COULOIR CAPITAL

# Almonty Industries Inc. (TSXV: AII)

## Expansion across portfolio to drive meaningful growth in revenue and profitability

Author: Couloir Research Team April 21, 2025

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| | |
|---|---|
| Current Price (C$)* | $2.48 |
| Fair Value | $3.97 |
| Projected Upside | 60.28% |
| Action Rating | BUY |
| Perceived Risk | HIGH |

| | |
|---|---|
| Shares Outstanding | 280,674,131 |
| Market Cap. (C$) | $696,071,845 |

| | |
|---|---|
| P/B | 14.35 |
| YoY Return | 332.79% |
| YoY TSXV Return | 10.84% |

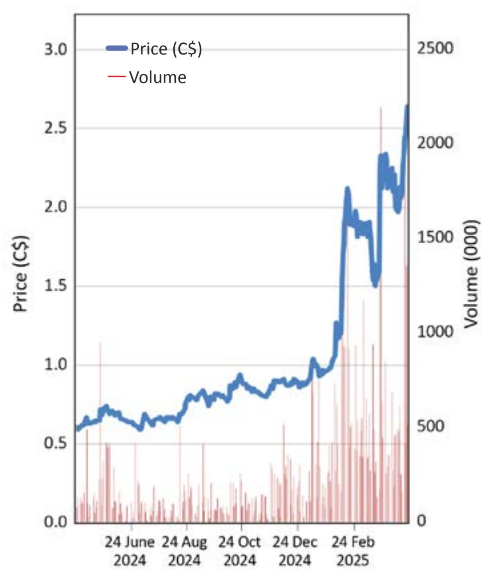
* Note: all $ amounts are C$ unless otherwise stated

### Investment Highlights

- **Almonty Industries Inc. (TSX: AII, ASX: AII, OTC: ALMTF, FRA: ALI)** ("Almonty" or the "Company") is a multi-asset owner that develops and operates tungsten projects. Its assets include development projects and a producing mine.
- **Poised to become the leading western critical metals producer:** The Company is aiming to become the leading western critical metals producer by reaching full-scale production at its tungsten and molybdenum mines by mid-2027. Almonty's 2027 production target is 40% of the tungsten supply outside of China and 7% of the global tungsten supply. Sangdong tungsten mine is on track to begin production by mid-2025. While the Molybdenum project is expected to commence production by the end of 2026.
- **Redomiciling to the U.S.:** The Company is planning to change its jurisdiction of incorporation from Canada to the State of Delaware, U.S. We believe that being based in the United States will enhance Almonty's position as a reliable alternative supplier aligned with U.S. national interests.
- **Strategic partnerships to strengthen position in the U.S. critical metals supply chain:** Almonty secured a strategic partnership with American Defense International (ADI), a prominent government relations and business development firm. Alongside the Company's ongoing redomiciling to the U.S., the collaboration with ADI strengthens Almonty's position as a leading critical metals supplier to the U.S. defense and advanced technology industries.
- **Stock up 2.5x since our initiation in Feb 2023.** Almonty has **delivered 246% returns since our initiation report** dated February 13, 2023.
- **Based on our analysis, we update our fair value estimate to $3.97 per share and reiterate our BUY rating.**

| Key financial data (FYE Dec. 31, C$) | 2023 | Q4-2024 |
|---|---|---|
| Cash | $ 22,019,000 | $ 7,830,000 |
| Working capital | $ (30,458,000) | $ (30,538,000) |
| Mineral assets | $ 165,681,000 | $ 201,866,000 |
| Total assets | $ 235,334,000 | $ 256,349,000 |
| Net income (loss) | $ (8,837,000) | $ (16,298,000) |
| EPS | $ (0.04) | $ (0.06) |

TSXV: AII price and volume history



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Source: Company. Construction at Sangdong property. Cover image: Construction planning rendering of Sangdong facility.

