Genmin Ltd.

GEN.AX

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13 March 2023

Strategic Edge Gains Momentum

NEED TO KNOW

- ✓ Rail and port, green power agreements signed
- ✓ Anglo American funding due diligence finalising
- ✓ Final investment decision (FID) on track for mid-CY23

Transport and Renewable Power Agreements Signed: Genmin Limited (GEN) has signed a 15-year agreement with Owendo Mineral Port (OMP) for an integrated rail and port transport solution for an initial 5Mtpa of iron ore products from its flagship Baniaka iron ore project (Baniaka) in Gabon, west Central Africa, expanding to 15Mtpa over the term of the agreement. A 20-year/30MW hydropower supply agreement with Société de Patrimione (SdP), Gabon's State-owned electricity supply utility has also been signed at attractive pricing of "less than US¢10 per kilowatt hour", which will supply clean, renewable hydroelectricity with additional supply of up to 50MW locked-in for future expansion.

Anglo American Completing Due Diligence (DD) for Funding Partnership: The financial backing from AA via debt funding of up to $US100m is on track with DD in the final stages.

FID on Track for Mid 2023: With a Mining Permit scheduled to be granted in Q2 CY23, GEN targets confirmation of a FID in mid CY23.

Investment Thesis

Baniaka a long-life, high-quality project with expansion potential: Baniaka's 100Mt reserve and 758Mt resource supports a potential large-scale iron ore mine. Initial planned production is 5Mtpa, expanding to 10Mtpa within the first few years of operation, with an aspirational target of 25Mtpa. Value-in use assessment verifies that Baniaka's products are high-quality and will attract a premium to the benchmark iron ore price.

Crucial infrastructure underpins strong iron ore production and sales potential: Iron ore is a bulk commodity which requires robust infrastructure to support production and route to market. GEN has secured access to quality rail, port and power infrastructure with established partners, providing key operational and capital cost advantages and a dedicated route to the global iron ore markets. A hydroelectric power supply boosts GEN's ESG credentials with 100% clean, renewable power.

Partnering with global mining major Anglo American drives funding and offtake: Anglo American 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 Anglo American demonstrates the quality and potential expansion of the Baniaka project. The provision of financing is key to advancing the project.

Valuation A$0.59/Share (Previous A$0.61)

Baniaka the key: Our risked valuation is A$0.59/share with the key the successful funding and development of Baniaka. Our decrease in valuation takes into account the new equity issued from the capital raising in December 2022.

Risks

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

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 will now work towards a FID in CY2023 on an initial 5Mtpa project. GEN's vision is to develop a long-life iron ore export hub in Gabon.

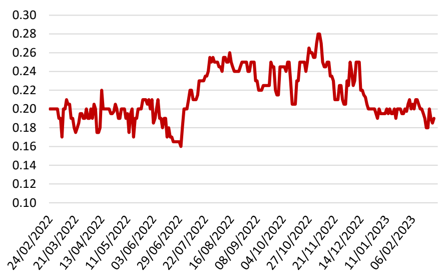
https://www.genmingroup.com/

Valuation	**A$0.59** *(Previous A$0.61)*
Current price	**A$0.19**
Market cap	**A$86m**
Net Cash (Debt)	**A$10.8m** *(31 December)*

Upcoming Catalysts and Newsflow

Period	
1HCY23	Finalisation of Project funding and offtake with Anglo American
2QCY23	Mining permit due to be issued
2QCY23	FID
Mid-2024	First production

Share Price ($A)



Source: FactSet, MST Access.

