



**Interim Condensed Consolidated Financial Statements**

**For the Six Months Ended June 30, 2024 and 2023  
(UNAUDITED)**

**Presented in Canadian dollars**

## Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements for Almonty Industries Inc. were prepared by management in accordance with International Financial Reporting Standards (IFRS). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the consolidated financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods then ended presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Lewis Black"

Lewis Black  
Director, President & CEO

"Mark Gelmon"

Mark Gelmon  
Chief Financial Officer

August 12, 2024  
Toronto, Ontario

These unaudited interim condensed consolidated financial statements of Almonty Industries Inc. for the three and six months ended June 30, 2024, have been prepared by management and approved by the Company's board of directors. These unaudited interim condensed consolidated financial statements have not been reviewed by the Company's external auditors.

# Almonty Industries Inc.

## Interim Condensed Consolidated Balance Sheets

(Unaudited) (in 000's of Canadian dollars unless otherwise noted)

	Note	June 30, 2024	December 31, 2023
<b>Assets</b>			
<b>Current Assets</b>			
Cash		7,641	22,019
Trade receivables		2,706	2,679
Taxes recoverable		679	661
Inventories	4	6,771	7,832
Prepaid expenses and other current assets		2,880	3,049
<b>Total Current Assets</b>		<b>20,677</b>	<b>36,240</b>
Mining assets	5	176,915	165,681
Tailings inventory	4	30,424	30,355
Deferred tax assets	11	2,556	2,551
Other assets		591	507
		<b>210,486</b>	<b>199,094</b>
<b>Total Assets</b>		<b>231,163</b>	<b>235,334</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7	22,671	31,469
Deferred revenue		74	1,062
Current portion of long-term debt	8	4,052	34,167
<b>Total Current Liabilities</b>		<b>26,797</b>	<b>66,698</b>
Warrant liabilities	8 & 10	1,878	958
Long-term debt	8	128,727	95,900
Restoration provision and other liabilities	9	23,479	23,256
Deferred tax liabilities	11	14	14
		<b>154,098</b>	<b>120,128</b>
<b>Total Liabilities</b>		<b>180,895</b>	<b>186,826</b>
<b>Shareholders' Equity</b>			
Share capital	10	142,334	127,359
Equity portion of convertible debentures		1,241	1,241
Contributed surplus		13,887	12,302
Accumulated other comprehensive income		2,304	11,529
Deficit		(109,498)	(103,923)
<b>Total Shareholders' Equity</b>		<b>50,268</b>	<b>48,508</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>231,163</b>	<b>235,334</b>

Nature of operations (Note 1) | Commitments and contingent liabilities (Note 16) | Subsequent events (Note 18)

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

### Signed on behalf of the Board:

/s/ Lewis Black  
**Lewis Black**  
 Director, President & CEO

/s/ Mark Trachuk  
**Mark Trachuk**  
 Director, Audit Committee Chair

# Almonty Industries Inc.

## Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited) (in 000's of Canadian dollars except share and per share amounts)

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
<b>Revenue</b>		<b>7,938</b>	<b>5,533</b>	<b>15,762</b>	<b>12,630</b>
<b>Cost of sales</b>					
Production costs		6,169	5,285	12,834	11,013
Care and maintenance costs		264	254	527	509
Depreciation and amortization		294	235	584	485
<b>Income (loss) from mining operations</b>		<b>1,211</b>	<b>(241)</b>	<b>1,817</b>	<b>623</b>
<b>Expenses</b>					
General and administrative		1,533	1,461	3,008	3,150
Share-based compensation	10	543	180	935	282
<b>Loss before other items and income taxes</b>		<b>(865)</b>	<b>(1,882)</b>	<b>(2,126)</b>	<b>(2,809)</b>
<b>Other (income) expenses</b>					
Interest expense		1,128	1,032	2,551	1,999
Financing fees		-	-	-	739
(Gain) loss on valuation of embedded derivative liabilities	8(c)	(79)	(92)	2	(215)
(Gain) loss on valuation of warrant liabilities	8 & 10	(515)	(268)	(406)	(697)
Foreign exchange loss (gain)		394	(1,086)	1,297	(854)
<b>Loss before income taxes</b>		<b>(1,793)</b>	<b>(1,468)</b>	<b>(5,570)</b>	<b>(3,781)</b>
Income tax expense (recovery)					
Current	11	-	(73)	5	30
<b>Net loss for the period</b>		<b>(1,793)</b>	<b>(1,395)</b>	<b>(5,575)</b>	<b>(3,811)</b>
<b>Other comprehensive loss not through profit and</b>					
Net loss for the period		(1,793)	(1,395)	(5,575)	(3,811)
<i>Items that may be reclassified subsequently to</i>					
Foreign currency translation adjustment		(5,704)	(992)	(9,225)	(6,591)
<b>Comprehensive loss for the period</b>		<b>(7,497)</b>	<b>(2,387)</b>	<b>(14,800)</b>	<b>(10,402)</b>
<b>Loss per common share - basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding- basic and diluted</b>		<b>255,206,024</b>	<b>223,261,588</b>	<b>249,253,018</b>	<b>223,261,588</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

# Almonty Industries Inc.

## Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

Six months ended June 30, 2024 and 2023

(Unaudited) (in 000's of Canadian dollars unless otherwise noted)

	Note	Share Capital	Equity Portion of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
<b>Balance at December 31, 2022</b>		<b>119,383</b>	<b>1,241</b>	<b>10,821</b>	<b>3,391</b>	<b>(95,086)</b>	<b>39,750</b>
Issuance of common shares for cash	10	3,856	-	-	-	-	3,856
Share issuance costs	10	(309)	-	-	-	-	(309)
Shares issued on exercise of warrants	10	42	-	(7)	-	-	35
Shares issued to settle convertible debt	10	2,917	-	-	-	-	2,917
Share-based compensation	10	-	-	282	-	-	282
Net loss and comprehensive loss for the period		-	-	-	(6,591)	(3,811)	(10,402)
<b>Balance at June 30, 2023</b>		<b>125,889</b>	<b>1,241</b>	<b>11,096</b>	<b>(3,200)</b>	<b>(98,897)</b>	<b>36,129</b>
Issuance of common shares for cash	10	1,532	-	347	-	-	1,879
Share issuance costs	10	(62)	-	-	-	-	(62)
Share-based compensation	10	-	-	859	-	-	859
Net loss and comprehensive income for the period		-	-	-	14,729	(5,026)	9,703
<b>Balance at December 31, 2023</b>		<b>127,359</b>	<b>1,241</b>	<b>12,302</b>	<b>11,529</b>	<b>(103,923)</b>	<b>48,508</b>
Issuance of common shares for cash	10	4,514	-	650	-	-	5,164
Share issuance costs	10	(199)	-	-	-	-	(199)
Shares issued for settlement of debt	10	10,660	-	-	-	-	10,660
Share-based compensation	10	-	-	935	-	-	935
Net loss and comprehensive loss for the period		-	-	-	(9,225)	(5,575)	(14,800)
<b>Balance at June 30, 2024</b>		<b>142,334</b>	<b>1,241</b>	<b>13,887</b>	<b>2,304</b>	<b>(109,498)</b>	<b>50,268</b>

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

# Almonty Industries Inc.

## Interim Condensed Consolidated Statements of Cash Flows

(Unaudited) (in 000's of Canadian dollars unless otherwise noted)

