

10 August 2023

FID: Further De-risked with Environmental Approval

NEED TO KNOW

- Environmental approval received; receipt of Baniaka mining permit imminent
- Anglo American financing to be finalised 4Q2023
- ESG certification; Baniaka Green® trademarked

Environmental approval received; mining permit (MP) awaits presidential sign-off: Genmin (GEN) has received final approval from Gabon's Minister of Environment for the social and environmental impact assessment (SEIA) of Baniaka – the last major step towards obtaining the large-scale MP. One final step before the MP is issued is presidential sign-off, which provides higher legal certainty. This sign-off will see Baniaka move to finalise project finance and FID.

Anglo American (AAML) partnership funding: AAML formerly looked to debt fund the project alone, has moved to a co-financing plan in which it would provide debt beside a second financial institution. The parties target funding approval in 4Q2023. AAML also plans to provide short-term funding through a non-dilutive US\$5m royalty, which the parties expect to close before end-August '23.

ESG certification and product trademark: GEN has been awarded ESG certification by an independent ESG organisation endorsed by leading global financiers. This certification is awarded to mining companies that demonstrate a commitment to ESG by disclosing their ESG activities, which are independently assessed by ESG specialists. Baniaka Green® has been trademarked.

Investment Thesis

Baniaka a long-life, high-quality project with significant expansion potential: Baniaka's 100 million tonne (Mt) reserve and 758Mt resource supports a large-scale iron ore mine. Initial planned production is 5Mt per annum (Mtpa), expanding to 10Mtpa within the first few years of operation, with an aspirational target of 20Mtpa+. Value-in use assessment and AAML's interest in offtake verifies that Baniaka's products are high-quality and will attract a substantial premium to the benchmark iron ore price. A further green premium is expected over time given favourable benchmarking and market positioning.

Established infrastructure underpins strong iron ore production, sales potential: Iron ore is a bulk commodity that requires robust infrastructure to support production and route to market. GEN has secured access to quality bulk haulage rail & port and power infrastructure with established, proven partners, providing key operational and capital cost advantages and an established route to global iron ore markets. Hydroelectric power supply boosts ESG credentials, with a long-term supply agreement locked in for 100% clean, renewable power.

Partnering with global mining major AAML drives funding and offtake: AAML is in the final stages of confirmatory DD to provide at least US\$75m of project funding (total capex US\$200m) and to be the major offtake partner. GEN's partnership with AAML demonstrates the quality and potential expansion Baniaka. The provision of project build financing is key to advancing the project.

Valuation A\$0.59/share (unchanged); Baniaka the key

The key to our risked valuation of A\$0.59/share is the successful funding and development of Baniaka.

Risks

Key risks include access to funding (debt and equity), permitting, and execution of project construction.

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Equities Research Australia

Metals and Mining

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Genmin Ltd (GEN) is an African iron ore exploration and development company with projects in the Republic of Gabon. The company invested ~US\$35m in developing a pipeline of iron ore projects in Gabon over 9 years prior to listing on the ASX. After raising \$30m in a March 2021 IPO and releasing a PFS on Baniaka, GEN is now working towards a FID in CY2023 on a starter 5Mtpa project. GEN's vision is to develop a long-life greener iron ore export hub in Gabon.

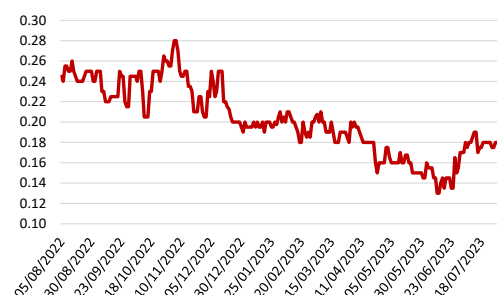
<https://www.genminigroup.com/>

Valuation	A\$0.59 (unchanged)
Current price	A\$0.19
Market cap	A\$81m
Net Cash (Debt)	US\$1.4m (30 June '23)

Upcoming Catalysts and Newsflow

Period	
2HCY23	Finalisation of project funding and offtake with Anglo American
2HCY23	Mining permit due to be issued
2HCY23	FID
CY24	GEN Target First production

Share Price (\$A)



Source: FactSet, MST Access.

