



ALMONTY INDUSTRIES INC. COMPLETES FINANCING TRANSACTION OF \$2 MILLION

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR DISSEMINATION IN THE U.S.

Toronto – December 18, 2018 - Almonty Industries Inc. (“**Almonty**”) (TSX: AII / OTCQX: ALMTF / Frankfurt: 1MR) announces it has completed a non-brokered private placement of an unsecured convertible debenture in the principal amount of CDN\$2,000,000 (the “**Debenture Offering**”), acquired by Deutsche Rohstoff AG (“**DRAG**”), an existing principal shareholder of Almonty. All securities issued pursuant to the Debenture Offering are subject to resale restrictions for a period of four months expiring on April 19, 2019. Almonty intends to use the net proceeds of the Debenture Offering for Sangdong Mine project financing expenses and general corporate purposes. Dr. Thomas Gutschlag, the Chief Executive Officer of DRAG, is also a director of Almonty.

The unsecured convertible debenture (the “**Debenture**”) will mature on June 30, 2019 and bears interest at a rate of 6% per annum, payable semi-annually in arrears on December 31 and June 30 in each year and at the maturity date. The outstanding principal amount of the Debenture is convertible into common shares of Almonty at the option of Almonty only upon availability to Almonty of full funding for its Korean Sangdong Mine project. DRAG does not have a conversion option. However, the Debenture is not convertible (i) at any time when the common shares of Almonty are trading on the TSX at less than \$0.628 per share (based on the volume weighted average price on the TSX for the five trading days immediately preceding the proposed conversion date); and/or (ii) to the extent such conversion would result in DRAG holding more than 19.9% of Almonty’s issued and outstanding shares.

The Debenture is convertible at a conversion price equal to the higher of: (i) the applicable price per Almonty common share in any equity financing completed by Almonty after December 3, 2018 and prior to conversion or maturity of the Debenture for purposes of financing the Sangdong Mine (and where more than one such equity financing is completed, it shall be the one completed at the lowest price per common share); and (ii) \$0.628 (being the maximum (20%) TSX permitted discount to the Current Market Price, where “Current Market Price” means the volume weighted average price of Almonty’s common shares on the TSX for the five trading days immediately preceding December 3, 2018, being \$0.785) (the “**Conversion Price**”).

The Debenture Offering constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). For this transaction, Almonty relied on the exemption from the formal valuation requirements of MI 61-101 contained in section 5.5(a) of MI 61-101 and on the exemption from the minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(a) of MI 61-101. The independent directors of Almonty unanimously approved the terms and issuance of the Debenture to DRAG.

DRAG Early Warning Disclosure

DRAG is a German public company listed on the Frankfurt Stock Exchange, which identifies, develops and divests attractive resource projects in North America, Australia and Europe, with a focus on the

development of oil and gas opportunities within the United States, as well as metals such as gold, copper, rare earth elements, tungsten and tin.

Under the Debenture Offering, DRAG acquired ownership and control of the Debenture, which is convertible at the option of Almonty (subject to the above conditions and restrictions) into common shares of Almonty at the Conversion Price. DRAG has advised Almonty that, at present, it also owns and controls 23,227,624 common shares of Almonty, representing approximately 12.8% of the issued and outstanding common shares of Almonty (being 181,441,893 shares), and it also owns another convertible debenture of Almonty in the principal amount of \$6,000,000 having a maturity date of March 22, 2021 with a coupon of 4%, and being convertible at the option of DRAG into common shares of Almonty at a conversion price of \$1.45 per share (the “**Existing Debenture**”).

In the event that the principal amount of the Debenture is converted in full at the lowest price of \$0.628 per share, DRAG would acquire ownership and control of an additional 3,184,713 common shares of Almonty, representing approximately 1.72% of the then-issued and outstanding common shares of Almonty post-conversion, and would have ownership and control over a total of 26,412,337 common shares of Almonty, representing approximately 14.3% of the then-issued and outstanding common shares of Almonty post-conversion.

In the event that the principal amount of both the Debenture and the Existing Debenture is converted in full, and assuming the conversion of the Debenture at the lowest price of \$0.628 per share, DRAG would acquire ownership and control of an additional 7,322,644 common shares of Almonty, representing approximately 3.88% of the then-issued and outstanding common shares of Almonty post-conversion, and would have ownership and control over a total of 30,550,268 common shares of Almonty, representing approximately 16.1% of the then-issued and outstanding common shares of Almonty post-conversion.

DRAG has advised Almonty that it acquired the Debenture for investment purposes and has no present intention to acquire further securities of Almonty, although it may in the future acquire or dispose of securities of Almonty, through the market, privately or otherwise, as circumstances or market conditions warrant.

A copy of the early warning report required to be filed by DRAG with applicable securities commissions in connection with this acquisition will be available for viewing under Almonty’s profile on SEDAR at www.sedar.com and a copy of the early warning report may also be obtained by contacting Thomas Gutschlag, the Chief Executive Officer of DRAG, at Q7, 24, Mannheim, Germany, 68161, Telephone +49 621 490 8170.

