

# Zijin Gold International HK SDR 10to1

(SGX: HZGD)

## Global expansion and higher production amid rising gold prices

- **Gold miner backed by Zijin Mining:** Zijin Gold International is formed by consolidating Zijin Mining's international gold mines outside China, with an integrated business model spanning exploration, mining, processing, smelting, and gold sales. The group controls eight mines and holds a 24.5% minority stake in the PNG Porgera Gold Mine, providing geographic exposure beyond a single market.
- **Large reserves base with meaningful scale in global production:** With 26.1 million ounces of gold reserves, Zijin Gold International is one of the largest gold miners globally and holds around 1.2% global production market share. Zijin Mining remains a major customer under a Sales Framework Agreement, accounting for 42.6% of Zijin Gold International's revenue in 2024.
- **Production growth has outpaced the broader industry trend:** While global gold mine production has been growing at around 1% CAGR in recent years, Zijin Gold International recorded a 21.4% CAGR in production from 2022 to 2024. The group's growth has been supported by an acquisition led strategy, leveraging internal operational and technical expertise to identify, acquire, and improve mine assets.
- **Turnaround execution highlighted by post acquisition profitability:** Management cited examples where previously loss making mines turned profitable within one to two years after being acquired, supported by cost discipline and operational improvements.
- **Cost profile supported by efficiency gains and low AISC ranking:** Mining costs declined from US\$38.7 per ton of ore in 2022 to US\$34.3 per ton in 2024, while 2024 all-in sustaining cost (AISC) of US\$1,438 per ounce ranked among the lowest within the global peer group.
- **Technology positioning supports recovery rates and capex efficiency:** Zijin Gold International highlighted technological capabilities in processing low grade and refractory ores, supported by access to Zijin Mining's state key laboratory resources, and improved recovery rates at certain mines.
- **Gold price movements can drive amplified earnings sensitivity:** With operating costs largely fixed, earnings are leveraged to gold prices, which can magnify outcomes during both rising and falling gold price environments.
- **Key risks:** As a multi jurisdiction miner, Zijin Gold International remains exposed to risks such as political uncertainty, changes in royalties and taxes, nationalisation risk, and import or export controls.

Ticker	HZGD
Rating	Not Rated

\*Target price is for 12 months

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## Low Cost Gold Producer

Zijin Gold International (ZJI) was formed through the consolidation of Zijin Mining's international gold mining assets outside of China. The company operates an integrated gold production platform spanning exploration, mining, processing, smelting, and the eventual sale of gold. Zijin Gold International currently controls and owns eight mines, and also holds a 24.5% minority interest in the PNG Porgera Gold Mine.

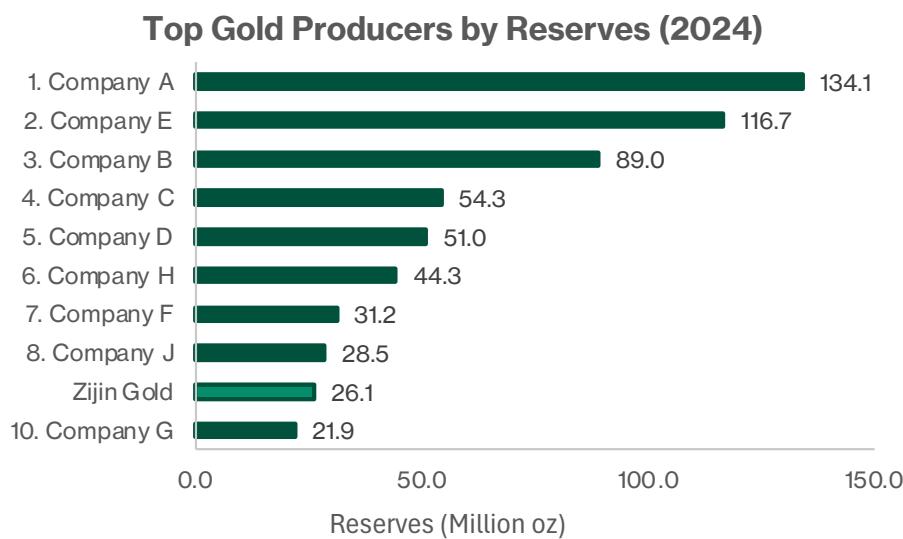
**Figure 1: Zijin Gold International currently controls and owns eight mines**



Source: Company Data

With total gold reserves of 26.1 million ounces, Zijin Gold International is currently the world's ninth largest gold mining company by reserves. It is also the eleventh largest gold producer globally, with an estimated 1.2% share of global production volume.

