



## ALMONTY INDUSTRIES AND WOULFE MINING ANNOUNCE PROPOSED MERGER TO CREATE THE LEADING TUNGSTEN PRODUCER OUTSIDE OF CHINA

**TORONTO, ON and VANCOUVER, BC – January 27, 2015. Almonty Industries Inc. (“Almonty”) (TSXV:AI) and Woulfe Mining Corp. (“Woulfe”) (CSE:WOF) are pleased to announce that they have entered into a non-binding letter of intent (the “LOI”) to combine the businesses of the two companies (the “Merger”) and create the leading tungsten company outside of China. The combined business (“MergeCo”) will have two producing tungsten assets located in Spain and Australia, pre-construction assets in South Korea and Spain, and serve as an attractive platform for further accretive growth and consolidation in the global tungsten sector. Completion of the Merger is subject to completion of due diligence process by both companies, expected to be completed within the next 30 days, and the satisfaction of certain conditions discussed below.**

Under the terms of the Merger, Almonty would acquire all of the outstanding common shares of Woulfe at a fixed price of C\$0.08 per share to be satisfied by each Woulfe share being exchanged for a fraction of an Almonty common share with such fractional Almonty common share having a fair market value on the effective date of the Proposed Transaction of C\$0.08 (the “**Almonty Consideration**”), which fair market value will be determined based on the Almonty volume weighted average trading price for the five trading days ending on the third trading day prior to the effective date of the Proposed Transaction (the “**Almonty VWAP**”). Notwithstanding the foregoing, in no event shall the Almonty Consideration be greater than 0.1231 of one Almonty common share (C\$0.65 Almonty VWAP) or less than 0.0942 of one Almonty common share (C\$0.85 Almonty VWAP).

The C\$0.08 fixed price represents a 22.7% premium to Woulfe’s 30-day volume weighted average price (“**VWAP**”) for the period ending January 26, 2015. Upon completion of the Merger, Woulfe shareholders will own approximately 41% to 48% of MergeCo, depending on the Almonty VWAP.

Woulfe’s principal asset is the 100%-owned Sangdong Tungsten/Molybdenum Project (“**Sangdong**”) located in South Korea, located 187km southeast of Seoul (subject to a third party which may purchase a 25%-ownership interest in Sangdong for US\$35 million). The property is comprised of 12 Mining Rights with an aggregate area of 3,173 hectares. Woulfe recently completed a de-risking review of its final Feasibility Study report based on, the Tetrattech 2012 feasibility report, on the Sangdong mine.

Almonty’s principal assets are the Los Santos tungsten mine, producing 1,100 tonnes/year of WO<sub>3</sub>, and the Wolfram Camp tungsten and molybdenum mine in Queensland Australia, which produced 700 tonnes of WO<sub>3</sub> in 2013. In addition, Almonty is working towards the commissioning of the Valtreixal tin/tungsten mine in north western Spain with anticipated production in 2017.

Lewis Black, President and CEO of Almonty, commented “This transaction represents the opportunity to combine one of the world’s most promising undeveloped tungsten asset with our significant portfolio of producing assets, to create a truly global tungsten powerhouse. Almonty has already established itself as a leading producer of tungsten outside of China and premier consolidator of global tungsten assets. With the addition of Woulfe’s flagship Sangdong mine, we are confident about the combined team’s ability to unlock significant value from our collective assets for our combined shareholders.”

Commenting on the transaction, Michel Gaucher, President and CEO of Woulfe, said “By combining Woulfe and Almonty, we are creating the premier tungsten producer outside of China. The complementary expertise of Almonty’s and Woulfe’s highly experienced technical teams combined with an enhanced access to capital through the merger, will potentially advance the Sangdong project to production on an accelerated timeline. We believe this new company will provide investors with an ideal way to gain broader exposure to the tungsten sector.”