Financial Summary: Genmin Ltd

Year end 31 December		
Share Price	A$/sh	**0.19**
52 week high/low	A$/sh	0.28/0.16
Valuation	A$/sh	0.59
Market Cap (A$m)	A$m	86
Net Debt / (Cash) (A$m)	A$m	(11)
Enterprise Value (A$m)	A$m	74
Shares on Issue	m	451
Options/Performance shares	m	15
Other Equity	m	750
Potential Diluted Shares on Issue	m	1,216

INVESTMENT FUNDAMENTALS		Dec-20	Dec-21	Dec-22e	Dec-23e	Dec-24e
Reported NPAT	US$m	(2.8)	(4.0)	(6.3)	(5.3)	(5.4)
Underlying NPAT	US$m	(2.8)	(4.0)	(6.3)	(5.3)	(5.4)
EPS Reported (undiluted)	¢ps	(0.9¢)	(1.0¢)	(1.5¢)	(1.3¢)	(0.7¢)
EPS Underlying (undiluted)	¢ps	(0.9¢)	(1.0¢)	(1.5¢)	(1.3¢)	(0.7¢)
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$	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)
Price / Operating Cash Flow	x	(18.7)	(10.9)	(8.4)	(12.6)	(37.2)
Free Cash Flow / Share	A$	(0.02)	(0.03)	(0.02)	(0.02)	(0.25)
Price / Free Cash Flow	x	(11.9)	(5.9)	(8.3)	(8.2)	(0.8)
Free Cash Flow Yield	%	-8.4%	-17.0%	-12.1%	-12.2%	-132.3%
Book Value / Share	A$	0.08	0.10	0.12	0.14	0.13
Price / Book	x	2.4	1.9	1.5	1.4	1.5
NTA / Share	A$	0.08	0.10	0.12	0.14	0.13
Price / NTA	x	2.4	1.9	1.5	1.4	1.5
Year End Shares	m	300	405	405	405	1,216
Market Cap (spot)	A$m	57	77	77	77	231
Net Debt / (Cash)	A$m	0	(13)	(7)	(11)	90
Enterprise Value	A$m	57	64	69	66	321
EV / EBITDA	x	n/a	n/a	n/a	n/a	n/a
Net Debt / Enterprise Value		0.0	(0.2)	(0.1)	(0.2)	1.2

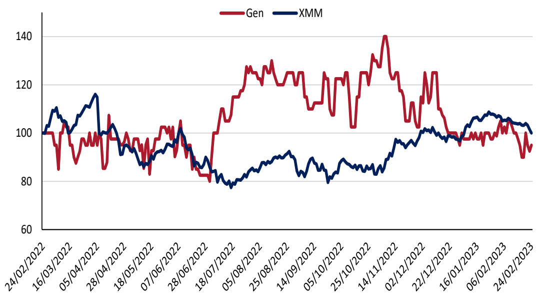
Resources

Class	Material	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_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_2O_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**

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



Profit & Loss (US$m)	Dec-20	Dec-21	Dec-22e	Dec-23e	Dec-24e
Sales	0	0	0	0	0
Expenses	(3)	(4)	(6)	(5)	(5)
EBITDA	**(3)**	**(4)**	**(6)**	**(5)**	**(5)**
D&A	(0)	(0)	(0)	(0)	(0)
EBIT	**(3)**	**(4)**	**(6)**	**(5)**	**(5)**
Net Interest	(0)	(0)	(0)	0	0
Profit Before Tax	(3)	(4)	(6)	(5)	(5)
Tax	0	0	0	0	0
Underlying NPAT	**(3)**	**(4)**	**(6)**	**(5)**	**(5)**
Exceptionals	0	0	0	0	0
Reported Profit	**(3)**	**(4)**	**(6)**	**(5)**	**(5)**

Balance Sheet (US$m)	Dec-20	Dec-21	Dec-22e	Dec-23e	Dec-24e
Cash	1	13	7	11	10
Receivables	0	0	0	0	0
Inventory	-	0	-	-	-
PP&E	0	0	15	18	220
Other	24	29	29	29	29
Assets	**25**	**43**	**52**	**58**	**259**
Creditors	1	2	2	2	2
Debt	1	-	-	-	100
Leases	0	0	0	0	0
Provisions	-	-	-	-	-
Other	-	-	-	-	-
Liabilities	**2**	**2**	**2**	**2**	**102**
Net Assets	**24**	**41**	**50**	**56**	**157**