		Three months ended June 30,		Six months ended June 30,	
	Note	2024	2023	2024	2023
<b>Operating activities</b>					
Net loss for the period		(1,793)	(1,395)	(5,575)	(3,811)
Add (deduct) non-cash items:					
Share-based compensation	10	543	180	935	282
Depreciation and amortization		294	235	584	485
Interest expense		1,128	1,032	2,551	1,999
Financing fees		-	-	-	739
Income tax expense		-	(73)	5	30
Gain on valuation of embedded derivative liabilities	8(c)	(79)	(92)	2	(215)
Gain on valuation of warrant liabilities		(515)	(268)	(406)	(697)
Unrealized foreign exchange losses		364	624	1,267	854
		<u>(58)</u>	<u>243</u>	<u>(637)</u>	<u>(334)</u>
Changes in non-cash working capital					
Trade receivables		(839)	(556)	(27)	8
Taxes recoverable		(213)	3	(18)	103
Inventories		(86)	(93)	1,061	79
Prepaid expenses and other current assets		169	1,931	169	2,390
Accounts payable and accrued liabilities		(3,370)	(2,342)	(4,875)	(3,392)
Deferred revenues		(1)	12	(988)	(553)
Net change in non-cash working capital		<u>(4,340)</u>	<u>(1,045)</u>	<u>(4,678)</u>	<u>(1,365)</u>
Other assets		97	(35)	(107)	136
<b>Cash flow used in operating activities</b>		<b><u>(4,301)</u></b>	<b><u>(837)</u></b>	<b><u>(5,422)</u></b>	<b><u>(1,563)</u></b>
<b>Investing activities</b>					
Additions to mining assets		(8,862)	(6,099)	(16,230)	(8,744)
<b>Cash flow used in investing activities</b>		<b><u>(8,862)</u></b>	<b><u>(6,099)</u></b>	<b><u>(16,230)</u></b>	<b><u>(8,744)</u></b>
<b>Financing activities</b>					
Issuance of common shares	10	3,436	-	6,493	5,002
Share issuance costs paid	18	(139)	-	(199)	(309)
Issuance of long-term debt	8	23,196	8,324	25,213	8,324
Repayment of long-term debt		(21,877)	(1,451)	(23,056)	(3,538)
Interest paid		(620)	(421)	(1,311)	(1,352)
<b>Cash flow provided by financing activities</b>		<b><u>3,996</u></b>	<b><u>6,452</u></b>	<b><u>7,140</u></b>	<b><u>8,127</u></b>
Effect of foreign exchange on cash		<u>270</u>	<u>(181)</u>	<u>134</u>	<u>(536)</u>
<b>Net increase in cash for the period</b>		<b><u>(8,897)</u></b>	<b><u>(665)</u></b>	<b><u>(14,378)</u></b>	<b><u>(2,716)</u></b>
Cash at beginning of period		<u>16,538</u>	<u>6,391</u>	<u>22,019</u>	<u>8,442</u>
<b>Cash at end of period <sup>(1)</sup></b>		<b><u>7,641</u></b>	<b><u>5,726</u></b>	<b><u>7,641</u></b>	<b><u>5,726</u></b>

<sup>(1)</sup> Cash includes \$3,700 (June 30, 2023 - \$4,659) of restricted cash solely for use on the Sangdong Project.

*The accompanying notes are an integral part of these interim condensed consolidated financial statements.*

# **Almonty Industries Inc.**

## **Notes to the Interim Condensed Consolidated Financial Statements**

**June 30, 2024**

**(Unaudited)** (In 000's of Canadian dollars, unless otherwise noted)

### **1. Nature of operations**

Almonty Industries Inc. ("Almonty") (with its subsidiaries, the "Company") is incorporated in Canada. The Company's shares are listed on the Toronto Stock Exchange ("TSX"), trading under the symbol AII. The Company's shares are also listed on the OTCQX Best Markets under the symbol ALMTF and on the Australia Securities Exchange, under the symbol AII.

The head office of the Company is located at 100 King Street West, Suite 5700, Toronto, Ontario, M5X 1C7. 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") and the Panasqueira tin and tungsten mine in Covilha, Castelo Branco, Portugal (the "Panasqueira Mine") as well as the development of the Sangdong tungsten project located in Gangwon Province, Republic of Korea, (the "Sangdong Project") and the exploration and evaluation of the Valtreixal tin and tungsten project, located in the province of Zamora in Western Spain (the "Valtreixal Project").

Although the Company has taken steps to verify the title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unrestricted prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's mining and exploration activities are subject to laws and regulations relating to the environment, which are continually changing, and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to remain in compliance.

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue operating for the foreseeable future and will be able to realize a return on its assets and discharge its liabilities and commitments in the ordinary course of its business.

Management assesses the Company's ability to continue as a going concern at each reporting date, using quantitative and qualitative information available. As at June 30, 2024, the Company had a working capital deficiency of \$6,120 (December 31, 2023 - \$30,458). During the six months ended June 30, 2024, the Company secured additional financings totaling \$6,493. In addition, during July, 2022, the Company closed its US\$75.1 million project financing with the KfW IPEX-Bank ("KfW") and received the first and second drawdowns on this facility of US\$16.9 million during August, 2022, with a third drawdown of US\$9.8 million received during November, 2022, a fourth drawdown of US\$5.6 million received during April 2023 a fifth drawdown of US\$9.8 million received during August, 2023, a sixth drawdown of US\$13.68 million during November 2023 and a seventh and an eighth drawdown totaling US\$10.64 million during July 2024.

# Almonty Industries Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2024

(Unaudited) (In 000's of Canadian dollars, unless otherwise noted)

Additionally, during November 2023, the Company negotiated the extension of the maturity date of various debt instruments totaling \$22,657 (Note 8) to September 30, 2025, with an additional extension of the maturity date of various debt instruments totaling \$4,638 during the six months ended June 30, 2024 to October 31, 2025 (Notes 8(iv) and 8(ix)). Also in late 2023, the Company restructured certain long-term debt instruments totaling EUR 7,900 whereby four loans were consolidated into one new loan with the maturity date of the new loan extended to September 15, 2025 (Note 8(c)(xi)).

During the six months ended June 30, 2024, the Company issued 10,249,605 common shares of the Company in conjunction with the conversion of long-term debt totaling \$9,225 and issued 2,583,316 common shares of the Company to settle certain accounts payable.

During April, 2024, the Company refinanced the Unicredit US\$15,650 term loan with the KfW IPEX-Bank with a new maturity date of March 31, 2027 (Note 8(b)).

The Company's current forecast indicates that it will have sufficient cash flows from operations and from financings outlined above for at least the next year to continue as a going concern and settle obligations as they come due. The assessment of the Company's ability to continue as a going concern, by its nature, relies on estimates of future cash flows and other future events, whose subsequent changes would materially impact the validity of such an assessment.

## 2. Critical judgments and estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and form assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and reported amount of revenues and expenses for the reporting period. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

### Critical judgments

#### (i) Functional currency

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which the respective entities operate. Assessment of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

#### (ii) Stage of exploration and development

Upon achieving technical feasibility and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to mineral properties and plant and equipment.

#### (iii) Tailings inventory

The valuation of tailings inventory at the Los Santos Mine requires management to make judgements regarding the ability to reprocess the tailings inventory and the recoverability of the tungsten contained in the tailings inventory.



# **Almonty Industries Inc.**

## **Notes to the Interim Condensed Consolidated Financial Statements**

**June 30, 2024**

**(Unaudited)** (In 000's of Canadian dollars, unless otherwise noted)

### **(iv) Going concern**

The preparation of these consolidated financial statements requires management to make judgments regarding its ability to continue as a going concern as discussed in Note 1.

### **Key sources of estimation uncertainty**

#### **(i) Ore reserves and mineral resources estimates**

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the ore reserve or mineral resource estimates may impact upon the carrying value of exploration and evaluation assets, mineral property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

#### **(ii) Mine rehabilitation and restoration provision**

The Company assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that may affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditures differing from the amounts currently provided.

