



Management's Discussion and Analysis

Three and Nine Months Ended September 30, 2023

REPORT DATED: November 14, 2023



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(in 000's of Canadian Dollars, unless otherwise noted)

1. Introduction

This management's discussion and analysis ("MD&A"), dated November 14, 2023, provides a review of, and discusses the financial position and results of operations of, Almonty Industries Inc. (TSX: AII) and ASX:AII) ("Almonty" or the "Company") for the three and nine months ended September 30, 2023. It should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company and notes thereto for the three and nine months ended September 30, 2023 (the "**Q3-2023 Financial Statements**").

Dual Listing

On August 2, 2021, the Company, by way of an Initial Public Offering, received gross proceeds totaling AUD 15.25 million in conjunction with a listing on the Australian Securities Exchange ("ASX").

KfW IPEX-Bank -- Sangdong Mine Project Financing

During July 2022, the Company completed the US\$75.1 million Project Financing Facility with the KfW IPEX-Bank ("KfW"). During August 2022, the Company received the first drawdown of US\$12.8 million from KfW with a second drawdown of US\$4.1 million having been received during August, 2022, a third drawdown of US\$9.8 million received during November, 2022, a fourth drawdown of US\$5.6 million received during April, 2023 and a fifth drawdown of US\$9.8 million received during August 2023. During November 2023, the Company filed an irrevocable Utilization Request for the sixth drawdown totaling US\$13,685.

Highlights

During the nine months ended September 30, 2023, the following transactions occurred:

- 1) the Company issued 2,500,000 CDI units for proceeds totaling \$1,820 (AUD \$2,000), in conjunction with the closing of a non-brokered private placement. Each unit is comprised of one CDI and one warrant, with each warrant enabling the holder to acquire one additional common share with an exercise price of AUD1.25, expiring December 31, 2024;
- 2) the Company issued 4,861,111 CDI units for proceeds totaling \$3,220 (AUD \$3,500), in conjunction with the closing of a non-brokered private placement. Each unit is comprised of one CDI and one warrant, with each warrant enabling the holder to acquire one additional common share with an exercise price of AUD1.25, expiring December 31, 2024;

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- 3) the Company negotiated the amendment of the Unicredit Bank loan with a principal amount of US\$15,650 (\$21,196) whereby the maturity date was extended from September 30, 2023 to March 31, 2024;
- 4) the Company repaid a convertible debenture in the amount of EUR2,050 (\$2,981) and issued 141,769 common shares as settlement of a loan maturity date extension agreement;
- 5) the Company issued 4,501,840 common shares of the Company to settle debt;
- 6) the Company made application to extend the expiry date of 700,000 share purchase warrants, subject to TSX and shareholder approval; and
- 7) the Company received US\$5.6 million pursuant to a 4th drawdown and US\$9.8 million pursuant to a 5th drawdown on the KfW US\$75.1 million loan facility.

Subsequent to the nine months ended September 30, 2023, the following transactions occurred:

- 1) The Company received \$2,630 in conjunction with the closing of an unbrokered financing through the issuance of 4,777,777 placement units and 1,078,433 placement Chess depository interest units at Cdn\$0.45 per placement unit, US\$0.33 per placement unit and AUD0.51 per CDI unit.

Each placement unit participant will be issued one warrant for every common share issued and one free unlisted option for every one CDI issued, exercisable at Cdn\$0.60, US\$0.45 and AUD0.69, respectively, with an expiry date of 36 months from the date of closing;

- 2) The Company completed the restructuring of three convertible loans with a total principal balance of EUR6,100 plus one bond with a principal balance of EUR 1,377, with maturity dates ranging between July 2023 and June, 2025, into one new convertible debenture totaling EUR7,900. This new debenture is convertible into common shares of the Company at EUR0.35 per share, bears interest at the rate of 9% per annum (payable quarterly), and maturing September 15, 2025.

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The Company's management is responsible for the preparation of the Company's consolidated financial statements as well as other information contained in this MD&A. The board of directors of Almonty (the "**Board of Directors**") is required to ensure that management assumes its responsibility in regard to the preparation of the Company's financial statements. To facilitate this process, the Board of Directors has created an audit committee (the "**Audit Committee**"). The Audit Committee meets with members of the management team to discuss the operating results and the financial results of the Company, before making their recommendations and submitting the Q3-2023 Financial Statements and MD&A to the Board of Directors for review and approval. Following the recommendation of the Audit Committee, the Company's Board of Directors approved the Q3-2023 Financial Statements and this MD&A on November 14, 2023.

The Q3-2023 Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

All currency figures in this MD&A appear in thousands of Canadian dollars, except per share amounts, unless otherwise stated.

Additional information about the Company, including the Q3-2023 Financial Statements, is available on the Company's website at www.almonty.com and on SEDAR (www.sedar.com) under Almonty's profile.

