

25 July 2025

*To: The independent board committee and the independent shareholders
of CGN Mining Company Limited*

Dear Sirs,

**(1) CONTINUING CONNECTED TRANSACTION:
SALES FRAMEWORK AGREEMENT
(2) MAJOR AND CONTINUING CONNECTED TRANSACTION:
FINANCIAL SERVICES FRAMEWORK AGREEMENT
(3) CONNECTED TRANSACTION:
SALES AND PURCHASE AGREEMENT OF NATURAL URANIUM**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Sales Framework Agreement (the “**Sale CCT**”), the placement of deposits by the Group with CGN Finance and CGNPC Huasheng under the New Financial Services Framework Agreement (the “**Deposit CCT**”) and the transaction contemplated under the Sales and Purchase Agreement of Natural Uranium (the “**Sale CT**”, together with the Sale CCT and the Deposit CCT, the “**Transactions**”) details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 25 July 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, the Existing Framework Agreements will expire on 31 December 2025. As the Group intends to continue, amongst others, the Sale CCT and the Deposit CCT after 31 December 2025, on 3 June 2025, the Company entered into the New Sales Framework Agreement and the New Financial Services Framework Agreement for another term of three years ending 31 December 2028.

With reference to the Board Letter, on 3 June 2025, CGN Global entered into the Sales and Purchase Agreement of Natural Uranium with China Uranium Development, pursuant to which CGN Global shall sell, and China Uranium Development shall purchase from CGN Global, 0.8 million lbs of U_3O_8 in the form of natural uranium at total purchase price of no more than US\$60,624,000.

With reference to the Board Letter:

- (i) the Sale CCT constitutes continuing connected transaction of the Company and the Deposit CCT constitutes major and continuing connected transactions of the Company and are subject to the reporting, annual review, announcement, and independent shareholders' approval requirements under Chapter 14 and Chapter 14A (as the case may be) of the Listing Rules; and
- (ii) the Sale CT constitutes a connected transaction of the Company and are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Gao Pei Ji, Mr. Zhang Yuntao and Mr. Wu Yingpeng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Company's management (the "Management"). We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular

were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Management's representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, CGNPC, CGNPC-URC, CGN Finance, CGNPC Huasheng, China Uranium Development or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the Group is principally engaged in investment and development of natural uranium resources and trading of natural uranium products. CGN Global is a company incorporated under the laws of England and Wales and a subsidiary of the Company and is principally engaged in trading of natural uranium.

Set out below is the audited consolidated financial information of the Company for the two years ended 31 December 2024 as extracted from the Company's annual report for the year ended 31 December 2024 (the "2024 Annual Report"):

| | For the year ended 31 December 2024 HK\$'000 | For the year ended 31 December 2023 HK\$'000 | Change from 2023 to 2024 % |
|---|--|--|----------------------------------|
| Revenue | 8,624,272 | 7,359,952 | 17.18 |
| Gross profit/(loss) | (66,120) | 128,755 | N/A |
| Profit attributable to owners of the Company | 341,981 | 497,099 | (31.20) |

As illustrated by the above table, the Group's revenue for the year ended 31 December 2024 ("FY2024") increased by approximately 17.18% as compared to that for the year ended 31 December 2023 ("FY2023"). With reference to the 2024 Annual Report, all of the Group's revenue were derived from its natural uranium trading business and the increase in the Group's revenue was mainly due to CGN Global seizing the opportunities presented by active natural uranium market, resulting in increase in annual sales revenue. As affected by the narrowing of trading spread in off-take business and international trade, the Group recorded gross loss of approximately HK\$66 million for FY2024.

Profit attributable to owners of the Company for FY2024 decreased by approximately 31.20% as compared to that for FY2023. With reference to the 2024 Annual Report, such decrease was mainly due to (i) the gross loss recorded as abovementioned; (ii) the increase in income tax expenses; and (iii) the recognition of loss from discontinued operation for FY2024, partially offset by the increase in other operating income and other net gains, and share of profit of a joint venture and an associate.

Information on CGNPC-URC and China Uranium Development

With reference to the Board Letter, CGNPC-URC is a company established in the PRC with limited liability and the sole shareholder of China Uranium Development, the controlling shareholder of the Company, directly holding approximately 56.29% of the

issued Shares as at the Latest Practicable Date. As at the Latest Practicable Date, China Uranium Development is also deemed to be interested in approximately 0.14% of the issued Shares held by a third party with China Uranium Development being a person having a security interest. CGNPC-URC is a subsidiary of CGNPC and CGNPC is deemed to be interested in approximately 56.43% of the issued Shares through China Uranium Development as at the Latest Practicable Date. CGNPC-URC and China Uranium Development are connected persons of the Company.

With reference to the Board Letter, CGNPC is a large clean energy enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. CGNPC together with its subsidiaries are principally engaged in the generation and sale of electricity, construction, operation and management of nuclear power projects and non-nuclear clean energy projects.