The Company has made considerable progress in advancing its tungsten and molybdenum mines towards production. Some of the key updates include:

- **Sangdong tungsten project:** Sangdong mine is on track for completion by mid-2025. Almonty Industries noted that the final drawdown of US$75.1 million KfW IPEX-Bank project loan facility has been completed, and key processing equipment has been installed, setting the stage for first production in the near term. We are optimistic about the profitability outlook of Sangdong mine, especially given the fact that it boasts much higher material grades at 0.46% tungsten grade compared to its operational and profitable Panasqueira Mine (0.14% tungsten grade). The Sangdong mine, being a non-Chinese supplier, positions Almonty as a reliable alternative supplier aligned with U.S. national interests.
- **Strategic partnerships to expand footprint:** The Company secured a strategic partnership with American Defense International (ADI), a prominent government relations and business development firm. We view the partnership positively, given ADI's proven track record of helping companies in securing key government relationships and facilitating expansion. ADI's deep relationship with various U.S. federal agencies will enhance Almonty's ability to engage and align with government policies and priorities. Tungsten is classified as a critical mineral by the U.S. government due to its importance in aerospace, defense and advanced technology applications. The partnership will strengthen Almonty's position as a leading supplier of tungsten and molybdenum to the U.S. defense and technology industries.
- **Offtake agreement for molybdenum:** The recent offtake agreement with SeAH M&S, South Korea's largest molybdenum processor and the world's second-largest molybdenum oxide smelter, is a significant milestone for Almonty's Sangdong Molybdenum Project. The fully permitted project, being

developed by Almonty's wholly owned subsidiary, Almonty Korea Moly Corp. (AKMC), is expected to commence production by the end of 2026. The offtake agreement, which includes a hard floor price of US$19.00/ lb, limits downside and ensures a predictable revenue stream.

- **Redomiciling to the U.S.:** The Company is planning to change its jurisdiction of incorporation from Canada to the State of Delaware. It will remain listed on the Toronto Stock Exchange and the Australian Securities Exchange. We believe that being based in the United States will enhance Almonty's position as a reliable alternative supplier aligned with U.S. national interests.
- **L4 extension at Panasqueira:** Almonty has identified the L4 extension as a significant growth opportunity with substantial upside potential. The Company's internal studies forecast that the L4 extension is expected to more than double $WO_3$ production to approximately 124,000 MTUs annually by 2027, significantly boosting mine economics. The total projected CAPEX for L4 is estimated at US$53 million. The project is expected to have a three-year payback period, and an estimated NPV@7.5% of US$103 million over a 16-year life-of-mine.

In Sangdong, we see Almonty potentially ascending to the status of the largest producer of tungsten concentrate outside of the majority producer China. Almonty has achieved all major milestones for the Sangdong Tungsten mine, including financing and equipment installation. The mine is now just one quarter away from commencing production. Should it successfully execute, bringing this project to the production milestone, Almonty looks poised to evolve into a tungsten major, which coincides with several growth tailwinds facing the broader tungsten market. Further, we see upside from the Sangdong Molybdenum Project, which has secured an exclusive offtake agreement with SeAH Group.

## The Sangdong tungsten project

The key growth asset for Almonty is the Sangdong project that we see driving its ascendance to a global tungsten major. Sangdong is poised to become the world's largest non-Chinese tungsten supplier. Almonty's 2027 production target is 40% of the tungsten supply outside China and 7% of the global tungsten supply. China accounts for more than 80% of the global tungsten production, making the Sangdong mine a key strategic asset for Western governments seeking to diversify supply chains and reduce reliance on Chinese supply. This is particularly important amid the ongoing tariff war between the U.S. and China.

China's new export controls, announced in February 2025, target critical metals, including tungsten, which is vital for clean energy, technology, and defense industries. The entry of the Sangdong mine into production will significantly mitigate dependence on China, reinforcing its dominance over 80% of global tungsten supply.

Almonty Industries noted that the Sangdong project is advancing well. Construction is underway and on track for completion by mid-2025. The project has completed all major milestones, including financing and installation of key processing equipment, reinforcing confidence in management's execution.

The project design allows for rapid expansion of production capacity soon after the mine becomes operational. Almonty is targeting to double the output by 2026/2027, potentially generating annual revenue of up to US$140 million and EBITDA of up to US$85 million.

Table 1: Sangdong Mine—key financial and operational metrics

| **Project summary**<br>(Data are averages over the LOM) | **Phase I**<br>(financed & in construction) | **Phase II** | **Tungsten oxide (TO) plant** |
|---|---|---|---|
| Expected start of production | 2025 | 2026/2027 | 2027/2028 |
| WO3 production | -230,000 mtu | ~460,000 mtu | 4,000 tons p.a. capacity<br>Recovery 97% |
| Recovery | 85% | 85% | |
| Revenue p.a. | ~ US$ 68m | ~ US$ 142m | US$ 173m |
| Operating expenses (OPEX) p.a. | ~ US$ 27m | ~ US$ 59m | ~ US$ 146m |
| EBITDA | ~ US$ 41m | ~ US$ 83m | ~ US$ 26m |
| Expected initial capex | ~ US$ 125m | ~ US$ 17m | ~ US$ 71m |

