

25 July 2024

Setting up for the Next Step

NEED TO KNOW

- **Board and leadership changes to support project development**
Executive search for permanent "build and operations" CEO
- **Gabon President visits Baniaka, signals strong support**
- **Funding and Final Investment Decision (FID) nears completion**

Board and leadership changes to support project development: Genmin (GEN), has made several positive changes to board and leadership as the company transitions to the construction of its 100% owned Baniaka iron ore project in Gabon, west Central Africa. Key changes include appointment of experienced mining executive Greg Lilleyman to the board, the gradual transition of current CEO Joe Ariti to Chairman and the appointment of Andrew Haslam as interim CEO. An executive search for a "project-build and operations" CEO to provide a greater than 5 years leadership window is in progress with a highly credentialed list of candidates identified and engaged.

Gabon President visits Baniaka: The President offered his and the ministers full support to achieving the rapid development of Baniaka.

Funding and FID for Baniaka nears completion: The focus of GEN is finalising project financing and constructing Baniaka, with commercial production targeted for H2CY25. Upon securing final funding with Chinese steel producers, FID and commencement of construction will follow.

Investment Thesis

Securing funding the next key catalyst: The securing of debt and equity funding for Baniaka is the next key catalyst for GEN. Top 15 steel producers Baowu and Hunan Iron & Steel, could potentially be part of the funding solution.

Baniaka, a long-life project with large expansion potential: Baniaka's 100 Mt Ore Reserve and 759Mt Mineral Resource supports a large-scale iron ore mine. Initial planned production is 5 Mtpa, expanding to 10 Mtpa within the first few years of operation, with an aspirational target of +20 Mtpa.

High-quality, premium pricing, green credentials: Baniaka's products are high-quality, contribute to energy efficiency and lower emissions and will attract a substantial premium to the benchmark iron ore price, driving strong EBITDA margins. Lower carbon intensity Lump, Fines and Pellet Feed iron ore products will be positioned in the market as Baniaka Green™ (refer Appendix 1 for "Green Steel: The Decarbonisation Opportunity").

Established infrastructure provides route to market: Iron ore needs robust infrastructure to support production and route to market. GEN's access to quality, established bulk rail & port services and green renewable hydroelectric power with proven partners, provides key development and operational advantages and route to global iron ore markets.

Valuation A\$0.34 (previous 0.36); Baniaka the Key

The key to our risked valuation is the successful development of Baniaka.

Risks

Key risks include funding, government stability and project construction.

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Materials

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Genmin is an emerging African iron ore producer with projects in the Republic of Gabon. GEN has invested ~US\$35m in developing a pipeline of iron ore projects in Gabon over the nine years prior to listing on the ASX. After raising US\$30m in a March 2021 IPO and releasing a PFS on Baniaka, GEN is now working towards FID on a starter 5Mtpa project. GEN's vision is to develop a long-life iron ore export hub in Gabon and deliver lower carbon intensity raw materials to markets to minimise logistic chain carbon contribution, and enhance its value proposition to potential offtakers, spot customers, and investors.
www.genminigroup.com

Valuation	A\$0.34 (from A\$0.36)
Current price	A\$0.13
Market cap	A\$89m
Cash on hand	US\$6.2m (31 March '24)

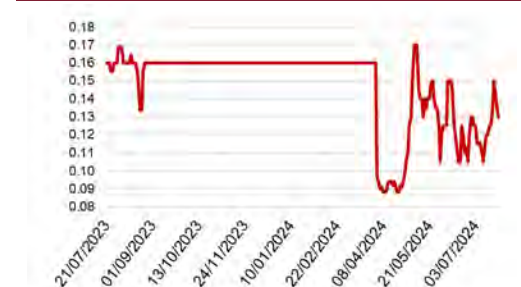
Additional Resources

Upcoming Catalysts / Next News

Period

Q3CY24	Final funding and FID
Mid CY25	GEN target first production

Share Price (A\$)



Source: FactSet, MST Access

Figure 1: Genmin financial summary (US\$)

Year end 31 December						
Share Price	A\$/sh					0.130
52 week high/low	A\$/sh					0.17-0.09
Valuation	A\$/sh					0.34
Market Cap (A\$m)	A\$m					89
Net Debt / (Cash) (A\$m) (30/6 est)	A\$m					(4)
Enterprise Value (A\$m)	A\$m					85
Shares on Issue	m					685
Options/Performance shares	m					125
Other Equity	m					1,259
Potential Diluted Shares on Issue	m					2,069
INVESTMENT FUNDAMENTALS		FY22A	FY23A	FY24E	FY25E	FY26E
Reported NPAT	US\$m	(8.0)	(13.2)	(5.3)	(8.6)	9.8
Underlying NPAT	US\$m	(8.0)	(13.2)	(5.3)	(8.6)	9.8
EPS Reported (undiluted)	US¢ps	(2.0)	(2.9)	(0.9)	(0.6)	0.5
EPS Underlying (undiluted)	US¢ps	(2.0)	(2.9)	(0.9)	(0.6)	0.5
Underlying EPS Growth	%	n/m	n/m	n/m	n/m	n/m
P/E Reported (undiluted)	x	n/m	n/m	n/m	n/m	18.4
P/E Underlying (undiluted)	x	n/m	n/m	n/m	n/m	18.4
Operating Cash Flow / Share	US\$	(0.02)	(0.03)	(0.01)	(0.00)	n/m
Price / Operating Cash Flow	x	n/m	n/m	n/m	n/m	n/m
Free Cash Flow / Share	US\$	(0.03)	(0.04)	(0.01)	(0.20)	n/m
Price / Free Cash Flow	x	n/m	n/m	n/m	n/m	n/m
Free Cash Flow Yield	%	n/m	n/m	n/m	n/m	n/m
Book Value / Share	US\$	0.08	0.05	0.05	0.09	0.10
Price / Book	x	1.5	2.4	2.4	1.5	1.3
NTA / Share	A\$	0.13	0.08	0.08	0.13	0.15
Price / NTA	x	1.0	1.6	1.6	1.0	0.9
Year End Shares	m	450	451	685	1,945	2,069
Market Cap (spot)	A\$m	59	59	89	253	269
Net Debt / (Cash)	A\$m	5	26	16	199	159
Enterprise Value	A\$m	64	85	105	452	428
EV / EBITDA	x	n/m	n/m	n/m	n/m	n/m
Net Debt / Enterprise Value		0.1	0.3	0.2	2.3	1.9
Dividend per share	US¢ps	0.0	0.0	0.0	0.0	0.0

