

中广核  CGN

中广核矿业有限公司
CGN Mining Company Limited

严·慎·细·实

1164.HK

CGN Mining Company Limited

2020 Annual Result Investor Conference

April 1st, 2021



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Financial Performance In 2020

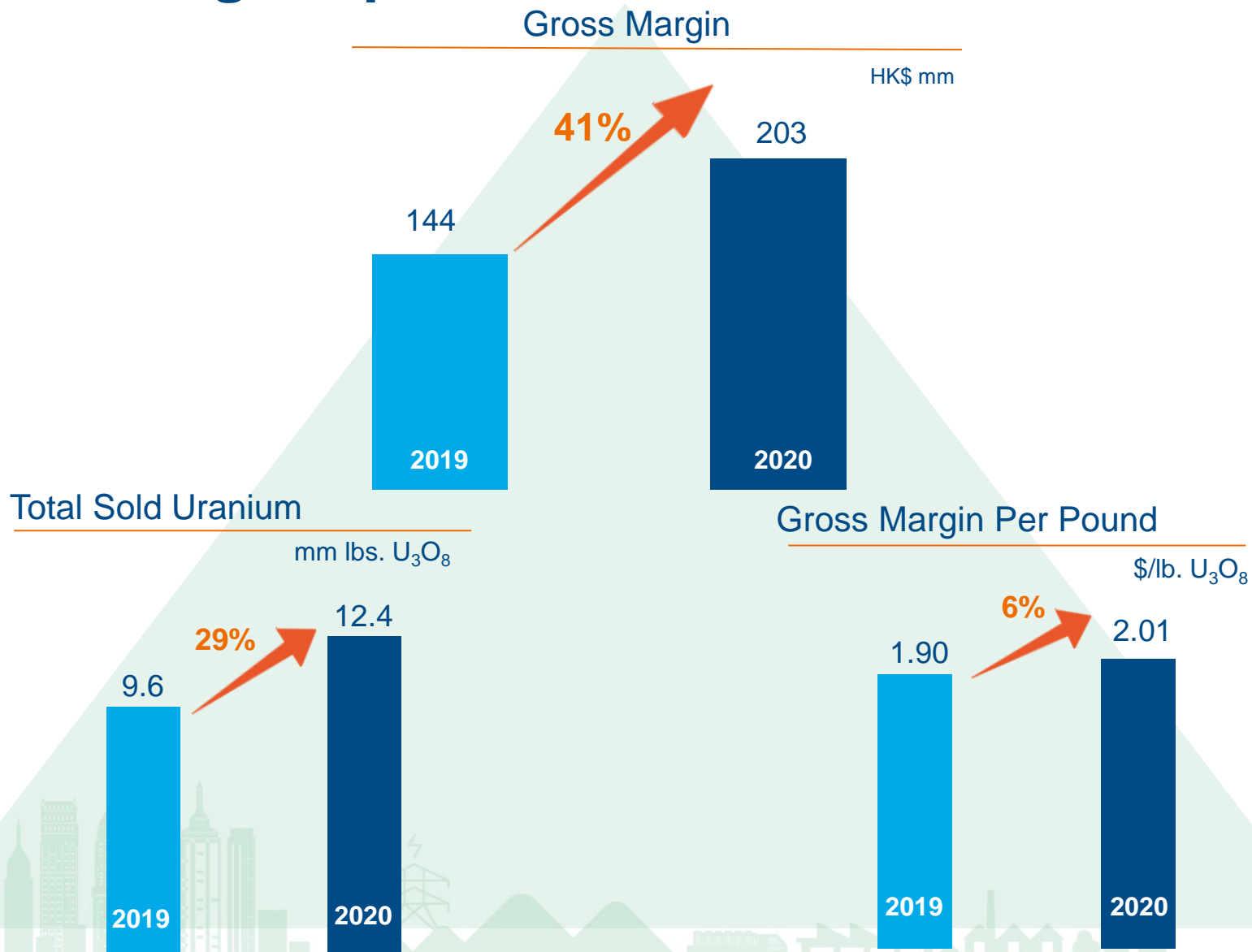


Financial Results At Glance

Unit: HK\$'000

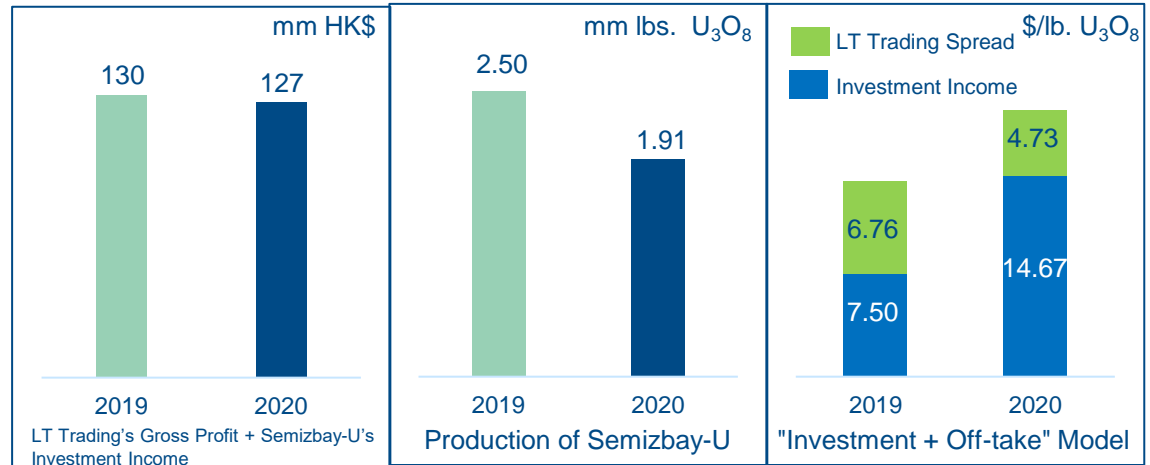
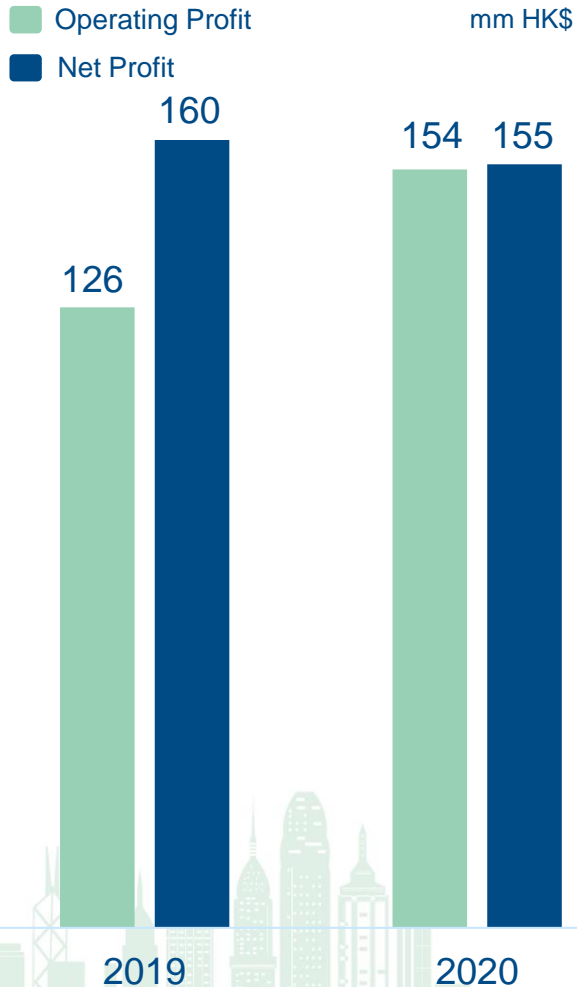
	2020	2019	Increase (Decrease)
Revenue	2,862,226	2,076,688	37.8%
Cost Of Sales	(2,659,460)	(1,932,783)	37.6%
Gross Profit	202,766	143,905	40.9%
