

**Almonty Industries, Inc. (TSX: AII) (ASX: AII) (OTCQX: ALMTF)**

**Key Statistics**

52 Week Range	C\$0.59 - C\$2.69
Avg. Volume (3 months)	509.64k
Shares Outstanding	288.19M
Market Capitalization	C\$708.95M
EV/Revenue	27.1x
Cash Balance*	C\$16.9M
Analyst Coverage	6

\*Cash balance as of March 2025 (excluding recent warrant exercises)

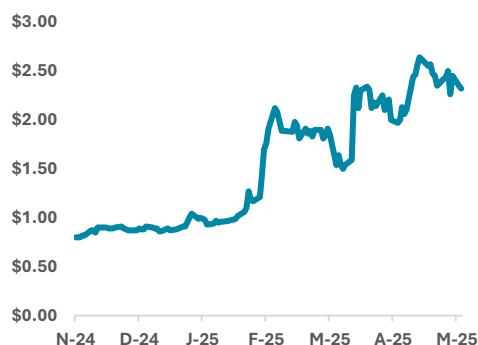
**Revenue (in C\$mm)**

Dec – FY	2024A	2025E	2026E
Q1	7.82	7.91	40.30
Q2	7.94	8.00	41.51
Q3	6.79	38.77	42.55
Q4	6.28	39.75	43.35
FY	28.83	94.43	167.72

**EPS (in C\$)**

Dec – FY	2024A	2025E	2026E
Q1	(0.02)	(0.13)	0.02
Q2	(0.01)	(0.01)	0.02
Q3	(0.02)	0.02	0.02
Q4	(0.02)	0.02	0.03
FY	(0.06)	(0.10)	0.09

**Stock Price Chart (in C\$)**



Hunter Diamond, CFA

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**Almonty Industries, Inc. – Secures Strategic Tungsten Oxide Offtake Agreement with TPW and MT, Strengthening Position in U.S. Defense Supply Chain; Production at Sangdong to Begin Near Term**

**Share Price**

C\$2.46

**Valuation**

C\$4.00

**Investment Highlights**

**Almonty Industries Secures Strategic Three-Year Offtake Agreement for Tungsten Oxide with Tungsten Parts Wyoming; Provides Predictable Revenue and Strengthens Strategic Alliances within U.S. and Allied Defense Networks:** Almonty Industries Inc. recently announced a binding offtake agreement with Tungsten Parts Wyoming, Inc. (TPW), a prominent U.S.-based defense contractor, and Metal Tech (MT), an Israel-based tungsten processor, significantly enhancing its strategic position within the critical materials supply chain for U.S. defense applications. Under the agreement, TPW commits to purchasing at least 40 metric tons of tungsten oxide monthly from Almonty, exclusively for use in critical defense applications, including missiles, drones, and ordnance systems. MT will process the supplied tungsten oxide into tungsten metal powder in Israel or the U.S., exclusively for TPW's defense production programs. Notably, the arrangement includes a hard floor price with no ceiling, providing revenue predictability and substantial upside potential. The initial term of the agreement spans three years from the commencement of deliveries, with provisions for automatic annual renewal thereafter. This offtake agreement is strategically significant for Almonty, ensuring predictable revenues and deepening its integration into defense-oriented supply chains. Management has highlighted the importance of securing long-term demand specifically tied to high-value defense programs, emphasizing the company's ability to align commercial interests with strategic national security priorities. It should be that that these substantial offtake commitments signal strong confidence in Almonty's asset quality and operational delivery capabilities. Investors tend to place a premium on predictable revenues and consistent cash flows, making this agreement particularly valuable from a market valuation perspective. We view this development positively, as it further solidifies Almonty's competitive advantage in supplying critical materials to allied defense markets.

**Company Description**

Almonty Industries Inc. is a global leader in tungsten mining, with strategically positioned assets in geopolitically stable regions including South Korea, Portugal, and Spain. The company is set to become the largest tungsten producer outside China upon the commissioning of its flagship Sangdong Mine.

**Q1 2025 Financial Results Reflect Stable Revenue, Enhanced Mining Margins, and Elevated Non-Cash Charges:**

In the first quarter of 2025, Almonty Industries reported a 1.3% year-over-year revenue increase to \$7.9 million, driven by higher tungsten concentrate pricing under long-term contracts. Income from mining operations rose significantly by 24.1% to \$0.75 million, supported by favorable pricing dynamics and increased output at the Panasqueira mine. Operating expenses rose substantially to \$9.5 million from \$4.3 million in the prior year quarter, largely due to higher non-cash share-based compensation, losses related to the revaluation of embedded derivative liabilities, and increased expenditures associated with the company's planned redomiciling. The company reported a net loss of \$34.6 million, compared to \$3.8 million in the prior-year period, primarily due to a non-cash loss of \$25.8 million arising from the revaluation of warrant liabilities. Adjusted EBITDA came in at \$(3.5) million compared to \$(1.3) million in the same quarter of the previous year, reflecting a 169.2% increase on a non-IFRS basis. As of March 31, 2025, cash and cash equivalents totaled \$16.9 million, up from \$7.8 million at year-end 2024, primarily due to the receipt of \$8.7 in equity placement proceeds and \$3.3 million from the exercise of warrant, partially offset by ongoing investments in the Sangdong Project in South Korea. Post the quarter-end, Almonty secured an additional \$3.6 million through further warrant exercises.

**Valuation:** The forthcoming commercialization of the high-grade Sangdong project, now construction-complete and in its final pre-production phase, is anticipated to serve as a key catalyst for Almonty's growth trajectory and potential valuation re-rating. Strong operational performance at Panasqueira and a robust cash position of nearly \$17 million provide a solid foundation for near-term execution. Strategic advancements, including a binding offtake agreement with a U.S. defense contractor and expanded partnerships with American Defense International and MZ Group, further reinforce Almonty's position as a critical supplier within the allied tungsten value chain. Rolling over our financial model while incorporating the latest quarterly results and updated shares outstanding, we arrive at a valuation of \$4.00 per share, contingent upon successful execution by the company.

## Company Overview

Almonty Industries Inc. is a global natural resources company primarily engaged in the acquisition, exploration, development, mining, and milling of tungsten ores and associated minerals. It specializes in acquiring and optimizing distressed and underperforming tungsten operations and assets. The Company strategically concentrates its operations within key markets of the Iberian Peninsula and South Korea, distinguished regions renowned for high-quality tungsten deposits and favorable mining jurisdictions. Almonty's principal business revolves around the extraction, processing, and shipment of tungsten concentrates from its mining assets, notably the Panasqueira tin and tungsten mine situated in Covilha, Castelo Branco, Portugal, and the Los Santos Mine located near Salamanca, Spain. Concurrently, the Company is progressing with the development of two strategically significant projects: the Sangdong Mine in Gangwon Province, South Korea, and the Valtreixal tin and tungsten project in the province of Zamora, Western Spain. We note that the Almonty Korea Tungsten deposit (Sangdong Mine) hosts one of the largest tungsten resources in the world.

Almonty Industries maintains a strategically diversified portfolio of tungsten mining operations and development projects across globally recognized mining regions

## Asset Portfolio and Operational Status

Almonty's principal operations comprise two producing assets, one under construction, and one in the developmental stage:



Asset	Acquisition	Stage	Resource Estimates	Notes
<b>Panasqueira Mine, Portugal</b>	January 2016	Production	<b>Proven &amp; Probable reserves (P&amp;P):</b> 3,056kt at a grade of 0.21% WO <sub>3</sub> <b>Measured &amp; Indicated (M&amp;I) resources:</b> 11,855kt at 0.23% WO <sub>3</sub> <b>Inferred resources:</b> 10,631kt at 0.24% WO <sub>3</sub>	Panasqueira has been in continuous operation since 1896, highlighting its longevity and economic significance in the region. Located roughly 260 km northeast of Lisbon, the mine is notable for its stable production of tungsten concentrate.
<b>Sangdong Mine, South Korea</b>	September 2015 (via Woulfe Mining Corp.)	Under Construction (Expected to be under production by Q3 2025)	<b>P&amp;P:</b> 7,896kt at a notable grade of 0.45% WO <sub>3</sub> <b>M&amp;I:</b> 8,029kt at 0.51% WO <sub>3</sub> <b>Inferred resources:</b> 50,686kt at 0.43% WO <sub>3</sub>	Sangdong, historically recognized as one of the largest tungsten mines globally, offers a high-grade, long-life tungsten deposit uniquely positioned outside China, enhancing Almonty's competitive edge amid strategic geopolitical diversification.
<b>Valtreixal Project, Spain</b>	Between 2013 and 2016	Pre-Feasibility	<b>P&amp;P:</b> 2,577kt at 0.35% WO <sub>3</sub> <b>M&amp;I:</b> 2,833kt at 0.36% WO <sub>3</sub> <b>Inferred resources:</b> 16,755kt at 0.18% WO <sub>3</sub>	Located in Zamora province, western Spain, Valtreixal's development would help Almonty increase its resource base and further strengthen its European asset portfolio.
<b>Los Santos Tailings, Spain</b>	September 2011	Care & Maintenance (since February 2020)	<b>P&amp;P and M&amp;I resources</b> are both estimated at 3,767kt at a grade of 0.13% WO <sub>3</sub>	Operations were placed on care and maintenance to reassess processing strategies for tailings. Almonty anticipates resuming activity in 2026 following planned capital expenditures.

Exhibit 1: Almonty Industries' Asset Portfolio. Source: Investor Presentation, Diamond Equity Research

Almonty operates within a cyclical tungsten market, heavily influenced by global economic conditions and industrial demand fluctuations. Although the tungsten market is dominated by China, Almonty maintains its competitiveness through efficient operations, cost management, and strategic geographical positioning. Costs of production are influenced significantly by labor, power, and supply costs, as well as operational efficiency and the geological characteristics of its resource base. Strategically, Almonty differentiates itself through geographical diversification, notably owning high-grade assets like the Sangdong Mine in South Korea, which provides a critical competitive advantage given its scale, quality, and location outside China's predominant tungsten supply chain. In our view, Western consumers seeking secure tungsten supply chains are increasingly recognizing the strategic importance of non-Chinese producers like Almonty. Diversifying supply sources is essential for mitigating risks and ensuring long-term stability amid rising geopolitical tensions.

## Business Model, Principal Markets, and Distribution Methods

Central to Almonty's business model is the production of tungsten concentrate, which is measured in terms of tungsten trioxide content ( $\text{WO}_3$ ). Tungsten(VI) oxide, also known as tungsten trioxide, is a chemical compound of oxygen and the transition metal tungsten, with the formula  $\text{WO}_3$ . After the ore is mined, it undergoes crushing in a primary crusher, followed by a milling process that employs gravity separation techniques such as spiral banks and shaking tables. These methods concentrate the tungsten minerals into two main products:

- **Primary Grade Product:** Typically, 65% or greater  $\text{WO}_3$  concentrate (often exceeding this threshold), which commands premium pricing in the market due to its higher purity.
- **Secondary Grade Product:** Ranging between 45% and 65%  $\text{WO}_3$  concentrate, which can still be upgraded or blended to meet various customer specifications.