Financial Summary: Genmin Ltd

Year end 31 December		
Share Price	A\$/sh	0.18
52 week high/low	A\$/sh	0.28/0.14
Valuation	A\$/sh	0.59
Market Cap (A\$m)	A\$m	81
Net Debt / (Cash) (A\$m)	A\$m	(1)
Enterprise Value (A\$m)	A\$m	80
Shares on Issue	m	451
Options/Performance shares	m	10
Other Equity	m	750
Potential Diluted Shares on Issue	m	1,211

INVESTMENT FUNDAMENTALS		Dec-21	Dec-22	Dec-23e	Dec-24e	Dec-25e
Reported NPAT	US\$m	(4.0)	(6.3)	(5.3)	(5.4)	57.9
Underlying NPAT	US\$m	(4.0)	(6.3)	(5.3)	(5.4)	57.9
EPS Reported (undiluted)	¢ps	(1.0¢)	(1.5¢)	(1.3¢)	(0.7¢)	4.8¢
EPS Underlying (undiluted)	¢ps	(1.0¢)	(1.5¢)	(1.3¢)	(0.7¢)	4.8¢
Underlying EPS Growth	%	n/a	n/a	n/a	n/a	n/a
P/E Reported (undiluted)	x	n/a	n/a	n/a	n/a	n/a
P/E Underlying (undiluted)	x	n/a	n/a	n/a	n/a	n/a
Operating Cash Flow / Share	A\$	(0.02)	(0.02)	(0.02)	(0.01)	0.08
Price / Operating Cash Flow	x	(9.6)	(8.8)	(11.9)	(35.1)	2.1
Free Cash Flow / Share	A\$	(0.03)	(0.02)	(0.02)	(0.25)	0.07
Price / Free Cash Flow	x	(5.2)	(8.7)	(7.8)	(0.7)	2.6
Free Cash Flow Yield	%	-19.4%	-11.5%	-12.8%	-140.3%	38.6%
Book Value / Share	A\$	0.10	0.12	0.14	0.13	0.19
Price / Book	x	1.8	1.4	1.3	1.4	0.9
NTA / Share	A\$	0.10	0.12	0.14	0.13	0.19
Price / NTA	x	1.8	1.4	1.3	1.4	0.9
Year End Shares	m	405	405	405	1,211	1,211
Market Cap (spot)	A\$m	73	73	73	218	218
Net Debt / (Cash)	A\$m	(13)	(7)	(11)	90	34
Enterprise Value	A\$m	60	65	62	308	251
EV / EBITDA	x	n/a	n/a	n/a	n/a	1
Net Debt / Enterprise Value		(0.2)	(0.1)	(0.1)	1.1	0.4

Resources

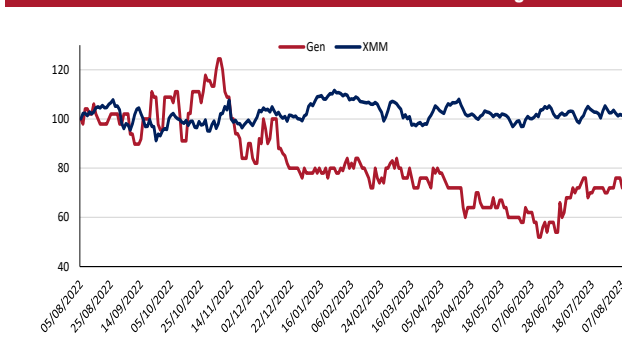
Class	Material	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI
Indicated	DID	67.1	47.4	15.9	8.0	0.072	0.076	7.5
	Soft Oxide	100.6	43.1	29.1	3.9	0.058	0.054	4.5
	Intact Oxide	61.5	37.0	39.0	3.2	0.059	0.052	3.1
	Total	229.2	42.8	27.9	4.9	0.063	0.060	5.0
Inferred	DID	5.8	41.8	21.3	10.2	0.067	0.071	7.3
	Soft Oxide	15.9	43.7	31.4	2.7	0.055	0.031	2.9
	Intact Oxide	19.3	36.7	42.1	2.6	0.057	0.033	2.0
	Primary BIF	488.6	33.5	44.5	2.3	0.58	0.84	1.2
	Total	529.6	34	43.7	2.4	0.058	0.081	1.4
Grand Total	758.8	36.7	38.9	3.2	0.059	0.074	2.5	