Source: Company

The long mine life of 90 years is a key advantage as it ensures a long-term stable supply of tungsten. This makes Sangdong a key strategic asset for Western governments looking for non-Chinese supply of critical metals. The project has already signed offtake agreements with the Plansee Group and the US manufacturer Global Tungsten & Powders, ensuring cash flow visibility. Further, the presence in a geopolitically stable jurisdiction of South Korea enhances the appeal of Sangdong mine to Western economies, which are looking to reduce dependence on countries such as China and Russia for tungsten.

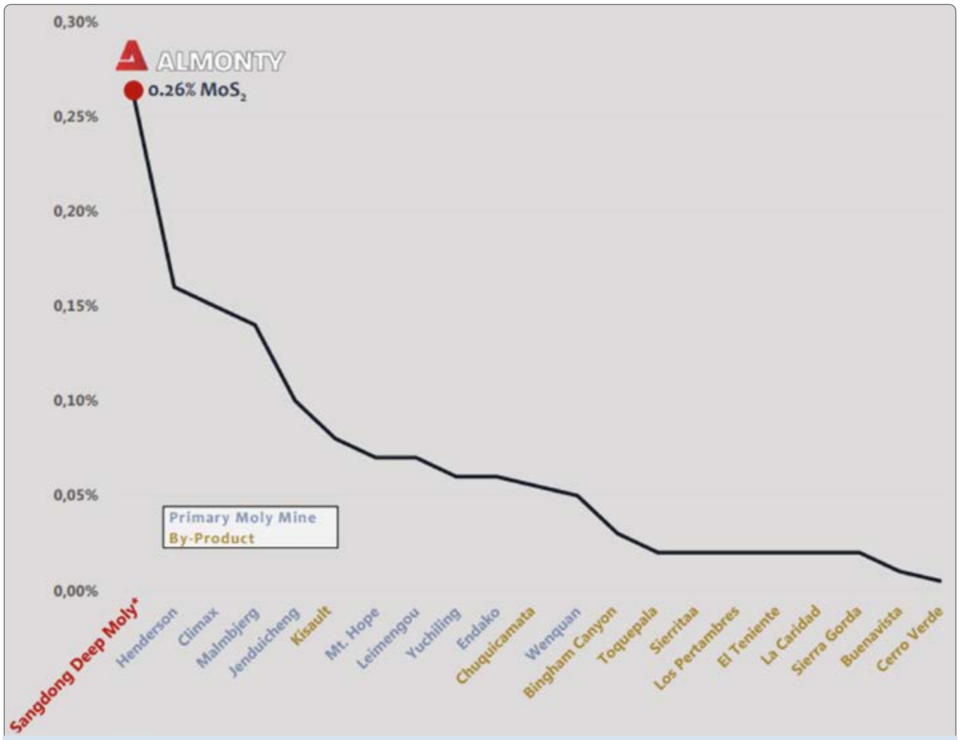
## Offtake agreement for molybdenum

In addition to the Tungsten deposits, Sangdong mine holds significant adjacent molybdenum resources located just 150 meters below the tungsten orebody. Sangdong hosts 21.48 MT grading 0.26% $MoS_2$, equivalent to 55,800 tonnes of contained $MoS_2$. It remains open in all directions and is among the highest grades observed (0.26% MoS2) compared to lower grades of the peer group mines. The close proximity to Sangdong Tungsten creates significant synergies, making the project highly valuable.

Sangdong Molybdenum Project is a fully permitted mine being developed by Almonty's wholly owned subsidiary, Almonty Korea Moly Corp. (AKMC). Based on historical Korean government data, the mine is expected to commence production by the end of 2026 and have an anticipated mine life of 60 years.

The recent offtake agreement with SeAH M&S, South Korea's largest molybdenum processor and the world's second-largest molybdenum oxide smelter, is a significant milestone for Almonty's Sangdong Molybdenum Project. The agreement includes a hard floor price of US$19.00/lb, limiting downside and ensuring a predictable revenue stream.

Figure 1: Sangdong molybdenum—significantly higher grades compared to peer group




Source: Company filings

South Korea is among the largest molybdenum users but is heavily dependent on molybdenum imported from China. The Sangdong Molybdenum Project reduces dependence on foreign imports by strengthening the domestic supply chain. Notably, we see significant potential for exports to North America given that SeAH is constructing a US$110 million metals processing facility in Texas that will serve SpaceX and the U.S. defense and aerospace sector.