**Figure 2: Zijin Gold International is currently the world's ninth largest gold mining company by reserves**

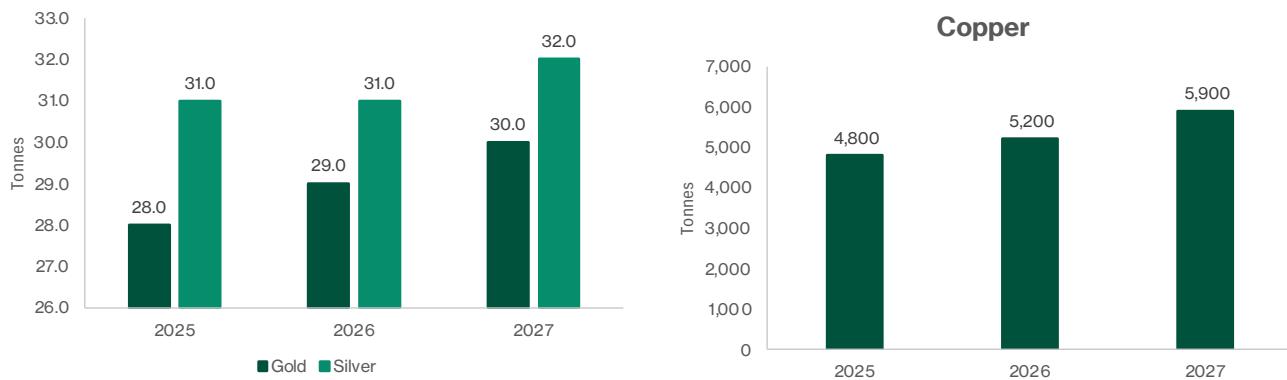


Source: Company Data; Frost & Sullivan

Note: Reserves include proven and probable gold reserves. The reserves of the PNG Porgera Gold Mine is not included in the calculation of the Group's reserves in the ranking

Zijin Gold International has entered into a Sales Framework Agreement with its parent company, Zijin Mining, under which Zijin Gold International will sell gold and other by-products such as copper and silver, subject to a capped transaction volume for the period from 2025 to 2027. In 2024, Zijin Mining was Zijin Gold International's largest customer, accounting for 42.6% of total revenue.

**Figure 3: Zijin Gold International has entered into a Sales Framework Agreement with its parent company, Zijin Mining**

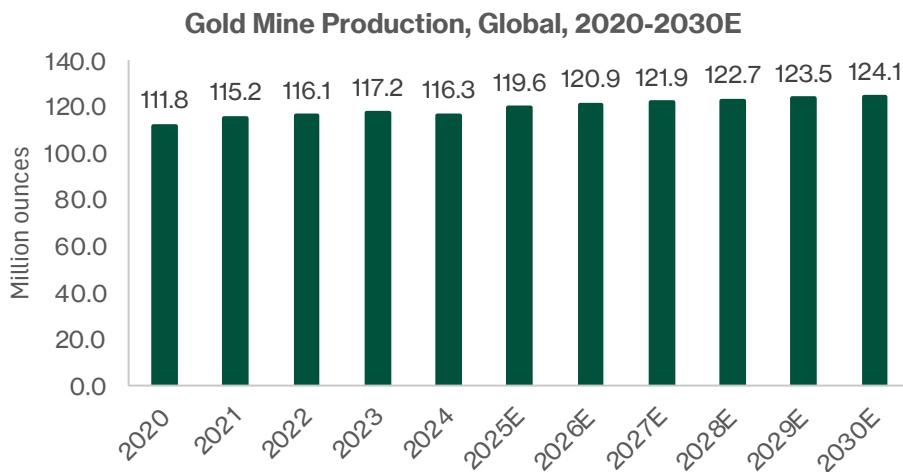


Source: Company Data

### Muted Gold Production And Supply Globally Despite Strong Gold Prices

Global gold mine production has remained relatively muted over the past five years, with industry output growing at a modest 1.0% CAGR to an estimated 119.6 million ounces in 2025. Looking ahead, gold production growth is projected to stay broadly stable over the next five years, rising by around 1.1% CAGR, with no meaningful acceleration expected despite the current elevated gold price environment.

**Figure 4: Global gold mine production**



Source: World Gold Council, Frost & Sullivan

## Zijin Gold International's Gold Production Projected To Outgrow Industry

Zijin Gold International has grown its gold production at a 21.4% CAGR between 2022 and 2024, making it the fastest-growing producer among the world's top 16 gold miners. According to Zijin Gold International's IPO prospectus, the company is expected to continue increasing its gold output over the next five years, based on the Competent Person's Report prepared by an independent international consulting firm that provides advice and solutions for resources projects.

