

25 April 2025

AltynGold

FY24 results – a record year with more to come

Current price
359p

TICKER
[ALTN](#)

Market Cap
£98m

Net debt (31 Dec 2024)
US\$50m

Free Float
34%

3mo Av. Daily Volume
34k

Index
n/a

Share Price Performance



Source: Bloomberg

AltynGold is a well-established Kazakh gold miner with rising production from its Sekisovskoye mine, growth to come from Teren-Sai and ambitious for further growth.

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Kazakh gold producer generating strong growth

AltynGold is a Kazakh based gold producer with current operations from its Sekisovskoye mine, where it has just completed a major expansion project. The company reported record results in 2024, generating a net profit of US\$26.4m, up 133% YoY driven by increased production, higher realisations and lower unit costs. This year should prove even better with the company targeting a 30% plus increase in production to 50koz and as gold prices continue to strengthen. Besides growth from Sekisovskoye, AltynGold has a development project at the Teren-Sai licence and is ambitious for further growth.

For 2024, AltynGold reported a 50% YoY increase in revenue to US\$96.5m generating a gross margin of 51% (2023 36%). Adjusted EBITDA more than doubled to US\$50.9m which was also reflected in higher operating cash flow of US\$51.6m (2023 US\$23.4m) with negative working capital pegging back net cash generation to US\$29.4m (2023 US\$14.7m). Net investment dropped from the peak in 2023 of US\$40.9m to US\$21.5m in 2024 with net debt edging down to US\$49.7m (YE23 US\$53.0m). Coupled with the jump in EBITDA, leverage dropped to 1.0x (YE23 2.4x).

Towards the end of 2024, AltynGold completed a major ore processing expansion, increasing processing capacity at the Sekisovskoye mine by 70% delivered on time and within budget. That is set to drive a 30% plus increase in gold production in 2025 to 50koz increasing to 100koz in the medium term.

AltynGold's share price has tripled over the last year, outperforming the FT Gold Mines index by over 70% with the company trading on undemanding ratings including a trailing P/E of 2.0x and an EV/EBITDA multiple of 2.0x, with the shares below book value.

Based on the most recent Competent Persons Report adjusted for production, Sekisovskoye has 3.6moz in proved and probable gold reserves with 1.45moz at Teren-Sai.

AltynGold delivered a record performance in 2024 and is set for an even better year in 2025. Besides the expansion at Sekisovskoye, the company expects to move its adjacent Teren-Sai project into development this year and is ambitious for further growth. We will publish a full initiation on the company in due course.

At a glance (Yr to Dec)	Gold poured (oz)	Revenue (US\$m)	Net profit (US\$m)	P/E ¹ (x)	EV/EBITDA ¹ (x)	Leverage (x)
FY20A	17,028	30.0	2.9	15.8	6.2	2.0
FY21A	28,450	50.3	18.3	2.7	2.8	0.9
FY22A	34,023	62.0	13.2	2.6	2.7	1.1
FY23A	33,110	64.4	11.3	3.3	4.1	2.4
FY24A	37,279	96.5	26.4	2.0	2.0	1.0

Source: Bloomberg, AltynGold, CAG Research. 1) Uses annual averages for historic share price and EV data.

Investment thesis

AltynGold delivered a record result in 2024, generating a net profit of US\$26.4m, up 133% YoY on the back of higher production from its Sekisovskoye gold mine in Kazakhstan, increased price realisations and lower unit costs. This year should prove even better as the company has recently completed a large ore processing expansion project and is targeting a more than 30% increase in gold production to 50koz while gold prices continue to strengthen. The shares outperformed the FT Gold Mines index by over 70% in 2024, with the rating undemanding at a trailing P/E of 2.0x, an EV/EBITDA multiple of 2.0x and the shares trading below book value.

AltynGold is a UK main market listed gold producer with mining assets in north-east Kazakhstan. The company produces gold from the Sekisovskoye mine and has a planned open-pit development with the Teren-Sai project which is located adjacent to Sekisovskoye (Figure 1).