Reserves

Class	Material	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI
Probable	DID	45.5	48.2	15.3	7.7	0.070	0.070	7.4
	HYB	2.1	35.9	25.8	12.9	0.060	0.070	8.6
	Soft Oxide	53.2	46.2	24.6	3.7	0.060	0.070	4.9
Total	100.8	46.9	20.4	5.7	0.06	0.07	6.1	

Source: GEN and MST Estimates

12-Month Relative Performance vs S&P/ASX Metals & Mining



Profit & Loss (US\$m)	Dec-21	Dec-22	Dec-23e	Dec-24e
Sales	-	-	-	-
Expenses	(4)	(6)	(5)	(5)
EBITDA	(4)	(6)	(5)	(5)
D&A	(0)	(0)	(0)	(0)
EBIT	(4)	(6)	(5)	(5)
Interest	(0)	(0)	0	0
Tax	-	-	-	-
NPAT	(4)	(6)	(5)	(5)
Exceptionals	-	-	-	-
Reported Profit	(4)	(6)	(5)	(5)

Balance Sheet (US\$m)	Dec-21	Dec-22	Dec-23e	Dec-24e
Cash	13	7	11	10
Receivables	0	0	0	0
Inventory	0	-	-	-
PP&E	0	15	18	220
Other	29	29	29	29
Assets	43	52	58	259
Creditors	2	2	2	2
Debt	-	-	-	100
Leases	0	0	0	0
Provisions	-	-	-	-
Other	-	-	-	-
Liabilities	2	2	2	102
Net Assets	41	50	56	157

Cashflow (US\$m)	Dec-21	Dec-22	Dec-23e	Dec-24e
Cash From Operations	(5)	(6)	(4)	(4)
Interest	0	(0)	0	0
Tax	-	-	-	-
Net Cash From Operations	(5)	(6)	(4)	(4)
Capex	(0)	(0)	(0)	(200)
Exploration	(4)	(15)	(2)	(2)
Investments	-	15	-	-
Free Cash Flow	(10)	(6)	(6)	(206)
Equity	22	-	10	105
Borrowings	(0)	-	-	100
Dividend	-	-	-	-
Net Increase / (Decrease) in Cash	12	(5)	4	(1)

Final Investment Decision Approaching

Status of the project – in final stages before FID

Baniaka is now significantly advanced and at the final stages prior to final investment decision (FID) and project financing. GEN previously noted the following steps remaining to FID:

1. Submission of large-scale Mining Permit (MP) Application – **completed** ✓
2. Receipt of SEIA approval with issue of certificate of environmental conformance – **completed** ✓
3. Receipt of the large-scale MP – **awaiting presidential sign off**
4. Finalisation of project financing & FID – **to proceed once MP issued**

Recent achievements – key agreements, SEIA approval

Infrastructure and utilities agreements have substantially de-risked project

Agreements for critical infrastructure and utilities solutions have been completed which are key to underpinning the project's mine-to-port solution:

- a 15-year integrated rail and port transport to market solution with Owendo Mineral Port (OMP), for an initial 5Mtpa expanding to 15Mtpa
- a 20-year/30MW supply agreement with Gabon's state-owned utility (Société de Patrimoine du Service Public de l'Eau Potable, de l'Énergie Électrique et de l'Assainissement, or SdP) for clean, renewable hydroelectricity to power Baniaka at attractive pricing of less than US¢10 per kilowatt hour, scalable to 50MW.