Information on CGN Finance and CGNPC Huasheng

With reference to the Board Letter:

- CGN Finance is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the CGNPC. CGN Finance is a non-banking financial institution established in the PRC with the approval of the then China Banking Regulatory Commission (currently known as the National Financial Regulatory Administration) and the principal activities of which include providing settlement and similar services and taking deposits from members of the CGN Group in the PRC and providing intra-group loan among members of the CGN Group in the PRC.
- CGNPC Huasheng is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CGNPC. CGNPC Huasheng is a money lender licensed under the Money Lender Ordinance (Chapter 163 of the Laws of Hong Kong) in Hong Kong and the principal activities of CGNPC Huasheng include providing settlement and similar services and taking deposits from members of the CGN Group and providing intra-group loan among members of the CGN Group.

Both CGN Finance and CGNPC Huasheng are wholly-owned subsidiaries of CGNPC. Accordingly, they are connected persons of the Company.

A. SALE CCT

Reasons for and benefits of the Sale CCT

With reference to the Board Letter, the Existing Sales Framework Agreement will expire on 31 December 2025. The Group intends to continue the sale of natural uranium to the CGNPC-URC Group as it provides a stable source of income to the Group. CGNPC-URC is one of the few enterprises in the PRC which is authorised by the PRC government to import natural uranium. Coupled with the facts that the Group, by entering into the New Sales Framework Agreement, will continue to maintain and stabilize its position as the natural uranium supplier of CGNPC-URC Group, the Board believes that the

sale of natural uranium to CGNPC-URC Group will provide the Group with stable income sources as well as assist the Group in developing its expertise and experience in the uranium trading industry and enhance the Group's competitiveness in the future.

With reference to the 2024 Annual Report, revenue from natural uranium trading business has been the only source of revenue of the Group for the two years ended 31 December 2024. According to the Board Letter, the actual transaction amounts under the Existing Sales Framework Agreement was approximately HK\$1,709 million and HK\$1,982 million for FY2023 and FY2024 respectively, representing substantial portions of the Group's revenue.

Having considered the above, we are of the view that the Sale CCT is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

Principal terms of the Sale CCT

Summarised below are the principal terms of Sale CCT as contemplated under the New Sales Framework Agreement, details of which are set out under the section headed "NEW SALES FRAMEWORK AGREEMENT" of the Board Letter.

Date

3 June 2025

Parties

1. the Company
2. CGNPC-URC

Term

1 January 2026 to 31 December 2028

Subject matter

Subject to fulfillment of the condition precedent, CGNPC-URC Group shall purchase natural uranium from the Group. The relevant members of the Group and CGNPC-URC Group may enter into individual agreement(s) setting out the quantity and details of each delivery.

In addition, the Group shall have the right of first offer to supply natural uranium demanded by CGNPC-URC Group during the term of the New Sales Framework Agreement.

Minimum purchase quantity

1,200 tons of natural uranium per calendar year (subject to the Sales Annual Cap), provided that, in the event of supply or supply chain problem or other force majeure event resulting the Group unable to deliver the minimum quantity, CGNPC-URC Group shall only be required to purchase such amount able to be supplied by the Group in such calendar year.

Pricing mechanism

The price per pound of natural uranium shall be determined on normal commercial terms with reference to international price indicators published by UxC and TradeTech as follows (the “Pricing Formula”):

$$\text{Price} = 30\% \times \frac{\text{Forecasted 2026-2028 natural uranium price (i.e. US\$94.22 per pound of U}_3\text{O}_8\text{) (Note 1)}}{\text{US\$94.22 per pound of U}_3\text{O}_8\text{) (Note 1)}} \times \frac{\text{Annual escalation factor (Note 2)}}{\text{Annual escalation factor (Note 2)}} + 70\% \times \frac{\text{Latest spot price indicator available on date of delivery (Note 3)}}{\text{Latest spot price indicator available on date of delivery (Note 3)}}$$

Notes:

1. Forecasted 2026-2028 natural uranium price is derived from the arithmetic average of (i) 2026 to 2028 term reference price in Forward Availability Model (FAM 2): Uranium Market Price Projections (Nominal US\$/lb U₃O₈) in “Uranium Market Study 2025: Issue 1” published by TradeTech, being US\$99.33 per pound of natural uranium (the “TradeTech Forecasted Term Average”); and (ii) 2026 to 2028 high long-term price projections in “Uranium Market Outlook – Q1 2025” published by UxC, being US\$89.11 per pound of natural uranium (the “UxC Forecasted Term Average”).
2. Annual escalation factor (the “Annual Escalation Factor”) is calculated as 1.041 to the power of the difference between the delivery year and 2026.
3. Latest spot price indicator available on date of delivery is calculated as the arithmetic average of the latest weekly price indicators quoted in “Nuclear Market Review” by TradeTech and “Ux Weekly” by UxC available on the date of delivery.

