9 Dec 2025

CMB International Global Markets | Equity Research | Company Update

CGN Mining (1164 HK)

Newly proposed policy in Kazakhstan: little impact on asset rights but risk to valuation

What's new? According to news report (link), the draft by Kazakhstan lawmakers to tighten the control of uranium mining JVs has been passed by the lower house and await Senate review. The draft requires **Kazatomprom (KAP LN, NR)**, the state-owned and world largest uranium producer in terms of production volume, to receive 90% stake in JV upon contract renewal. KAP has long been having a number of JVs with different foreign partners in uranium mining in Kazakhstan. According to KAP, negotiations with JV partners are underway and some partners have expressed reservations about the initiative.

- **Analysis.** According to the data of Nuclear Energy Agency and the International Atomic Energy Agency, Kazakhstan ranked 2nd in the world in terms of recoverable uranium resources with 14% of global market share (by end-2022). Kazakhstan ranked 1st in terms of production (in 2022) as the country has the highest portion of low-cost mines across the globe. In view of the tight supply of uranium over the coming decade, the policy change in Kazakhstan is not totally out of surprise.
- **Insignificant impact on CGN Mining's ownership of reserves...** Currently, CGN Mining has two JVs (four mines) with KAP (49% stake for CGN Mining). Except for Semizbay mine, the other three mines' mining licence will cover the entire estimated mine life. Therefore, the potential change in policy will not affect these mines. For Semizbay mine (license to be expired by 2031), the current annual uranium output is ~410t (15% of total consolidated mining output of the four JVs). We estimate the reserves of Semizbay (5,300t by end-2024) will be enough to support production by 2037 in theory, assuming no big changes in the annual output. In other words, the JV structure of Semizbay mine could be subject to change after 2031.
- **...But potential impact on our target valuation.** Our NPV calculation only covers the mining cash flow until the depletion of reserves or expiry of mining license, whichever earlier. Therefore, the change in policy will not affect our NPV calculation. That said, given that we have assigned a multiple of 3.5x on our NPV value in order to reflect the extension of mining license and the potential conversion of resources to reserve driven by higher uranium price, such policy change will create uncertainty to our target multiple. We have left our TP unchanged but will monitor the development of the policy change going forward.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (HK$ mn)	7,363	8,624	7,947	11,944	13,261
YoY growth (%)	101.8	17.1	(7.9)	50.3	11.0
Adjusted net profit (HK$ mn)	497.1	526.7	259.7	870.6	1,038.5
YoY growth (%)	(3.5)	6.0	(50.7)	235.3	19.3
EPS (Adjusted) (HK$ cents)	6.54	6.93	3.42	11.45	13.66
Consensus EPS (HK$ cents)	na	0.00	6.41	13.12	14.92
P/E (x)	49.7	72.2	95.1	28.4	23.8
P/B (x)	6.4	6.3	6.0	5.0	4.3
Yield (%)	0.0	0.3	0.2	0.7	0.8
ROE (%)	13.8	8.8	6.5	19.3	19.4
Net gearing (%)	18.8	9.5	(23.7)	(6.6)	(30.4)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$3.67**
Up/Downside	**12.8%**
Current Price	**HK$3.25**

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Stock Data

Mkt Cap (HK$ mn)	24,702.2
Avg 3 mths t/o (HK$ mn)	264.4
52w High/Low (HK$)	3.98/1.24
Total Issued Shares (mn)	7600.7

Source: FactSet

Shareholding Structure

China General Nuclear Power Corporation	56.9%
China Chengtong Holding Group	8.0%

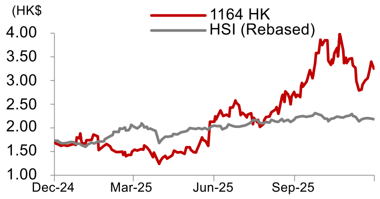
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-3.6%	-1.8%
3-mth	17.8%	17.2%
6-mth	52.6%	40.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

