



ANNUAL INFORMATION FORM

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PRESENTATION OF INFORMATION AND FORWARD-LOOKING STATEMENTS

Except where the context otherwise requires, all references in this Annual Information Form (“AIF”) to the “Company”, “Almonty”, “we”, “us”, “our” or similar are to Almonty Industries Inc. and its subsidiaries, taken together.

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars.

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

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

CORPORATE STRUCTURE

Almonty is a corporation continued under the *Canada Business Corporation Act* (the “**CBCA**”).

Almonty was incorporated on September 28, 2009 under the *Business Corporations Act* (British Columbia) under the name RCG Capital Inc. as a Capital Pool Company. On September 23, 2011, the Company completed its qualifying transaction (the “**Qualifying Transaction**”), whereby all of the issued and outstanding securities of 7887523 Canada Inc. (“**Almonty Sub**”) were acquired in exchange for securities of the Company on a one-for-one basis and the Company changed its name to “Almonty Industries Inc.”.

On March 27, 2012, Almonty filed articles of continuance and was continued from British Columbia to the CBCA. Almonty’s common shares (the “**Common Shares**”) trade on the Toronto Stock Exchange (the “**TSX**”) and on the Australian Securities Exchange (“**ASX**”), both under the symbol “**AII**”. Almonty’s head and registered office is 100 King Street West, Suite 5700, Toronto Ontario, M5X 1C7.

In connection with the Qualifying Transaction and immediately prior to its completion, Almonty Sub acquired all of the issued and outstanding shares of Daytal Resources Spain, S.L. (“**Daytal**”) from Heemskirk Europe PLC and Heemskirk Consolidated Limited. Daytal is the owner of a 100% interest in the Los Santos tungsten project located near Salamanca, Spain (the “**Los Santos Mine**”).

Valtreixal Resources Spain S.L. (“**Valtreixal Resources**”), an indirect wholly-owned subsidiary of the Company, owns a 100% interest in the Valtreixal tin and tungsten mine project located in Western Spain (the “**Valtreixal Mine**”). The principal business of Valtreixal Resources is the exploration of the Valtreixal Mine.

On September 22, 2014, Almonty acquired 100% of the share capital of Wolfram Camp Mining Pty Ltd. (“**WCM**”) and Tropical Metals Pty Ltd. (“**TM**”) (which collectively own a 100% interest in the Wolfram Camp tungsten, wolframite and molybdenum mine located about 130 km from Cairns, Queensland, Australia, near the town of Dimbulah (the “**Wolfram Camp Mine**”) from Deutsche Rohstoff AG (“**DRAG**”). The principal business of each of WCM and TM is the advancement of exploration, development and production activities at the Wolfram Camp Mine.

However, during December 2018, the Board of Directors determined that it was in the best interests of the Company to cease expending further funds towards refurbishment and, consequently, the Company caused WCM and TM to be placed into voluntary liquidation with all requisite approvals received and is close to completion

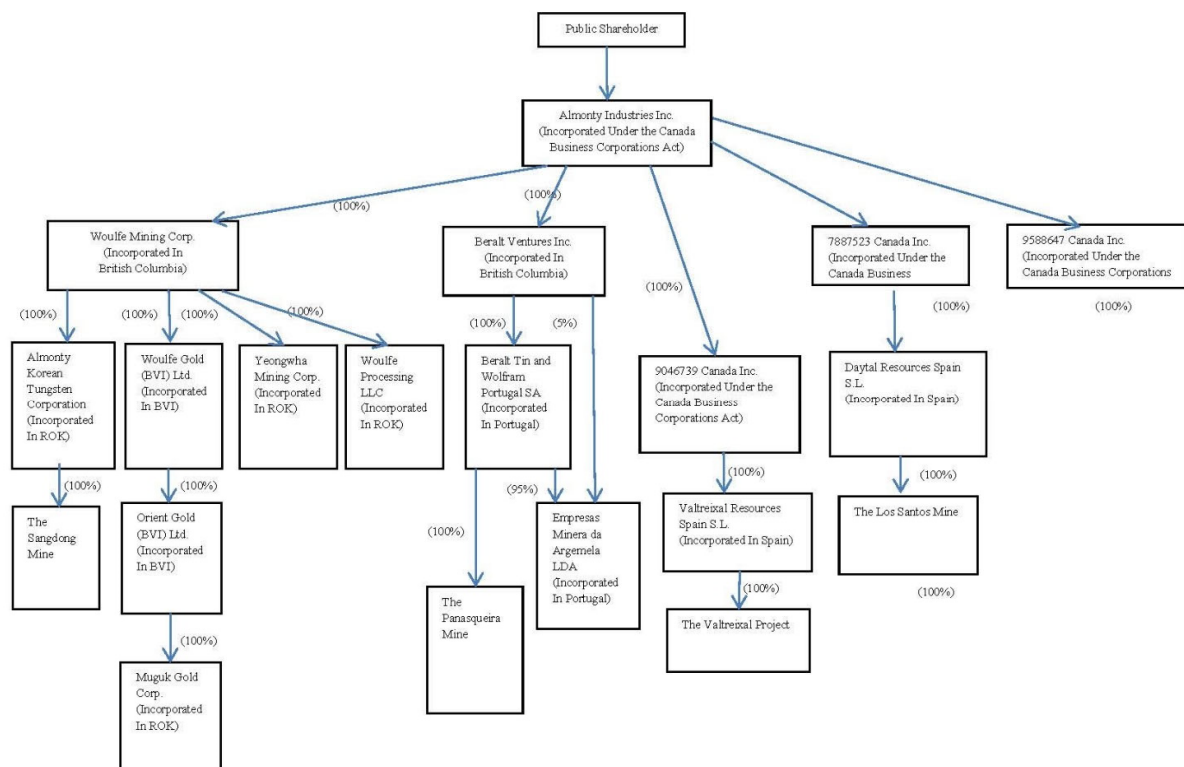
On June 4, 2015, Almonty acquired an 8% interest in Woulfe Mining Corp. (“**Woulfe**”) and, through the acquisition of convertible debentures in Woulfe, gained control over the Woulfe board of directors with the ability to nominate a majority of the board members. On July 7, 2015, Almonty and Woulfe entered into an arrangement agreement in respect of the acquisition by Almonty of all of the issued and outstanding shares of Woulfe that it did not already own by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**Plan of Arrangement**”). On August 21, 2015, Woulfe shareholders approved the Plan of Arrangement. On September 10, 2015, Almonty closed the Plan of Arrangement and acquired all of the shares of Woulfe that it did not already own, leading to Almonty having a 100% ownership interest in

Woulfe. The principal asset of Woulfe is the Sangdong tungsten mine project located in Gangwon Province, Republic of Korea (the “**Sangdong Mine**”).

On January 6, 2016, Almonty acquired 100% of the issued and outstanding shares of Beralt Ventures Inc. (“**BVI**”) from Sojitz Tungsten Resources Inc. for €1.00. In connection therewith, Almonty acquired and purchased €12,260,000 in aggregate principal amount of debt that was owed by Beralt Tin & Wolfram (Portugal), S.A (“**BTW**”), a wholly-owned subsidiary of BVI, to Sojitz Corporation of Japan in exchange for a cash payment of €1,000,000 on closing and a promissory note issued by Almonty in the principal amount of €500,000, bearing interest at 4% per annum, maturing December 29, 2017. BVI, through its wholly-owned subsidiaries, is the 100% owner of the various rights and interests comprising the Panasqueira tungsten mine in Covilha, Castelo Branco, Portugal (the “**Panasqueira Mine**”). The Panasqueira Mine has been in production since 1896, and is located approximately 260 kilometres northeast of Lisbon, Portugal.

Inter-corporate Relationships

The following illustrates the inter-corporate relationships between the Company and its subsidiaries and sets out the respective jurisdictions of existence of such subsidiaries and the percentage of their voting securities owned, controlled or directed, directly or indirectly, by the Company as at the date hereof.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The principal business of Toronto, Canada-based Almonty Industries Inc. is the mining, processing and shipping of tungsten concentrate from its Los Santos Mine in western Spain and its Panasqueira Mine in Portugal, the development of its Sangdong Mine in Gangwon Province, South Korea and the development of its Valtreixal Mine (tin/tungsten project) in north western Spain. The Los Santos Mine was acquired by Almonty in September 2011 and is located approximately 50 kilometres from Salamanca in western Spain and produces tungsten concentrate. The Los Santos Mine was put on care and maintenance in February 2020 pending capital expenditure required to process its tailings inventory. The Panasqueira Mine, which has been in production since 1896, is located approximately 260 km northeast of Lisbon, Portugal, was acquired in January 2016 and produces tungsten concentrate. The Sangdong Mine, which was historically one of the largest tungsten mines in the world and one of the few long-life, high-grade tungsten deposits outside of China, was acquired in September 2015 through the acquisition of a 100% interest in Woulfe. Almonty owns 100% of the Valtreixal tin-tungsten project in north-western Spain. Additional discussion of Almonty's activities may be found at www.almonty.com and under Almonty's profile at www.sedar.com.

The Panasqueira Mine

The Panasqueira Mine is an underground operation and has been in operation since 1896 and, apart from a brief period at the end of World War II, the mine has more or less been in continuous operation.

On January 6, 2016, Almonty acquired a 100% ownership interest in BVI from Sojitz Tungsten Resources, Inc. BVI, through its wholly-owned subsidiaries, is the 100% owner of the various rights and interests comprising the Panasqueira Mine. Almonty acquired 100% of the shares of BVI from Sojitz Tungsten Resources, Inc. for €1.00. In connection therewith, Almonty acquired and purchased €12,260,000 in aggregate principal amount of debt owed by BTW, a wholly-owned subsidiary of BVI, to Sojitz Corporation of Japan in exchange for a cash payment of €1,000,000 on closing and a promissory note issued by Almonty in the principal amount of €500,000, bearing interest at 4% per annum, maturing December 29, 2017. Almonty paid the first installment of €125,000 on December 23, 2016, with the remaining €375,000 due in three installments on March 31, 2017, June 30, 2017 and December 29, 2017.

Almonty carried out an analysis of historical drilling and exploration data as part of its acquisition due diligence. This analysis was completed on November 15, 2015 and resulted in the Company filing a technical report on February 23, 2016, prepared pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) entitled “Technical Report on the mineral reserves and resources of the Panasqueira Mine, Portugal” on SEDAR (the “**Panasqueira Technical Report**”). The Panasqueira Technical Report is available for review under the Company's SEDAR profile at www.sedar.com and is incorporated by reference herein.

Almonty continued its focus on cost reduction and all-in-production costs at Panasqueira continued to decrease. Mined grades continued to improve throughout Fiscal 2019 and Fiscal 2020 as expected under the revised mine plan implemented by Almonty since its acquisition in January 2016. Mined grades in Fiscal 2019 and Fiscal 2020 also continued to show improvement in the content of by-product payable metals as well (copper and tin) which are improving the overall cash flow profile of

the mining operation. Panasqueira is a poly metallic wolframite deposit as opposed to a skarn deposit scheelite mine like Los Santos. Tungsten recovery rates for wolframite deposits are typically higher than for scheelite deposits. The Panasqueira Mine has some of the highest tungsten recovery rates in the industry, consistently averaging 80%.

Almonty anticipates that the grades of ore mined will begin trending towards the long-term average of the remaining life of mine of 0.185% (see NI 43-101 technical report on the Panasqueira Mine filed on SEDAR on February 23, 2016 under Almonty's profile, also available on the Company's website (www.almonty.com) through the refinement of the life of mine plan). The expected increased grades are continuing to have an impact on the level of production currently being experienced and the increase in contained tungsten is also having a positive impact on unit costs as at the date of this AIF. During fiscal 2017, Almonty entered into several one-year fixed price off-take agreements with its existing customers at the Panasqueira Mine. The net price received by Almonty under these contracts was US\$210 per MTU of contained WO₃, equating to an effective price of US\$269 per MTU of APT (assuming an industry standard discount of 22% to the price of APT when pricing MTUs of WO₃). These contracts covered the period of January 1, 2017 to December 31, 2017. Almonty then entered into a series of revised fixed price contracts with the same customer group that were effective as of January 1, 2018 to December 31, 2018. The net price received under these contracts was US\$280 per MTU of contained WO₃, equating to an effective price of US\$358 per MTU of APT (assuming an industry standard discount of 22% to the price of APT when pricing MTUs of WO₃). Almonty then entered into a series of revised fixed price contracts with the same customer group that will be effective as of January 1, 2019 to December 31, 2019. The net price received under these contracts is US\$286 per MTU of contained WO₃, equating to an effective price of US\$366 per MTU of APT (assuming an industry standard discount of 22% to the price of APT when pricing MTUs of WO₃). During fiscal 2020, Almonty then entered into a series of revised fixed price contracts with the same customer group that were effective as of February 7, 2020 to December 31, 2020. The net price received under these contracts was US\$276 per MTU of contained WO₃, equating to an effective price of US\$354 per MTU of APT (assuming an industry standard discount of 22% to the price of APT when pricing MTUs of WO₃). These contracts were not renewed for fiscal 2021.

On September 4, 2019, the Company announced that the second tailings dam has been completed and is ready for operation. The completion of the second tailings dam (phase one) will enable Panasqueira to process and store tailings for another 6 years at the rate of 800,000 ton mining per annum. € 1,000,000 has been spent over 3 years towards the construction of this new tailings dam. All the pumping and piping systems connecting the processing plant and the new tailings dam have been installed and have completed a trial operation.

The first pumping of tailings to the new tailings dam is expected to begin before January 2020 when the remaining capacity of the old tailings dam would have been fully consumed. The new tailings dam has been designed in compliance with the environmental and safety regulations of Portugal and the EU. In addition to the application of stringent safety standards in the engineering, the new tailings dam is designed for the second phase expansion for an additional 4 years by placing a surrounding 10 meter height retaining wall. A further phase three is now planned to increase capacity by a further 10 years. Thus, a total of 20 years additional capacity is anticipated after the completion of all three phases.

On February 3, 2021, the Company announced the expansion of its current Environmental, Social and Governance (ESG) program at its Panasqueira mine in Portugal. At Panasqueira, a solar project is

being implemented over the next 12 months, building a 2.52 MW facility to produce 4.1 million KWH per year which represents 21.5 % of our consumption at the mine.

The Los Santos Mine

The Los Santos Mine has been in production since 2008 and produces tungsten concentrate products. The mine was opened in June 2008 and commissioned in July 2010 by its former owner.

The 2015 exploration campaign at the Los Santos Mine was completed in June 2015 and resulted in an updated technical report being completed as at October 31, 2015 prepared pursuant to NI 43-101 entitled “Technical Report on the Mineral Resources and Reserves of the Los Santos Mine Project, Spain” (the “**Los Santos Technical Report**”), which is available for review under the Company’s SEDAR profile at www.sedar.com and is incorporated by reference herein.

Almonty continued its work with third party consultants in evaluating its tailings reprocessing methodology, running bulk samples through the existing plant as well as continued sampling through a testing circuit. The tailings recovery rate contained in the technical report dated October 31, 2015 prepared pursuant to NI 43-101 entitled “Technical Report on the Mineral Resources and Reserves of the Los Santos Mine Project, Spain” assumed no additional modifications will be carried out in the mill processing circuit and assumes a tungsten recovery rate of 46%. However, based on additional testing work carried out by Almonty, the Company decided in February 2020 to implement a planned closure of Daytal’s operations by placing the Los Santos Mine into care and maintenance. The Company is planning to re-open operations in early 2023 once it has finalized plans to modify the plant’s infrastructure, through an approximately €1,000,000 capital expenditure, which is expected to result in improved recovery rates from the future processing of its tailings inventory. Modifications to the processing plant to facilitate tailings reprocessing are expected to be implemented mid-2022.

The Valtreixal Project

The Valtreixal Mine is a potential open pit operation and is located in the northwest part of the Zamora province, in the Castilla de Leon region of Spain. The principal potential products are tungsten and tin.

On March 21, 2013, the Company announced that it had entered into an option agreement to acquire a 51% interest in, and be the project operator of, the Valtreixal Mine in Northwestern Spain (approximately 250km from the Los Santos Mine) for total consideration of €1,400,000. Almonty made the first installment payment of €100,000 in June 2013. The second installment of €300,000 was originally due in June 2014 but was rescheduled to December 2014 so that Almonty could finish its current evaluation of the project during the fourth quarter of fiscal 2014. The balance of funds originally due in June, 2015, were also rescheduled to December 2015. Almonty has begun its evaluation of the historical data and has carried out exploration drilling on the site.

On January 5, 2015, Almonty announced that it made the third installment payment of €300,000 on the Valtreixal Mine (bringing instalment payments to date to €700,000), which resulted in Almonty owning a 25% interest in the Valtreixal Mine and having an option to acquire the remaining 75% ownership interest for €1,700,000 in additional installment payments over the subsequent 18 months.

During the fourth quarter of fiscal 2015, Almonty finalized its negotiations with Sociedad de Invencion y Exploracion Minera de Castilla y leon, S.A. (“**SIEMCALSA**”) for payment of €700,000

that would take the Company's ownership in the Valtreixal Mine to 51%, pursuant to which Almonty and SIEMCALSA agreed to a €100,000 payment on December 19, 2015 (which was paid on that date), a further €50,000 per month starting January 2016 and ending in May 2016 followed by a final payment of €350,000 in June 2016. These payments were made as scheduled and Almonty owned a 51% interest in the Valtreixal Mine as of June 30, 2016.

On December 21, 2016 Almonty exercised its option to acquire the remaining 49% interest in the project for a payment of €1.5 million, a reduction of €750,000 from the previously agreed installment payment plan resulting in a much-needed savings of capital on the acquisition of the remaining 49% interest in the project. The Company is continuing to carry out work on the project and is working towards a final decision on proceeding with the development of the project. The Company intends to decide on filing for the necessary permits and is fine tuning its planning and budgeting for the potential build-out and commissioning of the Valtreixal Mine.

On June 11, 2020, Almonty announced that it has received, from the Municipality of Pedralba de la Paraderia in Spain, a new land classification for its Valtreixal Property whereby the property is now deemed to be suitable for extraction activity. The Company's Valtreixal Property is located approximately 250 kilometers from the Company's wholly-owned Los Santos Mine in Spain and 185 kilometers from Salamanca. This new land classification will now allow the Company to complete the mining permitting process and to move forward with the completion of an open-pit mine plan for the property. It is expected this permitting process to be finished early 2022.

Almonty also completed its analysis of the exploration campaign of the Valtreixal Mine that was completed in Q3 2015. This led to Almonty filing an updated technical report on the Valtreixal Mine as at October 31, 2015 prepared pursuant to NI 43-101 entitled "Technical Report on the Mineral Resources and Reserves of the Valtreixal Project, Spain" (the "**Valtreixal Technical Report**"). The Valtreixal Technical Report is available for review under the Company's SEDAR profile at www.sedar.com and is incorporated by reference herein.

The Company is continuing to evaluate the Valtreixal Mine with a view to making a decision on filing for the necessary permits and is fine tuning its planning and budgeting for the potential build-out and commissioning of the Valtreixal Mine.

The Sangdong Mine

The Sangdong Mine is an underground past producing mine located in Gangwon Province, South Korea, approximately 200km south east of Seoul. The mine was formerly owned by Korea Tungsten Co. and was closed in 1990. The property was then acquired by Woulfe in 2006 and Almonty is in the process of carrying out planning and engineering work with the goal of bringing the mine back into production in the near-term.

On September 10, 2015, Almonty completed the acquisition of all of the outstanding shares of Woulfe that it did not already own pursuant to the Plan of Arrangement, pursuant to which each issued and outstanding Woulfe common share (except for those Woulfe shares owned by Almonty) was exchanged for 0.1029 of one Common Share. Almonty issued an aggregate of 34,806,205 Common Shares in connection with the Plan of Arrangement.

On September 15, 2015, Almonty reached an agreement with TaeguTec Ltd. ("**TaeguTec**") for an extension to March 31, 2016 of the indebtedness of Sangdong Mining Corporation (now renamed

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

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

During Fiscal 2016, Almonty continued to carry out additional drilling and exploration work on the Sangdong Mine that was completed on July 31, 2016 and resulted in the Company filing an updated technical report as at August 29, 2016 prepared pursuant to NI 43-101 entitled “Technical Report on the Mineral Resources and Reserves of the Sangdong Project, South Korea” (the “**Sangdong Technical Report**”). The Sangdong Technical Report is available for review under the Company's SEDAR profile at www.sedar.com and is incorporated by reference herein.

On January 9, 2017, Almonty received the final surface permit in respect of its Sangdong Mine that now enables it to begin construction of the processing plant once the terms of funding for the build out have been finalized.

Almonty has entered into an engineering, procurement and construction (“EPC”) contract with S – Material Handling Co., Ltd. (“SMH”) for the development work at the Sangdong Mine.