With the project now significantly de-risked, Baniaka's strategic position as a pioneering asset in an emerging iron ore nation is coming close to FID and proceeding into full construction.

SEIA approval from Minister of Environment – last major step before obtaining MP

GEN has received final approval from the Minister of Environment in Gabon for the SEIA for Baniaka.

The ministerial approval of the SEIA, provided through a certificate of environmental conformance and subject to receipt of the large-scale MP, enables GEN to develop and operate the Baniaka project.

GEN has applied for a large-scale MP for an initial term of 20 years to support a starter 5Mtpa mining operation at Baniaka.

A SEIA in Gabon follows a detailed process. As a result of its diligence and attention to detail, GEN was not required to repeat any work or gather supplemental information and was complimented by Gabon's Minister of Environment for its professional approach.

Coming up next – mining permit, followed quickly by FID

Mining permit – presidential sign-off the final step

GEN has completed the required MP submissions supported by technical and commercial feasibility studies and has had the SEIA approved.

The MP is a licence issued by a decree of the President of the Republic of Gabon, conferring upon its holder an exclusive mining right. The term of a large-scale MP can be either 10 years (renewable as many times as necessary for periods of 5 years), or 20 years (renewable as many times as necessary for periods of 10 years).

Gabon will hold national elections for President, Members of Parliament, Department and Municipal councillors on 26 August 2023. The incumbent President has declared his candidacy for a third term. GEN continues to work with the relevant government departments to have the large-scale MP issued as soon as possible, hopefully before the election. We see some risk the MP will not be signed pre election, but minimal risk on the President being re-elected.

FID to rapidly follow receipt of mining permit

With the MP due to be granted in the near term, GEN aims to confirm FID quickly thereafter. The company's strategic focus will then pivot to securing financing to move into full construction.

The PFS completed in November 2022 estimates Phase 1 development capex of US\$200m to bring Baniaka into production at 5Mtpa. We currently assume the project is funded 50/50 with debt and equity, implying ~US\$100m of required project finance.

Process leading to FID
nears its end

Key Short-Term Funding Secured; AAML Project Funding Works Towards Completion

Non-dilutive short-term funding completed

As of 30 June 2023, GEN had US\$1.4m in cash.

US\$2m loan from Tembo Capital: During the June 2023 quarter, GEN obtained an unsecured loan of US\$2m from its largest shareholder, Tembo Capital Mining Fund LP (Tembo Capital), to continue progress at Baniaka and provide general working capital. The loan is at 10% interest and is repayable:

- on or before 31 March 2024 (or such later date agreed between the parties) or
- immediately, in full, upon GEN becoming entitled to draw down on any debt financing raised to fund the development of Baniaka.

US\$5m royalty funding from AAML: A further US\$5m non-dilutive royalty funding has negotiated with Anglo American and commercial terms agreed. GEN expects financial close to occur before the end of August 2023.

Anglo American – key to funding and offtake

AAML is a large, diversified multi-national mining company with a broad portfolio of high-quality, long-life mining assets. AAML has vast financial and technical resources, and crucially operates existing large-scale open-pit iron ore mines in South Africa (Sishen and Kolomela) and Brazil (Minas-Rio). As such, AAML represents an ideal counterparty for GEN in securing funding to effectively advance Baniaka through to construction and production, as well as acting as a global marketing agent for the iron ore via an offtake agreement. In turn, GEN provides quality green credits for AAML.

Established offtake and financing agreement

GEN has an established (but not finalised) agreement with AAML for offtake and financing which includes:

- a 1% royalty for AAML in exchange for a US\$10m up-front payment to GEN (this has now occurred and is on the balance sheet, demonstrating AAML's confidence in Baniaka)
- potential offtake of up to 100% of Baniaka's production
- potential debt funding of **at least** US\$75m for project development.

