Zijin Gold Intl (2259.HK, NC): Asia Leaders Conference 2026 Takeaways: The path of global expansion - gold, acquisitions and beyond

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Bottom line: We hosted Zijin Gold International (2259.HK, Not Covered) CEO Xianjian Guo at our Asia Leaders Conference 2026 on Sep 2 for a fireside chat titled *The Path of Global Expansion: Gold, Acquisitions, and Beyond*. Key discussions include the company's gold production growth profile, historical acquisitions, cost trend and dividend outlook, long-term gold price assumption, and shifting acquisition strategy in the context of recent new ODI regulation. Zijin Mining Group development priorities/target was also briefly highlighted.

Key takeaways:

- **Gold production growth profile outlook:** The company targets overseas mined gold production of 100t in 2030. Management expects output to reach at least 57t (targeting 59t) in 2026 (vs. 47t in 2025), slightly increasing to 60t in 2027. Following the completion of the ongoing upgrade projects, annual production capacity should reach 70t by 2H28 and 70t+ by 2029, excluding impact of potential M&A. Meanwhile, the company is actively pursuing overseas acquisition opportunities to achieve its 100t target by 2030.
- **Shifting strategy in the context of new ODI regulation:** Management noted that the primary objective of the new ODI regulations for overseas mining is risk control, with more stringent approval processes to ensure Chinese mining companies thoroughly evaluate potential risks and uncertainties before investing, in particular in the regions categorized as the red zones where uncertainties could be more elevated than others. In accordance to the policy guidance, Zijin Gold Intl will focus more of the acquisition efforts in the non-red zone regions, mostly in the regions where its current operation assets locate, including countries in South America and Central Asia.
- **Past acquisitions and strength:** The company has a proven track record of turning around distressed assets, rapidly expanding production, as illustrated by its Continental Gold, Aurora and Rosebel acquisitions. Management attributes its success to three factors: i) Integrated in-house support ecosystem: Dedicated internal subsidiaries spanning R&D, engineering design, construction, IT and AI

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services provide lifecycle operational support from initial exploration to mine operation; ii) “Zijin Spirit” corporate culture: From management to technical teams, executives and engineers, a shared ethos of treating the company as home drives strong organizational alignment and ownership; iii) Efficient decision-making system: A highly efficient decision-making and project execution process that sets the company apart from traditional SOEs and Western players.

- **Cost trend:** The company’s AISC reached US$1,678/oz in 1H26 (vs. US$1,568/oz in 1H25), with the broader operating portfolio spanning a cost range of US$1,000–2,000/oz. Management attributed the cost pressure to higher royalties, rising labor and logistics costs, as well as declining ore grade. Nevertheless, the company remains focused on unit-consumption optimization to mitigate the uncontrollable macro/geopolitical headwinds, examples including maximizing truck transportation efficiency, optimization of reagents and energy usage. For potential M&A targets, the company could accept a project with a unit cost of US$2,000/oz, with a potential 10% reduction to US$1,800/oz through operational improvements.
- **Dividend outlook:** Zijin Gold Intl remains in the growth phase, with the majority of capital deployed toward strategic M&A and facility upgrades. The company’s dividend payout ratio currently stands at 35%, compared to 60-70% for mature global mining peers. Management noted the gap can narrow significantly once the company passes its growth stage.
- **Long-term gold price assumption:** The company uses a prudent gold price assumption of US$3,000-3,500/oz for its feasibility studies and M&A evaluations, ensuring mines remain profitable even if gold falls below US$3,500/oz.
- **Strategic value of smelting assets:** Management emphasized the strategic value of smelting assets within the supply chain, noting that in-house smelting maintains operating resilience during extreme metal price downturns. Conversely, Western players usually outsource smelting to third parties due to capital and operational management considerations. At the group level, Zijin holds 3 large domestic copper smelters totalling 700–800kt/year, a 200kt/year copper smelter in Serbia, and a 500kt design-capacity JV smelter with Ivanhoe in DRC (400kt this year), while gold is refined through its 3 in-house domestic refineries.
- **Zijin Mining Group development priorities/target:** At Zijin Mining Group level, management highlighted copper as the top priority, followed by gold, then lithium and by-product metals, and critical minerals in minor metals including tungsten and moly. Moreover, Zijin Mining Group targets 1.5mnt copper production, relying mainly on capacity expansion across its 3 major copper bases in Tibet, Serbia and DRC, considering limited high-quality copper M&A opportunities. For gold, Zijin Mining Group targets 120-140t production (vs. 90t now).