Weight of pre-determined price and future price

The Pricing Formula incorporated a 30% weight of pre-determined price (the “Pre-determined Price”) based on existing forecasts and a 70% weight of future price (the spot price in future) (the “Future Spot Price”).

We noted that:

- (i) the Pre-determined Price was derived from the arithmetic average of the TradeTech Forecasted Term Average of US\$99.33/lb and the UxC Forecasted Term Average of US\$89.11/lb; and
- (ii) the spot prices of natural uranium were US\$72/lb and US\$70.9/lb published by TradeTech and UxC respectively on 30 May 2025, both of which were substantially lower than the TradeTech Forecasted Term Average and the UxC Forecasted Term Average respectively.

In the event that the Future Spot Price (i) does not reach the Pre-determined Price of US\$94.22/lb on Future Deliver Date; or (ii) decreases as compared to the recent spot prices, the Pricing Formula would secure a 30% weight of the Pre-determined Price.

In the event that the Future Spot Price surges and exceeds the Pre-determined Price, the Pricing Formula would not limit the “up-side” potential as it incorporated a 70% weight of the Future Spot Price.

Annual Escalation Factor

Under the Pricing Formula, the Annual Escalation Factor caters for future inflation.

We noted that the Annual Escalation Factor of 1.041 was derived from dividing the implicit price deflator for GDP of the United States for the fourth quarter of 2024 by the implicit price deflator for GDP of the United States for the first quarter of 2023. The implicit price deflator for GDP is (i) published by Bureau of Economic Analysis (“U.S. BEA”), an agency of the Department of Commerce of the United States; and (ii) according to U.S. BEA’s website, a measure of inflation in the prices of goods and services produced in the United States, including exports.

Upon our enquiry, the Management advised us that the Company determined the Annual Escalation Factor with reference to the implicit price deflator for GDP of the United States as the Sale CCT will be denominated in US\$.

On the aforesaid basis, the Annual Escalation Factor considers the inflation between the first quarter of 2023 and the fourth quarter of 2024 as indicated by the implicit price deflator for GDP of the United States. Accordingly, we consider the Annual Escalation Factor to be reasonable.

Price indicators

As advised by the Directors, the Board considers the price indicators published by UxC and TradeTech to be reliable independent price references for the market price of natural uranium and believes that it is common for natural uranium purchasers to make reference to price indicators published by UxC and TradeTech.

Based on our research, we noted the followings:

- According to UxC’s website, UxC is one of the nuclear industry’s leading market research and analysis companies that offers a wide range of services spanning the entire nuclear fuel cycle with a special focus on market-related issues. UxC publishes certain publications and reports such as the “Ux Weekly” and the “Market Outlook” reports, and publishing the industry standard “Ux Prices” that are referenced in many fuel contracts.

- According to TradeTech's website, TradeTech is the leading independent provider of uranium prices and nuclear fuel market information and is widely recognised for its expertise in trading activities and its comprehensive knowledge in factors affecting the nuclear fuel cycle globally. TradeTech publishes daily, weekly and monthly uranium market prices and analysis.
- According to the circular published by CNNC International Limited (Stock code: 2302) (the “**CNNC International**”, together with its subsidiaries, the “**CNNC International Group**”) on 21 May 2024 in relation to, amongst others, certain continuing connected transactions of CNNC International, the selling price of the natural uranium products charged by CNNC International Group (under uranium supply continuing connected transaction) shall be determined in accordance with a pricing mechanism that included references to international price indicators published by UxC and TradeTech from time to time.

Having considered the above, we are of the view that the Pricing Formula is reasonable.

To safeguard the interest of the Group, the Group will adhere to the internal control measures in respect of the Sale CCT (the “**Sale Internal Control Measures**”) as set out under the sub-section headed “**NEW SALES FRAMEWORK AGREEMENT – Internal Control Measures**” of the Board Letter. We consider the effective implementation of the Sale Internal Control Measures would ensure fair pricing of the Sale CCT.

For our due diligence purpose, we obtained from the Company a list of historical transactions during FY2023 and FY2024 under the Existing Sales Framework Agreement and randomly selected three transactions for each year from the list. In respect of each selected transaction, the Company provided us invoice and pricing record which demonstrated that the price of such transaction was determined in accordance with the pricing formula under the Existing Sales Framework Agreement.

With reference to the 2024 Annual Report, the independent non-executive Directors reviewed the Group's continuing connected transactions (including the historical Sale CCT) for FY2024 and confirmed that these continuing connected transactions (including the historical Sale CCT) were (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. Furthermore, the external auditor of the Company also reviewed the Group's continuing connected transactions (including the historical Sale CCT) for FY2024 and confirmed that these continuing connected transactions (including the historical Sale CCT) (i) have been approved by the Board; (ii) have been initiated in transactions in accordance with the relevant agreement; (iii) are in accordance with the pricing policies of the Group (if the transactions involve provision of goods or services by the Group); and (iv) have not exceeded the relevant annual caps disclosed in previous announcements.