Share Of Results Of Joint Venture (Semizbay-U)	70,844	64,872	9.2%
Share Of Results of Associate (Fission)	(15,060)	11,916	-226.4%
Profit Before Taxation	179,966	176,172	2.2%
Net Profit:	155,217	160,009	-2.9%
Operating Profit	153,865	126,235	21.9%
Non-operating Profit	1,352	33,774	-96.0%
EBITDA	222,777	199,141	11.9%
Earnings Per Share (HK Cents)	2.35	2.42	-2.9%

Gross Margin Up 41%

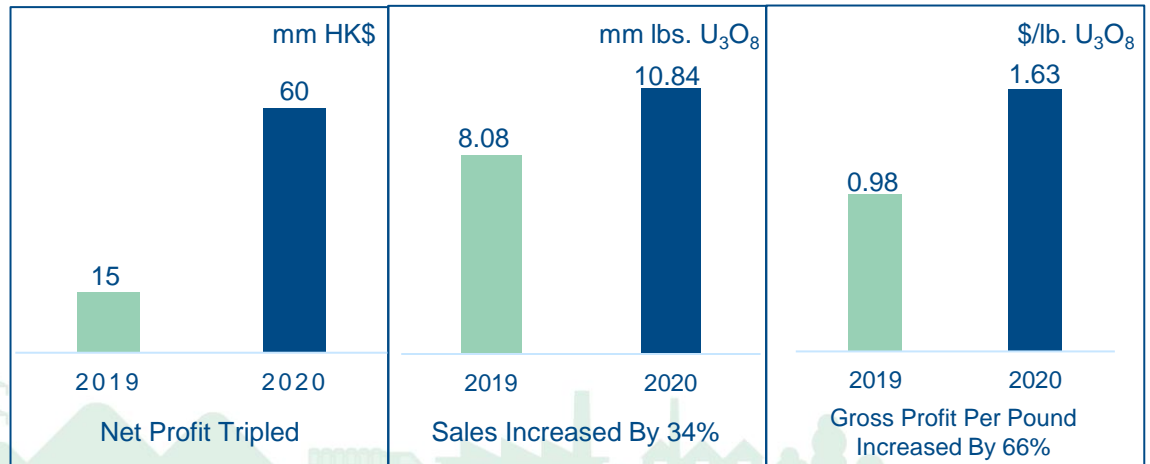


Operating Profit Of HK\$154 Million, Up 22%

"Investment + Off-take" model resists uranium price fluctuations to ensure stable profits