The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the consolidated balance sheet by either increasing or decreasing the rehabilitation asset and liability. Significant assumptions related to mine rehabilitation and restoration provisions are disclosed in Note 9.

#### **(iii) Impairment of mineral property, plant and equipment and exploration and evaluation assets**

The Company evaluates each asset or cash generating unit every year to determine whether there are any indications of impairment or impairment reversals. If any such indication exists, which is often judgmental, a formal estimate of the recoverable amount is performed and an impairment loss or recovery is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life-of-mine estimates.

# Almonty Industries Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2024

(Unaudited) (In 000's of Canadian dollars, unless otherwise noted)

When required, the determination of fair value and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral resources, operating costs, and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss. Significant assumptions used in the Company's impairment analysis are disclosed in Note 6.

### (iv) Inventory

The net recoverable value of ore stock piles, tungsten tri-oxide ("WO<sub>3</sub>") in concentrate and tailings inventory is based on the quantity of recoverable metal in inventory which is an estimate based on the tonnes of ore or WO<sub>3</sub> in concentrate, contained WO<sub>3</sub> based on assay data, and the estimated recovery percentage based on the expected processing method. Changes in these estimates could affect the net realizable value of inventory and could result in an impairment of inventory. The net realizable value of long-term tailings inventory also requires estimates related to future sales prices.

### (v) Valuation of right-of-use asset and lease liabilities

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include assessing lease agreements to determine the contract term and interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the rate of a commercial mortgage rate, observed in the period when the lease agreement commences or is modified.

### (vi) Income taxes

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used.

### Pending 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.

# Almonty Industries Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2024

(Unaudited) (In 000's of Canadian dollars, unless otherwise noted)

### 3. Basis of Preparation

The Company prepares its annual consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

These unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting (IAS 34).

These interim condensed consolidated financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2023. These interim condensed consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 12, 2024.

### 4. Inventories

	June 30, 2024	December 31, 2023
Stores and fuel	5,138	4,841
Ore and in-process ore	1,018	2,455
Finished goods - WO3 concentrate	615	536
<b>Current inventories</b>	<b>6,771</b>	<b>7,832</b>
Tailings	30,424	30,355
<b>Total inventories</b>	<b>37,195</b>	<b>38,187</b>

Changes in inventories and impairment charges and reversal of impairment charges are recognized in mine operating costs. As at June 30, 2024, tailings inventories are classified as long term as these inventories may not be processed within the next year.

# Almonty Industries Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2024

(Unaudited) (In 000's of Canadian dollars, unless otherwise noted)

### 5. Mining assets

	Plant and Equipment	Mineral Property Acquisition and Development Costs	Exploration and Evaluation Projects	Total
<b>Cost</b>				
Balance at December 31, 2022	45,906	133,201	8,123	187,230
Additions	19,761	24,063	77	43,901
Change in restoration provisions	-	(9,836)	-	(9,836)
Asset disposals	(4,745)	-	-	(4,745)
Translation adjustment	(696)	(4,201)	94	(4,803)
Balance at December 31, 2023	60,226	143,227	8,294	211,747
<b>Additions</b>	<b>3,861</b>	<b>12,310</b>	<b>59</b>	<b>16,230</b>
<b>Asset disposals</b>	<b>(621)</b>	<b>-</b>	<b>-</b>	<b>(621)</b>
<b>Translation adjustment</b>	<b>(868)</b>	<b>(2,735)</b>	<b>19</b>	<b>(3,584)</b>
<b>Balance at June 30, 2024</b>	<b>62,598</b>	<b>152,802</b>	<b>8,372</b>	<b>223,772</b>
<b>Accumulated Amortization</b>				
Balance at December 31, 2022	12,227	36,292	-	48,519
Amortization	1,396	-	-	1,396
Asset disposals	(3,402)	-	-	(3,402)
Translation adjustment	22	(469)	-	(447)
Balance at December 31, 2023	10,243	35,823	-	46,066
<b>Amortization</b>	<b>879</b>	<b>(5)</b>	<b>-</b>	<b>874</b>
<b>Asset disposals</b>	<b>(63)</b>	<b>-</b>	<b>-</b>	<b>(63)</b>
<b>Translation adjustment</b>	<b>(46)</b>	<b>26</b>	<b>-</b>	<b>(20)</b>
<b>Balance at June 30, 2024</b>	<b>11,013</b>	<b>35,844</b>	<b>-</b>	<b>46,857</b>
<b>Carrying Value</b>				
Balance at December 31, 2023	49,983	107,404	8,294	165,681
<b>Balance at June 30, 2024</b>	<b>51,585</b>	<b>116,958</b>	<b>8,372</b>	<b>176,915</b>

# Almonty Industries Inc.

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### 6. Impairment Loss on Mining Assets

#### *Los Santos mine*

No indicators of impairment or reversal of impairment existed as at June 30, 2024 (December 31, 2023 – none).

#### *Sangdong mine*

No indicators of impairment or reversal of impairment existed as at June 30, 2024 (December 31, 2023 – none).

### 7. Accounts Payable and Accrued Liabilities

The balance as of June 30, 2024 includes \$12,221 (December 31, 2023 - \$19,667) of trade accounts payable and \$10,450 (December 31, 2023 - \$11,802) of accrued liabilities.

### 8. Long-Term Debt

		June 30, 2024	December 31, 2023
Term and other loans - Euro	(a)	21,329	4,323
Term and other loans - US dollar	(b)	8,212	28,634
Promissory Note	(b)	250	250
Convertible debentures	(c)	27,091	32,620
Lease liabilities	(d)	104	117
Mine Construction Facility	(e)	84,495	77,051
		141,481	142,995
Less: Current portion		(4,052)	(34,167)
		137,429	108,828
Fair value of derivative liabilities	(c)	3,727	491
Deferred financing costs		(12,429)	(13,419)
		128,727	95,900

- a) The Company's wholly-owned Spanish subsidiary, Daytal, has Euro-denominated term loan facilities totaling \$1,961 (December 31, 2023 - \$2,738). The loans are unsecured, have a maturity date of July 2025 (December 31, 2023 – July 2025) and require monthly payments of principal and interest. Of the loans, \$252 (December 31, 2023 - \$349) have fixed interest rates with a weighted average interest rate as at June 30, 2024 of 4.58% (December 31, 2023 – 4.44%). The remaining \$1,709 (December 31, 2023 - \$2,388) have floating interest rates, based on varying spreads from Euribor rates. As of June 30, 2024, the weighted average interest rate on these loans was 5.18% (December 31, 2023 – 5.07%).

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VRS has a Euro-denominated term loan with a balance of \$809 as of June 30, 2024 (December 31, 2023 - \$1,150). The loan is unsecured, bears interest at 3.75% (December 31, 2023 - 3.75%), with monthly payments of principal and interest until it matures in July 2025 (December 31, 2023 - in July 2025).

- b) During September 2019, the Company restructured its existing debt with the UniCredit Bank AG such that the then-existing term and revolving loans, with a total principal amount of approximately US\$13,716, was rolled into a new restated term loan with a principal amount of \$19,841 (US\$15,650). The restated term loan bears interest at the prevailing LIBOR rate plus 1.5% per annum, with interest payable quarterly and with principal repayable at maturity. The maturity date for the restated term loan was October 31, 2021 (extended to September 30, 2023 during fiscal 2021 and then to March 31, 2024 during the year ended December 31, 2023).

During April, 2024, the Company refinanced the Unicredit loan with the KfW IPEX-Bank, with a total principal amount of EUR\$14,662. This new loan bears interest at the prevailing EURIBOR rate plus 1.9% per annum, with interest payable quarterly and with principal repayable at the maturity date of March 31, 2027.