Sales Annual Caps

The table below set out (i) the historical transaction amounts of the Existing Sales Framework Agreement; (ii) the Historical Sales Annual Caps for the three years ending 31 December 2025; and (iii) the Sale Annual Caps for the three years ending 31 December 2028:

| | For the year ended 31 December 2023 HK\$ | For the year ended 31 December 2024 HK\$ | For the six months ended 30 June 2025 HK\$ |
|--|--|--|--|
|--|--|--|--|

| | | | |
|--------------------------------|---------------|---------------|-------------|
| Historical transaction amounts | 1,709,399,162 | 1,981,681,428 | 762,638,345 |
|--------------------------------|---------------|---------------|-------------|

| | For the year ended 31 December 2023 HK\$ | For the year ended 31 December 2024 HK\$ | For the year ended 31 December 2025 ("FY2025") HK\$ |
|--|--|--|--|
|--|--|--|--|

| | | | |
|------------------------------|---------------|---------------|---------------|
| Historical Sales Annual Caps | 4,092,000,000 | 4,402,000,000 | 4,541,000,000 |
|------------------------------|---------------|---------------|---------------|

| | For the year ending 31 December 2026 ("FY2026") HK\$ | For the year ending 31 December 2027 ("FY2027") HK\$ | For the year ending 31 December 2028 ("FY2028") HK\$ |
|--|---|---|---|
|--|---|---|---|

| | | | |
|-------------------|------------------|------------------|------------------|
| Sales Annual Caps | 3,943,613,653.68 | 4,395,565,471.56 | 4,561,098,810.61 |
|-------------------|------------------|------------------|------------------|

With reference to the Board Letter, the utilisation rates of the Historical Sales Annual Caps are relatively low, mainly due to (i) natural uranium produced from Semizbay-U and Ortalyk falling short of expectation due to sulfuric acid supply shortage in Kazakhstan (the raw material used for extraction of natural uranium); and (ii) no usage of additional buffer of 600tU to 650tU of additional natural uranium supply per annum for potential project and off-take right acquisition. The Sales Annual Caps for the three years ending 31 December 2028 were determined based on, among other things, the Group's increasing capability in supplying natural uranium due to off-take right to 49% of the uranium products of Semizbay-U and Ortalyk and potential project and off-take right acquisition (the "Supply Capability").

For our due diligence purpose, we obtained the calculation of the Sales Annual Caps for the three years ending 31 December 2028 (the "Sales Caps Calculation"). We noted from the Sales Caps Calculation that the Sales Annual Caps were formulated based on (a)

the expected sale volume according to the Supply Capability; and (b) the future uranium prices forecasted by TradeTech and UxC, for each of the three years ending 31 December 2028 (the “Future Prices”).

Natural uranium supply of Semizbay-U and Ortalyk

With reference to 2024 Annual Report:

- (i) Semizbay-U operates the Semizbay Mine and Irkol Mine. The Group has the rights to off-take 49% of Semizbay-U’s annual natural uranium production.
- (ii) Semizbay-U’s designated production capacity for 2024 was 975 tU while the actual total volume of uranium extracted was 976 tU, achieving its annual production targets. After deducting processing losses, the total annual natural uranium production was 964 tU.

With reference to the Board Letter, based on the current production capacity of the natural uranium deposits operated by Semizbay-U and its business plan, the estimated annual off-take volume of Semizbay-U for the three years ending 31 December 2028 will be approximately 402tU, 392tU and 300tU respectively.

Under the Sales Caps Calculation, the planned production capacity of Semizbay-U for the three years ending 31 December 2028 will be approximately 821tU, 801tU and 612tU respectively (with 49% off-take rights, off-take volume will be approximately 402tU, 392tU and 300tU respectively). The aforesaid planned production capacity of Semizbay-U for the three years ending 31 December 2028 are within its designated production capacity for 2024. As advised by the Management, effect of the aforesaid sulfuric acid supply shortage in Kazakhstan has been eased and it is feasible for Semizbay-U to reach the above production level which is within its designated production capacity for 2024.

With reference to 2024 Annual Report:

- (i) Ortalyk operates the Central Mynkuduk Mine and Zhalspak Mine. The Group has the rights to off-take 49% of Ortalyk’s annual natural uranium production.
- (ii) Ortalyk’s adjusted designated production capacity for 2024 was 1,750 tU while the actual total volume of uranium extracted was 1,783 tU (1,663 tU from Central Mynkuduk Mine and 120 tU from Zhalspak Mine), achieving its annual production targets. After deducting processing loss, the total annual natural uranium production was 1,739 tU.

With reference to the Board Letter, based on the current production capacity of the natural uranium deposits operated by Ortalyk and its business plan, the estimated annual off-take volume of Ortalyk for the three years ending 31 December 2028 will be approximately 1,036 tU, 1,225 tU and 1,298 tU respectively.