## TRANSACTION RATIONALE

- **Creation of the “go-to” global tungsten producer outside of China**
  - Almonty’s Los Santos Tungsten Mine in Spain is a fully operational, profitable mine
  - Scale-up of tungsten production currently underway at recently acquired Wolfram Camp mine in Australia
  - Almonty announced a special cash dividend of \$0.0272 per share in August 2014 (intends to declare on an annual basis)
- **Leverage off Almonty’s and Woulfe’s disciplined and focused management and technical teams with a proven ability and track record of acquiring, operating and enhancing tungsten assets, and of designing and planning complex mining solutions and processing facilities**
  - Almonty acquired Portugal-based Panasqueira in 2005 and successfully refurbished operations and increased the mine life; sold the mine in 2008 at 20x earnings for a 30x return
  - Ongoing operational enhancement and turn around at Los Santos Mine over the past ~36 months including improving recoveries by 40%, decreasing costs by 25% and increasing contained tungsten by ~25%
  - The Woulfe team de-risked Sangdong’s Tetrattech 2012 Feasibility Study in record time and at a highly reduced costs from those initially budgeted and announced in 2013
- **Geographical diversification of resources with robust pipeline of near-term production and longer-term development assets**
  - Acquired Wolfram Camp (Australia) in September 2014
  - Updated feasibility study at Sangdong (S. Korea) in Q1 2015
  - Updated resource at Valtreixal Project (Spain) in October 2014
- **Potential for significant cost savings and synergies with additional potential for other operating efficiencies**
- **Enhanced capital markets presence including increased analyst coverage, trading liquidity and broader institutional base**
  - Greater critical mass capable of financing at a lower cost of capital
- **The combined entity will be an attractive platform for further accretive growth and consolidation in global tungsten sector**

## BENEFITS TO ALMONTY SHAREHOLDERS

- Increased resource diversification and access to a large tungsten deposit in Sangdong
- Management and technical team proven to be capable of achieving asset’s maximum potential, from construction, to start up and operations
- Accretive on a EV / Resource basis
- In-line with management’s “roll-up” strategy to reach critical mass and dictate WO<sub>3</sub> pricing and/or become a highly attractive acquisition target

## BENEFITS TO WOULFE SHAREHOLDERS

- Resource diversification geographically with access to two producing assets and one late-stage development asset
- Significant premium on a 30-day VWAP basis
- Management team additions with extensive tungsten operational and turnaround expertise
- Immediate capital injection and increased access to project financing for accelerated build out of Sangdong

## MANAGEMENT AND BOARD

MergeCo’s management and board will reflect the collective strengths of both companies, having years of experience of direct tungsten experience across the globe. It is anticipated that the executive management of MergeCo will be led by a team managing Almonty’s assets with the addition of key Woulfe executive team

members, who will continue to manage and operate the South Korean operations. Discussions regarding MergeCo's Board of Directors are currently underway.

### **SUMMARY OF THE TRANSACTION**

It is anticipated that the Merger will be completed by way of a plan of arrangement, resulting in Woulfe becoming a wholly-owned subsidiary of Almonty at closing.

Based on the current common shares outstanding of both Almonty and Woulfe, Woulfe shareholders will own approximately 41% to 48% of the shares of MergeCo upon completion of the Merger and Almonty will own approximately 59% to 52% of the common shares of MergeCo. Based on 30-day VWAP closing on January 26, 2015, the C\$0.08 fixed price represents a 22.7% premium to Woulfe shareholders.

Following completion of the Merger, outstanding options, warrants and debt convertible to acquire common shares of Woulfe will be exercisable to acquire common shares of Almonty on the basis of the above common share exchange ratio.

The transaction is subject to completion of due diligence, the execution of a definitive agreement reflecting the terms set out in the LOI, and the approval of the Woulfe shareholders requiring a favourable vote of 66 2/3% of the votes cast at a meeting to be held as soon as practicable following execution of the definitive agreement, in addition to other customary closing conditions, including receipt of court and all regulatory and stock exchange approvals. Woulfe has also agreed to non-solicitation restrictions, including Almonty's right to match any superior proposals, and a break fee equal to 3.75% of equity value payable to Almonty under certain circumstances.

