



The Leaders in Tungsten

TSX: AII / OTCQX: ALMTF / Frankfurt: 1MR



## **ALMONTY INDUSTRIES & SANGDONG MINE PROJECT**

PREPARED BY ALMONTY INDUSTRIES, INC.

June 2020

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The technical information relating to the Los Santos property has been derived from the Los Santos Technical Report dated October 31, 2015, completed by Adam Wheeler, Mining Consultant (the “Los Santos Technical Report”). A copy of which is filed on Sedar.com under the profile of Almonty Industries Inc.

The technical information relating to the Wolfram Camp Mine has been derived from the Wolfram Camp Mine Technical Report dated October 31, 2015, completed by Adam Wheeler, Mining Consultant (the “Wolfram Camp Technical Report”). A copy of which is filed on Sedar.com under the profile of Almonty Industries Inc.

The technical information relating to the Valtreixal Project has been derived from the Valtreixal Project Technical Report dated October 31, 2015, completed by Adam Wheeler, Mining Consultant (the “Valtreixal Technical Report”). A copy of which is filed on Sedar.com under the profile of Almonty Industries Inc.

The technical information relating to the Panasqueira Tungsten Mine has been derived from the Panasqueira Tungsten Mine Technical Report dated December 31, 2016, completed by Adam Wheeler, Mining Consultant (the “Panasqueira Technical report”). A copy of which is filed on Sedar.com under the profile of Almonty Industries Inc.

The technical information relating to the Sangdong Tungsten Project has been derived from the Sangdong Tungsten Project Feasibility Study Report dated July 16<sup>th</sup>, 2016, completed by Adam Wheeler and Andrew Wells (Saint Barbara Mining Consultants) (the “Sangdong Feasibility Study”). A copy of which is posted on Almonty’s website on the Almonty Korea Tungsten project page, as well as the updated Sangdong Tungsten Project Technical Report dated December 31, 2015, completed by Adam Wheeler, Mining consultant (the “Sangdong Report”). A copy of which is filed on SEDAR.com under the profile of Almonty Industries Inc.

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Cautionary Note to US Investors Concerning Resource Estimate:

The resource estimates in this document were prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects, adopted by the Canadian Securities Administrators. The requirements of National Instrument 43-101 differ significantly from the requirements of the United States Securities and Exchange Commission (the “SEC”). In this document, we use the terms “measured,” “indicated,” and “inferred” resources. Although these terms are required and recognized in Canada, the SEC does not recognize them. The SEC permits US mining companies, in their filings with the SEC, to disclose only those mineral deposits that constitute “reserves.” Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally extracted at the time the determination is made. United States investors should not assume that all or any portion of a measured or indicated resource will ever be converted into “reserves”. Further, “inferred resources” have a great amount of uncertainty as to their existence and whether they can be mined economically, and United States investors should not assume that “inferred resources” exist or can be economically mined, or that they will ever be upgraded to a higher category. The definition of “reserves” under National Instrument 43-101 is not the same as the SEC Standard.



# I. Tungsten – An ‘Endangered Species’ Defined by the EU as a ‘Critical Raw Material’

# Tungsten – An ‘Endangered Species’ Defined by the EU as a ‘Critical Raw Material’

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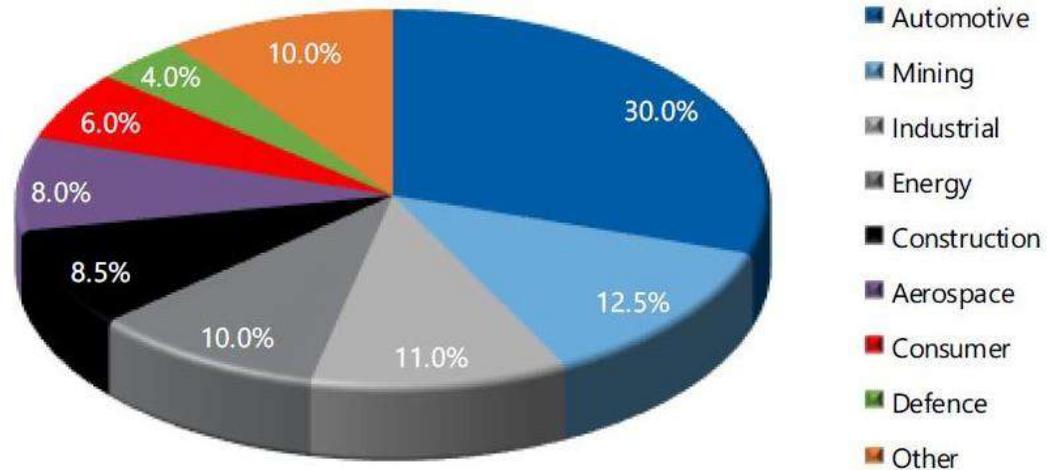
**British Geological Survey**  
Risk list 2012 – Current supply risk index for chemical elements or element groups which are of economic value

Element or element group	Symbol	Relative supply risk index	Leading producer	Top reserve holder
rare earth elements	REE	9.5	China	China
<b>tungsten</b>	<b>W</b>	<b>9.5</b>	<b>China</b>	<b>China</b>
antimony	Sb	9.0	China	China
bismuth	Bi	9.0	China	China
molybdenum	Mo	8.6	China	China
strontium	Sr	8.6	China	China
mercury	Hg	8.6	China	Mexico
barium	Ba	8.5	China	China
carbon (graphite)	C	8.5	China	China
beryllium	Be	8.1	USA	Unknown
germanium	Ge	8.1	China	Unknown
niobium	Nb	7.6	Brazil	Brazil
platinum group elements	PGE	7.6	South Africa	South Africa
cobalt	Co	7.6	DRC	DRC
thorium	Th	7.6	India	USA
indium	In	7.6	China	Unknown
gallium	Ga	7.6	China	Unknown
arsenic	As	7.6	China	Unknown
magnesium	Mg	7.1	China	Russia
tantalum	Ta	7.1	Brazil	Brazil
selenium	Se	7.1	Japan	Russia
cadmium	Cd	6.7	China	India
lithium	Li	6.7	Australia	China
vanadium	V	6.7	South Africa	China
tin	Sn	6.7	China	China
fluorine	F	6.7	China	South Africa
silver	Ag	6.2	Mexico	Pero
chromium	Cr	6.2	South Africa	Kazakhstan
nickel	Ni	6.2	Russia	Australia
rhenium	Re	6.2	China	China
lead	Pb	6.2	China	Australia
carbon (diamond)	C	6.2	Russia	DRC
manganese	Mn	5.7	China	South Africa
gold	Au	5.7	China	Australia
uranium	U	5.7	Kazakhstan	Australia
zirconium	Zr	5.7	Australia	Australia
iron	Fe	5.2	China	Australia
titanium	Ti	4.8	Canada	China
aluminium	Al	4.8	Australia	Guinea
zinc	Zn	4.8	China	Australia
copper	Cu	4.3	China	China

Supply risk index runs from 1 (low) – very low risk to 10 (high) – very high risk.  
Copyright NERC 2012.  
Limitations and methodology are set out in accompanying notes.