Forward-Looking Information

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

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events, results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the inability of the Company to maintain its interest in its mineral projects or to obtain or comply with all required permits and licenses, risks

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normally incidental to exploration and development of mineral properties, uncertainties in the interpretation of drill results, the possibility that future exploration, development or mining results will not be consistent with expectations, changes in governmental regulation adverse to the Company, lack of adequate infrastructure at the mineral properties, economic uncertainties, the inability of the Company to obtain additional financing when and as needed, competition from other mining businesses, the future price of tungsten and other metals and commodities, fluctuation in currency exchange rates, title defects and other related matters. See Section 7 in this MD&A and under the heading "Risk Factors" in the Company's Annual Information Form dated March 30, 2022 for a further discussion of factors that could cause the Company's actual results, performance or achievements to be materially different from any anticipated results, performance or achievements expressed or implied by forward-looking statements. The forward-looking statements in this MD&A represent the expectations of management as of the date hereof and accordingly, are subject to change after such date. Readers should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. The Company does not undertake to update any forward-looking information, except as, and to the extent, required by applicable laws. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

A glossary of terms is affixed to the last page of this MD&A. Capitalized terms used but not otherwise defined herein have the respective meanings ascribed thereto in the glossary of terms.

2. Overview

Almonty is a publicly traded company listed on the Toronto Stock Exchange (the "TSX"), under the symbol "AII" and listed on the Australian Securities Exchange (the "ASX"), under the symbol "AII". The principal business of Almonty is the mining, processing and shipping of tungsten concentrate from the Los Santos tungsten mine located near Salamanca, Spain (the "**Los Santos Mine**"), the processing and shipping of tungsten concentrate from the Panasqueira tin and tungsten mine in Covilha, Castelo Branco, Portugal (the "**Panasqueira Mine**"), as well as the development of the Sangdong tungsten mine project located in Gangwon Province, Republic of Korea (the "**Sangdong Mine**") and the evaluation of the Valtreixal tin and tungsten mine project located in Western Spain in the province of Zamora (the "**Valtreixal Mine**").

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

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

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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.

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 Woulfe with the ability to nominate a majority of the board members. On July 7, 2015, Almonty and Woulfe entered into an arrangement agreement (the "**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 completed 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 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 in aggregate principal amount of debt owed by Beralt Tin & Wolfram (Portugal), S.A. ("**Beralt**"), a wholly-owned subsidiary of BVI, to Sojitz Corporation of Japan in exchange for a cash payment of €1,000 on closing and a promissory note issued by Almonty in the principal amount of €500, bearing interest at 4% per annum, maturing December 29, 2017 (paid) (the "**January 2016 Note**"). BVI, through its wholly owned subsidiaries, is the 100% owner of the Panasqueira Mine.

On December 21, 2016, Almonty exercised its option to acquire the remaining 49% of the Valtreixal Mine it did not already own for payment of €1.5 million (\$2.2 million). Almonty now owns a 100% interest in the Valtreixal Mine.

During June 2020, the Company 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.

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.

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

Market for Tungsten Concentrate

Market demand for tungsten concentrate continued to be stable from the first quarter of fiscal 2022 and through to Q3-2023. Current Spot APT price is approximately US\$315 per MTU which falls in line with several forecasting services having already projected prices to reach or exceed US\$310 per MTU of APT

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by Q3-2023. Management expects that the limited quantities of “spot” concentrate available in the market will help with continued price improvement in the near to mid-term.

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 the formulae under its Supply Agreements) averaged the following:

Three Months ended	Tungsten APT European Average High -Low US\$/MTU	Year ended	Tungsten APT European Average High -Low US\$/MTU
31-Dec-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
31-Mar-22	\$340		
30-Jun-22	\$349		
30-Sep-22	\$340		
31-Dec-22	\$323	31-Dec-22	338
31-Mar-23	\$335		
30-Jun-23	\$328		
30-Sep-23	\$315		

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.

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Los Santos Mine, Spain

The Company changed its mine plan at Los Santos, whereby it ceased further mining of ore and commenced processing of its tailing during Q3 of the 2019 fiscal year.

During February 2020, management implemented a planned closure of Los Santos' operations by placing it into care and maintenance. This was done for two main reasons: 1) The Company is planning to re-open operations in early-2024 once it has finalized plans to modify the plant's infrastructure, through a EUR one million capital expenditure, which is expected to result in significantly higher recovery rates from the future processing of its tailings inventory; and 2) the Company intends to use the short-term freed-up capital to assist with finalizing the Sangdong Mine's project financing.

Panasqueira Mine, Portugal

Almonty acquired the Panasqueira Mine on January 6, 2016.

Between Q3 2019 and Q2 2021, management at Panasqueira determined that it would mine certain ore with a lower grade so as to enable work to be done to ensure that access to ore with the usual higher grade will be accessible into the future. The tungsten recovery rate continued to improve during Q 2021 to Q1 2023 when compared to Q4 2020 and is now in line with the expected average tungsten recovery rate for the life of mine.