Almonty's primary tungsten concentrate markets include the United States, Western Europe, and Japan. These regions collectively represent a significant portion of global tungsten consumption, driven by high-tech manufacturing, aerospace, defense, and industrial tooling sectors. Currently, a considerable proportion of Almonty's revenue stems from sales to a major U.S.-based customer under long-term Supply Agreements. These contracts specify pricing mechanisms based on the content of  $\text{WO}_3$  in each shipment and reference monthly average prices per metric ton unit (MTU) of ammonium paratungstate (APT) as published by the London Metal Bulletin. The operational logistics for Almonty's key sites, particularly Panasqueira, involve bagging concentrate into one-tonne bags stored onsite until shipments of 20 tonnes can be efficiently dispatched. These products are then shipped under CIF Incoterms 2010 agreements to customers primarily located in the United States and Japan.

## Global Project Portfolio: Diversified Tungsten Operations Strategically Positioned in Stable, Conflict-Free Jurisdictions

Almonty Industries maintains a strategically diversified portfolio of tungsten mining operations and development projects across globally recognized mining regions, specifically the Iberian Peninsula and South Korea. These regions offer both geopolitical stability and favorable regulatory frameworks, essential factors in sustaining efficient and uninterrupted operations. Almonty's strategically assembled portfolio includes active mining assets, projects under construction, advanced-stage developments, and operations temporarily placed into care and maintenance. At present, Almonty operates the historic Panasqueira Mine in Portugal, one of the longest continuously producing tungsten mines globally. Complementing this production base, Almonty owns the Los Santos Mine in Spain, which has temporarily transitioned to care and maintenance status as it undergoes strategic infrastructure enhancements aimed at enabling the economically efficient processing of its extensive tailings inventory, with operations expected to resume in 2026. Further strengthening its global profile, Almonty is progressing with the construction and development of the Sangdong Mine in South Korea—once among the world's largest tungsten mines, and the

Almonty's strategic assets are situated in jurisdictions that minimize geopolitical and operational risks while providing favorable regulatory frameworks, robust infrastructure, and established logistics to key markets such as the United States, Western Europe, and Japan



Valtreixal tin-tungsten project in Spain, which offers the Company diversification through dual-commodity exposure. We view this geographical diversification as a strategic move that effectively mitigates regional risks and positions Almonty advantageously as a reliable, conflict-free source of tungsten concentrates—especially important considering evolving geopolitical conditions and the increasing global focus on securing supply chains for essential materials.

### Almonty Korea Tungsten Project (Sangdong Mine): A World-Class Asset with Strategic Significance and Substantial Global Tungsten Resource Potential

The Almonty Korea Tungsten Project, commonly known as the Sangdong Mine, is one of Almonty Industries' most significant and strategically important assets, recognized as one of the largest tungsten deposits globally. Historically, this mine was a dominant producer, accounting for a significant share of the world's tungsten supply (ex-China output). Given its strategic location, abundant resources, and competitive operational economics, Sangdong is positioned to once again play a pivotal role in global tungsten markets.

Located approximately 170 kilometers southeast of Seoul, near the village of Sangdong and the city of Taebaek in South Korea's Gangwon Province, the Sangdong Mine is strategically situated within a historically active mining district. Despite moderately rugged terrain, the project benefits from excellent regional infrastructure, including well-maintained roads, electricity supply, ample water resources, and a nearby population center that supports logistical and staffing requirements.

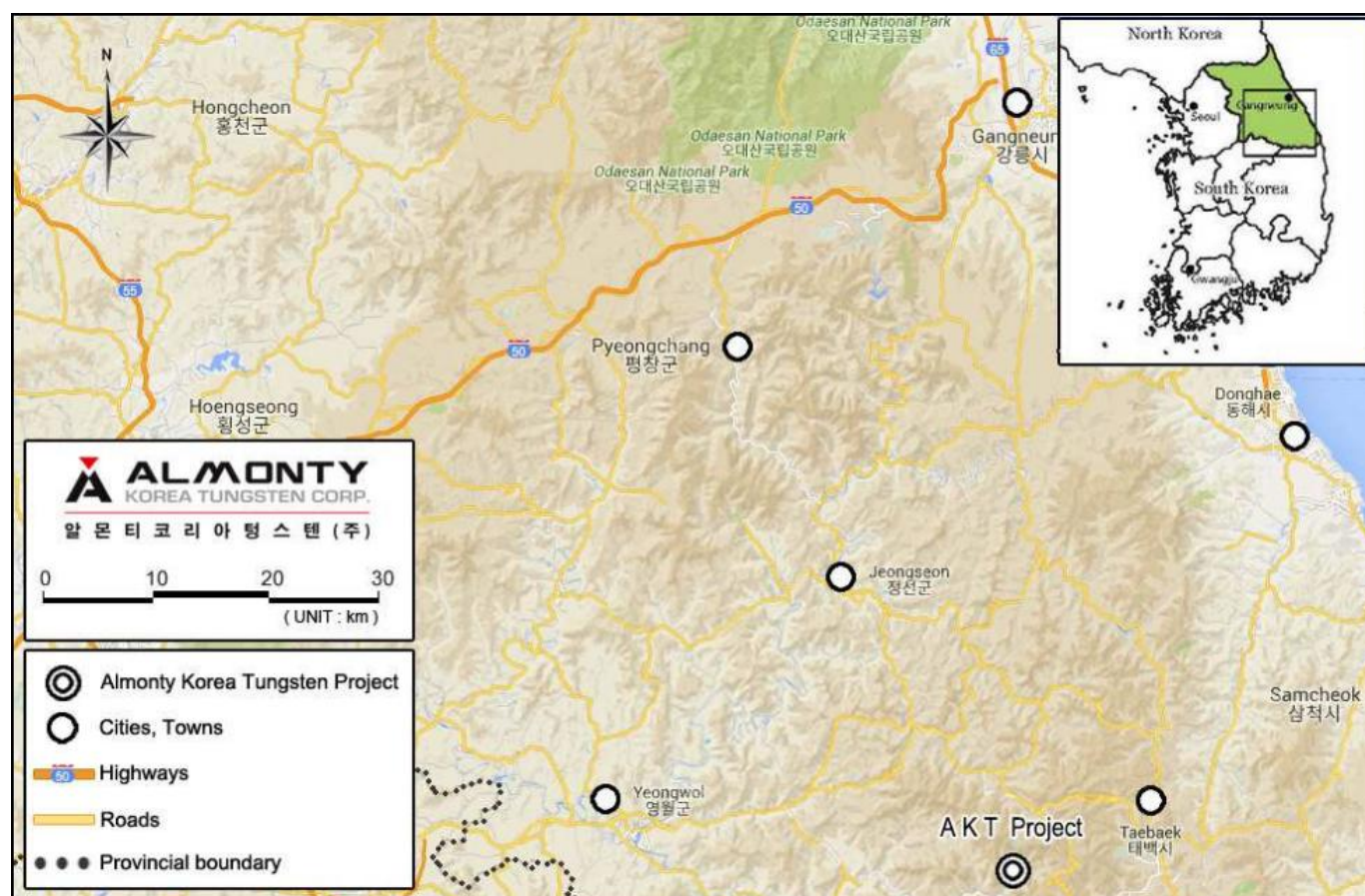


Exhibit 2: Sangdong Mine Location Map. Source: Sangdong Project Technical Report

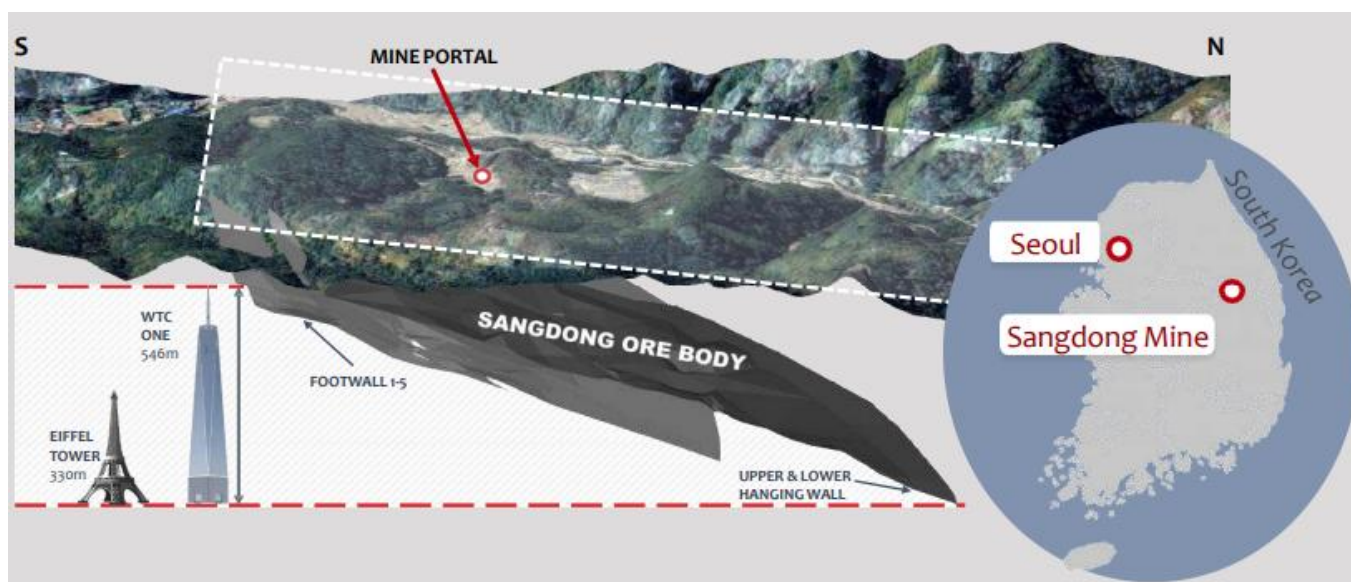


Exhibit 3: Sangdong Mine Geological Cross-section. Source: Investor Presentation

### Sangdong Tungsten Mine Mineralization and Resource Estimation

The Sangdong deposit primarily contains scheelite ( $\text{CaWO}_4$ ), which accounts for over 95% of tungsten mineralization, accompanied by minor wolframite and subsidiary molybdenite. The mineralized skarn zones demonstrate strong zonation, with highest-grade tungsten mineralization ( $>3\% \text{WO}_3$ ) concentrated in the central quartz-mica alteration zones, decreasing outward to amphibole ( $1\text{-}1.5\% \text{WO}_3$ ) and pyroxene-garnet zones ( $\sim 0.3\% \text{WO}_3$ ). We note that these grades are among the highest in the world—over three times greater than both China's and the global average.