The EPC contract is a turnkey based contract for the development and construction of primary facilities for processing tungsten ore mined out of the Sangdong Mine. Under the EPC contract, SMH is responsible for not only engineering, civil & architectural, machinery & electrical works of processing plant and auxiliary facilities, but also commissioning of such facilities. The EPC contract has a net contract price of KRW40.3 billion (approx. US\$37.3 million) and, including the value of primary equipment which will be erected and installed by SMH, the EPC price reaches KRW54.0 billion (approx. US\$50.0 million) which accounts for 65% of the total capital expenditure budgeted for the Sangdong Project. The remaining 35% will be spent for the development of underground transportation galleries and accesses to tungsten veins, mine infrastructure, backfill plant, owner's cost, and other expenses. The primary facilities of the processing plant will be built for 900,000 to 1.2 million tonnes per annum capacity while the initial years of operation targets 640,000 tonnes per annum. The EPC contract stipulates a construction period of 18 months and commissioning period of 6 months. Following general rules of EPC contracts, cost overrun, and project delay will be the responsibility of the EPC Contractor.

On February 10, 2020, Almonty announced that it successfully renegotiated and subsequently amended its off-take agreement, originally dated March 12, 2018, (the “**Amended Off-Take Agreement**”) with an existing customer (the “**Customer**”) for the tungsten concentrate to be mined and processed at the Company’s wholly-owned Sangdong Tungsten Mine in South Korea. As announced in news releases dated March 13, 2018 and March 15, 2018, the original agreement had a term of 10 years that called for floor price revenues for the Company in a minimum amount of 500,000,000 CAD.

The Amended Off-Take Agreement, based on updated pricing models and subject to the terms and conditions of the amended agreement, increases the term from 10 years to 15 years and now calls for floor price revenues for the Company in a minimum amount of 750,000,000 CAD.

The realization of the benefits of the off-take agreement are subject to risk factors typical of a supply agreement of this nature, including if the Company is unable to meet its obligations to deliver tungsten concentrate in accordance with the terms of the off-take agreement, variable costs of shipping and production over the term of the contract, the customer's ability to purchase the tungsten concentrate produced by Almonty at the mine, and the continued economic viability of the customer or its successors for the life of the off-take agreement. Finally, given these risks, there is no guarantee that the Company will realize the revenues contemplated under the terms of the off-take agreement.

On April 23, 2018, the Company announced that it entered into a series of contracts for site clearance, demolition and mine development work at the Sangdong Mine. The Site Clearance Contract was signed on April 20, 2018 with Miso Industry Co., Ltd., a contractor specialized in demolition, at the center of the new processing plant site at the Sangdong Mine. Immediately following the contract signing, the Contractor commenced demolition of all of the existing structures built and inherited from Korea Tungsten Mining Corp., the Sangdong Mine’s former owner. The Company signed a Mine Development Contract on April 23, 2018 with Gangwon Mining Co., Ltd., one of the most experienced non-ferrous metal mining contractors in South Korea. The Mine Development Contract was for developing the total of 3,926 meter underground galleries running through the target mining zones in 4.5m x 4.5m size for the transportation of ore using modernized mining equipment. The contract amount for the 18 months’ work was Korean Won 4.8 billion (approximately CAD \$5.8M) including reinforcement and the construction of a new portal. The Sangdong Mine also reached an agreement with the Korea Institute of Geoscience and Mineral Resources (“**KIGAM**”), a state-owned research institute, to execute a binding Memorandum of Understanding (“**MOU**”) on April 30, 2018. The MOU with KIGAM is for technological cooperation in the areas of efficient extraction of tungsten and valued by-products through scheelite floatation for 3 years. The MOU also sets the principles of long-term governmental support to the Sangdong Mine including the fully subsidized construction of a pilot plant at the site of the Sangdong Mine for the amount of Korean Won 1.0 billion (approximately CAD \$1.2m).

On July 5, 2018, the Company reported that the demolition work at the Sangdong Mine site in South Korea was completed, only leaving the last procedure of concrete recycling, in preparation for the mine construction phase.

On November 27, 2018, the Company announced that it commenced the drift development at the Sangdong Mine. The development of approximately 4,000 meters of 4.5m x 4.5m transportation drifts, loading points, passing bays and cross cuts connecting to ore bodies was completed in **2021**. All the permits for the mine development were previously obtained and the required registration of licensed personnel for health, safety, environment, explosive treatment, mechanical and electrical

supervision has been completed. The official ceremony for the first blast was held at the Sangdong Mine site on September 26, 2018 with the attendance of relevant officials from the primary permit and supervision authorities including Yeongwol County Government and the Ministry of Trade, Industry & Energy. Promptly after the ceremony, the first blasting and subsequent development work began inside the Alfonse D portal.

On May 29, 2019, the Company announced that it signed a Power Supply and Consumption Agreement with Korea Electric Power Corporation (“**KEPCO**”) for the construction and supply of a power line to the Sangdong Tungsten Mine located in the Republic of Korea. The Power Supply and Consumption Agreement, entered into on May 29, 2019 between AKT, a wholly-owned subsidiary of Almonty, and KEPCO, a state-owned monopoly power supplier, is for the construction and installation of a 10MW exclusive power line to the site of the Sangdong Mine. Under the Power Supply & Consumption Agreement, KEPCO is responsible for building the high voltage power line (22.9kV) of 22.8 km and auxiliary facilities connecting the Taebaek Sub-station of KEPCO and the transfer point designated inside the Sangdong Mine site.

The construction cost of KRW2,044 million (approx. US\$1.7 million) will be entirely borne by KEPCO as a part of its power line subsidy program for industrial promotion. KEPCO has commenced the construction of the power line with the target completion by May, 2022, which will be several months before the scheduled completion of the processing plant at the mine.

On July 29, 2019, Almonty has announced that it has obtained the clearance and acceptance by the lending bank, KfW-IPEX Bank (“**KfW**”), of the final technical due diligence report on the Sangdong Mine Development Project submitted by the Independent Engineer. The final acceptance of the Independent Engineer’s report signifies the clearance of certain pending issues related to compliance with the Equator Principles, a financial institution risk management framework. The Company also announced the mechanical completion and the commencement of commissioning of the government-subsidized pilot plant at the site on the same day.

On September 3, 2019, AKT entered into a Contract for Construction of Buildings and Architectural Work with Ilkang K-Span, a local contractor for architectural building of the Milling & Flotation Building, Ore Shed, Office Building and Cranes. The contract price is Korean Won 4,110 million (equivalent to US Dollars \$3.4), with the completion target in early 2021.

With respect to project equipment, Metso Corporation (“**Metso**”) (Europe), the supplier of primary equipment for the Sangdong processing plant, has completed the locked cycle tests of the Sangdong ore in its laboratory in the USA which has served as a basis for the completion of the processing flow diagram for the Sangdong plant. AKT has also begun the detailed engineering work on its backfill plant in coordination with UpMS, a European paste fill specialist firm.

Also during September 2019, at the request of KfW, Almonty converted a certain amount of its intercompany debt into equity of its wholly-owned subsidiary, AKT, thereby eliminating any shareholder deficiency on AKT’s balance sheet.

During January 2020, the Company received a binding commitment letter for US\$75.1 million from KfW for the proposed project financing for the development and operation of the Company’s Sangdong Mine located in South Korea (the “**KfW Facility**”).

The general terms of the binding commitment approved by the credit committee of KfW include:

1. The principal amount of senior project finance loan to be US\$75.1-million;
2. Interest rate -- three month London interbank offered rate (LIBOR), plus 2.5 per cent, and borrower expects this to reduce on issuance of the ECA cover;
3. Term of 6.25 years with an initial principal repayment holiday during construction and quarterly instalment repayments of principal commencing after the second anniversary of the initial drawdown;
4. Oesterreichische Kontrollbank AG (OeKB) is committed to providing an import credit scheme cover guarantee based on the long-term offtake agreement, discussed above.

Almonty worked closely with the Independent Engineer at the Sangdong Mine during 2020 to ensure sustainable development outcomes and the integration of environmental, safety and social considerations into the project development procedures, meeting the stringent international standards and guidelines.

Almonty also announced the mechanical completion and the commencement of commissioning of the government-subsidized pilot plant at the site.

On February 24, 2020, Almonty announced that it received notification that the preliminary ECA cover has been issued by OeKB (Oesterreichische Kontrollbank AG), which is underpinning the KfW Facility.

On March 13, 2020, the Company provided an up-to-date status with regard to the recent evolution and spreading of Coronavirus-19 (“**COVID-19**”) pandemic in response to numerous queries and expressions of concern from investors and shareholders. Since the outbreak of COVID-19 in Korea, the Sangdong Mine, in close collaboration with the Community Health Center, implemented stringent policies and measures of dis-infection and prevention for the health of employees and the community people.

On May 11, 2020, Almonty announced the execution of a MOU amongst Gangwon Provincial Government, Yeongwol County Government and AKT. The MOU was signed in the Office of the Gangwon Provincial Government by Governor MoonSoon Choi, Mayor Myeong-Seo Choi of Yeongwol County and Mr. Lewis Black, President & CEO of AKT who joined the ceremony via video conferencing due to travel restrictions set by COVID-19. The MOU stipulates that, in recognition of the importance of tungsten and the development of the Sangdong Mine to the national economy and competitiveness, both municipal governments shall cooperate as much as possible for administrative and financial support including the granting of permits, and the provision of certain subsidies and tax exemptions. It also states that the municipal governments shall fully cooperate and support in providing required infrastructure for the successful development of the Sangdong Mine.

On May 19, 2020, Almonty announced the completion and delivery of the basic engineering work by Metso for the crushing and grinding units of the processing plant of AKT.

The overall process flowsheet with process mass balance, equipment list, plant layout drawings, process control philosophy, control diagrams and general technical information were provided after five months of extensive work by Metso, the world’s leading manufacturer of mining equipment, in collaboration with Almonty’s technical team.

Ore characterization tests on drop weight, bond mill work index, abrasion and crushability were conducted at the Metso laboratories during 2019 and 2020 in order to determine the physical properties, mineral liberation and comminution indices of the ore, which were used as the basis for the design criteria of the equipment for the Sangdong processing plant.

On May 27, 2020, Almonty announced the finalization of the plant layout and configuration upon the fixing of the location of the backfill plant at the site of the Sangdong Mine.

1. The location of the backfill plant of approximately 1,300 m² is determined at a 730-meter altitude near the Baegun adit, sitting atop of Taebaek Level (680-meter altitude) and Sangdong Level (656-meter altitude), where mining activities for initial years will be focused. The higher altitude is designed to enable reduced operational expenses through gravity pumping of tailings and a simplified and cost-effective backfilling reticulation system.
2. This location is also closer to the additional deposit identified as upside potential by exKorea Tungsten and the Korea Resource Corporation, ensuring the effectiveness of backfilling not only the targeted stopes of the Company's NI 43-101 indicated and inferred resources already defined, but also the future stopes of the continued deposit in the western direction which was identified through drilling campaigns in 1980s.
3. The Sangdong backfill plant has been prepared and designed by Upgrade Mining Solutions (Europe), a specialist engineering firm in tailings paste fill.

On August 26, 2020, Almonty reported that it finalized the completion agreement with KfW with respect to the KfW Facility.

On September 8, 2020, Almonty provided a further update regarding the US\$75.1 million Project Financing with KfW for its wholly-owned Sangdong Mine. The Company reported that it has now finalized the facility agreement (loan agreement) with KfW. The facility agreement was the final piece prior to close which will now occur when the Conditions Precedent ("CP") are met. 75% of the CP list had then been uploaded and the only remaining item from the CP list to be finalized is the balance of the equity portion of the financing.

On October 21, 2020, Almonty reported that it received, from the South Korean government, an extension of its Extraction Rights permit to July 1, 2031. In addition, once the Company finalizes KfW Facility, the extraction permit will automatically be extended to July 1, 2041 and, once production commences, this extraction permit can be extended to July 1, 2061. The Company also reported that it has now finalized its contract with Metso, the plant equipment supplier for the build-out of its Sangdong Mine, for the long-lead-time equipment for the crushing circuit.

On February 3, 2021, the Company announced the expansion of its current Environmental, Social and Governance (ESG) program at the Sangdong Mine. At Sangdong, a third-party report will be concluded over the next 3 months, analyzing the carbon footprint and how best to minimize that footprint. Given the energy from the grid supplied to the Sangdong project is 100% renewable, the Company has a unique opportunity to push towards carbon neutrality at our Korean site.

On February 10, 2021, the Company announced that it scheduled a start date of the week of April 12th, 2021 to commence a 12,500m drilling campaign to convert the existing historical data for its

Sangdong Molybdenum Project into a NI 43-101 and JORC compliant report. This campaign will be focused around the previous 12,390m of historical core drilling that was conducted by Korea Tungsten and KORES in the 1980's. At that time, indications of the preliminary high-grade ore reserves estimate were shown with grades in excess of 0.40% MoS₂ with tonnage in excess of 16.30mt. The preliminary low grade global reserves indicated grades in excess of 0.11% with tonnage in excess of 120mt. If confirmed, this would create one of the world's largest long life high grade Molybdenum projects. The Molybdenum orebody is located just 150 metres below the tungsten deposit.

On April 26, 2021, the Company announced that the concrete batch plant at the Sangdong Mine was completed and that the plant will provide service to all underground mine development and to the surface construction. The renovation of the administration office in the town of Sangdong is completed. Electing to renovate the old Sangdong post office instead of building a new construction on the mine site saved the Company over US\$500,000 and complied better with our ESG in having an actual presence in the town which allows more direct access to the Company for the local community. The site levelling, road and drainage diversion could be completed having all permits in place. Originally, the Company had intended to conduct the road and drainage diversion in April but, upon further cost analysis, it was established that by also including the site leveling, the Company would save a further US\$300,000 by utilizing the same company to do all three items at the same time rather than incurring mobilization and demobilization costs twice. The 12,500m-drilling design program for Almonty Moly is now complete. It was decided that an in-person visit by the Almonty Portugal team was warranted to ensure this program was researched and designed to the highest possible standard to ensure maximum transparency for our 43-101 and JORC reports. The Company will now move forward with this confirmation drilling.

On May 28, 2021, the Company conducted a ground-breaking ceremony at its Sangdong mine site.

On October 27, 2021, the Company provided an update of its progress at its South Korean site advising that renovations to the Guest House next to the main office were complete and that it has capacity for up to 24 visiting personnel from our Panasqueira and Los Santos mines. The report also advised that its Seoul office was its main administration and Government liaison center and is open and fully staffed.

Other Developments

Developments During the Fifteen Month Period Ended December 31, 2019

On December 18, 2018, the Company announced that it completed a non-brokered private placement of an unsecured convertible debenture in the principal amount of \$2-million, acquired by DRAG, an existing principal shareholder of Almonty. The unsecured convertible debenture was to mature on June 30, 2019 (subsequently extended to October 22, 2023), and bears interest at a rate of 6 per cent per annum, payable at the maturity date. The outstanding principal amount of the debenture is convertible into Common Shares at the option of Almonty only upon availability to Almonty of the KfW Facility. DRAG does not have a conversion option. However, the debenture is not convertible: (i) at any time when the Common Shares are trading on the TSX at less than \$0.628 per Common Share (based on the volume-weighted average price on the TSX for the five trading days immediately

preceding the proposed conversion date); and/or (ii) to the extent such conversion would result in DRAG holding more than 19.9% of the issued and outstanding Common Shares.

This debenture is convertible at a conversion price equal to the higher of: (i) the applicable price per Common Share in any equity financing completed by Almonty after December 3, 2018, and prior to conversion or maturity of the debenture for purposes of financing the Sangdong mine (and where more than one such equity financing is completed, it shall be the one completed at the lowest price per Common Share); and (ii) \$0.628 (being the maximum (20%) TSX-permitted discount to the current market price, where "current market price" means the volume-weighted average price of the Common Shares on the TSX for the five trading days immediately preceding December 3, 2018, being \$0.785). On March 20, 2019, the Company announced that the TSX had accepted a notice of intention of the Company to make a NCIB permitting Almonty to purchase for cancellation up to 9,072,094 Common Shares over a 12-month period, representing approximately 5% of the Common Shares outstanding as of March 11, 2019. The NCIB commenced on March 22, 2019 and terminated on March 21, 2020. Purchases of Common Shares under the NCIB were made through the facilities of the TSX or alternative Canadian trading systems at the market price of the Common Shares at the time of acquisition. Common Shares acquired under the NCIB were subsequently cancelled. The Company engaged Integral Wealth Securities Limited to act as its broker through which the NCIB was conducted. 24,667 Common Shares were purchased by the Company and cancelled at an average price of \$1.00 per Common Share.

On September 19, 2019, the Company announced that it entered into an Amended and Restated Loan Agreement with Unicredit Bank AG (the "Restated Term Loan"). The Company restructured its existing debt with the Unicredit Bank AG such that the existing Term and Revolving loans with a total principal amount of approximately US\$13.7 million was rolled into a new, Restated Term Loan with a principal amount of US\$15,650,000. The Restated Term Loan bears interest at the prevailing Libor rate plus 1.5%, with interest payable quarterly and with principal repayable at maturity. The initial maturity date for the Restated Term Loan was September 30, 2020. The Company has the ability to extend the loan maturity date each year over a three-year period to September 30, 2023 and has to date exercised such rights with the effect that the current maturity date of the Restated Term Loan is September 30, 2023. The restructuring of the Unicredit debt was completed in preparation for the KfW Facility and the re-opening of the Sangdong Mine.

On October 16, 2019, Almonty changed its year end from September 30 to December 31, commencing with a fifteen month transition fiscal year ended December 31, 2019.

On November 19, 2019, the Company announced a non-brokered private placement to raise gross proceeds of up to \$1,300,000 through the issuance of up to 2,047,244 units at a price of \$0.635 per unit. The Company closed the private placement in three tranches on December 9, 2019, December 17, 2019 and February 19, 2020. Each unit was comprised of one Common Share of the Company and one Common Share purchase warrant with each Common Share purchase warrant entitling the holder to acquire an additional Common Share of the Company at a price of \$0.75 per Common Share for a period of 36 months from the date of closing of the non-brokered private placement. Proceeds from the private placement were used to finance the closing costs of the KfW Facility and for general working capital purposes.

Developments During Fiscal Year Ended December 31, 2020

On January 10, 2020, Almonty announced that it entered into an agreement to amend certain terms of a convertible debenture issued to Dundee Resources Limited in the aggregate principal amount of

\$5.93-million (the “**Dundee Debenture**”) the Dundee Debenture. The amendments to the Dundee Debenture amended the maturity date of the Dundee Debenture from January 31, 2020 to January 30, 2021 (subsequently extended further to July 31, 2022 and then further extended to October 31, 2024), and reduced the price at which Common Shares are to be issued pursuant to the Convertible Debenture upon the conversion of principal or the payment-in-kind of interest from \$1.00 to \$0.90 per Common Share.

On February 11, 2020, Almonty announced that it has appointed DGWA Deutsche Gesellschaft für Wertpapieranalyse GmbH (the German institute for asset and equity allocation and valuation), one of the leading European investment banking boutiques, based in Frankfurt and Berlin, Germany, as its investor relations adviser in Europe. DGWA provides investor relations services for publicly traded companies, which include the distribution of press releases, raising investor awareness amongst both the retail and institutional investment community, and supporting the overall marketing of the company.

On March 6, 2020, Almonty announced that it completed a non-brokered private placement of a secured convertible debenture in the principal amount of US\$2-million. Almonty used the net proceeds of the debenture offering for Sangdong mine project financing expenses and general corporate purposes. The secured convertible debenture will mature on March 6, 2021 (subsequently extended to September 6, 2022 and then further extended to October 31, 2024), and bears interest at a rate of 7% per annum, 50% of which is payable quarterly in arrears. The outstanding principal amount of the debenture is convertible into Common Shares at the option of the holder at the conversion price of US\$0.50 (equivalent to Cdn\$0.67) per Common Share.

On May 25, 2020, Almonty announced the start of trading of Almonty shares on Xetra, the electronic trading system of Deutsche Börse AG in Germany (WKN: A1JSSD, ISIN: CA0203981034, Ticker Symbol: 1MR). mwb Wertpapierhandelsbank AG was appointed as designated sponsor to handle the trading of Almonty’s shares with the expected effect of increasing liquidity and a higher turnover.