Almonty continued its focus on cost reduction and all-in production costs at Panasqueira continued to decrease. Mined grades continued to improve throughout Fiscal 2021 and in to Q3 2023 as expected under the revised mine plan implemented by Almonty since its acquisition in January 2016. Mined grades in Q3 2023 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 continue 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 dated December 31, 2016 filed on SEDAR under Almonty's profile, also available on the Company's website www.almonty.com) through the refinement of the life of mine plan. The expected increased grades are continuing to have an impact on the level of production currently being experienced and the increase in contained tungsten is also having a positive impact on unit costs as at the date of this MD&A.

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Valtreixal Project, Spain

During Q1 2017, Almonty exercised its option to acquire the remaining 49% interest in the project for a payment of €1.5 million (\$2.2 million) in December 2016, a reduction of €0.75 million (\$1.1 million) from the previously agreed price, resulting in a much-needed saving of capital on the acquisition. The Company is continuing to carry out work on the project and is working towards a final decision on proceeding with the development of the project. The Company continues to fine-tune its planning and budgeting for the potential build-out and commissioning of the Valtreixal Mine.

During June 2020, the Company 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.

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.

Sangdong Mine, South Korea

On August 29, 2016, Almonty completed an updated technical report prepared pursuant to NI 43-101 entitled "Technical Report on the Mineral Resources and Reserves of the Sangdong Project, South Korea" (the "**Sangdong Technical Report**") that is available under Almonty's profile on SEDAR (www.sedar.com) and on the Company's website (www.almonty.com).

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 March 12, 2018, Almonty entered into a new off-take agreement with an existing customer for the tungsten concentrate to be mined and processed at the Sangdong Mine. The agreement has a term of 10 years and, based upon current pricing models and subject to the terms and conditions of the agreement, the agreement calls for revenues for the Company for a minimum of \$500-million over a 10-year period

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(subsequently amended to increase the term to 15 years for a minimum of \$750-million over a 15-year period.

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.

Almonty announced that it had 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 signified the clearance of certain pending issues related to compliance with the Equator Principles.

During December 2020, the Company finalized the definitive facility agreement (loan agreement) with KfW.

The facility agreement was the final piece prior to close, which completed in July 2022, with the first drawdown of US\$12.8 million having been received by the Company during August 2022 and the second drawdown of US\$4.1 million having been received on August 11, 2022, with a 3rd drawdown of US\$9.8 million having been received mid-November, 2022, a 4th drawdown of US\$5.6 million having been received during April 2023 and a 5th drawdown of US\$9.8 million having been received during August 2023. During November 2023, the Company filed an irrevocable Utilization Request for the 6th drawdown totaling US\$13.7 million.

The general terms of the loan facility 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 2.3 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 completion of construction;
4. Oesterreichische Kontrollbank AG (OeKB) is committed to providing an import credit scheme cover guarantee based on the previously announced long-term offtake agreement, which was issued in February 2020.

Almonty has worked closely with the Independent Engineer in the past several months 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.

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

Meanwhile, work is continuing at the Sangdong site to ensure the timely commissioning as requested by Almonty's customer under the previously announced off-take agreement for the Sangdong Mine.

During July 2022, upon the completion of the KfW US\$75.1 million project financing, the Company has determined that it now has sufficient resources to complete the development of its Sangdong mine. As a result, capitalized exploration and evaluation assets totaling \$60,501 were transferred to Mineral property, plant and equipment from exploration and evaluation costs during Q3-2022.

Financial Highlights

The following financial information is for the three and nine months ended September 30, 2023 and 2022:

	Three months ended 30-Sep-23 \$'000	Three months ended 30-Sep-22 \$'000	Nine months ended 30-Sep-23 \$'000	Nine months ended 30-Sep-22 \$'000
Gross Revenue	4,459	4,770	17,089	18,065
Mine production costs	3,572	4,010	14,585	14,401
Care and maintenance	255	231	764	695
Depreciation and amortization	312	288	797	992
Income from mining operations	320	241	943	1,977
General and administrative costs	1,038	1,298	4,188	4,103
Non-cash compensation costs	24	3,428	306	3,707
Loss before the under noted items	(742)	(4,485)	(3,551)	(5,833)
Interest expense	1,112	968	3,111	2,534
Financing fees	-	-	739	-
Gain on valuation of embedded derivative liabilities	(165)	(425)	(380)	(530)
Loss on valuation of warrant liabilities	(456)	(409)	(1,153)	(177)
Foreign exchange (gain) loss	592	4,307	(262)	5,215
Tax provision	45	30	75	70
Net loss for the period	(1,870)	(8,956)	(5,681)	(12,945)
Income (loss) per share - basic	\$ (0.01)	\$ (0.04)	\$ (0.03)	\$ (0.06)
Income (loss) per share - diluted	\$ (0.01)	\$ (0.04)	\$ (0.03)	\$ (0.06)
Dividends	-	-	-	-
Cash flows provided by (used in) operating activities	(2,572)	(5,460)	(4,135)	(5,805)
Cash flows provided by (used in) investing activities	(5,395)	(9,890)	(14,139)	(15,370)
Cash flows provided by (used in) financing activities	13,190	17,658	21,317	24,344