If this agreement is successfully finalised for debt funding, AAML funds would likely provide most, if not all, of the Phase 1 debt funding required for development. AAML is in the final stages of confirmatory DD on Baniaka with GEN noting that no fatal flaws have been identified.

GEN has continued to work with AAML to enable it to finalise its business investment case for the funding and offtake arrangements.

AAML has changed its funding model to be a co-financier

AAML's original funding model was to be sole financier with subsequent syndication of the loan. As part of refining its investment case, AAML has moved to a co-financier financing solution, whereby it would arrange the financing, but the debt would be provided by AAML alongside a second financial institution.

The parties are now targeting a 4Q2023 approval date for the investment case.

The funding arrangement has taken slightly longer to finalise than first anticipated. As a result, we think GEN's target of first production in CY24 may be at risk. However, we believe that, based on AAML's clear commitment to the project, it is highly likely that the agreement will provide for the required debt funding to complete Phase 1 construction of the Baniaka project. We currently assume the remaining financing will be provided by a final equity raising at AUD 20¢/share, a slight premium to the current share price. We further highlight that, assuming the MP is received and FID is confirmed, the share price is likely to respond positively, and as such our assumptions for the final capital raising appear reasonable on this basis.

Anglo American represents an ideal counterparty for GEN in securing funding to advance Baniaka through to construction and production, as well as engaging global marketing for the iron ore offtake agreement

GEN Shows Its Clear ESG Credentials; Independent ESG Certification Obtained

GEN has been awarded ESG certification by Digbee ESG™ (Digbee)¹, an independent, transparent assessment organisation endorsed by leading global financiers.

Certification is awarded to mining companies that have:

- satisfactorily disclosed their ESG activities at both the corporate and project level for independent assessment by ESG specialists
- demonstrated a serious commitment and internal culture geared towards ESG.

The outcome of the assessment is a standardised ESG score ranging from A (maximum) to CCC (minimum) with a supporting report for comparison against other companies and projects across the sector.

GEN attained an inaugural ESG score of BB. To assess its standing relative to peers, GEN reviewed data on Digbee scores for comparable African development companies. Out of the five identified, three achieved a BB score, one achieved a B score, and one opted not to disclose its Digbee rating.

Baniaka Green® trademark

During the June 2023 quarter, GEN announced the registration of the trademark Baniaka Green® (see Figure 1). This trademark will be the identifier for all of GEN's iron ore products sourced from Baniaka and reflects its market positioning as a potential producer of greener iron ore.

Figure 1: Baniaka Green® motif



Source: GEN.

Bitam Project Demonstrates Potential for Key Battery-Related Minerals

GEN's exploration focus now includes its Bitam Project, located in the north-west of Gabon (see Figure 2 in next section).

Covering an area of 2,619km², Bitam is geologically favourable for VMS, orogenic Au and intrusion related (iron oxide copper-gold, rare earth and Li pegmatite) systems as identified in an independent non-ferrous, prospectivity assessment undertaken in the June 2023 quarter.

GEN has established an exploration camp with the help of local artisans and commenced its stream sediment sampling program on its top six priority targets. GEN expects the program will be completed in the coming months, with the first results expected early in 2024.

¹ Digbee is the only ESG disclosure, ratings and communications platform designed specifically for the mining sector – developed in consultation with and endorsed by tier 1 financial organisations. It is used by mining companies around the world to annually disclose their ESG activities, obtain a credible rating and communicate their ESG efforts to all stakeholders.

Critical Infrastructure Signed – A Refresher

Critical to every globally significant iron ore project is access to supporting infrastructure with capacity. GEN has signed long-term agreements for two key pieces of infrastructure – rail & port and renewable energy.