<Source: British Geological Survey 2012, Report on Critical Raw Materials for the EU>

Element or element group	Symbol	Relative supply risk index	Leading producer	Top reserve holder
rare earth elements	REE	9.5	China	China
tungsten	W	9.5	China	China



- EU has declared tungsten as a “critical raw material” which are raw materials with a high supply-risk + high economical importance
- U.K. Geological Survey ranks tungsten at the top of the Supply Risk List (2012)
- On March 7, 2018, U.S. Congress passed the “**National Strategic and Critical Minerals Production Act**” (H.R. 520) defining and including tungsten as a “critical mineral”

# Korea, Joining the Race

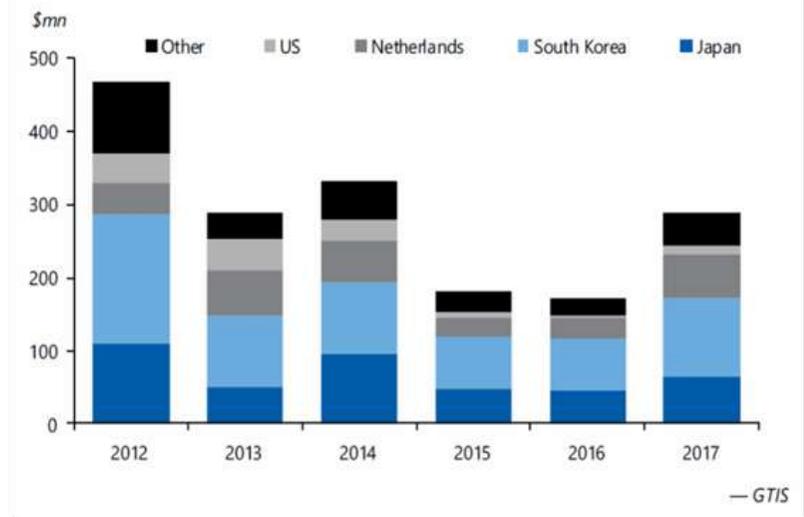
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## Designation of Tungsten as one of the Top 5 Critical Materials under Government Control (KORES, 2018)

Score Board of Top 5 Critical Mineral Resources											
Mineral Resource	Strategic Importance (A)				Market Importance (B)						Total (A+B)
	Contribution to New Business (6 Points)	Future Growth Probability (5 Points)	Frontline Industry Connection (4 Points)	Sub-total (30 Points)	Ubiquity of Resources (2 Points)	Ubiquity of Production (2 Points)	Degree of Resource Depletion (2 Points)	Scale of Import (5 Points)	Fluctuation of Import Volume (4 Points)	Sub-total	
Cobalt	12	10	8	30	2	2	2	7.5	8	21.5	51.5
Lithium	12	10	8	30	4	4	0	5	8	21	51
<b>Tungsten</b>	<b>12</b>	<b>5</b>	<b>8</b>	<b>25</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>23</b>	<b>48</b>
Nickel	12	2.5	8	22.5	0	0	3	10	8	21	43.5
Manganese	12	2.5	8	22.5	3	3	3	7.5	4	20.5	43

**Korea, the Largest Consumer of W (Tungsten) Oxide in the World, replicating its dominance in the Semiconductor/LED/LCD Industries**

Chinese exports of tungsten oxides, hydroxides and trioxides, 2012-17 (value)



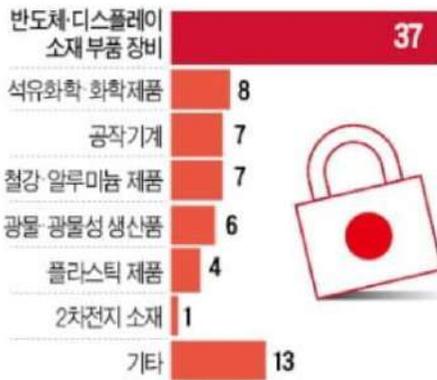
# Tungsten, One of the Critical Materials Affected by the Trade War Against Japan

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83 critical materials that are directly impacted by Japan's export restrictions

## 日 '화이트리스트 폭탄' 83개 품목에 치명타

일본 수출규제 고위험 품목 (단위:개)



일본 화이트리스트배제 대상 주요 품목

(단위:%) \*전력물자 가운데 일본수입액 1000만달러, 일본수입 비중 50% 이상

품목	화일본 수입 비중
반도체·디스플레이 소재·부품·장비	
평판디스플레이용 블랙 매트릭스	83.5
반도체제조용 사진플레이트와 필름	76.6
TFT-LCD제조용 사진플레이트	73.2
포도레지스트	63.2
실리콘웨이퍼	52.8
반도체 제조용 액체 시수지	47.4
LCD차광 시트	46.6
폴리아미드 필름	44.5
TFT-LCD용 실리콘 러버시트	42.6
블랙 매트릭스용 유리소재	40.5
반도체 웨이퍼 제조용 석영도가니	39.2
반도체 제조용 진공펌프	32.7
평판디스플레이 제조용 진공펌프	30.6
반도체 제조용 물 여과기	27.3
반도체 제조용 액체 여과기	21.9
반도체 제조용 액체 여과기의 부품	19.5
반도체 제조용 기기에 들어가는 부품	18.5
반도체·디스플레이 제조용 기타 기기	17.7
반도체 웨이퍼 가공용 연마기·광택기	16.9
반도체 웨이퍼 제조용 기타 기기	14.6
반도체 웨이퍼 식각·세척기	12.9
반도체 제조에 쓰이는 레이저 작동식기	10.0
포도레지스트 도포 현상기	55.4
LCD 제조용 식각기	39.4
평판디스플레이용 연마기·광택기	39.9
TFT-LCD용 도포기	39.3
디스플레이 화학적방식증착기	33.1
반도체 포토마스크 제작 장비	63.4

9.0 공작기계

금속 가공용 마시닝센터 수직형	53.4
금속 가공용 마시닝센터 수평형	52.6
수치제어식 금속 가공용 수평 선반	63.5
수치제어식 금속 가공용 수평 외선반	69.6
수치제어식 평면 연삭기	71.7
수치제어식 원통 연삭기	63.9
기타 연삭기	53.5

철강·알루미늄 제품

스테인리스강의 특수강으로 만든 물품	100.0
스테인리스강의 특수강으로 만든 평판압연제품(폭 600mm 이상)	100.0
스테인리스강의 특수강으로 만든 평판압연제품(폭 600mm 이하)	71.4
스테인리스강의 특수강으로 만든 봉, 형강 등	57.6
스테인리스강의 특수강으로 만든 선	54.3
스테인리스강의 특수강으로 만든 관	
알루미늄 용가연질, 경질류 보형 재료	

### Mining related items

광물 광물성 생신품	
은으로 만든 중간재	76.7
니켈 가루	52.8
니켈로 만든 관동	98.1
텅스텐과 그 제품	69.5
텅스텐과 그 제품 Tungsten and its products	69.5
폴리브로민과 그 제품	65.5
코발트와 코발트 제품	55.5

- Japan imports 100% of its tungsten concentrate (largely from Almonty's Portuguese mine)
- Tungsten is used in manufacturing a large number of semiconductor and display materials banned by Japan

## HALLGARTEN & COMPANY

### Metals Review

Christopher Ecclestone  
[ceccestone@hallgartenco.com](mailto:ceccestone@hallgartenco.com)

Tuesday, May 21, 2019

## Tungsten

### China's Grab Fails

Company	Ticker	Currency	Price	Mkt Cap mn	Stage	Call
Almonty Industries	All.v	CAD	1.04	157.01	Producer	Long
Blackheath Resources	BHR.v	CAD	0.01	0.05	Ex-producer	Neutral
Happy Creek Mining	HPY.v	CAD	0.13	12.15	Exploration	Neutral
King Island Scheelite	KIS.ax	AUD	0.08	20.96	Ex-producer	Long
Ormonde Mining	ORM.L	GBP	4.10	15.03	Near-producer	Neutral
Northcliff Resources	NCF.to	CAD	0.07	12.16	Exploration	Neutral
PanEx Resources	DBGF.bb	USD	0.0047	U/K	Exploration	Neutral
Specialty Metals Intl	SEI.ax	AUD	0.03	16.65	Near-producer	Long
Thor Mining	THR.ax	AUD	0.017	12.39	Exploration	Long
W Resources	WRES.L	GBP	0.445	25.78	Near-producer	Neutral
Masan Resources	MSR	VND	18,300	16.46	Producer	Neutral

According to Hallgarten & Company's Metal Review,

*"The Opportunity Escapes the Chinese...the theory goes that China made a grab for the global tool market. First sink the Tungsten prices and drive the few remaining non-Chinese producers to the wall, then hike the prices, restrict exports, force Western (mainly German or Swedish) players in the tool business to move plants to China...via predatory pricing and voila global domination of yet another niche.*