## L4 EXTENSION AT PANASQUEIRA TO BOOST MINE ECONOMICS

Of all the assets in Almonty's portfolio, Panasqueira is the only asset in production today. Almonty has identified the L4 extension as a significant growth opportunity with substantial upside potential. The L4 initiative aims to deepen the mine by approximately 120 meters to access new, deeper, richer virgin vein zones and to transfer most of the production from the upper levels, lower-grade zones (currently at 0.13% WO3) to new, richer, deeper zones. By focusing on the highest-grade stopes, Almonty aims to boost the L4 grades to 0.20% WO3.

The Company's internal studies forecast that the L4 extension will increase mine throughput by 38% from 580,000 tonnes in 2025 to 800,000 tonnes annually in 2027 and raise the average grade by 60% from 0.125% to 0.20% $WO_3$. This is expected to more than double $WO_3$ production to approximately 124,000

MTUs annually, significantly boosting mine economics. The total projected CAPEX for L4 is estimated at US$53 million. The project is expected to have a three-year payback period, and an estimated NPV@7.5% of US$103 million over a 16-year life-of-mine.

Although current production levels remain steady, we believe that L4 extension is crucial to protect against potential future declines. By strategically unlocking L4, Almonty aims to not only sustain but also enhance the overall project's value, ensuring its long-term success and profitability.

Table 2: L4 Extension—economics

| | 2025F | 2027F — after extension | |
|---|---|---|---|
| ROM/y | 580,000 | 800,000 | +38% |
| Avg. grade | 0.125% | 0.20% | +60% |
| Rec metal (MTU $WO_3$) | 56,000 | 124,000 | +105% |
| Revenue (USD) | 15.9 | 39.5 | +148% |
| OPEX (USDm / ratio) | 14.6 / 91.8% | 24.2 / 61.3% | 39% |
| Operating expense ratio (OER) | 91.8% | 61.3% | 33% |
| EBITDA margin | 12% | 43% | +158% |
| Exp. CAPEX (USDm) | 53 | | |
| NPV(7.5% -16y LOM) (USDm) | 103 | | |
| Payback | ~ 3 years | | |

Source: Company filings

## Financials overview

At the end of Q4-2024, the Company had cash of $7.83 million and working capital deficiency of $30.5 million. The Company's current ratio of 0.40x suggests weak liquidity and an insufficiency of cover assets to cover current liabilities. We note also that Almonty has been able in recent times to renegotiate the terms of its pre-existing debt to allow for longer maturities, aligning its future interest and principal repayments with the development cycle of Sangdong. The Company's current forecast indicates that it will have sufficient cash flows from operations and from financings for the next 12 months to continue as a going concern and settle obligations as they come due.

Table 3: Liquidity position

| Key financial data (FYE Dec. 31, C$) | | 2023 | | Q4-2024 |
|---|---|---|---|---|
| Cash | $ | 22,019,000 | $ | 7,830,000 |
| Working capital | $ | (30,458,000) | $ | (30,538,000) |
| Current ratio | | 0.54 | | 0.40 |
| Debt | $ | 130,067,000 | $ | 158,022,000 |
| Monthly cash generation/burn | $ | (2,432,500) | $ | (3,838,667) |
| Cash from financing activities | $ | 43,371,000 | $ | 6,576,000 |