12-Month Relative Performance vs S&P/ASX Metals & Mining						
Profit & Loss (US\$m)		FY22A	FY23A	FY24E	FY25E	FY26E
Revenue		0	0	0	0	100
Expenses		(8)	(13)	(5)	(8)	(76)
EBITDA		(8)	(13)	(5)	(8)	24
D&A		(0)	(0)	(0)	(0)	(3)
EBIT		(8)	(13)	(5)	(8)	20
Interest		(0)	0	(0)	(0)	(11)
Tax		0	0	0	0	0
NPAT		(8)	(13)	(5)	(9)	10
Exceptionals		0	0	0	0	0
Reported Profit		(8)	(13)	(5)	(9)	10
Profit before tax		(8)	(13)	(5)	(9)	10
Balance Sheet (US\$m)		FY22A	FY23A	FY24E	FY25E	FY26E
Cash		7	0	3	5	32
Receivables		0	0	0	0	8
Inventory		0	0	-	-	5
PP&E		2	1	3	256	258
Other		43	46	46	46	46
Assets		52	48	52	307	349
Creditors		4	5	1	1	8
Debt		11	18	14	139	139
Leases		0	0	0	0	0
Provisions		0	0	0	0	0
Other		0	0	0	0	0
Liabilities		15	23	15	140	147
Net Assets		38	25	37	167	202
Cashflow (US\$m)		FY22A	FY23A	FY24E	FY25E	FY26E
Cash From Operations		(7)	(9)	(4)	(5)	27
Interest		0	0	(0)	(0)	(11)
Tax		0	0	0	0	0
Net Cash From Operations		(7)	(9)	(4)	(5)	16
Capex		(1)	(0)	(0)	(250)	(3)
Exploration		(13)	(3)	(2)	(2)	(2)
Investments		10	0	0	0	0
Free Cash Flow		(11)	(12)	(6)	(258)	11
Equity		5	0	14	135	16
Borrowings		(0)	5	(5)	125	0
Dividend		0	0	0	0	0
Net Increase / (Decrease) in Cash		(6)	(7)	3	2	27

Resources								
Class	Material	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI
Indicated	DID	87.1	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	81.5	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	0.087	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	2.8	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	8.8
	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, MST Access estimates.

Board and Leadership Transition to Support Project Development

Genmin has made positive changes to the board and leadership as the company transitions to an iron ore producer. As the company pivots to operations, different skill sets and the repositioning of existing skills at both management and board level is required to ensure the smooth transition from the approvals and funding process through development and on to production.

At this point in time Genmin is setting in place its leadership and governance structure for the next 5-10 years as it transitions through project build, delivering an optimised and profitable 5Mtpa mining operation, and then increasing scale to 10Mtpa.

Key Appointments and Changes to Board and Management

Joe Ariti - Transition from CEO to Chair of the Board

Current CEO and Managing Director, Joe Ariti has transitioned to non-executive director and Chair Designate and is expected to be appointed as board Chair before the end of 2024.

Joe, the founder of Genmin and driving force of the company since 2012, is behind obtaining the Baniaka mining licence approval, managing the project through a peaceful regime change in Gabon, establishing relationships with Chinese steel producers and obtaining offtake MoU's with those customers.

Joe's transition away from day-to-day CEO activities enables the board to fully focus on key strategic and tactical matters including project funding and further Board and leadership skills broadening and repositioning.

The maintenance of Joe's "corporate memory", key relationships with the Gabon's government and communities and Chinese steel producers, while acknowledging a CEO with project construction and operations experience is needed to take Baniaka forward makes the transition to Chair of the Board a rational and logical decision by Genmin.

Greg Lilleyman - Appointment to the Board

Greg Lilleyman is a highly credentialed, international mining executive with over 30 years' experience in large-scale mining operations.

Greg's senior executive roles in iron ore include being President of Rio Tinto's Pilbara Operations, a 330Mtpa operation with a workforce of over 12,000, before serving on the Executive Committee of Rio Tinto as Head of Technology and Development. Greg spent a total of 26 years at Rio Tinto. He also held the role of Chief Operating Officer for FMG for 3.5 years.