Resource estimation methods have employed rigorous NI 43-101 compliant methodologies, incorporating comprehensive data from historical and recent drilling campaigns (surface and underground). The total drillhole database comprises approximately 1,377 holes (126,744 meters drilled). Advanced modeling techniques, including 3D block modeling and ordinary kriging, have been utilized to establish an accurate mineral resource estimate.

Based on Almonty's latest public filings, Sangdong Mine hosts substantial reserves and resources, summarized as follows:

Deposit Summary	Tonnage	$\text{WO}_3$ Grade	Contained Metal
Proven and Probable Reserves (P&P)	7.9 million tonnes	0.45%	~36 kt
Measured & Indicated (M&I) Resources	8.0 million tonnes	0.51%	~41 kt
Inferred Resources	50.7 million tonnes	0.43%	~218 kt

Exhibit 4: Sangdong Tungsten Mine Deposit Summary. Data Source: Company Filings



## Sangdong Mine Development: Phased Expansion, Infrastructure Upgrades, and Long-Term Supply Security

A key advantage of the Sangdong Mine is Almonty's detailed and methodical approach to project development. Following its acquisition of the asset, Almonty has methodically advanced technical studies, culminating in a comprehensive Feasibility Study completed by Adam Wheeler and Andrew Wells (Saint Barbara LLP) in January 2016. This study confirmed the economic viability and technical robustness of the Sangdong project, laying the groundwork for its reactivation and subsequent expansion.

The mine's strategic importance is further underscored by Almonty's systematic planning of infrastructure upgrades. Planned developments include deepening and enhancing the existing underground mining infrastructure, such as upgraded drainage and ventilation systems, robust surface support, and modern environmental management facilities. Notably, the use of existing infrastructure—including refurbished access portals, significantly reduces upfront capital expenditure and accelerates the project's timeline.

The Sangdong Mine is advancing through a well-structured, fully permitted development timeline, with construction already well underway and completion targeted for mid-2025. The project has successfully passed all key progress milestones, with every drawdown under the financing agreement approved by KfW IPEX-Bank, reflecting a high level of confidence in the project's execution.

We note that the Sangdong Mine is progressing on a well-structured, fully permitted timeline, with construction underway and completion expected by mid-2025. All key milestones have been met, and each financing drawdown has been approved by KfW IPEX-Bank

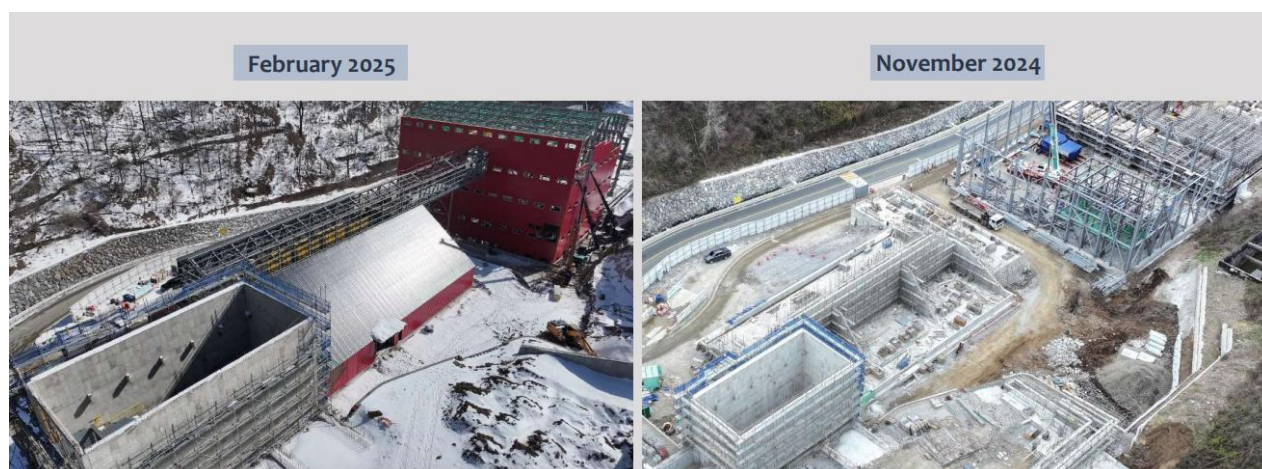


Exhibit 5: Sangdong Tungsten Mine Construction Impression as of February 2025. Source: Investor Presentation

The mine is designed to allow for rapid expansion soon after production commences. With a robust mineral resource base, Sangdong has the potential to double throughput within 1–2 years after production begins. The expansion strategy will be executed in a phased manner to systematically ramp up production capacity:



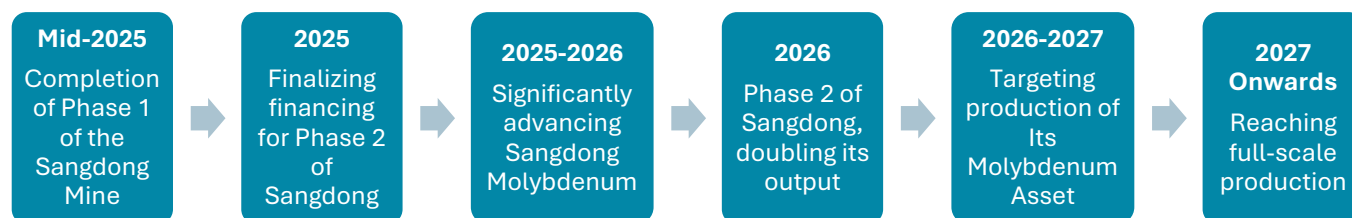


Exhibit 6: Sangdong Tungsten Mine Expansion. Source: Diamond Equity Research, Company Filings

One of Sangdong's defining strengths is its exceptional resource longevity. While the NI43 has a 13-year life of mine (LOM), internal studies show potential excavation for over 90 years, ensuring a long-term, stable supply of high-quality tungsten concentrate. This makes it a foundational asset for the Western world's critical materials supply chain. Such an extensive mine life provides supply security across multiple generations, positioning Almonty as a key player in the global tungsten market. In our analysis, Almonty's phased development strategy at Sangdong mitigates both execution risk and financial exposure, ensuring that capital expenditures are judiciously allocated, while progressively unlocking the mine's substantial value.

### **Sangdong Mine's Cost Leadership and Secured Revenue Stream Strengthen Its Competitive Position**

The Sangdong Mine is uniquely positioned as one of the most cost-competitive tungsten projects globally, with a secured revenue stream that significantly de-risks its financial profile. The combination of a long-term offtake agreement, ultra-low production costs, and financial backing from key industry players reinforces its importance within the global tungsten supply chain.

A key factor ensuring the mine's financial stability is the 15-year offtake agreement with Global Tungsten & Powders LLC (A Plansee Group company), which guarantees an unprecedented floor price of US\$235/MTU, providing downside protection while allowing for full exposure to price increases, as there is no upside cap. Another critical advantage of Sangdong is its ultra-low production cost of just US\$110/MTU, placing it firmly in the lowest quartile of global tungsten production costs. This is approximately half the average cost of Chinese state-owned enterprises (SOEs), which currently dominate global tungsten supply. Sangdong's cost efficiency stems from multiple factors, including South Korea's lower labor and material costs, optimized processing infrastructure using Metso Outotec equipment, and high-grade ore (0.44% WO<sub>3</sub> in Year 1), which enhances processing efficiency. With Chinese production costs rising due to increased environmental and regulatory requirements, Sangdong's cost advantage positions it as an economically sustainable supplier in a rapidly evolving market.

We note that a 15-year offtake agreement with Plansee Group provides downside protection with a US\$235/MTU floor price and no cap on upside, highlighting strong confidence in Almonty's long-term production

To further ensure financial and operational stability, Plansee Group, one of the world's largest tungsten consumers, has directly invested in Sangdong's development. Plansee has provided a US\$20 million cost overrun facility, guaranteeing the project's completion even in the event of unforeseen capital requirements. Additionally, Plansee has offered a US\$9.8 million guarantee for the Debt Reserve Service Account (DRSA), reinforcing Sangdong's financial resilience. We view the involvement of such a major tungsten end-user as a

reflection of strong industry confidence in Almonty's ability to consistently deliver high-quality tungsten concentrate.

Beyond its low production costs and strong financial backing, Sangdong also benefits from premium product pricing. Almonty's planned tungsten oxide (TO) plant will process Sangdong concentrate into nano-grade products for use in EV battery anodes and cathodes, hydrogen electrodes, and semiconductor applications—a high-value product that sells at a 10% premium over standard MTU pricing. This additional revenue stream enhances Sangdong's financial outlook, allowing Almonty to achieve higher margins than traditional tungsten concentrate producers. With increasing global demand for advanced tungsten products in aerospace, electronics, and defense applications, this premium pricing further strengthens Sangdong's competitive position.

The table below outlines the key financial and operational metrics for each phase, highlighting Sangdong's increasing production scale, strong recovery rates, and growing revenue projections.

Project Summary	Phase I (financed and in construction)	Phase II	Tungsten Oxide (TO) Plant
<b>Expected Start of Production</b>	2025	2026/2027	2027/2028
<b>WO<sub>3</sub> Production</b>	~230,000 mtu	~460,000 mtu	4000 tons p.a. Capacity
<b>Recovery</b>	85%	85%	97%
<b>Expected Revenue p.a. (in \$ mm)</b>	~\$68 million	~\$142 million	\$173 million
<b>Expected initial Capex</b>	~\$125 million	~\$17 million	~\$71 million

Exhibit 7: Sangdong Mine Project Economics. Source: Diamond Equity Research, Company Filings

From our perspective, Sangdong represents an exceptionally well-structured, financially secure, and cost-advantaged asset. The combination of locked-in revenue, low-cost production, financial de-risking, and premium pricing potential gives Almonty a competitive edge over other tungsten projects worldwide. The geopolitical stability of South Korea offers considerable strategic value. As industries increasingly seek secure, ethical, and conflict-free mineral supplies, the Sangdong Mine's location and history as a major tungsten supplier uniquely position it to capitalize on this growing trend. As Western economies continue to prioritize supply chain resilience for critical materials, Sangdong's strategic importance will potentially grow further, cementing its role as a key player in the future of the global tungsten market.

Beyond its world-class tungsten deposits, the Sangdong Mine holds another valuable asset that has remained largely under the radar—molybdenum. Often overshadowed by tungsten, molybdenum plays a crucial role in high-strength steel alloys, aerospace components, and advanced industrial applications. With the growing global demand for this critical metal, Almonty is well-positioned to unlock additional value from Sangdong's molybdenum reserves. The planned expansion of the mine includes the development of a molybdenum production circuit, further diversifying its revenue streams and reinforcing its long-term strategic importance.