Cashflow (US$m)	Dec-20	Dec-21	Dec-22e	Dec-23e	Dec-24e
Cash From Operations	(2)	(5)	(6)	(4)	(4)
Interest	0	0	(0)	0	0
Tax	-	-	-	-	-
Net Cash From Operations	**(2)**	**(5)**	**(6)**	**(4)**	**(4)**
Capex	(0)	(0)	(0)	(0)	(200)
Exploration	(1)	(4)	(15)	(2)	(2)
Investments	-	-	15	-	-
Free Cash Flow	**(3)**	**(10)**	**(6)**	**(6)**	**(206)**
Equity	4	22	15		105
Borrowings	(0)	(0)	-	-	100
Dividend	-	-	-	-	-
Net Increase / (Decrease) in Cash	**1**	**12**	**(5)**	**4**	**(1)**

Source: GEN and MST Estimates

Critical Infrastructure Signed

Baniaka benefits from a favourable position in close proximity to **existing bulk haulage rail, and power** infrastructure with **capacity**.

Critical to every globally significant iron ore project is access to supporting 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 in brief are as follows:

- 15-year integrated rail and port transport to market solution with OMP, for an initial 5Mtpa expanding to 15Mtpa; and
- 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.

The rail and port, and power agreements are significant milestones for Baniaka's development timeline as they support and de-risk its strategic position as a critical asset in an emerging iron ore nation.

We further highlight Baniaka's favourable infrastructure endowment, 'green' iron ore credentials and strategic position as a critical asset in an emerging iron ore export region expected to benefit from geopolitical tensions between the world's largest customer (China) and established seaborne export iron ore producers.

We summarise the secured agreements in detail and provide background information regarding each solution

Figure 1: Location of Baniaka with critical enabling infrastructure

Source: GEN.

Agreement #1:
Transport solution – export pathway established

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

Gabon's existing Trans-Gabon Railway (TGR) provides an established "off the shelf" logistics solution for Baniaka's potential production, all the way from the mine to the export port of Owendo. Key terms of the rail and port agreement, which has now been formalised with OMP, owned under a partnership which includes Olam (a major international agri-business) and Meridiam (a French infrastructure investor) subsidiary, includes:

- 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; and
- 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 close to the entirety of Baniaka's logistics requirements without the need for any material capex.

Mine site to railway connection

Connection to the railway from the mine site is the only remaining component to be resolved. Two possible solutions exist:

- trucking haulage to a new load-out rail terminal located near Franceville (to be constructed by GEN), or;
- building 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).

GEN previously concluded that, based on a 5Mtpa project, the road haulage option was preferable. However, we expect that with the potential expansion to 10Mtpa, the scale of material movement will necessitate construction of the rail spur to support Stage 2 expansion plans and beyond with an aspirational target of 25Mtpa.

GEN believes the rail load-out facility provides broader potential benefit beyond Baniaka, including potential commercial opportunities or partnerships for other assets in the area. As such, while the construction of the rail spur would negate the need for the load-out facility (meaning the phased development approach leads to some duplication of infrastructure), GEN is confident that owning this infrastructure will provide further medium-term opportunities.

Figure 2: Rail and & port facilities at the Owendo Mineral Port near Libreville

Source: GEN.

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

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 by major international shareholders, AP Moller, Meridiam and Africa Finance Corporation. Meridiam also owns a 40% stake in TGR operator SERTRAG. OMP has two terminals: one is dedicated to ore (manganese, iron ore) and the other is multipurpose (primarily aggregates, construction materials and wood).

OMP currently exports ~6Mtpa of manganese ore and has plans to expand capacity further over time in line with demand.