Greg's current roles include;

- Board advisor Caravel Minerals (ASX:CVV Market Cap A\$94m) - large undeveloped copper deposit in WA.
- Non-Executive Director Breight Group (unlisted) - integrated asset maintenance and project services in the mining sector
- Non-Executive Director - Global Lithium Resources (ASX: GL1 Market Cap A\$71m) - lithium projects in WA

Greg's appointment to the GEN's Board significantly extends the depth of experience in iron ore project construction and operations, drawing on his international experience in large scale project development and construction, operational and business leadership and joint venture management.

Andrew Haslam - Interim CEO

Andrew Haslam has been retained as Interim CEO while the company finalises the appointment of a permanent CEO.

Andrew has significant iron ore operations experience including as a former non-executive director of BC Iron Limited, managing director and CEO of Territory Resources Ltd, and former executive general manager iron ore at Mineral Resources Limited. In addition, he has held several general manager roles with civil and mining contractors including Thiess and Downer, where he had oversight of contracts with iron ore companies.

Andrew's role is to maintain progress of Baniaka's development while a permanent CEO is engaged. The additional experience Andrew brings will assist in Joe Ariti's transition to Chair and ensures the day to day operations is in a "safe pair of hands".

New CEO search well advanced

An executive search is underway for a permanent CEO to oversee and execute project build, and transition Genmin to operations. A highly credentialed list of candidates has been identified and engaged, and an appointment is expected to be made in Q4-2024.

Make up of new Board

Along with the appointments as noted above, Brian van Rooyen, non-executive director since Genmin's listing on the ASX, has resigned from the board.

The renewed board is as follows:

- Michael Arnett - Non-Executive Director and Chair,
- Joe Ariti - Non-Executive Director and Chair Designate,
- Salvatore Amico - Non-Executive Director,
- Greg Lilleyman - Non-Executive Director, and
- John Hodder - Non-Executive Director.

Gabon President Visits Baniaka - Strong Support for Project

On 11 July, the President of the Republic of Gabon, General Brice Clotaire Oligui Nguema made his first official Presidential visit to the Baniaka iron ore project as part of his week-long tour of the Haut-Ogooué province. The President's delegation included the first lady, the Minister of Mines, other Ministers including Environment, Forestry, Defence and Communications, and the Governor of Haut-Ogooué province.

This significant visit provided an opportunity for GEN to present Baniaka directly to the President and to discuss future collaborations for the successful delivery of production.

The President encouraged the Company to develop Baniaka as quickly as possible, offering his full support and that of his Ministers to achieve that outcome and also congratulated and complimented the Company on its employment and training of young Gabonese.

The President stressed the importance of Baniaka in generating direct and indirect jobs, stimulating the local economy and providing new opportunities for the people of the province, stating "The Baniaka mine is an essential lever for job creation and the sustainable development of the region."

Figure 2: The President greeted by GEN Chair designate Joe Ariti



Source: GEN

Figure 3: Baniaka staff present to the President



Source: GEN

Finalising the financing and developing Baniaka

With a capital raising of A\$23.4m completed in April 2024 and the large-scale Mining Permit in hand and against a backdrop of a new government actively promoting and streamlining time frames for new economic development in Gabon, GEN's full attention in 2024 is on (1) finalising project build financing and (2) commencing the construction of Baniaka.

Financing – target completion 3QCY24

The PFS completed in November 2022 estimates Phase 1 development capex of US\$200m to bring Baniaka into production at a starter 5Mtpa, however, the prospectus for the recent capital raising noted a range of US\$200m-US\$250m for capital cost, given the passage of 2 years since the PFS.

Chinese offtake counterparties – financing discussions

GEN is in discussions with several potential financing partners, including two of its Chinese offtake counterparties.

Non-binding MoUs have been signed with four Chinese steelmakers, including Baowu Resources (largest steel producer globally) and Hunan Iron & Steel (major FMG shareholder) – management notes strong interest in Baniaka's iron ore products (Baniaka Green®) in the key Chinese market.

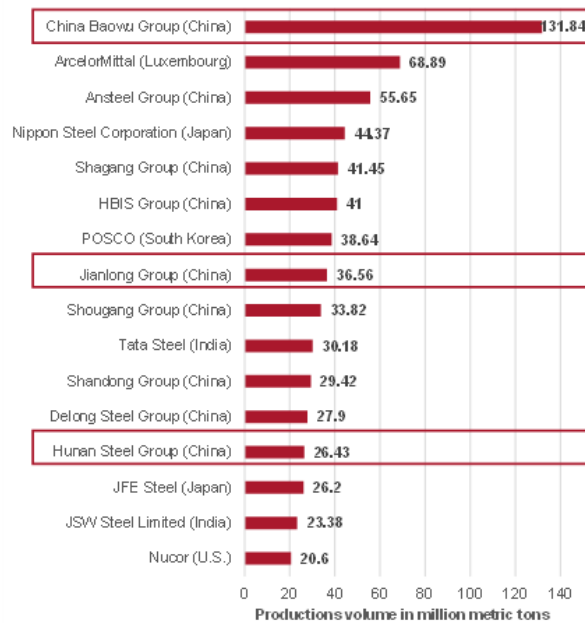
The four non-binding MoUs signed with Chinese counterparties represent a total offtake volume of 19Mt over initial 2–3 year terms.