Baniaka benefits from a favourable position near existing bulk haulage rail, and renewable energy infrastructure with capacity

Baniaka benefits from its favourable position near Gabon's existing rail and power infrastructure, where sufficient, reliable capacity exists to provide for Baniaka's development. GEN has secured the required critical infrastructure with binding long-term agreements signed, representing major milestones in the advancement of Baniaka.

The two key agreements are:

- a 15-year integrated rail and port transport to market solution with Owendo Mineral Port (OMP), for a starter 5Mtpa expanding to 15Mtpa
- a 20-year/30MW supply agreement with SdP for clean, renewable hydroelectricity to power Baniaka at attractive pricing of less than US¢10 per kilowatt hour, scalable to 50MW.

Figure 2: Location of Baniaka, with critical enabling infrastructure marked



Source: GEN.

The existing Trans-Gabon Railway provides an established 'off-the-shelf' logistics solution

The recent national investment in the Owendo Mineral Port is timely for unlocking Baniaka's potential

Transport solution – export pathway established

Gabon's existing Trans-Gabon Railway (TGR) provides an established 'off-the-shelf' logistics solution for Baniaka's potential production, from the mine to the OMP. The rail and port agreement has now been formalised with OMP.

Key terms of the agreement

- integrated mine to ocean-going vessel transport solution
- 15-year term on a send-or-pay basis
- guaranteed 5Mtpa capacity
- provision to scale to 15Mtpa
- OMP to provide the required rail assets, rail haulage, train unloading and stockpile management at port, stockpile reclaim and loading of Cape class bulk carriers.

The rail and port agreement provides much of Baniaka's logistics requirements without the need for any material capex.

Railway to mine site: the only uncontracted component

Connection to the railway from the mine site is the only component which is not contracted. We understand that trucking haulage to a new load-out rail terminal located near Franceville (to be constructed by GEN) will provide for the project start-up, while a new 65km rail spur line to Baniaka from the existing TGR (estimated to cost US\$170m and to take 12–36 months to build) becomes economic on expansion to 10Mtpa.

Shipping: Owendo Mineral Port (OMP)

The TGR connects directly with OMP, Gabon's major new port development (~€300m invested since 2015), situated just south of Libreville. OMP is owned under a partnership which includes AP Moller – Maersk (a significant global integrator providing integrated logistics for global supply chains), Meridiam (a French sustainable infrastructure investor), Africa Finance Corporation (a multilateral financial institution, created by African sovereign states for Pan-African infrastructure investment) and Olam (a major, international agri-business) and subsidiary. Meridiam also owns a 40% stake in TGR operator SERTRAG. The OMP terminal is dedicated to ore (manganese, iron ore), and currently exports ~6Mtpa of manganese ore with plans to expand capacity further over time in line with demand.

As with the rail solution, the recent private investment in the OMP is timely for unlocking the potential of Baniaka. With a long history of mineral exports in Gabon and multiple major international specialist infrastructure and commodities companies involved in the expansion plans, GEN's agreement provides an attractive all-encompassing infrastructure transport solution for mine production at Baniaka with credible and capable counterparties who are deeply experienced in the region.

Valuation: Risked NPV of A\$0.59/Share (Unchanged)

Base-case valuation methodology: SOTP with risk-weighted DCF for Baniaka

Baniaka makes up the bulk of our valuation

We value GEN using sum-of-the-parts methodology, adopting a risk-weighted DCF analysis for the Baniaka project and high-level estimates for the remaining projects. As the cornerstone asset, Baniaka accounts for almost all of our overall valuation for GEN. We have assigned nominal value to the other assets, and believe their value is largely contingent on Baniaka's success, given that any obstacles in its development are likely to be regional issues (e.g., permitting, infrastructure access) rather than specific to the Baniaka deposit.