*However, the Chinese didn't count on meeting any resistance. The Western end-users in the tool space, breaking with orthodoxy, decided to pay more for "secure" Tungsten supplies than the "market" price which the Chinese set. This was accompanied by specified targeted support to up-and-coming players like...Almonty Industries." ( Christopher Ecclestone, May 21, 2019)*

**Sandong mine was once the leading global tungsten producer for more than 40 years and now, with Almonty at the helm, it has the potential to produce over 5% of global production and a quarter of ex-China output.**

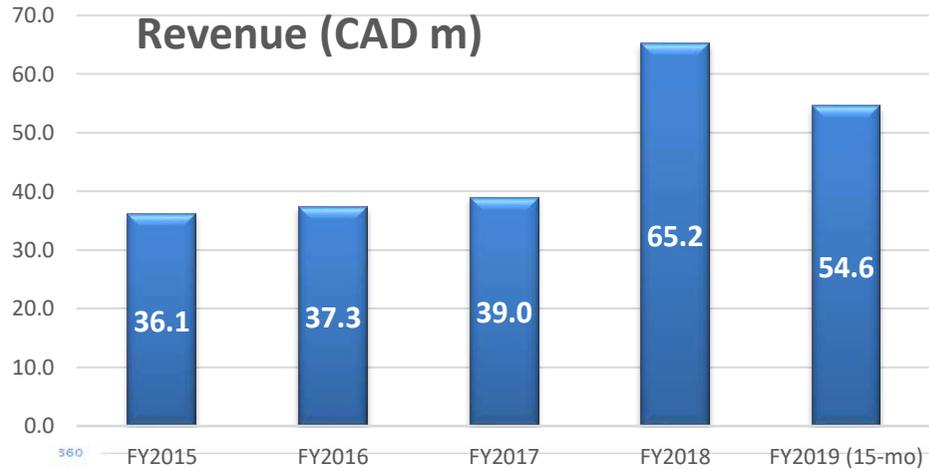
**The Korean operating environment is highly competitive, with relatively low materials and labour costs, low taxes and no royalties, which means that the forecasted capital cost would be significantly lower than that of most comparable Western projects.**



## II. A New Paradigm In the Tungsten Industry

# Almonty – Key Financial Performance (FY2015 - FY2019)

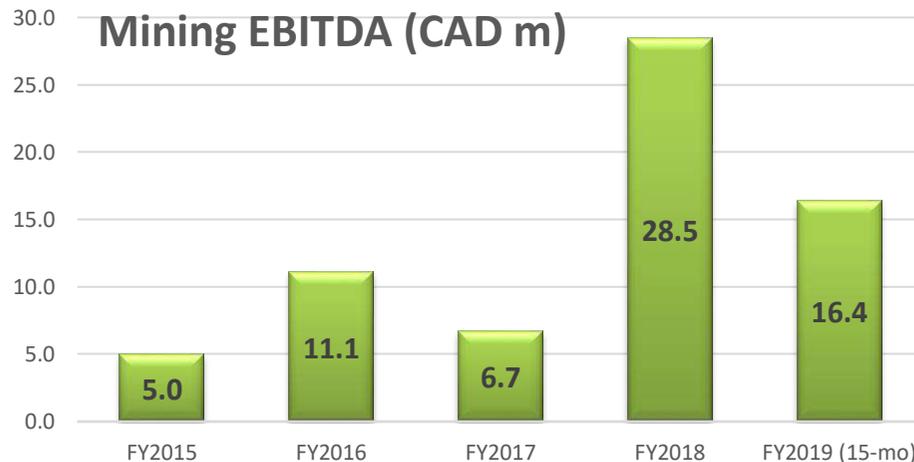
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- ✓ FY 2019 (15 months ended December 31, 2019) posted Revenue and EBITDA from Mining Operation of CAD 54.6m and CAD 16.4m, respectively
- ✓ Continued revenue growth for 4 consecutive years until 2018 was set back in 2019 in reflection of the lowered tungsten prices driven by Chinese pricing policy aimed for curbing resurgence of Western mines and consequent market dominance and the production transition at Los Santos Mine from fresh ore to reprocessing of tailings



- ✓ CAD 10.1m Impairment Loss set on Los Santos as a non-cash item based on Auditor's conservative appraisal of future cashflow of the mine turned the FY2019 bottom line to red which otherwise would have been positive CAD 4.9m or CAD 0.027 per share



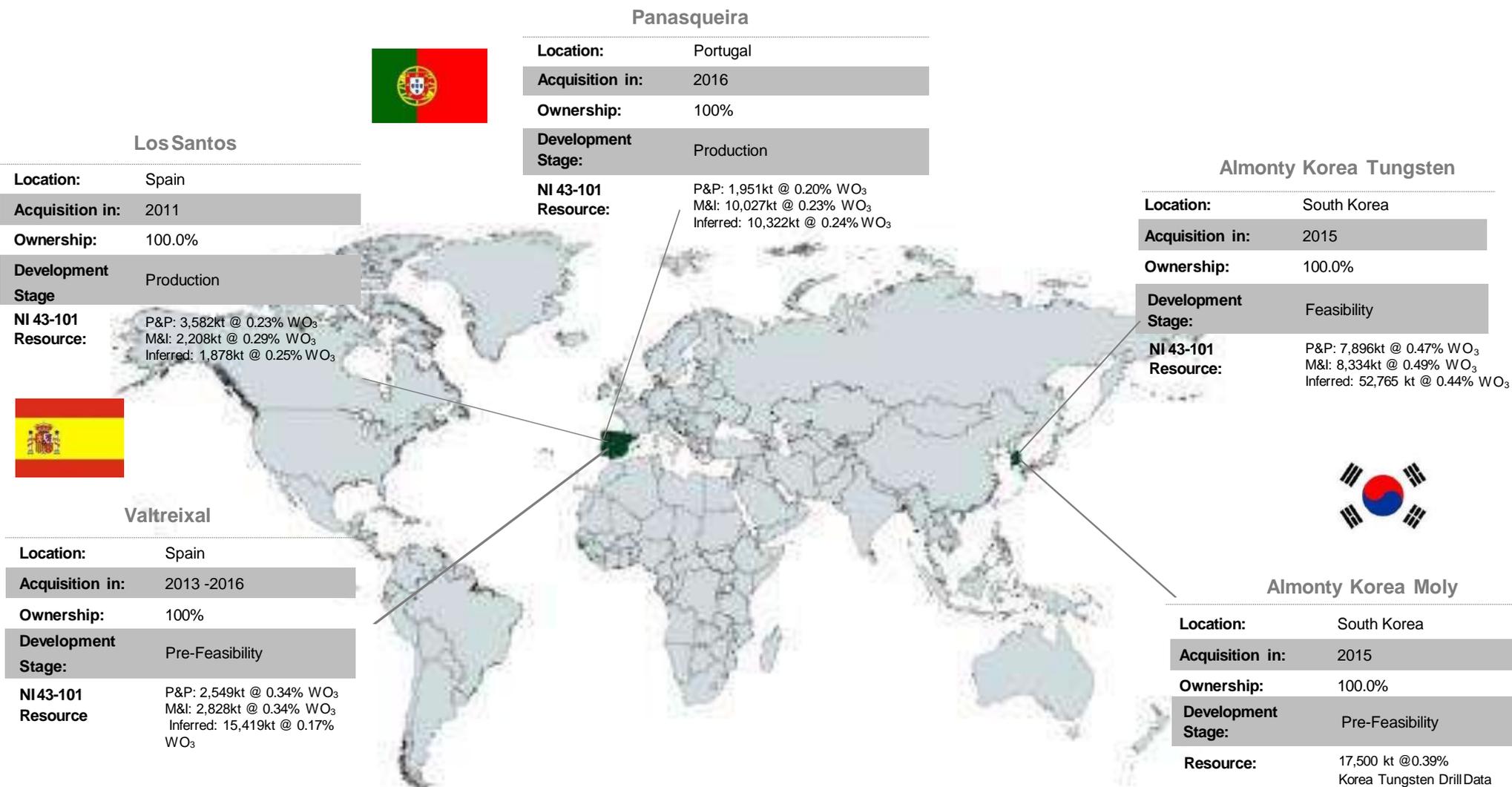
- ✓ Go-forward cost structure and production profile of Almonty, as well as benefits of fixed pricing are expected to help Almonty to continue to maintain positive operating cashflow in forthcoming years until Sangdong starts to emerge as a mainstream tungsten supplier in 2022/2023