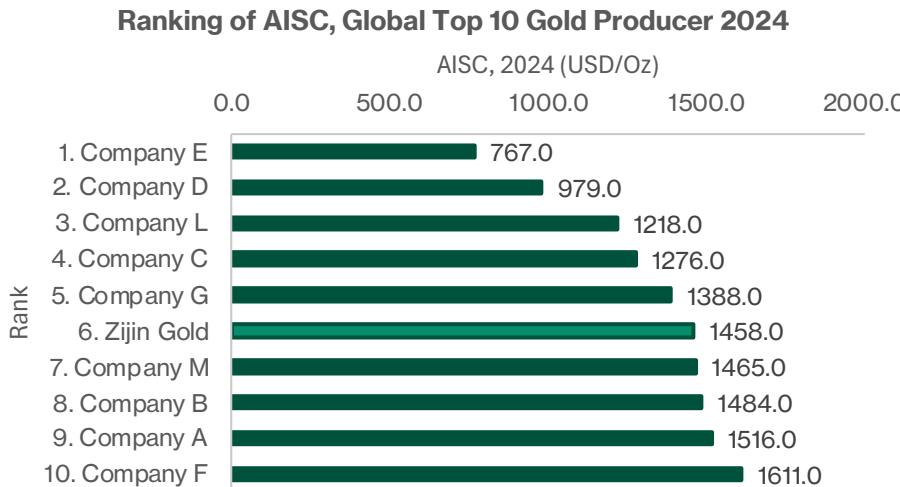
Zijin Gold International's production growth has been driven by its strategy of acquiring undervalued gold mines. The company leverages its in-house acquisition experience, alongside its operational and technical expertise, to identify and secure high-quality assets. Between 2019 and 2024, the average acquisition cost of mines purchased by Zijin Gold International was US\$61.3 per ounce, which is 52% lower than the industry average of US\$92.9 per ounce, based on Frost & Sullivan's estimates.

### Ability to turn around loss making mines after acquisitions

Following its acquisitions, Zijin Gold International has been able to improve the profitability of acquired assets within a relatively short period. The company cited examples such as the Rosebel mine in Suriname and mines in Tajikistan, which turned profitable within one to two years after being acquired.

Zijin Gold International also highlighted its focus on cost discipline and operational efficiencies. The company reduced its average mining cost from US\$38.7 per tonne of ore in 2022 to US\$34.3 per tonne in 2024. In 2024, its all-in sustaining cost (AISC) was US\$1,438 per ounce, ranking as the sixth lowest among the top 15 global gold miners.

**Figure 1: All-in sustaining cost (AISC) was US\$1,438 per ounce, ranking as the sixth lowest among the top 15 global gold miners.**



Source: IPO filings; Frost & Sullivan

Note: Company K has not disclosed AISC during 2024

## Lower capex intensity than peers

Zijin Gold International highlighted its technical capabilities in developing and processing low-grade gold resources, supported by ongoing progress in handling low-grade and refractory gold ores. For example, the company developed partial oxidation (POX) technology for arsenic and carbon-bearing gold concentrates, as well as copper concentrates, to address challenges in processing refractory gold ores.

The company also benefits from its relationship with its parent, Zijin Mining, which owns the only State Key Laboratory for Comprehensive Recovery of Low-grade and Refractory Gold Resources in China's gold mining industry.

These capabilities have supported improvements in gold recovery rates across its portfolio. For instance, the recovery rate at Taror Gold Mine increased from 78% in 2022 to 81% in 2024. Zijin Gold International also disclosed that its weighted average capital expenditure intensity is approximately US\$1,666 per ounce, which is lower than the industry average of US\$3,500 to US\$4,000 per ounce.

## Key Risks

### Gold Price Volatility

Zijin Gold International's earnings are sensitive to movements in gold prices, as its operating cost base is largely fixed and does not vary significantly with changes in the gold price. As a result, higher gold prices can translate into stronger profitability, as the increase in revenue flows through more directly to earnings.

This operating leverage can also work in the opposite direction. A decline in gold prices may lead to a sharper reduction in earnings, given the relatively fixed nature of operating costs. In this context, gold price volatility is likely to influence investor sentiment toward Zijin Gold International's shares, as market expectations for the company's earnings may adjust more sharply during periods of rapid price fluctuations.

### Political and Geopolitical Risk

Zijin Gold International operates mines across multiple countries, which exposes the group to country specific risks. These include political uncertainty, security concerns, and the risk of civil unrest, which could affect the operating environment and the mining licences held by Zijin Gold International.

In addition, gold miners such as Zijin Gold International face regulatory and policy risks in their host jurisdictions. These may include changes to mining royalties and tax regimes, nationalisation risks, and import or export controls. Operating across multiple jurisdictions can therefore add complexity to the group's business and increase execution risk.

You can now trade Zijin Gold International through Hong Kong Singapore Depository Receipts (SDRs). These HK SDRs offer investors a more accessible way to invest in Hong Kong-listed companies.

The introduction of Singapore Depository Receipts allows investors to purchase Zijin Gold International shares with a lower minimum investment outlay compared to buying Hong Kong-listed shares directly. Additionally, SDR holdings will be custodised within investors' Central Depository (CDP) accounts, providing seamless integration with their existing Singapore-based portfolios.

## Disclosure Appendix

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