On July 13, 2020, Almonty announced it completed a non-brokered private placement of secured convertible bonds in the principal amount of EUR 3,250,000 (equivalent to approximately US\$3,675,000 or Cdn\$4,917,768) as well as a secured loan of US\$500,000 (approximately Cdn\$680,000) for a total of Cdn\$5,680,000. Almonty used the net proceeds of the offering for Sangdong Mine project financing expenses and for general corporate purposes. The secured convertible bonds (the “Bonds”) will mature on July 13, 2023, and bear interest at a rate of 10% per annum, payable semi-annually, in cash. The outstanding principal amount of the Bonds plus any related unpaid accrued interest is convertible into common shares of Almonty at the option of the holder at the fixed conversion price of EUR 0.35 (equivalent to CDN\$0.54) per share for the principal and at the conversion price of the greater of i) EUR 0.35 (equivalent to CDN\$0.54) and ii) the EUR equivalent of the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the date of conversion for related accrued interest. The secured loan bears interest at the rate of 6% per annum payable upon the maturity date, being January 22, 2021 (subsequently extended to October 22, 2023).

On October 1, 2021, Almonty advised that Davidson & Company LLP resigned as the Company’s auditor effective October 1, 2021. The Audit Committee of the Company has recommended, and the Board of Directors approved the appointment of Zeifmans LLP, Chartered Professional Accountants as the Company’s new Auditor.

Developments During Fiscal Year End 2021

On January 4, 2021, the Company reported that it closed a non-brokered private placement raising gross proceeds of US\$1,201,000 (CDN\$1,537,688) through the issuance of 2,050,251 shares at a price of CDN\$0.75 per share representing a more than 17% premium to current market. Lewis Black, Chairman, President and CEO of Almonty, and DRAG were the sole participants in this equity raise. Proceeds from the private placement are being used for legal and closing costs for the KfW Facility.

On January 19, 2021, the Company announced that it was proceeding with a secondary listing on the Australian Stock Exchange.

On February 1, 2021, the Company appointed James Kim to its board of directors as well as the appointment of John Yi as President to its subsidiary, AKT. The appointments of Messrs Kim and Yi are the beginning of a greater focus for Almonty in Korea and the Asian and Australian financial markets.

On March 18, 2021, the Company announced that the maturity dates for approximately \$54.1 million of its debt facilities had been extended. The bulk of this \$54.1 million will now mature at end of Q4 2023. The existing terms for all of the \$54.1 million debt facilities have remained the same as they were previously which are interest only balloon facilities.

The Company also announced on March 18, 2021, the appointment of JH Kim as the CFO at AKT. Mr Kim has over 16 years' experience as finance manager for the global manufacturing company Honeywell Korea and Honeywell Analytics Asia Pacific.

On April 20, 2021, the Company announced that the Plansee Group concluded the agreement to purchase 10,587,056 shares at \$1.06 from Lewis Black, Almonty's CEO, as part of the previously contemplated transaction announced in December 2020. 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\$10 million 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.

Also, on April 20, 2021, the Company announced that it closed two previously anticipated private placements and secured binding commitments from existing shareholders and insiders on a convertible debenture. The pricing was for 2,000,000 shares at \$0.85 per share and 308,333 shares at \$0.90 per share for a total of US\$1,579,358. The Company has also procured an additional US\$8,010,642 of executed binding commitments from existing shareholders and insiders, linked to an unsecured 5% p.a convertible debenture with a \$1.05 strike price. The binding funding trigger for this convert is 5 business days prior to the financial close of the KfW-IPEX US\$75.1m loan.

On May 31, 2021, the Company announced the appointment of Andrew Frazer to its Board of Directors. Mr. Frazer has over 30 years of capital markets experience and is the founder and managing director of Lazarus Corporate Finance Pty Ltd, who also acted as Lead Manager for the offering in connection with the ASX listing.

On August 2, 2021, the Company listed on the Australian Stock Exchange and completed a capital raise of A\$15.25M. The Company also appointed Piers Lewis as co-corporate secretary (Australia).

On August 25, 2021, the Company announced the appointment of Mark Goodman to its board of directors. Mr. Goodman has occupied executive positions with several companies including holding an executive position with the Dundee group.

On November 22, 2021, the Company announced that it completed the second tranche of its non-brokered private placement of unsecured convertible debentures in the aggregate approximate principal amount of CDN\$3,904,000 (the “Debenture Offering”). All securities issued pursuant to the Debenture Offering are subject to resale restrictions for a period of four months expiring on March 23, 2023. Almonty intends to use the net proceeds of the Debenture Offering for general working capital and financing costs of the Sangdong Mine in South Korea. These debentures mature on October 31, 2024 and bear interest at a rate of 5% per annum, payable semi-annually. The outstanding principal amount of these debentures are convertible into common shares of Almonty at the option of the holder at the average conversion price of CDN\$1.05 per share.

DESCRIPTION OF BUSINESS

GENERAL

The Company is a natural resource company engaged in the acquisition, exploration, development, mining, and milling of tungsten ores and related minerals. The Company’s business is presently focused in the Iberian Peninsula and South Korea.

The principal business of Almonty is the mining, processing and shipping of tungsten concentrate from the Los Santos tungsten mine located near Salamanca, Spain, the Panasqueira tin and tungsten mine in Covilha, Castelo Branco, Portugal, as well as the evaluation of the Sangdong tungsten mine located in Gangwon Province, Republic of Korea and the Valtreixal tin and tungsten project located in Western Spain in the province of Zamora.

Production, Principal Markets and Distribution Methods

Almonty refines tungsten ore in its milling circuits using a combination of gravity separation (spiral banks, shaking tables etc.) after the ore is crushed in a primary crusher. The milling circuit refines the tungsten ore into a primary grade product of 65% or greater WO₃ concentrate or higher and also a secondary product with a grade of WO₃ concentrate between 45% and 65%.

The principal markets for the Company’s tungsten concentrates are the United States of America, Western Europe and Japan. Currently the majority of the revenue earned by the Company’s operations is sold to the Customer in accordance with the Supply Agreements (as defined below). The Customer is located in the United States of America. Contract terms for Almonty’s sale of WO₃ in concentrate (WO₃ concentrate) allow for a price adjustment based on final assay results of the WO₃ concentrate by the Customer to determine the final content. Recognition of sales revenue for WO₃ concentrate is based on the most recently determined estimate of WO₃ concentrate (based on initial assay results carried out by Almonty) and the contract price at the date of shipment, with a subsequent adjustment made upon final determination between Almonty and the Customer after receipt of the WO₃ concentrate. If the Customer disputes the invoiced amount based on a difference of assayed values of WO₃ concentrate, then the dispute is settled by an independent third-party assaying service whose findings are binding on both parties.

The terms of WO₃ concentrate sales contracts with third parties contain provisional pricing arrangements for all material not subject to a fixed price contract, whereby the selling price for WO₃ concentrate is calculated based on the adjusted prevailing monthly average price per MTU of APT as published by London Metal Bulletin on the date of shipment to the Customer.

All WO₃ concentrate produced by the Los Santos Mine is loaded into one-tonne bags and stored on site until a minimum of twenty (20) bags has been accumulated. For sales under the Supply Agreements, once twenty (20) bags have accumulated on site, Almonty then arranges for an independent logistics company to procure a twenty (20) tonne shipping container to site where twenty (20) one-tonne bags are then immediately loaded into the container and the container is sealed by logistics company personnel and transported by truck to the nearest port. The container is held in a bonded location in the port while awaiting shipping via ocean freighter to the port of New York, USA, where the Customer takes possession of the container. Shipping and delivery are carried out under CIF INCOTERMS 2010 as per the Supply Agreements. In February 2020, as a result of additional testing work, Almonty decided to place the Los Santos Mine into care and maintenance. The Company plans to re-open operations in early 2023.

All WO₃ concentrate produced by the Panasqueira Mine is loaded into one-tonne bags and stored on site until a minimum of twenty (20) bags has been accumulated. Once twenty (20) bags have accumulated on site, Almonty then arranges for an independent logistics company to procure a twenty (20) tonne shipping container to site where twenty (20) one-tonne bags are then immediately loaded into the container and the container is sealed by logistics company personnel and transported by truck to the nearest port. The container is held in a bonded location in the port while awaiting shipping via ocean freighter to the destination port of the Customer. Almonty has a distribution agreement in place with certain customers in Japan, whereby Almonty ships material to customers in Japan and is paid within 5 days of shipping.

Revenues

Gross revenue for the year ended December 31, 2021 totalled \$20,847,000 (\$25,095,000 for the year ended December 31, 20120).

Daytal and BTW are parties to Supply Agreements with a Customer who participates in the global tungsten business. Currently the majority of the revenue earned by the Company's operations is sold to this Customer. Almonty is economically dependent on the revenue received from the Customer in order to be able to meet its current obligations and is subject to the pricing terms set out in the Supply Agreements. See *Description of the Business - General – Contracts* below.

Competitive Conditions

The Company sells tungsten concentrates and upgraded tungsten products at prices determined by world markets over which the Company has no influence or control. These markets are cyclical. The Company's competitive position is determined by its costs compared to those of other producers throughout the world and by the Company's ability to maintain financial strength through the tungsten concentrate price cycle despite currency fluctuations. Costs are governed principally by the location, grade and nature of the ore bodies and mineral deposits, and the Company's cost of labour, power and supplies, and, as well, by operating and management skill. Over the long term, the Company's competitive position is determined by its ability to develop economic ore bodies and replace current

production. In this regard, the Company also competes with other mining companies for mineral properties.

At present, there are a limited number of competitors producing tungsten concentrates in the Western world. The world's largest producer of tungsten concentrates is China, which is now an importer of tungsten concentrates. The Company competes specifically with other mining and industrial operations located in the Iberian Peninsula, and the European Union in general, in obtaining skilled labour and mining supplies.

While market demand for tungsten concentrate continued to be stable during the fourth quarter of fiscal 2018 and throughout fiscal 2019, the pricing environment began to soften somewhat from US\$275/MTU to US\$245/MTU of APT. However, APT pricing commenced a significant increase near the end of fiscal 2020 and into the first quarter of fiscal 2022 with prices at US\$352/MTU of APT.

The average market price was US\$225/MTU of APT for the year ended December 31, 2020 and US\$294/MTU of APT for the year ended December 31, 2021, increasing to US\$352/MTU of APT during Q1-2022. Management expects that the limited quantities of "spot" concentrate available in the market will help with expected price improvement in the near to mid-term (between now and the end of calendar 2022) with several forecasting services projecting prices to exceed US\$350 per MTU of APT by December 31, 2022. This expected improving pricing environment is evidenced by the renewed fixed price contracts signed at the Company's Panasqueira mine.

The average of the high and low weekly quoted price for European APT according to the Metal Bulletin ("MB") European weekly quotation for APT (from which Almonty's concentrate prices are derived by varying formulae under its Supply Agreements) averaged the following:

Three Months ended	Tungsten APT European Average	Year ended	Tungsten APT European Average
	High -Low US\$/MTU		High -Low US\$/MTU
31-Mar-16	\$172		
30-Jun-16	\$207		
30-Sep-16	\$190	30-Sep-16	\$184
31-Dec-16	\$194		
31-Mar-17	\$204		
30-Jun-17	\$217		
30-Sep-17	\$267	30-Sep-17	\$220
31-Dec-17	\$288		
31-Mar-18	\$324		
30-Jun-18	\$350		
30-Sep-18	\$282	30-Sep-18	\$311
31-Dec-18	\$275		
31-Mar-19	\$270		
30-Jun-19	\$269		
30-Sep-19	\$210		
31-Dec-19	\$242	31-Dec-19	\$253
31-Mar-20	\$236		
30-Jun-20	\$224		
30-Sep-20	\$213		
31-Dec-20	\$228	31-Dec-20	225
31-Mar-21	\$274		
30-Jun-21	\$275		
30-Sep-21	\$306		
31-Dec-21	\$322	31-Dec-21	294
25-Mar-22	\$349		

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

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

Almonty prices all of the tungsten concentrate that it produces that is not subject to fixed price contracts in relation to the prior month's average quoted weekly average of the High-Low price quotation for an MTU of APT on the MB European quotation service.

In the short-term, the Company anticipates that prices will continue to remain at current levels, with limited downside to the current price, in the near-term before rebounding in the medium term to the US\$350/MTU level.

Growth Strategy

Almonty implemented a planned closure of Daytal's operations by placing it into care and maintenance in February 2020. The Company is planning to re-open operations in early 2023 once it has finalized plans to modify the plant's infrastructure and finalize any adjustments to the milling circuit that will be necessary once the Company begins to process its stockpile of long-term tailings inventory. The Company has changed its mine plan and decided to commence the processing of its tailings commencing early 2023.

Seasonality

There is no seasonality to the Company's mining operations. The Company sells tungsten concentrates and upgraded tungsten products at prices determined by world markets over which the Company has no influence or control. These markets are cyclical. See *Competitive Conditions* for additional information on the cyclical nature of the APT commodity price.

Contracts

Almonty, along with Daytal and Beralt, are parties to long term supply agreements dated September 23, 2011 and September 22, 2014 (each as subsequently amended), respectively, with the Customer (together, the "**Supply Agreements**"). The Supply Agreements provide for the supply of a minimum amount of tungsten concentrate to the Customer in accordance with certain specifications of the Customer. Pricing is based on a formula derived from the prior month's average of the high and low price for European APT per MTU as quoted on the MB. The Supply Agreements run for a term of five years with an automatic renewal for an additional two years (unless either party provides at least three months' notice of its intention not to renew).

Almonty, along with its wholly-owned indirect subsidiary, BTW, is party to a distribution agreement (the "**Distribution Agreement**") for a portion of the tungsten concentrate produced at the Panasqueira Mine. This agreement covers sales to Japanese-based customers. Almonty negotiated a new long-term supply agreement, commencing January 1, 2019, for a certain amount of tungsten concentrate produced at the Panasqueira Mine (amended and extended effective February 7, 2020). Meanwhile, all production not sold under the Distribution Agreement is sold to customers in Europe and North America.

Redacted copies of the Supply Agreements are filed under Almonty's SEDAR profile at www.sedar.com.

Employees

As at December 31, 2021, the Company had 16 non-unionized full-time employees at the Los Santos Mine; 138 unionized full-time employees and 224 full time employees at the Panasqueira Mine; 1 full-time, non-unionized employee and 6 full-time consultants and 1 part-time consultant working at the corporate office (1 consultant in Vancouver, 1 employee in Paris, 2 consultants in Portugal, 3 consultants in Spain and 1 consultant in Korea); 16 full-time employees at the Sangdong Mine in Korea; and 1 part-time consultant at the Valtreixal Mine in Spain .

Foreign Operations

Almonty's wholly-owned subsidiaries, Daytal and BTW, operate in Spain and Portugal, respectively, both of which use Euros(€) as their functional currency. Their output is a commodity that is primarily priced in United States dollars (US\$) which is different than the functional currency of the Company and its subsidiaries and the Company and its subsidiaries may also incur costs or obtain indebtedness in a currency that is different from their functional currency. Almonty's functional currency is the Canadian dollar (CAD\$) but it advances funds to subsidiaries in the functional currency of the subsidiary to which funds are advanced. As such, Almonty's consolidated balance sheet and profit or loss can be significantly affected by movements in various currencies (CAD\$, US\$, KRW and €

As at December 31, 2021, the Company had the following financial instruments denominated in foreign currencies, in 000's:

	Currency	Carrying Value (\$)
Cash and cash equivalents	US \$	253
Other assets	AUS \$	-
Accounts payable and accrued liabilities	US \$	5,267
Accounts payable and accrued liabilities	AUS \$	378
Accounts payable and accrued liabilities	KRW	1,056
Long-term debt	US \$	34,651
Long-term debt	EURO €	11,471

A 5% change in the value of the CAD\$ relative to the above currencies would have an impact on net loss for the year ended December 31, 2021 of approximately \$2,629.

The Company's Euro functional currency businesses have the following financial instruments denominated in foreign currencies, in 000's:

	Currency	Carrying Value (\$)
Cash and cash equivalents	US\$	1
Trade receivables	US\$	1,300
Accounts payable and accrued liabilities	US\$	978

A 5% change in the value of the Euro relative to the above currencies would have an impact on net loss for the year ended December 31, 2021 of approximately \$16.

Social or Environmental Policies

The Company is committed to maintaining high standards of environmental protection and care in the conduct of all aspects of its business. The Company's mining, exploration and development activities are subject to various levels of Spanish, Portugal and South Korean federal, provincial and territorial laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties

The Company's approach to environmental management includes maintaining compliance with all applicable legislation, regulations and authorizations, implementing proactive strategies for environmental protection, achieving continuous improvement in performance and encouraging open communications with governments, the general public and stakeholders. See disclosure regarding environmental matters under the respective descriptions of the Company's mineral projects herein for further details.

Almonty is committed to the promotion of environmental awareness and stewardship amongst employees and contractors at its mining and exploration sites by providing accurate information and responsible environmental management that ensures safety, due diligence and compliance.

Responsible environmental management is key to Almonty's success. The Company ensures that cost-effective, best management practices are utilized in assessing, planning, constructing and operating its facilities in compliance with all applicable legislation and regulations. The Company works together with various government agencies and the public to enhance communications and understanding of Almonty's operations and its environmental stewardship.

Almonty's guiding environmental principles are built into the management of its daily activities and its philosophy is included in all work procedures and protocols. These principles are being put into practise as Almonty develops the Sangdong Mine as discussed under "General Development of the Business".

Every employee is committed to, and responsible for, the integrity of Almonty's environmental management.

RISK FACTORS

The Company operates in the mining industry, which is subject to numerous significant risks that can influence profitability. In addition to all of the other information set out in this AIF, potential investors and readers should carefully consider the risk factors set out below which the Company believes to be the most significant and that could have a material impact on its current and future operations. Other risks may exist that are not indicated below and which may currently exist or arise at a future date regarding the Company and its operations.

The risks and uncertainties set out below or elsewhere in this AIF are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations and cause the price of the Common Shares to decline. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly. In that event, the trading price of its Common Shares could decline, and an investor may lose all or part of his, her or its investment.

Financial Risks

Price of Metals and Foreign Exchange Rates

The Company's profitability is exposed to commercial risks, notably those linked to the price of tungsten and foreign exchange rates.

Almonty's policy is to maintain exposure to commodity price movements at its mining operations. The Company sells WO₃ concentrate that is denominated in US\$ per MTU. Every +/- US\$10.00 movement in the average price of 1 MTU of European APT as quoted on the MB exchange impacts the Company's revenue by +/- US\$8.00 per MTU of WO₃. The price of tungsten varies considerably and is based on factors outside the control of the Company. Should the market price of tungsten concentrate fall below the Company's cash operating costs, Almonty would cease to generate positive cash flow from operations. From time to time, the Company enters into contracts to fix the price of the product it sells for periods of time it deems appropriate.

Fluctuation in Interest Rates

Almonty's exposure to the risk of changes in market interest rates relates to cash at banks, bank indebtedness and long-term debt with floating interest rates.

Almonty's exposure to the risk of changes in market interest rates relates to cash at banks and long-term debt with a floating interest rate. Of the long-term debt, \$24,206 is subject to floating interest rates and \$42,665 is subject to fixed interest rates. A portion of the floating rate debt totaling \$4,356 is subject to a fixed spread over the 6- and 12-month Euro Interbank Offered Rate ("Euribor") rates. A change of 100 basis points (1%) in the rates would result in a \$44 change in annual interest costs. The remaining floating rate debt of \$19,841 is based on a fixed spread over the 3-month Libor rate. A change of 100 basis point (1.0%) in the 3-month Libor rate would result in a \$198 change in annual interest costs.

The Company may in the future become a borrower of an additional material amount of funds or repay its existing outstanding long-term debt at any time without penalty. The Company's primary operations are located in Spain, Korea and Portugal. The ongoing uncertainty in the financial markets may have a negative impact on both the Company's future borrowing costs and its ability to obtain debt financing.

Pledge of Assets as Security

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

Access to Capital Markets

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

Future Financing, Credit and Liquidity Risk

The success of exploration programs, development programs and other transactions related to concessions could have a significant impact on the need for capital. If Almonty decides to develop one of its properties, it must ensure that it has access to the required capital. The Company could finance its need for capital by using working capital, by arranging partnerships or other arrangements

with other companies, through equity financing, by taking on long-term debt or any combination thereof.

Almonty's maximum exposure to credit risk, excluding the value of any collateral or other security, is the creditworthiness of its customer that is operating as counterparty to Almonty's supplier financing program. All invoices submitted to the customer under the Supply Agreements are subject to a supplier finance program and a factoring fee that varies with a fixed spread to the 6-month LIBOR rate. Almonty is exposed to fluctuations in the 6-month LIBOR rate up to a maximum of movement of 250 basis points. For every 100 basis point movement in the 6-month LIBOR rate would impact the Company's cash flow by +/- US\$1.00 for each US\$100.00 in revenue. Almonty assigns all trade receivables that are subject to the supplier finance program to a third party bank and receives prepayment from the bank on the invoices assigned. The availability of this program rests solely on the ability of Almonty's customer to continually pay down the supplier financing facility as it comes due in order to ensure Almonty has access to draw on the facility when it ships WO₃ concentrate to the customer under the Supply Agreements. If the 6-month LIBOR rate were to exceed the maximum amount or if Almonty were to no longer have access to the supplier financing program it would revert to normal trade terms with its customer.

