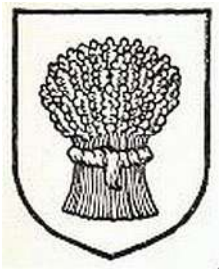
Sunday, June 29, 2025



HALLGARTEN + COMPANY

Coverage Update

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Almonty Industries

(TSX: AII | ASX: AII | OTCQX: ALMTF | FSE: ALI)

Strategy: LONG

Key Metrics	
Price (CAD)	$4.27
(AUD)	$3.55
12-Month Target Price (CAD)	$5.40
Upside to Target	26%
12mth high-low (CAD)	$0.59 to $4.34
Market Cap (CAD mn)	$1,207.56
Shares Outstanding (mns)	282.8
Warrants	36.8
Options	22.1
RSUs	4.8
Fully diluted	346.4

Almonty Industries

Right Metal at the Right Time

- + **The massive upsurge in international instability, including wars and quasi-wars, has accentuated the centrality of Tungsten to high-tech effective weaponry**
- + **Tungsten´s essential uses in industrial and military applications is driving the resurgence of interest, particularly from Western governments**
- + **Almonty shall shortly be the largest Tungsten producer outside China when its Sangdong mine in Korea starts up in 2H25**
- + **Almonty is the largest producer of Tungsten in Portugal, and when it reactivates its Los Santos mine in Spain will again be the largest Tungsten producer in Europe**
- + **The Chinese export ban (and associated sabre-rattling) has backfired, resulting in rising non-Chinese production**
- + **The Tungsten price has moved definitively above $400 per MTU of APT and it is likely to breach $500 per MTU in the near future**
- + **Redomiciling to the US has put Almonty firmly on the radar of the Pentagon, with a NASDAQ listing sure to enhance this focus**
- × **While positive for Almonty, the paucity of credible other challenges to Chinese hegemony in Tungsten leaves the West and its militaries vulnerable**
- × **China still has the firepower to cause damage by predatory actions (e.g. on price) to the downside**

A Wake-Up Call to the Industrial-Military Complex

Peace may have broken out briefly in the Middle East but conflict is now a constant at the global level. Such is the pace of events that it was only one month ago that India and Pakistan were at loggerheads and escalation looked imminent but then upon the defusing of that tension other events stepped up to take the limelight. The Ukraine war and the Gaza Insurgency provide the background music to a slew of more recent outbreaks including the so-called 12-Day War between the eternally sparring foes of Iran and Israel.

There are two key factors here, firstly the conflicts that are going on are burning through long cosseted stockpiles or munitions and critical materials held by the combatant states (and their sponsors). Russia, for example did not need to expend any of its hard-won Tungsten stocks after the end of the USSR's

adventure in Afghanistan. Now its supplies have been flying to oblivion for over two years in its struggle. The NATO countries have similarly whittle down their rain-day stocks, while the US has been frittering away metals and munitions on various supportive missions.

The second factor to consider is the pivot in Western attitudes in a very short time span. Most NATO states (particularly those in the EU) have long posited that "there is no threat" so underspent on their militaries. Now they have done a total about-face and "there is a threat" is now the mantra and there is a race to boost military spending as a percentage of GDP from an average of a bit over two percent to closer to five percent. They have run into little resistance as yet. Money they have aplenty, but their limitation will be availability issues with critical metals.

As recent events, particularly tit-for-tat missile exchanges, have shown that *materiel*, where Tungsten is a key decider in effectiveness in combat (due to its piercing nature when applied to projectiles) is being expended on a daily basis. This is occurring at a far greater rate than its replacement by the few mines operative in the West can manage, and comes with the long-awaited concomitant surge in pricing, pressing the price of APT towards $500.

The only major mine in the offing is the Sangdong facility of Almonty, now merely months away from production, with the offtakes being eagerly (almost desperately) sought by those Western consumers, miliary or industrial, that have been shut out by China's dual-use export licensing regime.

In this Coverage Update, we shall review the current geopolitical scene, Tungsten as a military metal (particularly in relation to weaponry that is in the headlines), the projects that Almonty is advancing and where they are on the continuum towards production at Sangdong (and other projects) at this point.

Almonty Rising

As a result of this early sponsorship, and a series of astute buys, Almonty will shortly dominate the non-Chinese production of Tungsten when its "new" mine, Sangdong, in Korea gets into its stride. Management asserts that this mine added to Panasqueira's output have the potential to produce 35-40% of the world's Tungsten supply (ex-China output).

Almonty´s principal asset is the 100%-owned Sangdong Tungsten/Molybdenum project located in South Korea, which is on the cusp of production. The Panasqueira mine in Portugal is the company's leading producing asset for the moment. Almonty began its public company existence Los Santos open-pit mine, which is located approximately 50 kilometres from Salamanca in western Spain. The Los Santos mine came to the end of its (open pit) mine-life recently. Potential exists for underground expansion and tailings reprocessing at the site. Ergo, the processing facilities are being kept on Care & Maintenance.

Finally, there is the Valtreixal Sn-WO_3 project which is located in the northwestern Spanish province of

Galicia, approximately 250km from the Los Santos mine. The company is keeping its powder dry thus far on this greenfield project which is relatively near to Los Santos, thus offering potential synergies.

A key differentiator between Almonty and some of the other players is that Almonty has not pursued, as yet, a vertical integration strategy. At least not thus far, though plans are firming up to enhance its exposure to value-added in the production chain. We note the potential to do this is South Korea, but such potential also exists within the EU in light of the company's pre-existing Tungsten assets in Iberia.

For more details on existing, recent and future production assets please see Appendix I.

Geopolitics

It is said that "It ain't over til the Fat Lady sings…" and this is never truer than at the current time when a confused scene in Ukraine and the Middle East (not to mention other global hotspots like Rwanda/DRC) is further muddied by supposed ceasefires which last days, if not hours, and sometimes never materialize as the fighting goes on by other means than meets the eye.

We would not dare to pick the location of the next outbreak of rancour but what can be said is that the world is more multipolar than ever and the long-distance high impact missile is now a "must-have" for everyone.

Alliances work until they don't. To summarise, India and Pakistan nearly went to war with Russia close to India and China close to Pakistan, with India and China having come to blows in recent years. Then Pakistan and Iran had been exchanging fire in recent years and yet Pakistan aiding Iran and Iran supporting Iran (because of its need for oil. There is Russia and China (and North Korea) supporting Iran most recently and Qatar (host and funder to Al Jazeera), a close interlocutor with Iran, and sometimes opposed to Saudi Arabia (and definitely opposed to Israel) while Bahrain does not get on with Saudi Arabia, despite Qatar and Bahrain both housing significant US bases. Turkey is now seen as friend of most and also regarded as an expansionist neo-Ottoman foe. Then, need we mention Syria, the sleeper state, Iraq, Lebanon or the Houthis in Yemen?