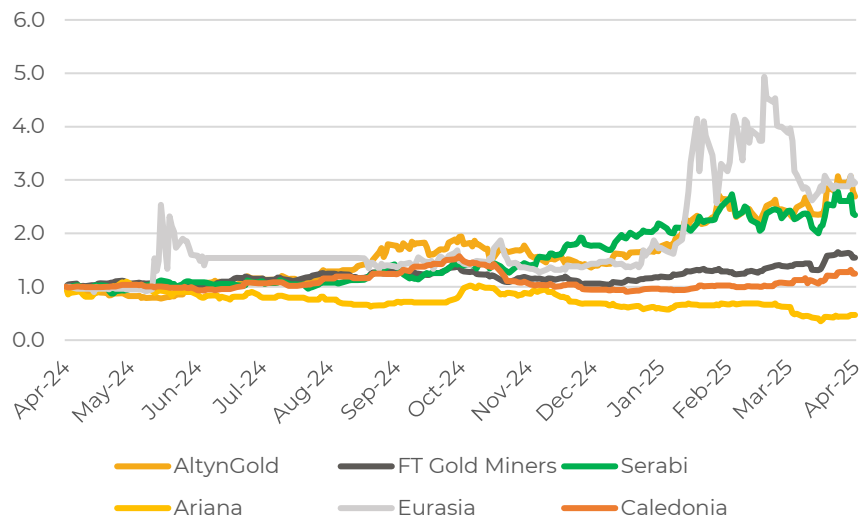
Figure 1: Mining locations



Source: AltynGold, CAG Research. 1) Sekisovskoye; 2) Teren-Sai.

The company has just announced record financial results with a reported net profit for 2024 of US\$26.4m, up 133% YoY. Gold poured increased 13% YoY to 37,279 oz while cash operating costs fell 5% YoY to US\$992/oz and the company benefited from the sharp increase in the gold price generating realisations of US\$2,441/oz (FY23 US\$1,967/oz). That performance has already started to be recognised in the company's share price performance with a near tripling in market value over the last year, resulting in the company outperforming the rest of the industry by over 70% (Figure 2).

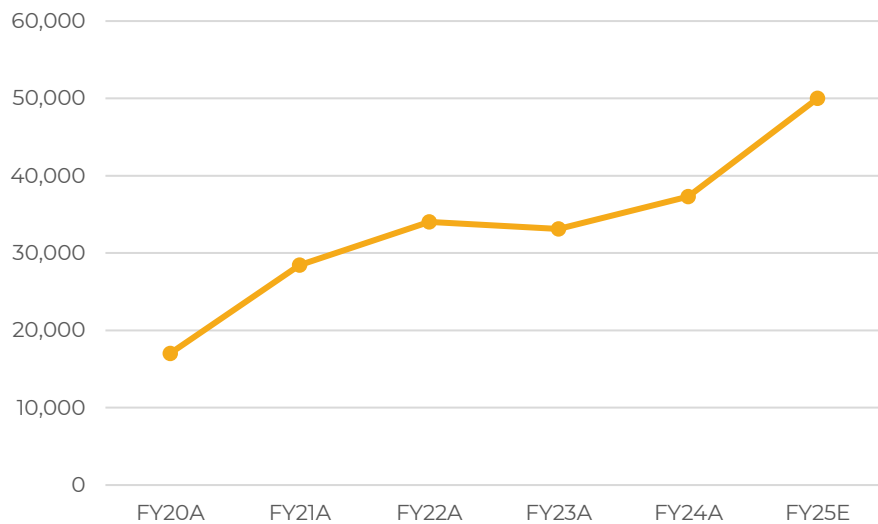
Figure 2: Share price performance (-1yr, indexed)



Source: Bloomberg, CAG Research.

AltynGold is poised for an even better year in 2025 as it is set to benefit from yet higher gold prices, with gold currently trading at US\$3,332/oz, and because it completed a major project to increase ore processing capacity at Sekisovskoye by approximately 70% to 1mtpa. The project was completed on time and within budget with commissioning now completed. The project is also expected to improve gold recovery to 85.4% from 83.6%. AltynGold is targeting production of 50,000 oz in 2025, up over 30% YoY (Figure 3), increasing to 100k oz in the medium term.

Figure 3: Gold poured (oz)



Source: AltynGold, CAG Research.

In 2024 revenue increased by 50% YoY to US\$96.5m generating a gross margin of 51% (2023 36%). Adjusted EBITDA more than doubled to US\$50.9m which was also reflected in higher operating cash flow of US\$51.6m (2023 US\$23.4m) with negative working capital pegging back net cash generation to US\$29.4m (2023 US\$14.7m).

