

Credit Opinion

12 June 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g -
Outlook	Stable

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Zijin Mining Group Co., Ltd.

Surveillance credit rating report

CCXAP upgrades Zijin Mining Group Co., Ltd.'s long-term credit rating to A_g-, with stable outlook.

Summary

CCXAP has upgraded the long-term credit rating of Zijin Mining Group Co., Ltd. ("Zijin Mining" or the "Company") to A_g- from BBB_g+, with stable outlook. The rating upgrade is based on the Company's strengthening market position through continuously increasing scale of production and sales, as well as resource reserves. It also reflects the Company's improvement in profitability and decreasing leverage level.

The long-term credit rating of Zijin Mining reflects the Company's (1) leading market position in gold and copper mining with sufficient reserves; (2) increasing scale of production and sales; (3) good business mix and product diversification; (4) ongoing revenue growth, with good profitability and cost control ability; and (5) improving capital structure and good liquidity profile.

However, the rating is also constrained by the Company's (1) earnings vulnerable to global economic conditions and metal price volatility; (2) increasing overseas business risks and large capital expenditure pressure; and (3) elevated debt amount driven by ongoing project investment.

The stable outlook on Zijin Mining's rating reflects our expectation that the Company will maintain its leading market position in the mining industry, with steady growth in its production scale over the next 12-18 months.

Rating Drivers

- Leading market position in gold and copper mining with sufficient reserves
- Growing operating scale with good product diversification
- Earnings vulnerable to global economic conditions and metal price volatility
- Increasing overseas business risks and large capital expenditure pressure
- Ongoing revenue growth, with good profitability and cost control ability
- Improving capital structure and strengthening credit metrics

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if (1) commodity prices rise substantially, further boosting the Company's profits; (2) the Company's market position strengthens with a material increase in product production; and (3) the Company demonstrates lower debt leverage and improved credit metrics.

What could downgrade the rating?

The rating could be downgraded if (1) commodity prices decline sharply, adversely affecting the Company's earnings; (2) the Company's overseas operations encounter operating, geopolitical, or environmental issues; or (3) the Company indicates deteriorated credit metrics and weakened liquidity profile.

Key Indicators

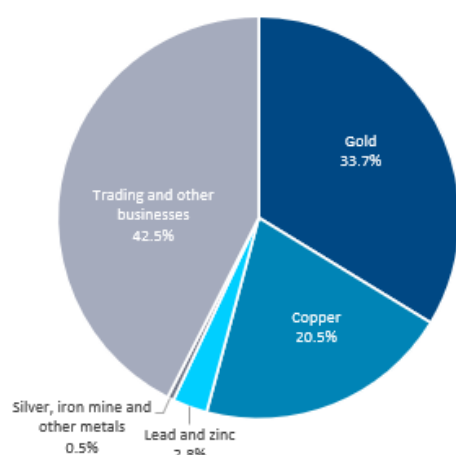
	2022FY	2023FY	2024FY	2025Q1
Total Assets (RMB billion)	306.0	343.0	396.6	411.6
Total Equity (RMB billion)	124.5	138.4	177.7	185.7
Total Revenue (RMB billion)	270.3	293.4	303.6	78.9
Net Profits (RMB billion)	24.8	26.5	39.4	12.5
EBIT/Revenue (%)	12.6	12.6	17.6	-
EBIT/Average Assets (%)	13.3	11.4	14.4	-
Total Debt/Total Capital (%)	50.8	51.3	46.2	45.9
Total Debt/EBITDA (x)	2.9	3.1	2.4	-
EBIT/Interest (x)	9.2	6.4	9.2	-
(CFO-Dividend)/Total Debt (%)	18.0	20.6	26.6	-

All ratios and figures are calculated using CCXAP's adjustments.