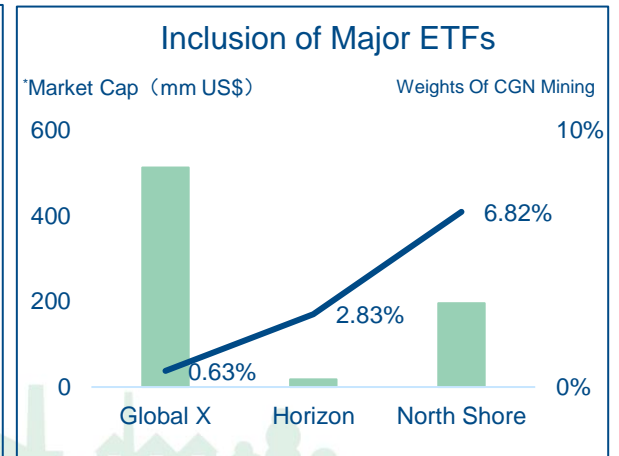
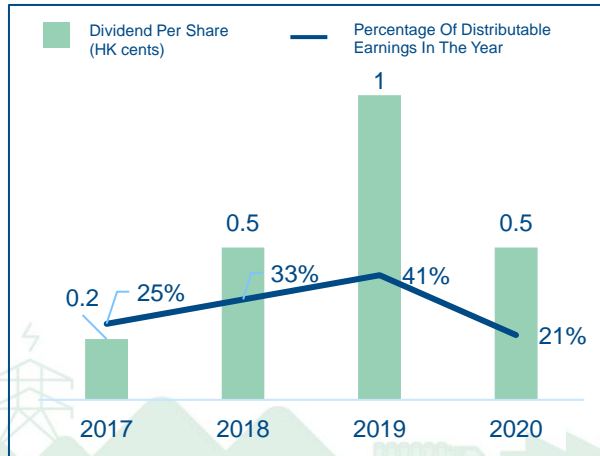
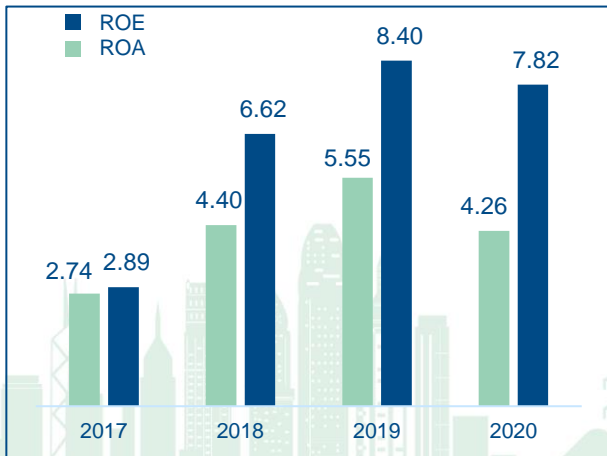
CGN GU accurately judged the market trends and achieved the rapid profit growth



*Note: The mentioned investment income from Semizbay-U refers to the net of the share of annual results of Semizbay-U and the amortization of premium to CGN Mining.

Create Value For Shareholders

Company Stock Prices And Hang Seng Index (2020.1 ~ 2021.3)



*Note: Data as of March 26, 2021.

Environmental, Social, And Corporate Governance



- In 2020, the Semizbay-U, a subsidiary of CGN Mining, used the Environment-friendly in-situ leaching method (ISL) to produce 1.91mm lbs. U_3O_8 uranium, which can be used to generate 29.3 billion KWh of electricity, closing to the 8 months electricity consumption in Hong Kong. It can also generate the equivalent emission reduction to:
 - ✓ 20.04 million tonnes of carbon dioxide
 - ✓ 12,000 tonnes of dust
 - ✓ 47,000 tonnes of nitrogen oxides
 - ✓ 55,000 hectares of artificial forestation
- CGN Mining won the "Best Energy and Resources Company Award" and "Best CEO Award" at the 5th Golden Hong Kong Stocks.

02

Industry Update



Nuclear Is Key To Decarbonization

Carbon Neutral

- In September 2020, China announced that it will aim to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060.
- In October 2020, Japan pledged to achieve carbon neutrality by 2050.
- In October 2020, Canada declared to achieve carbon neutrality by 2050.
- In March 2021, USA was committed to net zero greenhouse gas emissions no later than 2050.
- In March 2021, EU was committed to climate neutrality in 2050.

Nuclear Power

- The projects of Changjiang NPP Phrase two and Sanao NPP Phrase One were approved.
- The construction of Zhangzhou No. 2 and Taipingling No. 2 were commenced.
- Tianwan No. 5 and Fuqing No. 5 were connected to the grid.
- 9 reactors restarted and Onagawa No. 2 expected to be approved to restart.
- According to Japan's energy plan, the proportion of nuclear power in energy mix will reach 20%~22% in 2030.
- Government will invest US\$45 million to support the development of SMR research and technology.
- The Baden administration is positive on the life extension of the operating reactors and the commission of new reactors.
- The 2021 fiscal year budget includes US\$150 million to initiate the uranium reserve program.
- Peach Bottom No. 2 and No. 3 were approved to extend the life to 80 years.
- Two under-construction reactors are expected to start commercial operation in 2021 and 2022.
- UK's Sizewell C Nuclear Power Plant submitted the application of site permit.
- Poland's 1st reactor is expected to enter trial operation in 2033.
- Hungary issued the construction permit for the phase two of the Paks Nuclear Power Plant.
- Ukraine's Zaporozhe No. 5 was restarted after being approved for a 10-year life extension.