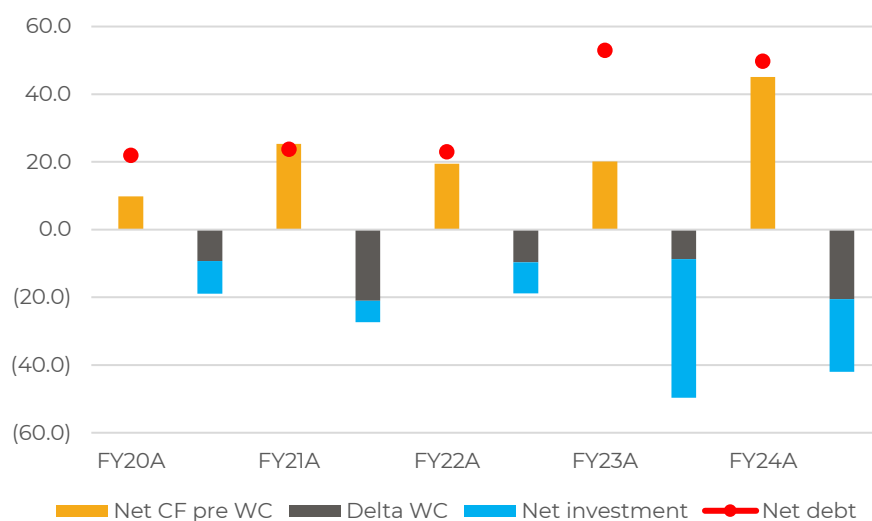
Net investment dropped from the peak in 2023 of US\$40.9m to US\$21.5m in 2024 with net debt edging down to US\$49.7m (YE23 US\$53.0m). Coupled with the jump in EBITDA, leverage dropped to 1.0x (YE23 2.4x) (Figure 4 and Figure 5). Historic financial results are shown in [Summary financial statements](#).

Figure 4: Financial highlights

Highlight	Unit	FY20A	FY21A	FY22A	FY23A	FY24A
Revenue	US\$m	30.0	50.3	62.0	64.4	96.5
Gross profit	US\$m	12.4	27.8	29.3	23.3	49.1
Gross margin	%	41%	55%	47%	36%	51%
Net profit	US\$m	2.9	18.3	13.2	11.3	26.4
EPS	USc	11.3	67.0	48.4	41.5	96.7
Adjusted EBITDA	US\$m	11.1	26.4	21.6	22.3	50.9
Operating CF ¹	US\$m	13.5	27.8	21.9	23.4	51.6
Net cash flow	US\$m	4.2	6.8	12.2	14.7	29.4
Net cash investment	US\$m	(9.7)	(6.3)	(9.2)	(40.9)	(21.5)
Net debt ²	US\$m	21.9	23.7	23.0	53.0	49.7
Leverage	x	2.0	0.9	1.1	2.4	1.0

Source: AltynGold, CAG Research. 1) Cash flow before working capital; 2) AltynGold has no lease liabilities.

Figure 5: Cash flow and debt evolution (US\$m)



Source: AltynGold, CAG Research.

During 2024, the company traded on very undemanding ratings at a trailing P/E of 2.0x, an EV/EBITDA multiple of 2.0x and the shares below book value (Figure 6).