## Unlocking Hidden Value: The Molybdenum Potential at Sangdong

While Sangdong is globally recognized for its exceptional tungsten reserves, a second high-impact opportunity lies beneath its skarn horizons—molybdenum, a metal critical to both traditional industry and emerging green technologies. Almonty's Korea Moly (AKM) Project, situated on the same permitted mining lease as the Sangdong tungsten mine, represents a distinct and strategic asset with the potential to significantly enhance shareholder value. Known as the Deep Moly Deposit, this molybdenum zone is hosted in a subvertical quartz-molybdenite vein stockwork located in the Jangsan Quartzite, approximately 150 meters below the  $WO_3$  deposit, and up to 400 meters thick vertically. The deposit is hydrothermal in origin, with two clear stages of mineral deposition. Structurally, the orebody is intersected by steep reverse and normal faults, adding complexity but also indicating potential for resource expansion. The mineralogy includes scheelite, molybdenite, bismuthinite, and other accessory minerals. The alteration is classic for a skarn-hosted deposit, with clear zonation from quartz-mica cores to amphibole and pyroxene-garnet peripheries.

Originally identified by Korea Tungsten Mining Corporation (KTMC) in the 1980s, this structure has since been confirmed through subsequent drilling and resource modeling. It is geologically distinct from the tungsten orebody but potentially linked in origin, with some Almonty geologists suggesting that the molybdenum-bearing fluids may have acted as the mineralizing engine that enriched the overlying skarns. The Deep Moly zone is not included in any of the NI 43-101 tungsten resource estimates for Sangdong, reinforcing its status as an untapped, standalone opportunity.

Almonty declared a [maiden inferred resource](#) of 21.48 million tonnes at 0.26%  $MoS_2$ , containing 55,800 tonnes of  $MoS_2$ , based on a 0.19% cut-off grade. The molybdenum grade is among the highest reported in Southeast Asia and sits well above the global average for both primary molybdenum and by-product operations. Historical estimates by KTMC had even pointed to "prospective ore reserves" of up to 16.3Mt at 0.40%  $MoS_2$  and a broader global resource of 120Mt at 0.13%  $MoS_2$ —figures that will require further drilling to validate under modern resource estimation standards.

In our view, the current resource is only scratching the surface. The orebody remains open to the northeast and northwest, and exploration drilling in the early stages of  $WO_3$  production at Sangdong will focus on confirming the scale, geometry, and potential source of this molybdenum stockwork. More than 37 historical and recent drillholes support the Block Model developed by KTMC and OTL, but additional definition drilling is planned to support a 10-year molybdenum mine plan.

### Offtake Agreement Offers Significant Downside Protection

Almonty has already secured a major offtake agreement with SeAH M&S, South Korea's largest molybdenum processor and the world's second-largest moly oxide smelter. The deal includes the purchase of 100% of Sangdong's molybdenum output at a firm floor price of US\$19.00/lb, offering significant downside protection. With current prices at approximately US\$22.00/lb, this agreement not only stabilizes future revenue but reflects SeAH's confidence in Sangdong's potential to become a domestic cornerstone of molybdenum supply.

The Almonty's Korea Moly (AKM) Project is of strategic national importance. South Korea remains heavily dependent on molybdenum imports, most of which come from China. The Sangdong Moly Project can materially reduce this reliance, reinforcing domestic supply chains critical to the country's steel, aerospace, and defense sectors. Notably, SeAH is also constructing a US\$110 million metals processing facility in Texas, aimed at serving clients like SpaceX and the U.S. defense sector—creating potential export synergies for Sangdong's molybdenum in the North American market.

### **Leveraging Synergies for Superior Development and Cost Efficiency**

One of the most compelling aspects of the AKM Project is its integration potential with the existing Sangdong tungsten infrastructure. Since the molybdenum zone sits within the same permitted mining lease as the main Sangdong project, development can proceed with minimal additional permitting. The proximity of the orebody enables shared use of roads, power supply, ventilation systems, and underground access, significantly reducing capital intensity.

Moreover, the development of a molybdenum production circuit would leverage existing processing infrastructure, offering cost synergies and scalability. Almonty is currently finalizing a mine plan and evaluating financing options, with first production targeted by late 2026 or early 2027. Based on historical Korean government data, the project has an anticipated life of mine of up to 60 years, making it a long-term strategic asset in Almonty's portfolio.



Exhibit 8: Sangdong Molybdenum Project Development Timeline. Source: Diamond Equity Research

In our view, the molybdenum opportunity at Sangdong is a value multiplier. It not only enhances the project's overall economic profile but also strengthens its strategic significance in global critical mineral supply chains. With high-grade resources, strong offtake backing, and substantial development synergies, the AKM Project is uniquely positioned to create incremental value with relatively low incremental capital.

### **Panasqueira Mine: A Proven, Historic Tungsten Operation with Significant Future Potential**

In January 2016, Almonty Industries acquired a 100% ownership interest in Beralt Ventures Inc. from Sojitz Tungsten Resources, Inc. Through this strategic transaction, Almonty gained control of the Panasqueira Mine, cementing its position as a major global tungsten producer. As part of its acquisition process, Almonty undertook comprehensive due diligence, analyzing historical drilling and exploration data. This culminated in a National Instrument 43-101 (NI 43-101) compliant [technical report](#) published in December 2016.





Exhibit 9: Almonty's Panasqueira Mine, Portugal. Source: Investor Presentation

The Panasqueira Mine, located near Covilhã in Portugal's Castelo Branco district, stands out as one of the longest continually operating underground tungsten mines globally, boasting an operational history of more than 139 years. First commencing production in 1886, the mine has operated almost without interruption, except for a brief hiatus at the end of World War II. Today, Panasqueira remains a cornerstone asset within Almonty Industries' diversified tungsten portfolio, providing a stable and historically proven production base. With over 107,000 tons of  $WO_3$  produced, the mine has established itself as the second-largest global tungsten producer. Its operational continuity is further supported by an exploitation permit that is valid until 2052, with the possibility of an extension for an additional 30 years, ensuring long-term production stability. Additionally, shipments from Panasqueira command a premium of over 15% compared to Chinese sources, supported by both tightening supply from a transparent, reliable source and the mine's superior concentrate quality. Unlike the typical 65%  $WO_3$  grade, Panasqueira consistently produces a clean, low-contamination concentrate averaging around 74%, justifying the higher pricing.

### Panasqueira Tungsten Mine Resource and Reserve Summary

Based on Almonty's latest public filings, Panasqueira hosts substantial reserves and resources, summarized as follows:

Deposit Summary	Tonnage	$WO_3$ Grade	Contained Metal
Proven and Probable Reserves (P&P)	3.05 million tonnes	0.21%	~6.4 kt
Measured & Indicated (M&I) Resources	11.85 million tonnes	0.23%	~27.3 kt
Inferred Resources	10.63 million tonnes	0.24%	~25.5 kt

Exhibit 10: Panasqueira Tungsten Mine Deposit Summary. Data Source: Company Filings

We note that the total reserves and resources (including P&P, M&I, and inferred resources) at Panasqueira amount to approximately 22.5 million tonnes, positioning the mine as a long-term, strategic source of tungsten concentrate for Almonty Industries.

### **Mining Operations and Infrastructure**

Panasqueira employs mechanized room-and-pillar underground mining methods facilitated by very competent host rock conditions, requiring minimal underground rock support structures. Ore blocks are systematically laid out within a defined mine grid and extracted through carefully planned stopes aligned both horizontally and vertically. Historically evolved from manual to modern mechanized techniques, the mining operations today primarily use a uniform 11m by 11m room-and-pillar system. The mine's two main haulage levels (Level 2 at 560 meters RL and Level 3 at 470 meters RL) facilitate efficient ore movement from the stopes through vertical raises to the main haulage rails, and then onwards to the processing plant. We note that Almonty has identified the L4 extension as a significant growth opportunity, which will allow access to deeper, richer vein zones and to transfer most of the production from the upper levels lower-grade zones to the richer, deeper zones.

Currently, mined ore grades are trending positively, as higher-grade stopes have been prioritized in recent years, resulting in improved by-product yields of copper and tin, enhancing the mine's overall cash flow profile. We note that Almonty's revised mining plan, introduced post-acquisition, has significantly improved mined ore grades. Going forward, grades are expected to trend towards the long-term average of 0.185% WO<sub>3</sub>, benefiting operational economics and cash flow.

### **Mineral Processing and Metallurgical Operations**

At Panasqueira, mined ore undergoes underground primary crushing (100mm size reduction), followed by gravity separation methods, predominantly using Heavy Media Separation (HMS). Approximately 80% of run-of-mine ore passes through the HMS plant, with fines processed separately via sand and slime-shaking tables. Reject materials from HMS are either discarded to waste dumps or sold externally as gravel.

Concentrates from HMS undergo additional processing, including fine crushing and screening, followed by gravity concentration on shaking tables. Pre-concentrates are produced, containing wolframite and other dense minerals such as cassiterite and sulphides. Subsequent screening and magnetic separation stages produce a high-grade wolframite concentrate averaging over 75% WO<sub>3</sub>, while non-magnetic fractions containing cassiterite advance to the tin circuit. This sophisticated metallurgical circuit underpins Panasqueira's consistently high recovery rates, which average approximately 81%.

Panasqueira achieves an average recovery rate of ~81% through a sophisticated circuit involving gravity, magnetic separation, and screening, producing high-grade wolframite

### **Tailings Management and Expansion Project**

Recognizing the importance of responsible tailings management, Almonty completed construction of Panasqueira's second tailings dam in September 2019. Phase one of this tailings dam is fully operational, providing additional tailings storage capacity for six years at current mining rates of 800,000 tonnes per annum. The new tailings dam adheres strictly to environmental and safety standards mandated by Portuguese

and European Union regulations. With pumping and piping systems fully integrated, the dam became operational in fiscal 2020.

The tailings management project has been planned in three distinct phases:

- Phase 1 (Completed): 6 years of tailings storage capacity.
- Phase 2 (Future Expansion): Additional 4 years via a 10-meter retaining wall extension.
- Phase 3 (Planned): Further expansion providing an additional 10-year capacity.

Once all phases are complete, Panasqueira will have secured approximately 20 additional years of tailings storage, substantially extending mine life and operational continuity.



Exhibit 11: Panasqueira Tungsten Mine Tailings Management and Expansion Project. Source: Investor Presentation

#### L4 Extension: A Significant Growth Opportunity with High Upside Potential

Almonty has identified the L4 extension as a significant growth opportunity with substantial upside potential. The recently completed scoping study indicates the L4 extension is economically viable, with construction on access ramps initiated in early 2024. This new underground development requires limited additional infrastructure investment, leveraging existing surface facilities while focusing primarily on underground infrastructure development.