Under the Sales Caps Calculation, the planned production capacity of Ortalyk for the three years ending 31 December 2028 will be approximately 2,115 tU, 2,500 tU and 2,650 tU respectively (with 49% off-take rights, off-take volume will be approximately 1,036 tU, 1,225 tU and 1,298 tU respectively) (the “Ortalyk Capacity Growth”). As advised by the Management, contribution of Zhalpak Mine to Ortalyk’s total natural uranium production was low (approximately 7%) for FY2024 as Zhalpak Mine was still under construction. With reference to the 2024 Annual Report, most of the mining and construction projects at Zhalpak Mine were completed as planned in FY2024. Having also taken into account that effect of the aforesaid sulfuric acid supply shortage in Kazakhstan has been eased, the Company considered that the above planned production capacity of Ortalyk for the three years ending 31 December 2028 is feasible with gradual increase in Zhalpak Mine’s natural uranium production.

Given the above, we do not doubt the reasonableness of natural uranium supply volume of Semizbay-U and Ortalyk adopted in the Sales Caps Calculation.

Natural uranium supply from potential project/off-take rights to be acquired

With reference to the Board Letter, as part of the development strategy of the Company, the Company is continuously seeking for potential uranium resource investment opportunities. As such, the Sales Annual Caps have provided for an additional buffer of 600 tU of additional natural uranium supply per year. Such buffer was determined with reference to the arithmetic average of the actual total volume of uranium extracted by Semizbay-U and Ortalyk for 2024 (which was 976tU and 1,783tU, respectively) multiplied by the Company’s shareholding percentage in Semizbay-U and Ortalyk (i.e., 49%) rounded down to closest hundred.

We understood from the Management that the Company intends to acquire/invest in target(s) of size between Semizbay-U and Ortalyk. We also obtained further information from the Company regarding one of its potential acquisition targets and noted that the designed production capacity of such target is between the designed production capacities of Semizbay-U and Ortalyk. Accordingly, we consider the above calculation basis of the buffer volume to be reasonable.

Estimated unit price

We noted that the Future Prices adopted in the Sales Caps Calculation were estimated after taking into account the Pricing Formula (which is reasonable as concluded above), with reference to the forecasted prices as set out under the sub-section headed “Basis of determination of the Sales Annual Caps” of the Board Letter. The Company also provided relevant extracts from UxC or TradeTech’s reports that substantiated the forecasted prices (i.e. UxC spot price projection: US\$90/lb for 2026, US\$93/lb for 2027 and US\$95/lb for 2028; TradeTech spot price projection: US\$100/lb for 2026, US\$100.5/lb for 2027 and US\$108/lb for 2028).

Based on the above, the Futures Prices adopted in the Sales Caps Calculation are:

US\$94.77/lb for FY2026 as calculated by: “30% x 94.22 + 70% x (90+100)/2”

US\$97.15/lb for FY2027 as calculated by: “30% x 94.22 x 1.041 + 70% x (93+100.5)/2”

US\$101.68/lb for FY2028 as calculated by: “30% x 94.22 x 1.041² + 70% x (95+108)/2”

As the Futures Prices adopted in the Sales Caps Calculation followed the Pricing Formula and were supported by projections of UxC and TradeTech, we consider them to be reasonable.

Having considered the above, we are of the view that the Sales Annual Caps for the three years ending 31 December 2028 are fair and reasonable.

Shareholders should note that as the Sales Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of revenue/income to be generated from the Sale CCT. Consequently, we express no opinion as to how closely the actual revenue/income to be generated from the Sale CCT will correspond with the Sales Annual Caps.

In light of the above, we are of the view that the terms of the Sale CCT (including the Sales Annual Caps for the three years ending 31 December 2028) are on normal commercial terms and are fair and reasonable.

Listing Rules implication

The Management confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Sale CCT must be restricted by the Sale Annual Caps for the three years ending 31 December 2028; (ii) the terms of the Sale CCT must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Sale CCT must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Sale CCT (i) have not been approved by the Board; (ii) were not, in all material aspects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Sale CCT; and (iv) have exceeded the Sale Annual Caps. In the event that the total amount of the Sale CCT is anticipated to exceed the Sale Annual Caps, or that there is any proposed material amendment to the terms of the Sale CCT, as confirmed by the Management, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for the continuing connected transactions pursuant to the Listing Rules by the Company, we are of the view that there are adequate measures in place to monitor the Sale CCT (together with the Sale Annual Caps) and hence the interest of the Independent Shareholders would be safeguarded.

Recommendation on the Sale CCT

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Sale CCT are on normal commercial terms and fair and reasonable; and (ii) the Sale CCT are conducted under the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sale CCT and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

B. DEPOSIT CCT

Reasons for and benefits of the Deposit CCT

With reference to the Board Letter, the Existing Financial Services Framework Agreement will expire on 31 December 2025. The Group intends to continue with the transactions under the Existing Financial Services Framework Agreement (including the Deposit CCT).