Figure 4: GEN's non-binding offtake MOUs with Chinese counterparties

Partner	Term (Years)	Mtpa	Total (Mt)
Baowu Resources Co.Ltd	2	2.1	4.2
Jianlong Group	2	2.0	4.0
China Minmetals Corp	3	2.0	6.0
Hunan Iron and Steel Group Co. Ltd	2	2.4	4.8

Source: GEN.

Figure 5: Largest crude steel producers globally – 2022 (MOUs with GEN highlighted)



Source: Statista.

Hunan Iron & Steel (Hunan) – could the FMG playbook repeat?

The offtake agreement signed with Hunan in August 2023 has broader potential for GEN's strategic development, in our view, given Hunan's successful track record of taking equity stakes in iron ore projects for which it is also a customer. In 2009 Hunan acquired a 16.5% position in FMG for \$1.2bn, with Hunan's commentary at the time indicating that the support for FMG was aimed at supplying the capital necessary to underpin FMG's ongoing project pipeline development.

One of the key strategic advantages of Gabon's emerging iron ore export industry is the ability for Chinese customers to diversify exposure away from over-reliance on Australian suppliers, given that geopolitical tensions have escalated in recent years between China and Western governments. As such, we believe that Chinese steel producers will be keenly observing the current leadership transition in Gabon with a view to providing support to emerging significant resources projects such as Baniaka if required.

Hunan is currently FMG's third-largest shareholder with a 8.7% stake worth ~A\$5.7bn, with sales of several parcels over the years netting significant proceeds on the original investment.

The involvement of Hunan's offtake is also notable, given the near-term potential of the final equity raising to support project construction, providing a looming liquidity window for large stakeholders to take a position in GEN ahead of the company's potential transition from developer to producer.

Recap: Transitional Government demonstrates commitment to economic development with fast and efficient sign-off of Baniaka's Mining Permit

Shortly following the peaceful regime change in Gabon on 30 August 2024, GEN was encouraged by how quickly day-to-day activities returned to normal throughout the nation, and the prompt and calm appointment of a Transitional President, Prime Minister, government, and parliament.

The Transitional Government has prioritised the economy's ongoing stability and the ongoing peaceful situation in the country. Democratic elections are due to be held in August 2025.

Mining Permit – prompt sign-off by new government

A Mining Permit in Gabon is a licence issued by Presidential Decree, conferring upon its holder an exclusive mining right. The term of a large-scale Mining Permit 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).

GEN has been issued a large-scale Mining Permit for an initial term of 20 years for Baniaka. The Mining Permit was granted by Presidential Decree on 29 December 2023. The then Minister of Mines invited GEN to Libreville to be presented with the Mining Permit on 8 January 2024.

Critical Infrastructure Signed – A Refresher

Critical to every globally significant iron ore project is secured access to supporting infrastructure with capacity. GEN has signed long-term agreements for two key pieces of infrastructure – (1) integrated rail and port services and (2) renewable energy.

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 Société de Patrimoine for clean, renewable hydroelectricity to power Baniaka at attractive pricing of less than US¢10 per kilowatt hour, scalable to 50MW.

Figure 6: Location of GEN's projects, with critical enabling infrastructure marked



Source: GEN.

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 the 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

Railway to mine site: the only uncontracted component

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

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 group). Meridiam also owns a 40% stake in TGR operator SETRAG. 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.

A Quick Look Back at the PFS

The Baniaka PFS was finalised in late 2022.

Key metrics outlined in PFS development scenario

- 101Mt Ore Reserve
- an initial starter operation of 5Mtpa (product) over a 10-year mine life
- planning for 10Mtpa expansion and aspirational target of 25Mtpa
- open-pit mine, conventional truck and shovel operation
- simple process plant flowsheet based on wet scrubbing, screening and gravity separation
- low-cost hydroelectricity power supply
- dry-stacked tailings disposal
- US\$201m capital expenditure including ownership of key infrastructure links such as a dedicated power transmission line and rail loadout facility (note entitlements prospectus notes a range of US\$200m-US\$250m)
- US\$59/t C1 cash cost of operation (LOM average) and US\$67/t AISC
- post-tax NPV of US\$391m

Valuation: Risked NPV of A\$0.34/Share (Previous A\$0.36)

Base-case valuation methodology: SOTP with risk-weighted DCF for Baniaka – Baniaka is the key to 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.

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. Originally GEN targeted FID in CY23. However, given the regime change in Gabon, and with the Mining Permit issued, we see funding being agreed to and FID coming through in 2HCY24. Our estimates rely upon the disclosures in the PFS.

We highlight GEN's 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 – upgrade potential if GEN delivers to its production timetable

We value GEN at A\$0.34 per share (previously A\$0.36). Our valuation assumes a 10-year bulk open-pit mining operation at Baniaka with an initial 5Mtpa operation.

We have been **very** conservative with our construction timetable, assuming first production in CY2026. It should be noted that GEN targets first production in 2HCY2025; if the company delivers to this timetable, it would lead to an upgrade in our valuation.

We have also taken into account an increase in the capital costs for the first stage to US\$250m, the top of the range of guidance per the recent prospectus.

We have assumed 1Mt production in the first year, 3Mt in CY2027 and full production of 5Mt in CY2028. We assume an expanded operation to a total of 10Mtpa commencing in Year 3 of production (after completion of a rail spur). If we assume a 5mtpa operation for over the same 10-year mine life our valuation is A\$0.25, still significantly above the current share price.

Key drivers of per-share valuation change – capex increase, risk decrease

The key driver of our valuation change relates to the increase in capex. We have assumed the top of the range in GEN's guidance.