The Company has issued two US\$1,000 secured promissory notes to Deutsche Rohstoff AG ("DRAG"), an existing shareholder of the Company, which matured on January 1, 2020 and January 26, 2020, respectively (extended to March 22, 2021 during November 2019 and then further extended to October 22, 2023 during fiscal 2021 and then further extended to September 30, 2024 during fiscal 2022 and then further extended to September 30, 2025 during fiscal 2023). The notes bear interest at 6.0% per annum, with the accrued interest due on the maturity date. The loans are secured by a pledge of the shares of Woulfe. As at June 30, 2024, the outstanding loan balance was \$2,737 (US\$2,000) (December 31, 2023 - \$2,645 (US\$2,000)).

During September, 2019, approximately US\$2,221 (\$2,946) that was included in accounts payable and accrued liabilities, US\$687 (\$912) that was included in deferred revenue as well as a US\$173 (\$230) convertible debenture (Note 8(c)(ii)), all held by a customer and shareholder, were converted into a loan payable, with the same bearing an effective rate of interest of 7.16% (2019 – 7.74%) with quarterly principal and interest payments due, maturing June 30, 2022 (increased by US\$268 and extended to September 30, 2022 during fiscal 2020 and then to October 31, 2022 during fiscal 2021). In connection with this loan, the Company had pledged as security, for obligations relating to concurrently entered indemnity agreements, the shares of certain of its subsidiaries. During June 2022, the Company repaid this loan in full.

During December 2019, the Company received \$250 from DRAG pursuant to a promissory loan which bears interest at the rate of 6% per annum and matures in December 2020 (extended to October 22, 2023 during fiscal 2021, then to September 30, 2024 during fiscal 2022 and then to September 30, 2025 during fiscal 2023).

During January 2020, the Company received \$1,320 (US\$1,000) from DRAG pursuant to a promissory loan which bears interest at the rate of 6% per annum and matured during January 2021 (extended to October 22, 2023 during fiscal 2021, then further extended to September 30, 2024 during fiscal 2022 and then further extended to September 30, 2025 during fiscal 2023). During

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fiscal 2020, this loan was amended and increased by \$1,981 (US\$1,500) and was further amended and increased by \$625 (US\$500) during fiscal 2022.

During December 2021, the Company received \$1,270 (US\$1,000) from DRAG pursuant to a promissory loan which bears interest at the rate of 5% per annum with a maturity date of September 30, 2024 (extended to September 30, 2025 during fiscal 2023).

c) The following convertible debentures are outstanding as of June 30, 2024:

- (i) 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. The debenture matured on December 31, 2019 (extended to March 22, 2021 during November 2019, to October 22, 2023 during fiscal 2021, to September 30, 2024 during fiscal 2022 and then further extended to September 30, 2025 during fiscal 2023) and bears interest at a rate of 6.0% per annum, payable at maturity. The Company may elect to convert the debenture into common shares upon the availability to the Company of full funding for the Sangdong Project at a conversion price equal to the higher of the price per common share in any equity financing completed by the Company after the date of issuance of the debenture and prior to the conversion or the maturity date of the debentures for purposes of financing the Sangdong Project and \$0.628. However, the Company may not convert the debenture if at any time the Company's common shares trade below \$0.628 per common share or if such conversion would result in DRAG holding more than 19.9% of the Company's issued and outstanding common shares.
- (ii) On January 30, 2018, the Company issued a convertible debenture as part of a debt restructuring with a principal amount of \$5,963, which was due on January 31, 2020 (extended to January 30, 2021 during fiscal 2020, further extended to July 31, 2022 during fiscal 2021, then further extended to October 31, 2024 during fiscal 2022). The debenture was convertible into common shares of Almonty at \$0.90 per common share. The debenture bears interest at a rate of 6.0% per annum, compounding quarterly, payable on the earlier of the maturity date or the date of conversion. The debenture is subject to covenants customary for such facilities and the lender had nominated a member of the Board of Directors. On issuance of the debenture, the Company estimated the liability and equity components as \$5,311 and \$652, respectively. The fair value of the liability component was determined by discounting the expected future cash outflows for principal and interest at a discount rate of 12.0%, representing a market rate of interest on similar debt without a conversion feature. The difference between the total proceeds of the loan and the amount allocated to the liability component was allocated to the equity component. As at December 31, 2023, the amortized cost of the debt was \$5,963 (December 31, 2022 - \$5,963) with the difference between the principal amount of the loan and the amortized cost being recognized in profit or loss over the period to maturity at an effective interest rate of 12%. During the six months ended June 30, 2024, this debenture, plus related accrued interest, was converted into 10,249,605 common shares of the Company.



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- (iii) The Company has a \$6,000 (December 31, 2022 - \$6,000) unsecured convertible debenture outstanding with DRAG, which bears interest at 4.0% per annum, payable at maturity. The debenture (including any accrued and unpaid interest) may be converted by the holder, at its option, into common shares of the Company at an exercise price of \$1.45 per share. The maturity date of the loan was March 22, 2019, (which was extended to March 22, 2021 during fiscal 2020 and then further extended to October 22, 2023 during fiscal 2021, to September 30, 2024 during fiscal 2022 and then further extended to September 30, 2025 during fiscal 2023), with all other terms remaining unchanged).
- (iv) During March 2020, the Company received \$2,680 (US\$2,000) pursuant to the issuance of a convertible debenture which bears interest at the rate of 7%, is convertible at US\$0.50 per common share and matures in March 2021 (extended to September 6, 2022 during fiscal 2021 and then to October 31, 2024 during fiscal 2022 and then to October 31, 2025 during the six months ended June 30, 2024). As the convertible debenture is denominated in USD, the instrument contains an embedded derivative liability. As a result, the Company allocated \$2,434 (US\$1,797) to the liability component and \$275 (US\$203) to the derivative liability on issuance. The embedded derivative liability, on issuance, was valued using the Black-Scholes Option Pricing Model assuming an expected life of one year, expected dividend yield of 0%, a risk-free interest rate of 0.20% and an expected volatility of 65.68%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued. The embedded derivative liability, as at June 30, 2024, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 0.34 years, expected dividend yield of 0%, a risk-free interest rate of 3.99% and an expected volatility of 61.43%. Accordingly, the Company recognized a gain on valuation of the derivative liability in the amount of \$13 for the six months ended June 30, 2024.
- (v) During July 2020, the Company completed a non-brokered private placement of a secured convertible bond in the principal amount of \$4,592 (EUR3.0 million). This secured convertible bond matured on July 13, 2023, and bore 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 was convertible into common shares of the Company at the option of the holder at the fixed conversion price of EUR0.35 (equivalent to \$0.54) per common share for the principal and at the conversion price of the greater of i) EUR0.35 (equivalent to \$0.54) and ii) the Euro equivalent of the volume weighted average price of the common shares of the Company on the TSX for the five trading days immediately preceding the date of conversion for related accrued interest. As the convertible debenture was denominated in EURO, the instrument contains an embedded derivative liability. As a result, the Company allocated \$4,734 (EUR 3,033) to the liability component and \$339 (EUR217) to the derivative liability on issuance. The embedded derivative liability, on issuance, was valued using the Black-Scholes option pricing model assuming an expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 0.24% and an expected volatility of 67.15%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued. The embedded derivative liability, as at September 15, 2023, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 0.00 years, expected



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dividend yield of 0%, a risk-free interest rate of 4.87% and an expected volatility of 62.9%. The total liability (principal and embedded derivative) was capped at the face value of the instruments that were issued. Accordingly, the Company recognized a gain on valuation of the derivative liability in the amount of \$192 for the year ended December 31, 2023. The embedded derivative is designated as a financial liability carried at fair value through profit and loss. (see refinancing details in Note 8(c)(xi)).