Through years of cooperation, CGN Finance and CGNPC Huasheng have become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and the overall financial administrative system, which enables it to render more expedient, efficient and flexible services to the Group than independent commercial banks and financial institutions. The Group is expected to benefit from CGN Finance's and CGNPC Huasheng's familiarity of the Group's industry and operations while earning interests no less favourable than placing the same with other commercial banks for the same type and term of deposit places with CGN Finance and/or CGNPC Huasheng. Detailed reasons for and benefits of the Deposit CCT are set out under the section headed "Reasons for and Benefits of the New Financial Services Framework Agreement" of the Board Letter.

Having considered the above, we are of the view that the Deposit CCT is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

Principal terms of the Deposit CCT

Summarised below are the principal terms of the Deposit CCT as contemplated under the New Financial Services Framework Agreement, details of which are set out under the section headed "NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT" of the Board Letter.

Date

3 June 2025

Parties

1. The Company
2. CGN Finance
3. CGNPC Huasheng

Term

1 January 2026 to 31 December 2028

Subject matter

PRC Subsidiaries of the Group may set up and maintain RMB and foreign currency deposit accounts with CGN Finance and make deposit. Foreign Subsidiaries of the Group may authorise their account(s) at third party commercial banks be linked to the cash pooling master settlement account maintained by CGNPC Huasheng, allowing cash balance in such account(s) to be transferred automatically to cash pooling master settlement account and the amount transferred to the cash pooling master settlement account constitutes money deposited by the Group with CGNPC Huasheng.

Pricing mechanism

The interest rate of the deposits with CGN Finance shall not be lower than (i) the interest rates for the same type and term of deposit offered by China's Big-Four Commercial Banks; and (ii) the interest rate for the same type and term of deposit provided by CGN Finance to other members of the CGN Group in the PRC.

The interest rate of the deposits with CGNPC Huasheng shall not be lower than (i) the interest rate for similar deposit offered by CGNPC Huasheng to other members of the CGN Group (excluding the Group); and (ii) the interest rates quoted by other independent commercial banks in Hong Kong (such as Industrial and Commercial Bank of China (Asia) Limited and Bank of China (Hong Kong) Limited) for similar type of deposit.

To safeguard the interest of the Group, the Group will adhere to the internal control measures in respect of the Deposit CCT (the “Deposit Internal Control Measures”) as set out under the sub-section headed “NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT – Internal Control Measures” of the Board Letter. We consider the effective implementation of the Deposit Internal Control Measures would ensure fair interest determination of the Deposit CCT.

For our due diligence purpose, we obtained from the Company (i) lists of the deposits placed by the Group with CGN Finance/CGNPC Huasheng during FY2023 and FY2024; and (ii) internal approval document (with interest rates comparison with other commercial banks) for each of the deposits placed. Nothing came to our attention that caused us to believe that

the interest determination under the aforesaid documents was not complied with the basis for determining the interest rates for the Deposit CCT under the Existing Financial Services Framework Agreement.

With reference to the 2024 Annual Report, the independent non-executive Directors reviewed the Group's continuing connected transactions (including the historical Deposit CCT) for FY2024 and confirmed that these continuing connected transactions (including the historical Deposit CCT) were (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. Furthermore, the external auditor of the Company also reviewed the Group's continuing connected transactions (including the historical Deposit CCT) for FY2024 and confirmed that these continuing connected transactions (including the historical Deposit CCT) (i) have been approved by the Board; (ii) have been initiated in transactions in accordance with the relevant agreement; (iii) are in accordance with the pricing policies of the Group (if the transactions involve provision of goods or services by the Group); and (iv) have not exceeded the relevant annual caps disclosed in previous announcements.

Deposit Annual Caps

The table below set out (i) the historical maximum deposit amounts of the historical Deposit CCT; (ii) the Historical Deposit Annual Caps for the three years ending 31 December 2025; and (iii) the Deposit Annual Caps for the three years ending 31 December 2028:

| | For the year ended 31 December 2023 <i>US\$ million</i> | For the year ended 31 December 2024 <i>US\$ million</i> | For the six months ended 30 June 2025 <i>US\$ million</i> |
|--|---|---|---|
| Historical maximum outstanding balance of deposits (including any accrued interest) | 163.36 | 238.95 | 230.34 |
| | For the year ended 31 December 2023 <i>US\$ million</i> | For the year ended 31 December 2024 <i>US\$ million</i> | For the year ending 31 December 2025 <i>US\$ million</i> |
| Historical Deposit Annual Caps | 700 | 700 | 700 |

| | For the year ending 31 December 2026 US\$ million | For the year ending 31 December 2027 US\$ million | For the year ending 31 December 2028 US\$ million |
|----------------------------|---|---|---|
| Deposit Annual Caps | 900 | 900 | 900 |

With reference to the Board Letter, the utilisation rates of the Historical Deposit Annual Caps are relatively low, mainly because loans were not obtained by the Group and refinanced as the Group's acquisition did not materialize up to the Latest Practicable Date. The Deposit Annual Caps for the three years ending 31 December 2028 were determined with reference to, among others, the possible funds obtained for acquisition of high-quality uranium mines by the Group (the "**Possible Acquisition(s)**").