Given that the new regime has fully supported the granting of the Mining Permit and the recent visit from the President to site demonstrates the decreasing political risk associated with the project, we believe that the risk of the project going ahead has decreased; however, this risk remains to some degree until final funding is achieved. The risk weighting of the Baniaka portion of our valuation is now 80% versus 75% previously. Final funding will increase this probability substantially.

Over the medium term, we see a number of potentially significant upside scenarios which are not captured within our base-case estimates, primarily relating to potential additional exploration success, earlier delivery of production than we expect, 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 have assumed the project is 50% debt funded with an equity raise of \$135m to raise the balance and fund working capital in FY25. We assume 1,308 m shares are issued at A\$0.15/share, a premium to the current share price as we expect significant share price appreciation on the back of a funding announcement with Chinese steel producers.

Investors who participated in the placement in April 2024 have been issued 117.4m March 26 options @ A\$0.20. We calculate our per-share valuation on a fully diluted basis (as the exercise price of the options are below our valuation, therefore we assume they are exercised). Thus, this has added further shares to our fully diluted total.

Figure 7: Valuation summary

NPV OF PROJECTS	US\$m	Ownership	Risk Weight	A\$m	A\$/share
Baniaka	598	90%	80%	643	0.30
Bakoumba (Advanced Expl.)	30	100%	50%	22	0.01
Minvoul/Bitam (Early Expl.)	10	100%	50%	7	0.01
Exploration and Investments	30	100%	50%	22	0.00
ENTERPRISE NPV	668			695	0.32
Corporate Costs	(20)	100%	100%	(30)	(0.01)
Net Cash (Debt) - inclusive of option exercise	22	100%	100%	33	0.03
TOTAL	670			698	0.34
WACC	10.0%				
AUDUSD	0.67				
Shares on issue (Undiluted)	685				
Options and Rights	125				
Additional Equity Required	1,308				
Shares on issue (Fully Diluted)	2,118				

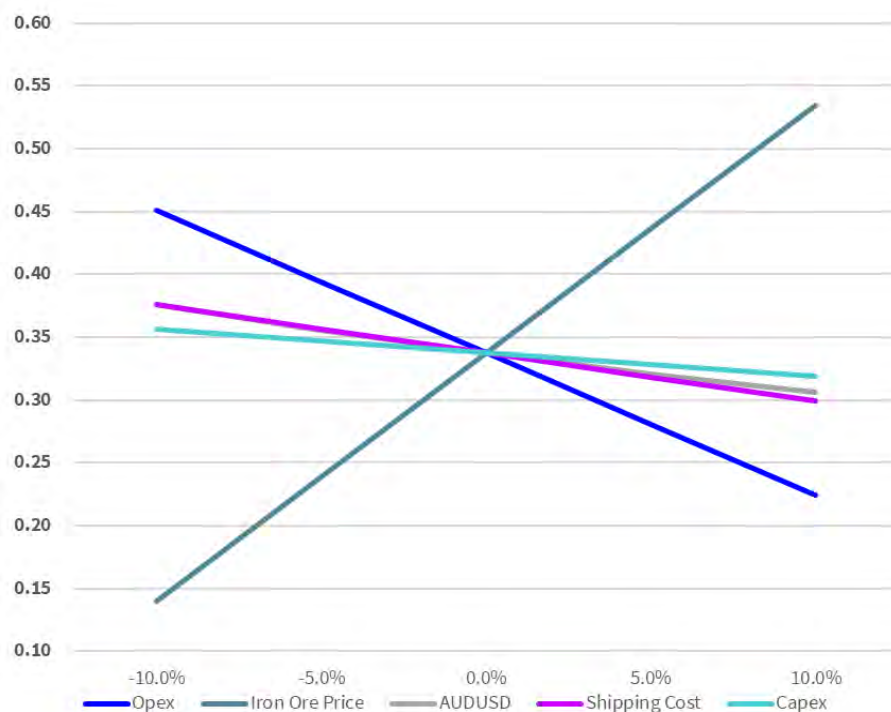
Source: MST estimates.

Figure 8: 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)	250
Stage 2 Capital Cost (US\$m, real)	250
Life-of-Mine Average AISC (US\$/dmt, real)	65
Assumed Equity Raising Price A\$ per share	0.17
PRICING & EXCHANGE RATE ASSUMPTIONS	
AUDUSD	0.67
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 9: Key sensitivities



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 would be a major catalyst for the stock.

Final investment decision

FID is the key decision for the project to progress and FID is expected in 2HCY24.

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.

Company- and project-specific risks

Funding

AAML, previously GEN's key partner in securing project financing, had been targeting a co-financing plan whereby a partner was sought to provide the project finance requirement for construction of Baniaka. Further, AAML had also planned to provide short-term funding through a non-dilutive US\$5m royalty.

With the regime change, AAML has determined to await further clarity on the intentions of the transitional government before proceeding with the royalty or potential terms for project construction related debt.

Funding risk has increased; however, with current interest from Chinese steel mills, alternative debt, cornerstone investor and equity options appear be open for GEN.

Delays to FID and first production

A critical risk here is any delay to FID (and thus first production from Baniaka)resulting from delays to the funding.

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:

- the key country-specific risk is the new government. Although early signs are very positive, risk remains that there are further policy and strategy changes which may adversely affect Genmin and the project is delayed further
- regulatory changes
- reliability of infrastructure (mitigated by GEN's recent capex decisions around power and rail)
- 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.