Economic Dependency

Daytal and WCM, together with Almonty, are parties to the Supply Agreements with one Customer. Currently the majority of the revenue earned by the Company's operations is sold to the Customer. Almonty is economically dependent on the revenue received from the Customer in order to be able to meet its current obligations and is subject to the pricing terms set out in the Supply Agreements. There is no guarantee that Almonty would be able to find an alternative customer or customers on terms similar to its existing Supply Agreements should the Customer cease operations or become unable to pay Almonty under the Supply Agreements.

Tungsten Market

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

Operational Risks

Production

Daytal's contract with Movimientos de Tierras Y Excavaciones, S.L.U. ("MOVITEX"), under which MOVITEX carries out contract mining activities for Daytal at the Los Santos Mine, was entered into for the life of the Los Santos Mine with an effective date of January 15, 2014. Daytal did not have any mining capabilities of its own and relied on MOVITEX for all mining activity, including waste rock removal, pit development and delivery of ore to Daytal's crushing and processing plant. During the 2020, Daytal has not required the services of MOVITEX as a result of a change of mine plan

initiated during Q3-2019. Although Daytal has moved from ore extraction to tailings processing during the current year, Daytal is investigating additional sources of ore and, if determined to be economical, may re-engage the services of MOVITEX.

Competition

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

Risks Related to Property Title

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

Dependence on Key Personnel

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

Laws and Regulations

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

Licenses and Permits

There can be no guarantees that the Company will be able to obtain or maintain all the necessary licenses and permits to extract and process minerals, explore, develop, or maintain its continued operations, or that the Company will be able to comply with all the conditions imposed. The current operating permits and plant capacity limitations at the Los Santos Mine allows Almonty to process up to 740,000 tonnes of ore per annum. Any increase in available ore or significant increase in the concentration of tungsten contained in the ore may require the Company to expand its production and processing capabilities. The current operating permits and plant capacity limitations at the Panasqueira Mine allow Almonty to process up to 865,000 tonnes of ore per annum.

The mining license for the Los Santos Mine was granted in September 2002, for a period of 30 years and is extendable for 90 years. Daytal has to pay annual land taxes (approximately €2,000 per year) to the Spanish government. This amount is related to the surface covered and not to the production of minerals. There are no other royalty payments.

The Company files applications in the ordinary course to renew the permits associated with its mining license that it deems necessary and/or advisable for the continued operation of its business. Certain of the Company's permits to operate that are associated with the mining license are currently under application for renewal. There is no guarantee that Almonty will be able to renew the necessary permits in order to continue operating.

As at December 31, 2021, Almonty has recognized a restoration provision of \$972 (December 31, 2020 - \$1,009) with respect to Daytal's future obligation to restore and reclaim the mine once it has ceased to mine tungsten ore from the Los Santos Mine. The restoration provision represents the present value of rehabilitation costs relating to the mine site which are expected to be incurred in 2027 after the Los Santos Mine after Daytal ceases processing operations. This provision has been created based on Almonty's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect current market conditions at that time. The timing of the rehabilitation is likely to depend on when the Los Santos Mine ceases to produce at economically viable rates. This in turn will depend on Almonty's ability to extend the mine life years through additional exploration and also on the future price of WO₃ concentrate. The Company has had its mine plan approved by the local mining and environmental authorities in the Province Salamanca and is currently awaiting approval of the regional mining authority in Castilla y Leon. Almonty's current mine plan entails ongoing reclamation work of the site as part of the pit optimization work (several small pits that have been fully mined are filled in and reclaimed as part of the regular waste rock movement and stripping work carried on other pits that are in production, as opposed to hauling the waste rock to the waste dump). The current mine plan under review by the relevant authorities entails the reclamation of the majority of the site as part of on-going operations and waste rock movement. The restoration provision currently recognized by the Company is estimated to be sufficient to cover any remedial restoration and reclamation work needed upon completion of the tailings reprocessing operation. Upon completion of open pit mining operations, during the period when the Company will process the bulk of its inventory stock pile of mineralized tailings, Almonty estimates that the current restoration provision will be sufficient to complete all reclamation work required under its mine plan. The relevant Spanish authorities may determine, upon final review, that the amount required to be posted for future reclamation work be increased. Upon approval of the mine plan the Company intends to arrange an insurance policy to cover any increase in the assessed reclamation requirements. The Company anticipates that it will receive approval of its mine plan for the Los Santos Mine prior to the end of fiscal 2020 (the updated plan was originally filed in February 2015). The Company continues to work with the relevant authorities in Spain with respect to obtaining approval of its mine plan and is also engaged in active discussions with several insurance brokers to renew the insurance policy to cover the life of mine. The Company had posted an insurance policy to cover the anticipated reclamation costs when it originally filed its updated mine plan in February 2015. This policy expired in July 2016 and will be renewed upon final approval of the mine plan as filed. The relevant Spanish authorities are aware of the lapse in insurance coverage and are continuing their review of the mine plan as filed.

Banco Popular has posted a bank warranty of €180 (\$259) on behalf of Daytal with the Region of Castilla y Leon, Trade and Industry Department as a form of deposit to cover the expected costs of restoring the Los Santos Mine as required by Daytal's Environmental Impact Statement that forms a part of its mining and exploitation license on the Los Santos Mine provision. The bank warranty cannot be cancelled unless such cancellation is approved by the government of Castilla y Leon upon

approval of the completion of the restoration work. The bank warranty is undrawn and carries a quarterly stand-by fee of approximately €1 per quarter.

There is a restoration provision of \$730 (December 31, 2020 - \$760) with respect to the Sangdong Mine based on the amount assessed by the relevant local government authorities.

As at December 31, 2021, there is a restoration provision of \$36,384 (December 31, 2020 - \$40,680) with respect to the Panasqueira Mine's future obligation to restore and reclaim the mine once it has ceased to mine ore, currently estimated to be in the year 2045. The restoration provision represents the present value of rehabilitation costs relating to the mine site which are expected to be incurred subsequent to 2045. Total rehabilitation costs relating to the mine site are estimated to be \$852 and are expected to be incurred after the mine ceases production. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect current market conditions at that time. The timing of the rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This in turn will depend on Almonty's ability to extend the mine life years through additional exploration and also on the future price of WO₃ concentrate.

A summary of the Company's restoration provision is presented below in CAD\$000's:

Balance at December 31, 2019	33,084
Revisions in estimated cash flows and changes in assumptions	6,874
Accretion expense	172
Translation adjustment	2,337
Balance at December 31, 2020	42,467
Revisions in estimated cash flows and changes in assumptions	(1,043)
Accretion expense	(35)
Translation adjustment	(3,318)
Balance at December 31, 2021	38,071

The Company may not consummate or integrate acquisitions successfully, which could adversely affect its financial condition and future performance

The Company is always actively pursuing the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. From time to time, it may also acquire securities of, or other interests in, companies with respect to which it may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;

- potential loss of its key employees or the key employees of any business that the Company acquires;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could cause the Company not to realize the benefits anticipated to result from the acquisition of properties or companies and could have a material adverse effect on its ability to grow and on its financial condition.

Acquisitions by the Company, such as the acquisitions of Woulfe and BVI, involve the integration of companies that previously operated independently. An important factor in the success of an acquisition is the ability of the acquirer's management in managing the Company's business and that of the acquired company and, if appropriate, integrating all or part of that company's business with that of the acquirer. The integration of two businesses can result in unanticipated operational problems and interruptions, expenses and liabilities, the diversion of management attention and the loss of key employees and their knowledge.

There can be no assurance that a business integration will be successful or that it will not adversely affect the business, results of operations, financial condition or operating results of the acquirer and, as a result, the price of the Company's publicly traded securities. In addition, the Company may incur charges related to the acquisition of the acquired company and related to integrating the two companies. There can be no assurance that the Company, in the case of its recent acquisitions, will not incur additional material charges in the future to reflect additional costs associated with the acquisition or that all of the benefits expected from the acquisitions will be realized.

While the Company continues to seek acquisition opportunities consistent with its acquisition and growth strategy, it cannot be certain that it will be able to identify additional suitable acquisition candidates available for sale at reasonable prices, to consummate any acquisition or to integrate any acquired business into its operations successfully. Acquisitions may involve a number of special risks, circumstances or legal liabilities. These and other risks related to acquiring and to operating acquired properties and companies could have a material adverse effect on results of operations and financial condition. In addition, to acquire properties and companies, the Company may need to use available cash, incur debt, and issue Common Shares or other securities, or a combination of any one or more of these. This could limit its flexibility to raise capital, to operate, explore and develop its properties and to make additional acquisitions, and could further dilute and decrease the trading price of the Common Shares. When evaluating an acquisition opportunity, the Company cannot be certain that it will have correctly identified and managed the risks and costs inherent in the business that it is acquiring.

While at the present time the Company has no binding agreements, it is always actively pursuing potential acquisitions. The Company can provide no assurance that any potential transaction will be successfully completed, and, if completed, that the business acquired will be successfully integrated into its operations. The Company also cannot provide any assurance that if it issues equity securities in connection with an acquisition, such issuance will not be dilutive. If the Company fails to manage its acquisition and growth strategy successfully, it could have a material adverse effect on its business, results of operations and financial condition.

Political Risk

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

Litigation

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

Risks Linked to Common Shares

The price of the Common Shares may fluctuate for several reasons such as production and/or exploration results or operating results and cash flow, exchange rates, available financing, lack of liquidity and several other factors. It is possible that the price of a Common Share may experience significant fluctuations and that such price might be less than the actual price paid by an investor.

Regulatory

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of Almonty and could adversely affect its operations, business and results of operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse effect on Almonty and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of properties.

Almonty may also acquire properties located in other countries where mineral exploration activities may be affected by varying degrees of political and haphazard changes in government regulations. There can be no assurance that Almonty will be able to obtain all of the licenses and permits that may be required to conduct the operations that it may wish to undertake. Any changes in regulations or shifts in political conditions would be beyond the control of Almonty and may adversely affect its business.

The implementation of new regulations or the modification of existing regulations affecting the tungsten and the mining industry more generally could reduce demand for tungsten and other minerals and increase Almonty's costs, any of which may have a material adverse effect on Almonty's business, financial condition and results of operations.

Permits and Permitting Process

Mining companies must obtain numerous permits, licenses and approvals that strictly regulate environmental, health, safety, access and other matters in connection with mining. Regulatory authorities exercise considerable discretion in whether or not to issue permits, licenses and approvals and the timing of such issuances.

Also, private individuals and the public at large often possess rights to comment on and otherwise engage in the permitting, licensing and approval processes, including through intervention in the courts. Accordingly, new permits, licenses and approvals required by Almonty to fully exploit its properties may not be issued, or if issued, may not be issued in a timely fashion, or may contain requirements which restrict Almonty's ability to conduct its mining operations or to do so in a profitable manner.

In addition to authorizations required in connection with its mineral properties, other mines that may be acquired by Almonty will require governmental authorizations and permits before these properties can be developed and brought into production. Access to such lands for mining purposes may be restricted by present or future legislation. Accordingly, there can be no assurance that Almonty will be able to obtain the necessary authorizations to further develop its mineral properties or other resource properties that it may acquire in the future. To the extent such authorizations are required and not obtained, Almonty may be restricted or prohibited from proceeding with planned exploration, development and production activities.

Almonty believes it (or its subsidiaries) presently holds all necessary licenses and permits to carry on the activities at its mineral properties, and that it is presently complying in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that Almonty or its subsidiaries will be able to obtain and maintain, at all times, all necessary licences and permits required in connection with its mineral properties or any exploration or development activity or to place its properties into commercial production and to operate mining facilities thereon.

Disruptions in Production

Factors affecting the production and sale of minerals that could result in decreases in profitability include:

- expiration or termination of, or sales price re-determinations or suspension of deliveries under, mineral supply agreements;
- future litigation;
- the timing and amount of insurance recoveries; work stoppages or other labour difficulties;
- mine worker vacation schedules;
- mining and processing equipment failures and unexpected maintenance problems;
- a disruption in the supply of commodities used in mining, such as steel, copper, rubber products, ammonium nitrate/fuel oil, and liquid fuels; and
- changes in the market for certain mineral and general economic conditions.

Adverse weather conditions such as heavy rain and flooding, equipment replacement or repair, fires, amounts of rock and other natural materials and other geological conditions can also have a significant impact on operating results of Almonty.

Raw Materials Cost

Unexpected increases in raw material costs could significantly impair Almonty's profitability. Almonty's mining operations use significant amounts of steel, petroleum products and other raw materials in various pieces of mining equipment, supplies and materials. If the price of steel, petroleum products or other input materials increase, Almonty's operational expenses will increase, which could have a significant negative impact on its profitability.

Mining Risks and Insurance

Almonty's exploration, development and mining operations are subject to significant risks beyond the control of management that can delay tungsten mining or delivery, or increase the cost of mining. Such risks include natural disasters, unexpected equipment repairs or replacements, environmental hazards, industrial accidents, and inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and legal liability. In this regard, insurance is maintained to protect against risks that are typical in the mining industry. However, there is no guarantee that such insurance coverage will be adequate in all cases.

In the course of exploration, development and production of mineral properties, several risks may be encountered; in particular, risks involving unexpected or unusual geological or operating conditions. It is not always possible to fully insure against such risks, and Almonty may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of Almonty.

Insurance against certain risks may not be available to Almonty at reasonable economic rates or at all. To the extent that Almonty is subject to liabilities that are not economically or otherwise insurable, the payment of such liabilities would reduce the funds available to Almonty.

Expiration of Licences and Leases

Almonty's properties may be held in the form of permits, licences and leases and working interests in permits, licences and leases. If Almonty or the holder of any such permit, licence or lease fails to meet the specific requirement of such permit, licence or lease, the permit, licence or lease, as applicable, may terminate or expire. There can be no assurance that any of the obligations required to maintain each permit, licence or lease will be met. The termination or expiration of such permits, licences or leases or the working interests relating to a permit, licence or lease may have a material adverse effect on Almonty's results of operations and business.

Management of Growth

Almonty may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Almonty to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and

manage its employee base. The inability of Almonty to deal with this growth could have a material adverse effect on its business, operations and prospects.

Environmental Matters

All of Almonty's operations are subject to environmental regulations, which can make operations expensive or prohibit them altogether. If Almonty violates any of the laws and regulations relating to the protection of the environment, Almonty may be subject to substantial fines, criminal sanctions and/or third-party lawsuits and may be required to install costly pollution control equipment or, in some extreme cases, curtail operations. Almonty will generally be required to obtain permits under applicable environmental laws and regulations. Compliance with environmental laws and regulations, as well as with any requisite environmental permits, may increase costs. Almonty may also face exposure to actual or potential claims and lawsuits involving environmental matters.

Changes in environmental laws and regulations occur frequently, and any changes may have a material adverse effect on Almonty's results of operations, financial condition and/or competitive position. New legislation or regulatory programs could have an adverse effect on Almonty's operations.

Opposition to Mining

Almonty's business may be affected by environmental activists who engage in activities intended to disrupt Almonty's business operations. As a result, there could be delays or losses in transportation and deliveries of minerals to Almonty's customers, decreased sales of Almonty's minerals and extension of time for payment of accounts receivable from Almonty's customers, which could have a material adverse effect on Almonty's business, financial condition and results of operations.

Increased Costs and Compliance Risks as a Result of Being a Public Company

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. Almonty anticipates that general and administrative costs associated with regulatory compliance will continue to increase with recently adopted or amended corporate governance requirements.

Legal Systems

As civil law jurisdictions, Spain, Portugal and South Korea have legal systems which are different from the common law jurisdictions of Canada and Australia. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by changes in governments, the actions of government authorities or others, or the effectiveness and enforcement of such arrangements.

Enforcement of Civil Liabilities

Certain of the directors of Almonty reside outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors not residing in Canada. It may also not be possible to enforce against Almonty and certain of its directors named herein judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Corona Virus (“COVID-19”)

The outbreak of COVID-19 is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share price. As such, the Company’s share price may be adversely affected by the economic uncertainty caused by COVID-19.

Further, any such measures to limit the transmission of the virus implemented by governments around the world may adversely impact the Company's operations. These include increasing the number of employees that may need to work from home. This may have an impact on productivity and Almonty's business, operating and financial performance. Additionally, restrictions on supply chains and international travel that may result in delays for both Almonty and the companies and projects it invests in, and the potential that the companies and projects Almonty invests in may be required to shut down operations for a period of time could result in Almonty experiencing adverse financial impacts.

Ukraine Conflict

It is unclear whether the Company’s future operations may be affected by the outbreak of war between Russia and Ukraine, the variety of sanctions implemented by the international community on Russia or the resulting withdrawal of products and services from Russia.

While management believes that it is taking appropriate measures to support the sustainability of the Company’s business in the current circumstances, a continuation of the current business environment could negatively affect the Company’s results and financial position in a manner not currently determinable. These consolidated financial statements reflect management’s current assessment of the Ukraine conflict. However, the future business environment may differ from management’s assessment.

MINING PROJECTS

The following summary information regarding the Los Santos Mine the Panasqueira Mine, the Valtreixal Mine and the Sangdong Mine are taken from and based entirely on the Technical Reports as filed under the Company’s SEDAR profile at www.sedar.com. The Technical Reports are incorporated by reference into this AIF.

The Technical Reports were each prepared by Adam Wheeler, a Qualified Person in accordance with NI 43-101.

Almonty has four projects across Spain, Portugal and Korea. An overview of the location and stage of Almonty's various projects are detailed below.

Almonty's projects range from being in the development, exploration, exploitation and mining stage with interests in tungsten, tin and other metals. Further details on Almonty's projects are set out below.

LOS SANTOS MINE SUMMARY

Introduction and Overview

(i) *History of operations*

The Los Santos Mine has been in production since 2008 and produces tungsten concentrate products. The mine was opened in June 2008 and commissioned in July 2010 by its former owner. Almonty acquired the Los Santos Mine in September 2011 through its wholly owned subsidiary Daytal.

Since the start-up of the mine in 2006, Daytal completed additional diamond drilling and reverse-circulation drilling. Up until the end of mining in 2019, the current combined sample database used for resource modelling contains data for 495 drillholes and 255 trenches, for a total of 6,779 samples. The total drilled length is 41,924m.

The 2015 exploration campaign at the Los Santos Mine was completed in June 2015. Pit production stopped in April 2019. Tailings were then re-processed from April 2019 to January 2020, when the processing operations were temporarily suspended.

In February 2020, as a result of additional testing work, Almonty decided to place the Los Santos Mine into care and maintenance. The Company plans to re-open operations in early 2023.

(ii) *Regional geology*

The Los Santos Mine is located approximately 50 kilometres from Salamanca in western Spain and produces tungsten concentrate. The Los Santos Mine covers an area of 38 mining grids. The Los Santos Mine has been identified with significant underground mine potential and its underground mine potential was exploited in the deepening of the Los Santos Sur pit and Los Santos Sur South-West pit.

(iii) *Present operations*

Almonty has an exploitation concession over the Los Santos Mine which grants it the right to use the resource or resources marked within the perimeter of the Los Santos mine. Almonty's concession term is for 30 years with an option to extend for another two periods of the same duration, with a maximum total length of 90 years.

The principal product of the Los Santos Mine is tungsten concentrate. Almonty has been focused on utilising its expertise in order to optimise operations, reduce costs and improve the tungsten recovery rate of the Los Santos Mine. To date, Almonty has achieved an approximate 50% recovery rate of WO_3 from its tailings retreatment as a result of continuing tests and trials. Some of the tailings have already been re-processed, in the period from April 2019 to January 2020. The intention is to start re-processing of tailings material again in early 2023.

The Company continues to improve and increase its knowledge in the area of tailings reprocessing which further demonstrates Almonty's commitment to invest in tungsten technologies.

(iv) *Exploration*

To verify and test the extension of certain skarn beds, Daytal completed exploration drilling campaigns in each year from 2009 to 2015. This has comprised a total of 156 diamond drillholes and 111 reverse circulation holes.

The Los Santos Technical Report was prepared to provide a technical report compliant with the provisions of NI 43-101 by way of a review and summary of resource and reserve estimations for the Los Santos Mine, up to the end of June 2015. This current estimate was completed during August-October, 2015. The Los Santos Mine is currently an open pit operation, and is located in the Province of Salamanca in Spain. The principal product of the Los Santos Mine is a tungsten concentrate. The Los Santos Mine started open pit ore production during 2008, and the mill was commissioned during the same year. The Company decided in February 2020 to implement a planned closure of Daytal's operations by placing the Los Santos Mine into care and maintenance. The Company is planning to re-open operations in early 2023 once it has finalized plans to modify the plant's infrastructure, through an approximately €1,000,000 capital expenditure.