The L4 extension project targets new, deeper, and richer vein zones, enabling the mine to shift much of its production from lower-grade upper levels (currently approximately 0.13% WO<sub>3</sub>) to significantly higher-grade zones at depth. By prioritizing the highest-grade stopes, Almonty anticipates mining grades to average around 0.20% WO<sub>3</sub>, significantly improving production economics. We note that, once fully operational, the L4 extension is expected to almost double current WO<sub>3</sub> concentrate production to approximately 124,000 MTUs per year, extending the mine's productive life by more than 20 years.

	2025F	2027F (after extension)	% Increase
<b>ROM/y</b>	580,000	800,000	+38%
<b>Average Grade</b>	0.125%	0.20%	+60%
<b>Rec Metal (MTU WO<sub>3</sub>)</b>	56,000	124,000	+105%
<b>Revenue (in \$mm)</b>	15.9	39.5	+148%
<b>EBITDA Margin</b>	12%	43.5%	+158%

Exhibit 12: Panasqueira Mine Economics After Extension. Data Source: Company Filings

In addition, we note that [recent studies](#) suggest promising potential for additional economic recovery of by-product metals from slime dams, particularly tin, copper, and additional tungsten. Such multi-metal recovery further enhances Panasqueira's future profitability prospects.

### Future Outlook and Strategic Significance

Maintaining steady production from the Panasqueira Mine remains pivotal for Almonty. The strategic decision to access deeper mining levels (L4) is designed to ensure long-term sustainability and robust operational cash flow. With higher grades anticipated from deeper ore zones, Almonty expects improvements in operating margins, production throughput, and mine-life longevity. These enhancements, coupled with responsible tailings management and advanced metallurgical processing initiatives, significantly strengthen the mine's economic profile. We believe that, given Panasqueira's proven resource base, consistent production track record, strategic expansion potential through the L4 project, and ability to economically recover valuable by-products, the mine remains an essential asset within Almonty's diversified global tungsten portfolio.

### Valtreixal Project: A High-Quality Tin-Tungsten Asset in Development

Almonty Industries' Valtreixal Project, located in northwestern Spain, represents a valuable near-term development opportunity with the potential to become the Company's third producing asset in Europe. Almonty acquired the Valtreixal Project from SIEMCALSA, the same group that was instrumental in the historical development of the Los Santos Mine. The acquisition brings continuity in geological knowledge and regional expertise. Almonty now holds 100% ownership of the Valtreixal Sn-WO<sub>3</sub> deposit, further strengthening its foothold in the Iberian Peninsula—one of Europe's most established tungsten mining regions.

Approximately 250 kilometers from the Los Santos Mine and 185 kilometers from Salamanca, Valtreixal is strategically positioned to benefit from proximity-based synergies, and infrastructure overlap with existing operations. Following a successful reclassification of land use by the Municipality of Pedralba de la Pradería in 2020, the site has now been approved for extractive activities. This reclassification paved the way for Almonty to advance the permitting process and develop a final open-pit mine plan for the site.



## Comprehensive Geological Profile Reveals Polymetallic System with High-grade Tungsten and Tin Deposits

The deposit hosts a polymetallic system containing both tungsten and tin mineralization. The orebody is well-defined and consists of shallow, near-surface mineralization, making it well-suited for open-pit mining. These grades compare favorably with many global peer projects, particularly given the tin by-product, which adds an additional revenue stream and improves project economics.

Deposit Summary	Tonnage	WO <sub>3</sub> Grade	Contained Metal
Proven and Probable Reserves (P&P)	2.5 million tonnes	0.34%	~8.5 kt
Measured & Indicated (M&I) Resources	2.8 million tonnes	0.34%	~9.5 kt
Inferred Resources	15.4 million tonnes	0.17%	~26.2 kt

Exhibit 13: Valtreixal Tin-Tungsten Mine Deposit Summary. Data Source: Company Filings

We note that the total reserves and resources (including P&P, M&I, and inferred resources) at Valtreixal amount to approximately 18.2 million tonnes, positioning the mine as a long-term, strategic source of tin and tungsten concentrate for Almonty Industries. Valtreixal is currently at the Pre-Feasibility (PFS) stage, with steady progress being made toward permitting and development. The mine plan contemplates a 500,000 tonne-per-year processing operation, producing approximately:

- 600–800 tonnes of WO<sub>3</sub> per annum
- 400 tonnes of tin (Sn) per annum

Average head grades are estimated at 0.34% WO<sub>3</sub>-equivalent, with recovery rates projected at 55% for tungsten and 65% for tin.

Life Of Mine (PFS)	5 Years
Potential Mine Life	20+ Years
Throughput	500,000 tonnes per annum
Average Headgrade	0.34% WO <sub>3</sub> -EQ
Annual WO <sub>3</sub> Production	~600-800 tonnes WO <sub>3</sub>
Recovery Rate for WO <sub>3</sub>	55%
Annual Sn (tin) Production	~400 tonnes Sn
Recovery Rate for Sn (tin)	65%
Initial Capex	~\$42 mm
Annual Revenue (APT \$370/MTU)	~\$21-24 mm

Exhibit 14: Valtreixal Tin-Tungsten Mine Deposit Summary. Data Source: Company Filings

These economics, while based on a conservative APT price assumption, demonstrate a positive investment case with strong margins and a solid payback period. Additionally, Almonty anticipates potential cost-saving synergies with Los Santos, particularly in the areas of administration, logistics, and infrastructure. Shared operational services between the two mines could enhance the economics of both assets.

In our view, Valtreixal plays a key role in supporting Europe's ambition to secure domestic sources of critical raw materials. With both tin and tungsten listed as EU critical minerals, and given the project's location within a safe, mining-friendly jurisdiction, Valtreixal could serve as a long-term supply hub for European industries. While the initial life of mine is projected at five years, internal studies suggest 20+ years of production potential, contingent upon further exploration and resource conversion. As permitting advances and updated technical work is completed, Almonty may revise the mine plan to reflect a longer operational horizon.

### Los Santos Mine: Returning to Production Through Tailings Reprocessing

The Los Santos Mine, located approximately 50 kilometers from Salamanca in western Spain, was Almonty Industries' first tungsten asset and remains a key part of its long-term European production strategy. Initially acquired in September 2011 through its wholly owned Spanish subsidiary, Daytal, the mine has a long and well-documented operational history. Production began in 2008 under its former owner, with commissioning completed in 2010. Almonty acquired the mine during its early production years and ran it as a successful open-pit operation until 2019, when active mining ceased, and tailings reprocessing began.

By February 2020, Almonty placed the mine on care and maintenance to implement upgrades aimed at enhancing recovery rates from its substantial tailings inventory. The Company now plans to restart operations in 2026, supported by planned plant modifications designed to improve tungsten recovery rates to 50–55%, up from the [previous](#) 46%.



Exhibit 15: Los Santos Mine. Data Source: Company Filings

The Los Santos deposit is a classic skarn-hosted scheelite system, formed through the intrusion of Hercynian granites into carbonate-rich sedimentary rocks within the Central Iberian Tectonic Zone. This tectonic zone, part of a broader Variscan orogenic belt, hosts Lower Paleozoic sedimentary sequences, gneisses, and interbedded volcanic units, all intruded by 274-million-year-old granitoids.

The mineralization is dominantly scheelite, with minor pyrite, pyrrhotite, and chalcopyrite, hosted within steeply dipping skarn beds that vary in width from a few centimeters to over 20 meters. These beds occur in a series of discrete zones, six of which have been modeled for the current resource estimate. The deposit contains both coarse and fine-grained scheelite, with certain areas displaying massive sulphide-rich skarns up to 5 meters thick.

### Exploration and Resource Development

Since the original discovery in the 1980s by Billiton, and subsequent development by previous owners, significant exploration has taken place. Between 2006 and 2015, Daytal undertook numerous drilling campaigns, culminating in a combined database of 495 drillholes and 255 trenches, representing over 41,900 meters of drilled length. This extensive database formed the basis for a comprehensive NI 43-101 compliant [technical report](#), completed in October 2015 by Adam Wheeler, Mining Consultant and Qualified Person (QP).

The mineral resource model was built using modern 3D block modeling techniques with Datamine software, supported by geostatistical analysis and extensive core logging. In addition to open-pit resources, a small volume of narrow-bed underground ore has been delineated beneath the "Day 1" pit, accessible by existing ramps, and potentially mineable via overhand cut-and-fill methods.

Deposit Summary	Tonnage	WO <sub>3</sub> Grade	Contained Metal
Proven & Probable Reserves (P&P)	3.8 million tonnes	0.19%	~7.2 kt
Measured & Indicated (M&I) Resources	3.8 million tonnes	0.19%	~7.2 kt
Inferred Resources	-	-	-

Exhibit 16: Los Santos Mine Deposit Summary. Data Source: Company Filings

From our perspective, the Los Santos Mine remains a strategically valuable asset. While no longer a primary production center, its transformation into a tailings reprocessing operation aligns with industry trends around sustainability, waste valorization, and cost-effective production. With limited capital outlay and proven resource infrastructure, Los Santos can quickly return to positive cash flow while also serving as a knowledge base for future tailings projects across Almonty's portfolio. Given the stable jurisdiction, existing permits, low restart costs, and improving tungsten market fundamentals, we view the Los Santos reactivation in 2026 as a prudent and strategically timed development.

### Tungsten: Indispensable Metal for the Modern Industrial Age and Future Technology

Tungsten, chemically known as Wolfram (W), is one of the rarest metals on Earth, distinguished by extraordinary physical and chemical properties unmatched by most materials. Its unique characteristics, including the highest melting point (3,422°C), exceptional tensile strength, and resistance to corrosion and

deformation, make tungsten irreplaceable in numerous critical industrial, technological, and military applications.