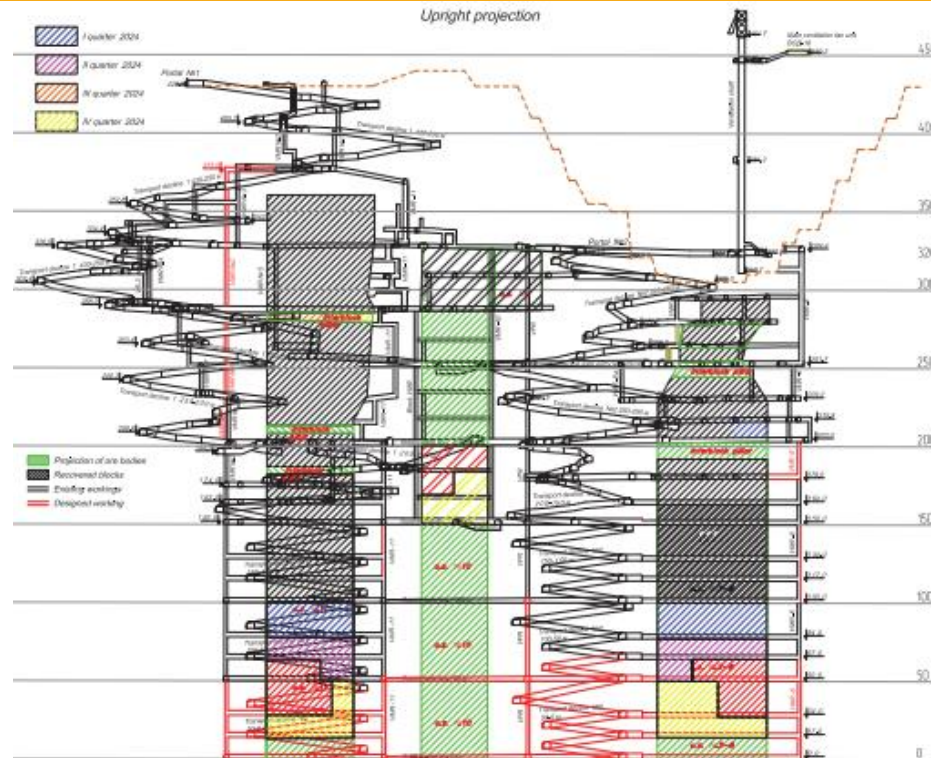
Figure 6: Valuation multiples¹

Measure	Unit	FY20A	FY21A	FY22A	FY23A	FY24A
P/E	X	15.8	2.7	2.6	3.3	2.0
EV/EBITDA	X	6.2	2.8	2.7	4.1	2.0
Price to book	X	1.4	0.9	0.5	0.5	0.6

Source: Bloomberg, AltynGold, CAG Research.1) Uses annual averages for historic share price and EV data.

Sekisovskoye was initially developed as an open pit operation but since 2017, all production is from higher-grade underground operations. Underground reserves are being extracted by two haulage declines with decline 1 now at sea level and decline 2 at 34 metres above sea level (masl) (2023 both at 49masl) (Figure 7).

Figure 7: Sekisovskoye mine development



Source: AltynGold, CAG Research.

Gold at Sekisovskoye is contained in breccia within a number of pipe-like ore bodies that have intruded into the Rudny Altai Poly-metallic belt, which is part of the larger Central Asian Orogenic Belt.

Ten breccias have been mapped in and around the Sekisovskoye mine of which seven fall within the mine licence boundary. Mineralisation is hosted in the breccia bodies and includes free gold and sulphides. Gold is embedded in the cement of the explosive hydrothermal breccias and is smeared across the lithology. The breccias are cut by barren igneous dykes that are typically planar and dip steeply to the northeast.

In 2024, the average grade of gold mined at Sekisovskoye was 2.10g/te with the gold grade processed at 2.29g/te benefiting from the management of mined ore inventory at surface as ore extraction exceeded processing capacity, prior to completion of the capacity upgrade.

The processing upgrade included the construction of a new crushing and grinding complex, the installation of an additional mill for first stage grinding and the installation of three additional carbon-in-pulp tanks.

Additional reconstruction work included upgrading key equipment in the cyanide preparation area, reconstruction of the desorption unit with the installation of an additional desorption column, heat exchanger and a steam

boiler together with the construction of additional conveyors to feed ore to the new crushing and grinding complex.

Teren-Sai is currently held under an exploration licence whose current term expires in March 2026. AltynGold is concentrating on the exploration site designated as Area 2 with a view to preparing this site for production during 2025. Area 2 breccia consists of two ore bodies. Exploitation of Teren-Sai will involve agreement of the production plan with the Kazakh authorities prior to commencement of site preparation with initial extraction of gold being from open pit operation.

A Competent Persons Report was completed by Ernst and Young in 2019 and current mineral reserves estimates, adjusted for production at Sekisovskoye since then are as shown in Figure 8 and Figure 9.

Figure 8: Sekisovskoye reserves

Resource type	Tonnage (mte)	Average gold grade (g/te)	Contained gold (moz)	Average silver grade (g/te)	Contained silver (moz)
Proved	29.87	3.61	3.47	5.88	5.65
Probable	3.58	2.91	0.33	4.81	0.55
Total	33.45	3.53	3.80	5.77	6.20
Produced			0.20		0.19
Remaining			3.60		6.01

Source: AltynGold, CAG Research.