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

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	30-Sep-23 \$'000	31-Dec-22 \$'000
Cash	10,913	8,442
Total assets	192,151	192,845
Long-term debt	110,513	89,480
Shareholders' equity	32,479	39,750
<u>Other</u>		
Outstanding shares ('000)	228,032	215,980
Weighted average outstanding shares ('000)		
Basic	224,869	213,144
Fully diluted	224,869	213,144
Closing share price	\$0.52	\$0.68

Three Months Ended September 30, 2023 ("Q3-2023") Compared to the Three Months Ended September 30, 2022, ("Q3-2022")

Gross revenue for Q3-2023 was \$4,459 (\$4,770 for Q3-2022). Production ceased during Q2-2020 at the Los Santos mine and increased by 13.0% at the Company's Panasqueira mine compared to production during Q3-2022. Decreased overall production at the Los Santos mine was a result of the fact that, 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. Increased overall production at the Panasqueira mine of 13.0% was a result of a lower amount of ore mined and processed during Q3-2023 when compared to Q3-2022. Shipment volumes at Panasqueira decreased by 7.71% overall in Q3-2023 when compared to Q3-2022. Overall revenue at Panasqueira decreased by \$311 or 6.5% in Q3-2023 when compared to Q3-2022.

Mine production costs for Q3-2023 (including direct mining costs, milling costs, tailings costs and waste rock stripping costs associated with current production) was \$3,572, compared to \$4,010 for Q3-2022.

The Company carries out a quarterly assessment of its ore and in-process ore and finished goods inventory as well as its stockpiles of long-term tailings inventory to ensure that the carrying is recorded at the lower of cost and net realizable value. Any adjustments to the carrying value of ore, in-process ore and finished goods inventory are included in costs of goods sold (mine production costs). No write-downs of finished goods inventory were recognized during Q3-2023 or Q3-2022. Any adjustment to long-term tailings inventory that is recognized as an impairment amount is expensed through the statement of operations as an addition to Mine production costs. Conversely, any adjustment to long-term tailings inventory that is recognized as a reversal of prior period impairment charges is recorded as a reduction in Mine production costs. Reversals may occur in future periods as a result of continued increases in the expected price of an MTU of APT in future periods.

Income (loss) from mining operations during Q3-2023 was \$320, compared to income from mining operations in Q3-2022 of \$241.

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General and administrative costs of \$1,038 incurred during Q3-2023 were 20% lower than the \$1,298 recorded during Q3-2022. General and administrative costs include employee salaries and employment-related expenses of all non-mining/processing personnel as well as corporate overhead costs, business development and corporate development costs, listing and transfer agent fees, accounting, legal and other professional fees and travel.

A foreign exchange loss on the revaluation of interest-bearing long-term debt and non-interest-bearing trade payables denominated in United States dollars of \$592 was recorded during Q3-2023 due to the depreciation of the Canadian dollar versus the United States dollar. This compared to a foreign exchange loss of \$4,307 recorded in Q3-2022.

A gain on valuation of embedded derivative liabilities of \$165 (Q3-2022 – gain of \$425) was recorded during Q3-2023 in conjunction with various convertible debentures (See Note 8 in the Company's Q3-2023 financial statements for further details).

Net loss for Q3-2023 was (\$1,870) or (\$0.01) loss per common share. This compares to net loss of (\$8,956), or (\$0.04) per common share, for Q3-2022.

Nine Months Ended September 30, 2023 ("H3-2023") Compared to the Nine Months Ended September 30, 2022, ("H3-2022")

Gross revenue for H3-2023 was \$17,089 (\$18,065 for H3-2022). Production ceased during H2-2020 at the Los Santos mine and decreased by 7.6% at the Company's Panasqueira mine compared to production during H3-2022. Decreased overall production at the Los Santos mine was a result of the fact that, 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. Decreased overall production at the Panasqueira mine of 7.6% was a result of a lower amount of ore mined and processed during H3-2023 when compared to H3-2022. Shipment volumes at Panasqueira decreased by 14.1% overall in H3-2023 when compared to H3-2022. Overall revenue at Panasqueira decreased by \$976 or 5.4% in H3-2023 when compared to H3-2022.

Mine production costs for H3-2023 (including direct mining costs, milling costs, tailings costs and waste rock stripping costs associated with current production) was \$14,585, compared to \$14,401 for H3-2022.