China Will Actively Develop Nuclear Power

On March 5, 2021, 2021 Government Work Report mentioned "**active**" development of nuclear power for the first time since the Fukushima accident.

The statement in the past Work Reports:

2021 Take active and well-ordered steps to develop nuclear energy on the basis of ensuring its safe use.

2018~20 Not Mentioned

2017 Develop nuclear power in a safe and efficient manner

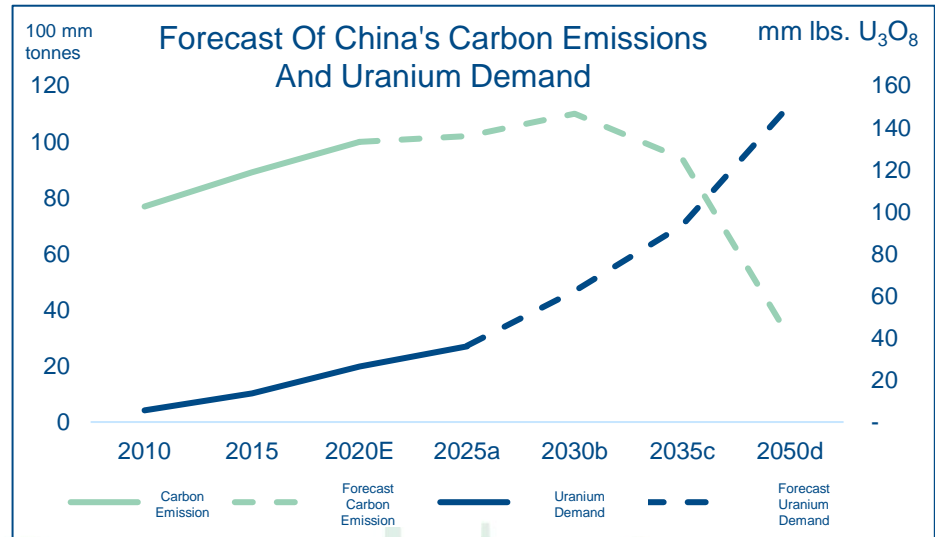
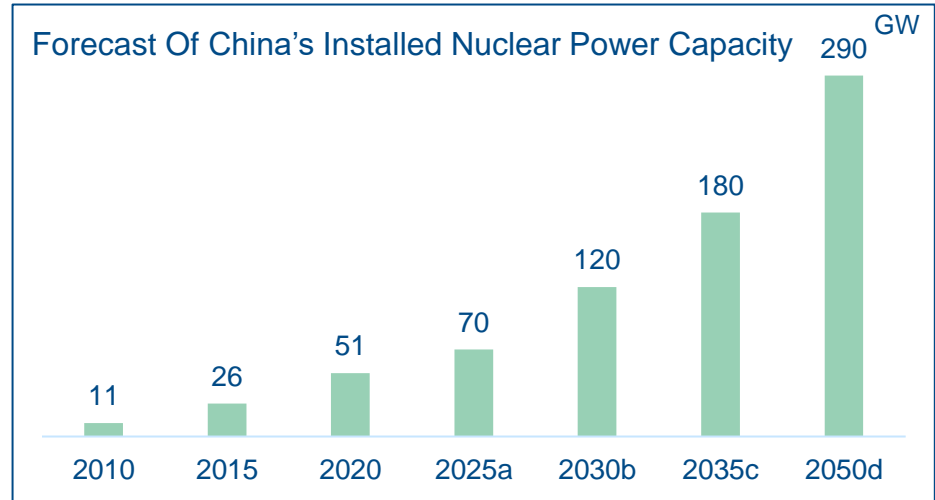
2016 Construct the major hydropower and nuclear power projects