About Almonty Industries Inc.

The principal business of Toronto, Canada-based Almonty Industries Inc. is the mining, processing and shipping of tungsten concentrate from its Los Santos Mine in western Spain and its Panasqueira mine in Portugal as well as the refurbishment of its Wolfram Camp Mine in north Queensland, Australia, the development of its Sangdong tungsten mine in Gangwon Province, South Korea and the development of the Valtreixal tin/tungsten project in north western Spain. The Los Santos Mine was acquired by Almonty in September 2011 and is located approximately 50 kilometres from Salamanca in western Spain and produces tungsten concentrate. The Wolfram Camp Mine was acquired by Almonty in September 2014 and is located approximately 130 kilometres west of Cairns in northern Queensland, Australia and has produced tungsten and molybdenum concentrate, although the Wolfram Camp Mine is not currently producing due to ongoing refurbishment of the processing plant. The Panasqueira mine, which has been in production since 1896, is located approximately 260 kilometres northeast of Lisbon, Portugal, was

acquired in January 2016 and produces tungsten concentrate. The Sangdong mine, which was historically one of the largest tungsten mines in the world and one of the few long-life, high-grade tungsten deposits outside of China, was acquired in September 2015 through the acquisition of a 100% interest in Woulfe Mining Corp. Almonty owns 100% of the Valtreixal tin-tungsten project in north-western Spain. Further information about Almonty's activities may be found at www.almonty.com and under Almonty's profile at www.sedar.com.

For further information, please contact:

Lewis Black
Chairman, President and CEO
Telephone: +1 647-438-9766
E-mail: info@almonty.com

The head office of Almonty is:

100 King Street West
Suite 5700
Toronto, Ontario
M5X 1C7

Legal Notice

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

Disclaimer for Forward-Looking Statements

When used in this press release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. These statements and information are based on management's beliefs, estimates and opinions on the date that statements are made and reflect Almonty's current expectations.

Forward-looking statements in this press release include, but are not limited to, statements regarding the expected use of proceeds of the Debenture Offering. The forward-looking statements and information in this press release include information relating to the intentions of management. Such statements and information reflect the current view of Almonty with respect to risks and uncertainties that may cause actual results to vary. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Almonty to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the receipt of all required approvals, unanticipated costs and expenses, general market and industry conditions and operational risks, including large project risk and contractual factors, any specific risks relating to fluctuations in the price of ammonium para tungstate ("APT") from which the sale price of Almonty's tungsten concentrate is derived, actual results of mining and exploration activities, environmental, economic and political risks of the jurisdictions in which Almonty's operations are located and changes in project parameters as plans continue to be refined, forecasts and assessments relating to Almonty's business, credit and liquidity risks, hedging risk, competition in the mining industry, risks related to the market price of Almonty's shares, the ability of Almonty to retain key management employees or procure the services of skilled and experienced personnel, risks related to

claims and legal proceedings against Almonty and any of its operating mines, risks relating to unknown defects and impairments, risks related to the adequacy of internal control over financial reporting, risks related to governmental regulations, including environmental regulations, risks related to international operations of Almonty, risks relating to exploration, development and operations at Almonty's tungsten mines, the ability of Almonty to obtain and maintain necessary permits, the ability of Almonty to comply with applicable laws, regulations and permitting requirements, lack of suitable infrastructure and employees to support Almonty's mining operations, uncertainty in the accuracy of mineral reserves and mineral resources estimates, production estimates from Almonty's mining operations, inability to replace and expand mineral reserves, uncertainties related to title and indigenous rights with respect to mineral properties owned directly or indirectly by Almonty, challenges related to global financial conditions, risks related to future sales or issuance of equity securities, differences in the interpretation or application of tax laws and regulations or accounting policies and rules of the TSX.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to, the receipt of all required final approvals, no unanticipated delays in the project financing, no material unanticipated costs and expenses, no material adverse change in general market and industry conditions and no unanticipated material operational risks, including large project risk and contractual factors, no material adverse change in the market price of APT, the continuing ability to fund or obtain funding for outstanding commitments, expectations regarding the resolution of legal and tax matters, no negative change to applicable laws, the ability to secure local contractors, employees and assistance as and when required and on reasonable terms, and such other assumptions and factors as are set out herein. Although Almonty has attempted to identify important factors that could cause actual results, level of activity, performance or achievements to differ materially from those contained in forward-looking statements, there may be other factors that cause results, level of activity, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate and even if events or results described in the forward-looking statements are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Almonty. Accordingly, readers should not place undue reliance on forward-looking statements and are cautioned that actual outcomes may vary.

Investors are cautioned against attributing undue certainty to forward-looking statements. Almonty cautions that the foregoing list of material factors is not exhaustive. When relying on Almonty's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

Almonty has also assumed that material factors will not cause any forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE REPRESENTS THE EXPECTATIONS OF ALMONTY AS OF THE DATE OF THIS PRESS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE ALMONTY MAY ELECT TO DO SO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.