

Price slump no deterrent for African iron ore hopeful

Genmin Ltd managing director Joe Ariti has urged investors not to fixate on the rollercoaster ride that has been the iron ore price this year and to instead book a ticket for the next cycle when the company's Baniaka project in Gabon is set to be in production.

Iron ore has plummeted from an all-time high of \$US230/t in May to less than \$US85/t at the time of print. As a result, aspiring juniors such as Genmin are out of favour with investors despite making solid progress at a project level since listing on the ASX in March.

Ariti does not expect the slump to last however, suggesting iron ore prices could tick back up after February next year following Chinese New Year and the Beijing Winter Olympics.

"My personal view is I don't actually see it improving until after the Chinese New Year and the Winter Olympics because one of the current strategies [in China] is to ensure that the atmosphere is clear in Beijing where those Winter Olympics will be held in February," Ariti told **Paydirt**.

"There is typically low demand around Chinese New Year which wipes out all of February. Currently, you have steel mills running off port stockpiles, so there's not the demand and you've seen the price soften and flatten as a consequence. But once we get through February, you'll see increased demand as those port stockpiles are replenished and also as the steel production ramps up again post the Winter Olympics.

"I see it as a temporary aberration, they're just trying to work through that process of the Winter Olympics and wanting to have a clear blue sky during that period."

After almost a decade as a privately funded company, Genmin went public earlier this year with a \$30 million IPO. The African iron ore hopeful has not missed a beat since, hitting every scheduled milestone from the prospectus with aplomb, headlined by a 107% uplift to the Baniaka indicated resource and delivering a premium 65%Fe product from commercial-scale pilot test work.

Ariti said the decision to float Genmin had always been in line with long-term price forecasts and he implored shareholders to stay the course.

"Our proposal has always been that we're about the next cycle, not the \$US200/t which occurred this year, so the fundamental value in the company and the asset is still there, even though the iron ore price has softened and flattened," he said.



Genmin managing director Joe Ariti (right) with non-executive director Brian van Rooyen on site at Baniaka during October

"Clearly some shareholders have decided they don't want exposure to iron ore, which is why our share price is a bit softer, but that will pass and we'll come out the other side.

"We're a company that has still got nearly \$23 million cash, so we don't need any money in the next 12 months. We just ask that they stick with us during this period to allow the iron ore price to get back to where it will go next year."

Genmin remains on track to complete a PFS for Baniaka towards the end of Q1 2022 with the diamond component of an extensive infill drilling programme now complete. Additional auger and RC drilling are expected to wrap before the end of this year, allowing the company to push more of the project's inferred resources into the measured and indicated categories.

A number of key consultants have been appointed to assist with the completion of the various PFS workstreams, including Golder Associates Inc (resource estimation, mining study and mine schedule), Bond Equipment (process flowsheet development and engineering design), PRDW (review of port operations), Agemar UK (shipping routes assessment) and FTI Consulting (project financing model).

Ariti said the upcoming PFS was an important milestone for the company because it would finally reveal just how economically robust Baniaka is.

"We know internally it's going to be capital-light because we don't have to build a rail or port and we have a hydro scheme on our doorstep so we're not building a power station, but because we only have inferred resources, we're unable to publish any metrics

around all that until we've got ore reserves, so that's a key driver for us with the PFS," he said.

"In some of the work streams, particularly the process plant, we will have done enough work there to almost be at detailed design, so we can actually pivot off that in terms of completing the BFS and bringing forward the production envelope from 3-4 years to 2-3 years. We hope to complete our BFS by the end of 2022 and then go through the permitting and approvals process."

Ariti spent most of September and October in Gabon where he not only met with key stakeholders from government and the local community but also finally had the chance to see how much progress had been made on the ground since his last visit prior to the onset of the pandemic.

"We have a backbone of people that have been with us from day one, but as we've ramped up our programmes, we've added to the team and I just wanted to make sure the team had gelled, everyone understood the objectives and the direction that we were actually heading in," he said.

"For me, it was very important to show leadership from the front. COVID and in particular quarantine post return, were going to be painful, but I needed to go and show the organisation, show government and show others that we were quite prepared to do that."

— Michael Washbourne