2015 Safely develop nuclear power

2014 Commence batch of hydropower and nuclear power projects

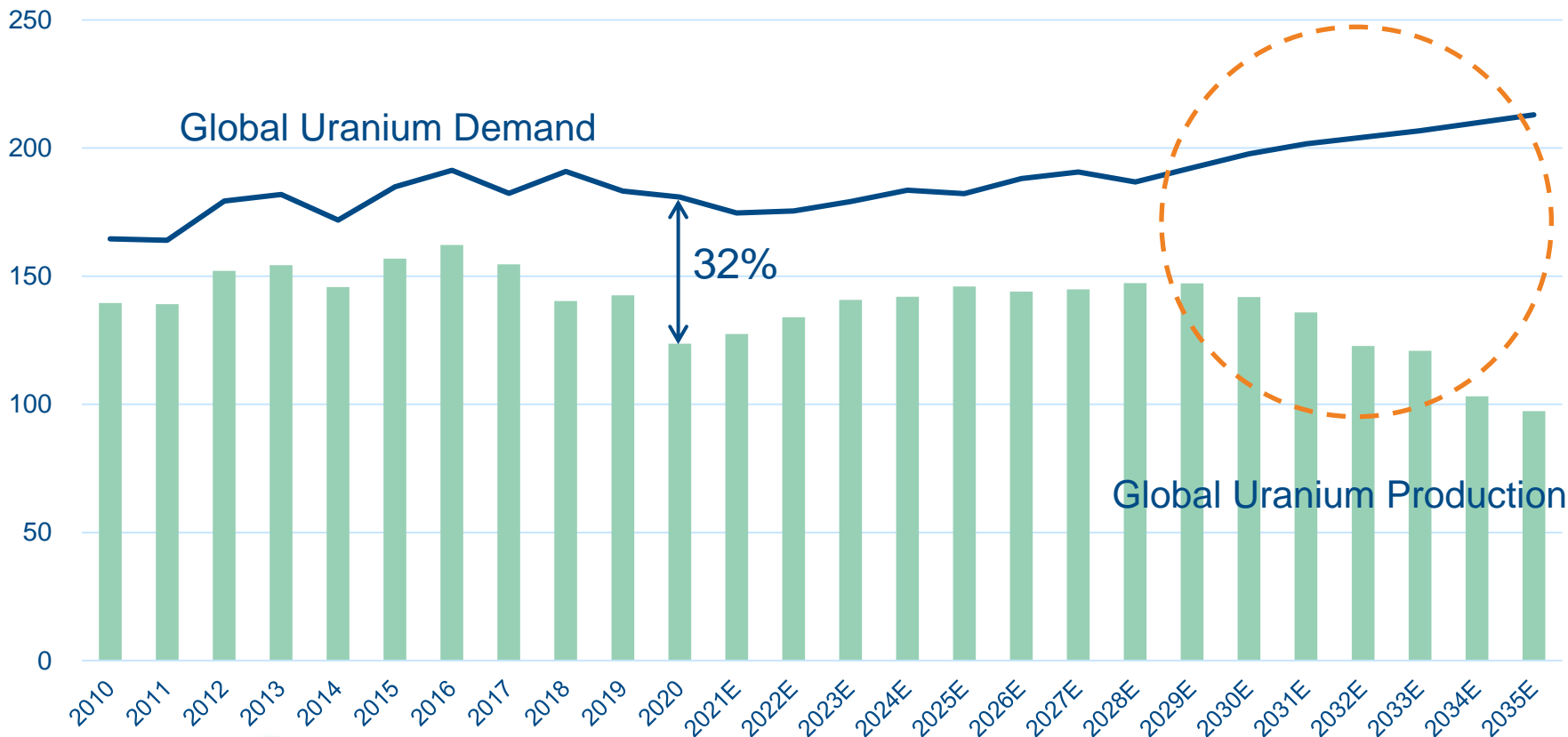
2013 Not Mentioned

2012 Safely and efficiently develop nuclear power



Pandemic Caused The Historical Shortage

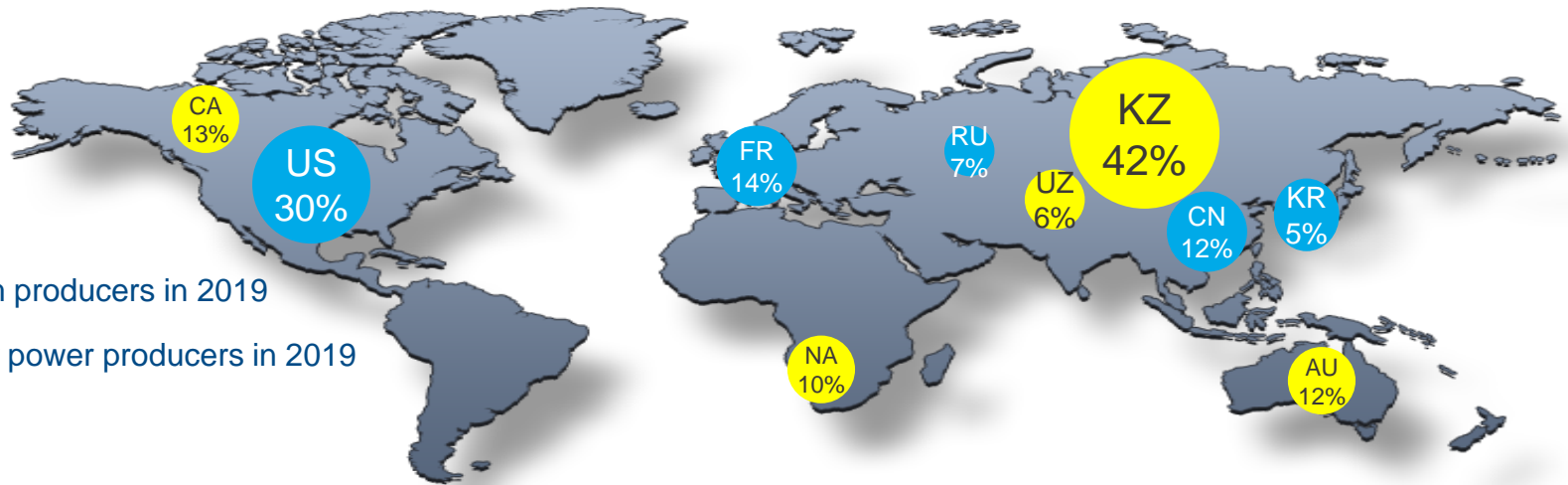
mm lbs. U₃O₈



Impacted by the pandemic in 2020, Cameco’s Cigar Lake is still in suspension and has no “visibility” yet on restart, and Kazatomprom, the largest uranium producer, reduced its guideline on the production. The global production in 2020 can only satisfy 68% of global uranium demand and reached its 10 years low.