European states are upping in their military preparedness, budgets and equipment just in case the US cannot be relied upon. Struggles in Africa have been largely internal in recent decades (Ethiopia, South Sudan etc) but the proxy-led incursion of Rwanda into the DRC using rebels might be a mode for other regional land grabs with resources being the attraction to interlopers.

Thee recent events, in a relatively small region of the Middle East, implies that every country needs to arm-up for a conflict coming from a myriad of different directions. Qatar never imagined it would become a target of all this political Kabuki theatre, shooting down missiles from its "friend" Iran. The weapons of choice are missiles, drones and the defensive measures thereto. Does this mean that ground wars are out? Not at all, as the ISIS years and the swift collapse of the old Syrian regime plus the "war" in Gaza show.

Change is the only variable and countries and their militaries need to be geared up for multiple different types of responses to multiple different threats or modes of attack.

Lessons Learnt

When Deng Xiaoping was asked for his view on the French Revolution, he reportedly commented that it was “too early to say”. We find itself in a similar situation when assessing the events of recent times. In the immediate aftermath of the “12-Day War”, one can say that this was a war in which nary a bullet was fired which makes it a unique event in world history. What was fired though was massive barrages of missiles in a tit-for-tat interchange that caused many in military circles, the political halls of power and the man in the street to wonder if there was not a new paradigm being established.

With a “war” dominated by drones, missiles and interceptors thereof (with a few planes thrown in) it became a sort of battle of the skies with the populaces (and armies) mere spectators of a light show unless any of the aforementioned weapons happened to come down on them. Of the three components of this lethal interchange, the missiles proved the most effect and these are the armaments most likely to have a Tungsten component (beyond the bunker buster bombs as discussed anon).

It is easy to then argue that short surgical strikes (the new equivalent of Blitzkrieg) will be the future norm but then again the Ukraine invasion (supposed to be “over by Christmas”) and the Gaza Insurgency (with its ragtag entrenched defenders) shows that long and brutal struggle is not relegated to the history books.

Tungsten as <u>THE</u> Military Metal

Long known for its role in lighting filaments, drill bits and cutting and machining tools, the military side of Tungsten´s usage has been seldom trumpeted… that is, until now.

If we had to choose a metal to crown as the military metal *par excellence* it would undoubtedly be Tungsten for its usage in shells and in armour-plating to resist said shells. Tungsten’s essential industrial and military place has been well known since the 1940’s. During WW2, Iberia (Spain & Portugal), Sweden and the US were important producers of this critical military metal, which precipitated ferocious competition, politically and strategically, from both sides in the conflict to get their hands on this metal.

The factors that make Tungsten the key metal for the industrial-military complex are:

- It is used in making bulletproof vehicles, armored tanks, and other kinds of protective equipment designed to withstand the high-speed impact of bullets. This is due to the hardness of Tungsten. And this property, as well as others, can be enhanced through alloying to yield stronger composite materials.

- It is used in making armor-piercing rounds. These are designed to pierce through protective armor and vehicles designed to be bulletproof. Tungsten can tolerate high levels of shock and does not easily shatter.

- It is used in making high-speed cutting tools. These tools are usually made of high-speed steel, and they cut much quicker than ordinary carbon steel. Tungsten's ability to withstand high temperatures makes it indispensable in fabricating these tools and when cutting at such high speeds.

- Tungsten is also used in the manufacturing of rocket and aircraft parts. It is instrumental in manufacturing parts like engines because of the high temperatures they have to withstand. Tungsten has a high thermal resistance and can withstand high temperatures without defect.

Bunker Busters

Much has been said about bunker-busting bombs in recent times. Röchling shells were bunker-busting artillery shells, developed by the German engineer August Coenders, based on the theory of increasing sectional density to improve penetration. They were tested in 1942 and 1943 against Belgian fortifications. The US BLU-109 bomb is intended to penetrate concrete shelters and other hardened structures before exploding. It entered service in 1985. Israeli F-15I fighter jets are believed to have used BLU-109s in the strikes that killed Hezbollah leader Hassan Nasrallah in Beirut in September of 2024.

The GBU-57, weighing up to 30,000 lbs, is designed to penetrate hardened bunkers, particularly those located deep underground, and is among the heaviest and most powerful non-nuclear bombs in the US arsenal and has seen service in recent Middle East hostilities. While the exact formulation of the metal components of such a bomb is not public information, one can still feel confident that Tungsten would be required for the warhead of the bomb to maximise the penetration of concrete, steel and other metals reinforcing the target.

An academic study from the University of Leicester in the UK in 2021 found that the effectiveness of a 10m Tungsten rod, dropped from Low Earth Orbit (LEO), evaluated as a practical bunker buster, was found to impact at the surface at Mach 23, producing a non-explosive yield ≈417 times that of the GBU-57 Massive Ordnance Penetrator (MOP), while having a similar penetration through soil and a maximum depth of 22 m through solid steel.

The amount of Tungsten required for such a weapon is certainly a quantum greater than that used in any other ordnance up until now.

The China Factor

China which has long distorted the Tungsten market, much as it has distorted the pricing mechanisms in so many other metals. The post-Covid recovery in the global economy, combined with increased military budgets, making it harder for China to maintain low prices (to maintain its dominance). Moreover, China's attempts to overrun the machine tool sector through its Tungsten dominance put Western manufacturers of this equipment on notice that they need guaranteed non-Chinese supplies to evade predatory Chinese manouevres. New protection measures such as tariffs and import restrictions by the U.S. should help protect domestic production.

Paradoxically, aggressive Chinese waving of the "big stick" of export controls have backfired in heightening Western awareness that it needs to proactively counteract these malign actions. Initially, the latest Chinese measures roiled sentiments, but not prices, in the Tungsten market, but now the price of APT has moved definitively higher. When the history books are written the measures will be seen as a longer-term driver of Tungsten prices and may also be seen as a catalyst for the eclipse of China as the sole decisive factor in the Tungsten.

On the 3rd of December 2024, China announced stringent export restrictions on "dual-use" technologies for both civilian and military use, specifically targeted at the United States, including Tungsten, Gallium, Germanium, and Antimony.

The latest Chinese export bans extend to super-hard materials, including Tungsten, which is indispensable for weapons manufacturing, cutting tools, and aerospace technologies.

The new restrictions had two notable aspects:

- It was the first time Chinese critical minerals export restrictions were targeted at the United States rather than all countries
- It was the first time restrictions on critical minerals were a direct response to restrictions on advanced technologies

These restrictions have significantly disrupted global supply chains, amplifying the urgency for Western nations to secure independent sources of critical minerals. China's dominance in critical mineral production, bolstered by subsidies and control over key raw materials from Africa, and to a lesser extent Latin America, continues to pose challenges for nations reliant on these essential resources for advanced technologies, including semiconductors, defense applications, and clean energy solutions.