Appendix 1: Green Steel: The Decarbonisation Opportunity

The push towards rapid growth in commercially viable green steel is well underway, currently led by demand from automakers. While greater usage of renewable energy in steelmaking and increased investment in innovative low-carbon steelmaking (e.g. utilising hydrogen) are a key focus of growth in green steel supply, in the near term, premium high-grade iron-ore products are likely to be leading beneficiaries of these trends.

GEN – greener product positioning – contributing to Scope 1 and Scope 3 CO₂ reduction

Industry push to lower its carbon footprint and produce greener steel

The global steelmaking industry is aiming to reduce its carbon footprint. Steel production remains a relatively high carbon dioxide (CO₂) emitter, with each tonne of steel produced typically emitting 1.9 tonnes of CO₂. Overall, the steelmaking industry contributes 7–9% of global CO₂ emissions[1], and the reduction of these emissions is a global priority.

Steps to greener steel production

The industry is moving towards production of greener steel by

- sourcing raw materials which are of higher quality (e.g. higher-grade iron ore feed stocks and lower carbon intensity, e.g. iron ores produced and/or transported partially or fully with renewable energy)
- using carbon-free processing technologies which substitute hydrogen for metallurgical coal.[2]

Understanding Scope 1, Scope 2 and Scope 3 emissions

Generally, in the iron making process (the first step in producing steel):

- **Scope 1** emissions relate to the conversion of iron ore to iron in the blast furnace and/or the sintering (agglomeration) pre-treatment of fines before feeding into the blast furnace, and the main source of CO₂ emissions come from the use of metallurgical coal as a fuel and reducing agent to melt the iron ore and convert it to pig iron.
- **Scope 2** emissions are indirect and typically relate to CO₂ emissions from an outside power supply used by the steel mill.
- **Scope 3** emissions are indirect downstream (e.g. transporting intermediate or finished products to market) and upstream (e.g. mining activities to produce and transport iron ore to the steel mill) value chain CO₂ emissions[3].

Figure 10: Illustration of Scope 1, 2 and 3 emissions



Source: Climate Now.

GEN's iron ore products, Baniaka Green®, meet this new demand perfectly

GEN's proposed iron ore products from Baniaka (Baniaka Green®) are attractive to steel mills (customers) in the iron-making process because of their high iron grade, as this higher grade requires less iron ore to be processed per unit iron output with consequential lower metallurgical coal consumption (less fuel, higher energy efficiency) and Scope 1 CO₂ emissions. Furthermore, their favourable metallurgical characteristics –how quickly the iron ore melts and converts to iron in either the blast furnace or in the sintering (agglomeration) pre-treatment of fines before feeding into the blast furnace – have been shown to contribute to energy efficiency and lower Scope 1 CO₂ emissions.

The high-grade nature and separate favourable metallurgical characteristics of Baniaka's proposed iron ore products were independently determined by Central South University (CSU) in Changsha, Hunan Province, China. CSU concluded the company's proposed lump and fines iron ore products have high iron grade, low silica, low alumina and low levels of deleterious elements such as phosphorus, sulphur and alkali metals. The analysis also indicated that Baniaka Fines improves sintering efficiency with a 12.5% increase in productivity (how quickly the iron ore sintered). This resulted in 8.6% lower solid fuel consumption (i.e. metallurgical coal and by extension higher energy efficiency and lower Scope 1 CO₂ emissions) when substituting for some Australian Fines and Brazilian Fines currently used in sinter feed blends (refer to ASX announcements 'Positive Baniaka PFS' dated 16 November 2022 and 'Quarterly Activities Report' dated 31 October 2023).

In addition, in securing a long-term supply of clean, renewable hydroelectricity to power Baniaka (refer to ASX announcement 'Genmin signs long-term power agreement for Baniaka' dated 1 February 2023), the company aims to provide lower carbon intensity raw materials to minimise the Scope 3 upstream value chain CO₂ contribution for its customers and enhance its value proposition to potential offtakers, spot customers, and investors.

We take a more detailed look at the movement to green steel, and highlight where the potential exists for GEN's high-grade, low carbon intensity iron ore whose power is sourced from a 100% renewable power source.

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Figure 11: Baniaka Green® logo