For our due diligence purpose, we obtained the calculation of the Deposit Annual Caps for the three years ending 31 December 2028 (the "**Deposit Caps Calculation**"). Under the Deposit Caps Calculation, the following factors were taken into account:

- (i) the expected increasing requirement to settle sums among members of CGN Group taking into consideration of potential increase in sale volume of natural uranium to the CGNPC-URC Group ("**Factor I**");
- (ii) the possible dividend to be paid by Semizbay-U and Ortalyk to the Group ("**Factor II**"); and
- (iii) the funding to be obtained by the Group in anticipation of potential acquisitions (the "**Acquisition Funding**"). Once the Acquisition Funding is obtained, it will be deposited before actual utilisation. The Management also expect to re-finance part of the Acquisition Funding which will also require deposit balance under the re-financing arrangement ("**Factor III**").

Factor I

In determining Factor I, we noted from the Deposit Caps Calculation that the Company applied the same (a) expected sale volume of natural uranium according to the expected Supply Capability; and (b) Future Prices, adopted under the Sales Caps Calculation. Having considered our analysis set out under the section headed "**Sales Annual Caps**" above, we do not doubt the reasonableness of the Factor I.

Factor II

In respect of Factor II, we noted from the Deposit Caps Calculation that the Company estimated the dividend to be paid by Semizbay-U (the "**Semizbay-U Dividend**") and Ortalyk (the "**Ortalyk Dividend**") to the Group based on the Company's estimation on their operational performance. Such estimation was based on the same expected Supply Capability of Semizbay-U and Ortalyk adopted under the Sales Caps Calculation.

Under the Deposit Caps Calculation:

- (i) Semizbay-U Dividend to be received in each of FY2026, FY2027 and FY2028 was conservatively estimated to be not exceeding the Semizbay-U Dividend to be received in FY2025 (which has been determined with reference to the financial results of Semizbay-U for FY2024).
- (ii) Ortalyk Dividend to be received in each of FY2026, FY2027 and FY2028 was estimated to increase along with the Ortalyk Capacity Growth as supported by gradual increase in Zhalpak Mine's natural uranium production (most of the mining and construction projects at Zhalpak Mine were completed as planned in FY2024).

Having considered the above, we do not doubt the reasonableness of the Factor II.

Factor III

In respect of Factor III, we noted from the Deposit Caps Calculation that the Company estimated the Acquisition Funding with reference to historical acquisition consideration (for example, the consideration for acquisition in 49% stake in Ortalyk (the "Ortalyk Acquisition") was approximately US\$435 million), estimated resources of potential targets, percentage of potential acquisition stake, recent prices of natural uranium and proportion of acquisition consideration to be financed by Acquisition Funding. We also obtained further information from the Company regarding one of its potential acquisition targets and noted that the amount of estimated resources of such target is comparable to that of Ortalyk as at 31 December 2020 (whereas the sale and purchase agreement in relation to the Ortalyk Acquisition was entered into on 22 April 2021). Having also discussed other referencing components for the Acquisition Fund as mentioned above with the Management, we do not doubt the reasonableness of the Factor III.

Based on the Deposit Caps Calculation:

- (i) the expected maximum deposit balance under the Deposit CCT without the Acquisition Funding will be approximately US\$448 million for FY2026, US\$500 million for FY2027 and US\$599 million for FY2028; and
- (ii) after taking into account the Acquisition Funding and subsequent re-finance arrangement, the expected maximum deposit balance under the Deposit CCT will be approximately US\$868 million for FY2026, US\$860 million for FY2027 and US\$859 million for FY2028.

After incorporating a top-up buffer of less than 10%, the Deposit Annual Caps were set at US\$900 million. We noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% in the proposed annual caps is not uncommon. Therefore, we consider the buffer of less than 10% to be reasonable.

Having considered the above, we are of the view that the Deposit Annual Caps for the three years ending 31 December 2028 are fair and reasonable.

Shareholders should note that as the Deposit Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of cash level of the Group. Consequently, we express no opinion as to how closely the actual cash level of the Group will correspond with the Deposit Annual Caps.

In light of the above, we are of the view that the terms of the Deposit CCT (including the Deposit Annual Caps for the three years ending 31 December 2028) are on normal commercial terms and are fair and reasonable.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum outstanding balance of deposits placed under the New Financial Services Framework Agreement must be restricted by the Deposit Annual Caps for the three years ending 31 December 2028; (ii) the terms of the Deposit CCT must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Deposit CCT must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Deposit CCT (i) have not been approved by the Board; (ii) were not, in all material aspects, in accordance with the pricing policies of the Group (if applicable); (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Deposit CCT; and (iv) have exceeded the Deposit Annual Caps. In the event that the maximum outstanding balance of deposits placed under the New Financial Services Framework Agreement is anticipated to exceed the Deposit Annual Caps, or that there is any proposed material amendment to the terms of the Deposit CCT, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for the continuing connected transactions pursuant to the Listing Rules by the Company, we are of the view that there are adequate measures in place to monitor the Deposit CCT (together with the Deposit Annual Caps) and hence the interest of the Independent Shareholders would be safeguarded.