The Company carries out a quarterly assessment of its ore and in-process ore and finished goods inventory as well as its stockpiles of long-term tailings inventory to ensure that the carrying is recorded at the lower of cost and net realizable value. Any adjustments to the carrying value of ore, in-process ore and finished goods inventory are included in costs of goods sold (mine production costs). No write-downs of finished goods inventory were recognized during H3-2023 or H3-2022. Any adjustment to long-term tailings inventory that is recognized as an impairment amount is expensed through the statement of operations as an addition to Mine production costs. Conversely, any adjustment to long-term tailings inventory that is recognized as a reversal of prior period impairment charges is recorded as a

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reduction in Mine production costs. Reversals may occur in future periods as a result of continued increases in the expected price of an MTU of APT in future periods.

Income from mining operations during H3-2023 was \$943, compared to income from mining operations in H3-2022 of \$1,977.

General and administrative costs of \$4,188 incurred during H3-2023 were 2.1% higher than the \$4,103 recorded during H3-2022. General and administrative costs include employee salaries and employment-related expenses of all non-mining/processing personnel as well as corporate overhead costs, business development and corporate development costs, listing and transfer agent fees, accounting, legal and other professional fees and travel.

A foreign exchange gain on the revaluation of interest-bearing long-term debt and non-interest-bearing trade payables denominated in United States dollars of \$262 was recorded during H3-2023 due to the appreciation of the Canadian dollar versus the United States dollar. This compared to a foreign exchange loss of \$5,215 recorded in H3-2022.

A gain on valuation of embedded derivative liabilities of \$380 (H3-2022 – gain of \$530) was recorded during H3-2023 in conjunction with various convertible debentures (See Note 8 in the Company's Q3-2023 financial statements for further details).

Net loss for H3-2023 was (\$5,681) or (\$0.03) loss per common share. This compares to net loss of (\$12,945), or (\$0.06) per common share, for H3-2022.

Liquidity and Capital Resources

As at September 30, 2023, the Company had cash and receivables of \$12,888 (December 31, 2022 - \$10,635) (of which \$10,627 (December 31, 2022 - \$7,924) represented cash restricted for use for the Sangdong Project) and a working capital deficiency of \$55,078 (December 31, 2022 - \$34,086). During Q1-2023, the Company received \$5,040 in conjunction with the issuance of 7,361,111 CDIs. In addition, during July 2022, the Company closed its US\$75.1 million project financing with the KfW IPEX-Bank, with receipt of the first and second drawdowns on this facility totaling US\$16.9 million during August 2022, receipt of the 3rd drawdown of US\$9.8 million received during November, 2022, receipt of the 4th drawdown of US\$5.6 million received during April 2023 and with receipt of the 5th of US\$9.8 million received during August 2023. During November 2023, the Company filed an irrevocable Utilization Request for a sixth drawdown in the amount of US\$13.7 million. During December 2022, the Company negotiated the extension of the maturity dates of the DRAG debt totaling US\$15,250 (\$20,655) plus accrued interest of US\$3,193 (\$4,325) from October 22, 2023 to September 30, 2024. Also, the Company negotiated the extension of the maturity date of the Unicredit Bank loan with a principal amount of US\$15.65 million from September 30, 2023 to March 31, 2024.

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Subsequent to September 30, 2023, the Company received \$2,630 in conjunction with the closing of an unbrokered financing through the issuance of 4,777,778 placement units and 1,078,433 placement Chess depository interest units at Cdn\$0.45 per placement unit, US\$0.33 per placement unit and AUD0.51 per CDI unit. Each placement unit participant will be issued one warrant for every common share issued and one free unlisted option for every one CDI issued, exercisable at Cdn\$0.60, US\$0.45 and AUD0.69, respectively, with an expiry date of 36 months from the date of closing.

In addition, the Company completed the restructuring of three convertible loans with a total principal balance of EUR6,100 plus one bond with a principal balance of EUR 1,377 (with maturity dates ranging between July, 2023 and June, 2025) into one new convertible debenture totaling EUR7,900. This new debenture is convertible into common shares of the Company at EUR0.35 per share, bears interest at the rate of 9% per annum (payable quarterly), maturing September 15, 2025.

The Company believes that, based on the current price of APT and its forecast production schedule for fiscal 2023 and into H1 of 2024, it has the ability to generate sufficient cash flow to meet its current obligations at its producing mine. The current price of APT has reached levels where it is sufficient to cover the Company's cash operating costs on existing production volumes. Should the Company no longer be able to produce tungsten concentrate in sufficient quantity, then the Company may not be able to meet its current and long-term obligations. Outside of abiding by (i) Spanish law requirements on minimum capital adequacy at Valtreixal Resources Spain SL and Daytal Resources Spain SL, (ii) Korean law requirements on minimum capital adequacy at Almonty Korea Tungsten, and (iii) Portuguese law requirements on minimum capital adequacy at Beralt Tin and Wolfram (Portugal) SA, there is no legal restriction on Almonty's ability to repatriate capital from its subsidiaries.