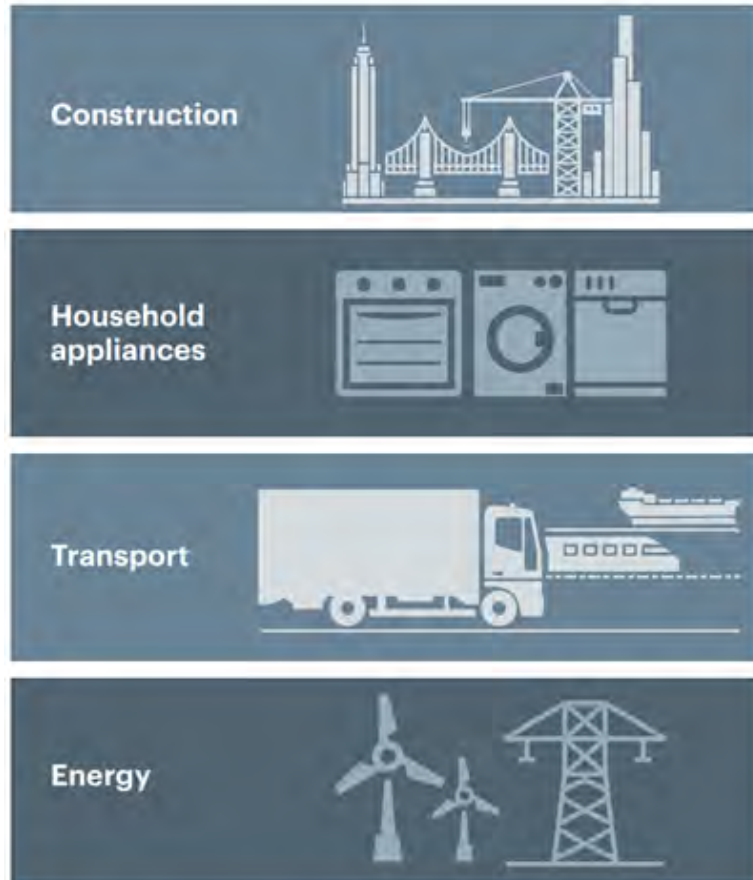


Source: GEN.

Disrupting a carbon intensive but critical process

The production of steel remains fundamental to modern life, and increasingly underpins 'electrification' objectives, due to the substantial required investments in infrastructure to enable these trends including EVs, expanded electricity transmission infrastructure capacity, new mines and process facilities for required critical commodities.

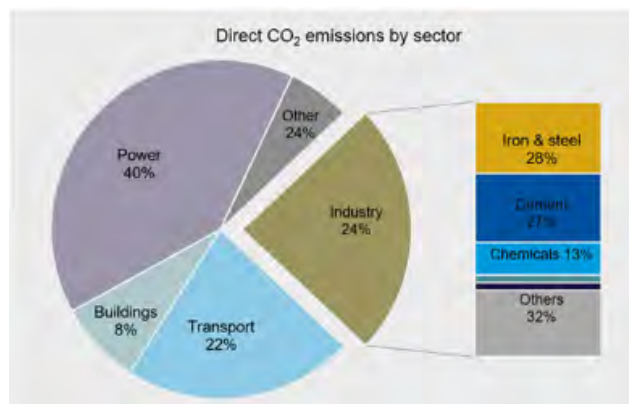
Figure 12: How are steel and iron ore used?



Source: BHP.

Current steelmaking processes require intensive usage of reliable baseload energy, typically sourced from traditional generation options, primarily thermal coal. This is reflected in the estimated carbon emissions of the sector, with the International Energy Agency estimating that iron and steel production accounts for 28% of global industrial CO₂ emissions.

Figure 13: Direct CO₂ emissions by sector (global)



Source: IEA, CRU.

Given the evolving interest in a decarbonised supply chain from some manufacturers (mainly premium brands), segments of the steelmaking industry have identified an opportunity to produce a premium, differentiated product in the form of low-carbon steel or 'green steel'. Achieving this distinction within the steelmaking supply chain could take the form of various pathways including:

- steel production utilising renewable energy supplies in conjunction with storage infrastructure to alleviate intermittency concerns (i.e. batteries)
- commercialisation of innovative new low-carbon energy technologies such as direct reduced iron (DRI) utilising hydrogen
- utilisation of higher-grade, low-impurity iron ore feedstock.

While the implementation of new low-carbon energy supply solutions in steel production, is likely the most effective solution for reducing carbon intensity in steel production, the cost of production for steel is most sensitive to the price of electricity. As such, any potential increase in energy costs related to the adoption of renewable and/or other innovative energy technologies would drive material increases in steel production costs and thereby threaten profit margins for steelmakers.

Given the dominance of established electricity generation supply in heavy industry, and the critical operational risks of intermittency associated with renewables which are yet to be fully resolved via the availability of economic large-scale battery storage solutions, steelmakers' demand for and access to sufficient supplies of lower-carbon electricity supply is likely to be on a trajectory of only incremental improvement for the foreseeable future.

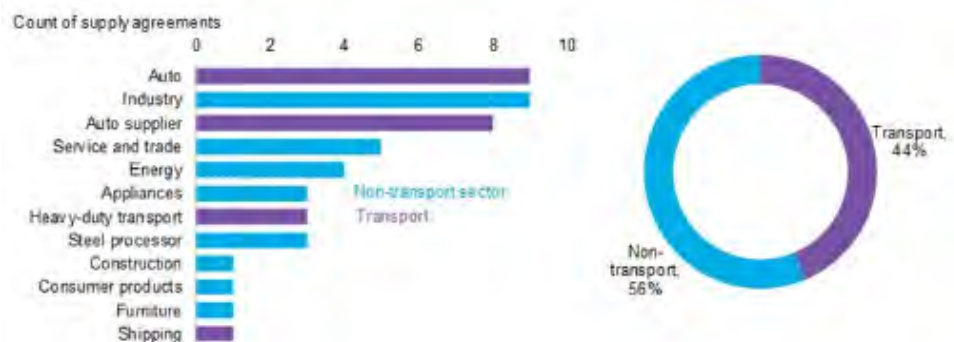
Significant opportunity for the iron ore market – accelerated demand for high-grade products will likely expand price premiums

While, in a broad sense, the steel industry is likely to require substantial energy generation upheaval to make any material headway in decarbonisation globally, there is near-term potential for markets to emerge within the global seaborne iron ore export industry to cater for premium steel manufacturing where demand for these initiatives is more pressing. This will likely result in accelerated demand for premium, high-grade iron ore products (which are in limited supply) and potential sustainable expansion of price premiums relative to benchmark products.