Property	Key Points	Data / Comparison
<b>Extremely Hard</b>	<ul style="list-style-type: none"> <li>- Cemented carbide (a tungsten product) is 100 times harder than steel.</li> </ul>	<b>Mohs Scale of Hardness</b> <ul style="list-style-type: none"> <li>• Steel: 4</li> <li>• <b>Cemented Carbide: 9</b></li> <li>• Diamond: 10</li> </ul>
<b>Very Heat Resistant</b>	<ul style="list-style-type: none"> <li>- Tungsten has the highest melting point (3422°C) among all metals.</li> <li>- Lowest coefficient of expansion of all metals.</li> </ul>	<b>Melting Points</b> <ul style="list-style-type: none"> <li>• Nickel: 1726°C</li> <li>• Iron: 1808°C</li> <li>• Vanadium: 2183°C</li> <li>• Titanium: 2206°C</li> <li>• <b>Tungsten: 3422°C</b></li> </ul>
<b>Highly Dense</b>	<ul style="list-style-type: none"> <li>- Tungsten's density (19.3 g/cm<sup>3</sup>) is greater than that of lead or uranium.</li> </ul>	<b>Densities</b> <ul style="list-style-type: none"> <li>• Lead: 11.34 g/cm<sup>3</sup></li> <li>• Uranium: 18.95 g/cm<sup>3</sup></li> <li>• <b>Tungsten: 19.3 g/cm<sup>3</sup></b></li> </ul>
<b>Environmentally Benign</b>	<ul style="list-style-type: none"> <li>- Tungsten is resistant to corrosion and chemically inert.</li> <li>- Non-toxic and can be recycled efficiently.</li> </ul>	

Exhibit 17: Tungsten Properties Compared to Other Metals. Source: Diamond Equity Research

Historically, tungsten's journey began somewhat inadvertently in the 16th century when German tin miners encountered an unusual mineral (Wolframite) that hindered their tin extraction, metaphorically devouring the valuable metal like a wolf. Its formal recognition occurred in the late 18th century when Swedish chemists Axel Cronstedt and Carl Wilhelm Scheele isolated tungstic acid. It was eventually the Spanish chemists, Juan and Fausto D'Elhuyar, who reduced the acid into pure metallic tungsten in 1783, marking a critical juncture for industrial metallurgy. Since then, tungsten has transitioned from a problematic mineral to an essential strategic metal, playing a vital role in shaping global industrial capabilities and modern technologies.

Tungsten's extreme density (19.25 g/cm<sup>3</sup>), combined with its thermal resilience and remarkable tensile strength, positions it uniquely among industrial metals. Notably, tungsten possesses the highest modulus of elasticity among metals at 400 GPa, significantly enhancing its utility in high-stress environments. Moreover, tungsten boasts the lowest vapor pressure and a remarkably low thermal expansion coefficient ( $4.4 \times 10^{-6}$  m/m/°C), facilitating its use in precision manufacturing and glass-to-metal seals.





Exhibit 18: Tungsten Tensile Strength vs Other Metals (in megapascals). Source: Diamond Equity Research

These exceptional attributes have catalyzed tungsten's application across critical sectors. Today, the metal's usage is highly diversified, including cemented carbides (approximately 60% of global tungsten consumption), electronics, energy infrastructure, and military and defense applications:

- **Cemented Carbides:** Making ultra-hard cutting tools used in mining, construction, and metalworking. Tungsten carbide is twice as hard as any steel grade and nearly as hard as diamond.
- **Electronics:** Tungsten is indispensable in semiconductors, used as a diffusion barrier and interconnect material. Tungsten hexafluoride ( $WF_6$ ), a key precursor gas in semiconductor manufacturing, sees [demand growth](#) of over 17% per year.
- **Defense:** Tungsten's use in armor-piercing rounds, missile components, tank armor (e.g., Abrams M1), and hypersonic weapons makes it a material of strategic military importance.
- **Energy Infrastructure:** Its high heat tolerance and radiation shielding capabilities are vital for fusion reactors, X-ray machines, and high-temperature furnaces.

Tungsten carbide, due to its extraordinary hardness approaching that of diamond, is essential in cutting, drilling, and mining tools. The global mining industry alone relies heavily on tungsten carbide for drill bits, rock-

cutting tools, and tunnel-boring machines—a segment projected to expand with rising global infrastructure and mineral exploration projects. In addition to mining, cemented carbides drive advancements in aerospace, automotive, and precision engineering sectors. Tungsten alloys are crucial in the manufacture of aircraft turbine blades, automotive components, and even industrial machinery. Furthermore, pure tungsten plays a crucial role in the electronics sector, where it is fundamental for semiconductor manufacturing, cathodes, anodes, and advanced integrated circuits.

### A Critical Material for Green Technologies and Next-Generation Energy

Beyond conventional industrial uses, tungsten is rapidly emerging as an indispensable metal in next-generation technologies and renewable energy solutions. Its use in EV batteries and charging infrastructure is noteworthy, particularly in South Korea (the world's second-largest EV battery producer), where demand for tungsten hexafluoride (WF<sub>6</sub>) for semiconductor and battery manufacturing grows at over 12% per annum. Nano-sized tungsten oxides are being actively explored for their potential to enhance lithium-ion battery performance, improve battery longevity, and deliver faster charging capabilities. Furthermore, projections indicate that the amount of tungsten incorporated into each electric vehicle will increase substantially, rising from approximately 1.5 kilograms to about 2.5 kilograms per vehicle. This anticipated 66% increase reflects the growing recognition of tungsten's vital role in the advancement of EV technology, making it an essential component for future developments in the automotive industry.

Tungsten is increasingly vital to next-generation technologies, with rising use in EV batteries, semiconductors, and hydrogen fuel cells. Demand is also accelerating in solar PV and fusion energy, where its unique properties make it indispensable

Beyond defense and EVs, tungsten is playing a central role in:

- **Hydrogen Fuel Cells:** Tungsten oxide coatings improve electrode durability and reduce degradation, extending fuel cell lifespan.
- **Solar PV Manufacturing:** Tungsten wire is replacing carbon steel in diamond wire cutting for silicon wafers. With expected PV installations reaching 730 GW by 2026, this represents a significant demand driver.
- **Fusion Reactors:** Each fusion reactor may require up to 200 tonnes of tungsten for plasma-facing components and divertor plates. If scaled globally, annual tungsten demand for fusion energy could reach 50,000 tonnes, representing a 33–66% global demand increase.

### Tungsten Market Dynamics, Historical Pricing, Demand Analysis, and Outlook

The global tungsten market is relatively small in volume but highly concentrated in supply. Annual mine production is on the order of 80,000 metric tons of tungsten content. In 2023, world tungsten mine [output](#) was estimated at ~79,500 tonnes, and it increased slightly to about 81,000 tonnes in 2024. For context, this volume is modest compared to base metals, but tungsten's high density means even small tonnages represent significant value. In terms of market value, the global tungsten industry was valued over [\\$5 billion](#) in 2022, and is projected to grow at around 7–8% CAGR in coming years on strong demand. By 2025–2030, some analysts [expect](#) the market value could reach \$8–9+ billion (depending on price trajectories) as usage expands in critical technologies.

### Annual Tungsten Production (in Tons)

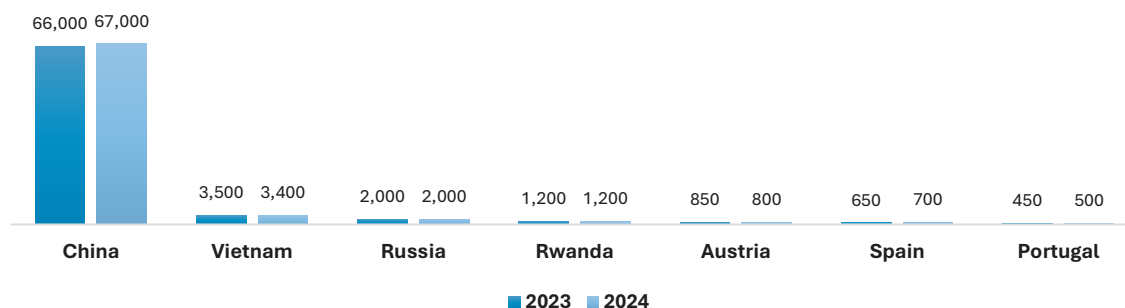


Exhibit 19: Annual Tungsten Production by Country (in Tons). Source: United States Geological Survey, Diamond Equity Research

China is by far the largest producer, mining approximately 67,000 tonnes of tungsten concentrate in 2024 (about 83% of world output). The second-largest producer, far behind, is Vietnam (~3,400 t in 2024), followed by Russia (~2,000 t), Bolivia (~1,600 t), and a handful of others like Austria, Spain, Rwanda, and Portugal in the 500–1,500 t range. Output outside of China has actually increased slightly in recent years (e.g., Australia restarted a mine in 2023, contributing ~800 t) but still remains <20% of global supply. Chinese industry (cutting tool manufacturers, steel producers, electronics, etc.) absorbs a significant portion of both its domestic production and imported tungsten materials. Our estimates suggest that besides being the largest producer of Tungsten, China is also the largest consumer, accounting for over 50% of global tungsten consumption. Outside China, the other major consuming regions are Europe, North America, and East Asia (Japan, South Korea). Europe has a longstanding toolmaking and carbide industry (with companies in Germany, Austria, etc.), which makes Europe a significant tungsten consumer (roughly 15–20% of world demand by some estimates). The United States is also a major consumer but has negligible domestic mine production. U.S. apparent consumption is on the order of 10,000–12,000 tonnes W per year (all met by imports and scrap recycling). In 2024, the U.S. imported about 27% of its tungsten (in various forms) from China, 14% from Germany, 8% from Bolivia, 8% from Vietnam, among others. This highlights Western reliance on Chinese and secondary sources. Japan and South Korea are notable for their electronics and cutting tool industries, consuming a few thousand tonnes combined. Overall, the tungsten production-consumption balance has been tight. Global consumption in 2024 roughly matched production (around 80k tonnes), and in 2025 it is forecast to slightly decrease due to tariff wars. Even so, with new demand drivers, many forecasts see consumption climbing in the coming years, potentially [outstripping mine supply](#) if no new projects come online.

The tungsten market is tightly supply-constrained and dominated by China, highlighting the need for alternative sources. With demand rising across energy, defense, and technology, we believe companies like Almonty are well-positioned to address this growing imbalance

In summary, the tungsten market is supply-constrained and geographically concentrated, with China as the centerpiece in both production and use. The global market size (~80kt, ~\$5–6 billion) is poised to grow, driven by rising demand in energy, defense, and technology. This growth, however, will require new supply sources to prevent shortages. The imbalance between China and the rest of the world is stark – a critical consideration

for companies like Almonty, which aim to provide alternate supply to the market. Governments in the US, EU, and allies have marked tungsten as a critical mineral and are encouraging domestic projects. This could gradually reshape the market by 2030, but in the near-term tungsten prices and trade flows will hinge on Chinese output, export policy, and global industrial demand health.

### Rising Strategic Importance of Transparent, Western Tungsten Supply Chains

In an era defined by geopolitical instability, resource nationalism, and increasingly complex global trade dynamics, tungsten has emerged as one of the most strategically critical materials in the world. Its essential role in defense systems, semiconductors, renewable energy, and aerospace has elevated it to the status of a “technology material,” as designated by Roskill, and a “critical raw material” by the EU, US, South Korea, Canada, and Australia. Yet, despite its significance, the vast majority of global tungsten production remains highly concentrated in opaque and adversarial jurisdictions, posing a serious challenge for governments and industries alike.

### China’s Dominance and the Growing Supply Risk

China currently accounts for over 82% of global tungsten production, while Russia and North Korea add a further ~5%. The remaining share is split among countries like Vietnam and Portugal. With China and Russia collectively producing around 90% of global supply, this creates a deep strategic vulnerability for the West—particularly as tungsten is essential to military equipment, critical infrastructure, and advanced manufacturing.