Some interpreted the export bans/restrictions as a sign that critical mineral security was now intrinsically linked to the intensifying tech trade war. However, we regarded the Gallium/Germanium measures in 2023 as specifically linked to tech (namely semi-conductors), while we have interpreted the dual-use ban on Tungsten as distinctly military-linked.

Interestingly though the most recent USGS Tungsten Review states that import sources (2019–22) for the US of ores, concentrates, and other forms were: China at 27%; Germany at 12%; Bolivia at 9%; Vietnam at 8%; and others at 44%. In light of rising non-Chinese production, the dual-use ban might only serve to accelerate the erosion of China´s market share and thus dominance.

The ADI Partnership - Building Traction in Washington

In mid-March of 2025, the company announced that it had entered into a strategic partnership agreement with American Defense International, Inc. (ADI), a prominent government relations and business development firm based in Washington, D.C. ADI was founded in 1995 and consists of a team of former senior government officials, military officers, and congressional aides. It represents over 100

organizations to government, including companies such as SpaceX, across 11 countries.

This arrangement represented a significant strengthening of Almonty's strategy of positioning itself to support the U.S. Federal government as well as the American defense and technology industries. The collaboration with ADI has enhanced Almonty's positioning already in harvesting the growing demand for reliable (and non-Chinese) Tungsten and Molybdenum supply chains to supply the needs of the U.S. defense and technology sectors.

Shortly thereafter, in May 2025, Almonty was invited to join the Critical Minerals Forum (CMF), a U.S. Department of Defense–backed initiative supported by the Defense Advanced Research Projects Agency (DARPA). The CMF promotes enhanced cooperation among industry, academia, and government to help secure the supply of critical minerals, including Tungsten. This invitation essentially brings the company "within the Big Tent" in Washington as recognition of its potential to be a key contributor to the diversification and resilience of the critical mineral supply chain of the United States.

Following on from that, in June of this year, the company received official recognition from the *U.S. House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party* in the form of a letter highlighting Almonty's strategic role in reinforcing the independence of critical mineral supply chains and supporting national efforts to strengthen industrial resilience.

For more on the US pivot on Tungsten please refer to Appendix II.

Sangdong - the Next Big Thing in Tungsten

The Sangdong Mine is uniquely positioned to address these supply chain challenges. The development of Sangdong represents a significant step toward reducing reliance on China while contributing to the global effort of "friendshoring" critical minerals. Notably, 45% of Sangdong's potential long-term tungsten output is already committed to the United States through a long-term supply agreement with Global Tungsten & Powders, that is based in Pennsylvania.

With production expected to ramp up from mid-2025, Sangdong is poised to serve as a cornerstone for Western Tungsten supply chains, ensuring greater stability and security in the face of rising demand and geopolitical uncertainty.

Offtakers from Sangdong

However, the South Korean market is low-hanging fruit considering that it is the largest per capita consumer of Tungsten worldwide, yet it imports 94.7% of Tungsten used with 92.8% of its Tungsten oxide being sourced from China. Other considerations include:

- South Korea consumes ~40% of Tungsten Hexafluoride (WF_6), which is used in semiconductor production. South Korean semiconductor market accounts for 20% of the supply, where exports rose in 2021 by 28.4%

- Semiconductors & electronics from the automotive, industrial and consumer electronics industries powered by constant digitalization of all industries and daily life
- The expanding electric vehicle (EV) market is driving advancements in battery technologies, including the development of Niobium Tungsten Oxide (NWO) batteries and upgrades to existing ones. The use of nano tungsten oxide Powder, known for its high intrinsic density, rich framework diversity, and exceptional heat resistance, contributes to increased safety features.
- South Korea ranks in the leading ten defense manufacturers and is continuing to extend its production

In March 2018, Almonty entered into a 10-year offtake agreement (extended to 15-years in February 2020) for Tungsten concentrates from Sangdong with US-based Global Tungsten & Powders, a shareholder of the company. GTP guarantees to purchase the material at a floor price of US$235 per MTU. The offtake agreement is unique in not having an upside cap.

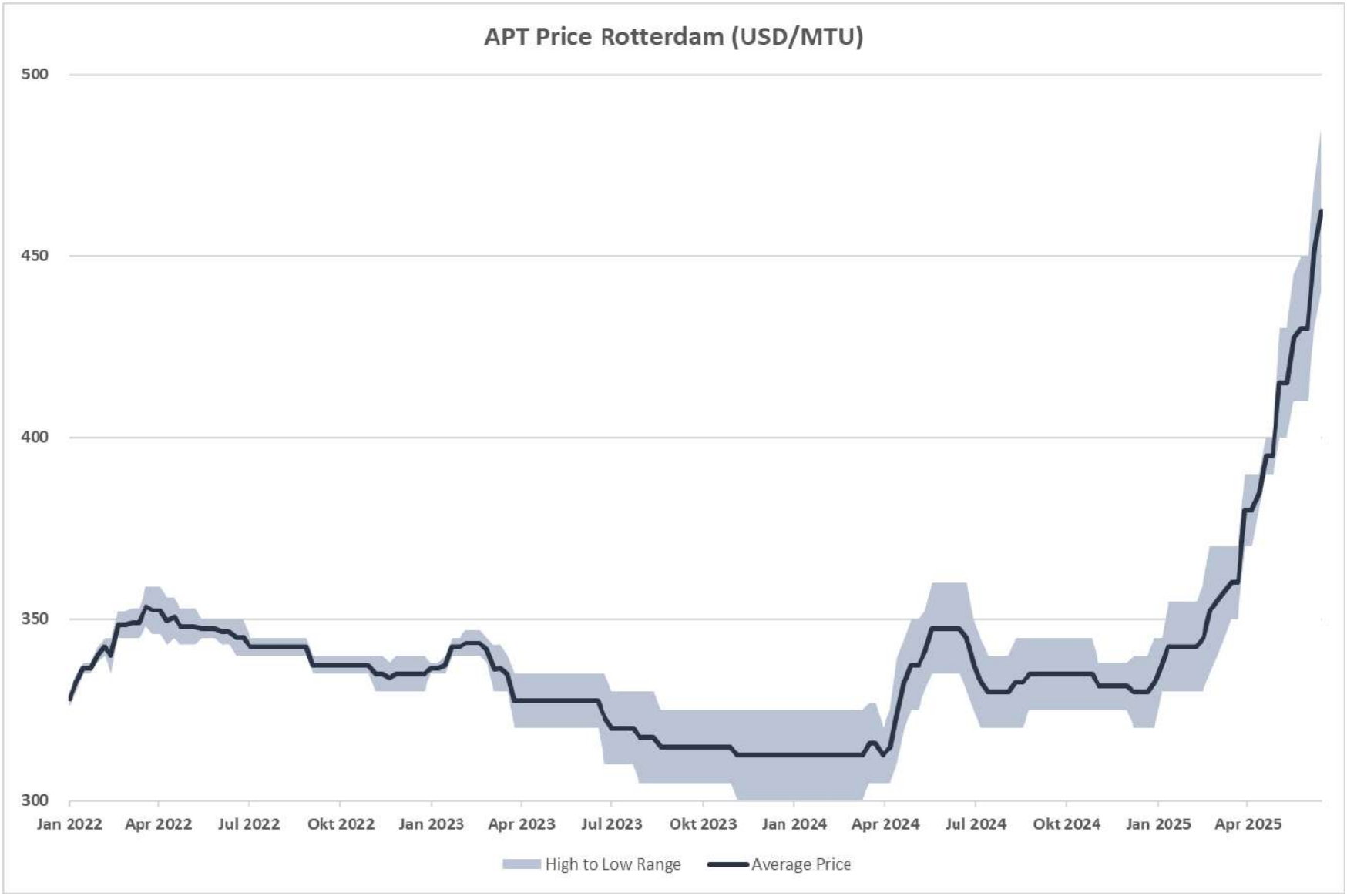
Then in May of 2025, Almonty announced the execution of a binding Offtake Agreement with Tungsten Parts Wyoming, Inc., a U.S.-based defense contractor, and Metal Tech, a Tungsten processor based in Israel, under which TPW committed to purchase a minimum of 40 metric tons of tungsten oxide per month. Interestingly there is a condition that all material supplied is to be exclusively used in U.S. defense applications, including use in missile, drone, and ordnance systems. MT, acting as the designated processor, will convert the tungsten oxide into tungsten metal powder in Israel or the United States, with all processed material intended solely for TPW's U.S. defense production programs.