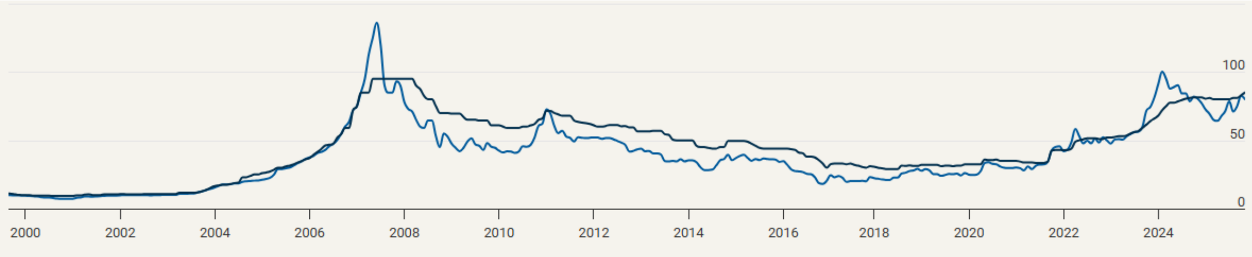
Related reports:

Uranium sector – Further upside driven by higher uranium price – 2 Oct 2025 (link)

CGN Mining – Further upside driven by higher uranium price – 2 Oct 2025 (link)

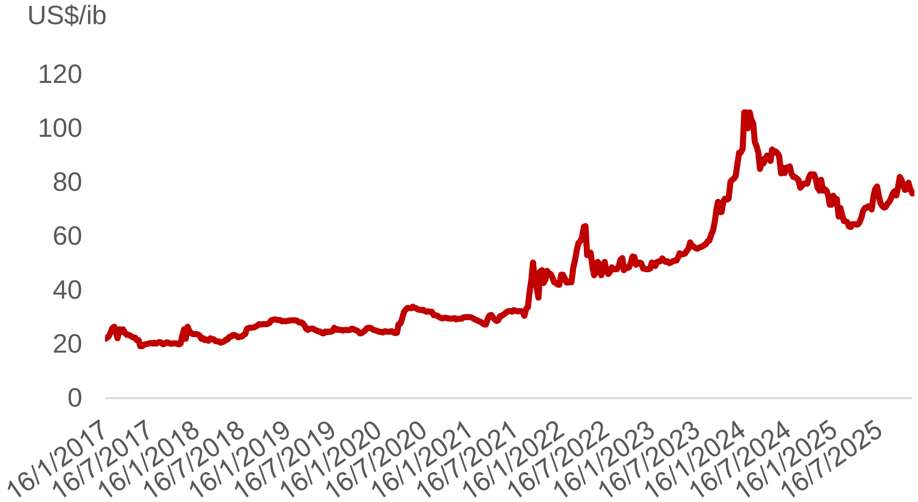
Uranium price

Figure 1: Industry uranium spot price vs contract price (US$/lb U3O8)



Source: Cameco, CMBIGM

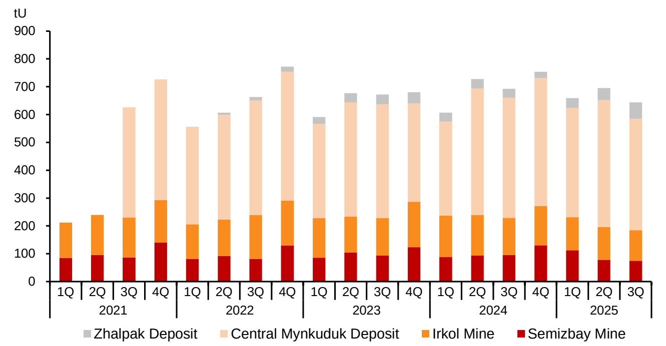
Figure 2: UxC Uranium U308 weekly spot price (US$/lb)



