



Genmin Ltd (GEN.ASX)

Key quarter for Mining Permit Application

Event:

- December capital raising; Quarterly review.

Investment Highlights:

- Equity raising shores up project momentum.** GEN raised A\$7.9M at \$0.20/share in December 2022 to maintain Baniaka project momentum post the PFS. Funds will be used for early works, securing long lead items, FEED, completion of value-in-use work on pellet feed product, and optimisation of the mine schedule. The company finished December 2022 with US\$7.7M (A\$10.4M) cash.
- Mining Permit Application (MPA) submission targeted for end 1Q 2023.** GEN is preparing the MPA for Baniaka, to be supported by studies – including the recent PFS – and ESIA. The company stated work steams are almost complete and is targeting lodgement of the MPA by end 1Q 2023.
- GEN targeting production mid-2024.** Key milestones in the short-term additional to submission of the ESIA and MPA include long form rail, port, and power agreements; finalisation of Anglo-American due diligence and project financing; Results of pellet feed VIU and mine optimization work; Grant of mining permit; FID 1H2023; and Construction commencement 2H2023. GEN is still targeting production mid-2024, while our forecast is unchanged at beginning 2025.

Earnings and Valuation:

- Risked valuation unchanged at \$0.82/share (0.23x NPV₁₀ nominal).** Given there were no material changes in the quarterly and the December capital raising was in-line with our forecast equity dilution, our valuation is unchanged.

Recommendation:

- We maintain our Buy and 12-month PT of \$0.82/share, based on risked valuation.**
- Key catalysts for the share price include** 1) Lodgement of ESIA and MPA; 2) Grant of mining permit; 3) Results of pellet feed VIU and mine optimisation work; 4) Power port, and rail agreements; 5) Finalisation of Anglo American agreement; 6) FID; 7) Commencement of construction; and 8) 10Mtpa expansion study.

Disclosures

The analyst does not own GEN shares.

Foster Stockbroking and associated entities (excluding Cranport Pty Ltd) own 13,576,230 GEN shares; and 250,000 GEN options exercise price US\$0.15 expiry 31 July 2024; and 2,500,000 GEN options exercise price \$0.442 expiry 7 March 2026.

Cranport owns 11,528,194 GEN shares.

Refer details end of report.

Foster Stockbroking acted as Joint Lead Manager to the \$7.9M placement of 39.5M GEN shares at \$0.20 in December 2022, for which it received fees.

Recommendation	Buy			
Previous	Buy			
Risk	High			
Price Target	\$0.82			
Previous	\$0.82			
Share price (A\$)	\$ 0.21			
ASX code	GEN			
52 week low-high	\$0.155-\$0.28			
Valuation - risked (A\$/share)	\$ 0.82			
Methodology	risked NPV			
Capital structure				
Shares on Issue (M)	450			
Market cap (A\$M)	95			
Net cash (debt) (A\$M)	10			
Options (M)	7			
Performance rights (M)	10			
Diluted EV (A\$M)	88			
Ave daily volume ('000)	212			
Earnings y/e Dec US\$M	FY21a	FY22e	FY23e	FY24e
Sales	0	0	0	0
EBITDA adj	-4	-5	-5	-5
NPAT reported attrib.	-4	-5	-5	-3
NPAT adj attrib.	-4	-5	-5	-3
EPS adj. \$*	-0.01	-0.01	-0.01	-0.01

* Adj =underlying

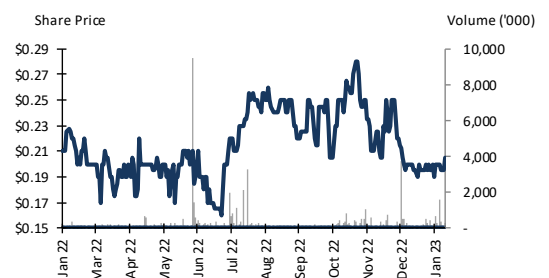
Substantial shareholders

Ndovu Capital & Tembo Capital Mining Fund	55%
Cranport Pty Ltd	5%

Board

Michael Arnett	Non-Executive Chairman
Giuseppe (Joe) Ariti	Managing Director & CEO
John Hodder	Non-Executive Director
Salvatore Amico	Non-Executive Director
Brian van Rooyen	Non-Executive Director

Share price graph



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