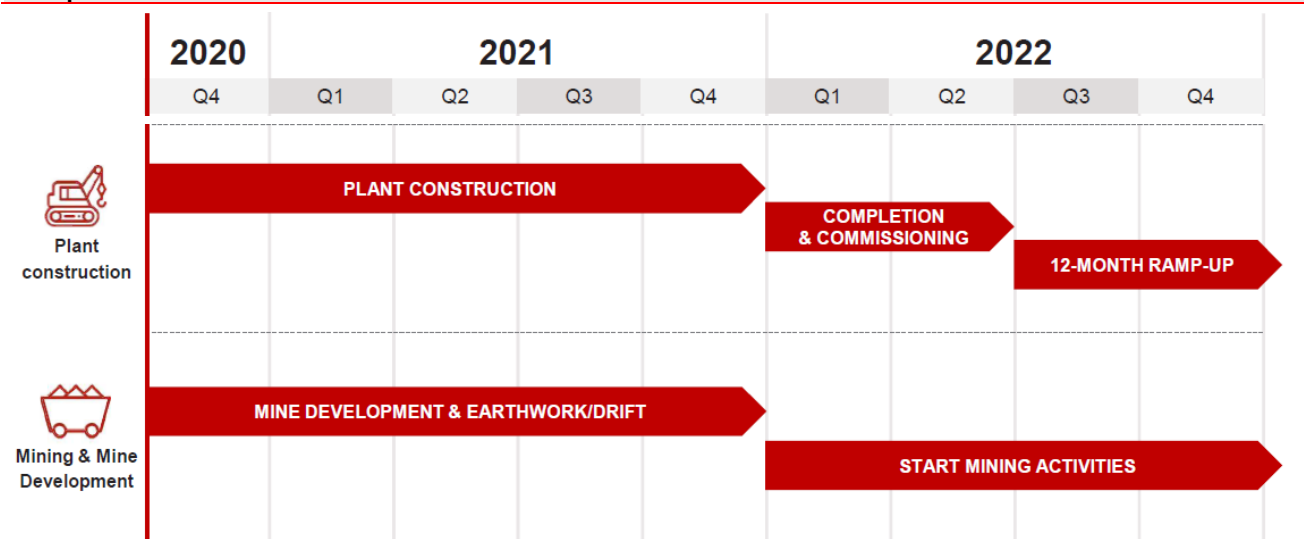
**We ascribe a risked value to Sangdong Moly of ~\$15mn (at Pr=25%) or A\$0.07/share based on broad management assumptions, potential pricing and ungeared.**

We note this early-stage, nominal value will be subject to significant adjustment post the completion and analysis of the confirmatory drilling.

There are boxes to be ticked over the next 18 months

The remainder of 2021 will be about plant construction and early works in preparation for mining. It's a steep timeline and in many respects there won't be much 'to see'. It's difficult from an investment perspective to outperform the construction timeline, particularly with only 6 months to go before the commencement of commissioning and mining...and on a largely fixed price EPC there will likely not be too much in the way of capital savings although early works did delivery better than expected cost outcomes.

**Exhibit 7: Sangdong timeline...we expect material progress on construction over the next 18 months heading into 'production and sales' in 2023**



Source: Company data

The first key deliverable will be the announcement of commissioning and mining around end-2021/early-2022 as the best indicator of how the project is travelling along the timeline.



## We have reset our valuation to A\$2.09/share

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, Sangdong and Sangdong Moly are longer dated and subject to completion/commissioning risks and final definition. Our estimates are underpinned by a significant number of assumptions that are subject to potentially significant change and a (subjective) probability weighted confidence assessment of ultimate commercial outcomes.

### Exhibit 8: All NAV – the NAV is compelling before unwinding of risk weightings

		Pr	A\$m	A\$/share	
Sangdong	100%	75%	\$338	\$1.63	Progress to schedule over the next 18 months should underpin the unwinding of the risk discount
Sangdong Moly	100%	25%	\$15	\$0.07	This should be considered a nominal value only at this stage as we await the results of the evaluation drilling
Valtreixal	100%		\$72	\$0.35	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%		\$46	\$0.22	We weight the resources upside at Pr=25% against the unit NPV of the producing operation
Los Santos	100%		\$6	\$0.03	Expected to restart in 2022 as a tailings project to keep the plant in good order while Valtreixal plant is developed
			<b>\$477</b>	<b>\$2.30</b>	
Net Debt			(\$35)	(\$0.17)	Estimated as at 31-Dec-2021
Corporate			(\$8)	(\$0.04)	
<b>TOTAL</b>			<b>\$434</b>	<b>\$2.09</b>	
Shares issued (mn)	208				Issued capital is as projected post the completion of the ASX listing and allotment of new shares as prescribed.