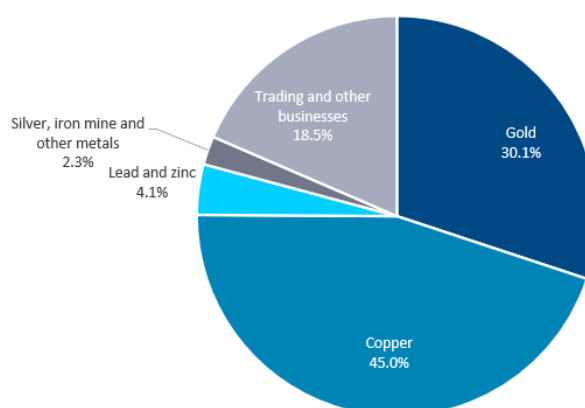
Source: Company data, CCXAP research

Corporate Profile

Founded in 2000, Zijin Mining (Stock Code: 2899.HK & 601899.SH) is a leading mining company of gold and base metals in China. The Company principally engages in the exploration, mining, smelting, refining, trading and sale of gold, copper, and zinc, as well as other mineral resources globally. As of 31 March 2025, Minxi Xinghang State-owned Assets Investment Company Limited ("Minxi Xinghang") directly held 22.89% of the equity interest in Zijin Mining. The Finance Bureau of Shanghang County, Fujian Province, is the Company's ultimate controller.

Exhibit 1. Revenue structure in 2024

Source: Company data, CCXAP research

Exhibit 2. Gross profit structure in 2024**Exhibit 3. Shareholding chart as of 31 March 2025**

福建省上杭县财政局 Finance Bureau of Shanghang County, Fujian Province	100%
闽西兴杭国有资产投资经营有限公司 Minxi Xinghang State-Owned Assets Investment Co., Ltd.	22.89%
紫金矿业集团股份有限公司 Zijin Mining Group Co., Ltd.	

Source: Company information, CCXAP research

Rating Considerations

Leading market position in gold and copper mining with sufficient reserves

Zijin Mining has maintained a leading position in China's mining industry, ranking as one of the top Chinese mining companies in mineral reserves and production volume of gold, copper, zinc, and lithium carbonate. According to Forbes' Global 2000 in 2024, the Company ranked 1st among global gold mining companies and 5th among global metal mining companies (up from 6th in 2023), in terms of comprehensive strength, based on metrics including sales, profits, assets, and market value.

Zijin Mining has diversified and sufficient resource reserves of gold and copper, currently ranking as one of the top 10 major global mining companies. These resources are obtained by self-initiated exploration as well as mergers and acquisitions. As of 31 December 2024, the Company had around 4,000 tons of gold resources, over 110 million tons of copper resources, and around 13 million tons of zinc and lead resources, with around 50% of gold and copper resources and more than 85% of its zinc and lead resources obtained by self-initiated exploration. In addition, most of the mines have more than 10 years of remaining mine life, indicating sufficient reserves. In 2024, the Company achieved significant breakthroughs in self-initiated mineral exploration, along with the acquisition of several mines in China and overseas, leading to a substantial increase in the Company's resources by 10.63 million tons of copper, 486 tons of gold, and 6,235 tons of silver (on an equity basis).

The Company has also proactively entered the new energy and advanced material industry. In 2024, the geological survey of the northeast project of Manono Lithium Mine project in the Democratic Republic of Congo ("DR Congo") exceeded expectations, and the super-large spodumene resources were explored, further strengthening the layout of "two lakes and two mines". In 2024, the Company's overall lithium carbonate equivalent resources reached 18 million tons, ranking as one of the top 10 major global lithium companies in terms of resources owned.

Good business mix and product diversification

Zijin Mining has a wide product mix, mainly including gold, copper, and zinc, which could reduce the impact of any single commodity and support its business strength. The Company also proactively develops potential mineral products, such as lithium, molybdenum, and silver, which are critical metals for the global energy transition. Besides, Zijin Mining's metal mines are globally diversified. Since 2018, the Company has acquired several high-quality overseas mining projects when metal prices were relatively low, geographically diversifying the location of its mines and expanding its overseas mining operations. As of 31 December 2024, the Company owned major mining projects consisting of gold, copper, zinc, lithium carbonate, and other metals in 16 countries across Asia, Europe, Africa, Australia, South America, and China. In addition to the main business of mine development, the Company also extends into auxiliary industries such as smelting, refining and processing, environmental protection, as well as trading, generating synergies between the upstream and downstream in industrial chains.