Recommendation on the Deposit CCT

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Deposit CCT are on normal commercial terms and fair and reasonable; and (ii) the Deposit CCT are conducted under the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the

Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Deposit CCT and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

C. SALE CT

Reasons for and benefits of the Sale CT

With reference to the Board Letter, the sale of natural uranium under the Sales and Purchase Agreement of Natural Uranium is made in the usual and ordinary course of business of the Group in furtherance of the Group's principal business. It is expected that the sale of natural uranium under the Sales and Purchase Agreement of Natural Uranium will produce a stable source of income to the Group for the second half of 2025, with better net return for earlier completion of delivery due to lower storage costs of natural uranium.

As aforementioned, all of the Group's revenue for FY2024 was derived from its natural uranium trading business and the increase in the Group's revenue from FY2023 to FY2024 was mainly due to CGN Global seizing the opportunities presented by active natural uranium market, resulting in increase in annual sales revenue.

Having considered the above, we are of the view that the Sale CT is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

Principal terms of the Sale CT

Summarised below are the principal terms of Sale CT as contemplated under the Sales And Purchase Agreement of Natural Uranium, details of which are set out under the section headed "THE SALES AND PURCHASE AGREEMENT OF NATURAL URANIUM" of the Board Letter.

Date

3 June 2025

Parties

1. CGN Global
2. China Uranium Development

Subject matter

CGN Global shall sell and China Uranium Development shall buy 0.8 million pounds of U_3O_8 in the form of natural uranium. Delivery quantity shall be notified by CGN Global to China Uranium Development 30 calendar days prior to Delivery Date. Delivery shall be

effected by Book Transfer in the books of the Conversion Facility without surcharge to China Uranium Development. The Delivery quantity shall be delivered on Scheduled Delivery Date at the Conversion Facility to the account of China Uranium Development.

Consideration

China Uranium Development shall pay CGN Global US\$75.78 per lb of U_3O_8 contained in the natural uranium. The total purchase price of the natural uranium shall be no more than US\$60,624,000.

With reference to the Board Letter, as the Scheduled Delivery Date shall be in the second half of 2025, the purchase price under the Sales and Purchase Agreement of Natural Uranium was determined with reference to:

- (i) the composite mid-point of 2025 annual forecast spot price of US\$75.78/lb stated in the market report published by UxC in the first quarter of 2025 (the “**Selected Reference Price**”); and
- (ii) the spot price of natural uranium of US\$70.9/lb published by UxC and US\$72/lb published by TradeTech on 30 May 2025 (the “**Reference Spot Prices**”).

For our due diligence purpose, we obtained from the Company pricing records of the Group’s sales of U_3O_8 in the form of natural uranium to independent third parties in June 2025 (June 2025 was selected as the reference month given the fluctuation of natural uranium prices and there was no sales to independent third parties conducted in May 2025 as advised by the Management). We noted from the aforesaid pricing records that (i) the selling prices per lb of U_3O_8 offered to independent third parties were determined with the then spot prices published by UxC and TradeTech, which were lower than the Selected Reference Price; and (ii) the selling price per lb of U_3O_8 contained in the natural uranium under the Sales and Purchase Agreement of Natural Uranium was not less than the selling prices under the sales to independent third parties.

Having considered the above, we are of the view that (i) the adoption of the Selected Reference Price (which is higher than the Reference Spot Prices) for determining the consideration; and (ii) the consideration under the Sales and Purchase Agreement of Natural Uranium is fair and reasonable.

Payment terms

At least 7 days prior to the Scheduled Delivery Date, CGN Global shall submit by email invoice with signature for the amount payable for the delivery of the natural uranium under the Sales and Purchase Agreement of Natural Uranium to China Uranium Development. Payment of the amount of invoice shall be effected 30 days after Delivery Date after receipt by China Uranium Development of a copy of the Book Transfer Confirmation of the Conversion Facility and invoice by e-mail.

If the payment date falls in 2026, the payment date should be subject to China Uranium Development and CGN Global's agreement whether it will be advanced to 2025, China Uranium Development should use its best endeavours to pay CGN Global within 2025.

We noted from the 2024 Annual Report that the Group normally grants to its trade customers credit period of 15 days to 120 days after the delivery dates for both FY2023 and FY2024. We consider the payment terms of the Sale CT are in line with the Group's normal practice.

Having considered the principal terms of the Sale CT as set out above, we are of the view that the terms of the Sale CT are on normal commercial terms and are fair and reasonable.

Recommendation on the Sale CT

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Sale CT are on normal commercial terms and fair and reasonable; and (ii) the Sale CT are conducted under the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sale CT and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited



Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.