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

We reiterate that we carry high risk weightings on inferred resources and projects not yet properly defined 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.

We await more confirmation of project expansions and extensions, but feel comfortable assigning an **'unrisked' valuation upside to >A\$3.00.**

## Exhibit 9: Financial Summary

ALMONTY INDUSTRIES INC					All	listed on the TSX	nm = not meaningful na = not applicable				
YEAR END					Dec						
NAV	C\$	\$1.94	A\$	\$2.09							
SHARE PRICE	C\$	\$1.00	A\$	\$1.00							
MARKET CAP	C\$M	208	A\$M	208							
ORDINARY SHARES	M	207.7									
OPTIONS	M										
COMMODITY ASSUMPTIONS					2019	2020	2021f	2022f	2023f		
Average Tungsten Price	US\$/MTU			296	285	287	Tungsten 000s MTU				
CAD:USD			0.7458	0.8001	0.7956	0.7926	Sangdong	0	0	190,180	
AUD:USD			0.6989	0.7559	0.7395	0.7390	Valtreixal	0	0	10,004	
Spot cross rate	AUD:CAD						Panasqueira	78,100	78,100	78,100	
							Los Santos	0	45,000	45,000	
							TOTAL	78,100	123,100	323,283	
RATIO ANALYSIS					2019	2020	2021f	2022f	2023f		
Shares Outstanding	M	181	183	208	216	225	Ave Unit Production Cost C\$/MTU		256.08	235.58	162.44
EPS (pre sig items)	C\$ cps	1.1	(4.9)	(3.6)	(2.2)	12.1	Ave Unit Revenue C\$/MTU		369.69	358.39	362.19
EPS (post sig items)	C\$ cps						Operating Margin		31%	34%	55%
PER (pre sig items)	x	na		na	na	8.3x					
OCFPS	C\$ cps	(2.6)		(2.6)	(0.6)	15.7					
CFR	x	na		na	na	6.4x					
DPS	C\$ cps										
Dividend Yield	%										
BVPS	C\$ cps	12.3		24.2	23.5	34.6					
Price/Book	x	8.2x		4.1x	4.3x	2.9x					
ROE	%	na		nm	-9%	45%					
ROA	%	na		nm	-3%	21%					
(Trailing) Debt/Cash	x										
Interest Cover	x										
Gross Profit/share	C\$ cps	(4.9)		(3.6)	(2.2)	15.5					
EBITDAX	C\$M	13,177	704	2,876	6,168	48,336					
EBITDAX Ratio	%	31%	3%	10%	14%						
EARNINGS					C\$000s	2019	2020	2021f	2022f	2023f	
Revenue			42,384	25,095	28,873	44,118	117,090				
Cost of sales			(32,983)	(26,466)	(28,072)	(40,025)	(75,192)				
Gross Profit			9,401	(1,371)	801	4,093	41,898				
Other revenue											
Other income											
Exploration written off											
Finance costs			(2,403)	(3,836)	(1,079)	(2,346)	(2,550)				
Impairment			(10,112)	0	0	0	0				
Other expenses			(2,201)	(4,936)	(7,192)	(7,294)	158				
Profit before tax			(5,315)	(10,143)	(7,470)	(5,546)	39,505				
Taxes			(194)	1,086	0	832	(4,801)				
NPAT Reported			(5,509)	(9,057)	(7,470)	(4,714)	34,705				
Underlying Adjustments			10,112	0	0	0	0				
NPAT Underlying			4,603	(9,057)	(7,470)	(4,714)	34,705				
CASHFLOW					C\$000s	2019	2020	2021f	2022f	2023f	
Operational Cash Flow											
Net Interest											
Taxes Paid											
Other											
Net Operating Cashflow			4,210	(4,831)	(5,317)	(1,293)	35,194				
Payments for Mining assets			(9,206)	(5,284)	(38,321)	(43,941)	(4,264)				
PP&E											
Development											
Net Asset Sales/other											
Net Investing Cashflow			(7,798)	(6,294)	(39,321)	(43,941)	(4,264)				
Dividends Paid											
Net Debt Drawdown			9,280		40,887	16,116	(25,000)				
Equity Issues/(Buyback)			474		28,454						
Other											
Net Financing Cashflow			(3,556)	11,906	69,341	22,144	(25,000)				
Net Change in Cash			(7,144)	781	24,704	(23,090)	5,929				
BALANCE SHEET					C\$000s	2019	2020	2021f	2022f	2023f	
Cash & Equivalents			1,496	2,372	27,076	3,985	9,915				
PP&E & Development			120,546	126,749	143,031	160,920	154,482				
Exploration											
Total Assets			123,307	152,246	170,116	167,409	165,989				
Debt			49,499	60,910	59,630	75,665	50,591				
Total Liabilities			99,830	129,755	119,830	116,811	88,185				
Total Net Assets/Equity			23,477	22,491	50,286	50,599	77,804				
Cash/(Debt)			(48,003)	(58,538)	(32,554)	(71,679)	(40,676)				
Gearing (d <sub>1</sub> /(d <sub>1</sub> +e))			67%	72%	39%	59%	34%				