The Company has \$110,513 in long-term debt as at September 30, 2023 (\$89,480 as at December 31, 2022), of which \$50,440 is the current portion (\$30,346 as at December 31, 2022), comprised of individual facilities with Spanish domiciled banks, one facility with an Austrian bank, promissory notes owed to a shareholder, convertible loans and drawdowns on the KfW loan facility as at September 30 2023. See Note 8 in the Company's Q3-2023 consolidated financial statements for the three and nine months ended September 30, 2023 for additional details regarding each component of long-term debt.

Summary of Long-term Debt



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	September 30, 2023	December 31, 2022
Term and other loans - Euro	5,707	6,252
Term and other loans - US dollar	29,271	29,323
Promissory Note	250	250
Convertible debentures	30,332	33,211
Lease liabilities	44	68
Mine Construction Facility	58,762	36,767
	124,366	105,871
Less: Current portion	(50,440)	(30,346)
	73,926	75,525
Fair value of derivative liabilities	67	446
Deferred financing costs	(13,920)	(16,837)
	60,073	59,134

Summary of Contractual Obligations

Contractual Obligations	Payments Due by Period				Total
	Less than 1 year	1-2 years	3-4 years	After 5 years	
Debt	50,454	55,420	18,586	-	124,460
Capital Lease Obligations	11	17	16	-	44
					-
Total Contractual obligations	50,465	55,437	18,602	-	124,504

Outstanding Share Data

As of the date of this MD&A, there were 233,888,669 common shares and CDIs outstanding, 14,775,000 stock options outstanding, with each option entitling the holder thereof to acquire one common share of Almonty at a weighted average price of \$0.77 per share, and 15,802,247 share purchase warrants enabling the holders to acquire one common share at prices between Cdn\$0.60 and AUD1.25 per share, expiring between February 19, 2024 and November 14, 2026.

As at September 30, 2023, the Company had the following Common Shares outstanding:

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	Number of Shares	Amount \$
Authorized - Unlimited number of common shares		
Issued and outstanding		
Outstanding at December 31, 2021	207,704,554	112,445
Shares issued for cash	8,274,940	6,937
Shares issued on exercise of options	1,000	1
Outstanding at December 31, 2022	215,980,494	119,383
Shares issued for cash	7,361,111	3,581
Shares issued on exercise of warrants	47,244	8
Shares issued on conversion of long-term debt	4,643,609	2,917
Outstanding at June 30, 2023	228,032,458	125,889

Outstanding stock options as at September 30, 2023:

The Company has established a stock option plan for its directors, officers, employees and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. During the year ended December 31, 2022, 6,450,000 options were granted with a weighted average exercise price of \$0.87 while 850,000 options were exercised or expired with a weighted average exercise price of \$0.57 per share. As of the date of this MD&A, there are 14,775,000 options outstanding (499,000 options were forfeited during April, 2022), all of which are under this stock option plan, which was last approved by the Company's shareholders at the Company's Annual and Special Meeting of Shareholders held on June 26, 2023. All of the outstanding options are fully vested.

	Number of Share Options
Options outstanding at December 31, 2021	8,875,000
Options granted	6,450,000
Options exercised	(1,000)
Options expired	(549,000)
Options outstanding at December 31, 2022	14,775,000
Options expired	(200,000)
Options outstanding at September 30, 2023	14,575,000

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As of September 30, 2023, the outstanding options, all of which are exercisable, are summarized as follows:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$ 0.33 - \$0.75	4,150,000	4.22	\$0.51
\$ 0.76 - \$0.99	10,375,000	3.70	\$0.87
\$ 1.00 - \$ 1.23	50,000	7.48	\$1.23
	14,575,000	3.86	\$0.77

Warrants

Outstanding share purchase warrants as at September 30, 2023:

As at September 30, 2023, there are warrants outstanding enabling the holders to acquire up to 9,946,036 common shares at prices between \$0.75 and \$1.08 per share, expiring between February 19, 2024 and June 7, 2025.

Restricted Share Units

RSUs granted under the Company's RSU Plan to employees vest in thirds at the end of each year from the date of grant. Transactions related to RSUs are summarized as follows:

	Number of RSUs
Units, December 31, 2021	1,000,000
Units granted	300,000
Units outstanding at December 31, 2022 and September 30, 2023	1,300,000

3. Quarterly Earnings and Cash Flow

	3rd Quarter (2023)	2nd Quarter (2023)	1st Quarter (2023)	4th Quarter (2022)
Period Ended	Sept 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
	\$'000	\$'000	\$'000	\$'000
Total Revenue	4,459	5,533	7,097	6,731
Net income (loss)	(1,870)	(1,395)	(2,416)	(1,542)