As with the rail solution, the recent national investment in the OMP as 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 counter-parties who are deeply experienced in the region.

Figure 3: Rail and port facilities at the Owendo Mineral Port

Source: GEN.

Agreement #2:
Power solution – renewable energy supply agreement

This 100% supply of **clean renewable hydropower** provides positive ESG credentials for the Baniaka product in the export market, which is increasingly focused on decarbonisation.

Power supply options for Baniaka included typical site-based diesel generation sets or establishing a connection and supply agreement with nearby Grand Poubara located ~35km to the north of the project site.

Benefits of agreement – lower costs, good capacity, ESG boost

The supply agreement is particularly positive given the broad cost pressures being experienced by many mining operations that rely on diesel power generation.

Grand Poubara has available capacity within its current installed 160MW capacity and as such Baniaka's requirements are easily provided for within the existing infrastructure's operating capability.

This 100% supply of green renewable power provides positive ESG credentials for the Baniaka product in the export market, which is increasingly focused on decarbonisation.

Key terms of the supply agreement

Key terms of the renewable power supply agreement confirmed with Gabon's state-owned electricity utility include:

- 20-year term
- initial supply of 30MW, providing for all of Baniaka's initial requirements
- potential increase to 50MW over time to accommodate future expansion at Baniaka (available from year 6 onwards)
- pricing < US¢10 per kilowatt hour (fixed + variable structure)
- GEN to build, own and operate a 35km transmission line from Grand Poubara power station to Baniaka, as well as a step-down transformer at Grand Poubara.

Figure 4: Grand Poubara Hydroelectric Power Station

Source: Genmin

Anglo American – key to funding and offtake

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

Anglo American is a large multi-national diversified mining company with a broad portfolio of high-quality, long-life mining assets. Anglo American 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, Anglo American 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.

During CY2022, GEN announced an innovative agreement with Anglo American which included:

- a 1% royalty for Anglo American in exchange for a US$10m up-front payment to GEN (this has now occurred and is on the balance sheet, demonstrating Anglo American'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.

The PFS completed in November 2022 estimates Phase 1 development capex of US$200m to bring Baniaka into production at 5Mtpa. This implies that, if an agreement is finalised with Anglo American in line with the PFS forecasts, Anglo American funds would provide approximately 38% of the funding for Phase 1 development. Anglo American is in the final stages of confirmatory DD on Baniaka. This will allow Anglo American to make a final decision about providing debt funding of at least US$75m towards the project.

At the end of confirmatory DD, Anglo American may provide GEN with further pre-project funding.

Final investment decision on track for mid-2023

Mining Permit Application underway – submission imminent

GEN is currently preparing a Mining Permit application (MPA) for Baniaka. The MPA is supported by technical and commercial feasibility studies together with a social and environmental impact assessment (SEIA). GEN expects to submit the MPA by the end of 1QCY23.

GEN targets mid-CY23 for final investment decision (FID)

With the Mining Permit due to be granted in 2QCY23, GEN targets confirmation of an FID by mid-CY23.

Valuation: Risked NPV of A$0.59/Share (Previous A$0.61 / Share)

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. Our small decrease in valuation takes into account the new equity issued from the capital raising in December 2022.

Baniaka is the cornerstone asset and accounts for almost all of the overall valuation derived for GEN; we have assigned nominal value to the other assets. We believe that the value attributed to the other assets 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, followed by an expanded operation to a total of 10Mtpa commencing in Year 3 of production (after completion of a rail spur).

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

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.