Certain members of management, directors and key shareholders of Woulfe, including Dundee Corp., have expressed their willingness to enter into support agreements to, among other things, vote their common shares in favour of the matters relating to the Merger.

Subject to the execution of the definitive agreement and satisfaction of all closing conditions, the Merger is expected to be completed in April 2015.

### **BRIDGE LOAN**

Almonty has today provided Woulfe with a C\$150,000 unsecured bridge loan, and up to a further C\$150,000 unsecured bridge loan will be made available upon the execution of the definitive agreement (the "**Bridge Loan**") which will be used for basic working capital needs. The Bridge Loan will mature on the earlier of April 30, 2015 or closing of the Merger, subject to extension with the agreement of Almonty, will bear an interest rate of 12% per annum payable at maturity and will rank *pari passu* with Dundee Corporation's existing unsecured convertible debt of Woulfe.

### **ADVISORS AND LEGAL COUNSEL**

Dundee Capital Markets is acting as financial advisor to Almonty and Wildeboer Dellelce LLP is acting as legal counsel to Almonty and its Board of Directors.

Woulfe has retained, for its due diligence of the Almonty assets and operations, the services of Micon International UK. A fairness opinion will be provided to Woulfe's Special Committee and Board by a yet to be chosen expert. Armstrong Simpson is acting as legal counsel to Woulfe and its Board of Directors.

### **ADDITIONAL INFORMATION**

Additional information about Almonty Industries Inc. and Woulfe Mining Corp. is available by visiting Almonty's website at [www.almonty.com](http://www.almonty.com) or Woulfe's website at [www.woulfemining.com](http://www.woulfemining.com) or under their profiles on SEDAR at [www.sedar.com](http://www.sedar.com).

This announcement is for informational purposes only and does not constitute an offer to purchase, a solicitation of an offer to sell shares or a solicitation of a proxy.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

### **Forward-Looking Statements**

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This news release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" as such term is defined in applicable Canadian securities laws (together referred to herein as "forward-looking statements"). Except for statements of historical fact relating to Almonty or Woulfe, information contained herein constitutes forward-looking statements. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend," "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements in this news release include, but are not limited to, statements relating to completion of the combination of Almonty and Woulfe and the expected timing of completion, statements regarding the cash balance of MergeCo at closing, statements regarding the expected benefits to Almonty shareholders and Woulfe shareholders of the proposed transaction. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include (i) that Almonty and Woulfe will complete the proposed transaction described herein, (ii) political developments, whether generally or in respect of the mining industry specifically, in Spain, Australia and South Korea, not consistent with Almonty and Woulfe's current expectations, (iii) Almonty's and Woulfe's expectations in connection with the projects discussed herein being met, (iv) the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices and currency exchange rates, (v) the value that MergeCo will realize from its portfolio of advanced resource equity positions, (vi) changes in project parameters as plans continue to be refined, (vii) the continued employment of key Almonty and Woulfe employees, as well as those risk factors discussed or referred to in Almonty's and Woulfe's respective annual Management's Discussion and Analysis and Almonty's Annual Information Form for their respective most recently completed year ends filed with the applicable securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com). Although Almonty and Woulfe have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Neither Almonty nor Woulfe undertakes any obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding Almonty's and Woulfe's expected financial and operational performance and results as at and for the periods ended on the dates presented in their respective plans and objectives and may not be appropriate for other purposes.

Information herein with respect to Almonty has been provided by management of Almonty, and information herein with respect to Woulfe has been provided by management of Woulfe, and neither Almonty nor Woulfe assumes any responsibility or liability with respect to the other party's information set out herein or any obligation to update such information, except as require by applicable securities laws.

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For Further Information please contact:

#### **Almonty Industries Inc.**

Lewis Black  
President & CEO  
Tel: (647) 438-9766  
[www.almonty.com](http://www.almonty.com)

#### **Woulfe Mining Corp.**

Michel Gaucher  
President & CEO  
Tel: (604) 684-6264  
[www.woufemining.com](http://www.woufemining.com)