Source: Bloomberg, CMBIGM

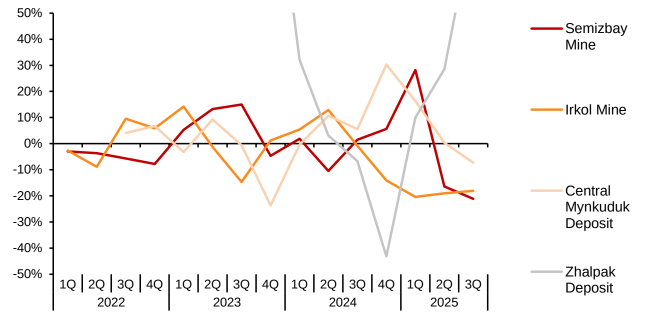
Operating data and assumptions

Figure 3: CGN Mining's quarterly uranium sales volume



Source: Company data, CMBIGM

Figure 4: CGN Mining's quarterly uranium sales volume growth



Source: Company data, CMBIGM

Figure 5: Key operating assumptions

	2022	2023	2024	2025E	2026E	2027E
JV and associates						
Semizbay Mine-U						
Production volume (tU)	959	976	976	906	915	924
Change (YoY)	-1.6%	1.8%	0.0%	-7.2%	1.0%	1.0%
Implied ASP (US$/ib)	**49**	**61**	**83**	**75**	**90**	**99**
Change (YoY)	29.3%	26.0%	36.0%	-10.0%	20.0%	10.0%
Semizbay Mine (unitl 2031)						
Production volume (tU)	385	407	407	411	415	419
Change (YoY)	-5.4%	5.7%	0.0%	1.0%	1.0%	1.0%
Unit cost (US$/ib)	24	27	32	36	36	36
Change (YoY)	-	11.5%	18.5%	12.0%	0.0%	1.0%
Irkol Mine (until 4 Mar 2030)						
Production volume (tU)	574	569	569	495	500	505
Change (YoY)	1.1%	-0.9%	0.0%	-13.0%	1.0%	1.0%
Unit cost (US$/ib)	17	23	24	27	27	27
Change (YoY)	-	34.7%	4.3%	12.0%	0.0%	1.0%
Ortalyk						
Production volume (tU)	1,639	1,644	1,783	1,902	2,060	2,226
Change (YoY)	2%	0%	8%	7%	8%	8%
Implied ASP (US$/ib)	**48**	**64**	**83**	**75**	**90**	**99**
Change (YoY)	163%	33%	30%	-10%	20%	10%
Central Mynkuduk (until 2033)						
Production volume (tU)	1,600	1,513	1,663	1,746	1,764	1,781
Change (YoY)	-	-5%	10%	5%	1%	1%
Unit cost (US$/ib)	14	17	22	25	25	26
Change (YoY)	-	23%	29%	12%	2%	2%
Zhalpak (until 2042)						
Production volume (tU)	39	131	120	156	296	445
Change (YoY)	-	236%	-8%	30%	90%	50%
Unit cost (US$/ib)	25	27	31	35	35	36
Change (YoY)	-	9%	15%	12%	1%	2%
Total JV / Associates						
Total production volume (100% interest) (tU)	2,598	2,620	2,759	2,808	2,975	3,150
Total production volume (attributable) (tU)	**1,273**	**1,284**	**1,352**	**1,376**	**1,458**	**1,544**
Calculated share of profit/(loss) HK$mn	**488**	**586**	**886**	**721**	**1,035**	**1,259**
Change (YoY)	78%	20%	51%	-19%	44%	22%
Unit net profit (US$/ib)	19	23	32	26	35	40

Source: Company data, CMBIGM estimates

Valuation

We apply NPV methodology to value CGN Mining. Based on the life of the mines or relevant licenses, future cash flow (mainly from JVs dividends) is discounted to the present value.

Our target multiple of 3.5x NPV is to reflect (1) the potential conversion from resources to reserves amid the uptrend of uranium price; and (2) the potential extension of mining licenses (currently our cash flow projection is based on expiry of mining right).

Our long-term assumptions include:

(1) uranium price increasing 5% p.a. from US$99/lb during 2027-31,

(2) a stabilized price at US$120/lb thereafter, and

(3) unit production costs rising 1% p.a. during 2027-42 to reflect inflation.