Deliveries will commence upon Almonty's initial production of tungsten oxide in commercially saleable quantities and will be subject to a hard floor price comparable with in-place existing floor prices, subject to grade-specific adjustments in accordance with the terms of the agreement, and with no cap on the upside. The agreement has an initial term of three years from the date of first delivery, subject to early termination, with automatic annual renewals thereafter.

Pricing

Tungsten is one of those metals where the wild ride in pricing since 2008 made it particularly difficult to plan a company's long-term trajectory. Now the trend is turning positive again with a firming price meeting a marketplace that has been deprived of new projects and seen most of the explorers vaporize. Even though the recovery is now in place Tungsten is a metal that has failed to capture the market's interest due to generalized ignorance of Tungsten and its supply/demand dynamics.

The Tungsten price was largely rangebound from 2022 through to late 2024 as many other metals wilted in the backwash from China's abandonment of the Zero Covid policy. This placidity meant that few were attracted into the space, and those that were already pursuing Tungsten projects did so in a *sotto voce* manner due to generalized investor disinterest. This has now "turned on a dime" and Tungsten has recently awoken from a long static period and is challenging the highs of early last decade.



Source: Fastmarkets/Almonty Industries

Increased Tungsten usage by military and industrial users should lead to increased competition for Tungsten concentrates in the global market between Chinese and non-Chinese processors and consequently result in an improving price structure for Tungsten and its products in the future. A jump in the price of APT to over $600 is now not be unthinkable.

It is worth noting though that the current price is still below the nearly US$470 per MTU of Ammonium Paratungstate that was achieved in the first half of 2011. While the wild gyrations pushed APT prices to levels which fired up the industry it was those movements which ultimately ended most of the players in the space.

Our latest projections are shown on the table at the right. As the preceding price chart indicated APT prices have risen by $50 per MTU in mere weeks, when previously this might have taken a year. We would not be surprised to see Tungsten breach $500 per MTU in coming weeks. At this pace, $600 before year end would not be surprising.

Tungsten APT Pricing

Year end	MTU (US$)
2023	$312
2024	$330
2025e	$610
2026e	$650

This may seem ambitious but utilizing an inflation rate calculator the rise of 42.9% (in the US) between 2011 and now would signal a price in real terms of $672 per MTU.

Earnings

The table on the following page shows Almonty´s sales revenues and earnings in recent years up until the last reported results for the March quarter of FY25. The challenge in projecting further forward is that Almonty does not publish volume numbers or unit costs, thus making projecting forward using past volumes is impossible. To further muddy the waters the past includes Los Santos output which is now terminated (though with Care & Maintenance charges, as the mine is likely to reopen in an underground scenario with tailings reprocessing also a possibility). Other considerations of note are:

- The potential onset of production at Sangdong in the second half of 2025
- The potential to substantially increase production while decreasing OPEX per unit of volume under the L4 plan for Panasqueira
- The still unknown effect on prices of various actions being taken by China (et al.) at the current time
- Will price rises be exponential or geometric (as we have seen in Antimony)?

The price rise in recent times should trigger warrant exercise which will enhance the cash balance but also potentially reduce the Loss on Warrant Liability line item.

Almonty Industries

FY ended December

CAD mns	1Q25	FY24	4Q24	3Q24	2Q24	1Q24	FY23	4Q23	3Q23	2Q23	1Q23	FY22	FY21
Revenue	7.908	28.836	6.280	6.794	7.938	7.824	22.510	5.421	4.459	5.533	7.097	24.796	20.847
Cost of Mining	6.588	24.679	6.238	5.607	6.169	6.665	19.328	4.743	3.572	5.285	5.728	19.987	19.565
Depreciation/Amortization	0.288	1.120	0.270	0.266	0.294	0.290	1.077	0.280	0.312	0.235	0.250	1.298	1.783
Care & Maintenance	0.280	1.067	0.275	0.265	0.264	0.263	1.022	0.258	0.255	0.254	0.255	0.964	0.848
Impairmant reversal													(4.136)
Gross Profit	0.752	1.970	(0.503)	0.656	1.211	0.606	1.083	0.140	0.320	(0.241)	0.864	2.547	2.787
SG&A Expenses	3.406	6.153	1.806	1.339	1.533	1.475	5.816	1.628	1.038	1.461	1.689	6.145	6.380
Non-cash compensation	0.851	2.734	0.335	1.464	0.543	0.392	1.141	0.835	0.024	0.180	0.102	3.811	1.513
Interest Expense (Income)	1.206	4.568	0.969	1.048	1.128	1.423	4.305	1.194	1.112	1.032	0.967	3.863	3.487
Financing fees			-				0.739	-			0.739	0.742	
Gain on derivative liabilities	2.909	0.630	0.294	0.334	(0.079)	0.081	(0.432)	(0.052)	(0.165)	(0.092)	(0.123)	(0.521)	(0.133)
Loss on warrant liabilities	25.810	2.032	1.728	0.710	(0.515)	0.109	(1.227)	(0.074)	(0.456)	(0.268)	(0.429)	(0.293)	
Forex loss (Gain)	1.100	1.779	(0.220)	0.702	0.394	0.903	(0.489)	(0.227)	0.592	(1.086)	0.232	2.934	(0.215)
Total Operating Expense	35.282	44.762	4.912	5.597	3.004	4.383	9.853	3.304	2.145	1.227	3.177	16.681	11.032
Operating Income	(34.53)	(15.93)	(5.42)	(4.94)	(1.79)	(3.78)	(8.77)	(3.16)	(1.83)	(1.47)	(2.31)	(14.13)	(8.25)
Loss (Gain) on Sale of Assets													
Income Before Tax	(34.53)	(15.93)	(5.42)	(4.94)	(1.79)	(3.78)	(8.77)	(3.16)	(1.83)	(1.47)	(2.31)	(14.13)	(8.25)
Income Tax	0.092	0.372	(0.011)	0.378	-	0.005	0.067	(0.008)	0.045	(0.073)	0.103	0.356	(0.492)
Income After Tax	(34.62)	(16.30)	(5.40)	(5.32)	(1.79)	(3.78)	(8.84)	(3.16)	(1.87)	(1.40)	(2.42)	(14.49)	(7.75)
Weighted Average Shares (mns)	282.80	254.04	265.42	258.61	255.21	243.30	226.67	226.67	228.03	223.26	218.44	213.14	226.67
EPS (CAD)	-0.122	-0.064	-0.020	-0.021	-0.007	-0.016	-0.039	-0.014	-0.008	-0.006	-0.011	-0.068	-0.034