# Almonty Today (1)

– An Established Global Tungsten Chain in Conflict Free Regions



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# Shareholder Profile

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Shareholder	No. of Shares Held	%
Lewis Black/Almonty Partners LLC	35,764,920	19.6%
Global Tungsten & Powders	27,403,000	15.0%
Deutsche Rohstoff AG	20,939,136	11.5%
Korea Zinc	3,450,000	1.9%
Board Members	3,573,330	2.0%
Free Float and others	91,590,544	50.1%
<b>Total no. of shares outstanding</b>	<b>182,720,930</b>	<b>100.0%</b>
<i>(as at January 31, 2020)</i>		



**Strategic tie-up and shareholder support with long term commitments**



### III. The “Pride of Korea” is Returning

# Sangdong Project Summary

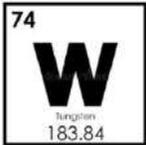
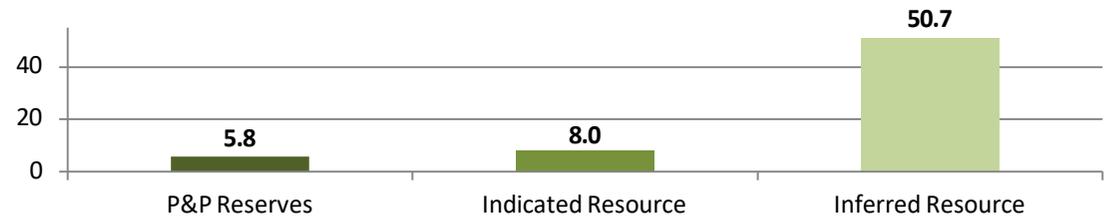
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## What makes the Sangdong Project Unique in the Tungsten Industry?



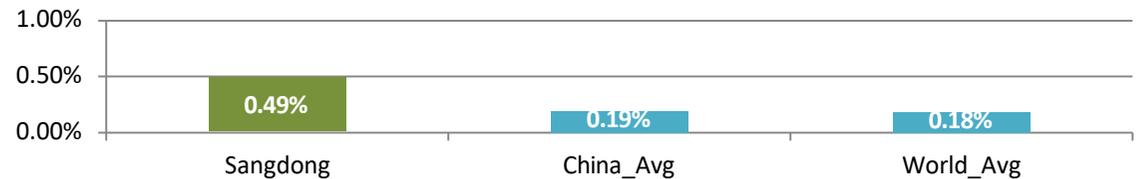
### Long Mine Life

Largest tungsten deposit in the world 'Inferred' based on extensive drilling by Korea Tungsten



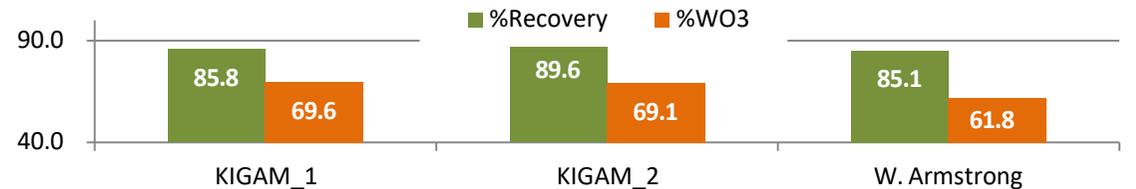
### Highest Grade

One of the highest grades in the world Over 2x that of China's and the global average



### Highest Recovery

Highest recovery and W O3 content in produced concentrate, proven by metallurgical tests conducted at a multitude of institutions



### Lowest Cost

Lowest production cost (USD110/MTU) by far; Almost 50% of China's cost\*

By-products (Moly, Bismuth, Au, Ag) to be extracted at no additional cost; Contributing 5~6% in additional revenue



\* Source: Argus

# Sangdong Project Summary



The Leaders in Tungsten

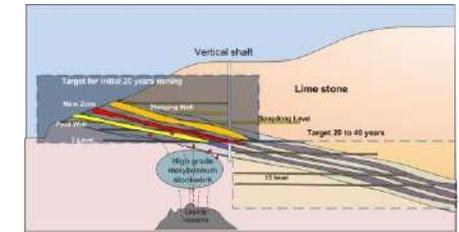
## What makes the Sangdong Project Unique in the Tungsten Industry?



### Readily Accessible Infrastructure

A strategic investment of over \$200 million for extensive drilling by Korea Tungsten and accessible infrastructures have been completed -- roads, pilot plant, floatation/processing plants ventilation, water, utilities, etc.

Korea Electric Power Corp to complete installment of a subsidized exclusive 10MW line

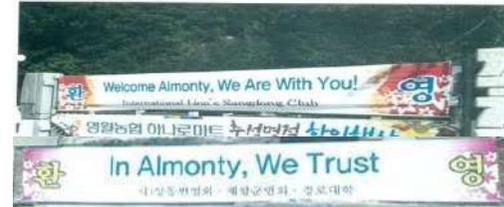


### Government & Community Supports

Strong backing from permitting agencies

Overwhelming community support

Governmental subsidies, No NSR, Tax credits



(Korea Summit Press Pool / Pool via Reuters)

### Detente, Tension is over

Eased political tension and emerging opportunities

As reported by **The National** (April 27, 2018),

**North and South Korea have agreed to stop all hostile acts over "land, sea and air"**

Mining sector spotlighted with 'mining friendly' policy

Country	Moody's	S&P	Remarks
USA	Aaa	AA+	
S. Korea	Aa2	AA	N. Korea risk alleviated
France	Aa2	AA	
UK	Aa2	AA-	Watch for Brexit effect
Belgium	Aa3	AA	
Japan	A1	A	
Spain	Baa1	BBB+	
Italy	Baa3	BBB-	