Figure 6: New NPV assumptions

NPV projection (HK$ mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E-42E
EBIT	(328.6)	60.8	19.5	29.0	(16.2)	(68.6)	(79.7)	
Dividend from JV/associates	720.8	1,035.4	1,259.4	1,383.3	1,370.7	1,370.6	1,452.3	
Adjusted EBIT	392.2	1,096.2	1,278.9	1,412.3	1,354.5	1,302.0	1,372.6	
Tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	
EBIT*(1-t)	**333.4**	**931.8**	**1,087.1**	**1,200.4**	**1,151.3**	**1,106.7**	**1,166.7**	
D&A	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Capex	(0.1)	(0.2)	(0.2)	0.0	0.0	0.0	0.0	
Working cap	1,281.2	(1,305.0)	760.5	(893.2)	873.0	(980.8)	756.3	
FCFF	**1,614.8**	**(373.0)**	**1,847.8**	**307.7**	**2,024.7**	**126.3**	**1,923.4**	**3,305.9**
PV of FCFF	1,614.8	(353.0)	1,654.8	260.7	1,623.9	95.9	1,381.5	1,912.7

	HK$ mn	HK$/share
Enterprise Value	**8,191**	**-**
Net cash / (net debt)	-371	-
Minority interest	0	-
Equity Value	**7,821**	**1.03**
P/NPV (x)	-	3.5
Fair value (HK$/shr)	**-**	**3.60**
Proportionate market cap of Paladin Energy (2.61% interest)	488	0.06
Target price (HK$/shr)	**-**	**3.67**

Assumptions	
Risk free rate	4.1%
Risk premium	5.0%
Beta	0.8
Cost of equity	8.1%
After tax cost of debt	0.0%
Debt/total capital	30.0%
WACC	**5.7%**

Source: Company data, CMBIGM estimates

- **Risk factors:** (1) uncertainties of policy in Kazakhstan; (2) pullback of spot uranium price; (3) delay of sulphuric acid capacity commencement in Kazakhstan.