The project is now at the PFS stage of development, and its technical and economic parameters are subject to some degree of uncertainty. However, we see the level of detail, technical assessment and depth of analysis in ascertaining capex and opex as being somewhat akin to the BFS/DFS level. Accordingly, GEN has decided to proceed straight to FID in CY23. Our estimates rely upon the disclosures in the PFS.

We highlight that GEN has made the strategic decision to spend extra capex on a dedicated power transmission line from the Grand Poubara hydro plant and a rail loadout facility providing an interconnection to the logistics corridor on the Trans-Gabon Railway. This decision to own and control critical elements of the project infrastructure provides both de-risking benefits as well as opportunistic upside over the medium term.

Key assumptions; substantial medium-term upside potential

We value GEN at A\$0.59 per share. Our valuation assumes a 10-year bulk open-pit mining operation at Baniaka with an initial 5Mtpa operation. We assume first production in CY2025 ramping up to full 5mtpa in year 2, followed by an expanded operation to a total of 10Mtpa commencing in Year 3 of production (after completion of a rail spur).

Over the medium term there are a number of potentially significant upside scenarios which are not captured within our base-case estimates, primarily relating to potential additional exploration success and subsequent increases in production and/or extension of mine life. We see exploration upside potential as significant given that only a relatively small proportion of the Baniaka prospects has been explored.

We see significant medium-term upside potential, especially relating to additional exploration success, increasing production and/or mine life

Figure 3: Valuation summary

NPV OF PROJECTS	US\$M	Ownership	Risk Weight	A\$M	A\$/share
Baniaka	693	90%	75%	668	0.55
Bakoumba (Advanced Expl.)	30	100%	50%	21	0.02
Minvoul/Bitam (Early Expl.)	10	100%	50%	7	0.02
Exploration and Investments	30	100%	50%	21	0.01
ENTERPRISE NPV	763			718	0.60
Corporate Costs	(21)	100%	100%	(30)	(0.02)
Net Cash (Debt)	1	100%	100%	2	0.01
TOTAL	743			690	0.59
WACC	10.0%				
AUDUSD	0.70				
Shares on issue (Undiluted)	451				
Options and Rights	10				
Additional Equity Required	750				
Shares on issue (Fully Diluted)	1,210				

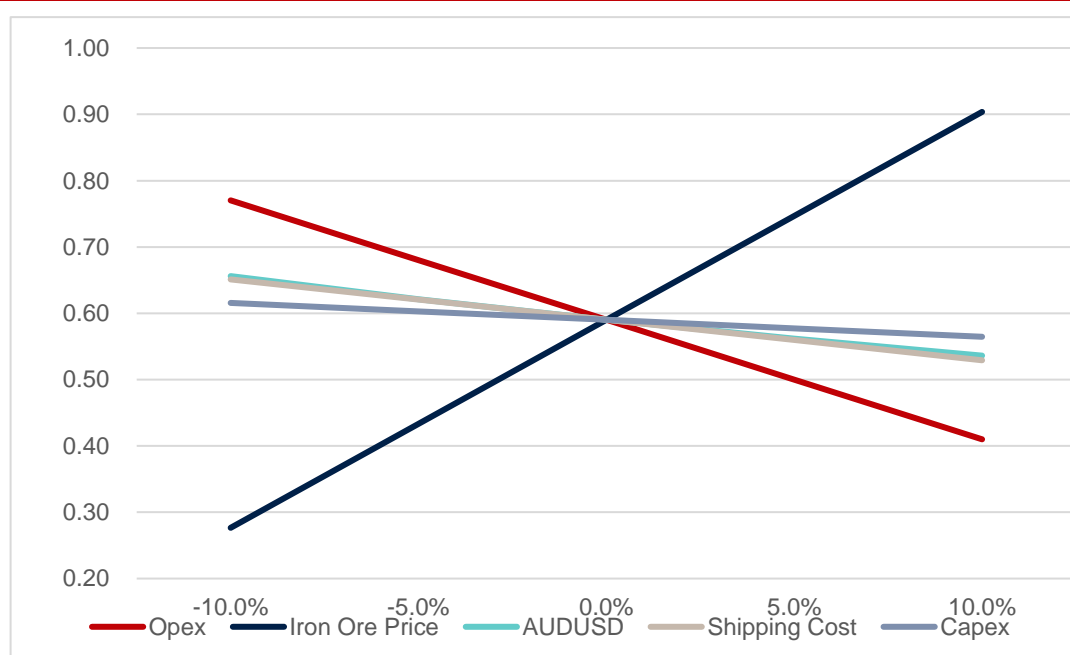
Source: MST Access.