- (vi) During February, 2021, the Company completed a non-brokered private placement of an unsecured convertible bond in the principal amount of \$2,288 (EUR1,500). This unsecured convertible bond will mature on February 8, 2024, and bears interest at a rate of 10% per annum, payable semi-annually, in cash. The outstanding principal amount of the bond plus any related unpaid accrued interest is convertible into common shares of the Company at the option of the holder at the fixed conversion price of EUR0.4875 (equivalent to \$0.75) per common share for the principal and at the conversion price of the greater of i) EUR0.4875 (equivalent to \$0.75) and ii) the EURO equivalent of the volume weighted average price of the common shares of the Company on the TSX for the five trading days immediately preceding the date of conversion for related accrued interest. As the convertible debenture is denominated in EURO, the instrument contains an embedded derivative liability. As a result, the Company allocated \$2,109 (EUR1,429) to the liability component and \$109 (EUR74) to the derivative liability on issuance. The embedded derivative liability, on issuance, was valued using the Black-Scholes Option Pricing Model assuming an expected life of three years, expected dividend yield of 0%, a risk-free interest rate of 0.24% and an expected volatility of 67.15%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued. The embedded derivative liability, as at September 15, 2023, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 0.36 years, expected dividend yield of 0%, a risk-free interest rate of 4.87% and an expected volatility of 62.90%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued. Accordingly, the Company recognized a gain on valuation of the derivative liability in the amount of \$55 for the year ended December 31, 2023. (see refinancing details in Note 8(c)(xi)).

- (vii) During June 2021, the Company completed a non-brokered private placement of an unsecured convertible bond in the principal amount of \$3,088 (EUR2,100). This unsecured convertible bond matured on October 31, 2022 (extended to March 31, 2023 during fiscal 2022), and bears interest at a rate of 5% per annum, payable semi-annually, in cash. The outstanding principal amount of the bond plus any related unpaid accrued interest was convertible into common shares of the Company at the option of the holder at the fixed conversion price of EUR0.70 (equivalent to \$1.05) per common share for the principal and at the conversion price of the greater of i) EUR 0.70 (equivalent to \$1.05) and ii) the EURO equivalent of the volume weighted average price of the common shares of the Company on the TSX for the five trading days immediately preceding the date of conversion for related accrued interest. As the convertible debenture was denominated in EURO, the instrument contained an embedded derivative liability. As a result, the Company allocated \$2,722 (EUR1,852) to the liability

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component and \$272 (EUR185) to the derivative liability on issuance. The embedded derivative liability, on issuance, was valued using the Black-Scholes Option Pricing Model assuming an expected life of three years, expected dividend yield of 0%, a risk-free interest rate of 0.49% and an expected volatility of 71.00%. This convertible debenture was repaid during March 2023.

- (viii) During November 2021, the Company completed a non-brokered private placement of four unsecured convertible bonds in the principal amounts of \$2,302 (EUR1,600), \$1,268 (US\$1,000), \$144 (EUR100), and \$190 (US\$150), respectively. These unsecured convertible bonds will mature on October 31, 2024, and bear interest at a rate of 5% 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 the Company at the option of the holder at the fixed conversion price of EUR0.70 per share, US\$0.85 per share, \$1.05 per share and US\$0.83 per share, respectively, for the principal and at the conversion price of the greater of i) EUR0.70 (equivalent to \$1.05) and ii) the EURO equivalent of the volume weighted average price of the common shares of the Company on the TSX for the five trading days immediately preceding the date of conversion for related accrued interest. As the convertible debentures are denominated in EURO and USD, the instruments contain embedded derivative liabilities. As a result, the Company allocated \$3,637 to the liability component and \$182 to the derivative liability on issuance. The embedded derivative liabilities, on issuance, were valued using the Black-Scholes Option Pricing Model assuming an expected life of 2.84 years, expected dividend yield of 0%, a risk-free interest rate of 1.02% and an expected volatility of 67.49%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued. The embedded derivative liability, as at June 30, 2024, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 0.34 years, expected dividend yield of 0%, a risk-free interest rate of 3.99% and an expected volatility of 61.43%. Accordingly, the Company recognized a gain on valuation of the derivative liabilities in the amount of \$3 for the six months ended June 30, 2024. (see refinancing details in Note 8(c)(xi)).
- (ix) During February 2022, the Company received \$1,900 (US\$1,500) pursuant to the issuance of a convertible debenture which bears interest at the rate of 5%, is convertible at US\$0.83 per share and matures October 31, 2024. As the convertible debenture is denominated in USD, the instrument contains an embedded derivative liability. As a result, the Company allocated \$1,830 to the liability component and \$70 to the derivative liability on issuance. The embedded derivative liability, on issuance, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 2.74 years, expected dividend yield of 0%, a risk-free interest rate of 1.29% and an expected volatility of 66.86%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued. The embedded derivative liability, as at June 30, 2024, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 0.34 years, expected dividend yield of 0%, a risk-free interest rate of 3.99% and an expected volatility of 61.43%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued.

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Accordingly, the Company recognized a gain on valuation of the derivative liability in the amount of \$4 for the six months ended June 30, 2024.

- (x) During June 2022, the Company received \$1,288 (US\$1,000) pursuant to the issuance of a convertible debenture which bears interest at the rate of 7%, is convertible at US\$0.84 per share and matures June 7, 2025. As the convertible debenture is denominated in USD, the instrument contains an embedded derivative liability. As a result, the Company allocated \$1,251 to the liability component and \$37 to the derivative liability on issuance. The embedded derivative liability, on issuance, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 3.0 years, expected dividend yield of 0%, a risk-free interest rate of 3.04% and an expected volatility of 63.92%. The embedded derivative liability, as at June 30, 2024, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 0.94 years, expected dividend yield of 0%, a risk-free interest rate of 3.99% and an expected volatility of 61.43%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued. Accordingly, the Company recognized a gain on valuation of the derivative liability in the amount of \$2 for the six months ended June 30, 2024.
- (xi) During September 2023, the Company completed the restructuring of three convertible loans with a total principal balance of EUR6,100 (Notes 8(c)(v), 8(c)(vi) and 8(c)(viii), plus one bond with a principal balance of EUR 1,377 (Note 8(a)), 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. As this convertible debenture is denominated in EURO, the instrument contains an embedded derivative liability. As a result, the Company allocated \$11,180 to the liability component and \$477 to the derivative liability on issuance. The embedded derivative liability, on issuance, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 1.85 years, expected dividend yield of 0%, a risk-free interest rate of 4.56% and an expected volatility of 69.51%. The embedded derivative liability, as at June 30, 2024, was valued using the Black-Scholes Option Pricing Model assuming an expected life of 1.21 years, expected dividend yield of 0%, a risk-free interest rate of 3.99% and an expected volatility of 61.43%. The total liability (principal and embedded derivative) is capped at the face value of the instruments that were issued. Accordingly, the Company recognized a loss on valuation of the derivative liability in the amount of \$24 for the six months ended June 30, 2024.

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Changes in the balances of the convertible debentures for the six months ended June 30, 2024 and the year ended December 31, 2023 are summarized as follows:

	June 30, 2024	December 31, 2023
Balance, beginning of year	32,620	33,211
Debentures issued, liability component	-	11,577
Debentures settled for shares	(5,963)	-
Debentures refinanced	-	(8,894)
Debentures repaid, including interest	-	(2,975)
Debentures revalued, warrant liability component	-	(474)
Interest accrued	112	230
Translation adjustment	322	(55)
Balance, end of year	27,091	32,620

The Company's term loans and convertible debentures include various positive and negative covenants as well as cross-default clauses which could cause several defaults in the event the Company is in default on any of its loan agreements. As of June 30, 2024, the Company was in compliance with all covenants under its term loans and convertible debentures.