The Los Santos Technical Report was prepared by Adam Wheeler, Mining Consultant (an independent Qualified Person ("QP")) for the purposes of NI 43-101, at the request of Mr. N. Alves, Director of Mine Development, for Almonty. Assistance and technical detail were supplied by the technical personnel at Los Santos. Mr. Wheeler has been involved with resource and reserve estimation at the Los Santos Mine since 2006, and has visited the Los Santos Mine many times. In connection with the latest resource and reserve estimate, and with the preparation of the Los Santos Technical Report, Mr. Wheeler visited the site from September 21-24, 2015.

The following is a direct reproduction of the summary section of the Los Santos Technical Report. Notwithstanding how certain terms have otherwise been defined in this AIF, terms defined in this Section have the meanings ascribed thereto in the Los Santos Technical Report. This Section is qualified in its entirety by the full text of the Los Santos Technical Report.

Ownership

Daytal is a wholly owned Spanish subsidiary of Almonty, a corporation governed by the CBCA. Almonty trades on the TSX under the symbol "AII". The Los Santos mine is 100% owned by Daytal.

Geology and Mineralization

Los Santos lies within Lower Palaeozoic sediments in the Central Iberian Tectonic Zone, which forms part of a Europe-wide, Variscan age orogenic belt. The stratigraphy comprises a thick sequence of clastic metasediments, ortho- and para-gneisses, with volcanic and carbonate formations.

This stratigraphy was intruded by Hercynian (274 Ma old) granitoids in a series of plutons, with numerous, crosscutting granite and aplite dykes, sills and irregular pods intruding the metasediments up to 0.5km from the regional granite contact.

The Los Santos deposit is a typical skarn-hosted scheelite deposit, where intrusion of granitoids into carbonate-rich sedimentary rocks has resulted in their replacement by calc-silicate or siliceous minerals, together with mineralisation. It forms from impure Fe-rich carbonates and contains pyroxene, scheelite, plagioclase and locally magnetite. The scheelite is generally fine grained, minus 1mm in size, but individual crystals may exceed 1cm.

In particular areas sulphide-rich skarns also occur. They are up to 5m thick and several metres in strike length, and comprise massive or semi-massive sulphide horizons with scheelite mineralisation. Sulphides comprise pyrite, arsenopyrite (lollingite), pyrrhotite and chalcopyrite as principal minerals.

The four main rock types present at Los Santos are skarn, granite, calc-silicates and corneanas, a word applied to mean all other metamorphic rocks (mostly hornfels) at the site.

The tungsten occurs mainly as scheelite within massive pyroxene skarn. The skarn bodies are generally narrow steeply dipping structures. The deposit is made up of a number of discrete zones, six of which have been modelled for the current resource estimate. The strike length varies for each zone, but zone dips are fairly uniform across the deposit, varying between 60° to 90°. Within each zone, the skarn mineralisation is located within a number of individual beds, separated by barren lithologies. The major skarn beds vary between 2m and 20m in width; there are, however, numerous thinner bands measuring tens of centimetres.

Database and Resource Estimation

Subsequent to the original discovery in 1980, Billiton completed an exploration campaign which included 249 trenches and 231 diamond drillholes. In addition, in one of the zones, Los Santos Sur, an underground ramp and level access at the 945m elevation was developed, which totalled 825m of development. The level development provided bulk samples as well as underground drilling access.

Since start-up of the mine in 2006, Daytal have also done some additional diamond drilling and reverse-circulation drilling. The current combined sample database used for resource modelling contains data for 495 drillholes and 255 trenches, for a total of 6,779 samples. The total drilled length is 41,924m.

The resource estimation has been completed using a computerised three-dimensional block modelling approach, using the Datamine mining software system. For each of the zones being evaluated, skarn bed interpretations have been built up into wireframe models. Other wireframe models have been defined for the boundaries of the principal lithologies. Volumetric block models were then built up to reflect the lithologies and skarn beds. The principal parent block size used was 10m x 10m x 10m, but with sub-blocks within the skarn beds measuring 5m along-strike and down-dip, and 2.5m across-strike. The model structure was also rotated at an angle of approximately 22°, so that blocks were more logically oriented with the majority of skarn structures.

The skarn bed wireframe models were used to select separate sample sets within each bed. These selected samples were then converted into approximately 2.5m composites. The composite WO₃ grade values were used to interpolate grades into the block model, according to the parent skarn beds to which they belonged. Geostatistical analysis was used to assist in the selection of interpolation parameters, as well with subsequent resource classification. An oxidised layer has also been defined down to 10m underneath the topography.

The final block models were used as the basis of resource estimation, pit optimisation, pit planning and subsequent reserve estimation. The block models contain fields which include the lithology, skarn bed identification, rock density and WO₃ grade.

Mine Planning

The resource block models for each zone have been used for pit optimisation. The pit slope parameters were derived from the geotechnical studies. Overall slope angles, allowing for road intersections and bench configurations, of approximately of 55° (North) and 48° (South) have been applied. For the top 10m of superficial material, a lower overall slope of 45° was applied.

The resultant optimised pit models were used as the basis for final pit designs. Since mine start-up in 2006, open pit mining had started in five zones – Los Santos Sur, Las Cortinas, Sector Central, Capa Este, and Los Santos Sur SW. The pits have 10m benches, although within the skarn ore zones this is reduced to 5m sub-benches. All material is drilled and blasted, using Tamrock CHA1100 drills making 3.5in diameter blastholes. Pre-split lines are used for final pit walls. The haul roads are 10m wide with a 10% gradient, and Komatsu HD465 trucks are used, which carry approximately 55 tonnes.

In or near ore, all blasthole cuttings are sampled. This data is used to build up short-term planning block models, from which all ore and waste outlines are blocked out. As well as demarcating the ore boundaries in the pit with ribbons, a geological technician is present at all times during production in the pits, to assist with ore/waste definition during mucking. Komatsu and Cat crawler-excavators are used for both ore and waste excavation.

All mining work was carried out using Spanish mining contractors, Movitex and Perforaciones Noroeste. There are two main separate waste dumping areas, and waste used where possible to backfill mined-out pits. Ore is split into different grade categories, and deposited in separate areas on the run-of-mine (“**ROM**”) pad or on a separate low grade stockpile.

In the reserve estimation, a small amount of underground ore has also been blocked out from small narrow bed extensions beneath the ‘Day 1’ pit to the west of Los Santos Sur. These parts can be reached by adit access from the pit or by access from the existing underground ramp. A 3m minimum mining width has been used blocking out these underground reserves, and assumes an overhand cut-and-fill stoping method.

The Company decided in February 2020 to implement a planned closure of Daytal’s operations by placing the Los Santos Mine into care and maintenance. The Company is planning to re-open operations in early 2023 once it has finalized plans to modify the plant’s infrastructure, through an approximately €1,000,000 capital expenditure.

Mineral Processing

The process plant is primarily based on gravimetric separation, aimed at recovering a high grade scheelite concentrate.

The primary crushing circuit employs a jaw crusher, with a nominal 100tph capacity, followed by two cone crushers, generating a minus 12 mm size material in a conical open stockpile ahead of the main process plant. A conveyor feeds this material at 65 tph rate into a rod mill which produces a ground product. This ground ore is then wet-screened at 1000 µm, with the oversize being reground in a regrind ball mill and the minus 1,000 µm undersize product being the raw feed to the gravity circuits.

Two banks of hydrocyclones then split the gravity circuit feed material into 1,000/150 µm and 150/30 µm size fractions. Both size fractions go through low intensity magnetic separation to remove mill steel and pyrrhotite ahead of gravity separation.

The non-magnetics streams from the two size fractions then go to their respective banks of rougher spirals. Middlings are recycled via middlings-cleaners spirals, and the rough spiral tails exit as waste. In both circuits, rougher concentrates are cleaned in a bank of cleaner spirals before going forward to shaking tables. Concentrates from the coarse and fines spirals are fed to a hydrosizer which feeds four separate tabling circuits. Tailings from the cleaner step of all tabling circuits are recycled back to the hydrosizer,

The coarse tailings are dewatered by thickening cyclones and a high frequency screen. Fine tailings are dewatered in a thickener and filter press. In both cases, the final tailings product is dry enough to be trucked and disposed of on the mine waste dump. The thickener overflow is recycled as process water and the plant operates with a zero discharge.

The combined gravity concentrates are batch-processed through two 3m³ flotation cells to float off sulphides. The non-floating material, principally scheelite, is discharged into a dewatering cone, and then goes through a rotary kiln dryer, followed by three-stage high intensity magnetic separation, to remove any remaining mill steel and pyrrhotite and any para-magnetics (mainly pyroxene). A final high grade scheelite concentrate constitutes the final saleable product, and typically has a grade of approximately 65% WO₃.

The currently predicted overall recovery of WO₃ for the reprocessing of tailings is 46%. Raising this tailings recovery to 50-55% levels is one of the targets of on-going metallurgical test work.

Mineral Resource and Reserve Estimates

The evaluation work was carried out and prepared in compliance with NI 43-101, and the mineral resources in this estimate were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM in May, 2014. The current resource estimation is shown in Table 1 and Table 2.

Table 1- Los Santos – Measured and Indicated Mineral Resources
At June 30, 2015

Resource Category	Tonnes Kt	WO ₃ %	WO ₃ t
<i>Measured</i>	75	0.41	304
<i>Indicated</i>	2,133	0.28	6,012
Total	2,208	0.29	6,316

Notes

- . Cut-Off Grade = 0.05%WO₃
- . Minimum width = 2.5m
- . Resources shown are inclusive of reserves
- . Sector Central and Las Cortinas East removed, as pits have been completed
- . All other resources shown are total in-situ

Table 2 - Los Santos – Inferred Mineral Resources
At June 30, 2015

	Tonnes Kt	WO ₃ %	WO ₃ t
<i>Inferred</i>	1,878	0.25	4,663

Notes

- . Cut-Off Grade = 0.05%WO₃
- . Minimum width = 2.5m

The current reserve estimation, stemming from the mine plan developed from this resource base, is shown in Table 3. The estimated processing cost for re-processed tailing is 9.52/t leading to a breakeven cut-off grade 0.07% WO₃. This implies that all of the identified tailings material is economically viable to process, and so is included in the reserve inventory.

Table 3 - Los Santos – Proven and Probable Mineral Reserves
At June 30, 2015

Reserve Category	Mine Reserves		
	Tonnes t ('000)	WO ₃ %	WO ₃ Tonnes
<i>Proven</i>	57	0.44	251
<i>Probable</i>	1,408	0.33	4,700
<i>Proven + Probable</i>	1,465	0.34	4,951

Tailings	Tonnes t ('000)	WO ₃ %	WO ₃ Tonnes
Coarse rejects (Arenas)	1,564	0.13	2,107
Fine rejects (Tortas)	498	0.22	1,084
	2,062	0.15	3,191

Stockpiles	Tonnes t	WO ₃ %	WO ₃ Tonnes
Ore A stockpile	6,717	0.41	28
Ore B stockpile	8,130	0.19	15
Oversize stockpile	21,885	0.43	94
Oxide stockpile	18,455	0.15	28
High Grade Conc. Stock	5	64.9	3.2
Low Grade Conc. Stock	22	38.0	8.4
Intermediate Grade Conc. Stock	76	17.1	6.5
Total	55,289	0.33	183

Grand
Total
WO₃
Tonnes
8,325

Notes

. Ore cut-offs used :

. Open pits 0.07%WO₃

. Los Santos Sur underground 0.3% WO₃

. Re-Processed Tailings 0.07% WO₃

. Cut-offs derived from a long term planning price of \$37,000/t WO₃ APT

The principal operating costs used in connection with this reserve calculation were \$12.63/t ore for processing and administration, \$2.03/t ore for open pit waste mining, and \$30.42/t ore for underground mining. Of the total 1,465 Kt of mining reserves, 1,434 Kt of ore comes from 5 separate open pits and 31 Kt of ore comes from underground workings.

The pits encompassing the reserves shown in Table 3 also contain 292 Kt of inferred resources at economic grades.

Conclusions

The Los Santos Mine has now been producing for 7 years. During February 2020, the Company made the decision to put the Los Santos Mine on care and maintenance so as to allow the Company to focus its efforts on finalizing the proposed project financing for the Sangdong Mine and to assess and complete a restructuring initiative that will involve an approximate EUR 1 million capital expenditure expected to lead to a significant increase in the recovery rate of WO₃ from the processing of the Company's tailings inventory.

- 1.
2. Daytal has all permits and licenses to operate and remain in compliance with appropriate regulations. It has no restrictions with respect to waste dumping capacity, including dry tailings, and it has been possible to backfill some of the excavated pits with waste.
3. The diamond drilling campaigns completed by Daytal over the last 7 years have in general confirmed the overall quantities and grades of the scheelite ore which were originally delineated by Billiton in the 1980s.
4. The recent drilling campaigns have also identified some potential mineralized extensions beyond the currently modelled zones. These positive results, along with predicted high metal prices, suggest that the mine life derived from the current reserve base is conservative. Exploration drilling planned since 2014 has helped delineate additional open pit and underground reserves to the west of Los Santos Sur.
5. Significant improvements have been made to the plant since mine start-up.

PANASQUEIRA MINE SUMMARY

Introduction and Overview

This report was prepared to provide a Technical Report compliant with the provisions of NI 43-101, and comprises a Resource and Reserve Estimation for the Panasqueira Mine, as of the end of September 2016. The Panasqueira mine is located in central Portugal, in the Distrito de Castelo Branco, on the southern edge of the Serra da Estrela, a Portuguese mountain range approximately 300 km north-east of the Portuguese capital city of Lisbon and 200 km southeast of the port city of Porto.

The first prospecting licence at Panasqueira was granted in 1886 and the first reference to wolframite was two years later. A mining company was founded in 1896 to mine tungsten at Panasqueira, and 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 and a second closure in the mid-1990s.

During the period 1937-2016, a total of approximately 40 million tonnes of rock has been mined which has produced approximately 128,000 tonnes of tungsten concentrate, 6,600 tonnes of tin concentrate and 32,000 tonnes of copper concentrate.

This report was prepared by Adam Wheeler, at the request of Almonty Industries Inc. ("Almonty"). Assistance and technical detail were supplied by the technical personnel of BTW, a company incorporated and existing under the laws of Portugal. In connection with the preparation of this report, Adam Wheeler visited the Panasqueira site from November 23rd - 25th, 2016.

The following is a direct reproduction of the summary section of the Panasqueira Mine Technical Report. Notwithstanding how certain terms have otherwise been defined in this AIF, terms defined in this Section have the meanings ascribed thereto in the Panasqueira Mine Technical Report. This Section is qualified in its entirety by the full text of the Panasqueira Mine Technical Report.

Ownership

Almonty currently owns 100% of BVI, a body corporate pursuant to the laws of British Columbia, Canada. BVI owns 100% of BTW, which in turn is the 100% owner of the various rights and interests comprising the Panasqueira Mine in Covilhã, Castelo Branco, Portugal.

Geology and Mineralisation

Panasqueira is a vein type deposit located in the Center Iberian Zone of Portugal, where several tungsten mines have been worked during the 20th century. These are generally accompanied by granite outcrops intruding schist and slates. There are different kind of tungsten-host structures, but the more frequent are sub-vertical quartz veins close the contacts with granites, or even inside them. At the current time, the Panasqueira mine is the only active tungsten mine in Portugal. There are however, several active Sn and WO₃ exploration licenses (DGEg internet site: www.dgeg.pt).

The Panasqueira deposit consists of a series of stacked, sub-horizontal, hydrothermal quartz veins intruding into the Beira schists containing wolframite mineralisation, which occurs as very large nugget-like crystals of large crystal aggregates, usually concentrated towards the margins of the quartz veins or, occasionally, closer to the central portion of the veins. The overall mineralized zone has dimensions of approximately 2,500m in length; 400m to 2,200m in width and at least 500 m in depth.

Historically, mining has progressed from the upper levels to lower levels, which are spaced 60 – 90m apart. Typically seven or eight flat dipping veins occur from one level to the next, with an average thickness of 0.3 m (range 0.1-1.0m). These host the economic mineralization over continuous strike lengths of 40 - 100 m. These mineralized quartz veins located throughout all mine levels, typically pinch out and later re-occur. Resources occur over five levels – Level 0 to Level 4.

Even though the mine has been in operation for more than 100 years, very little primary exploration has been done outside the active or past mine workings. The hills surrounding the mine contain many old pits and shafts left from old small tungsten vein hand mining operations. A regional stream sediment geochemical survey carried out between 1982-1984, some exploration drillholes and a lithogeochemical survey over selected areas in and adjacent to the Panasqueira returned areas of tin and tungsten anomalies.

Exploration drilling for additional resources and reserves, in advance of production, continues as the normal course of mine activities. To date, more than 80 diamond drillholes have been completed from surface, but these holes commonly flatten considerably as they deepen and are therefore limited for assistance with vein location. Underground drilling has now covered over 4,000 drillholes, mostly of 46mm diameter. A combination of a historic fire and core dumping has left the operation with a relatively small collection of core available for review. The company, through its past experience, considers quartz veins exceeding 18cm in width to be significant and so future underground development is generally based on those intercepts.

Database and Resource Estimation

Two main types of samples are taken for resource and reserve estimation purposes: diamond drillhole samples and face mapping of wolframite crystals. Diamond drillhole core is left intact, but is logged by a geologist and all quartz vein intersections have a width measurement and a qualitative index recorded for up to 24 different minerals. An internally developed empirical (D9) formula is also used to convert the measured quartz vein thickness into a %WO₃ grade figure. These data are used for the estimation of indicated resources, which stem from at least two drillhole intersections, and inferred resources if there are isolated individual drillhole intersections. This resource estimation involves blocking out plan areas around drillhole quartz intersections, greater than 18cm thickness, and utilises mining recovery factors and confidence factors that have been developed at the mine over many years. This 18cm thickness criteria, based on the mine's empirical factors, is equivalent to a resource cut-off of 10.8kg/m² or 0.13% WO₃.

The current drillhole database contains data from 3,870 diamond drillholes, over a total drilled length of approximately 156,900 m. The majority of the data for resource estimation comes from underground drillhole data, which are generally either level to level vertical holes, 120m holes drilled down from the deepest available levels, or much shorter 13m holes drilled vertically up and down from current stope workings. These underground holes generally produce 47.6mm (NQ) core.

Face sampling involves measuring the area of wolframite crystals exposed on quartz veins. The areas of wolframite are accumulated for a specific length of exposed vein. Another internally developed empirical (Pintas) formula is then used to convert these crystal areas into wolframite grades in units of kg/m². Another formula is then applied to convert these grades into %WO₃ grades, which are effectively diluted according to the minimum stope height of 2.2m. These data are plotted on Autocad plans for each identified vein. Measured resources are then blocked out according to these measurements, using prescribed extension distances and aligned with the mine's planning grid system (80m x 100m on Level 3 and 100m x 100m on Level 0 to Level 2) and the mine's room and pillar block system (11m x 11m). The current cut-off applied in these resource calculations is 10kg/m², which is equivalent to approximately 0.12 %WO₃. These resources are calculated from these block definitions, along with an 84% mining recovery, representing the end of exploitation with remnant 3m x 3m stope pillars to support the roof. The resources assigned as either 'Pillar' resources if they have been developed, and therefore sampled, on at least three or four sides, or 'Virgin' resources, if they are extrapolated from one or two sets of face samples, and not yet developed into 11m x 11m pillars. All of the 'measured resources' blocked out at the mine are converted into reserves. There are no measured resources which are external to the reported reserves.

With 100 years of operating experience in a statistically difficult orebody, Beralt has derived a method of resource and reserves estimation that appears to be effective.

Mine Planning

Mining at the Panasqueira mine has evolved from labour intensive hand operations in the early 1900's through mechanized longwall methods to the mechanized room and pillar operation currently used. This mining method is possible in part due to the very competent host rock, and underground rock support is rare.

Blocks of ore are laid out initially in 100m by 100m sections by driving 5 m wide galleries, 2.2 m in height. The planned height of the stopes is nominally 2.2m, but increased slightly in areas where ore

bearing veins are more variable in their dip, strike or thickness. A major emphasis in the stoping operation is to strive towards the 2.2m mining height in all working areas.

Indicated and inferred resources are initially picked up from drillhole intersections. Potential ore/vein intersections are categories according to approximately 10m vertical slices between each main level. Stope development ramps are then driven from level to level, and approximately horizontal sub-development is used to access the highest ore intersection. When the ore intersections have been found by lateral development, and verified by face samples, 5m wide galleries are driven to create roughly 11m by 11m pillars. This development is laterally aligned to the mine grid system, but vertically the development is inclined up or down so as to follow changes in ore dip. Faults, divisions and other string variations in the ore intersections sometimes necessitate additional in-stope diamond drilling. Following yet more face samples, further ore extraction is achieved with more development, to ultimately leave 3m by 3m pillars, which corresponds to an overall extraction rate of 84%.