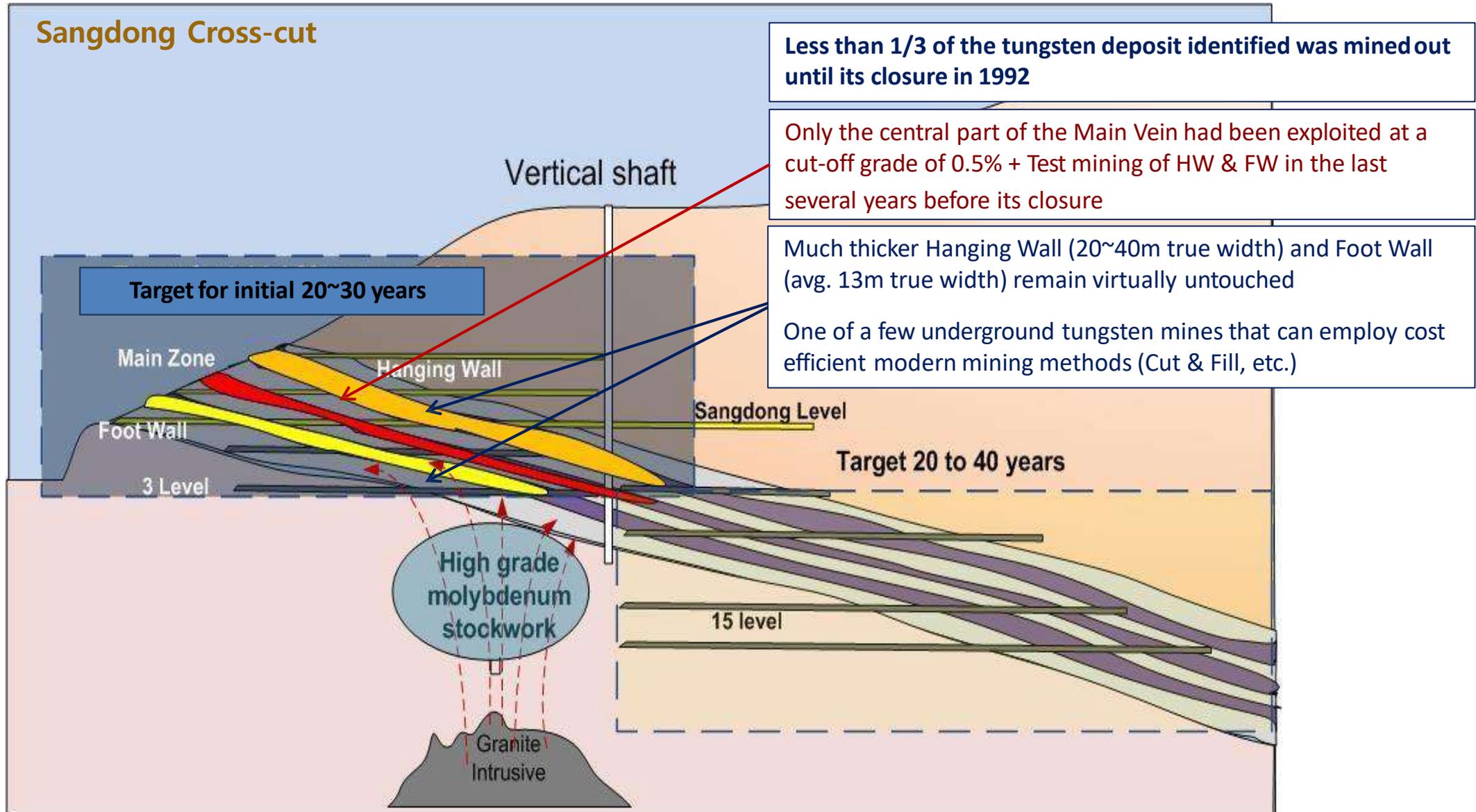


**Korea Summit, North and South Leaders Meet (April 27, 2018)**

# Sangdong - Project Risks & Mitigation

## 1. Mineralization Risk

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# Sangdong - Project Risks & Mitigation

## 1. Mineralization Risk

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### NI 43-101 Compliant Resource (as at July 26, 2016)

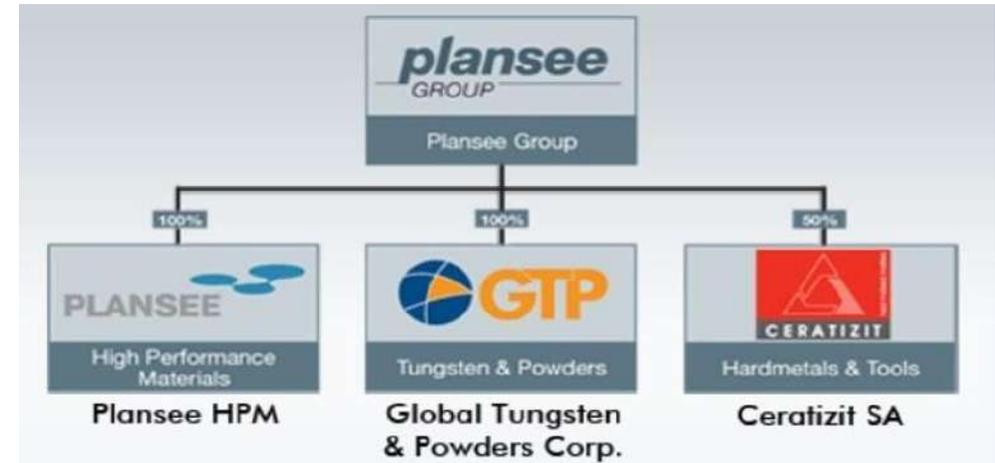
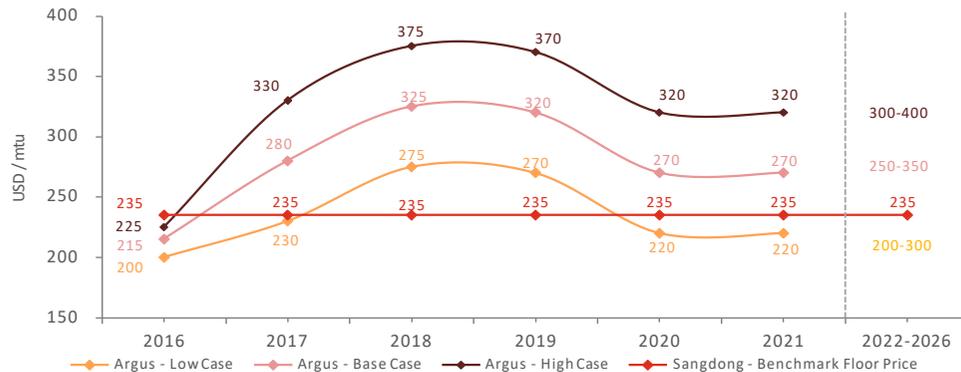
	AKT July 16, 2016				AKT Jan 15, 2018				
	Tonnes	Avg Grade WO3	Contained WO3		Tonnes	Avg Grade WO3	Contained WO3		%Increase MTU
			Tonnes	MTU			Tonnes	MTU	
Reserves									
Proven & Probable	7,896,000	0.45%	35,532	3,553,200	5,822,000	0.41%	23870	2,387,020	32.82%
Mineralized Tailings	0	0.00%	0	0	0	0.00%	0	0	
Stockpiles	0	0.00%	0	0	0	0.00%	0	0	
<b>Total</b>	<b>7,896,000</b>	<b>0.45%</b>	<b>35,532</b>	<b>3,553,200</b>	<b>5,822,000</b>	<b>0.41%</b>	<b>23870</b>	<b>2,387,020</b>	<b>32.82%</b>
Resources (WO3 Cut-off 0.15% )									
Measured	0	0.00%	0	0	0	0.00%	0	0	
Indicated	8,029,000	0.51%	40,948	4,094,790	8,029,000	0.51%	40,948	4,094,790	0
<b>Total</b>	<b>8,029,000</b>	<b>0.51%</b>	<b>40,948</b>	<b>4,094,790</b>	<b>8,029,000</b>	<b>0.51%</b>	<b>40,948</b>	<b>4,094,790</b>	<b>0</b>
Inferred	50,686,000	0.43%	217,950	21,794,980	50,686,000	0.43%	217,950	21,794,980	0

- In addition to the **12.5 years of Proven & Probable Reserves** (at 640K tpa), approx. 5.8 million tons of 0.43~0.51% grade ore identified by Korea Tungsten are being classified as 'Indicated & Inferred' due to the loss of drilling cores – 95 years of LOM at 640K tpa
- Bigger than 'Mittersill + Nui Phao + Los Santos + Panasqueira' all combined
- 0.43~0.51% WO3 grade is one of the highest in the world (cf. 0.23~0.28% cut-off grade of Sangdong vs. 0.19% average grade of Chinese tungsten mines)
- **Stable Supply of Conflict-Free Material to Offtaker(s) for Generations to Come**

# Sangdong - Project Risks & Mitigation

## 2. Price Risk

The Leaders in Tungsten



### Floor Price (USD235/MTU, APT) Guarantee by a Global Tungsten Major

- Translates to USD183/MTU, WO3 65% concentrate price
- Locked-in profits over USD106/MTU cash cost