Figure 5: 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)	7	100%	100%	11	0.01
TOTAL	**750**			**700**	**0.59**

WACC	**10.0%**
AUDUSD	0.70
Shares on issue (Undiluted)	451
Options and Rights	15
Additional Equity Required	750
Shares on issue (Fully Diluted)	**1,216**

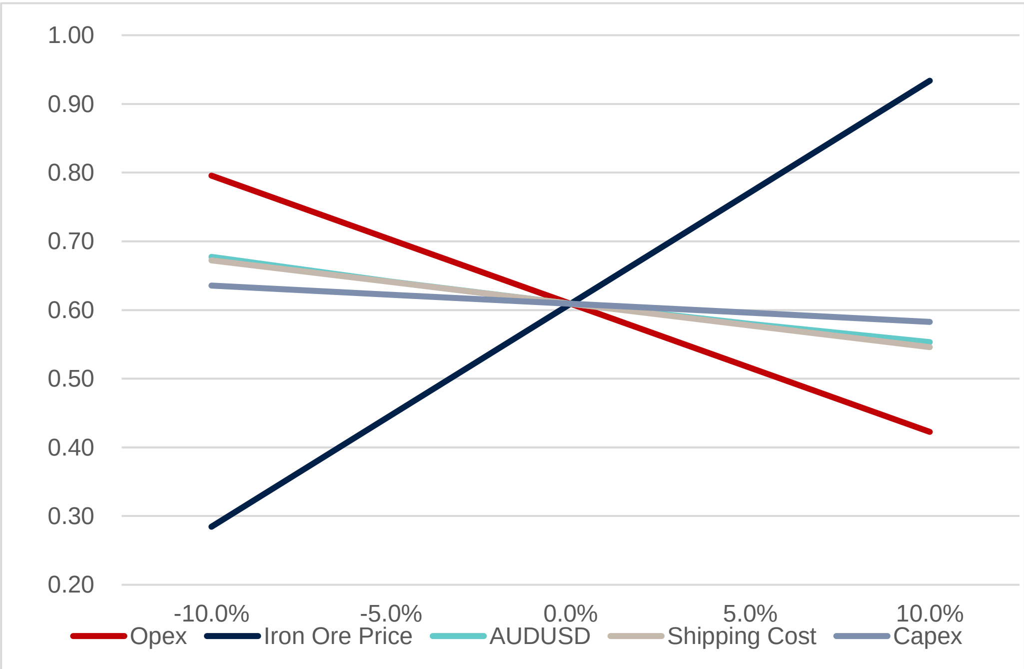
Source: MST Access.

Figure 6: Key valuation assumptions

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 7: 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 Anglo American funding and confirmation of the Anglo American offtake agreement for the project would be a major catalyst for the stock.

Final investment decision

GEN is targeting FID in mid 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
- 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.

Appendices

Appendix 1: Background to the TGR

Construction of the TGR commenced in 1974, with the first section opened in 1978 and the final section completed in December 1986. It is the only railway line in Gabon and runs from the coastal capital of Libreville in the north-west to the major city of Franceville (population ~100,000) in the south-east of the country. The Franceville end of the line is just 60km from Baniaka. The multi-user line transports passengers as well as bulk freight for the numerous manganese mines in Gabon.