Source: Company, Couloir Capital

### Table 5: Consolidated income statement

| (FYE Dec. 31, C$) REVENUE | Q4-2023 | Q4-2024 | 2023 | 2024 |
|---|---|---|---|---|
| Revenue | 5,421,000 | 6,280,000 | 22,510,000 | 28,836,000 |
| COGS | 4,743,000 | 6,238,000 | 19,328,000 | 24,679,000 |
| **Gross profit** | **678,000** | **42,000** | **3,182,000** | **4,157,000** |
| | | | | |
| **EXPENSES** | | | | |
| SG&A expense | 1,628,000 | 1,806,000 | 5,816,000 | 6,153,000 |
| Mine-related expense | 258,000 | 275,000 | 1,022,000 | 1,067,000 |
| Share-based compensation | 835,000 | 335,000 | 1,141,000 | 2,734,000 |
| **EBITDA** | **(2,043,000)** | **(2,374,000)** | **(4,797,000)** | **(5,797,000)** |
| | | | | |
| Depreciation & amortization | 280,000 | 270,000 | 1,077,000 | 1,120,000 |
| **EBIT** | **(2,323,000)** | **(2,644,000)** | **(5,874,000)** | **(6,917,000)** |
| | | | | |
| Financing costs | 1,194,000 | 969,000 | 4,305,000 | 4,568,000 |
| **EBT (before other items)** | **(3,517,000)** | **(3,613,000)** | **(10,179,000)** | **(11,485,000)** |
| | | | | |
| Non-recurring expenses | -353,000 | 1,802,000 | -2,148,000 | 4,441,000 |
| Other expenses / (income) | 0 | 0 | 739,000 | 0 |
| **EBT** | **(3,164,000)** | **(5,415,000)** | **(8,770,000)** | **(15,926,000)** |
| | | | | |
| Taxes | -8,000 | -11,000 | 67,000 | 372,000 |
| **Net profit (loss)** | **(3,156,000)** | **(5,404,000)** | **(8,837,000)** | **(16,298,000)** |

Source: Company, Couloir Capital

Revenue for the FY 2024 was up 28.0% YoY to $28.8 million, attributable to higher WO3 concentrate sales, driven by increased production volumes and improved pricing under long-term supply agreements. In addition, SG&A expenses were flat YoY, and as a result, the EBITDA loss of the Company eased YoY. Because of the high fixed cost nature of mining, we expect that as Almonty gets closer to Sangdong's production commencement and grades at Panasqueira improve over the long term, the current income statement performance should show improvement.

The company currently has 21.78 million options (weighted average exercise price of $0.71 per share) and 26.74 million warrants (weighted average exercise price of $0.82 per share) outstanding. At this time, all the options and warrants are in the money, and if exercised, they could raise $37.4 million for Almonty.

### Table 4: Outstanding options and warrants

| Options | Strike | Exercise value |
|---|---|---|
| 5,825,000 | $ 0.47 | $ 2,737,750 |
| 5,980,000 | $ 0.66 | $ 3,946,800 |
| 9,975,000 | $ 0.87 | $ 8,678,250 |
| **Warrants** | **Strike** | **Exercise value** |
| 5,856,210 | $ 0.56 | $ 3,279,478 |
| 12,505,785 | $ 0.75 | $ 9,379,339 |
| 8,378,942 | $ 1.12 | $ 9,384,415 |

Source: Company, Couloir Capital

## Revenue and EPS forecasts

Our forecast factors in the expected production from Sangdong Tungsten mine by mid-2025, commercialization of Panasqueira's L4 extension by 2027, commencement of Sangdong Molybdenum mine by 2027, along with potential contributions from the Los Santos and Sangdong Tungsten Oxide plant. Our key assumptions include:

- **Panasqueira production**: We estimate that the mine will produce 56,000 MTU WO3 in 2025, which will expand to 124,000 MTU WO3 post the L4 expansion. We expect APT prices to rise to our long-term average estimate of US$350 per mtu. We estimate an 80% discount on the APT price in line with industry norms. We estimate a 16-year mine-of-life. We model EBITDA margins to expand from 12% in 2025 to 43% in 2027.
- **Sangdong tungsten production**: We adhere to management's estimate that production will begin in 2025 and will begin ramping up over the next few years. In Phase 1, we estimate an annual production run rate of 230,000 MTU WO3 in 2025, which then ramps to 460,000 MTU WO3 by 2027 (Phase II). We expect Phase I initial capital expenditure to be US$125 million and the Phase II Capex to be US$17 million. APT pricing is assumed to be in line with that received at Panasqueira. We estimate the life-of-mine to stretch to 2050.
- **Sangdong molybdenum:** We include potential contributions from the Sangdong Molybdenum. We expect the Molybdenum mine to become operational in 2027, and we assume a mine life of 10 years.
- **Sangdong tungsten oxide:** We expect the plant to commence operations in 2028, further boosting the company's revenue profile. We model net revenue (excluding intercompany revenue) of US$98 million and adjusted EBITDA of US$26 million. We estimate the plant to remain operational until 2050.

We note that significant deviations can develop based on significant changes in any of the variables below, and we encourage investors to look at the above as approximate forward guidance.