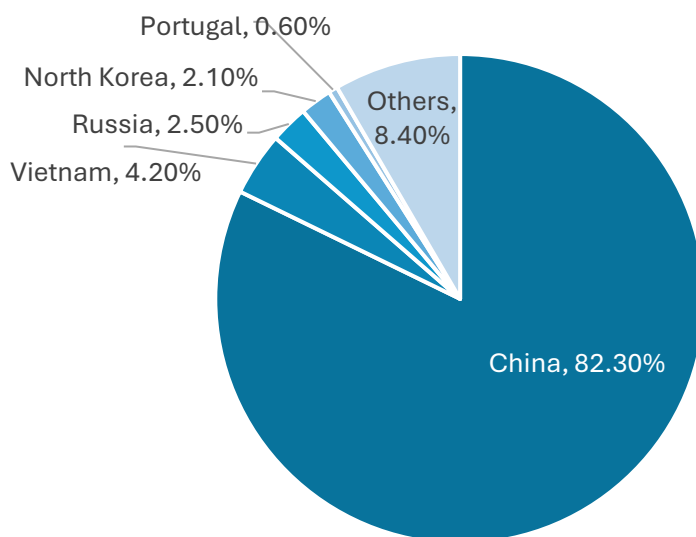


Exhibit 20: Global Tungsten Supply. Data Source: U.S. Geological Survey, Mineral Commodity Summaries



Recent developments have intensified the urgency of addressing this imbalance. In February 2025, China’s Ministry of Commerce and General Administration of Customs imposed export restrictions on 25 rare metals, including tungsten and molybdenum. These measures followed the USA’s REEShore Act (2022), which prohibits the use of Chinese tungsten in U.S. military equipment starting in 2026, and the U.S. Department of Defense ban (effective January 2027) on sourcing tungsten from China, Russia, North Korea, and Iran for military procurement. In parallel, the European Commission extended anti-dumping duties on Chinese tungsten carbide imports, and NATO’s Defense-Critical Supply Chain Security Roadmap flagged tungsten as a high-risk material for fighter jets, battle tanks, missiles, and submarines.

While tungsten demand continues to rise, supply is tightening. Chinese reserves are declining, ore grades are deteriorating, and production costs are increasing due to stricter environmental regulations. Forecasts already indicate a significant supply gap emerging over the next decade—particularly once Western restrictions on Chinese tungsten take full effect. As a result, non-Chinese production is expected to become increasingly valuable, commanding higher premiums, especially when sourced from transparent, ESG-aligned jurisdictions.

Tightening supply and rising costs in China are driving a projected tungsten supply gap, with Western restrictions set to amplify the trend. Thus, non-Chinese producers like Almonty stand to benefit from rising demand and pricing premiums for ESG-aligned supply

### The Need for Transparent and Conflict-Free Alternatives

The need for transparent, conflict-free tungsten sources has never been greater. U.S. and European companies, ranging from defense contractors to semiconductor giants, remain heavily dependent on tungsten smelters and refineries in China and Russia. Given the lack of transparency in these supply chains, companies such as Apple, Tesla, Nvidia, and Boeing face mounting scrutiny over the potential use of “conflict minerals,” as defined under SEC regulations related to the 3TG (Tantalum, Tin, Tungsten, Gold) minerals.

In this context, traceability, ESG compliance, and geopolitical alignment have become critical procurement criteria. Western industries are actively seeking reliable sources of tungsten from jurisdictions with strong regulatory frameworks, democratic governance, and stable economies. Transparent, Western tungsten production offers multiple strategic benefits:

- **Supply Chain Security:** Reduces dependence on China and Russia, insulating critical sectors from geopolitical shocks.
- **Regulatory Compliance:** Aligns with conflict mineral regulations and ESG requirements.
- **Industrial Policy:** Supports domestic manufacturing and defense capabilities under initiatives like the U.S. REEShore Act and EU Critical Raw Materials Act.
- **Strategic Pricing Power:** Non-Chinese tungsten already commands a 15% premium, particularly for Portuguese and South Korean material, due to growing demand for traceable and reliable sources.
- **Clean Energy Alignment:** Molybdenum and tungsten are essential in wind turbines, EV batteries, and semiconductor manufacturing—technologies at the heart of the energy transition.

## Sangdong and Almonty: A Strategic Solution

In response to this pressing global need, Almonty Industries' Sangdong Mine in South Korea will potentially serve as a transparent, conflict-free source of supply for Western economies. With projected production accounting for ~5% of global supply and over 40% of non-Chinese output by 2027, Sangdong is poised to become a linchpin in the reconfiguration of global tungsten trade.

Almonty's decision to redomicile to the United States, along with its plans to vertically integrate processing within the country (Buffalo, NY and Pennsylvania), further enhances its positioning as a reliable Western producer. Its contracts with European and Korean counterparties, as well as offtake agreements with leading industrial groups, reinforce its credibility as a long-term supplier. In our view, Sangdong's expected 90+ year mine life, combined with its environmental stewardship, proximity to downstream partners, and secured offtake agreements, place Almonty in a unique position to lead the West's response to tungsten supply chain vulnerabilities.

## Historical Pricing Trends: Volatility Shaped by Market and Geopolitical Forces

Over the past decade, tungsten has exhibited significant price volatility driven by a combination of market forces, geopolitical shifts, and supply-demand imbalances. Ammonium Paratungstate (APT), the key intermediate product used as a global pricing benchmark, witnessed substantial fluctuations. Prices for APT surged to around \$450–\$470 per metric ton unit (MTU) in the early 2010s, peaking specifically in mid-2011 and mid-2013 amid heightened global demand and constrained supply conditions. However, this robust pricing environment was abruptly disrupted in 2015 following the collapse of China's Fanya Metal Exchange. APT prices, which had been around \$349/MTU in 2014, sharply declined to approximately \$217/MTU in 2015, further bottoming out near \$180/MTU in 2016. Tungsten concentrate prices (raw ore typically containing 65–70% WO<sub>3</sub>) mirrored this volatility, dropping nearly 60% from their 2013 peaks to around \$265–\$276/MTU by late 2018.

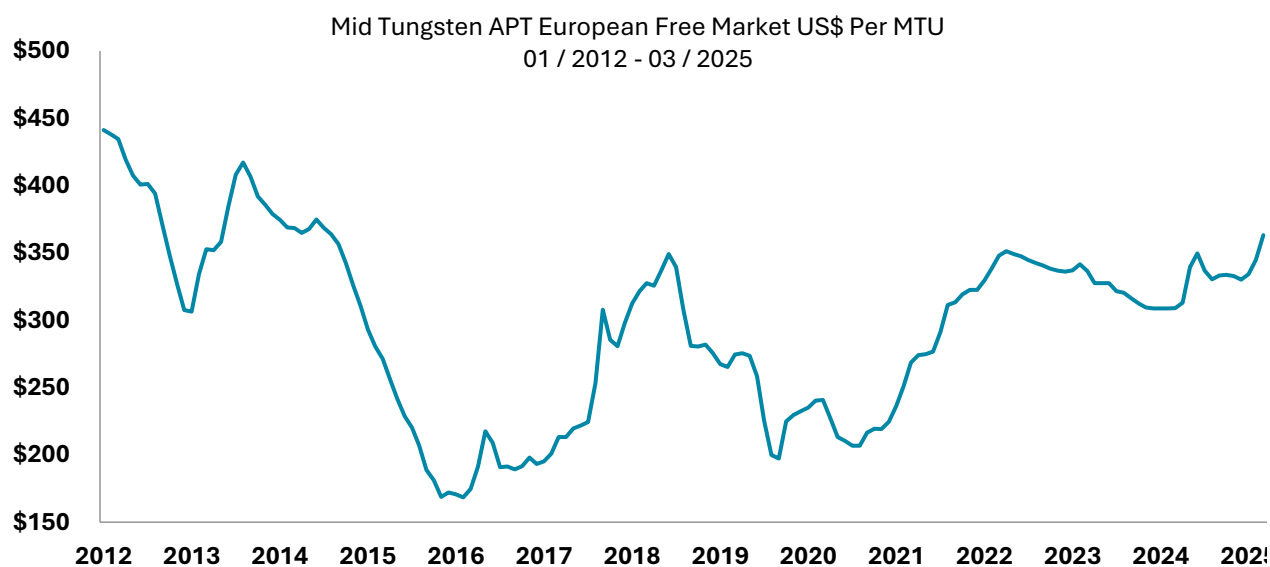


Exhibit 21: APT Price per MTU (AUD and USD)

Post-2016, the tungsten market gradually [rebounded](#). APT climbed steadily, reaching approximately \$360/MTU by April 2022, supported by renewed industrial demand and reduced mine output from China. Similarly, ferro-tungsten (75–80% tungsten alloy) prices, which had averaged above \$50/kg in 2011, fell to nearly half that level by the mid-2010s. In 2020, ferro-tungsten averaged only \$23.5/kg of contained tungsten, about 27% lower year-on-year. Since then, ferro-tungsten prices recovered significantly, reaching \$40–\$43/kg FOB China by 2024. Tungsten powder, an essential product for alloys and carbides, followed a similar pricing path. During downturns, powder prices dipped well below \$30/kg but eventually stabilized at around \$40–\$45/kg (99.95% W grade) by 2024.

### Constrained Supply and Geopolitical Risks Shaping Pricing Outlook

We view tungsten pricing as structurally robust, supported by a confluence of supply constraints, geopolitical maneuvering, and sustained industrial demand.

- **Supply Constraints:** China's dominant role (about 82% of global supply) and tightened mining quotas continue restricting concentrate availability. In early 2024, China's mining quota was further reduced by approximately 1.6% year-on-year.
- **Geopolitical Issues:** China's imposition of new export licensing requirements in 2023 and further tightening in early 2025 have significantly restricted tungsten product availability outside China. This has heightened global supply uncertainty, directly driving up prices internationally.
- **Robust Industrial Demand:** Increasing demand from sectors such as manufacturing, renewable energy (solar photovoltaics), defense, and high-tech electronics has further intensified the supply-demand imbalance, supporting higher prices.
- **Reduced Recycling Rates:** Historically, scrap contributed about 30% of tungsten consumption, but recent declines in scrap availability have further increased dependency on primary tungsten sources, tightening market dynamics.

Industry consensus indicates that tungsten prices are expected to remain strong or increase in the medium to long term. Structural deficits, driven by demand growth outpacing new supply, could lead to continued upward price pressure. We are of the belief that APT prices may need to exceed the current range (around \$335–\$360/MTU) and potentially reach levels near \$400–\$430/MTU to incentivize additional mine developments. Notably, Almonty's Sangdong mine in South Korea, expected to supply approximately 8% of global demand at full capacity, and several new projects globally (Australia, UK, Vietnam) may eventually ease supply concerns, moderating potential price spikes.