Between each main level, within large overall mining blocks, veins are stoped out from top to bottom. A minimum of 3m is also required for the sub-horizontal pillars which are left between stope excavations vertically. The room and pillar grid system is regular over the whole mine, so all ultimate 3m x 3m pillars precisely line up vertically. Additional barrier pillars are left to preserve the main drives and panels on each main level.

The final 3m x 3m pillars generally collapse approximately 4-5 months after stope completion. Control points in each stoping area are monitored once a month. This monitoring data, together with observations of pillar conditions, are used in demarcating locally bad ground areas, so as to stop further stoping in these regions.

The mine has two main haulage levels (Level 2 at 560 mRL and Level 3 at 470 mRL) currently in use, with rail haulage of ore from 1.8 m diameter bored raises in the stopes to either the vertical rock hoisting shaft, connecting Level 3 to Level 2 and designed to transport the 6-ton wagons (4 t net weight) , or the orepass where all ore from the mine is stored prior to being crushed and transported along the 1,203m long ,17% inclination, Santa Barbara conveyor belt. . This belt discharges into 4 large coarse ore bins, 3 located under the main office and another in front of the office. In 2014 the mine produced 775 kt of underground ore (ROM) plus waste.

Mineral Processing

The underground jaw crusher delivers minus 100mm Run-of-Mine (ROM), to the conveyor to the crushing, washing and screening (CWS) plant at a rate of about 160 tph. Plus 0.8mm material is fed to the Heavy Media Separation (HMS) section, which generally accounts for approximately 80% of the original ore feed. The fines material (approximately 20% of the original ore feed) from the CWS plant passes on to the sand and slimes shaking tables. The reject material is conveyed out to the waste dump area, where it is either dumped or sold as gravel.

The HMS concentrate, is crushed in twin roll crushers. One of the roll crushers is dedicated to +3 –5 mm material from the HMS concentrate and this material is re-circulated to the HMS plant. The minus 3mm material is hydrosized prior to concentration by gravity shaking tables. The table concentration eliminates all the gangue minerals, particularly quartz and silicates. The sand tables' concentrate, referred to as Pre- Concentrate, contains all the dense minerals, which besides wolframite, includes sulphides, cassiterite and siderite.

The pre-concentrate produced by the sand tables is then screened and the two different fractions are passed over individual shaking tables, where sulphides are removed - assisted by flotation. These table tailings then become feed for a copper circuit. The table concentrates, without sulphides, are dried and screened to prepare three sized fractions for dry high-intensity cross-belt magnetic separators. This produces a high grade wolframite concentrate, and a non-magnetic cassiterite concentrate, which goes onto a tin circuit.

The overall WO₃ plant recovery averages 81%, producing over 90% of the recovered MTUs in a high grade concentrate averaging over 75% WO₃, and the remainder in another high grade concentrate of 74% WO₃. In 2016, approximately 69,000 MTUs of WO₃ were produced, along with 384 tonnes of copper concentrates and 69 tonnes of tin concentrates.

The mine is in the process of currently planning two metallurgical pilot studies for re-processing purposes:

- Using an XRF ore sorter for the processing of HMS rejects. It is anticipated that the sortable material will represent approximately 40% of the ROM feeding the HMS (size 10-25mm), with an average grade of approximately 0.025% WO₃.
- Re-processing of tailings material. The resources associated with accumulated tailings material have been estimated in the current report.

Mineral Resource and Reserve Estimates

The evaluation work was carried out and prepared in compliance with NI 43-101, and the mineral resources in this estimate were calculated using CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 2014. The current in-situ resource estimation for measured and indicated resources is shown in Table 1-1, and inferred resources are shown in Table 1-2 and Table 1-3. These resources are inclusive of the reported reserves. There are no measured resources external to reserves, as all resources classified as measured have been converted into proven or probable reserves. There has also been an evaluation of inferred resources within two tailings areas, as there is a potential for re-processing this material.

**Table 0-1. Panasqueira Mine –Measured and Indicated Mineral Resources
As of 30th September 2016
(INCLUSIVE OF RESERVES)**

LEVEL	<i>Measured</i>			<i>Indicated</i>			<i>Measured + Indicated</i>		
	Tonnes Kt	WO ₃ %	WO ₃ MTU x1000	Tonnes Kt	WO ₃ %	WO ₃ MTU x1000	Tonnes Kt	WO ₃ %	WO ₃ MTU x1000
L0	51	0.18	9	1,038	0.23	236	1,089	0.22	245
L1	706	0.20	139	1,314	0.21	272	2,020	0.20	411
L2	468	0.20	92	2,984	0.24	726	3,452	0.24	818
L3	727	0.21	153	2,396	0.25	610	3,123	0.24	763
L4	-	-	-	343	0.22	76	343	0.22	76
Total	1,951	0.20	393	8,076	0.24	1,920	10,027	0.23	2,313

Notes

- . Resources shown are inclusive of reserves
- . Minimum thickness = 2.2m
- . Mining recovery = 84%

Measured Resources

- . Cut-off = 0.12% WO₃ (Equivalent to 10 kg/m²)
- . Evaluation based on:
 - Face mapping of wolframite exposed areas
 - Areas converted to grade using Pinta's formula
 - Blocks laid out on mine planning grid system

Indicated Resources

- . Cut-off = 0.13% WO₃ (Equivalent to 10.8 kg/m²)
- . Evaluation based on:
 - Drillhole quartz intersections
 - Conversion to grade using D9 formula
 - Blocks based on at least 2 drillhole intersections
- . Additional factor applied:
 - Confidence factor = 60%

**Table 0-2. Panasqueira Mine – Inferred Mineral Resources
As of 30th September, 2016**

Mine Region	Tonnes Mt	WO ₃ %
Panasqueira Deep	0.18	0.22
North	2.73	0.23
South	2.25	0.20
Total	5.16	0.22

Notes

- . Resources shown are exclusive of reserves
- . Cut-off = 0.13% WO₃ (Equivalent to 10.8 kg/m²)
- . Evaluation based on:
 - Drillhole quartz intersections
 - Conversion to grade using D9 formula
 - Blocks can be based on single drillhole intersections
- . Additional factors applied:
 - Minimum thickness = 2.2m
 - Mining recovery = 84%
 - Confidence factor = 40%

**Table 1-3. Overall Property – Inferred Mineral Resources As
of 30th September, 2016**

CATEGORY		Tonnes Kt	WO ₃ %	WO ₃ MTU x1000	Cu %	Sn %
Mine		5,158	0.22	1,110		
Tailings	BL1 *	1,817	0.29	521	0.30	0.027
Areas	BL2A *	3,347	0.24	802	0.21	0.022
Total		10,322	0.24	2,433		

Notes

. Inferred Mine resources based on a cut-off of 0.13% WO₃

* Tailings resources have no cut-off applied

. Resources shown are exclusive of reserves

Mineral Reserves have been determined. These reserves are part of the reported Mineral Resources. The reserves are based on face samples, and have been blocked out as part of the mine's on-going stope planning process. The areas blocked out as 'Pillar resources' have been sampled on all four sides, and have been classified by CIM guidelines as Proven Reserves. The areas blocked out as 'Virgin resources' have been extrapolated from one to three sets of face samples, and have been classified by CIM guidelines as Probable Reserves. These reserves are summarised in Table 1-.

**Table 1-4. Panasqueira Mine–Mineral Reserves
As of 30th September, 2016**

Level	Proven Reserves		Probable Reserves		Total Reserves	
	Tonnes Kt	WO ₃ %	Tonnes Kt	WO ₃ %	Tonnes Kt	WO ₃ %
0	25	0.19	26	0.17	51	0.18
1	238	0.22	468	0.18	706	0.20
2	216	0.21	251	0.19	468	0.20
3	297	0.24	431	0.19	727	0.21
Total	775	0.22	1,176	0.19	1,951	0.20

Notes

. Cut-off = 0.12% WO₃ (Equivalent to 10kg/m²)

. Evaluation based on:

- Face mapping of wolframite exposed areas
- Areas converted to grade using Pinta's formula
- Blocks laid out with stope planning process

. Additional factors applied:

- Minimum thickness = 2.2m

	Virgin	11mx11m	11mx3m
Mining Recoveries	Areas	Pillars	Pillars
	84%	67.3%	45%

- . **Proven reserves are within (11 or 3m) pillars which have been sampled on at least 3 sides**
- . **Probable reserves are within virgin areas which have been sampled on 1-2 sides**

Conclusions

In the opinion of the QP, the following conclusions have been reached:

1. The empirical formulae developed at the mine, for evaluation purposes, have been used for decades and are supported by a very large amount of reconciliation data. The QP considers that these formulae, along with the other parameters and guidelines applied, do provide reliable methods of resource and reserve estimation.
2. The current resource and reserve estimations shown in this report have been reviewed by the QP. In the opinion of the QP, this review supports the estimation results presented.
3. The same resource/reserve cut-off grades have been in use since 2011. Since that time, the total reserve quantity has been maintained, although the overall total resource base has generally declined. This means that the mine's on-going stope development has elevated resource categories as planned, although drilling levels have declined, which has led to a reduction in overall resources.
4. The most important areas of the mine which offer the most scope for overall resource expansion are the Panasqueira deep area and Level 4 (below 470mRL).
5. The tailings dump BL2A resources have currently been classified with an Inferred resource category. The principal reason for this classification is chiefly the lack of assay data covering a major part of the area. But when the remaining assay data from all of the 2016 tailings-drilling samples becomes available, some areas within the BL2A should be able to be classified as Indicated resources.

Similarly, re-processing of tailings presents another important opportunity for potential recovery of WO₃ product, as well as some copper and tin. Testwork connected with tailings re-processing is currently being done in both Spain (at the National Energy and Geology Laboratory in Porto) as well as CRONMET in South Africa.

VALTREIXAL MINE SUMMARY

Introduction and Overview

The Valtreixal Technical Report was prepared to provide a technical report compliant with the provisions of NI 43-101, and comprises a resource and reserve estimation for the Valtreixal Mine as of the end of October 2015. The Valtreixal Mine is a potential open pit operation, and is located in the Northwest part of the Zamora province, in the Castilla de Leon region of Spain. The Valtreixal Mine has been explored with underground development since the late 1800s, and limited tin exploitation occurred sporadically in the late 1900s. The principal potential products are tungsten and tin.

The Valtreixal Technical Report was prepared by Adam Wheeler, at the request of Mr. N. Alves, Director of Mine Development, for Almonty. Assistance and technical detail were supplied by the technical personnel of Daytal. Adam Wheeler visited the Valtreixal Mine most recently on June 15 and 16, 2015.

The following is a direct reproduction of the summary section of the Valtreixal Technical Report. Notwithstanding how certain terms have otherwise been defined in this AIF, terms defined in this Section have the meanings ascribed thereto in the Valtreixal Technical Report. This Section is qualified in its entirety by the full text of the Valtreixal Technical Report.

Ownership

Almonty, is a corporation governed by CBCA. Almonty trades on the TSX under the symbol “AII”. In March 2013, Almonty announced the acquiring of an option for 51% interest in the Valtreixal tin-tungsten project for 1.4M Euros, plus an option to acquire the balance for after 24 months for 2M Euros. On December 21, 2016 Almonty exercised its option to acquire the remaining 49% interest in the project for a payment of €1.5 million, a reduction of €750,000 from the previously agreed installment payment plan resulting in a much-needed savings of capital on the acquisition of the remaining 49% interest in the project. Almonty have also created a wholly owned Spanish subsidiary Valtreixal Resources Spain S.L. (“**Valtreixal Resources**”).

Valtreixal Resources have obtained investigation and exploitation permits for the area called C.E. (Concesion de Explotacion) No. 1352, Alto de Repilados, which is an old but valid exploitation licence. Valtreixal Resources have also obtained an exploration licence for P.I. (Permiso de Investigacion) No.1906 Valtreixal. These two licence areas cover the whole project area and known resources. Ongoing studies of the Valtreixal deposit have now been presented to the authorities (el Director Facultativo), in order for both areas to get C.E. (Concesion de Explotacion) status.

Geology and Mineralisation

Tangential movement along the regional Vilariça fault may have assisted in creating dilation zones in the Ordovician lithology. The Calabor River now follows the general direction of this fault. These dilation zones, along a north-east trend, appear to be associated with the development of quartz veins and later tin/tungsten mineralisation in shale. It is considered that a mineralising

hydrothermal system of Hercynian age (330 Ma to 280 Ma) was powered by a hypothetical underlying cooling granite in the Valtreixal area.

It is generally considered that the northward movement of the ancient continent Gondwana, and its collision with Laurentia to form the super-continent Pangea, resulted in the Hercynian orogeny. This orogeny was pivotal in the formation of tin/tungsten deposits in this type of setting. As Gondwana advanced, overriding and pushing down, subducting the thin oceanic basaltic crust, there developed a geo-shear zone which dipped back under the continental frontal mountains. This geo-shear would have penetrated through the oceanic crust into the upper mantle where serpentinisation takes place. Serpentinite development is highly exothermic and may circulate accessory calcium and additional heat into the hydrothermal system. At greater depths the geo-shear may penetrate continental, denser cratonic rocks with entrained primordial undifferentiated crust having higher amounts of heavy elements.

The mineralisation at Valtreixal can be classified as a complex vein deposit. Much of the mineralisation, especially scheelite, is situated away from the quartz veins and appears to be stratabound in origin. Tin, in the form of cassiterite, occurs in and around the quartz veins. The linear mineralised zones appear, in a general sense, to be confined to specific stratigraphic intervals and there appears to be a degree of separation into tin and tungsten zones. Although a sedimentary, syngenetic origin for the tungsten mineralisation has been considered, it is unlikely to have eventuated at Valtreixal, because the scheelite hosting shale is of Ordovician age, 488 Ma to 444 Ma, and thus predates by a considerable margin the Hercynian, at 330 Ma to 230 Ma, tin/tungsten mineralisation episodes, with hydrothermal remobilisation and alteration of the mineralised schists.

The local Valtreixal stratigraphy in the Valtreixal area is dominated by 3 main formations, all of which broadly strike SW-NE, and dip at approximately 80° to the south-east:

1. Schists - Capas de los Montes. Cambrian/ordovician. Very stratified and transformed by regional metamorphism, with intercalated quartzites, and marked at the base by conglomerates. Thickness approximately 1,000m.
2. Quartzites - Peña Goda/Culebra. Ordovician. Alternating with a variety of types and colours of intercalated schists. Thickness approximately 50-70m.
3. Slates – Pizarras de Lueca. Ordovician. Pelitic series of siliceous slates, phyllites and schists. This formation hosts most of the mineralisation at Valtreixal. High frequency of segregated quartz veins and schist bands sometimes rich in sulphur. Overall thickness approximately 300-600m.

Database and Resource Estimation

Three types of samples are available for resource estimation: underground channel samples, surface trench samples and diamond drillhole samples. Underground channel samples have been taken in old underground galleries, either by ENADIMSA (pre-1986) or SIEMCALSA in the period from 2008-2011. For the current work, only samples from two galleries have been included, owing to the status of survey data. ENADIMSA also completed 10 trench lines over 850m, producing 170 samples. They also drilled 3 diamond drillholes.

Data from 26 surface trenches, covering 3.7 km, have been included from SIEMCALSA's 2008-2011 exploration campaigns. Data from 18 surface trenches, covering 2.7 km, have been generated during Daytal's 2013 exploration campaign. One additional surface trench was also taken in an old surface stockpile.

SIEMCALSA 2008-11 exploration campaigns included 6 diamond drillholes, with a total length of 1,227m. Daytal's 2013-15 exploration campaign completed 59 diamond drillholes, with a total length of 10,716 m.

All of the data described above were collated by Daytal in an Excel database, and from there were imported into the CAE Datamine mining software system, for subsequent use in resource estimation. This resource estimation work stemmed from updated interpretation of mineralised structures by Daytal geologists. As well as logged lithological differences, cut-off grades of 0.07% Sn and 0.07% WO₃ were used in the interpretation process. There are 4 main mineralised structures, extending over a strike length of 1.5 km.

These interpretations were used to create a 3D block model, based on a parent block size of 10m x 10m x 10m, with sub-blocks generated down to a resolution of 1m. In addition, sub-blocks were extrapolated a maximum distance of 50m from all selected samples, from mineralized intersections, so vein material could also be modelled outside the structurally modelled zones. Dynamic anisotropy was also applied, to allow for varying dip and strike orientations.

The samples selected inside the interpretations were converted into 2m composites, to which top-cut levels of 1.27% Sn and 1.1% WO₃ were applied. These composited grades were used to estimate Sn and WO₃ grades into the volumetric block model, primarily using an ordinary kriging ("OK") method of interpolation. For validation purposes, alternative grades were also estimated using a nearest neighbour method. Density values were estimated from core density measurements.

The western part of the deposit, which has now been drilled off with a 30m drilling grid, has generally classified as indicated resources; the remainder of the deposit being classified as inferred.

Mine Planning

The current study is at a pre-feasibility ("PFS") level. The resource block model has been used as the basis for an open pit optimisation. Optimisation parameters were derived by reference to the Los Santos open pit operating parameters, which is also owned by Almonty, and operating with mining contractors. The parameters were modified to reflect that mining at the Valtreixal Mine will not require drilling and blasting. Processing parameters were derived from metallurgical test work on Valtreixal material. No physical constraints were applied during the optimisation process. Slope angles applied were derived from measured face angles measured in cuttings in and around the deposit area. Following on from the base case optimisation, additional optimisation runs with inferred material enabled demonstrate that additional exploration work will justify a much bigger open pit, advanced over a much longer strike direction.

The pit shell produced by the base case optimisation was used as a reference for the generation of a detailed pit design, which is cut into the west sloping existing hillside. A 10m wide haul road was

put into the design, with the exit point at the extreme west end, at an elevation of approximately 870m. Access to the eastern, and higher, part of the pit will be gained from temporary access roads from the existing surface on higher benches. Berms of 4m have been incorporated into the design every 20m vertically. For the extended highwall of the pit up to 1015mRL on the southern and eastern sides of the pit, additional 14m safety berms were put in every 60m vertically.

The overall pit design is approximately 700m in length along strike, and 300m wide at its widest point. Grades of WO_3 and Sn were used to create an WO_3 -equivalent grade, which was referenced against the breakeven cut-off grade of 0.08% WO_3 to indicate ore or waste. For the pit design this gave approximately 2.5Mt of probable ore, with an overall strip ratio of 8.3:1. This pit envelope also contained 2.2Mt of inferred resources at economic grades.

Based on the reserves defined within the pit design, a life-of-mine plan was developed, aimed at producing 500Ktpa of ore, thus producing approximately a 5-year mine life. For scheduling purposes, the pit was divided into two principal pushbacks, approximately dividing the pit into western and eastern halves. Mining will start in the western (lower) pushback, and then as mining progresses deeper in this pushback, mining will also start on the upper benches of the eastern pushback. The general sequencing strategy is to excavate the pit areas from west to east, with dumping of mine waste from the active east advancing benches into the previously excavated western pit areas.

Mineral Processing

A review and conceptual study, for the Valtreixal deposit, was completed by Saint Barbara LLP (“StB”), in May 2014. This study included a review of mineralogical studies by SIEMCALSA, petrological studies from samples taken from 2013 diamond drill intersections and trenches, heavy liquid separation and QEMSCAN testing completed during 2012 by Wardell-Armstrong, as well as scheelite flotation testing by AGQ Labs during 2013. The AGQ testing was done on a sample of schist taken for the ENADIMSA gallery.

Based on the mineralogical and metallurgical information reviewed by StB, a conceptual plant design was developed to encompass crushing, grinding and gravity separation of scheelite and cassiterite into a bulk concentrate; removal of sulphides from the bulk concentrate by flotation; and drying and electrostatic separation of the bulk concentrate into separate scheelite and cassiterite concentrates. A metallurgical performance was estimated of 65% tin recovery, allowing a 50% Sn concentrate, and a 55% tungsten recovery, allowing a 65% WO_3 concentrate,

Pilot plant studies have also been completed by the company ADVANCED MINERAL PROCESSING, SL (“AMP”) and concentration tests were performed by the technical personnel working in mine-Fuenterroble Los Santos (Salamanca) laboratory. All of this testwork has been used by Daytal in the design of an ore beneficiation process for Valtreixal.

StB considered that the likely pit geometries, along with the natural topography, lend to an eventual dry disposal of tailings in initial mined out pits. A dry tailings treatment plant has therefore been incorporated into the overall mill design. Initial tailings disposal and waste rock dumps would take

place, subject to negotiation, in the government owned forestry area immediately to the south of the open pits. Thereafter, StB propose the backfilling of worked out sections of the open pits. Future mining schedules will take this pit-backfilling requirement into account.