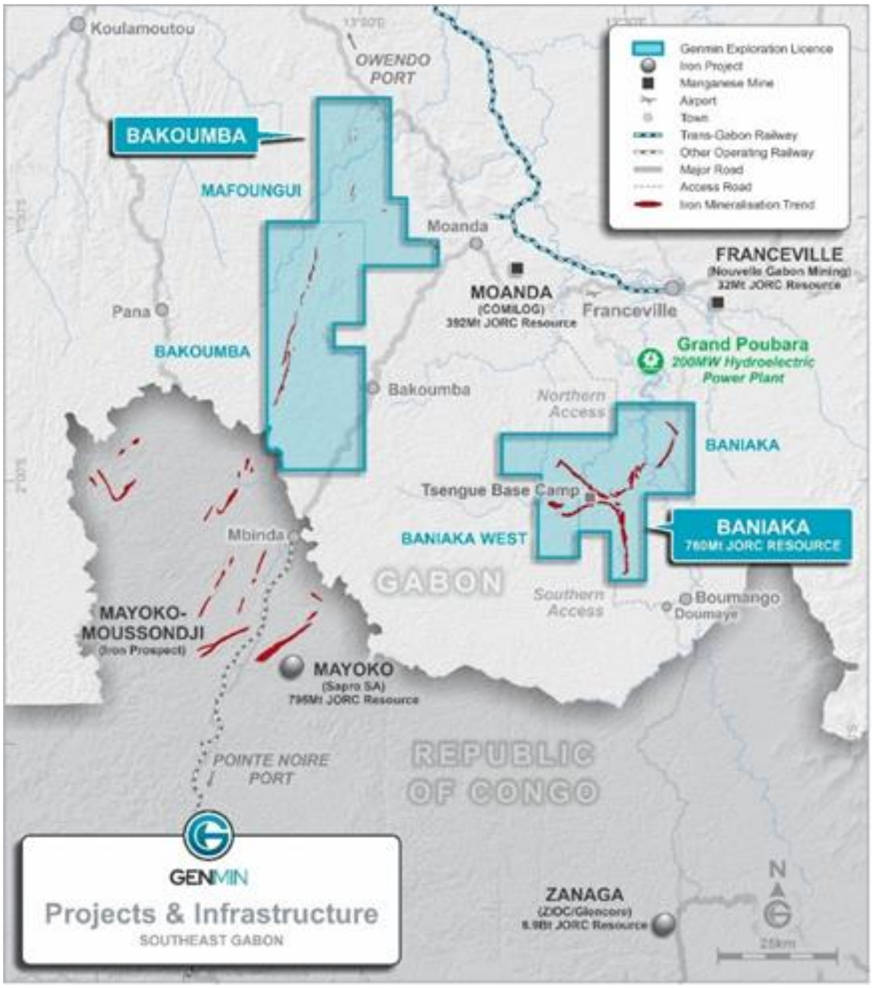
The of Gabon Government owns the TGR. Over recent years, a program of upgrade works has been underway to automate and modernise the line as well as double the capacity by end of CY2023. The line is operated under long-term concession by Société d'Exploitation du Transgabonais (SETRAG). SETRAG's largest shareholder is COMILOG, a subsidiary company of Eramet, a large, listed French mining group. COMILOG operates the Moanda manganese mines in Gabon.

In September 2021 a 40% interest in SETRAG was sold to Meridiam, a large French infrastructure company, and a further 9% sold to the Gabonese Government, leaving COMILOG with a 51% remaining interest.

Figure 8: Map of the Trans-Gabon Railway

Source: GEN

Figure 9: Proximity of Baniaka to TGR



Source: GEN Prospectus.

Baniaka's proximity to the TGR line differentiates the asset from other prospective mining projects in Gabon. The recent and ongoing investment in upgraded line capacity by SETRAG provides further excess capacity for new mining projects to utilise the line. We believe Baniaka will be one of the key iron ore projects capable of underwriting strong and sustainable volume growth across the entire length of the current track.

Appendix 2: Background to the Grand Poubara and Gabon's electricity network

According to the US Energy Information Agency approximately half of Gabon's electricity generation is provided by hydroelectric infrastructure and the other half is predominantly natural gas.

Grand Poubara is located approximately 20km from the city of Franceville at Poubara Falls on the Ogooué River. The operation, which is located approximately 35km north north-east of Baniaka, has a total capacity of 200MW.

Grand Poubara was designed and constructed, and is operated by Sinohydro Corporation Limited and was completed in 2013. Transmission lines currently run from Grand Poubara directly to Franceville, and to COMILOG's metallurgical plant (value adding manganese ore to metal and silicomanganese), with approximately 60-80MW available capacity.

Crucially, Grand Poubara is not a run-of-river hydro operation. It was constructed with a 28m high embankment, and therefore generation is not dependent on seasonal variability in rainfall.

Figure 10: Grand Poubara Hydroelectric Station

Source: GEN.

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