Mismatch In Location And Timing

Mismatch In Location



- Top 5 uranium producers in 2019
- Top 5 nuclear power producers in 2019

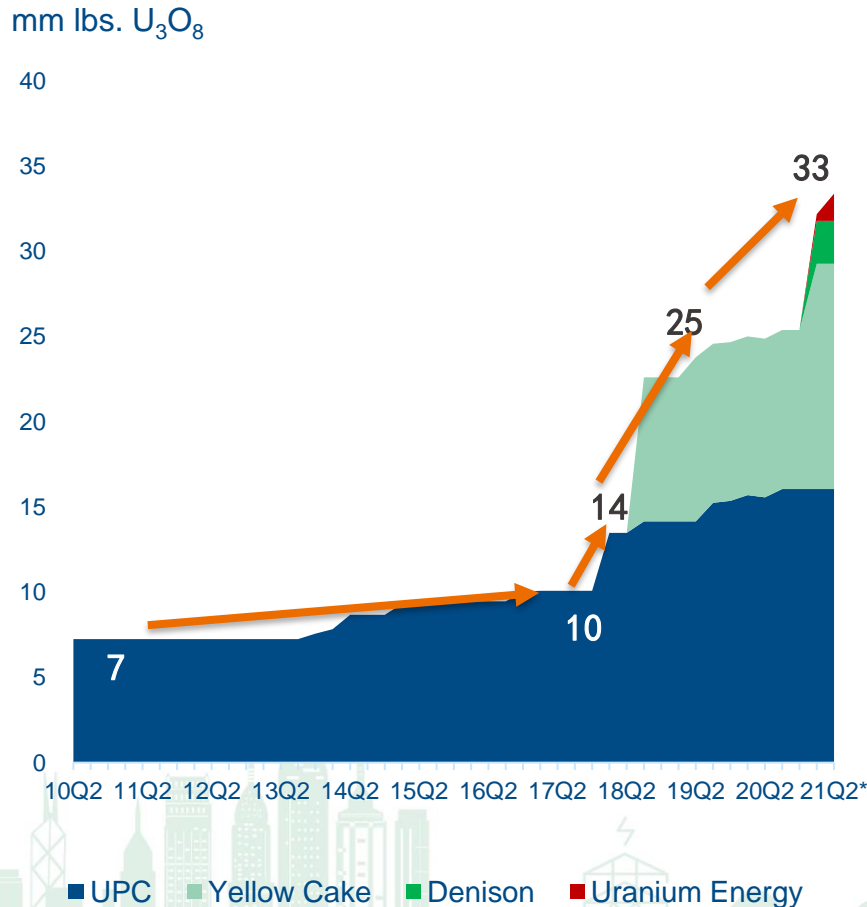
Mismatch In Timing

The service life of 2nd generation reactor design is usually 60 years, and the life of uranium mine is mostly 10~20 years. In its life cycle, a nuclear power reactor needs the successive support from multiple uranium projects to ensure the safety of fuel supply.



On The Radar Of Global Capital

Physical Uranium Holding By Listed Investment Fund



Bulge Bracket Banks Initiate Coverage on Uranium

“As supply continues to fall short of demand, low-cost inventories will continue to erode and gradually push spot price higher (MSe \$33/lb. in 2H21; \$36.5/lb. in 2022.....spot price of \$48/lb. and term price of \$58/lb. by 2024.)”

——Morgan Stanley

“Following huge disruption in 2020 (and ongoing) from Covid and now the lack of investment in the industry starting to play out through 2021, we think the market is incredibly vulnerable to shock which could lead to rapidly increasing prices.”