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Basic earnings (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Diluted earnings (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Total assets	192,151	180,411	174,294	192,845
Total long-term debt	110,513	95,047	87,270	89,480
Dividends	-	-	-	-
	3rd Quarter (2022)	2nd Quarter (2022)	1st Quarter (2022)	4th Quarter (2021)
Period Ended	Sept 30, 2022 \$'000	June 30, 2022 \$'000	March 31, 2022 \$'000	December 31, 2021 \$'000
Total Revenue	4,770	7,037	6,258	6,053
Net income (loss)	(8,956)	(2,356)	(1,633)	3,054
Basic earnings (loss) per share	(\$0.04)	(\$0.01)	(\$0.01)	\$0.01
Diluted earnings (loss) per share	(\$0.04)	(\$0.01)	(\$0.01)	\$0.01
Total assets	165,464	166,867	166,943	165,855
Total long-term debt	76,427	67,725	69,063	67,706
Dividends	-	-	-	-

4. Critical Accounting Estimates

The preparation of Almonty's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described in more detail in Note 3 and Note 8 of the Company's Q3-2023 consolidated financial statements.

5. New and Future Accounting Standards

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates have now been assessed by the Company and are not expected to have any impact on the Company's consolidated financial statements. The Company has not early adopted these standards.

Off Balance Sheet Arrangements

The Company has no off-Balance Sheet arrangements as at the date of this MD&A.

Proposed Transactions

The Company has not entered into any undisclosed proposed transactions as at the date of this MD&A.

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6. Related Party Transactions

For the nine months ended September 30, 2023, the Company paid or accrued compensation to key management personnel, which includes the Company's Chief Executive Office, Chief Financial Officer and members of the Company's Board of Directors totaling \$976 (2022 - \$905).

The Company has long-term debt owing to DRAG, a company that is an existing shareholder of Almonty, and whose former 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) of the Company's Q3-2023 consolidated financial statements, interest of \$599 was accrued on the DRAG loans during the nine months ended September 30, 2023 (2022 - \$619). As at September 30, 2023, there is \$4,062 (December 31, 2022 - \$3,463) of unpaid interest on these loans included in accounts payable and accrued liabilities.

7. General

Risks and Uncertainties

The Company operates in the mining industry, which is subject to numerous significant risks that can influence profitability. The Company has disclosed several risks below which it believes to be the most significant and that could have a material impact on its current and future operations. Other risks may exist or may arise at a future date. For additional, and more detailed, risk factors, please see the Company's Annual Information Form dated March 31, 2023, under the heading "Risk Factors".

Interest rate risk

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, \$82,604 is subject to floating interest rates and \$41,761 is subject to fixed interest rates. A portion of the floating rate debt totaling \$2,642 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 \$26 change in annual interest costs. The remaining floating rate debt of \$79,921 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 \$799 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.

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Foreign currency risk

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, the Company's interim condensed consolidated balance sheet and profit or loss can be significantly affected by movements in various currencies (CAD\$, US\$, AUD, KRW and €).

The Company's Canadian dollar functional currency businesses have the following financial instruments denominated in foreign currencies:

	Currency	Carrying Value (\$)
Cash and cash equivalents	US \$	17
Accounts payable and accrued liabilities	US \$	11,365
Accounts payable and accrued liabilities	AUS \$	378
Accounts payable and accrued liabilities	KRW	3,880
Long-term debt	US \$	95,579
Long-term debt	EURO €	10,340

A 5% change in the value of the CAD\$ relative to the above currencies would change net income for the nine months ended September 30, 2023 by approximately \$6,076.

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

	Currency	Carrying Value (\$)
Cash and cash equivalents	US\$	26
Trade receivables	US\$	858

A 5% change in the value of the Euro relative to the above currencies would change net income for the nine months ended September 30, 2023 by approximately \$44.

The Company's Korean Won functional currency businesses have the following financial instruments denominated in foreign currencies:

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	Currency	Carrying Value (\$)
Accounts payable and accrued liabilities	US\$	1,705
Long-term debt	US\$	58,762

5% change in the value of the Korean Won relative to the above currencies would change net income for the nine months ended September 30, 2023 by approximately (3,023).

Credit risk

The Company deposits surplus cash with major banks of high quality credit standing, in interest bearing accounts that earn interest at floating rates, Trade receivables represents amounts receivable related to delivery of concentrate that have not been settled and are with the Company's customers, all of whom have good credit ratings and the Company has not experienced any credit issues with any of its customers. Other assets include a non-interest-bearing promissory note and deposits. The carrying value of the cash and cash equivalents, trade receivables, restricted cash, promissory notes and deposits totaling \$12,936 represents Almonty's maximum exposure to credit risk.

Liquidity risk

The Company's objective is to use cash and cash equivalents, finance leases, and third party short and long-term loans (see Note 8 of the Company's Q3-2023 Consolidated Financial Statements for debt maturities) and equity in order to maintain liquidity. Almonty's policy is to maximize liquidity in order to enable the continued development of the mines and operations of the plants and to enable the development of its projects. All financial liabilities with a contractual term of 12 months or less are classified as current. The Company is currently pursuing debt and equity financing opportunities to increase its liquidity.