The opportunity in the iron ore industry is therefore significant given the potential of enhanced economic value in deposits which are well suited to delivering into this demand growth. As such, over time, we consider the green steel opportunity to be a significant potential tailwind for projects that are able to harness the demand for premium iron ore raw materials as an input into green steel production as it gains further traction.

Numerous green steel supply agreements have already been agreed, with automakers leading the push to source low-carbon raw materials, likely linked to production of EVs where customer demand for decarbonisation is already established and higher steel costs are relatively small in the overall cost of manufacturing.

Figure 14: Supply agreements for green steel (data as of May 2023)



Source: <https://about.bnef.com/blog/green-steel-demand-is-rising-faster-than-production-can-ramp-up/>

Potential premium pricing = economic opportunity

Should current market interest continue to convert to incremental demand, and should a willingness build from end-users to pay a higher price for products with low carbon certifications on a sustainable basis, it is likely that suppliers of key raw materials will extract premium pricing over the medium and long term as relatively scarce products within a broader commoditised market. Bloomberg estimates that, on average, green steel currently costs ~40% more than regular steel, although this is expected to reduce over time.

This has already become evident in observed premiums for iron ore pellet pricing, which has shown rising premiums vs benchmark products.

Figure 15: Iron ore product premiums vs fines (LHS = Premium to fines US\$/t; RHS fines price US\$/t)



Source: Platts, Morgan Stanley

A high-profile example of the push towards decarbonised supply chains is at Apple, which has flagged a commitment for every product it produces to be carbon neutral by 2030, highlighting the 3 biggest sources of emissions categorised across the product lifecycles:

- electricity
- materials
- transportation.

Quantifying the potential upside of premium pricing for green steel remains subject to significant uncertainties. However, given the momentum of government regulations in subsidising up front investments required to decarbonise certain aspects of developed economies, we expect that over time the economic rationale for green steel may benefit from both demand tailwinds in conjunction with regulatory incentives to heavily subsidise required capital investments.

McKinsey has estimated that demand for green steel will grow to >200Mt by 2030 and represent >10% of total steel demand, with estimated premiums of US\$200-US\$350/t. (See 'Capturing the green-premium value from sustainable materials', McKinsey, October 2022.

Magnetite ore starts to show its potential

Hematite vs magnetite – hematite traditionally considered superior

The key differentiating factor that enables lower carbon intensity in the usage of iron ore in the steel production process is utilisation of higher-grade, low-impurity feedstock. The majority of the iron ore market has traditionally been made up of hematite ores, which tend to be relatively higher-grade and therefore qualify as Direct Shipping Ore (DSO), meaning they can be sold directly into the market from mining operations with no requirement for intensive processing.

Magnetite has traditionally been considered an inferior form of iron ore compared to hematite, as it typically has much lower iron content in its natural form and therefore requires concentration prior to commercial sale to suit end user requirements.

Magnetite starts to show its potential in premium steel

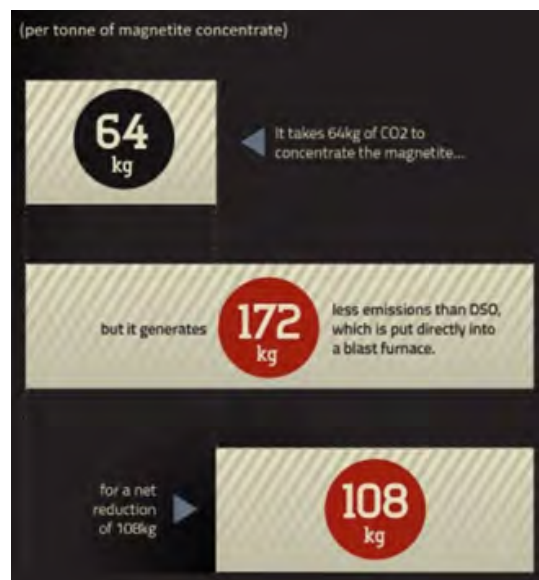
Magnetite typically has much lower iron content in its natural form and therefore requires concentration prior to commercial sale to suit end user requirements.

Magnetite is processed into a concentrate consistently grading >68% Fe, making it ultimately higher grade vs hematite benchmarks at ~63%, and therefore better suited for premium steel markets. Furthermore, magnetite has more potential to be applied in rapidly improving ore beneficiation methods such as ore sorting, given the magnetic properties which enable separation to form part of the processing route. Ore sorting can significantly reduce the non-mineralised content of the ore and therefore increases overall grade.

GEN has magnetite potential within its portfolio.

While the processing of magnetite ores into concentrate requires additional energy consumption and therefore carbon, the savings in downstream steel processing has been estimated to more than offset this based on analysis by the Crucible Group, as illustrated in Figure 14

Figure 16: Life cycle analysis of magnetite in steel production



Source: Iron Road Limited.

Conclusions

The push towards rapid growth in commercially viable green steel is well underway, currently led by demand from automakers. While greater usage of renewable energy in steelmaking and increased investment in innovative low-carbon steelmaking (e.g. utilising hydrogen) are a key focus of growth in green steel supply, in the near-term premium high-grade iron-ore products are likely to represent a leading beneficiary of these trends.

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