Increasing scale of production and sales

As the technological upgrade, project acquisitions, and expansion projects were constructed and progressed in an orderly manner, the production capacity of major minerals such as copper and gold has continued to increase. In 2024, the production volume of mine-produced gold of the Company amounted to 72.9 tons, increasing by 7.7% year-on-year ("YoY"). With the increase in production, the sales volume of mine-produced gold also increased to 67.8 tons in 2024. We believe that the Company's mine-produced gold production will continue to increase, after the technological upgrade and expansion projects of the Rosebel Gold Mine in Suriname (expected annual production: 10 tons), the completion of acquiring Akyem Gold Mine in Ghana (expected annual production: 5.8 tons), as well as the completion of Haiyu Gold Mine in 2025 (designated annual production: 15-20 tons), further consolidating its position in gold mining industry.

Zijin Mining's copper production also expanded rapidly in 2024, mainly driven by the higher output of copper mines from DR Congo, Serbia, and Tibet. The Company's annual mine-produced copper production increased to around 1.1 million tons in 2024, representing a 6.1% YoY increase. It has become the only enterprise in Asia with copper production exceeding one million tons. With the increase in production, the sales volume of mine-produced copper increased slightly to 0.8 million tons in 2024. Major copper projects include the technological upgrade and expansion projects of the Lower Zone of the Čukaru Peki Copper (Gold) Mine and the Bor Copper Mine in Serbia with production capacity to reach 450 thousand tones by 2025, and phase 2 upgrade and expansion project of Julong Copper in Tibet with production capacity surpassing 300 thousand to 350 thousand tons upon completion.

Exhibit 4. Production volume of major mine-produced products from 2022 to 2024

	2022	2023	2024
Gold (tons)	56.4	67.7	72.9
Copper (thousand tons)	877.3	1,007.3	1,068.5
Zinc (thousand tons)	402.3	421.9	407.1
Silver (tons)	395.8	412.0	435.8

Source: Company information, CCXAP research

Overall, the continuously increasing scale of resource reserves, production, and sales has strengthened the Company's market position. Zijin Mining also advanced its five-year goal originally set for 2030 to 2028, according to which, the production of mine-produced gold, copper, zinc, and lithium carbonate by 2028 will be as high as 100-110 tons, 1.5-1.6 million tons, 550-600 thousand tons, and 250-300 thousand tons, respectively. We believe that the Company's mine production will continue to increase in the medium term along with the completion of construction projects, further expanding its operating scale and diversifying its product mix, which is credit positive.

Earnings vulnerable to global economic conditions and metal price volatility

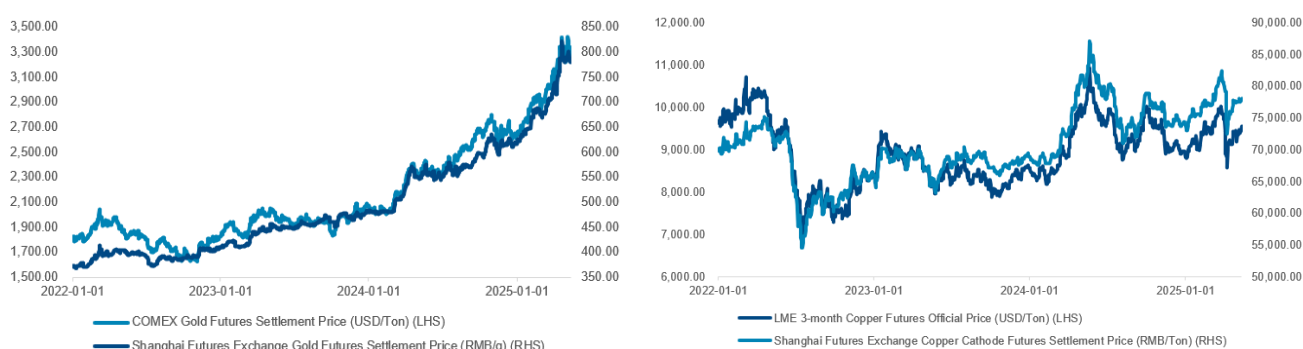
Considering that non-ferrous metal mining is a cyclical industry, metal prices have shown a strong correlation with global economic cycles, resulting in large price volatility during the economic downturn and recovery period in recent years. Both gold and copper prices showed fluctuation in upward momentum in 2024.