Table 6: Consolidated income statement

| (FYE Dec. 31, C$) | 2024A | 2025E | 2026E |
|---|---|---|---|
| Revenue | 28,836,000 | 70,024,500 | 117,117,000 |
| COGS | 24,679,000 | 26,298,090 | 59,262,840 |
| **Gross profit** | **4,157,000** | **43,726,410** | **57,854,160** |
| | | | |
| **EXPENSES** | | | |
| SG&A expense | 6,153,000 | 6,460,650 | 6,783,683 |
| Mine-related expense | 1,067,000 | 1,120,350 | 1,176,368 |
| Share-based compensation | 2,734,000 | 2,870,700 | 3,014,235 |
| **EBITDA** | **(5,797,000)** | **26,298,090** | **46,879,875** |
| | | | |
| Depreciation & amortization | 1,120,000 | 2,719,775 | 15,736,478 |
| **EBIT** | **(6,917,000)** | **23,578,315** | **31,143,397** |
| | | | |
| Financing costs | 4,568,000 | 5,024,800 | 5,527,280 |
| **EBT (before other items)** | **(11,485,000)** | **18,553,515** | **25,616,117** |
| | | | |
| Non-recurring expenses | 4,441,000 | 0 | 0 |
| Other expenses / (income) | 0 | 0 | 0 |
| **EBT** | **(15,926,000)** | **18,553,515** | **25,616,117** |
| | | | |
| Taxes | 372,000 | 4,638,379 | 6,404,029 |
| **Net profit (loss)** | **(16,298,000)** | **13,915,136** | **19,212,088** |
| FOREX translation | | | |
| Other | | | |
| FV change on investments | | | |
| **Net comprehensive profit (loss)** | **(16,298,000)** | **13,915,136** | **19,212,088** |
| Shares outstanding | 254,035,469 | 314,111,991 | 314,111,991 |
| EPS | $(0.06) | $0.04 | $0.06 |

Source: Couloir Capital

## Free cash flow valuation model

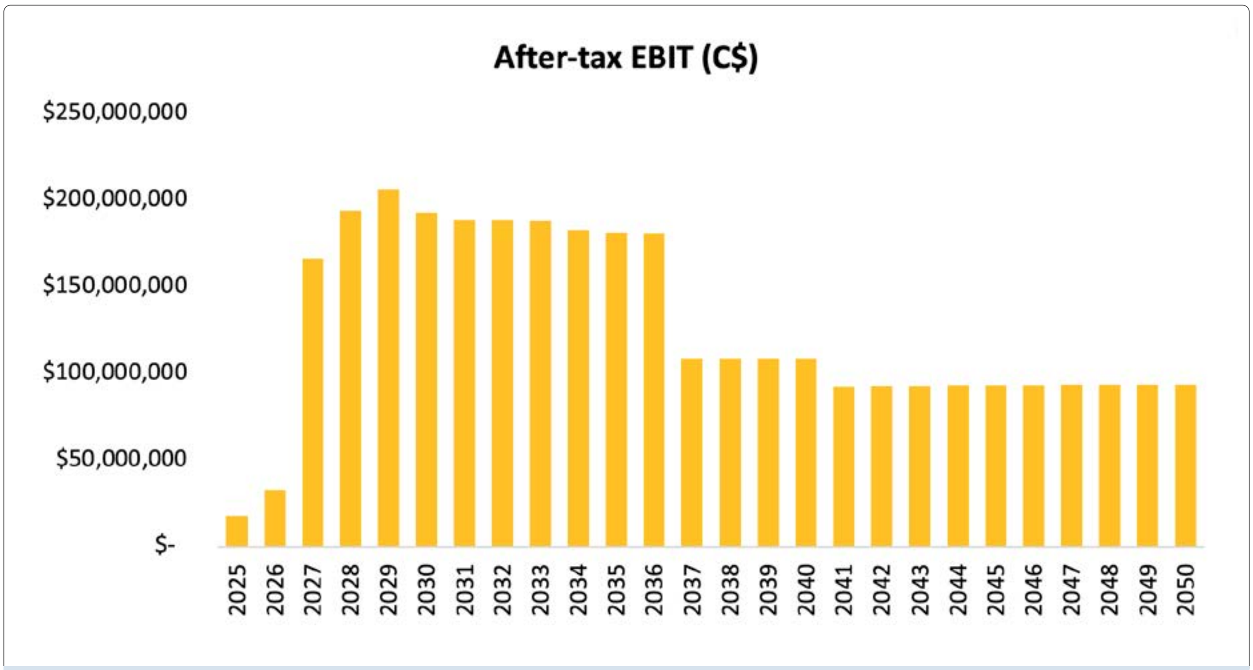
Our FCF valuation on Almonty is based on our expectations around the potential LOM production of Panasqueira and Sangdong, including the impact on Almonty's capital structure and with regard to expectations around cost structure and capital needs. The key assumptions behind our model include:

- **Panasqueira production:** Production will scale from 56,000 MTU WO3 in 2025 to 124,000 MTU WO3 in 2027. The EBITDA margins will expand significantly from 12% in 2025 to 43% in 2027. We think this is fair given the operating leverage that will play out once production doubles in 2027. Life of mine will be approximately 16 years.