Equivalent to approx. U\$580 mil over 15 years at the prevailing price and with minimum offtake volume guaranteed – CAD\$750 mil

### Factors behind the ‘Unprecedented’ Floor Price Guarantee

- Almonty’s track record of honoring existing offtake agreements
- Market insiders’ insight into tungsten prices and the understanding of the distorted LMB tungsten pricing caused by ‘China’s spoil’ in the past

**Construction and Completion Risks** are fully covered by:

- ❖ Completion & Performance Tests guaranteed by EPC Contractor (Fixed lump-sum guarantee of POSCO E&C, a top tier general contractor in Korea and wholly owned subsidiary of the world's 4<sup>th</sup> largest steel mill)
- ❖ Installation & Commissioning guaranteed by equipment suppliers (Metso & DH Tech)

### Construction Performance Guarantee

(Name of Bank, Address)

**Beneficiary: ALMONTY KOREA TUNGSTEN**  
a corporation duly organized and existing under the laws of Korea, with its principal office at 79-50 Jungsuk-gil, Gurae-ri, Sangdong-eup, Gangwon-do, Korea

### Performance Test Guarantee

(Name of Bank, Address)

**Beneficiary: ALMONTY KOREA TUNGSTEN**  
a corporation duly organized and existing under the laws of Korea, with its principal office at 79-50 Jungsuk-gil, Gurae-ri, Sangdong-eup, Gangwon-do, Korea



Sangdong Tungsten Project

Metso Sweden AB – March 2016

Budget Quotation for Equipment Supply  
Quotation BLA/SAL053665 Rev 4



**디에이치테크 주식회사**

Cooling Tower & Water Treatment System

# Sangdong - Project Risks & Mitigation

## 4. Social/Political Risks



The Leaders in Tungsten

### All Licenses & Permits in place:

- Mining concessions and exploration permits
- Exclusive use permit for mountainous areas
- Permit for development activities
- Permit for diversion of waterway and road
- Permit for occupation of public water
- Clearance on archeological or cultural heritage obstructions

The collage shows various official documents from the Ministry of Natural Resources and Environment of South Korea. Key documents include:
 

- Mining licenses (영월권) for Sangdong Mining Corporation, covering areas like Sangdong-myeon, Jeongju-si, and Jeongju-gun.
- Environmental Impact Assessment (EIA) reports and related permits.
- Official stamps and seals from government agencies.

The letter is from SHIN & KIM, dated 2016.12.1. It is addressed to Sangdong Mining Corporation. The subject is 'Review on Application of Environmental Impact Assessment (Our Ref. No.: D00075-1601)'. The letter discusses the company's request for an EIA and provides a conclusion based on a legal analysis of the project's location and the proposed installations.

### Environmental Aspects:

- Free from all Korea Tungsten legacy liabilities, e.g. old tailings dams (in the hands of Mine Reclamation Corp)
- All facilities are to be built within the area classified as the Industrial Zone
- EIA completed despite the confirmation of the Ministry of Environment for 'No EIA requirement' for the Project
- Plant and facilities were designed and built in conformance with IFC/Equatorial Principle standards

# Sangdong Project - Risks & Mitigation

The Leaders in Tungsten



	Profile of Risks	✓ Mitigation
1. Mineralization Risk	Reliability of Resource & Grade	<ul style="list-style-type: none"> <li>✓ Extensive exploration by KTMC/KORES (83Km long, 863 holes) and USD 30 m+ spent for drilling between 2006 and 2017 (43km long, 527 holes)</li> <li>✓ Four NI43-101 compliant feasibility studies between 2012 and 2016</li> <li>✓ KTMC's historical performance (650K+ tpa mining, 300K mtu/year production)</li> </ul>
2. Price Risk	Price Fluctuation; Selling Risks	<ul style="list-style-type: none"> <li>✓ 15-year offtake agreement with a global tungsten leader</li> <li>✓ Guaranteed Floor Price (\$183/mtu) over \$106/mtu cost</li> <li>✓ Other consumers vying for the balance or incremental volume from expansion (640K -&gt; 1.2m tpa)</li> </ul>
3. Execution Risk	Cost Overrun, Delay, Commissioning Risks	<ul style="list-style-type: none"> <li>✓ Fixed lump-sum turnkey by POSCO, Korea's top notch EPC contractor</li> <li>✓ Liquidated Damage compensation by POSCO in case of delay</li> <li>✓ Commissioning guaranteed by main equipment suppliers (Metso)</li> <li>✓ Insurance coverage up to 12 months delay (Marsh)</li> </ul>
4. Social & Political Risk	Environmental, Social, Political Risks	<ul style="list-style-type: none"> <li>✓ All permits obtained</li> <li>✓ EIA, SIA and ESMP in place despite EIA/SIA exemption</li> <li>✓ Supportive community and permitting authorities</li> <li>✓ Government supports – tax benefits, subsidies, no NSR</li> </ul>

# Sangdong Project Management Team

The Leaders in Tungsten



## **Lewis Black – Director, President and CEO**

Over 10 years experience in the tungsten mining industry  
Former Chairman and CEO of Primary Metals

Former Vice President of the International Tungsten Industry Association (ITIA)



## **Emil Corfu – Director of Plant Management**

20+ years experience in mine plant construction and operation; ex-Metso

Responsible for engineering, construction and operation of processing plants



## **Antonio Correa de Sa – Vice Chairman**

47 years experience in mining with 24 years in tungsten mines

CEO, Panasqueira Mine (Beralt)

Project Supervisor



## **Eduardo Crespo – Director of Metallurgy**

15+ years experience in scheelite floatation

Professor of Metallurgy at university

Orchestration of Metallurgy/Processing



## **Tiger Kim – Country Representative (Korea)**

25 years experience in IB (Morgan Stanley, Citicorp, Salomon) with specialty in the resource sector

Project Controller, CEO, Sangdong Mining (2010~2013)