- d) The capital leases relate to certain equipment and vehicles. The leases carry implied interest rates of between 5.40% and 7.36% (December 31, 2023 – 2.69% and 7.63%).
- e) During July 2022, the Company completed a US\$75.1 million senior secured term loan facility with KfW for the financing and construction of the Sangdong Project and received US\$16,900 (\$23,236) in conjunction with the first and second drawdowns on this loan facility during August 2022 as well as US\$9,487 (\$12,618) in conjunction with the third drawdown during November 2022, US\$5,640 in conjunction with the fourth drawdown received during April 2023, US\$9,858 in conjunction with the fifth drawdown received during August 2023, US\$13,685 in conjunction with the sixth drawdown received during November 2023 and US\$10,640 in conjunction with the seventh and eighth drawdowns received during July 2024. The loan bears interest at the rate of LIBOR plus 2.3%, capitalized quarterly, with repayment of principal quarterly over a 6.25-year period commencing six months subsequent to commencement of the mine's ramp-up period.

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- f) Payments are due under the terms of the Company's loans and leases for each of the following years ending June 30:

2025	4,052
2026	47,728
2027	37,301
2028	17,841
2029	34,811
	<hr/>
	141,733
Less: Unamortized discount	(242)
Less: Imputed interest on capital lease obligations	(10)
	<hr/>
	141,481

- g) Debt Continuity

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Balance, beginning of year	<hr/> <b>142,995</b>	105,871
Cash flows		
Issuance of debt	<b>25,213</b>	54,085
Scheduled debt repayments	<b>(22,879)</b>	(3,735)
Non-cash changes		
Refinancing	-	(10,449)
Amount settled with shares	<b>(5,963)</b>	-
Accrued interest	<b>333</b>	303
Amount reclassified to warrant liability	-	(474)
Amount reclassified to derivative liability	<b>(3,249)</b>	-
Translation adjustment and other	<b>5,031</b>	(2,606)
Balance, end of year	<hr/> <b>141,481</b>	142,995
Fair value of derivative liability	<hr/> <b>3,727</b>	491
	<hr/> <b>145,208</b>	143,486

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#### 9. Restoration Provision and Other Liabilities

- a) Included in other long-term liabilities are provisions for the future restoration of the Company's mining properties, in accordance with local requirements, as follows:

Balance at December 31, 2022	38,289
Revisions in estimated cash flows and changes in assumptions	(16,230)
Accretion expense	496
Translation adjustment	266
Balance at December 31, 2023	22,821
<b>Accretion expense</b>	<b>246</b>
<b>Translation adjustment</b>	<b>15</b>
<b>Balance at June 30, 2024</b>	<b>23,082</b>

As at June 30, 2024, there is a restoration provision of \$20,919 (December 31, 2023 - \$20,627) with respect to the Panasqueira Mine, representing management's estimate of the present value of the rehabilitation costs relating to the mine site which are estimated to total \$23,694 and are to be incurred after the mine ceases production subsequent to 2045. BTW has assumed an inflation rate of 2.0% per year in calculating its estimates and a discount rate of 0.35%.

There is a restoration provision of \$990 (December 31, 2023 - \$988) with respect to Daytal's future obligation to restore and reclaim the mine once it has ceased the processing of tungsten from the Los Santos Mine. The restoration provision represents management's estimate of the present value of the rehabilitation costs relating to the mine site which are estimated to total \$982 and are to be incurred beginning in 2027 after Daytal ceases processing operations. Daytal has used a 5.5% discount rate and assumes an inflation rate of 2% per year in calculating its estimates. The Company has filed, and is awaiting final approval of its mine plan and restoration provision by the relevant authorities in Spain. Banco Popular has posted a bank warranty of \$263 (€180) 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 mining property as required by Daytal's Environmental Impact Statement that forms a part of its mining and exploitation license on the Los Santos Mine.

There is a restoration provision of \$1,174 (December 31, 2023 - \$1,205) with respect to the Woulfe properties. The provision was determined based on a levy imposed by the relevant local government authority.

- b) Included in other long-term liabilities is \$397 (December 31, 2023 - \$436) related to employee benefit obligations in respect of government mandated pension plans in Woulfe's Korean subsidiary and in BTW.

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### 10. Share Capital

#### Common Shares

	Number of Shares	Amount \$
<b>Authorized - Unlimited number of common shares</b>		
<b>Issued and outstanding</b>		
Outstanding at December 31, 2022	215,980,494	119,383
Shares issued for cash	13,217,321	5,051
Shares issued on conversion of long-term debt	4,643,609	8
Shares issued on exercise of warrants	47,244	2,917
Outstanding at December 31, 2023	233,888,668	127,359
<b>Shares issued for cash</b>	<b>11,805,785</b>	<b>4,315</b>
<b>Shares issued on conversion of long-term debt</b>	<b>12,912,567</b>	<b>10,660</b>
<b>Outstanding at June 30, 2024</b>	<b>258,607,020</b>	<b>142,334</b>

During January 2023, the Company issued 2,500,000 CDI's, 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 AUD \$1.25, expiring December 31, 2024. The warrants were initially valued at \$568 and subsequently revalued at December 31, 2023 at \$80.

During February 2023, the Company issued 47,244 common shares pursuant to the exercise of warrants for proceeds totaling \$43.

During March 2023, the Company issued 141,769 common shares as settlement of a loan maturity date extension agreement for \$92 (€63) and issued 4,501,840 common shares as settlement of a debt of \$3,288.

During March 2023, the Company issued 4,861,111 CDI's for proceeds totaling \$3,185 (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 AUD \$1.25, expiring December 31, 2024. The warrants were initially value at \$578 and subsequently revalued at December 31, 2023 at \$156.

During November 2023, the Company received \$2,645 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.



## Almonty Industries Inc.

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During January 2024, the Company issued 10,329,251 common shares as settlement of a debt of \$9,265.

During January 2024, the Company issued 10,329,251 common shares upon conversion of long-term debt of \$9,224.

During February 2024, the Company issued 2,583,316 common shares as settlement of a debt of \$1,395.

During the six months ended June 30, 2024, the Company issued 5,354,172 common share units for proceeds totalling \$2,945 in conjunction with the closing of a non-brokered private placement. Each unit is comprised of one common share and one warrant, with each warrant enabling the holder to acquire one additional common with an exercise price of \$0.74, expiring two years from date of issuance.

During the six months ended June 30, 2024, the Company issued 6,451,613 CDI units for proceeds totaling \$3,548 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 AUD \$0.84, expiring two years from date of issuance.

#### **Warrants**

As at June 30, 2024, the outstanding warrants, all of which are exercisable, are summarized as follows:

	<b>Number of Warrants</b>
Warrants outstanding at December 31, 2022	3,257,137
Warrants issued	13,217,321
Warrants exercised	(47,244)
Warrants outstanding at December 31, 2023	16,427,214
<b>Warrants issued</b>	<b>11,805,785</b>
<b>Warrants outstanding at June 30, 2024</b>	<b>28,232,999</b>



# Almonty Industries Inc.

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Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$0.45 - \$0.59	2,222,222	2.33	\$0.45
\$0.60 - \$0.75	9,688,160	1.85	\$0.70
\$0.76 - \$1.15	16,322,617	1.06	\$0.99
	<b>28,232,999</b>	<b>1.43</b>	<b>\$0.85</b>

### Incentive Stock Options

Under Almonty's stock option plan, the Company can grant options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX. Options can be granted for a maximum term of ten years and vest at the discretion of the Company's Board of Directors. The existing plan was re-approved by Almonty's shareholders at its Annual and Special Meeting of Shareholders held on June 30, 2022.