As at September 30, 2023, Almonty has recognized a restoration provision of \$975 (December 31, 2022 - \$976) 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 of \$982 relating to the mine site which are expected to be incurred beginning in 2027 after the Los Santos Mine ceases to mine ore based on the current estimate of economically recoverable ore resources. This provision has been created based on Almonty's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect current market conditions at that time. The timing of the rehabilitation is likely to depend on when the Los Santos Mine ceases to produce at economically viable rates. This in turn will depend on Almonty's ability to extend the mine life years through additional exploration and also on the future price of WO₃

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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 stockpile 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 in calendar 2023 (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 (\$275) 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.

As at September 30, 2023, there is a restoration provision of \$661 (December 31, 2022 - \$643) with respect to the Sangdong Mine based on the amount assessed by the relevant local government authorities.

As at September 30, 2023, there is a restoration provision of \$19,750 (December 31, 2022 - \$36,604) 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 \$23,694 and are expected

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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:

Balance at December 31, 2021	38,071
Accretion expense	34
Translation adjustment	184
Balance at December 31, 2022	38,289
Revisions in estimated cash flows and changes in assumptions	(17,147)
Accretion expense	371
Translation adjustment	(209)
Balance at September 30, 2023	21,304

8. Disclosure Control and Procedures and Internal Control of Financial Reporting

The Company's management, under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has designed disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, based on the *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

DC&P are designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO during the reporting period and the information required to be disclosed by the Company is recorded, processed, summarized and reported in a timely and appropriate manner. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with international financial reporting standards. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and operated, they may not prevent or detect misstatements on a timely basis.

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The Company's management, under the supervision of the CEO and CFO, has evaluated both the design and operating effectiveness of its DC&P and ICFR and concluded that, as of December 31, 2022 and December 31, 2021, they were not effective in providing reasonable assurance regarding required disclosures and the reliability of external financial reporting as a result of the following material weakness:

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will occur and not be detected by management before the financial statements are published. Controls can potentially be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls also is based on part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

In its assessment of the effectiveness in internal control over financial reporting as of December 31, 2019, the Company determined it had ineffective design and implementation of internal controls over the financial statement close and disclosure process, including regarding assertions about the completeness, existence and accuracy of the financial information. Due to this material weakness, management concluded that ICFR was not effective as of December 31, 2019.

In light of the aforementioned material weakness, management conducted a thorough review of all significant or non-routine adjustments for the fifteen months ended December 31, 2019, for the year ended December 31, 2020, for the year ended December 31, 2021, for the year ended December 31, 2022 and for the nine months ended September 30, 2023. As a result of this review, management believes that there were no material inaccuracies or omissions of material fact and, to the best of its knowledge, believes that the consolidated financial statements for the fifteen months ended December 31, 2019, for the year ended December 31, 2020, for the year ended December 31, 2021, for the year ended December 31, 2022 and for the nine months ended September 30, 2023 fairly present in all material respects and the financial condition and results of operations for the Company in conformity with international financial reporting standards.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

The Company is developing and will implement a remediation plan to address the material weakness described above. Specifically, the Company plans to increase the depth and timeliness of management's review procedures over the financial close process and related ICFR.

Changes in ICFR

National Instrument 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. With the exception of remediation of material weaknesses in ICFR that were identified and disclosed in relation to the fifteen months ended December 31, 2019, no changes were made to

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the Company's ICFR during the year ended December 31, 2021, the year ended December 31, 2022 or the nine months ended September 30, 2023 which have materially affected, or are reasonably likely to materially affect, ICFR.

9. Management's Responsibility for Financial Statements

The information provided in this report, including the Company's financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

November 14, 2023

On behalf of Management and the Board of Directors,

"Lewis Black"

Chairman, President and Chief Executive Officer

Glossary of Terms

APT	ammonium para tungstate is an intermediate product which is one of the principal chemical forms in which tungsten is traded
Concentrates	the valuable fraction of an ore that is left after waste material is removed in processing
€	Euros
KRW	Korean Won
MB	Metal Bulletin of London
MTU	metric tonne unit, equal to 1 percent of a metric tonne or 10 kg (22.046 pounds) of contained WO ₃

Management's Discussion and Analysis
Three and Nine Months Ended September 30, 2023
Dated: November 14, 2023
(in 000's of Canadian Dollars, unless otherwise noted)

NI 43-101	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i>
Scheelite	a brown tetragonal mineral, CaWO ₄ . It is found in pneumatolytic veins associated with quartz and fluoresces to show a blue color. Scheelite is a mineral of tungsten
Tonne	a metric unit equal to 1,000kg (2,204.6 pounds)
Tungsten concentrates	concentrates generally containing between 40 and 75 percent WO ₃
US\$	United States dollars
W	the elemental symbol for tungsten
WO ₃	tungsten tri-oxide, a compound of tungsten and oxygen