Shareholders & Financing

The company´s most recent financing was undertaken between December 2024 and the end of January 2025 with commitments of 3,333,333 Placement Chess Depository Units (CDI Units) from long-standing shareholders for gross proceeds of ~AUD$18.45mn. This resulted in the issuance of 4.53 million Canadian units and 15.41 million CDI Units at CAD$0.82 per Canadian unit and AUD$0.90 per CDI Unit.

Each Canadian unit and CDI Unit participant was issued with one warrant for every common share issued and one free unlisted option for every one CDI issued, exercisable at CAD$1.14 and AUD$1.25, respectively, with an expiry date of three years from the date of closing.

It is also useful to look at the warrant and option situation:

Warrants Outstanding as at 31st March 2025

Exercise Price	Number Outstanding	Weighted Av. Remaining Contractual Life	Weighted Av. Exercise Price
$0.45 - 0.69	5,366,013	1.59 yrs	$0.55
$0.80-0.99	12,009,785	1.00 yrs	$0.75
$1.00-1.21	19,411,497	2.55 yrs	$1.13
	22,097,000	1.90 yrs	$0.76

Options Outstanding as at 31st March 2025

Exercise Price	Number Outstanding	Weighted Av. Remaining Contractual Life	Weighted Av. Exercise Price
$0.33-0.59	5,750,000	3.41 yrs	$0.47
$0.60-0.79	5,250,000	4.32 yrs	$0.66
$0.76-$1.15	16,322,617	0.82 yrs	$0.96
	22,097,000	3.16 yrs	$0.76

There also are in existence some 4,763,000 RSUs as at the end of March 2025.

The share price surge during 2025 put the outstanding warrants either strongly or massively in the

money. This brought about significant exercise of the warrants leaving mainly those extant in management hands.

Risks

The risks for the Tungsten space in general. These are:

- A reduction in global geopolitical instability
- A return to a weak Tungsten price
- Weakened global industrial demand (particularly in tools) that would soften price & volumes
- China manipulating the market in some way to again create distortions in price and trade patterns
- A tough financing market for developers

Most of these risks are different sides of the same price prism, with the exception of the market's perception/disinterest in Tungsten.

China is not alone in creating scenarios in which prices will move higher (or lower). US tariffs are being used to make non-Chinese production of Tungsten more attractive. Many feel that China may look to restrict exports of tungsten, as they did with Antimony, for strategic reasons.

Financing remains difficult and dilutive for juniors when it takes place. The only way to harvest the more attractive price is to be in production and the only way to do that is to finance mine-builds/reactivations. Almonty has escaped this trap with its own resurgent market capitalisation and a surfeit of offers of capital rather than any shortage.

Investment Theses

The phrase "Events, dear boy, events" is a quote attributed to Harold Macmillan, former British Prime Minister, when asked about the greatest challenge for a statesman. It is the basis of the thesis that unexpected and uncontrollable events often shape political and historical outcomes, more so than deliberate planning or foresight. But in the case of Almonty the company got ahead of any curve of events many years ago with a philosophy that Tungsten supply in the West was in a grave crisis and thus that industry and the military would be swamped with a supply crunch at some unknown future moment. As with so much else in the critical metals space the Chinese managed to muddy the waters and distort markets to make revival of Tungsten in the West a very hard row to hoe. Yet in the space of scarcely a year Almonty has gone from being a voice crying in the wilderness to being a central pillar of the revival of self-reliance for industry and the militaries in the US, European and non-Chinese nations in Asia.

The mantra at Almonty has always been Production, Production, Production. Having projects that are on the drawing board, and unlikely to leave it, does not charm funding out of the military in ANY country. Almonty has become the go-to company for securing reliable future Tungsten supplies.

The brutal market over the last decade resulted in “ethnic cleansing” of the listed Tungsten space with few survivors. This meant that, despite the strong rise in the Tungsten price, there are few projects in the pipeline and little sign of newcomers joining the fray.

The altered sense of (lack of) military preparedness in the West added to the broader economic imperative has led to increased competition for Tungsten concentrates in the global market between Chinese and non-Chinese processors and consequently resulted in an rapidly rising price for Tungsten and its products in mid-2025. The rise has been precipitated by China’s restriction on dual-use Tungsten exports, giving a severe wake-up call to the industrial-military complex.

Fortunately, Tungsten offtakers are proactive participants in the development of producing assets in this metal in a way that is not evident in other specialty metals.

In light of the attractive, and most probably lasting, confluence of events in the Tungsten space, Almonty finds itself in the right metal, in the right place at the right time, a rare occurrence.