In 2024, persistent expectations for Federal Reserve rate cuts, heightened geopolitical tensions, and expanded safe-haven demand have driven gold prices to repeatedly hit record highs, with a more than 20% annual increase in gold prices. Given the persistence of geopolitical uncertainties, US tariff policy volatility, and uncertainties in the Federal Reserve's monetary and fiscal policy decisions, gold's appeal as a safe-haven asset is poised to sustain upward momentum in investment demand, and gold prices are expected to continue fluctuating upward.

The copper concentrate supply side has remained relatively stable. Driven by the transformation and upgrading of the power and automotive industries, copper demand has continued to expand, resulting in an upward trend of average copper prices in 2024. We expect the demand for copper to remain robust, considering the constrained copper supply, supportive fiscal, monetary, and real estate policies. However, concerns over a potential economic recession triggered by US tariff policies also bring a certain uncertainty.

Zijin Mining's revenue and earnings are vulnerable to fluctuations in metal prices, especially copper and gold. The Company's exposure to metal price volatility could be partially mitigated by its (1) mining product diversification, as gold and base metal prices are less correlated given their different supply and demand dynamics; and (2) integrated business operations, which cover upstream mining, midstream smelting, and refining, as well as downstream trading and sale of mineral products. Moreover, we believe the macro environment in 2025 would continue to provide certain support to the prices of copper and gold, which could alleviate the inherent volatility of its metal price-dependent revenue model.

Exhibit 5. Gold and Copper Futures Prices from January 2022 to May 2025



Source: Wind, CCXAP research

Increasing overseas business risks and large capital expenditure pressure

Since 2018, Zijin Mining has continued to expand its global footprint through mergers and acquisitions with self-raised funds. As of 31 December 2024, the Company's overseas assets accounted for 47.0% (2023: 42.0%) of its total assets. Although the increasing proportion of overseas businesses can enlarge the Company's operating scale and improve geographic diversification, it may increase its exposure to exchange rate risk and overseas operating risk, especially in high-risk countries. Besides, the Company's global operation and management are becoming more difficult due to the risen geopolitical risks.

In addition, Zijin Mining's capital expenditure pressure is high, driven by the acquisitions since 2018 and the consequent extensive projects under construction. As of 31 December 2024, the Company's total estimated investment in major construction in progress was RMB76.2 billion, with an uninvested amount of RMB32.5 billion. In 2024, the company merged overseas M&A of the Peruvian Areyna Copper-Gold Mine and invested in Wanguo Gold, adding equity resource reserves of 230 tons of gold and 2.8 million tons of copper. Domestically, it acquired a 5% equity stake in Tibet Zhunuo Copper Mine, further expanding its equity resource base. In May 2025, the Company spent RMB13.7 billion to acquire around 25.0% equity stake in Zangge Mining Co., Ltd. (000408.SZ). Upon completion, Zijin Mining attained absolute controlling stakes in the Julong Copper Mine, significantly enhancing its copper and lithium resource reserves and additionally acquiring potassium resource reserves. The Company recorded net cash flows from investing activities of around RMB30 billion due to capital expenditure on project construction, as well as mergers and acquisitions over the past two years, which is expected to be maintained in the following two years. We expect the Company will continue to face high financing pressure, which could be partially reduced by its good profitability and cash generation ability. However, significant lithium price declines driven by fierce industry competition may still bring uncertainties regarding the investment timing and return of related lithium projects.