- **Sangdong tungsten production:** We expect production to start in Q3-2025, with an initial run-rate of 230,000 MTU WO3, ramping up to 460,000 MTU WO3 by 2027. The average plant recovery will be 85%. We estimate the life of mine will stretch to 2050.
- **Key project growth CAPEX:** We expect Panasqueira to require CAPEX of US$53 million for the L4 expansion. For Sangdong, we expect Phase I of the project to need US$125 million in capex. The management indicates that the further expansion to Phase II of the project will cost US$17 million, which we believe is fair given limited new CAPEX should be required on-top of infrastructure that should be complete by that time. Additionally, the Tungsten Oxide (TO) plant will need capex of US$71 million.
- **Financing needs:** We believe the company will fund all future cash shortfalls with a mix of equity and debt financing, dominated by debt. In addition, despite the weak credit conditions in the macro, we believe the company has the relationships to back long-term debt refinancing on existing borrowings and roll-over old borrowings onto longer maturities.

The chart below outlines our projections around Almonty's after-tax EBIT, which is the key driver of our FCF valuation model.

Figure 2: Projections around Almonty's after-tax EBIT




Source: Couloir Capital

**Given the FCF model we have built, based on the production, unit economics and CAPEX assumptions summarized above, we believe the company should be trading at a fair value per share of $3.97.** This is based on a long-term APT price of US$350 per MTU and a discount rate of 8%. The long-term price assumption is also fair in our opinion, given recent APT pricing and the favourable demand dynamics. The table below lays out the potential intrinsic valuation sensitivity for changes in long-term price assumption and/ or discount rate.

Table 7: Potential intrinsic valuation sensitivity

| | LT APT Price Assumption | | | | |
|---|---|---|---|---|---|
| | **$250** | **$300** | **$350** | **$400** | **$450** |
| **4%** | $4.90 | $5.54 | $6.18 | $6.82 | $7.46 |
| **6%** | $3.88 | $4.40 | $4.92 | $5.45 | $5.97 |
| **8%** | $3.10 | $3.54 | **$3.97** | $4.41 | $4.85 |
| **10%** | $2.50 | $2.87 | $3.24 | $3.62 | $3.99 |
| **12%** | $2.03 | $2.35 | $2.67 | $2.99 | $3.31 |

Source: Couloir Capital

## Conclusion

**After accounting for our valuation methodologies, we have arrived at a fair value per share estimate of $3.97 per share.** We maintain our BUY rating, and expect the following catalysts to materially impact our valuation estimate:

- News regarding the build-out of Sangdong, particularly around the timing and execution of key development milestones.
- News regarding operations at Panasqueira, particularly the expansion of L4.
- News regarding development plans for either Valtreixal or Los Santos.
- Financing-related news that in any way significantly alters the company's capital structure.

## Risks

The following outlines some of the key risk considerations that investors should keep in mind when evaluating Almonty as an investment opportunity:

- **Development delays:** Sangdong is Almonty's key growth asset, and while construction is already underway and underwritten both financially and commercially, any unforeseen delay that pushes the commencement of production from mid-2025 to a later date will impact asset valuation as well as the accretive impact of forecasted cash flows.
- **Cost overruns:** Cost overruns have the potential to negatively impact operations. Almonty may have to expand its debt facilities (putting pressure on its liquidity and solvency) or go to market for dilutive equity financing.