Figure 9: Teren-Sai reserves

Resource type	Tonnage (mte)	Average gold grade (g/te)	Contained gold (moz)	Average silver grade (g/te)	Contained silver (moz)
Proved - open pit	6.29	1.71	0.35	2.94	0.59
Proved - underground	3.91	3.60	0.45	5.87	0.74
Proved - total	10.20	2.43	0.80	4.06	1.33
Probable	6.23	3.25	0.65	5.33	1.07
Total	16.43	2.74	1.45	4.54	2.40

Source: AltynGold, CAG Research.

Summary financial statements

December year end, US\$k	FY20A	FY21A	FY22A	FY23A	FY24A
Gold sold (oz)	16,535	27,747	34,499	32,765	38,708
Realised gold price (US\$/oz)	1,816	1,803	1,762	1,967	2,441
Profit & Loss					
Revenue	30,032	50,290	62,037	64,434	96,522
Cost of sales	(17,610)	(22,496)	(32,697)	(41,102)	(47,455)
Gross profit	12,422	27,794	29,340	23,332	49,067
Administrative expenses	(5,226)	(5,138)	(12,244)	(6,977)	(6,557)
Impairments	(34)	(734)	(82)	(439)	(117)
Operating profit	7,162	21,922	17,014	15,916	42,393
Net finance expense	(2,324)	(3,289)	(3,096)	(4,283)	(5,665)
FX	(1,508)	(366)	(504)	252	(6,373)
Profit before tax	3,330	18,267	13,414	11,885	30,355
Tax expense	(392)	56	(181)	(546)	(3,932)
Net profit	2,938	18,323	13,233	11,339	26,423
Basic EPS (USc)	11.27	67.04	48.42	41.48	96.66
Diluted EPS (USc)	10.97	67.04	48.42	41.48	96.66

Source: AltynGold, CAG Research.

Summary financial statements (cont)

December year end, US\$k	FY20A	FY21A	FY22A	FY23A	FY24A
Cash flow					
Profit before tax	3,330	18,267	13,414	11,885	30,355
Net finance	1,657	2,506	2,320	3,582	4,705
Unwinding of discount	667	783	776	701	960
Depreciation and amortisation	3,950	4,486	4,589	6,989	9,044
Provision (reversal)/provision	14	1,360	277	440	117
Disposal (gain)/loss	0	0	13	13	80
FX	1,508	366	504	(252)	6,373
Share-based payments	2,400	0	0	0	0
Operating cash flow before working capital	13,526	27,768	21,893	23,358	51,634
Delta working capital	(9,281)	(20,971)	(9,659)	(8,707)	(20,538)
Cash generated from operations	4,245	6,797	12,234	14,651	31,096
Tax received/(paid)	0	0	0	0	(1,726)
Net cash inflow from operating activities	4,245	6,797	12,234	14,651	29,370
Interest received	0	0	0	0	358
Purchase of PP&E	(8,559)	(5,502)	(8,948)	(40,171)	(17,877)
Purchase of intangibles	(1,271)	(830)	(240)	(766)	(3,977)
Other investment	165	0	0	0	0
Net cash invested	(9,665)	(6,332)	(9,188)	(40,937)	(21,496)
Interest paid	(3,740)	(2,411)	(2,388)	(3,228)	(4,800)
Proceeds from borrowings	16,903	6,356	11,025	51,481	22,352
Repayment of borrowings	(3,431)	(7,985)	(15,028)	(16,581)	(20,415)
Net share issuance	1,500	0	0	0	0
Commission paid	(588)	0	0	0	0
Net cash from financing activities	10,644	(4,040)	(6,391)	31,672	(2,863)
Implied delta net debt (IAS 17)	8,248	1,946	(658)	29,514	(3,074)
Summary balance sheet					
Total non-current assets	56,965	60,880	70,375	104,060	102,280
Net assets	35,335	55,205	62,208	70,682	82,157
Total equity	35,335	55,205	62,208	70,682	82,157
Net (cash)/debt	21,939	23,715	22,996	52,989	49,744

Source: AltynGold, CAG Research.

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