As of June 30, 2024, the outstanding options, all of which are exercisable, are summarized as follows:

	Number of Share Options
Options outstanding at December 31, 2022	14,775,000
Options granted	2,600,000
Options expired	(300,000)
Options outstanding at December 31, 2023	17,075,000
<b>Options granted</b>	<b>2,275,000</b>
<b>Options cancelled</b>	<b>(450,000)</b>
<b>Options outstanding at June 30, 2024</b>	<b>18,900,000</b>

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$ 0.33 - \$0.75	9,025,000	4.04	\$0.53
\$ 0.76 - \$0.99	9,825,000	2.91	\$0.87
\$ 1.00 - \$ 1.23	50,000	6.73	\$1.23
	<b>18,900,000</b>	<b>3.46</b>	<b>\$0.71</b>

## Almonty Industries Inc.

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During November 2023, the Company granted 2,600,000 share options to directors, officers, employees and consultants of the Company pursuant to the Company's stock option plan. The options vested immediately and are exercisable for a period of five years from the grant date at \$0.52 per common share. The grant resulted in the recording of share-based compensation expense of \$774. The value of the stock options granted was determined using the Black-Scholes option pricing model using a risk-free interest rate of 3.81%, volatility of 64.34% based on historical volatility, expected life of 5 years, and no expected dividend yield.

During January 2024, the Company granted 1,000,000 share options to employees and consultants of the Company pursuant to the Company's stock option plan. The Options vested immediately and are exercisable for a period of five years from the grant date at \$0.56 per common share. The grant resulted in the recording of share-based compensation expense of \$312. The value of the stock options granted was determined using the Black-Scholes option pricing model using a risk-free interest rate of 3.32%, volatility of 62.99% based on historical volatility, expected life of 5 years, and no expected dividend yield.

During January 2024, the Company granted 1,275,000 share options to employees and consultants of the Company pursuant to the Company's stock option plan. The Options vested immediately and are exercisable for a period of five years from the grant date at \$0.56 per common share. The grant resulted in the recording of share-based compensation expense of \$312. The value of the stock options granted was determined using the Black-Scholes option pricing model using a risk-free interest rate of 3.32%, volatility of 62.99% based on historical volatility, expected life of 5 years, and no expected dividend yield.

#### 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 and are convertible into shares on a 1:1 basis. RSU's issued were valued based on the value of the underlying shares at the date of issuance.

Transactions related to RSUs are summarized as follows:

	<b>Number of RSUs</b>
Units, December 31, 2022	1,300,000
Units granted	450,000
<b>Units outstanding at December 31, 2023 and June 30, 2024</b>	<b>1,750,000</b>

During November 2023, the Company granted 450,000 RSU's to directors of the Company pursuant to the Company's RSU plan. The value of the RSU's granted was based on the value of the underlying shares at the date of issuance. The grant resulted in the recording of share-based compensation expense of \$18.

# Almonty Industries Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

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### 11. Income Taxes

The Company has the following non-capital tax losses that expire in the years indicated:

	Canada	Spain	Portugal	Korea
	CAD	EUR	EUR	CAD
2023	-	-	-	2,143
2024	2,092	-	-	24
2025	3,625	-	-	2,559
2026	2,260	-	279	1,787
2027	1,974	-	-	5
2028	-	286	2,722	3,288
2029	16	-	64	715
2030 or later	49,718	16,743	4,699	3,699
Non-Capital losses in local currency	59,685	17,029	7,764	14,220
<b>Non-Capital losses in CAD</b>	<b>59,685</b>	<b>24,963</b>	<b>11,382</b>	<b>14,220</b>
<b>Total Non-Capital losses in CAD</b>				<b>110,250</b>

### 12. Employee Compensation

The Company incurred costs of \$5,622 with respect to the costs of employee compensation and benefits for the three months ended June 30, 2024 (three months ended June 30, 2023 - \$3,894).

### 13. Segment Information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

Management monitors the business of the Company as a single commodity segment, whose operations relate to the exploration and mining of tungsten across three geographical locations; the Iberian Peninsula (Spain and Portugal), Australia (2018), and the Republic of Korea.

For management reporting purposes, the Company is organized into business units based on its products and activities, and has four reportable operating segments, as follows:

- The Los Santos Mine located in Spain whose operations relate to the exploration and mining of tungsten that is ultimately sold as tungsten concentrate;
- The Panasqueira Mine located in Covilha Castelo Branco, Portugal whose operations relate to the exploration and mining of tungsten which is ultimately sold as tungsten concentrate, as well as the production of copper and tin concentrate by-products that are sold as concentrate;
- The Valtreixal Project located in Spain whose operations relate to the exploration and evaluation activities of the Valtreixal tin/tungsten project; and

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### **Notes to the Interim Condensed Consolidated Financial Statements**

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- Woulfe, whose properties are located in Gangwon Province, Republic of Korea, and whose operations relate primarily to the development of the Sangdong Project.

The Company monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income (losses) from mining operations and is measured consistently with income (losses) from mining operations in the consolidated financial statements.

The accounting policies used by the Company in reporting segments internally are the same as those contained in Note 3.

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Segmented information for the three and six months ended June 30, 2024 and 2023 is as follows:

Six months ended June, 30, 2024	Los Santos	Valtreixal	Woulfe	Panasquiera	Corporate	Consolidated
Revenue	-	-	-	15,762	-	15,762
Production costs	-	-	-	12,834	-	12,834
Care and maintenance costs	527	-	-	-	-	527
Depreciation and amortization	11	-	-	573	-	584
<b>Earnings (loss) from mining operations</b>	(538)	-	-	2,355	-	1,817
<b>Expenses</b>						
General and administrative	544	9	(6)	1,082	1,379	3,008
Share-based compensation	-	-	-	-	935	935
Interest expense	32	8	-	-	2,511	2,551
Loss (gain) on valuation of embedded derivative liabilities	-	-	-	-	2	2
Loss (gain) on valuation of warrant liabilities	-	-	-	-	(406)	(406)
Foreign exchange loss	2	4	7,975	(8,021)	1,337	1,297
<b>Income (loss) before income taxes</b>	(1,116)	(21)	(7,969)	9,294	(5,758)	(5,570)
<b>Capital expenditures</b>	1	59	15,505	163	-	15,728
<b>As at June 30, 2024</b>						
<b>Assets</b>						
Current	1,225	81	7,143	8,586	3,642	20,677
Non-current	30,841	8,372	143,386	27,887	-	210,486
<b>Total Assets</b>	32,066	8,453	150,529	36,473	3,642	231,163
<b>Total Liabilities</b>	4,263	1,739	76,306	27,020	71,567	180,895
<b>As at December 31, 2023</b>						
<b>Assets</b>						
Current	1,171	47	24,888	9,655	479	36,240
Non-current	30,782	8,294	131,577	28,441	-	199,094
<b>Total Assets</b>	31,953	8,341	156,466	38,096	479	235,334
<b>Total Liabilities</b>	4,992	2,086	74,610	27,800	77,338	186,826

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Three months ended June 30, 2024	Los Santos	Valtreixal	Woulfe	Panasquiera	Corporate	Consolidated
Revenue	-	-	-	7,938	-	7,938
Production costs	-	-	-	6,169	-	6,169
Care and maintenance	264	-	-	-	-	264
Depreciation and amortization	5	-	-	289	-	294
<b>Earnings (loss) from mining operations</b>	(269)	-	-	1,480	-	1,211
<b>Expenses</b>						
General and administrative	286	4	28	520	695	1,533
Share-based compensation	-	-	-	-	543	543
Interest expense	33	-	-	-	1,095	1,128
Gain on valuation of embedded derivative lia	-	-	-	-	(79)	(79)
Loss on valuation of warrant liabilities	-	-	-	-	(515)	(515)
Foreign exchange loss (gain)	(7)	-	5,268	(5,225)	358	394
<b>Income (loss) before income taxes</b>	(580)	(4)	(5,296)	6,185	(2,097)	(1,793)
<b>Capital expenditures</b>	-	20	6,278	62	-	6,360

