

Deutsche Rohstoff AG: Almonty Industries approaches production start at the Sangdong Tungsten Mine in South Korea

02.12.2024 | [DGAP](#)

Almonty Industries approaches production start at the Sangdong Tungsten Mine in South Korea

- Mine prepared for ore extraction
- Rapid progress in processing plant construction
- Significant long-term potential through downstream and molybdenum projects
- Share price up 66% since the beginning of the year

In the last 12 months, Almonty Industries, wholly owning the Sangdong tungsten mine in South Korea, has nearly completed the construction of the world's largest tungsten mine outside China. [Deutsche Rohstoff AG](#) holds a 12% stake in Almonty.

The project is attracting international interest as it is one of the largest and most strategically important tungsten deposits in the world. Tungsten is considered a critical resource in the EU, US, South Korea and Japan. A recent visit by geologists and representatives of the US Geological Survey in 2024 underlines the importance of the deposit.

Sangdong mine ready for ore mining

The Sangdong underground mine began ore extraction in September 2024. Two tunnels have been completed to facilitate access to high-grade tungsten ore using state-of-the-art mining methods. Due to the expansion of the mine, there is already enough ore on the surface to ensure an adequate ore supply for the first few months of operation.

Sangdong holds an estimated 50 million tons of resources with an average tungsten content (Wo3) of 0.43%, which is exceptional at three times the global average grade. This makes it a strategic asset in the tungsten market, where over 80% of production originates in China. With such a substantial resource base, mining operations are expected to sustain activity for several decades.

Construction of the processing plant is progressing rapidly

Construction of the ore processing plant, in which the tungsten ore extracted from the mine is enriched from a content of approx. 0.4% per tonne to a saleable concentrate with a tungsten content of 65%, is progressing rapidly. The foundations for the various buildings have been poured and building construction has begun. In November, the important ball mills from the Finnish manufacturer Metso, were delivered and have already been installed. The processing plant will be almost completely automated. It goes without saying that both mining and processing will meet strict safety, social and environmental requirements and will be carried out in accordance with the Equator Principles.

Sangdong project creates opportunity to diversify tungsten supply

The Sangdong mine will potentially be able to meet over 10% of global tungsten demand and 100% of domestic demand from the South Korean industry. It is therefore an important milestone that will allow companies to become less dependent on supplies from China, which currently produces around 80% of the world's tungsten. The strategic value of the project, including its focus on processing a significant portion of the of the production in Europe, resulted in financing guarantees from KfW IPEX-Bank. The USD 75.1 million credit facility was disbursed as planned.

Furthermore, the U.S. imposed a 25% tariff on Chinese tungsten imports in September, amplifying trade tensions around critical raw materials. In response, China announced plans to tighten export controls on "dual-use" items, including tungsten, effective 1 December 2024, a move that could significantly impact global tungsten supply chains and escalate geopolitical pressures.

Long-term potential

Almonty can increase production in Sangdong from around 700,000 tons of ore processing to around 1.4 million tons in a further expansion stage with little effort. The corresponding processing capacities have already been created and can be realized quickly. At current tungsten prices, this could generate revenues exceeding USD 200 million annually.

Additionally, Almonty Industries is advancing its high-grade molybdenum project within its fully permitted Sangdong Mine lease in South Korea, just 150 meters from the tungsten orebody. With one of the highest grades among its peers, the project benefits from significant synergies due to its proximity to Sangdong's tungsten operations. The orebody remains open in multiple directions, offering exploration upside, while South Korea's strong demand for molybdenum presents an opportunity for Almonty to establish a direct domestic supply chain.

The price of molybdenum has been rising for years due to strong industrial demand. In fact, the potential value of the molybdenum deposit is currently higher than that of tungsten. For Almonty, the molybdenum deposit offers the opportunity to add significant value in the medium term at a relatively low cost.

Almonty further expects to grow in the downstream value chain with the production of tungsten oxide. There is a high demand for tungsten oxide in the Korean industry. The Korean authorities are very positive about the project and have already offered a suitable site about 35 kilometers from Sangdong. Almonty expects to finish basic engineering for the plant by January 2025.

Strong share price performance

Progress at Sangdong and the considerable long-term potential has driven Almonty's share price up by 66% in 2024, accompanied by increased trading volumes. Deutsche Rohstoff AG holds over 30 million shares, equivalent to a 12% stake, making it Almonty's second-largest shareholder. With a book value of approximately EUR 30 million, the investment plus loans represents approximately 6% of the consolidated balance sheet total of the Deutsche Rohstoff Group.

Jan-Philipp Weitz, CEO of Deutsche Rohstoff AG, said: "We are pleased with the very good progress in the construction of the important Sangdong mine. Almonty's highly experienced team has once again demonstrated that they are a world leader in tungsten mining. We believe that our investment in Almonty will bring a high return. We will therefore naturally continue to hold our share position."

The latest images are available in a gallery on the website of Deutsche Rohstoff AG. The CEO of Almonty, Lewis Black, will give an online presentation at the International Investment Forum iif on 4 December (you can register for free here).

Mannheim, 2 December 2024

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/486365--Deutsche-Rohstoff-AG--Almonty-Industries-approaches-production-start-at-the-Sangdong-Tungsten-Mine-in-South-Korea>

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