### Molybdenum Market Dynamics: Price Trends, Supply Constraints, and Demand Outlook

Over the past five years, molybdenum prices have witnessed considerable volatility driven by fluctuating global demand and constrained supply conditions. Following a downturn during the COVID-19 pandemic, average molybdenum prices plunged from approximately \$12 per pound in 2019 to about \$9 per pound in 2020. A strong rebound ensued in 2021, with prices rising nearly 80% year-over-year to around \$20 per pound by early 2022, fueled by recovering global steel demand coupled with supply disruptions. This upward trajectory continued, culminating in historical highs in early 2023, when molybdenum oxide prices peaked dramatically at approximately \$40 per pound (~\$90/kg), driven by critically low inventories, robust industrial demand, and significant supply disruptions from key producers in South America and stringent export

constraints imposed by China. Although prices moderated slightly from these extraordinary peaks later in 2023 and early 2024, molybdenum pricing remains substantially above historical averages, reflecting persistent tightness within the global molybdenum market.

■ F+ - 1-Month delivery - Molybdenum (LME)

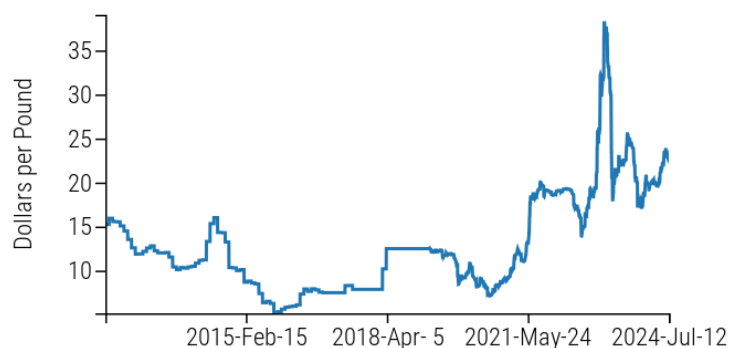


Exhibit 22: Molybdenum Price (USD per Pound). Source: Pricepedia, London Metal Exchange (LME)

### Global Production Structure: Dominance of By-Product Sources and Concentration Risks

The global molybdenum market currently totals approximately 260,000 metric tons annually, heavily characterized by its reliance on copper mining by-products, which constitute roughly 58% of total global molybdenum production. The inherent dependence on copper extraction results in limited flexibility and slow responsiveness to rising molybdenum prices. Stand-alone molybdenum mines remain scarce, with just two significant dedicated operations located in the United States and only seven other major global mines predominantly deriving molybdenum as a by-product.

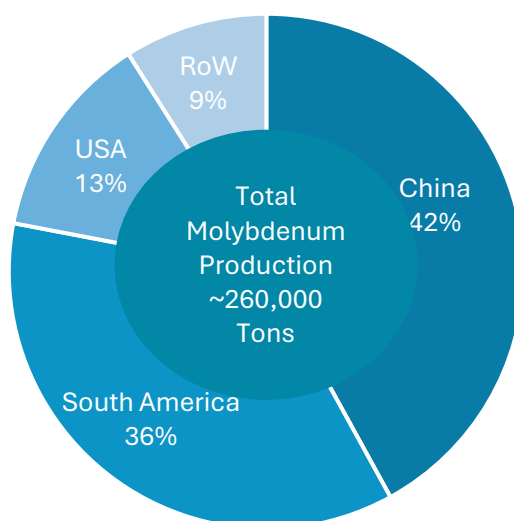


Exhibit 23: Global Molybdenum Production Split. Data Source: U.S. Geological Survey, Mineral Commodity Summaries



The supply landscape is geographically concentrated, with China accounting for around 42% of global molybdenum production, followed by South America (primarily Chile and Peru) at approximately 36%. The United States contributes roughly 13%, ranking third globally. Combined, these top producers dominate over 90% of the market, amplifying the industry's vulnerability to regional geopolitical and operational disruptions.

### **Critical Inventory Constraints and Geopolitical Risks Impacting Stability**

Although global molybdenum reserves stand at approximately 25 million metric tons, the market faces critical short-term inventory constraints, with available inventories equating to less than one month of global consumption. This thin inventory buffer amplifies sensitivity to any operational or geopolitical disruptions.

Geopolitically, risks are heightened due to recent actions by major producing regions. China, the world's largest molybdenum producer, has introduced restrictive export regulations targeting high-purity molybdenum products, crucial for strategic industrial and defense applications. Additionally, political instability and operational disruptions affecting mines in South America have exacerbated supply chain vulnerabilities, further intensifying price volatility and market tightness.

### **Robust Demand Anchored by Irreplaceable Industrial Applications**

Molybdenum's consumption is overwhelmingly driven by its critical applications in steel and alloy production, accounting for 70–80% of total global demand. The specific breakdown of key applications highlights the metal's diversified yet indispensable industrial role:

- **Engineering Steels:** Essential for high-strength steels in infrastructure, automotive manufacturing, and heavy machinery.
- **Stainless Steel:** Used extensively in corrosion-resistant applications within the chemical processing, oil and gas, and architectural sectors.
- **Chemical Sector:** Vital for catalysts and specialized lubricants.
- **Foundries:** Integral to cast iron and steel production.
- **Tool Steels:** Critical for cutting and forming tools across manufacturing industries.
- **Molybdenum Metals and Alloys:** Crucial in electronics, aerospace components, and advanced industrial equipment.
- **Nickel Superalloys:** Fundamental for high-temperature, high-performance aerospace turbines.

Notably, molybdenum exhibits extremely limited substitutability, particularly within steelmaking processes. Only a few elements replicate molybdenum's distinct combination of high strength, corrosion resistance, and thermal stability, solidifying its critical industrial significance and supporting consistent, growing demand.

## Appendix

Income Statement	FY2023 A	FY2024 A	FY2025 E	FY2026 E	FY2027 E
Net sales	22,510.0	28,836.0	94,437.2	167,725.6	306,889.1
Production costs	(19,328.0)	(24,679.0)	(56,662.3)	(92,249.1)	(153,444.5)
Care and maintenance costs	(1,022.0)	(1,067.0)	(1,227.7)	(2,096.6)	(3,836.1)
Depreciation and amortization	(1,077.0)	(1,120.0)	(3,304.2)	(4,831.3)	(6,603.4)
<b>Income from mining operations</b>	<b>1,083.0</b>	<b>1,970.0</b>	<b>33,243.0</b>	<b>68,548.6</b>	<b>143,005.0</b>
<b>Operating expenses</b>					
General and administrative	(5,816.0)	(6,153.0)	(19,831.8)	(23,481.6)	(21,482.2)
Share-based compensation	(1,141.0)	(2,734.0)	(5,666.2)	(3,354.5)	(6,137.8)
<b>Loss before other items and income taxes</b>	<b>(5,874.0)</b>	<b>(6,917.0)</b>	<b>7,744.9</b>	<b>41,712.5</b>	<b>115,385.0</b>
<b>Other (income) expenses</b>					
Interest expense	(4,305.0)	(4,568.0)	(5,214.7)	(6,039.7)	(5,887.6)
Financing fees	(739.0)	-	-	-	-
Non-cash loss on valuation of warrant liabilities	-	-	(25,810.0)	-	-
Gain on valuation of embedded derivative liabilities	432.0	(630.0)	(2,909.0)	-	-
Gain on valuation of warrant liabilities	1,227.0	(2,032.0)	-	-	-
Foreign exchange (gain) loss	489.0	(1,779.0)	(1,100.0)	-	-
<b>Profit before tax from continuing operations</b>	<b>(8,770.0)</b>	<b>(15,926.0)</b>	<b>(27,288.8)</b>	<b>35,672.8</b>	<b>109,497.4</b>
<b>Income tax expense</b>					
Current	(67.0)	(133.0)	(92.0)	(8,918.2)	(27,374.3)
Deferred	-	(239.0)	-	-	-
<b>Net earnings including noncontrolling interests</b>	<b>(8,837.0)</b>	<b>(16,298.0)</b>	<b>(27,380.8)</b>	<b>26,754.6</b>	<b>82,123.0</b>

Exhibit 24: Income Statement and Balance Sheet Snapshot.

Source: Diamond Equity Research

## Risk Profile

- **Price of Metals and Foreign Exchange Rates:** Almonty's profitability is highly sensitive to fluctuations in tungsten prices and foreign exchange rates. The Company's revenue is directly impacted by commodity price movements—every US\$10 change in the average price of one MTU of European APT can result in an approximate US\$8 change per MTU of WO<sub>3</sub> concentrate. If tungsten prices fall below the Company's cash operating costs, it could lead to negative operating cash flow. To mitigate these risks, Almonty sometimes enters into contracts to fix prices for defined periods.
- **Fluctuation in Interest Rates:** Almonty is exposed to market interest rate changes through its cash balances, bank indebtedness, and long-term debt with floating interest rates. Of its long-term debt, portions are linked to Euribor and Libor benchmarks, where a 1% change could result in material annual interest cost adjustments. These fluctuations could increase financing costs and affect the Company's ability to secure additional debt, especially amid ongoing market uncertainties.
- **Future Financing, Credit, and Liquidity Risk:** Almonty's exploration and development programs could significantly increase its capital requirements, necessitating access to varied financing sources. The Company may rely on a mix of working capital, partnerships, equity financing, and long-term debt to fund property developments. Its credit risk is primarily linked to the financial strength of its customer under the supplier financing program, where invoices are factored with fees tied to the 6-month LIBOR. Any substantial LIBOR fluctuations or loss of financing access could negatively impact cash flow and force the Company to revert to standard trade terms.
- **Reliance on Third-party Contract Mining Companies:** The Company relies significantly on third-party contract mining companies for essential mining activities under long-term contracts, including waste rock removal, pit development, ore extraction, and delivery. Historically, this reliance has meant that changes in operational plans, such as shifts from ore extraction to tailings processing, can impact contract relationships and operational efficiency. The Company's performance could be adversely affected by disruptions or inefficiencies arising from this dependency on third-party service providers.
- **Intense Competition in the Mining Industry:** The mining industry is highly competitive, and Almonty must vie with numerous companies for the acquisition of attractive mineral properties and the retention of skilled labor. Many competitors have access to greater financial, technical, and other resources, which may limit Almonty's ability to secure adequate ore supplies or recruit and retain experienced personnel.
- **Securing and Maintaining Essential Licenses, Permits, and Compliance Requirements:** Almonty must secure and maintain various licenses and permits to continue its mineral extraction, processing, and exploration activities. Any increase in ore volume or tungsten concentration may require significant expansion of production facilities. Moreover, there is no guarantee that all necessary permits will be renewed, which poses an ongoing operational risk.

*This list of risk factors is not comprehensive. For a full list, please refer to Almonty Industries Inc.'s latest prospectus and/or annual filings.*

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