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK$ mn)						
Revenue	**3,649**	**7,363**	**8,624**	**7,947**	**11,944**	**13,261**
Cost of goods sold	(3,501)	(7,231)	(8,690)	(8,224)	(11,806)	(13,168)
Gross profit	**148**	**132**	**(66)**	**(277)**	**138**	**92**
Selling expense	(13)	(19)	(15)	(8)	(12)	(13)
Admin expense	(49)	(52)	(57)	(56)	(84)	(80)
Others	(3)	(6)	0	0	0	0
Other income	16	12	17	12	18	20
Share of (losses)/profits of associates/JV	523	606	1,016	721	1,035	1,259
EBITDA	**101**	**69**	**(119)**	**(328)**	**61**	**20**
Depreciation	2	2	1	0	0	0
EBIT	**100**	**67**	**(120)**	**(329)**	**61**	**20**
Interest income	6	18	40	56	64	71
Interest expense	(62)	(131)	(122)	(142)	(136)	(128)
Net Interest income/(expense)	**(56)**	**(114)**	**(82)**	**(87)**	**(72)**	**(57)**
Pre-tax profit	**567**	**559**	**814**	**305**	**1,024**	**1,222**
Income tax	(52)	(62)	(287)	(46)	(154)	(183)
Minority interest	0	0	(185)	0	0	0
Net profit	**515**	**497**	**342**	**260**	**871**	**1,038**
Adjusted net profit	**515**	**497**	**527**	**260**	**871**	**1,038**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK$ mn)						
Current assets	**2,447**	**2,214**	**3,440**	**3,536**	**4,824**	**4,843**
Cash & equivalents	52	1,017	1,154	2,548	1,698	3,033
Account receivables	343	462	80	486	300	572
Inventories	2,048	697	2,158	455	2,779	1,189
Other current assets	2	38	48	48	48	48
Non-current assets	**4,419**	**4,536**	**4,402**	**4,523**	**4,687**	**4,876**
PP&E	1	1	1	0	0	0
Right-of-use assets	2	1	5	5	5	5
Investment in JVs & assos	4,369	4,495	4,040	4,162	4,325	4,515
Other non-current assets	46	39	356	356	356	356
Total assets	**6,866**	**6,750**	**7,842**	**8,059**	**9,511**	**9,719**
Current liabilities	**2,064**	**1,391**	**3,732**	**3,766**	**4,398**	**3,742**
Short-term borrowings	958	349	1,520	1,570	1,370	1,270
Account payables	1,044	999	797	780	1,613	1,057
Tax payable	11	12	4	4	4	4
Other current liabilities	50	30	1,409	1,409	1,409	1,409
Lease liabilities	2	1	2	2	2	2
Non-current liabilities	**1,454**	**1,479**	**188**	**188**	**188**	**188**
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	1,454	1,479	188	188	188	188
Total liabilities	**3,518**	**2,870**	**3,921**	**3,954**	**4,587**	**3,930**
Total shareholders equity	**3,348**	**3,880**	**3,922**	**4,105**	**4,924**	**5,788**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**6,866**	**6,750**	**7,842**	**8,059**	**9,511**	**9,719**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK$ mn)						
Operating						
Profit before taxation	**567**	**559**	**814**	**305**	**1,024**	**1,222**
Depreciation & amortization	2	2	1	0	0	0
Tax paid	(15)	(35)	(287)	(46)	(154)	(183)
Change in working capital	24	989	(1,282)	1,281	(1,305)	761
Others	(465)	(476)	(934)	(634)	(963)	(1,202)
Net cash from operations	**113**	**1,040**	**(1,689)**	**907**	**(1,397)**	**597**
Investing						
Capital expenditure	(1)	(0)	(0)	(0)	(0)	(0)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	419	499	763	655	935	1,141
Net cash from investing	**419**	**499**	**763**	**655**	**935**	**1,141**
Financing						
Dividend paid	0	0	0	(76)	(52)	(174)
Net borrowings	570	(609)	1,171	50	(200)	(100)
Proceeds from share issues	776	0	0	0	0	0
Others	(1,896)	27	(122)	(142)	(136)	(128)
Net cash from financing	**(550)**	**(582)**	**1,049**	**(168)**	**(388)**	**(402)**
Net change in cash						
Cash at the beginning of the year	81	52	1,017	1,154	2,548	1,698
Exchange difference	(11)	8	13	0	0	0
Cash at the end of the year	**52**	**1,017**	**1,154**	**2,548**	**1,698**	**3,033**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(5.5%)	101.8%	17.1%	(7.9%)	50.3%	11.0%
Gross profit	67.7%	(10.9%)	na	na	na	(33.2%)
EBITDA	145.1%	(32.1%)	na	na	na	(67.4%)
EBIT	151.8%	(32.7%)	na	na	na	(67.9%)
Net profit	188.5%	(3.5%)	(31.2%)	(24.1%)	235.3%	19.3%
Adj. net profit	188.5%	(3.5%)	6.0%	(50.7%)	235.3%	19.3%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	4.1%	1.8%	(0.8%)	(3.5%)	1.2%	0.7%
EBITDA margin	2.8%	0.9%	(1.4%)	(4.1%)	0.5%	0.2%
Adj. net profit margin	14.1%	6.8%	6.1%	3.3%	7.3%	7.8%
Return on equity (ROE)	18.7%	13.8%	8.8%	6.5%	19.3%	19.4%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.7	0.2	0.1	(0.2)	(0.1)	(0.3)
Current ratio (x)	1.2	1.6	0.9	0.9	1.1	1.3
Receivable turnover days	22.1	20.0	11.5	13.0	12.0	12.0
Payable turnover days	111.9	51.6	37.7	35.0	37.0	37.0

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	45.3	49.7	72.2	95.1	28.4	23.8
P/B	7.4	6.4	6.3	6.0	5.0	4.3
Div yield (%)	0.0	0.0	0.3	0.2	0.7	0.8

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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