Figure 4: Key valuation assumptions

PROJECT ASSUMPTIONS	
Project Ownership (Govt 10% participation right) (%)	90%
Processing Plant Throughput (mtpa) - Stage 1	8.3
Processing Plant Throughput (mtpa) - Stage 2	16.7
Life-of-Mine Average Recovery (%)	60%
Mine Life (years)	10.0
Life-of-Mine Strip Ratio (waste:ore)	1.0
Stage 1 Production (dmt)	5.0
Stage 2 Production (dmt)	10.0
Baniaka Mineral Resource (mt)	759
Grade (% Fe)	37%
Baniaka Reserve (mt)	101
Grade (% Fe)	46.9%
COST & FINANCING ASSUMPTIONS	
Discount Rate (%)	10%
Stage 1 Capital Cost (US\$m, real)	200
Stage 2 Capital Cost (US\$m, real)	250
Life-of-Mine Average AISC (US\$/dmt, real)	65
Assumed Equity Raising Price A\$ per share	0.20
PRICING & EXCHANGE RATE ASSUMPTIONS	
AUDUSD	0.70
Benchmark 62% Fines (US\$/dmt CFR China)	100
Premium Received 63% Lump	26.8c per unit
Royalties & Other Govt Contributions (%)	6.3%
Government Free Carry (%)	10%
Tax Rate (%)	35%

Source: MST estimates.

Figure 5: Valuation sensitivity to % change in key components



Source: MST estimates.

Positive catalysts for the share price and valuation

Funding of project

Funding a relatively large project is always a major challenge for a small company. Delivery of a competitive funding package, including the AAML funding and confirmation of the AAML offtake agreement for the project, would be a major catalyst for the stock.

Final investment decision

GEN is targeting FID in CY2023. FID is the key decision for the project to progress.

Early project delivery

The early commencement of any of the projects would generate cash flows sooner and would reflect positively on management, which would likely boost the valuation.

Resource development

Exploration success leading to significant upside in tonnes or grade at Baniaka, or significant discoveries at other key assets, would be a significant positive development for the prospects of the project and the overall valuation.

Further exploration success

Another key valuation driver is successful exploration, which remains a priority for the company. We see significant potential for further exploration success, which would be positive for the stock.

Price increases

The valuation is sensitive to the iron ore price. Iron ore price increases would have a positive effect on the valuation and share price.

Capital cost and/or operational cost savings

Capital and operational cost savings would benefit the valuation and reflect positively on management. GEN has indicated that it will continue to optimise project costs as it approaches FID.

Risks to the share price and valuation

Early-stage mining projects in developing countries have a number of key risks which need careful management and consideration. We note the key risks to the share price and our valuation below.

Macro risks

These include:

- iron ore price decreases – this is the key valuation sensitivity
- general geopolitical risks
- foreign exchange rates.

Country-specific risks

These include:

- political transition and social unrest, with unrest in the African region higher than usual.
- Upcoming election (risk considered low)
- regulatory changes
- reliability of infrastructure
- local workforce: access to sufficient numbers of capable local workers
- supplies: access to critical mine consumables
- community opposition – this could include issues such as compensation for land access, exploration activity, employment opportunities, and impact on local business, and could lead to local dissatisfaction, disruptions in the exploration program and potential losses to the company.

Company- and project-specific risks

The critical risk here is any delay to FID.

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