——Credit Suisse

03

Business Outlook



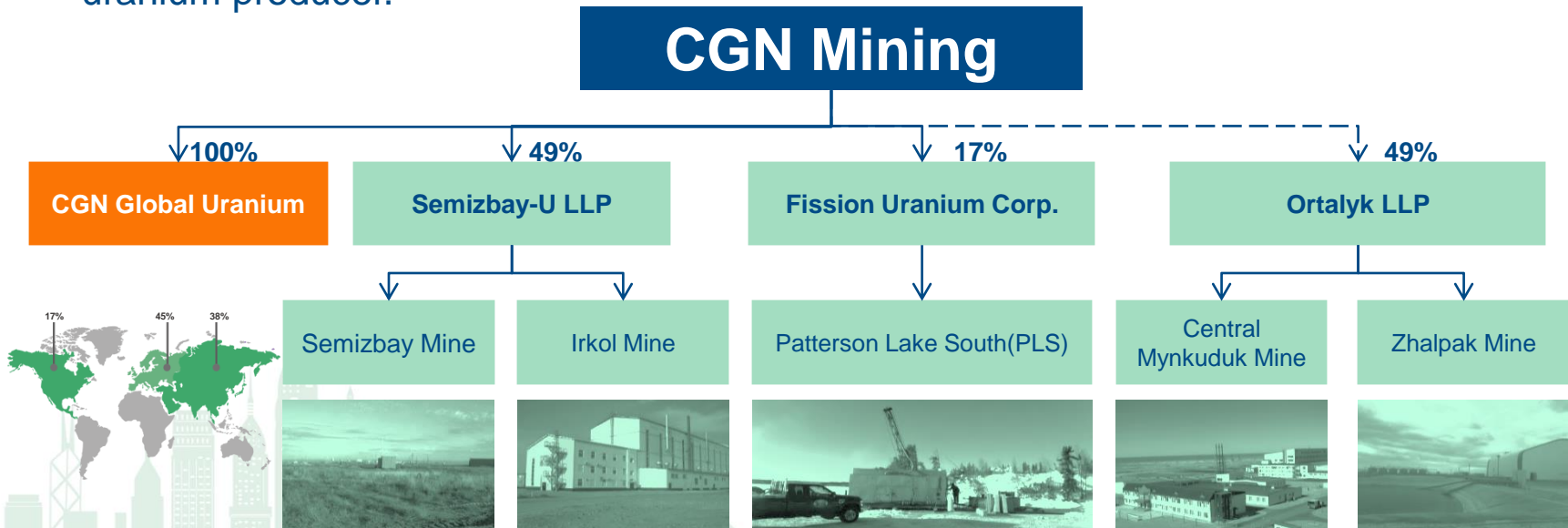
Company Overview & Structure

Company Overview

- The only listed pure uranium company backed by nuclear power group globally and the sole listed pure uranium company in APAC.
- Main business: investment and trading of uranium resources.
- Vision: To become the global leading uranium producer.

Highlights

- Highly cost-competitive in both operating and pipeline projects
- The realized selling prices are potentially the highest in the world.
- The attributable production is expected to increase by 228% within 5 years, with a compound growth rate of 27%.



Uranium Assets

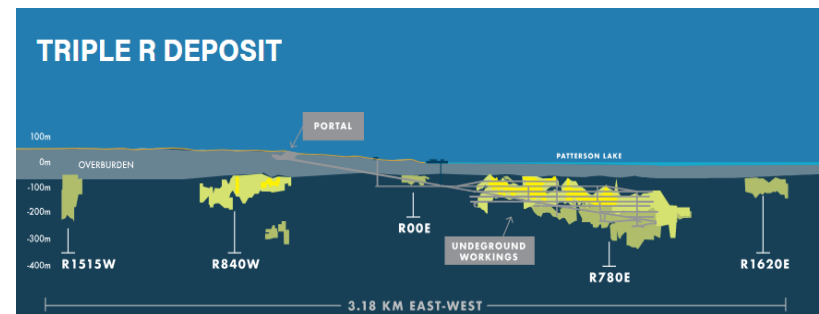
Semizbay-U LLP

- Two producing mines, Semizbay and Irkol.
- As of the end of 2020, the two full-production uranium mines have reserves of 66mm lbs. U_3O_8 , with the total designed production capacity of 3.12mm lbs. U_3O_8 /year.
- Both mines use the In-situ Leaching method, which has the advantages of high level of automation, low environmental impact, and low production cost.
- Impacted by pandemic, Semizbay-U produced 1.91mm lbs. U_3O_8 in 2020, with weighted average Opex of US\$16.45/lb.



Fission Uranium Corp.

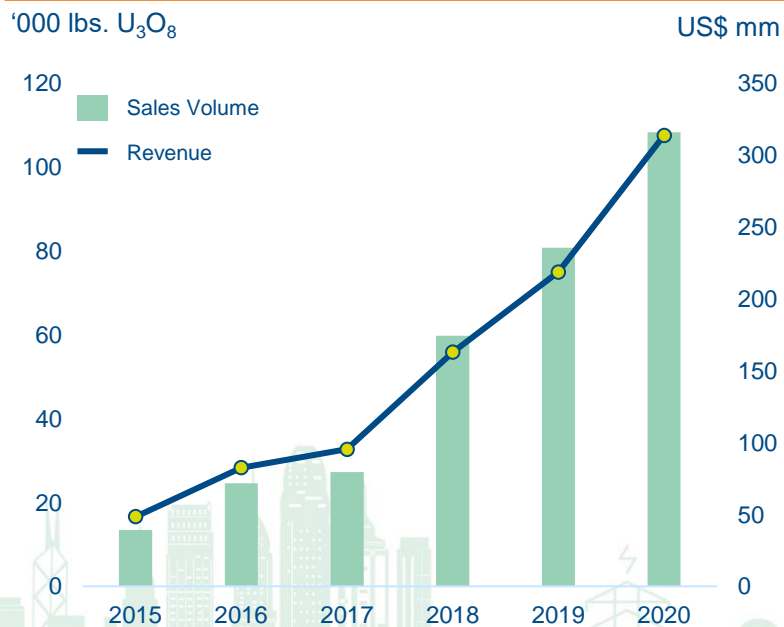
- The PLS project is the only open-pit high-grade uranium mine in the world.
- PLS project has the total resources of 140mm lbs. U_3O_8 , with an average grade of 1.64%. According to the PFS report, the project's total output is expected to be 90.5mm lbs. U_3O_8 , with an IRR of 21%.
- According to the UxC report, the PLS is one of the lowest cost pipeline projects globally.
- Company raised CA\$24.07 million in 2020 to support the additional drilling and exploration on PLS project.



