

**FORM 51-102F3  
NATIONAL INSTRUMENT 51-102**

**MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF NI 51-102**

**FILED VIA SEDAR**

**Item 1. Name and Address of Company**

Almonty Industries Inc. (the "Company")  
100 King Street West  
Suite 5700  
Toronto, ON  
M5X 1C7

**Item 2. Date of Material Change**

A material change took place on March 12, 2018.

**Item 3. News Release**

A news release relating to the material change was disseminated via Canada BusinessWire on March 13, 2018. A clarifying news release was disseminated via Stockwatch on March 15, 2018. Both the news release and the clarifying news release have been filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available at [www.sedar.com](http://www.sedar.com).

**Item 4. Summary of Material Change**

The Company entered into a new off-take agreement dated March 12, 2018, (the "Off-Take Agreement") with an existing customer (the "Customer") for the tungsten concentrate to be mined and processed at the Company's wholly-owned Sangdong Tungsten Mine in South Korea. The agreement has a term of 10 years and, based upon current pricing models and, subject to the terms and conditions of the agreement, the agreement calls for expected revenues for the Company for a minimum of CDN\$500,000,000. While certain provisions of the Off-Take Agreement call for a minimum floor price for revenues over the life of the agreement, it does not, however, provide assurance of the future financial performance of the Sangdong Mine.

**Item 5. Full Description of Material Change**

The Company entered into the Off-Take Agreement with the Customer for the tungsten concentrate to be mined and processed at the Company's wholly-owned Sangdong Tungsten Mine in South Korea. The agreement has a term of 10 years and, based upon current pricing models and, subject to the terms and conditions of the agreement, the agreement calls for expected revenues for the Company for a minimum of CDN\$500,000,000. While certain provisions of the Off-Take Agreement call for a minimum floor price for revenues over the life of the agreement, it does not, however, provide assurance of the future financial performance of the Sangdong Mine.

The realization of the benefits of the Off-Take Agreement are subject to risk factors typical of a supply agreement of this nature including if the Company is unable to meet its obligations to deliver tungsten concentrate in accordance with the terms of the Off-Take Agreement, variable costs of shipping and production over the term of the contract, the Customer's ability to purchase the tungsten concentrate produced by Almonty at the mine and the continued economic viability of the Customer or its successors for the life of the Off-Take Agreement. Finally, given these risks, there is no guarantee that the Company will realize the revenues contemplated under the terms of the Off-Take Agreement.

The Company is currently in late-stage negotiations for its expected US\$85 million project financing for the Sangdong Project. As with all potential project financing, the key component of such financing (although there is no guarantee that the financing will be completed) is the completion of an off-take agreement.

The Company expects to commence demolition at the Sangdong Mine site in April 2018 with an expected 18-month build-out thereafter. The EPC contractor, POSCO, is approximately 50% through the technical drawings and design phase.

A Technical Report on the Sangdong Project was filed by Almonty on SEDAR on August 29, 2016 and a Feasibility study on the Sangdong Project was filed by Woulfe Mining Corp. (subsequently acquired by Almonty in September 2015 – see news release dated September 11, 2015) on SEDAR on July 6, 2015, wherein, among other things, various project risks and an economic analysis are disclosed.

#### **Related Party Transaction Disclosure**

The Customer is a related party to the Company holding beneficial ownership of securities of the Company carrying more than 10% of the voting rights attached to all of the Company's outstanding voting securities. Accordingly, the entering into of the Off-Take Agreement is deemed to be a "related party transaction" as defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Accordingly, this Material Change Report addresses the disclosure items contemplated by Sections 5.2, 5.5(c) and 5.7 of MI 61-101.

##### *(i) Description of the Transaction and its Material Terms*

The material terms of the Off-Take Agreement are summarized above. In addition, a copy of the Off-Take Agreement will be filed on SEDAR.

##### *(ii) Purpose and Business Reasons of the Transaction and Anticipated Effect on the Company's Business and Affairs*

The Company entered into the Off-Take Agreement in order to secure a customer for the production from its Sangdong Tungsten Project as such agreement was a pre-condition to any financing arrangements made available to the Company in respect of development of the project. Further detail as to the purpose and business reasons of the Off-Take Agreement is described above.

##### *(iii) Interest In, and Effect of, the Transactions on Shareholdings of Related Parties*

The transactions contemplated by the Off-Take Agreement will not have any effect on the percentage of securities of the Company beneficially owned or controlled by the Customer.

*(iv) Effect on Voting Rights*

Not applicable.

*(v) Approval Procedures*

The Board of Directors unanimously approved entering into the Off-Take Agreement on the basis that it represents an agreement on advantageous commercial terms to the Company and enables the Company to satisfy one of the final conditions to the financing arrangements the Company is pursuing in respect of the development of its Sangdong Project. Further, the Customer is the principal customer under the Company's principal supply agreements in respect of Almonty's other projects and the Company has had a long-term constructive working relationship with such Customer.

*(v) Disclosure of Valuations*

Not applicable.

*(vi) Material Agreements Entered into with Certain Parties in Connection with the Transaction*

Other than the Off-Take Agreement as it relates to the Customer, the Company has not entered into any agreement with an interested party or a joint actor with an interested party in connection with the Off-Take Agreement.

*(vii) Particulars of MI 61-101 Exemptions*

The Off-Take Agreement is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to subsections 5.5(d) and 5.7(1)(c) as the transactions contemplated by the Off-Take Agreement will consist of the purchase and sale in the ordinary course of business of the Company of inventory consisting of personal or movable property of the Company and the Off-Take Agreement was approved by the Board of Directors of the Company.

**Item 6. Reliance on Section 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7. Omitted Information**

Not applicable.

**Item 8. Executive Officer**

For further information, please contact Mark Gelmon, Director and Chief Financial Officer of Almonty at 604-684-6264 or mark.gelmon@almonty.com.

**Item 9.**

**Date of Report**

March 20, 2018.