Mineral Resource and Reserve Estimates

The evaluation work was carried out and prepared in compliance with NI 43-101, and the mineral resources in this estimate were calculated using CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May, 2014. The current in-situ resource estimation for indicated resources is shown in Table 7. There are no measured resources. Inferred resources are shown in Table 8.

Table 7 - Valtreixal – Indicated Mineral Resources
As of October 31, 2015
In-Situ Resource Estimation

CLASS	Tonnes Kt	Sn %	WO ₃ %	WO ₃ _Eq %
Indicated	2,828	0.13	0.25	0.34

Notes

- . Cut-off applied of 0.05% WO₃_Eq
- . WO₃_Eq = WO₃ + (Sn x 0.74), based on:

	<u>Price</u>	<u>Recovery</u>
WO ₃	\$37,000/t	55%
Sn	\$23,150/t	65%

- . Maximum extrapolation = 50m
- . Density values estimated from measurements
- . Resources shown are inclusive of reserves

Table 8 - Valtreixal – Inferred Mineral Resources
As of October 31, 2015

CLASS	Tonnes Kt	Sn %	WO ₃ %	WO ₃ _Eq %
Inferred	15,419	0.12	0.08	0.17

Notes

- . Cut-off applied of 0.05% WO₃_Eq

Mineral Reserves have been determined, as part of the PFS study described in this report. These reserves are those indicated resources which are inside the current final pit design. These reserves are summarised in Table 9.

Table 9 - Valtreixal – Mineral Reserves
As of October 31, 2015

Reserve Category	Tonnes Kt	Sn %	WO ₃ %	WO ₃ _Equiv %
Probable Reserves	2,549	0.12	0.25	0.34

Notes

. WO₃_Eq = WO₃ + (Sn x 0.74), based on:

	<u>Price</u>	<u>Recovery</u>
WO ₃	\$37,000/t	55%
Sn	\$23,150/t	65%

. Cut-off applied to WO₃_Equiv

Breakeven Cut-off = 0.08 WO₃

. Mining factors applied:

Dilution = 5%

Losses = 5%

. Pit design also contains 2.2 Mt of inferred resources
at economic grades

Conclusions

In the opinion of the QP, the following conclusions have been reached:

1. The Valtreixal Mine is a viable open project. An open pit has been designed with 2.5Mt of ore, which suggest a 5-year mine life, based on a mill throughput of 500Ktpa. An economic analysis indicates an NPV (at a 10% discount rate) of \$12.5M, and an internal rate of return of 21%.
2. There are significant amounts of inferred resources, which suggest significant pit expansion both with depth and laterally along strike. Pit optimisations, with inferred resources also activated, suggest over 10Mt of potential ore.
3. Exploration drilling completed by Daytal over the last 3 years have confirmed and extended the originally previously delineated resource base. In particular, the occurrence of scheelite mineralisation outside of quartz veins, has provided much wider mineralised zones than were previously interpreted.
4. The current open pit design is one coherent excavation. It appears that with more drilling to enhance the resource category of current inferred resources, the resultant pit elongation along

strike will offer a very good opportunity for sequential pit extraction from west to east, with concurrent backfilling of excavated volumes with mined waste.

SANGDONG SUMMARY

Introduction and Overview

The Sangdong Technical Report was prepared to provide a technical report compliant with the provisions of NI 43-101 and comprises a review and summary of a resource and reserve estimation for the Sangdong Mine as of the end of July 2016. The Sangdong Mine is considered as a potential underground operation, and is located in the Gangwon Region of South Korea. Previous underground mining at the Sangdong Mine place at various times since the original discovery in 1916. The last main operation of the Sangdong Mine was from 1952 to closure in 1992. The principal potential products are tungsten and molybdenum.

The Sangdong Technical Report was prepared by Adam Wheeler, at the request of Mr. N. Alves, Director of Mine Development, for Almonty. Assistance and technical detail were supplied by the technical personnel of Sangdong Mining Corp. Adam Wheeler visited the Sangdong Mine on August 24- 26, 2015 along with other Almonty technical personnel.

A Feasibility Study was completed for the Sangdong Mine by Adam Wheeler and Andrew Wells, Partner, Saint Barbara LLP. In January 2016.

The following is a direct reproduction of the summary section of the Sangdong Technical Report. Notwithstanding how certain terms have otherwise been defined in this AIF, terms defined in this Section have the meanings ascribed thereto in the Sangdong Technical Report. This Section is qualified in its entirety by the full text of the Sangdong Technical Report.

Ownership

Almonty is a corporation governed by the CBCA. Almonty trades on the TSX under the symbol “AII”. Almonty acquired a 100% ownership interest in Woulfe on September 10, 2015 by way of a Plan of Arrangement. Woulfe, through its wholly owned subsidiary, AKT, owns a 100% interest in the Sangdong mine.

Geology and Mineralisation

The Korean Peninsula is situated on the eastern margin of the North China– Korea Platform, a craton composed of three blocks of Archean age, the Nangrim- Pyeongnam Block and the Gyeonggi and Yeongnam Massifs that are separated by the northeast-trending Imjingang and Okcheon mobile belts of Phanerozoic age. The Property is located within the Okcheon Belt.

The Sangdong Mine is situated on the southern limb of the east-west orientated Triassic age Hambaek Syncline. Cambro-Ordovician limestone, shale, and quartzite of the Chosun System unconformably overlie the Pre-Cambrian Taebaeksan schist and gneiss.

The tungsten mineralisation of the Sangdong deposit is contained in several tabular, bedding-conformable skarns in the Myobong Shale; these skarns have been interpreted as comprising carbonate-bearing horizons that were altered and mineralised by fluids ascending from the underlying Sangdong Granite. From uppermost to lowermost, these horizons are termed the Hangingwall, Main, and Footwall horizons. Calc-silicate layers from 0.50-1.0m in thickness have developed on the upper and lower contacts of the Main and Footwall horizons.

The Hangingwall horizon is located near the upper contact of the Myobong shale and varies in thickness from approximately 5.0-30.0m because of the irregular boundary of the shale with the overlying Pungchon Limestone. This zone has a strike length of about 600m and a down-dip extent of about 800m. Above the most highly-altered portion of the Main horizon, the Hangingwall horizon is not tabular, but extends steeply and irregularly into the overlying limestone. The base of the Hangingwall horizon is approximately 14m above the upper contact of the Main horizon.

The Main horizon strikes about 100° and dips northerly between 15° and 30°. The strike length is in excess of 1,300m and thickness varies from 5.0 – 6.0m. Alteration (skarnification) within the Main horizon forms three concentric, roughly circular zones.

The Footwall horizons comprise multiple layers: Footwall Zone 1 (“F1”) normally occurs 1m below the Main horizon and is approximately 2m thick; Footwall Zones 2 and 3 (“F2”, “F3”) are situated approximately 35.0 to 40.0m below the Main horizon and are less than 1m thick. Further Footwall Zones have been identified beyond F3 and are collectively referred to as F4.

The Oriental Minerals ownership period started in 2006. The total number of drillholes (surface and underground) and total metres drilled at Sangdong before and after 2006 comprise 870/84,014m and 507/42,730m respectively.

Database and Resource Estimation

The sample database, in the form of an Excel spreadsheet, is comprised of data from all available surface and underground drillholes, over recent and historical drilling campaigns. This database has separate tables for drillhole collars, survey data, assay data, RQD, lithology data, drillhole recovery, geotechnical logging, density measurements, structural orientation and mineralised intersections.

The resultant spacing of samples with these different historical campaigns has ended up being fairly sporadic, with sections spaced at distances from 30m-100m. Most of the surface holes are vertical, as are the very deep underground holes. Most of the underground holes are angled up or down so as to give good intersections with the overall mineralised structures, which generally dip at approximately 25°.

The database also included physical string and wireframe data, for previous interpretations, mined-out limits, surface and underground topography. This data was also augmented by information from the different resource estimation studies over the last four years: primarily from the Tetra-Tech and AMC consultancy companies.

An updated mineral resource estimation was completed, during August-December 2015, by the Qualified Person. This estimation employed a three-dimensional block modelling approach, using CAE Datamine software. Two main resource blocks models were developed. The relatively thick hanging wall (“**HW**”) zone was modelled using a conventional block model structure. All of the other skarn zones were modelled using the initial generation of 3D digital terrain models (“**DTMs**”) for the zone centre-points, onto which thicknesses and grade-accumulations were estimated, using ordinary kriging. This enabled a 3D block model of all these zones to be developed – with columnar sub-blocks representing the vertical in-situ thickness of the mineralised skarn bodies. Density values were also estimated from sample measurements.

The models generated were derived from the interpretation of skarn zones, as generated by SMC geologists, with additional intersection checks and refinements by the QP. The defined skarn intersections have been based on a lithological skarn identification, as well as 0.1% WO₃ cut-off grade. Additional mined-out limits for the principal skarn structures were applied, as well as a 50m remnant surface pillar below the surface topography.

In the resource estimation, a minimum thickness of 2.2m was applied, such that thinner blocks were diluted to 2.2m.

Resource class categories were set, such that indicated resources only used assay data from drillholes after 2006, along with drilling grid criteria.

Mine Planning

The majority of the ore zones to be mined are relatively shallow dipping, with dips between 20° and 30°, so ore will not naturally flow by gravity on the footwall. In the A-Z Feasibility Study, the methods proposed were inclined panel (“**IP**”) mining, to be applied in thick orebody areas, with panels that would be mined in different sections; and up-dip panel mining (“**UP**”), which would be applied in narrow areas with slushers and hand-held drilling equipment.

For this present study, it was decided not to rely on hand-held drilling equipment and slushers. Instead, methods applied would be planned for the use of mechanized mobile diesel powered mining equipment in all areas. Based on this requirement and the latest understanding of the orebody geometry and mining areas, and evaluation of the resources, including in-situ thickness variations, it was decided to apply two proposed mining methods, as summarised below:

- Mechanized Inclined Panel mining (“**MIP**”) – areas where the thickness less than 3 metres.
- Cut-and-Fill (“**CAF**”) – for areas where the thickness is greater than 3 metres.

A mine plan was developed, based on the application of these stoping methods. Stope blocks were laid out as plan perimeters, bounded by horizontal parts on each level, where the footwall contact of each zone cut through level's reference elevation. In general, most stope blocks were limited to a maximum of 100m along strike. Stope blocks were only laid out in those parts of each zone predominantly demarcated as containing indicated resources. Any inferred resource blocks within

stope outlines were treated as planned dilution with mineralized waste, with any grades greater than 0.2% WO₃ set to 0.2%.

Mining will use almost exclusively mobile diesel-powered equipment. All newly stoped areas will be backfilled with paste backfill.

In the evaluation of stope blocks, additional unplanned mining factors of 5% dilution and 5% losses were also applied. Maps of maximum span distances have previously been prepared in a geotechnical study by Turner Mining and Geotechnical Pty Ltd (“**TMG**”) in 2014. These maximum span properties were superimposed onto the laid-out stopes in each skarn zone, so that higher cut-offs were applied to those zones requiring higher support costs. The applicable cut-offs varied from 0.23% - 0.36% WO₃.

Additional level development has been laid out so as to enable access to the identified reserve areas, and to allow truck haulage from these new stoping areas. Main access to the underground mine will use the old entry portals on the Sangdong and Taebak levels as well as a new portal on the -1 level, that will enable ore haulage out from the mine directly into the valley, on approximately the same elevation as the intended mill position.

Mineral Processing

Processing will utilize crushing, grinding (rod and ball mills) and flotation for scheelite concentration. The processing plant will treat the ROM ore from underground at a nominal feed rate of 1,920 tpd. A new processing plant will be constructed, based on the valley, to the south of the Sangdong adit entrance.

A marketable tungsten concentrate grade of 65% WO₃ will be produced. Processing plant recoveries, based on metallurgical testwork, are estimated to average 81%. The main process steps for treating the Sangdong ore are primary, secondary and tertiary crushing and stockpiling; grinding; flotation divided into two (2) sub-circuits (sulphide flotation and tungsten flotation); thickening; filtration and packaging section; a waste water treatment facility; and services section

The processing plant will require a manpower complement of 36 personnel of which 8 are management, technical staff and supervision.

The plant design will encompass crushing, grinding and flotation for scheelite concentration. In the future, test work will also investigate the recovery of molybdenum into a sulphide flotation concentrate, ahead of the scheelite flotation circuit.

Infrastructure

Existing infrastructure to be used includes the access road to site; site roads; powerline and stepdown substation, potable water supply and communications and internet service. It also includes some old KTMC buildings that will be reused and the KTMC slope support at the zone of the plant and water treatment plant.

To return the mine to operation the existing Sangdong infrastructure will be reconfigured and supplemented by new facilities as required. To accommodate the new waste storage facility, the existing buildings at the Sangdong portal level will be demolished to allow for placement of waste from mine development. New site infrastructure will be built in the valley, on the footprint of old KTMC installations. It will include a new mine/administration building, assay laboratory, warehouse, maintenance shop, recreational facilities for employees, fuel storage, potable and process water supply and water and sewage treatment facilities. The mine backfill plant will be placed at Sangdong Terrace.

The surface services and general administration manpower complement will total 27 personnel.

Mineral Resource and Reserve Estimates

The evaluation work was carried out and prepared in compliance with NI 43-101, and the mineral resources in this estimate were calculated using CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May, 2014. The current in-situ resource estimation is shown in Table 1-1.

**Table 0-3. Sangdong – Mineral Resources
As of 31st July, 2016**

WO₃ Cut-Off	Resource Class	Tonnes Kt	WO₃ %	MoS₂ %
0.15%	Indicated	8,029	0.51	0.06
	Inferred	50,686	0.43	0.05
0.20%	Indicated	7,864	0.51	0.06
	Inferred	47,630	0.44	0.05
0.30%	Indicated	7,316	0.53	0.06
	Inferred	36,466	0.50	0.06

Notes

- . Bed models diluted to a minimum thickness of 2.2m
- . Resources shown are inclusive of reserves
- . 50m surface pillar material removed
- . Indicated HW material based on all samples,
with a maximum search of 35m x 50m (along-strike x down-dip)
- . Indicated material in all other beds are based on only PO-P6 samples,
with a maximum search of 50m, and sample grid required
- . Inferred material based on all samples, up to a maximum search of :
105m x 150m in HW
100m x 100m in all other beds

These resources have been used in the development of a mine plan. To start the mine operations, the blocked-out stopes have enabled a reserve evaluation to be made, as summarised in the table below.

**Table 0-4. Sangdong – Mineral Reserves
As of 31st July, 2016**

	Probable Reserves	
	Tonnes Kt	WO₃ %
HW	3,759	0.47
MAIN/F1	1,328	0.34
F2	1,495	0.48
F3	1,249	0.46
F4	65	0.33
TOTAL	7,896	0.45

Notes

- . All reserves have a probable category
- . WO₃ Cut-offs applied:
 - 0.36% Max Spans <=3m
 - 0.28% Max Spans >3m <=6m
 - 0.23% Max Spans >6m
- . Level restrictions:
 - . Down to -1 level (633m) for the non-HW zones
- . Mining Factors applied
 - . Minimum thickness = 2.2m
 - . Unplanned dilution = 5%
 - . Unplanned losses = 5%

Conclusions

The following conclusions have been reached:

1. The Phase 7 drilling completed in 2016, which was focussed on the HW zone, has helped to verify the old KTMC data available in the HW zone. This has helped to support the use of both KTMC and Phase 0 – Phase 7 drillhole data for the estimation of indicated HW resources.
2. The updated Feasibility Study calculations have identified Probable Reserves of 7.9 Mt, which with an assumed mill capacity of 640 ktpa, will sustain a mining operation for approximately 12 years.
3. Based on the forecast operating parameters and capital and operating costs estimates for the Sangdong project, the returns from the project are very positive and the project economics are

extremely robust to potential reasonably expected variances from the base case assumptions. The mine will employ 170 people, including mine contractors.

4. The very large inferred resource base represents a very large source of potential future reserves, as more exploration drilling can be completed.
5. There are more areas of the deposit down-dip and north-east which have not been currently evaluated.
6. Most of the deposit has not yet been delineated off at depth.

DIVIDENDS

The Company has not paid any dividends on the Common Shares for the past three most recently completed fiscal years. Any future determination to pay dividends will be at the discretion of the Board and will depend upon the Company's results of operations, capital requirements and other relevant factors.

DESCRIPTION OF SHARE CAPITAL

Authorized and Issued Share Capital

Almonty is authorized to issue an unlimited number of Common Shares without par value. Holders of the Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company. Each Common Share carries one vote. In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of its assets among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares are entitled to receive the remaining property and assets of the Company on a pro rata basis.

As of the date of this AIF, the Company had 207,704,554 Common Shares issued and outstanding.

In addition to the Common Shares outstanding, as at the date of this AIF, the Company has 8,875,000 incentive stock options outstanding, 1,767,244 share purchase warrants outstanding, 1,000,000 restricted share units outstanding and common shares issuable on the conversion of convertible debentures as follows:

- (a) 8,700,000 Common Shares issuable on the conversion of a \$6,000,000 convertible debenture at \$1.45 per Common Share;
- (b) 1,256,000 Common Shares issuable on the conversion of a \$2,000,000 convertible debenture at \$0.628 per Common Share;
- (c) 7,922,879 Common Shares issuable on the conversion of a \$5,962,978 convertible debenture at \$0.90 per Common Share;
- (d) 4,000,000 Common Shares issuable on the conversion of a US\$2,000,000 convertible debenture at US\$0.50 per Common Share;

- (e) 8,571,428 Common Shares issuable on the conversion of a EUR3,000,000 convertible bond at £0.35 per Common Share;
- (f) 3,076,923 Common Shares issuable on the conversion of a EUR1,500,000 convertible bond at £0.4875 per Common Share;
- (g) 2,285,714 Common Shares issuable on the conversion of a €1,6000,000 convertible bond at €0.70 per Common Share;
- (h) 2,941,800 Common Shares issuable on the conversion of a €2,100,000 convertible debenture at \$1.05 per Common Share (based on an exchange ratio of CAD\$1.4709 for each €1.00);
- (i) 1,176,470 Common Shares issuable on the conversion of a US\$1,000,000 convertible debenture at US\$0.85 per Common Share;
- (j) 142,380 Common Shares issuable on the conversion of a €100,000 convertible debenture at \$1.05 per Common Share (based on an exchange ratio of CAD\$1.495 for each €1.00);
- (k) 180,723 Common Shares issuable on the conversion of US\$150,000 convertible debenture at US\$0.83 per Common Share; and
- (l) 1,807,228 Common Shares issuable on the conversion of US\$1,500,000 convertible debenture at US\$0.83 per Common Share.

MARKET FOR SECURITIES

The Common Shares are publicly traded on the TSX under the symbol “AII”. Trading of the Common Share on the TSX commenced on June 1, 2018. Prior to trading on the TSX, the Company traded on the TSXV from June 30, 2010 until May 31, 2018. The following table sets forth the high and low sale prices and volumes traded on the TSX as reported by such exchange for the fiscal year ended December 31, 2021.

Month	High (\$)	Low (\$)	Volume
January 2021	0.87	0.64	2,089,385
February 2021	1.13	0.75	5,001,546
March 2021	1.30	1.02	2,299,901
April 2021	1.19	0.94	2,042,123
May 2021	1.18	1.04	1,465,870

June 2021	1.27	0.98	1,581,583
July 2021	1.08	0.91	1,370,886
August 2021	1.04	0.90	2,324,597
September 2021	1.00	0.82	1,199,702
October 2021	0.97	0.84	812,455
November 2021	1.10	0.87	875,705
December 2021	0.92	0.80	701,216

Prior Sales

The following table summarizes details of the securities issued by the Company during the fiscal year ended December 31, 2021.

Date	Description of Transaction	Price per Security	Number and Type of Securities Issued
January 4, 2021	Private Placement of Common Shares	\$0.75	2,050,251 Common Shares
January 27, 2021	Private Placement	\$0.75	2,830,000 Common Shares
March 12, 2021	Exercise of Stock Options	\$0.33	50,000 Common Shares
March 12, 2021	Exercise of Stock Options	\$0.49	50,000 Common Shares
March 12, 2021	Exercise of Stock Options	\$0.65	50,000 Common Shares
March 12, 2021	Exercise of Stock Options	\$0.80	50,000 Common Shares
March 12, 2021	Conversion of previously issued Convertible Debenture	€0.35 conversion price per Common Share	714,286
March 12, 2021	Conversion of Interest due on previously issued Convertible Debenture	€0.7944 conversion price per Common Share	4,914
March 18, 2021	Exercise of Warrants	\$0.75	80,000 Common Shares
April 7, 2021	Private Placement of Common Shares	\$0.85	2,000,000 Common Shares
April 19, 2021	Private Placement of Common Shares	\$0.90	308,333 Common Shares

May 28, 2021	Exercise of Warrants	\$0.75	200,000 Common Shares
June 9, 2021	Private Placement	\$0.91	600,000 Common Shares
August 2, 2021	Australian Initial Public Offering	AUD1.00	15,252,300 Common Shares underlying Chess Depositary Interests

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The following table sets out, as at the date of this AIF, for each of the directors and executive officers of the Company, the person's name, province and country of residence, their respective positions and offices held, the date on which the person became a director, his or her principal occupation and previously held positions for the last five years, and the number and percentage of Common Shares beneficially owned, controlled or directed, directly or indirectly (based on information furnished by the directors and executive officers and from insider reports available under the Company's SEDI profile at www.sedi.com).