- **Supply chain disruptions:** The Company could feasibly face supply chain-related issues, with the delivery of equipment or other essential plant machinery. This could lead to cost or time overruns, which would trigger the aforementioned risks.
- **High debt burden:** The Company is substantially levered, with existing debt further compounded by the Kfw project financing facility. Whilst the KfW facility has a lenient grace period on principal repayments for that facility, and has successfully extended terms on other pre-existing debt facilities, the financing costs and debt repayments Almonty faces over the medium-term are significant and may impact its ability to operate.
- **Mismatch between expected and actual mine economics:** There is the potential for various facets of the Sangdong mine to differ from the projections of the company and 2016 Technical Report. For example, the actual costs of the mine may exceed the projected costs, or the projected operating metrics (such as grade and tonnage) may also differ from expectations. These can materially impact the future cash flows of the mine, which will in turn impact its valuation and effectively that of the Company's.
- **Tungsten/ APT price exposure:** Almonty is exposed to spot APT prices, which have a very large impact on the company's profitability and cash flows. Especially in the case of downside, Almonty's attractiveness as an investment could be materially impacted if prices drop significantly.
- **Access to capital and share dilution:** The Company may encounter cash shortfalls in the future, and an inability to access capital will materially impact the ability to operate. In addition, any future equity financings will increase the number of shares outstanding and therefore the EPS and implied value per share.
- **Foreign exchange risk:** Exposure to various currencies as a consequence of its business opens Almonty to volatility in assets external to their operational scope. These will need to be hedged effectively in order avoid losses related to FOREX movements.

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2. The views of the Analyst are personal.
3. No part of the Analyst's compensation was directly or indirectly related to the specific ratings as used by the research Analyst in the Reports.
4. The Analyst does not maintain a financial interest in the securities or options of the Company.
5. Couloir Capital does not maintain a financial interest in the securities or options of the Company.
6. The information contained in the Reports is based upon publicly available information that the Analyst believes to be correct but has not independently verified with respect to truth or correctness.

## Investment Ratings—Recommendations

Each company within an analyst's universe, or group of companies covered, is assigned:

1. A recommendation or rating, usually BUY, HOLD, or SELL;
2. A 12-month target price, which represents an analyst's current assessment of a company's potential stock price over the next year; and
3. An overall risk rating which represents an analyst's assessment of the company's overall investment risk.

These ratings are more fully explained below. Before acting on a recommendation, we caution you to confer with your investment advisor to determine the suitability of our recommendation for your specific investment objectives, risk tolerance, and investment time horizon.

## Couloir Capital's recommendation categories include the following:

### Buy

The analyst believes that the security will outperform other companies in their sector on a risk-adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) BUY rating.

### Hold

The analyst believes that the security is expected to perform in line with other companies in their sector on a risk-adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) HOLD rating.

### Sell

Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to under-perform other companies on a risk-adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) SELL rating.

### Tender

The analyst is recommending that investors tender to a specific offering for the company's stock.

### Research Comment

An analyst comment about an issuer event that does not include a rating.

### Coverage Dropped

Couloir Capital will no longer cover the issuer. Couloir Capital will provide notice to clients whenever coverage of an issuer is discontinued. Following termination of coverage, we recommend clients seek advice from their respective Investment Advisor.

### Under Review

Placing a stock Under Review does not revise the current rating or recommendation of the analyst. A stock will be placed Under Review when the relevant company has a significant material event with further information pending or to be announced. An analyst will place a stock Under Review while he/she awaits enough information to re-evaluate the company's financial situation.

The above ratings are determined by the analyst at the time of publication. On occasion, total returns may fall outside of the ranges due to market price movements and/or short-term volatility.

## Overall risk ratings

**Very High Risk:** Venture-type companies or more established micro, small, mid or large-cap companies whose risk profile parameters and/or lack of liquidity warrant such a designation. These companies are only appropriate for investors who have a very high tolerance for risk and volatility and who can incur a temporary or permanent loss of a very significant portion of their investment capital.

**High Risk:** Typically, micro or small-cap companies which have an above-average investment risk relative to more established or mid to large-cap companies. These companies will generally not form part of the broad senior stock market indices and often will have less liquidity than more established mid and large-cap companies. These companies are only appropriate for investors who have a high tolerance for risk and volatility and who can incur a temporary or permanent loss of a significant portion of their investment capital.

**Medium-High Risk:** Typically, mid to large-cap companies have a medium to high investment risk. These companies will often form part of the broader senior stock market indices or sector-specific indices. These companies are only appropriate for investors who have a medium to high tolerance for risk and volatility and who are prepared to accept general stock market risk including the risk of a temporary or permanent loss of some of their investment capital

**Moderate Risk:** Large to very large cap companies with established earnings who have a track record of lower volatility when compared against the broad senior stock market indices. These companies are only appropriate for investors who have a medium tolerance for risk and volatility and who are prepared to accept general stock market risk including the risk of a temporary or permanent loss of some of their investment capital.



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