Rating & Target

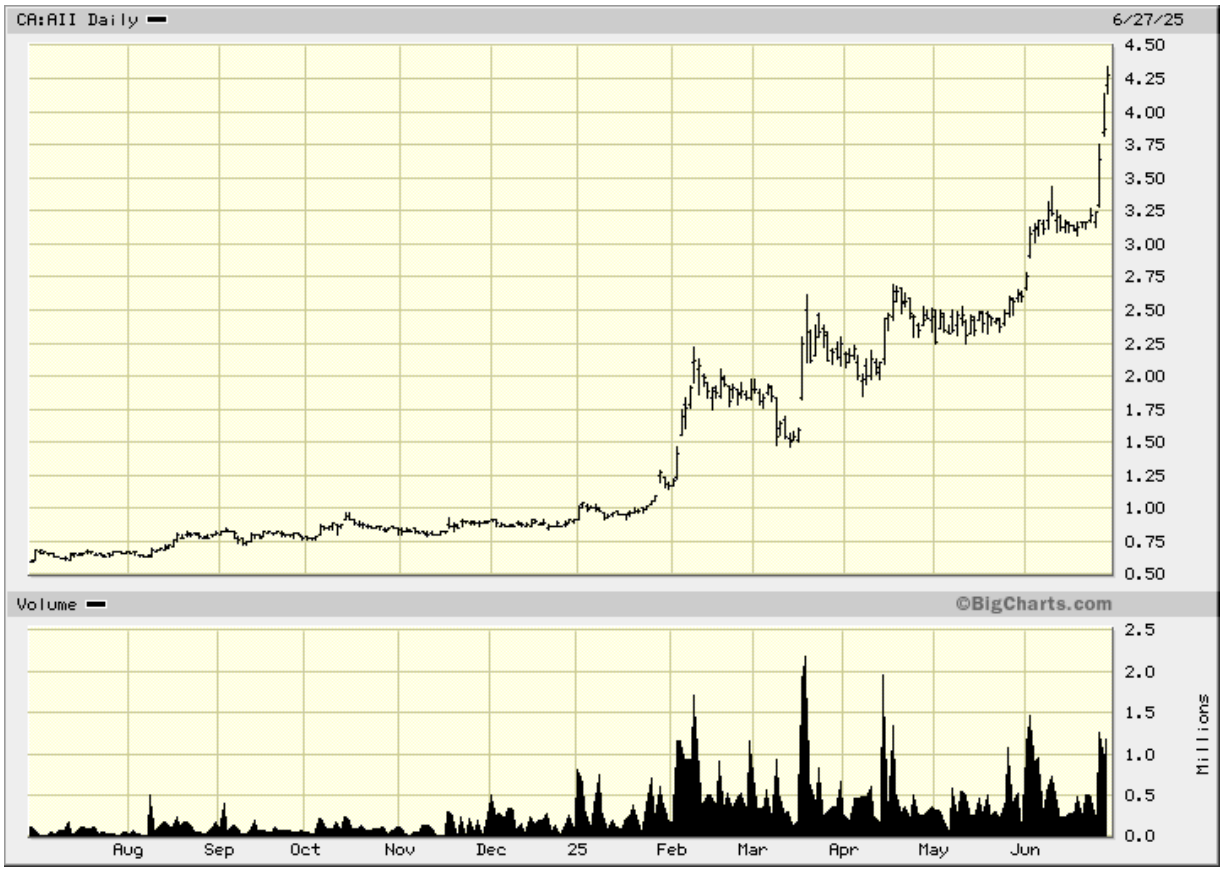
At Almonty, in 2025, a virtuous circle has evolved of a higher price/market capitalisation (particularly as Almonty has redomiciled to the US) and makes it more likely that the US DoD will anoint the company as its national champion for Tungsten, in what is a thin field. The DARPA invitation and the recognition pf the House Select Committee show that the direction of travel is towards Almonty as such a champion for Tungsten, at least.

Overlaid on all this is the APT price having breached $400 per MTU and swiftly moving towards the $500 per MTU mark, which would represent virgin territory.

A NASDAQ listing is not unthinkable. This in turn would lead to an even higher stock price making it more investable for US retail and institutional investors. What premium should be afforded to being the leading non-Chinese producer on the cusp of major volume expansion, at a moment of rising international military tensions? Like MP Materials in the Rare Earths space, leadership brings a special position. Also, like MP Materials, future development becomes less costly as a higher currency for one’s shares minimizes dilution while anointment by the DoD lowers the necessity of serial financings.

A key trigger for further rerating, and higher revision of the share price target, will be the inception of production out of Sangdong.

We hereby reiterate our **LONG** rating while upgrading our 12-month target price from CAD$3.82 to **CAD$5.40.**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0.75
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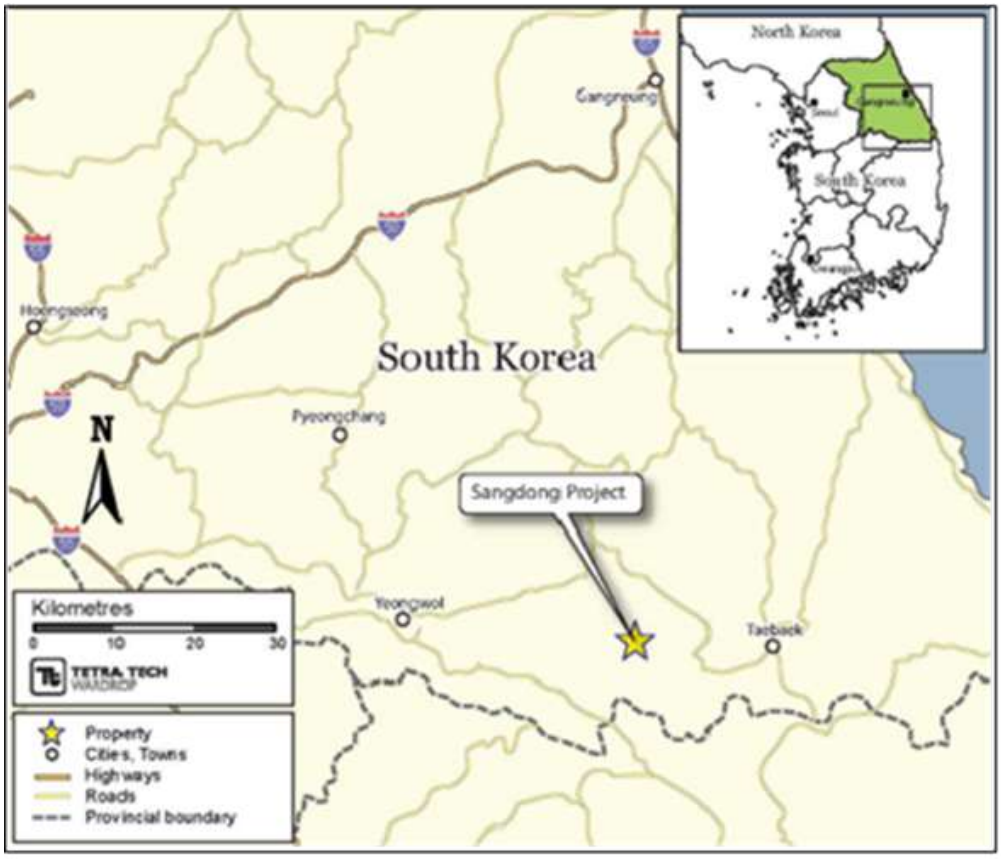
Volume
©BigCharts.com
2.5
2.0
1.5
1.0
0.5
0.0
Millions
Aug
Sep
Oct
Nov
Dec
25
Feb
Mar
Apr
May
Jun

APPENDIX I:

Sangdong et al.

The Sangdong Tungsten-Molybdenum Project

Arguably Almonty´s principal asset is the 100%-owned Sangdong Tungsten/Molybdenum project located in South Korea. The Sangdong mine is located ~170km southeast of Seoul. The property is comprised of 12 Mining Rights with an aggregate area of 3,173 hectares and hosts one of the largest Tungsten resources in the world.