## **Paulo Ferraz – Director of Geology**

20+ years experience in geology

Supervision of Sangdong exploration and resource modeling



## **Nuno Alves – Director of Mining**

Mining Engineer with 20+ years experience in underground and open pit operations

Orchestration and supervision of mining plans



## **Miguel Pinto – Construction Supervision**

13 years experience in mine management and construction supervision

Site management of Los Santos/Panasqueira

# Sangdong Project – Recent Developments

The Leaders in Tungsten

## Key Contracts Signed

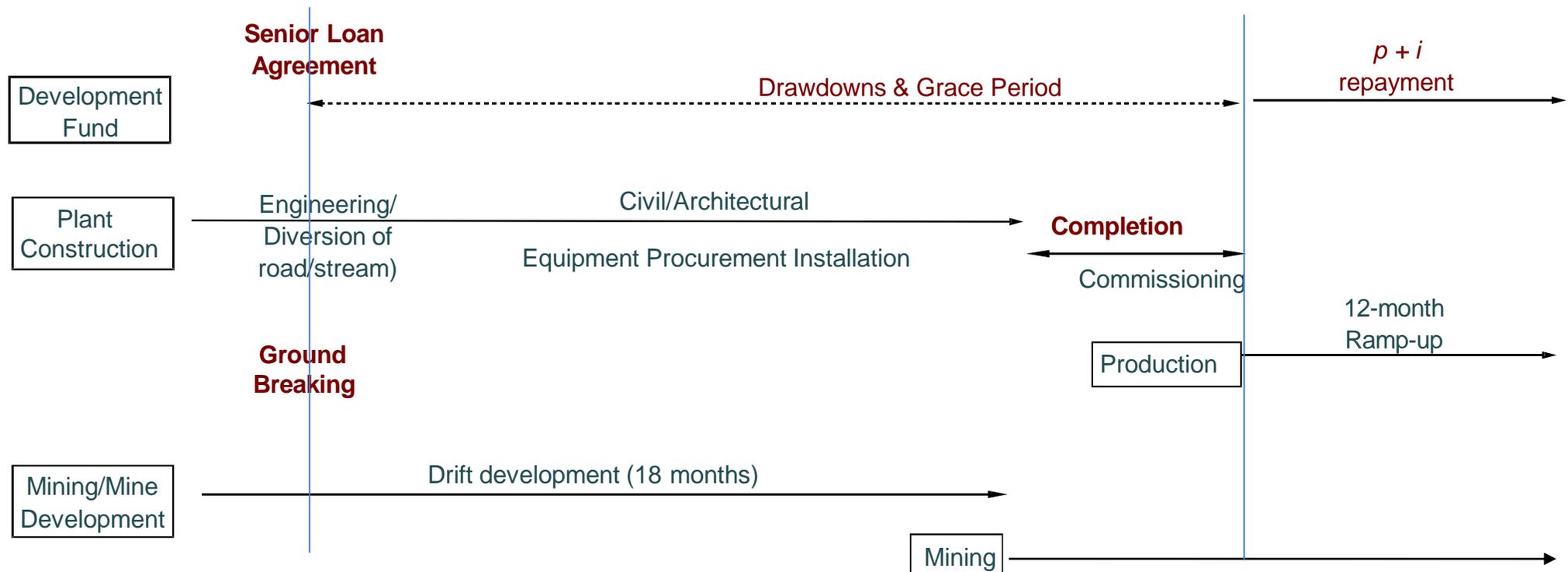
- EPC Contract with POSCO E&C (December 26, 2017)
- Offtake Agreement with a leading global tungsten offtaker (March 2018): 15 Yrs, approx. U\$600 mil at a prevailing price and CAD\$750 mil guaranteed volume with Floor price of U\$235 (APT)
- Site Clearance Contract & Demolition Works (completed in July 2018)
- Mine Development in Progress since November 2018
- Technical Licensing Agreement with KIGAM on Floatation Technology & Pilot Plant Subsidy (April 30, 2018)
- Power Supply Agreement with KEPCO (May 29, 2019)

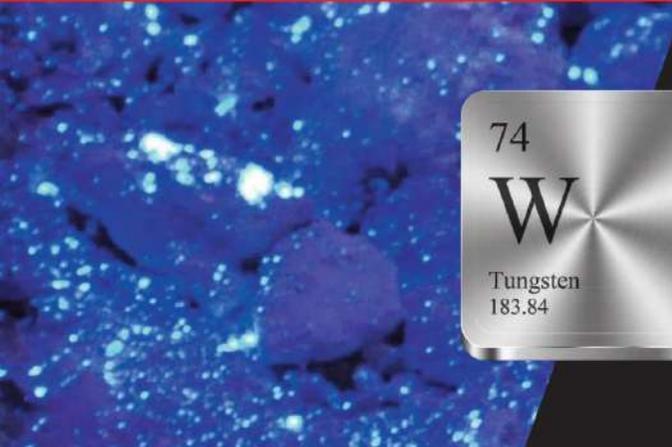


# Sangdong Mine - Key Milestones Ahead

The Leaders in Tungsten

2020				2021				2022			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

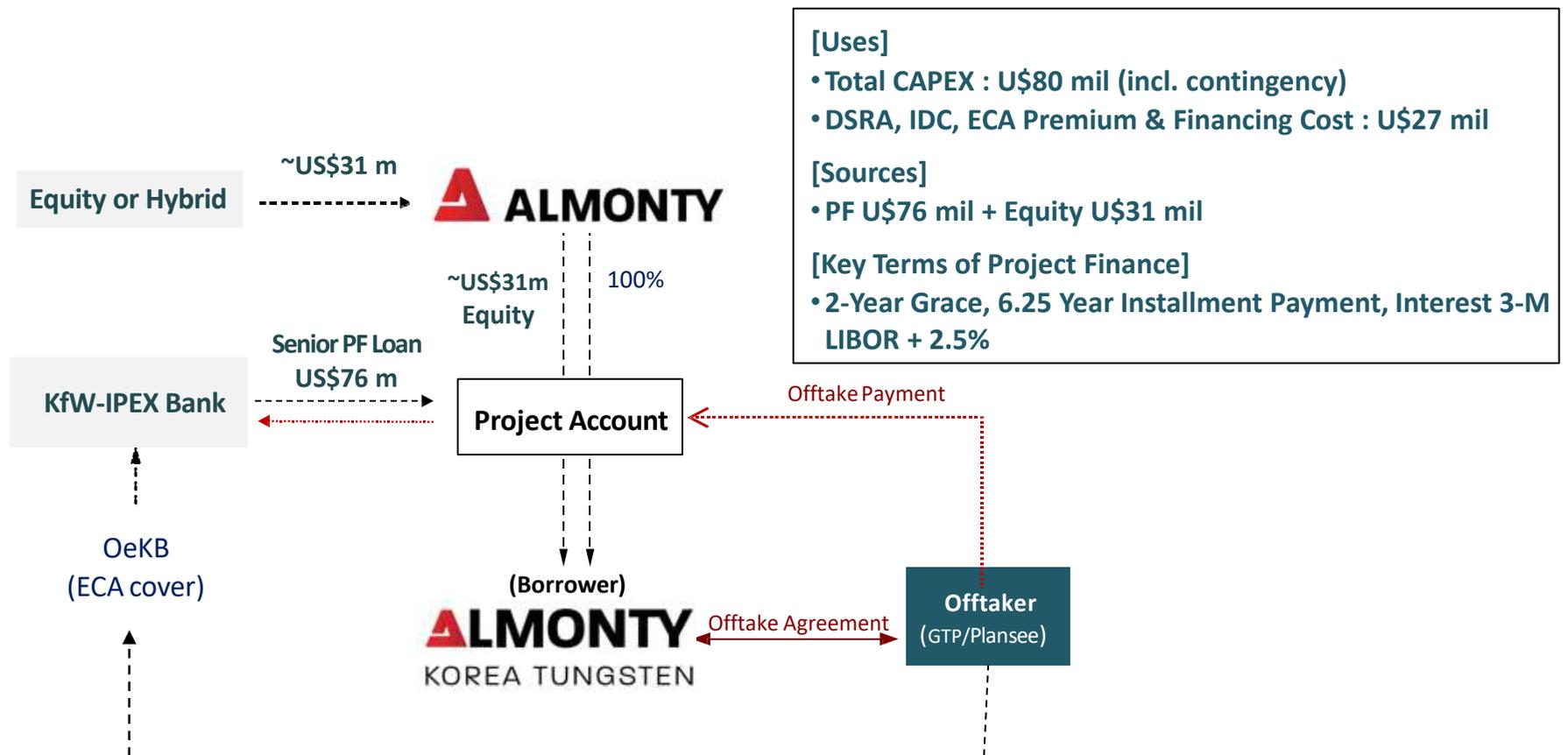




## IV. Financing Structure and Financial Projection

## Financing Secured with a Binding Commitment from the Lending Bank

- Senior Project Finance Loan (U\$76 mil) was secured with KfW IPEX-Bank's Commitment Letter issued and disclosed on January 23, 2020 followed by OeKB's ECA issued on February 24, 2020



# Sangdong Project – Financial Projection

The Leaders in Tungsten

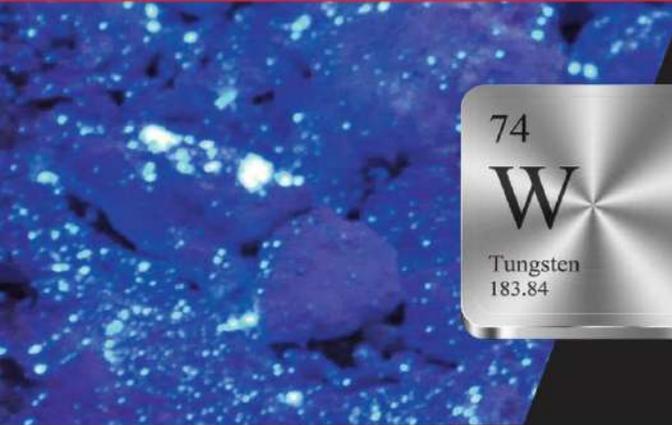
## 10 Year Pro Forma – Sangdong Mine (1.2m tpa\_Expansion)