Three months ended June 30, 2023	Los Santos	Valtreixal	Woulfe	Panasquiera	Corporate	Consolidated
Revenue	-	-	-	5,533	-	5,533
Production costs	-	-	-	5,285	-	5,285
Care and maintenance	254	-	-	-	-	254
Depreciation and amortization	5	-	-	230	-	235
<b>Earnings (loss) from mining operations</b>	(259)	-	-	18	-	(241)
<b>Expenses</b>						
General and administrative	157	(2)	(31)	660	677	1,461
Share-based compensation	-	-	-	-	180	180
Interest expense	47	-	-	-	985	1,032
Gain on valuation of embedded derivative liabilities	-	-	-	-	(92)	(92)
Loss on valuation of warrant liabilities	-	-	-	-	(268)	(268)
Foreign exchange loss (gain)	-	-	1,339	(1,655)	(770)	(1,086)
<b>Income (loss) before income taxes</b>	(463)	2	(1,308)	1,013	(712)	(1,468)
<b>Capital expenditures</b>	8	10	10,760	203	-	10,981

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Information by geographical region is as follows:

Country	Revenue		Non-current Assets	
	Six months ended	Six months ended	June 30,	December 31,
	June 30,	June 30,	2024	2023
	2024	2023		
Portugal	15,762	12,630	27,887	28,441
Spain	-	-	39,213	39,076
South Korea	-	-	143,386	131,577
<b>Total</b>	<b>15,762</b>	<b>12,630</b>	<b>210,486</b>	<b>199,094</b>

#### 14. Financial Instruments, and Financial Risk Management Objectives and Policies

##### Fair Value Hierarchical Levels

Fair value hierarchical levels are directly determined by the amount of subjectivity associated with the valuation inputs of these assets and liabilities, and are as follows:

- Level 1 - Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to determining the estimate.

The carrying value of cash, trade receivables and accounts payable and accrued liabilities approximates their fair value due to their short terms to maturity. The accounts receivable associated with provisional pricing arrangements are a level 2 fair value estimate and are valued based upon observable WO<sub>3</sub> forward prices as of the reporting date. The fair value of long-term debt is a level 2 fair value estimate and is not materially different from the carrying value based on current market rates of interest, or interest rates set at relatively short time intervals.

##### Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash deposits and long-term debt.

The main purpose of these instruments is to provide cash flow funding for the operations of Almonty and its subsidiaries. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

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### *Interest rate risk*

The Company'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, \$104,829 is subject to floating interest rates and \$36,653 is subject to fixed interest rates. A portion of the floating rate debt totaling \$1,891 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 \$19 change in annual interest costs. The remaining floating rate debt of \$84,495 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 \$845 change in annual interest costs.

### *Foreign currency risk*

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 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 dollars but it advances funds to subsidiaries in the functional currency of the subsidiary to which funds are advanced. As such, the Company's consolidated balance sheet and profit or loss can be significantly affected by movements in various currencies (CAD\$, US\$, € and KRW).

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

	<b>Currency</b>	<b>Carrying Value (\$)</b>
Cash and cash equivalents	US \$	345
Accounts payable and accrued liabilities	US \$	8,808
Accounts payable and accrued liabilities	AUS \$	378
Accounts payable and accrued liabilities	KRW	2,279
Long-term debt	US \$	100,397
Long-term debt	EURO €	29,844

A 5% change in the value of the CAD\$ relative to the above currencies would change net income for the six months ended June 30, 2024 by approximately \$7,068.

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

	<b>Currency</b>	<b>Carrying Value (\$)</b>
Cash and cash equivalents	US\$	194
Trade receivables	US\$	1,157



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A 5% change in the value of the Euro relative to the above currencies would change net income for the six months ended June 30, 2024 by approximately \$68.

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

	Currency	Carrying Value (\$)
Accounts payable and accrued liabilities	US\$	1,724
Long-term debt	US\$	84,495

A 5% change in the value of the Korean Won relative to the above currencies would change net income for the six months ended June 30, 2024 by approximately \$4,311.

#### *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 are deposits. The carrying value of the cash and cash equivalents, trade receivables and deposits totals \$10,396 and represents the Company's maximum exposure to credit risk.

The Company's credit risk associated with its trade receivables is concentrated due to the fact the majority of revenues are earned from two customers (2023 – two).

#### *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 for debt maturities) and equity in order to maintain liquidity. The Company'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. In addition to the items presented below, the Company has a mine reclamation liability of \$23,625 payable at the end of mining activities. Contractual undiscounted cash flow requirement for financial liabilities as at June 30, 2024 are as follows:

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	Less than 1 year	1-2 years	3-4 years	Total
Accounts payable and accrued liabilities	22,671	-	-	22,671
Term and other loans - Euro	2,669	18,656	3	21,328
Term and other loans - US dollar	-	8,212	-	8,212
Convertible debentures	1,357	25,986	-	27,343
Lease liabilities	28	69	7	104
Mine Construction Facility	-	31,854	52,642	84,496

#### 15. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure (composed of shareholders' equity and net debt) and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, Almonty may initiate dividend payments to shareholders, return capital to shareholders, repurchase issued shares or issue new shares. Almonty monitors capital using a gearing ratio, which is net debt, divided by equity plus net debt. Almonty's policy is to maintain the gearing ratio between 5% and 40%. Net debt for this purpose includes interest-bearing loans and borrowings and trade and other payables, less cash and cash equivalents and receivables from government tax authorities. Almonty is not exposed to any externally imposed capital requirements.

	June 30, 2024	December 31, 2023
Accounts payable and accrued liabilities	22,671	31,469
Long-term debt	132,779	130,067
Less: Cash and receivables	(10,347)	(24,698)
Net debt	145,103	136,838
Shareholders' equity	50,268	48,508
Equity and net debt	195,371	185,346
Gearing ratio	74.3%	73.8%

#### 16. Commitments and Contingent Liabilities

Daytal owns the Los Santos Mine, near the town of Los Santos, Salamanca in western Spain. Daytal rents the land where the Los Santos Mine is located from local property owners and municipalities. The leases range from 10 to 25 years and have expiry dates in 2032. On all leases greater than 10 years, Daytal has the right to terminate the leases under certain circumstances

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without penalty. Annual lease commitments total approximately \$393 payable throughout the year on the anniversary dates of the individual leases.

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 pays minimal land taxes and there are no other royalty payments associated with the license. 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.

The Company's operations are subject to other claims and lawsuits from time to time, including any claims related to suppliers, employees or other parties. However, these are not expected to result in a material impact on the financial statements.

### **17. Related Party Transactions**

For the six months ended June 30, 2024, 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 \$678 (2023 - \$653).

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), interest of \$435 was accrued on the DRAG loans during the six months ended June 30, 2024 (2023 - \$231). As of June 30, 2024, there is \$4,718 (December 31, 2023 - \$4,283) of unpaid interest on these loans included in accounts payable and accrued liabilities.

### **18. Subsequent Events**

Subsequent to June 30, 2024, the Company entered into the following transactions:

- 1) Received the seventh and eighth drawdowns, totaling US\$10,640, on the KfW project financing loan;
- 2) Granted stock options enabling the holders to acquire up to 3,030,000 common shares of the Company with an exercise price of \$0.66 per share, expiring five years from date of grant; and
- 3) Granted 2,100,000 RSUs to two directors at \$0.66 per share.