Before Almonty there was Woulfe Mining Corp. which in 2006, secured title of the property that had been historically the largest Tungsten producer in South Korea and at one point was believed to have been the largest Tungsten mine in the world.

Almonty picked up the mine via a takeover, in 2015, and has been on a path to reactivation of the storied mine, but that process was stymied (as it was for so many others) by the lingering torpid pricing in the Tungsten market.

The pace of construction/development has picked up since Tungsten's turn for the better two years ago. The return to production is imminent (expected in 1H25). The Sangdong operation, when it gets going, might account for 5% of global production and fully 31% of ex-China output.

The Resource

The company then commissioned AMC Consultants Pty Ltd. of Melbourne in August 2014 to undertake a Mineral Resource Update. The company commissioned Adam Wheeler in 2016 to undertake a resource/reserve revision. The following table, extracted from the Wheeler report, shows the Mineral Resource and metal content for the Sangdong Property as of 31 July 2016 at various cut-off grades of WO_3.

Sangdong Resource

WO3 Cut-off	Category	Tonnes Ore	WO3 %	MoS2 %	Contained WO3	Contained MoS2
0.15%	Indicated	8,029,000	0.51	0.06	40,948	4,817
	Inferred	50,686,000	0.43	0.05	217,950	25,343
0.20%	Indicated	7,864,000	0.51	0.06	40,106	4,718
	Inferred	47,630,000	0.44	0.05	209,572	23,815
0.30%	Indicated	7,316,000	0.53	0.06	38,775	4,390
	Inferred	36,466,000	0.50	0.06	182,330	21,880

The reserve statement as at the same date can be seen below showing reserves at 7.89mn tonnes grading 0.45% WO_3, equivalent to 37.1k tonnes of contained WO_3.

Sangdong Probable Reserves

	Tonnes	WO3%
HW	3,759,000	0.47
Main/F1	1,328,000	0.34
F2	1,495,000	0.48
F3	1,249,000	0.46
F4	65,000	0.33
Total	7,896,000	0.45

The Road to Production

Sangdong is expected to be one of the largest capacity specialty metal mine projects built in recent years. It has a design capacity of nearly 3.6k tpa of contained W.

The initial scoping study on the Sangdong project was completed by Wardrop in March 2010. This signalled an NPV of US$462mn at an APT price of US$250 per MTU. The scoping study was to an accuracy of approximately 30% and confirmed the project's economics at that lower Tungsten price. That was then followed up by the 2012 Feasibility Study to which we have already referred.

After the scoping study Woulfe's then management started moving forward aggressively with project construction plans. The crushing and grinding sections of the process plant were well advanced at the time we wrote our last major note on Woulfe in December 2012.

The main parameters of the proposed mining operation are:

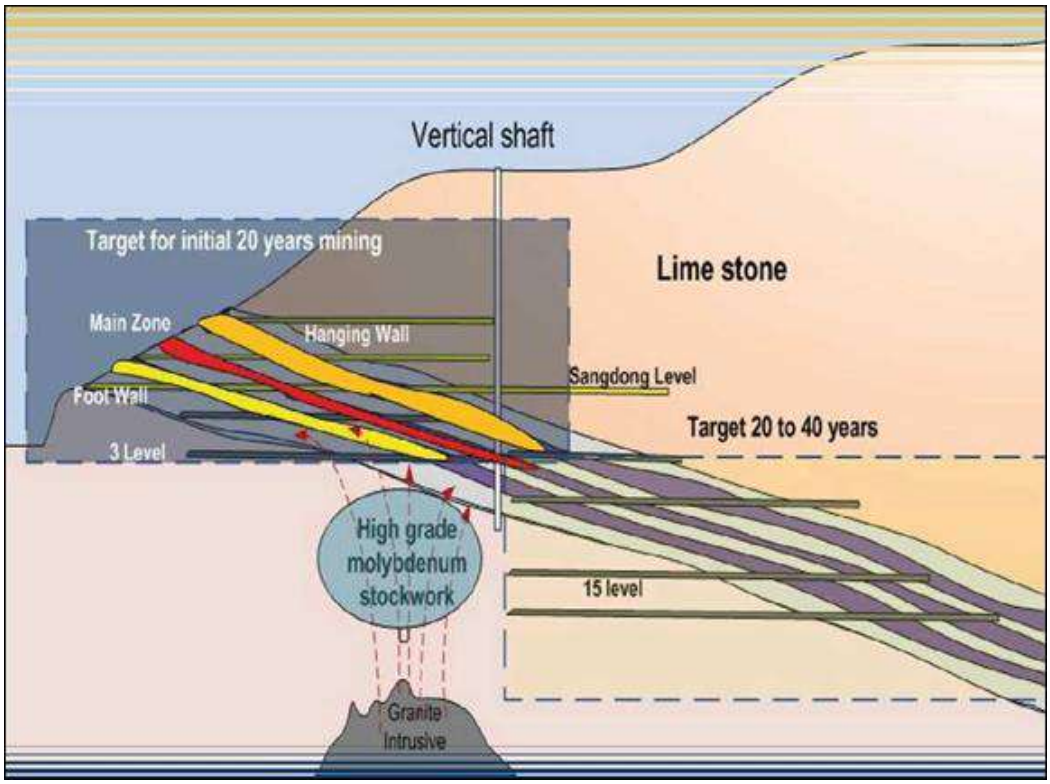
Sangdong - Metrics of the Phases

(averages over LOM @ $610 per MTU)

	Phase 1	**Phase 2**	**Phase 2 + Tungsten Oxide Plant**
Expected start of production	2025	2026/2027	2027/2028
WO3 production	~230,000 MTU	~460,000 MTU	~4,000 tons p.a.
Recovery	85%	85%	97%
Revenue p.a. (@APT $610/mtu)	~US$109 mn	~US$218.9 mn	~US$157 mn
Operating Expenses (OPEX) p.a.	~US$27 mn	~US$59 mn	~US$105 mn
Post-Tax Cash Flow p.a.	~US$82 mn	~US$159 mn	~US$52 mn
Initial Capex	~US$125 mn *	~US$17mn	~US$71 mn