Ongoing revenue growth and good profitability, driven by increasing metal prices and improved cost control ability

Zijin Mining's revenue continued to grow in 2024, mainly driven by the growing volumes of production and sales, as well as the increasing gold and copper prices. The Company's total revenue increased from RMB293.4 billion in 2023 to RMB303.6 billion in 2024, representing a 3.5% YoY growth. In 2025Q1, the Company recorded revenue of RMB78.9 billion with a 5.6% YoY growth and net profit of RMB12.5 billion with a 63.0% YoY growth. Due to the increasing metal price and improved cost control, the Company's gross profit margin for the metal mining business reached 58.0% in 2024 (2023: 49.1%), remaining at a competitive level compared with its peers in China. Benefited by the replacement of high-cost offshore debt, the Company's period expense ratio

(including management fee, marketing fee, and finance cost) decreased to 3.5% in 2024, compared to 4.5% in 2023. As a result, the Company's net profit increased significantly to RMB39.4 billion in 2024 from RMB26.5 billion in 2023, showing a 48.5% growth. Its EBIT margin increased to 17.6% in 2024 from 12.6% in 2023, while its return on average assets rose to 14.4% from 11.4% over the same period. We expect that the Company's revenue and earnings will maintain moderate growth in the next 12 to 18 months, given the continuous increase in production from newly completed projects and its cost-effective mine asset base.

Improving capital structure and strengthening credit metrics

Zijin Mining demonstrates an increasing debt level. In 2024, with continued investment in projects under construction, the Company's total debt increased from RMB145.5 billion at end-2023 to RMB152.8 billion at end-2024. The short-term debt ratio increased to 34.3% in 2024 from 29.3% in 2023. Nevertheless, the Company's debt leverage and capital structure have improved. The Company has significantly strengthened its equity base through both rapid profit accumulation and the successful completion of its H-share placement, leading to a decline in the total capitalization ratio from 51.3% to 46.2%. As of 31 December 2024, bank loans and bonds accounted for 66.4% and 28.2% of the Company's total debt, with the remaining debt mainly funded by non-standard financing. In 2025, the Company also plans to restructure its overseas gold mining assets and pursue a spin-off listing on the Hong Kong Stock Exchange. The current listing progress is subject to uncertainty, but a successful spin-off would further improve the Company's financing structure.

With stronger profitability, the Company's debt servicing ability has improved. The total debt/EBITDA ratio decreased to 2.4x in 2024 from 3.1x in 2023, while the EBIT/interest coverage ratio rose to 9.2x from 6.4x. Given the ongoing capital expenditure for pipeline projects and the Company's acquisition appetite, we expect the Company's debt amount to remain elevated over the next 12 to 18 months, but the robust earnings growth could partially offset the debt increase, keeping the debt leverage at a manageable level.

Good liquidity profile

Zijin Mining maintains a good liquidity profile. The Company has sufficient standby liquidity. As of 31 March 2025, it had credit facilities of RMB341.7 billion, with an undrawn amount of RMB195.7 billion. Meanwhile, as an A+H share-listed company and a frequent bond issuer, Zijin Mining has a diversified and smooth access to funding. In recent years, the Company has demonstrated a highly active presence in capital markets. From January 2024 to May 2025, the Company raised RMB18.5 billion in the onshore bond market, with low coupon rates between 1.80% and 2.30%. In June 2024, the Company issued USD2.0 billion of convertible bonds in the offshore bond market to replace its high-cost offshore debt, and completed a private placement of H-shares raising USD500 million.

In addition, with the business expansion and the good profitability, the Company's operating cash flow has increased. In 2024, the Company's net cash flow from operations ("CFO") increased by 32.6% YoY to RMB48.9 billion, with the (CFO-dividend)/total debt ratio improved to 26.8% from 20.6%. Besides, the Company's short-term repayment pressure eased slightly in 2024. As of 31 December 2024, its cash reserves amounted to RMB31.7 billion, approximately 0.6x (2023: 0.4x) relative to its short-term debt.

Considering Zijin Mining's sufficient operating cash inflow and cash reserves, good liquidity buffer, and diversified financing channels, we believe that the Company will have sufficient funds to fulfil the capital needs from daily operations, debt repayments, construction projects, and acquisitions.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Mining Industry \(December 2017\)](#).

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