

Almonty Industries aims to become the largest tungsten producer globally outside of China

written by Tracy Weslosky | October 12, 2022

As we prepare for the upcoming [Critical Minerals Summit](#) on Wednesday, November 9th in Toronto, hosted by the Critical Minerals Institute, the Board has been forwarding notes to me on a wide range of companies that offer competitive leadership in the critical minerals sector for discussion and debate. And in one of the emails last week I was reminded of how few people understand tungsten... hence the catalyst for this update for our [InvestorIntel.com](#) audience. Also, small heads up as we prepare for a new InvestorIntel.com site that we will be rolling out in the next week!

Tungsten (symbol "W") is an under the radar metal used in industry to harden steel or alloys, especially in the automotive industry. Tungsten is [the hardest pure metal on the planet](#) and it also has the highest melting point of all known elements except carbon. Tungsten was an important metal during World War II as its resistance to high temperatures and its strengthening of alloys made it an important raw material for the arms industry.

Today the majority of tungsten is used in manufacturing 'cemented carbides' or 'hard metals'. It is also used in filament wire for lighting, mobile phone handsets, military, ballistics (defense equipment), automotive parts, aerospace components, drilling, boring & cutting equipment, logging equipment, electrical & electronics appliances, high-speed steel

tools, weights and counterbalances, radiation shielding, cutting/grinding tools, and tungsten oxide battery applications.

Tungsten prices have been rising in 2022 partly due to geopolitical issues with supply dependent on China and Russia



Source: [Almonty Industries company presentation](#)

[Almonty Industries Inc.](#) (TSX: AII | ASX: AII | OTCQX: ALMTF) (“Almonty”) is a tungsten producer with big ambitions. The company aims to become the largest tungsten producer globally outside of China. And on a personal note, the Chairman and CEO [Lewis Black](#) is a well spoken music lover if memory serves me correctly.

Almonty’s four tungsten projects globally include:

- **The Panasqueira Tin-Tungsten Mine** in Portugal. Production stage.
- **The Almonty Korea Tungsten (“AKT”) Project** near Sangdong South Korea. Construction stage. The AKT deposit (**Sangdong Mine**) hosts one of the largest tungsten resources in the world. AKT was the leading global tungsten producer prior to its closure in the 1990’s (primarily due to low commodity prices) and it has the potential to produce [50%](#) of the world’s tungsten supply (ex-China output). The property also hosts a separate molybdenum deposit known as the Almonty Korea Moly (“AKM”) Project.
- **The Valtreixal Tin-Tungsten Project** in Spain. Development PFS stage.
- **The Los Santos Mine** in Spain. Care & maintenance stage with a tailings reprocessing operation producing some tungsten.

Almonty Industries four tungsten projects located in safe

countries (Portugal, S. Korea, Spain). Sangdong also has a deep molybdenum deposit



Source: [Almonty Industries company presentation](#)

The Almonty Korea Tungsten (“AKT”) Project (Sandong Mine)

Almonty is currently constructing the AKT Project (Sangdong Mine) in South Korea with low cost financing and off-take in place (price floor guarantee offtake @ [US\\$235/MTU](#)). Startup CapEx is estimated at [US\\$75M](#). The Project is fully permitted and set to start production in Q1, 2024. Once complete it will be [the largest tungsten mine outside of China](#). It has an average grade of 0.45% WO₃, which is 3x the average global tungsten grade. First year production will be 450kt ore @0.44% WO₃ at an impressive 85% recovery rate. Another plus is that the mine is in South Korea which matches with high tungsten demand from South Korea. Despite being an underground mine the costs of production are forecast to be lowest quartile ([US\\$110/MTU](#)) due to the good grades and unique tier one ore body. Once in production EBITDA is forecast to be [US\\$72M](#) pa based on 1.2M tons pa selling at US\$300/MTU.

Almonty Industries plans to become the largest tungsten producer outside of China in 2024. The AKT Project (Sangdong Mine) will have a 90 year mine life



Source: [Almonty Industries company presentation](#)

The tungsten market does not get the same attention as other markets, however it is still very strategically important. Both the U.S and EU have declared [tungsten as a critical mineral](#).

Almonty already has one producing tungsten mine in Portugal, will soon have a South Korean producing tungsten mine, has two development stage tungsten projects in Spain, plus significant upside potential from their underlying molybdenum deposit at their AKT Project in South Korea.

Almonty Industries trades on a market cap of [C\\$151M](#) and a consensus price target of [C\\$1.70](#). One to watch in 2023 as the AKT Project progresses towards production targeted for Q1, 2024.

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