* includes debt servicing costs


VOLVO



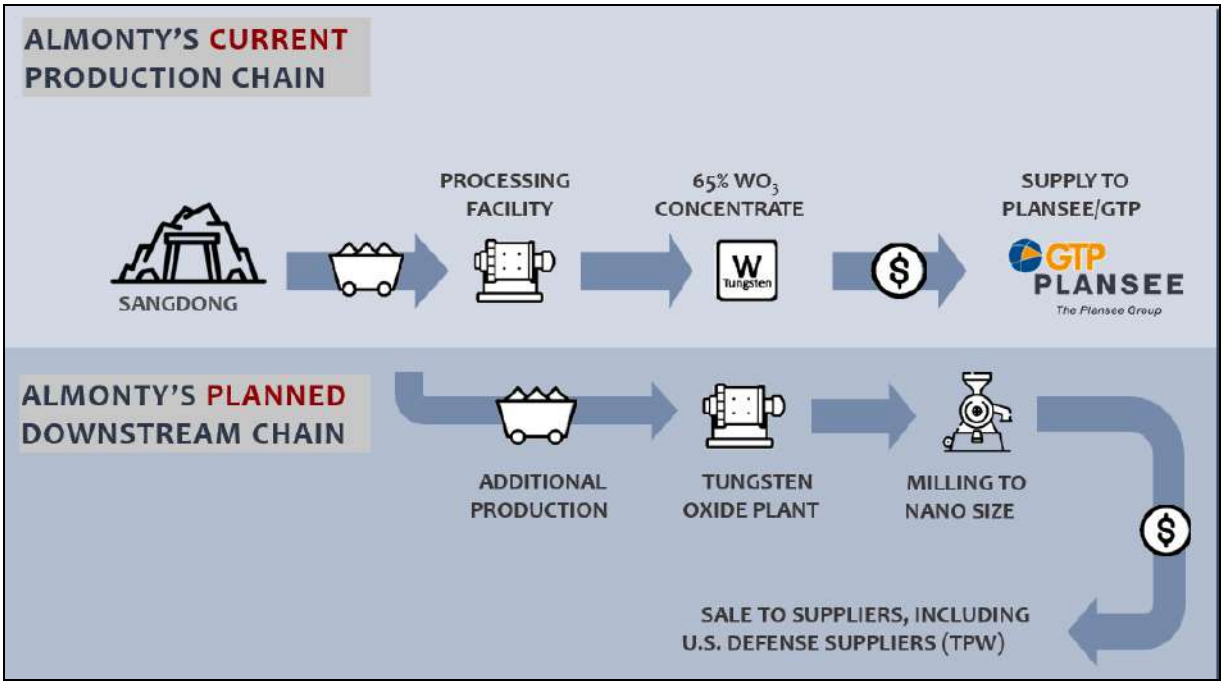
Further Development – Phase 2 & the Tungsten Oxide Plant

The permitting for Sangdong Phase I allows for the extension of Phase II.

The metrics above include the possibility of capturing more of the downstream value-added via the construction of a Tungsten Oxide plant as part of the Phase 2 expansion. This offers an opportunity to organically expand production capacity from approximately 640k tonnes to 1.2 million tonnes within 12 months of initial production.

Preliminary indications are that the expansion will require limited capex (less for doubling capacity than the Phase 1 cost) which should further enhance the overall economics of the project.

The flowchart of the downstream is envisaged as:



As the expansion will integrate seamlessly into existing infrastructure and operations, risks will be significantly lowered.

The envisioned downstream would be a 4,000 tonne p.a. vertical nano tungsten oxide plant with equipment/plant sourced from Metso Outotec (Finland), Inductotherme Europe (UK) and Pfeiffer (Austria).

The Trioxide plant is pictured below:

The rationale for expanding into the downstream is largely driven by in-country considerations, but that does not imply that export of WO_3 is not foreseen.

As far as financing the further phases is concerned a LOI was signed with KfW IPEX-Bank in January 2022, while discussions have been held over potential debt financing of up to US$50mn for the downstream component.

For more detail on Los Santos, Panasqueira and Valtreixal please refer to our Initiation of Coverage in March of 2025.

APPENDIX II:
The US Policy Pivot

The US – Back into the Fray

The sad state of the Tungsten space in the US is evidenced by the fact that the metal has not been mined commercially in the United States since 2015.

According to the USGS's latest publication on Tungsten, approximately six U.S. companies had the capability to convert Tungsten concentrates, ammonium paratungstate (APT), Tungsten oxide, and (or) scrap to Tungsten metal powder, Tungsten carbide powder, and (or) Tungsten chemicals.

As for applications, an estimated 60% of the Tungsten consumed in the United States was used in cemented carbide parts for cutting and wear-resistant applications, primarily in the construction, metalworking, mining, and oil- and gas-drilling industries. The remainder was used to make various alloys and specialty steels; electrodes, filaments, wires, and other components for electrical, electronic, heating, lighting, and welding applications; and chemicals for various applications. The percentage of those two categories that ultimately end up in military-linked applications was not revealed.

The worm has turned though and the Department of Defense (DoD) in the US has seen the error of its ways in allowing its suppliers to become China-dependent in their sourcing. The war in the Ukraine and Chinese sabre-rattling over Taiwan and the South China Sea have accentuated the concern.

This has prompted a funding program for the development of onshore Tungsten sources.

The DoD Strikes Back

From the start of January 2027, the Department of Defense (DoD) will implement a final rule under Section 844 of the FY 2021 National Defense Authorization Act (NDAA) and Section 854 of the FY 2024 NDAA. This rule expands existing restrictions on sourcing critical materials like tungsten, tantalum, and certain magnets from "covered countries," including Iran, Russia, North Korea and China. These restrictions will prohibit not only the melting and production of such materials in covered countries but also their mining, refining, and separation at any stage of the supply chain. This marks a significant shift, aligning with US efforts to bolster the domestic industrial base for critical minerals and reduce

dependency on adversarial nations.

The rule also tightens exemptions for commercially available off-the-shelf items, reducing flexibility for the private sector in sourcing these critical materials.

Adding to these challenges, the United States announced mid-September 2024 the finalized Section 301 tariff increases on imports from China, further complicating the supply chain landscape for critical materials.

Changing the National Spots

In a very interesting and strategic development, on the 20th of January 2025, Almonty announced it was in the throes of changing its jurisdiction of incorporation from Canada to the State of Delaware while maintaining its listings for now on the Toronto Stock Exchange and the Australian Securities Exchange.

The company refer to this transaction as a "US domestication" in its press release. The US domestication reflects the growing importance of the United States in Almonty's strategic positioning. With its robust regulatory framework for critical materials like Tungsten and Molybdenum and the evolving global economic landscape, the United States presents a compelling jurisdiction for our incorporation. We might add the heightened potential to tap into US government (i.e. DoD) funding and support.

The State of Delaware, in particular, was chosen as our new domicile because the Delaware General Corporation Law (DGCL) expressly accommodates continuances under Section 192 of the Canada Business Corporations Act and is recognized for its extensive body of corporate law. Supported by decades of case law in Delaware courts, the DGCL provides well-defined guidance on the duties and obligations of directors and officers, offering legal clarity that is expected to benefit both the company and its shareholders.

The company´s management justified the change in its base of operations and jurisdiction of incorporation from Canada to the United States, as it represented an alignment of its corporate structure with the location of a significant portion of the shareholder base, whilst enhancing the company´s ability to access key US markets.

Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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