Name, residence, office(s) held and date first became a director	Current Principal occupation, business or employment and for last five years, and education	Shares beneficially owned, or controlled or directed, directly or indirectly
Lewis Black Paris, France Chairman, President, Chief Executive Officer and Director Director since September 23, 2011	<p>Mr. Black is currently the Chairman, President and Chief Executive Officer of the Company. He is also currently a Partner of Almonty Partners LLC, a privately held company specializing in tungsten mining investments.</p> <p>Mr. Black previously served as Chairman and Chief Executive Officer of Primary Metals Inc., a tungsten mining company formerly listed on the Exchange, from 2005 to 2007. Prior to that he was head of sales and marketing for SC Mining Tungsten Thailand. Mr. Black holds a B.A. (Honours) from Manchester University and is a former Vice President of the International Tungsten Industry Association.</p>	25,226,815 ⁽¹⁾⁽²⁾

Name, residence, office(s) held and date first became a director	Current Principal occupation, business or employment and for last five years, and education	Shares beneficially owned, or controlled or directed, directly or indirectly
<p>Daniel D’Amato Paris, France Director</p> <p>Compensation and Corporate Governance Committee</p> <p>Director since September 23, 2011</p>	<p>Mr. D’Amato is currently a Partner of Almonty Partners LLC, a privately-held company specializing in tungsten mining investments. He has held this position since 2005.</p> <p>Mr. D’Amato previously served on the board of directors of Primary Metals Inc., a tungsten mining company formerly listed on the Exchange, from 2005 to 2007. He began his career on Wall Street with Bear Stearns where over nearly a decade he became Managing Director. Mr. D’Amato holds a B.Sc. from Siena College and holds several securities and insurance licenses.</p>	<p>15,966,220⁽¹⁾⁽²⁾</p>
<p>Mark Trachuk Toronto, Ontario, Canada Director</p> <p>Audit Committee (Chair) Compensation and Corporate Governance Committee (Chair)</p> <p>Director since September 23, 2011</p>	<p>Mr. Trachuk is a corporate director. Mr. Trachuk was previously the General Counsel and Corporate Secretary of Entertainment One Ltd. which is a global entertainment studio that specializes in the development, acquisition, production, financing, distribution and sales of entertainment content. Entertainment One was listed on the Premium List of the London Stock Exchange (LSE:ETO) and was a member of the FTSE 250 prior to being acquired by Hasbro Inc. in December 2019. Prior to joining Entertainment One, Mr. Trachuk was a Senior Partner in the Business Law Group at Osler, Hoskin & Harcourt LLP in Toronto where he practiced corporate and securities law with an emphasis on mergers, acquisitions and strategic alliances. Mr. Trachuk has chaired Osler’s International Practice Group, Corporate Practice Group and Corporate Finance Practice Group.</p> <p>Mr. Trachuk holds a B.A. in Economics 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. Mr. Trachuk is called to the bar in Ontario and British Columbia and is a solicitor in England and Wales.</p>	<p>860,000</p>

Name, residence, office(s) held and date first became a director	Current Principal occupation, business or employment and for last five years, and education	Shares beneficially owned, or controlled or directed, directly or indirectly
<p>Dr. Thomas Gutschlag Heidelberg, Germany</p> <p>Director</p> <p>Audit Committee, Compensation and Corporate Governance Committee</p> <p>Director since September 15, 2015</p>	<p>Dr. Gutschlag is currently the Chairman and Chief Executive Officer of DRAG, a public company listed on the Frankfurt Stock Exchange which identifies, develops and divests attractive resource projects in North America, Australia and Europe, with a focus is on the development of oil and gas opportunities within the United States, as well as metals such as gold, copper, rare earth elements, tungsten and tin. Dr. Gutschlag co-founded DRAG in 2006 and has been its Chief Executive Officer since January 1, 2015 and, prior thereto, its Chief Financial Officer.</p> <p>Dr. Gutschlag is a qualified economist with a degree in economics from the University of Heidelberg and a doctorate from the University of Mannheim.</p>	<p>26,393,668⁽³⁾</p>
<p>Michael Costa Aurora, ON Canada</p> <p>Director</p> <p>Audit Committee</p> <p>Director since March 8, 2018</p>	<p>Mr. Costa serves as Vice President and Portfolio Manager at Goodman & Company Investment Counsel Inc. He graduated cum laude with honours in Economics from Colgate University in Hamilton, New York.</p>	<p>Nil</p>
<p>James Kim Seoul, South Korea</p> <p>Director since February 1, 2021</p>	<p>Mr. Kim is currently Chairman and CEO of AMCHAM Korea, the largest foreign chamber in South Korea. He has been in this position since 2017.</p> <p>Mr. Kim previously served as Chairman and CEO of GM Korea, CEO of Microsoft Korea and Country CEO of Yahoo Korea, positions that he has held since arriving in Korea from the United States in 2004. Mr. Kim holds a B. A. in Economics from UCLA and an MBA from Harvard Business School.</p>	<p>Nil</p>

Name, residence, office(s) held and date first became a director	Current Principal occupation, business or employment and for last five years, and education	Shares beneficially owned, or controlled or directed, directly or indirectly
Andrew Frazer Dalkeith, WA Australia Director since May 28, 2021	Mr. Frazer is the founder and managing director of Lazarus Corporate Finance Pty Ltd, Australian Financial Services Licence 403684. Mr. Frazer previously held positions as a consultant at Azure Capital, a stockbroker with Hartley Poynton, Patersons Securities and Morgan Stanley. Mr. Frazer graduated from the University of Western Australia with a Bachelor of Commerce – Honours, Bachelor of Jurisprudence and a Bachelor of Laws. Mr. Frazer also obtained his CFA Charter, along with a Diploma from the Securities Institute of the Australian Securities Exchange.	Nil
Mark Goodman Toronto, ON Canada Director since August 25, 2021	Mr. Goodman is the founder of Stone Gold, Inc. and currently occupies the Executive positions of Chairman for Stone Gold, Inc. and CEO of Bellotti Goodman, Inc. Mr. Goodman is also on the board of Cranstown Capital Corp., Skyline International Inc., Orford Mining Corp. and Cedarport Capital Corp. Previously, Mr. Goodman was President, CEO & Director of Dundee Acquisition Ltd., President of Dundee Corp. and Director of Dundee Sustainable Technologies, Inc. (a subsidiary of Dundee Corp.), Chairman of Valdez Gold, Inc., CEO, Secretary & Director of Focused Capital Corp., President, CEO & Director of Ryan Gold Corp. and Vice President-Sales of Dynamic Mutual Funds. Mr. Goodman has also received an undergraduate degree from York University	Nil
Mark Gelmon Vancouver, BC Canada Chief Financial Officer since March 14, 2017	Mr. Gelmon is the Chief Financial Officer of the Company. Prior to that, he was the Chief Financial Officer of the Company's subsidiary, Woulfe Mining Corp. from early 2010 until September 2015. Mr. Gelmon is a partner of iO Corporate Services Ltd, a company which provides corporate and accounting services to various publicly-traded Canadian companies. Mr. Gelmon obtained his Bachelor of Arts degree at the University of British Columbia and subsequently attained his CPA, CA designation in 1995 and is a member of the Chartered Professional Accountants of B.C.	10,000

Notes:

- (1) Almonty Partners LLC, a privately-held company specializing in tungsten mining investments, holds 13,893,920 Common Shares or approximately 6.69% of the issued and outstanding Common Shares as of the date hereof. Lewis Black and Daniel D'Amato are each partners of Almonty Partners LLC.
- (2) Daniel D'Amato individually owns an additional 2,072,300 Common Shares, and Lewis Black individually owns 11,332,895 Common Shares

- (3) Dr. Gutschlag is the CEO of DRAG. DRAG owns 25,401,168 Common shares and holds convertible debentures in Almonty that, if converted, would result in an additional 11,132,470 Common Shares being issued to DRAG. Dr. Gutschlag also owns 950,000 Common Shares directly and 42,500 indirectly through Kooiker Investment GmbH.

Each of Almonty's directors hold office until the end of the next annual meeting of shareholders or until his successor is duly elected or appointed, unless his office earlier becomes vacant by resignation, death, removal or other cause.

Board and Executive Officer Aggregate Ownership of Common Shares

Our directors and executive officers, as a group, beneficially own, or control or direct, directly or indirectly, a total of 68,456,703 Common Shares, representing 32.96% of the total outstanding Common Shares as of the date of this AIF.

AUDIT COMMITTEE

Audit Committee Charter

The audit committee of the Board (the “**Audit Committee**”) operates under a written charter that outlines its role and objectives, composition, meeting requirements, and duties and responsibilities. The full text of the charter is set out in Schedule A of this AIF.

Composition of the Audit Committee

The Audit Committee is currently comprised of Michael Costa, Dr. Thomas Gutschlag and Mark Trachuk (Chair), all of whom are considered independent as such term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

All three current members of the Audit Committee are “financially literate”, as that term is defined in NI 52-110. Each has the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

All three current members of the Audit Committee are “financially literate”, as that term is defined in NI 52-110. Each has the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

For a description regarding the relevant education and experience of Mr. Costa, Mr. Trachuk and Dr. Gutschlag, see the table under “*Directors and Officers – Name, Occupation and Security Holdings*”, above.

As a result of their education and experience, each current member of the Audit Committee has the education or experience necessary to provide each with:

- an understanding of the accounting principles used by the Company to prepare its financial statements;
- the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Pre-Approval Policies and Procedures

The Audit Committee's charter requires it to pre-approve all non-audit services to be provided to the Company by its external auditors. However, the Audit Committee has not adopted any specific procedures for assessing whether or not such pre-approval should be granted in any particular case. The Audit Committee does, however, consider on an *ad hoc* basis the potential impact of any such non-audit services on the independence of the Company's external auditors in light of the circumstances as they exist at that time.

External Auditor's Fees

As set out in the Audit Committee's charter (attached as Schedule A to this AIF), the Audit Committee is responsible for pre-approving all non-audit services to be provided to the Company by its external auditor and has pre-approved the non-audit services as set out below.

The table below sets out the aggregate fees billed by the Company's external auditors for the fiscal year ended December 31, 2021:

	Year ended December 31, 2021 (\$)	Year ended December 31, 2020 (\$)
Audit Fees ⁽¹⁾	302,610	401,800
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	24,500	50,000
All Other Fees ⁽⁴⁾	-	-
Total	327,110	451,800

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on

matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” includes all other non-audit services.

CONFLICTS OF INTEREST

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral business through their direct and indirect participation in corporations, partnerships, or joint ventures, which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

LEGAL PROCEEDINGS

The Company is involved in certain claims and litigation arising out of the ordinary course and conduct of business. Management assesses such claims and, if considered likely to result in a loss and, when the amount of the loss is quantifiable, provisions for loss are made, based on management’s assessment of the most likely outcome. Management does not provide claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable. The Company is not currently a party to, or has any of its property as the subject of, legal proceedings which would be material to the Company’s financial condition or results of operations.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer other than Mr. Lewis Black and Dr. Thomas Gutschlag as indicated below, or, to the knowledge of the Company, any person or company that beneficially owns or controls or directs, directly or indirectly, more than 10% of the Common Shares had any material interest, direct or indirect, in any transaction within the three most recently completed fiscal years or during the current fiscal year that has materially affected or is reasonably expected to materially affect the Company other than the following:

During the year ended December 31, 2021, the Company paid or accrued compensation to key management personnel, which includes officers and directors, in accordance with the terms of their compensation arrangements of \$903 (year ended December 31, 2020 - \$964). No amounts are

owing to key management personnel. In addition, for the year ended December 31, 2021, the Company's Chief Executive Officer was granted 1,000,000 RSUs (2020 – 0 RSUs).

The Company has long-term debt owing to DRAG, a company that is an existing shareholder of Almonty, and whose CEO is a member of the Board of Directors of the Company. In addition to the transactions disclosed in notes 8(b) and 8(c), interest of \$723 was accrued on the DRAG loans during the year ended December 31, 2021 (twelve months ended December 31, 2020 - \$634). As of December 31, 2021, there is \$2,524 (December 31, 2020 - \$1,801) of unpaid interest on these loans included in accounts payable and accrued liabilities.

On December 18, 2018, the Company completed a non-brokered private placement of an unsecured convertible debenture with a principal amount of \$2,000, which debenture was acquired by DRAG.

During December 2019, the Company received \$250 from DRAG pursuant to a secured promissory loan which bears interest at the rate of 6% per annum and matures in October 2023.

During January 2020, the Company received \$1,320 (US\$1,000) from DRAG pursuant to a secured promissory loan which bears interest at the rate of 6% per annum and matures in October 2023. During fiscal 2020, this loan was amended and increased by \$1,981 (US\$1,500).

During November 2021, the Company received \$1,000 from DRAG pursuant to an unsecured convertible debenture which bears interest at the rate of 5% per annum, is convertible at US\$0.83 per share and matures in October 2024.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares in Canada is Computershare Investor Services Inc. at its principal offices at 3rd Floor – 510 Burrard Street, Vancouver, BC V6C 3B9.

MATERIAL CONTRACTS

Other than contracts entered into in the normal course of business, the Corporation has not entered into any material contracts during the year ended December 31, 2021, or before such year but which remain in effect.

All material contracts of the Company have been filed on SEDAR and are available at www.sedar.com. Certain contracts which have been entered into in the ordinary course of business and which relate to the operations of the Company are described earlier in this AIF.

INTERESTS OF EXPERTS

The consolidated financial statements of the Company for the year ended December 31, 2021 filed under National Instrument 51-102—*Continuous Disclosure Obligations* have been audited by

Davidson & Company LLP and can be found under the Company's SEDAR profile at www.sedar.com.

The auditors of the Company, Davidson & Company LLP, report that they are independent of the Company in accordance with the rules of professional conduct under the professional standards of the Institute of Chartered Professional Accountants of British Columbia.

The Technical Reports were prepared by Adam Wheeler, a Qualified Person in accordance with NI 43-101. The Technical Reports can be found under the Company's SEDAR profile at www.sedar.com. Mr. Wheeler does not own any securities of the Company nor does he otherwise have any interest in the Company.

ADDITIONAL INFORMATION

Copies of this AIF and such other information and documentation relating to the Company that we make available via SEDAR can be found at www.sedar.com. Additional financial information is available in the Company's audited consolidated financial statements for the fifteen month transition fiscal year ended December 31, 2021.

The information referred to in this AIF may also be obtained from www.almonty.com or as follows:

Almonty Industries Inc.
100 King Street West, Suite 5700
Toronto, Ontario
M5X 1C7
Phone: (647) 438-9766

SCHEDULE A
CHARTER FOR THE AUDIT COMMITTEE

ALMONTY INDUSTRIES INC.
AUDIT COMMITTEE CHARTER
JANUARY 23, 2012

Policy Statement

It is the policy of Almonty Industries Inc. (the “Corporation”) to establish and maintain an Audit Committee to assist the Board of Directors of the Corporation (the “Board”) in carrying out their oversight responsibility for the Corporation’s internal controls, financial reporting and risk management processes. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Audit Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties, within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

Composition of the Audit Committee

1. The Audit Committee shall consist of at least three directors, the majority of whom are not officers, employees or control persons of the Corporation or any of its associates or affiliates (as such terms are defined from time to time under the requirements or guidelines for audit committee service under the applicable rules of any stock exchange on which the Corporation’s securities are listed for trading). The Board shall appoint the members of the Audit Committee annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders of the Corporation after his or her appointment or until his or her successor shall be duly appointed and qualified. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.
2. Each member of the Audit Committee shall be “financially literate”. In order to be financially literate, a director must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the Corporation’s financial statements.
3. A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board at any time or until his or her resignation. A member of the Committee shall automatically cease to be a member of the Committee upon ceasing to be a director.
4. The Board may fill vacancies on the Audit Committee by appointing another director to the Audit Committee. The Board shall fill any vacancy if the membership of the Audit Committee is less than three directors. Whenever there is a vacancy on the Audit Committee, the remaining members may exercise all of the Audit Committee’s powers as long as a quorum remains in office.

Meetings of the Audit Committee

5. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the external auditors, or a senior officer of the Corporation. Meetings of the Audit Committee shall correspond with the review of the quarterly financial statements of the Corporation and management’s discussion and analysis thereon.
6. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee and to the external auditors of the Corporation, who shall be entitled to attend each meeting of the Audit Committee and shall attend whenever requested to do so by a member of the Audit Committee.
7. Notice of a meeting of the Audit Committee shall:

- (a) be in writing;
 - (b) state the nature of the business to be transacted at the meeting in reasonable detail;
 - (c) to the extent practicable, be accompanied by copies of the documentation to be considered at the meeting; and
 - (d) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.
8. A quorum for the transaction of business at a meeting of the Audit Committee shall be the majority of the members of the Audit Committee. However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.
9. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
10. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.
11. The Chair of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however the Audit Committee (i) shall meet with the external auditors independent of management as necessary, in the sole discretion of the Audit Committee, and (ii) may meet separately with management.
12. The Audit Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair of the Audit Committee shall provide the Board with oral reports on the activities of the Audit Committee. All information reviewed and discussed by the Audit Committee at any meeting shall be retained and made available for examination by the Board upon request to the Chair of the Audit Committee. Minutes of the proceedings of the Audit Committee shall be kept in a minute book provided for that purpose. The minutes of the Audit Committee meetings shall accurately record the discussions of and decisions made by the Audit Committee, including all recommendations to be made by the Audit Committee to the Board and shall be distributed to all Audit Committee members.

Duties and Responsibilities of the Audit Committee

13. The Audit Committee's primary duties and responsibilities are to:
- (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
 - (b) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - (c) monitor the independence and performance of the Corporation's external auditors;
 - (d) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
 - (e) directly oversee the external audit process and results and resolve any disagreements between management and the external auditor regarding financial reporting;

- (f) provide an avenue of communication among the external auditors, management and the Board; and
 - (g) establish a Whistleblower Policy for the Corporation to ensure that an effective “whistle blowing” procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual.
14. The Audit Committee shall have the authority to:
- (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
 - (b) discuss with the management and senior staff of the Corporation, its subsidiaries and affiliates, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
 - (c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
 - (d) set and pay the compensation for any advisors employed by the Audit Committee.
15. The Audit Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
16. The Audit Committee shall:
- (a) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor and the compensation of the external auditors;
 - (b) consider the recommendations of management in respect of the appointment of the external auditors;
 - (c) review the audit plan with the Corporation’s external auditors and with management;
 - (d) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
 - (e) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
 - (f) review and resolve any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (g) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
 - (h) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management’s response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;

- (i) review and recommend for approval by the Board, the audited annual financial statements, management's discussion and analysis and related documents in conjunction with the report of the external auditors;
 - (j) review and recommend for approval by the Board, the quarterly unaudited financial statements, management's discussion and analysis and related documents;
 - (k) before release, review and recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including annual and quarterly financial statements, management's discussion and analysis, annual reports, annual information forms and press releases;
 - (l) oversee any of the financial affairs of the Corporation, its subsidiaries and affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management;
 - (m) pre-approve all non-audit services to be provided to the Corporation, its subsidiaries and affiliates by the external auditors;
 - (n) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;
 - (o) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Change of Auditors Notice and documentation required pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* (or any successor legislation) and the planned steps for an orderly transition period;
 - (p) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities laws, on a routine basis, whether or not there is to be a change of external auditors; and
 - (q) review with management at least annually, the financing strategy and plans of the Corporation.
17. The Audit Committee shall review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.
 18. The Audit Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
 19. The Audit Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Audit Committee by any member of the Board, a securityholder of the Corporation, the external auditors, or senior management.
 20. The Audit Committee shall periodically review with management the need for an internal audit function.
 21. The Audit Committee shall review the Corporation's accounting and reporting of environmental costs, liabilities and contingencies.
 22. The Audit Committee shall establish and maintain procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and

- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- 23. The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors.
- 24. The Audit Committee shall review with the Corporation's legal counsel as required, but at least annually, any legal matter that could have a significant impact on the Corporation's financial statements and any enquiries received from regulators or government agencies.
- 25. The Audit Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Audit Committee.