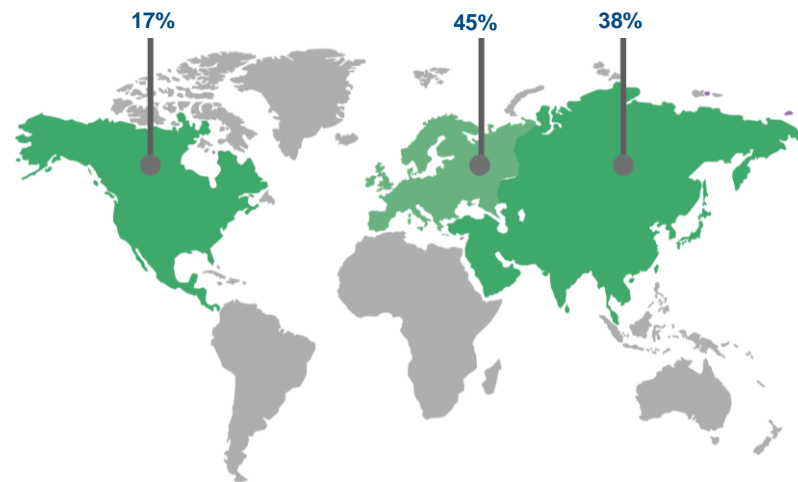
Global Leading Uranium Trading Company - CGU

- Main business: uranium trading and the exclusive agent of Husab mine in international market.
- Sales increased by 34% YoY in 2020, ranking as the top 3 uranium trading house globally.
- In 2020, CGN GU accurately judged the market trends and benefited from the “buy low, sell high” strategy. By the end of 2020, the locked gross margin on the outstanding contracts is of HK\$270 million, which will be gradually realized in the coming years.

The Continuous Expanding Of Trading Scale



Established The Global Trading Platform



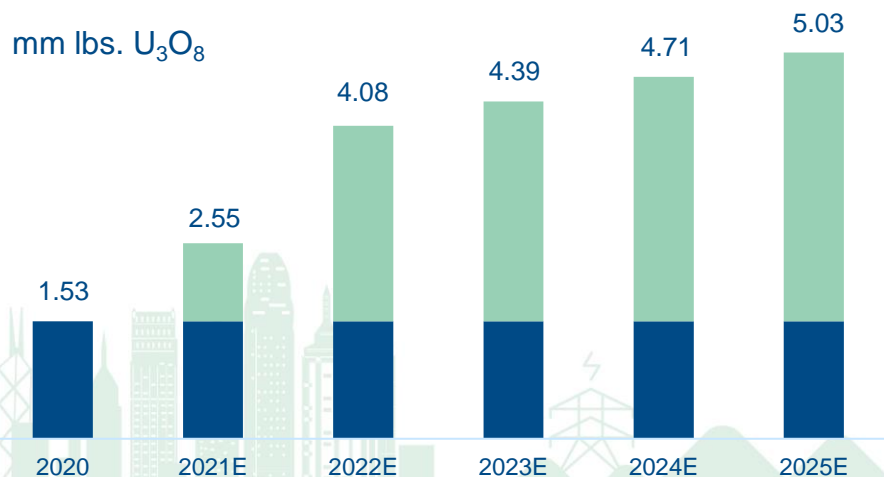
The Acquisition Approaches To The Completion

Ortalyk LLP

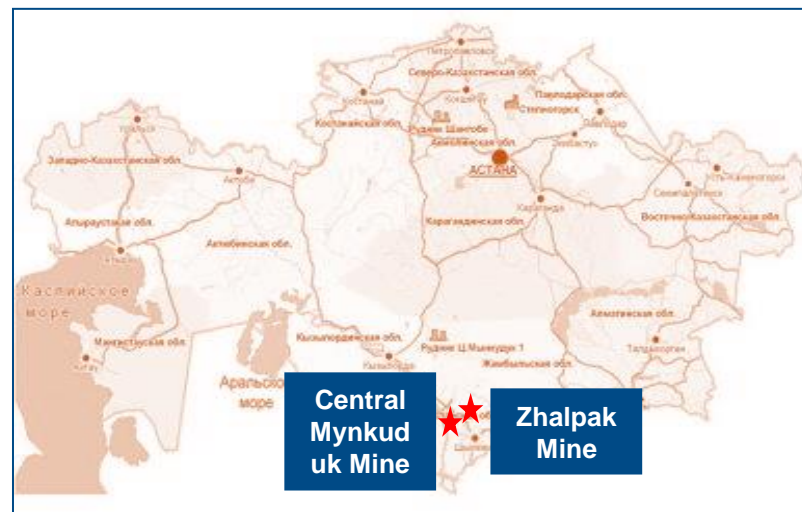
- Central Mynkuduk has the capacity of 5.20mm lbs. U_3O_8 /year and its Opex in 2020 is only US\$11.85/lb.
- Zhhalpak has the capacity of 1.95mm lbs. U_3O_8 /year, and its Opex on trial production is US\$14.08/lb.
- Company has reached an agreement with Kazatomprom to complete the project before June 30, 2021. Company expected to receive off-take products of 3.50mm lbs. U_3O_8 /year upon the completion of acquisition.



The Estimation Of Attributable Production (CAGR 27%)



Note :Based on the 3rd party's estimation on the production of Ortalyk



Location Of Central Mynkuduk And Zhhalpak

Q&A

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