(in US\$000s, except where noted)	Pre-production		Operation									
	-2	-1	1	2	3	4	5	6	7	8	9	10
	2020 F	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F	2029 F	2030 F	2031 F
<b>Revenue</b>	\$0	\$1,702,883	\$49,907,583	\$62,250,854	\$61,736,292	\$92,830,343	\$117,259,380	\$117,259,380	\$117,259,380	\$117,259,380	\$117,259,380	\$117,259,380
<b>Operating Costs</b>												
Ore mining costs	\$0	\$589,174	\$10,569,609	\$14,093,711	\$14,610,930	\$21,485,197	\$26,568,459	\$26,860,589	\$27,647,780	\$26,517,784	\$25,966,670	\$25,966,670
Processing costs	\$0	\$228,402	\$6,292,705	\$8,198,926	\$8,198,926	\$12,131,241	\$15,323,673	\$15,323,673	\$13,140,000	\$13,140,000	\$13,140,000	\$13,140,000
G&A costs	\$575,000	\$640,000	\$2,174,530	\$2,833,250	\$2,833,250	\$4,192,115	\$5,295,303	\$5,295,303	\$5,880,000	\$5,880,000	\$5,880,000	\$5,880,000
<b>Total Operating Costs</b>	\$575,000	\$1,457,576	\$19,036,843	\$25,125,887	\$25,643,106	\$37,808,554	\$47,187,436	\$47,479,565	\$46,667,780	\$45,537,784	\$44,986,670	\$44,986,670
<b>EBITDA</b>	(\$575,000)	\$245,307	\$30,870,739	\$37,124,967	\$36,093,185	\$55,021,789	\$70,071,944	\$69,779,815	\$70,591,600	\$71,721,596	\$72,272,710	\$72,272,710
Depreciation	\$0	\$0	\$0	\$10,847,955	\$10,847,955	\$12,775,168	\$13,926,814	\$14,206,172	\$14,732,906	\$15,138,178	\$4,290,223	\$4,290,223
Corporate Taxes	\$0	\$0	\$2,307,191	\$6,757,979	\$5,948,051	\$6,206,062	\$6,245,625	\$6,101,569	\$6,132,483	\$8,752,418	\$8,765,966	\$8,765,966
<b>Cash Flow From Operations</b>	(\$575,000)	\$245,307	\$28,563,548	\$30,366,988	\$30,145,135	\$48,815,727	\$63,826,319	\$63,678,246	\$64,459,117	\$62,969,178	\$63,506,744	\$63,506,744
Capex (PPE additions)	\$35,908,173	\$37,891,693	\$0	\$0	\$6,500,000	\$6,500,000	\$0	\$0	\$0	\$0	\$0	\$0
Sustaining CAPEX	\$0	\$0	\$2,135,822	\$0	\$490,489	\$1,561,521	\$1,955,503	\$3,687,141	\$2,836,907	\$0	\$0	\$0
<b>Free Cash Flow (After Tax)</b>	(\$36,483,173)	(\$37,646,386)	\$26,427,726	\$30,366,988	\$23,154,646	\$40,754,206	\$61,870,816	\$59,991,105	\$61,622,210	\$62,969,178	\$63,506,744	\$63,506,744
Pre-Tax Free Cash Flow	(\$36,483,173)	(\$37,646,386)	\$28,734,918	\$37,124,967	\$29,102,697	\$46,960,268	\$68,116,441	\$66,092,674	\$67,754,693	\$71,721,596	\$72,272,710	\$72,272,710

## 10 Year Pro Forma – Almonty Combined

### Almonty Combined Cashflow (FY2019-FY2028)

(in USD 000s, except where noted)	2019 (15 months)	2020 F	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F
<b>Revenue</b>	\$41,172,182	\$34,582,989	\$36,307,760	\$84,692,128	\$96,837,406	\$96,628,399	\$150,151,505	\$171,075,933	\$167,571,323	\$166,695,170
<b>Total Operating Costs</b>	\$36,463,690	\$27,275,763	\$28,132,895	\$45,712,162	\$51,801,206	\$57,659,941	\$72,764,764	\$79,223,945	\$79,332,468	\$77,519,388
<b>EBITDA</b>	\$4,708,493	\$7,307,226	\$8,174,865	\$38,979,966	\$45,036,200	\$38,968,458	\$77,386,741	\$91,851,988	\$88,238,855	\$89,175,782
Depreciation/Impairment	\$7,874,366	\$5,662,588	\$5,717,717	\$5,717,717	\$16,565,672	\$16,565,672	\$21,428,993	\$22,580,639	\$22,859,997	\$23,386,731
Interest/FX Losses/(Gains)	\$650,357	\$115,354	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes	\$127,358	\$398,537	\$434,203	\$2,777,060	\$7,263,513	\$6,489,251	\$7,806,777	\$9,273,075	\$8,298,768	\$8,360,968
<b>Net Profit</b>	(\$3,943,589)	\$1,130,747	\$2,022,946	\$30,485,189	\$21,207,015	\$15,913,535	\$48,150,971	\$59,998,273	\$57,080,090	\$57,428,083



## V. Conclusion



## HALLGARTEN & COMPANY

Metals Review February 26, 2018

In sharp contrast to the many other specialty metals, the end users in the Tungsten market are aware of their vulnerability in the supply chain. Not unsurprisingly the major users have sought to secure their upstream (as per our mantra in specialty metals "Secure Thy Up"). Sandvik, the major toolmaker, acquired, back in 2009, Wolfram Bergbau- und Hüttenbau, an Austrian producer and supplier of tungsten products which operates a refining plant for tungsten carbide, including a chemical plant for recycling tungsten material, in St. Johann, Austria. WBH is active within the sector since 1975 and offers tungsten carbide and tungsten metal powders. Sandvik has a global customer base since many years. Tungsten carbide is the primary raw material for toolmakers, and therefore the acquisition of WBH is of long-term strategic importance. Almonty also has taken a significant stake (alongside Resource Capital Funds) in Wolf V Hemmerdon project in the UK).

~~Almonty's survival and expansion has been encouraged by European machine tool makers to pay over the "market" price for APT to ensure that Almonty survived and prospered. This is the inevitable Chinese near-monopoly if it had gone under.~~

Western machine tool makers are particularly vulnerable to supply disruptions as they are making a major push into the tool space and thus we might tactfully say that it will be of Chinese toolmakers to have foreign competitors experience supply problems. Tungsten mines. If any investors doubt that that might happen then they would be

Tungsten, in theory, should be a bellwether of industrial activity, more than virtually any other metal, as it is directly levered into machine-tool manufacturing as the swing factor in its demand (the relatively non-variable part being lighting uses). However, the "spoiler" here is China which distorts the Tungsten market much as it has distorted so many others. Now we have a situation where industrial demand is recovering making it harder for China to maintain low prices (to maintain its dominance). Moreover China's attempts to overrun the machine tool sector through its Tungsten dominance have put Western manufacturers of this equipment on notice that they need guaranteed non-Chinese supplies to evade predatory Chinese manoeuvres.

For the first time since 2010 there now exists a window of opportunity for Tungsten developers to catch the attention of investors as a more reliable source of supply.

or Tungsten concentrates in the market frequently result in an improving price of APT to over \$400 would



**... Almonty, a 400 lb gorilla...**

**Once Sangdong gets into production, it will reach 800 lb gorilla status...**

## **Almonty Industries**

**100 King Street West**

**Suite 5700**

**Toronto, ON Canada**

**M5X 1C7**

**Office: +1 (647) 438.9766**

**Fax: +1 (416) 628.2516**

**Email: [info@almonty.com](mailto:info@almonty.com)**