RESERVES & RESOURCES								
Reserves	Proven		Probable		Proven+Probable			
	kt	%	kt	%	kt	%		
	Sangdong				7,896		0.45%	
	Los Santos				3,767		0.13%	
Valtreixal				2,577		0.35%		
Panasqueira				3,056		0.21%		
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%
Valtreixal		2,833		0.25%		16,755	0.80%	
Panasqueira		8,799		0.24%		10,631	0.24%	

EQUITY VALUATION					
	Interest	Pr	C\$M	C\$ cps	A\$ cps
Sandong	100%	75%	\$313	\$1.51	\$1.63
Sangdong Moly	100%	25%	\$14	\$0.07	\$0.07
Valtreixal	100%		\$67	\$0.32	\$0.35
Panasqueira	100%		\$43	\$0.20	\$0.22
Los Santos	100%		\$6	\$0.03	\$0.03
			\$442	\$2.13	\$2.30
Net Cash/(debt)			(\$33)	(\$0.16)	(\$0.17)
Corporate costs			(\$7)	(\$0.03)	(\$0.04)
TOTAL			\$403	\$1.94	\$2.09
Cash Producing Assets				\$0.23	\$0.25

Net Debt

Los Santos

Panasqueira

Valtreixal

Sangdong Moly

Sandong

-\$0.40

-\$0.20

\$0.00

\$0.20

\$0.40

\$0.60

\$0.80

\$1.00

\$1.20

\$1.40

\$1.60

■ Net Cash/(debt)

■ Los Santos

■ Panasqueira

■ Valtreixal

■ Sangdong Moly

■ Sandong

PRODUCTION						2019	2020	2021f	2022f	2023f
Tungsten 000s MTU										
Sangdong										
Valteixal										
Panasqueira						78,100	78,100	78,100	78,100	78,100
Los Santos						0	45,000	45,000	45,000	45,000
TOTAL						78,100	123,100	123,100	123,100	123,100

Ave Unit Production Cost	C\$/MTU	256.08	235.58	162.44
Ave Unit Revenue	C\$/MTU	369.69	358.39	362.19
Operating Margin		31%	34%	55%

RESERVES & RESOURCES						
Reserves	Proven		Probable		Proven+Probable	
	kt	%	kt	%	kt	%
Sangdong					7,896	0.45%
Los Santos					3,767	0.13%
Valteixal					2,577	0.35%
Panasqueira					3,056	0.21%

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			2,833	0.25%	16,755	0.80%
Panasqueira			8,799	0.24%	10,631	0.24%

# 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**

**Effective Date: 6<sup>th</sup> May 2021**



### About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

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

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS, 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

The distribution of this FSG by RaaS is authorized by BR.

### Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

### Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application from if needed.

### How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

### Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time-to-time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

### Complaints

If you have a complaint about our service, you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

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

### Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

#### DISCLAIMERS and DISCLOSURES

This report has been commissioned by Almonty Industries Inc and prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2021 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.