



Genmin Ltd (GEN.ASX)

Back on board after key issues derisked

Event:

- Reinstatement; equity raising; price target change.

Investment Highlights:

- Equity raising allays short-term funding concern.** Genmin (GEN) has recently raised a total of A\$23.4M, comprising A\$13.2M via placement and A\$10.2M from a 1-for-3 rights issue, not underwritten, both priced at A\$0.10. 68% of the entitlement offer was taken up, the shortfall available to be placed until 19 April 2024. With concurrent repayment of Tembo debt of A\$8.3M, the company now has A\$13.2M cash and nil debt.
- Reinstatement follows equity raise, Gabon stability, and Mining Permit.** Three key issues caused GEN to be suspended last year: 1) August 2023 coup in Gabon; 2) Uncertainty over mining permit grant; and 3) Strained cash position. The completion of the capital raising, grant of Mining permit in January 2024, and a return to normal business activities in Gabon have addressed these issues, allowing the company's shares being reinstated to trade on the ASX.
- Business post-coup – back to normal.** Post the coup, Gabon has returned to a peaceful stability, with no civil unrest causing disturbances. We received feedback from management at major miner Eramet which supports this view, it having lost only one day of operations, resuming the day after the coup, it noting that the new government supports continuing uninterrupted flow of business activities and private investment.
- Mining Permit grant and Baowu offtake MoU.** GEN received the Mining Permit for Baniaka and major China steelmaker Baowu signed an offtake MoU, both post the coup, supporting the case for normalisation of business activities.
- Funds to advance towards targeted FID mid-2024.** The \$13.2M cash will allow the company to advance Baniaka, focussing on reaching an FID position by mid-2024. This includes progressing and finalising negotiations with potential project financiers, including two MoU offtakers, as well as funding working capital, corporate costs, and payables.

Earnings and Valuation:

- Risked valuation falls to \$0.49 from \$0.64.** We cut our GEN share valuation (0.25x NPV₁₀ nominal) to \$0.49 from \$0.64. Previously we had factored an equity raising at a less dilutive price of \$0.16 – this has now been lowered to \$0.10 for future equity raisings. We assume 33%:67% equity:debt funding of US\$270M for Baniaka, inclusive capex, working capital, and corporate.
- Long-term commodity assumptions unchanged:** A\$=US\$0.70 and iron ore China 62% fines US\$99/t. Timeline is also unaltered: FID and financing completed by end 1H 2024, with construction following soon after over a 12-month period and commissioning of Baniaka end 1H 2025.

Recommendation:

- We maintain our Buy and cut our 12-month price target to \$0.49 from \$0.64, in-line with our risked valuation.
- Key catalysts for the share price include 1) Binding offtake agreements; 2) Finalisation of financing; 3) FID; 4) Commencement of construction; 5) Expansion, pellet feed VIU, and mine optimisation studies.

Disclosures

The analyst owns 207,000 GEN shares and 100,000 GEN options exercise \$0.20 expiry 31 March 2026. Foster Stockbroking and other staff own 13,538,750 GEN shares and the following GEN options: 250,000 exercise US\$0.15 expiry 31 July 2024; 2,500,000 exercise \$0.442 expiry 7 March 2026; and 6,403,333 exercise \$0.20 expiry 31 March 2026. Cranport owns 18,233,217 GEN shares and 2,000,000 GEN options exercise \$0.20 expiry 31 March 2026. Refer details end report.

Foster Stockbroking received fees from acting as Joint Lead Manager to GEN's \$23.4M equity raise at \$0.10 in March 2024 and may also place any entitlement offer shortfall for which it would receive fees.

Recommendation	Buy			
Previous	Buy			
Risk	High			
Price Target	\$0.49			
Previous	\$0.64			
Share price (A\$)	\$ 0.10			
ASX code	GEN			
52 week low-high	\$0.096-\$0.1822			
Valuation - risked (A\$/share)	\$ 0.49			
Methodology	risked NPV			
Capital structure				
Shares on Issue (M)	685			
Market cap (A\$M)	69			
Net cash (debt) (A\$M)	13			
Options (M)	123			
Performance rights (M)	3			
Diluted EV (A\$M)	68			
Ave daily volume ('000)	139			
Earnings y/e Dec US\$M	FY23a	FY24e	FY25e	FY26e
Sales	0	0	143	526
EBITDA adj	-11	-9	27	106
NPAT reported attrib.	-13	-9	15	59
NPAT adj attrib.	-13	-9	15	59
EPS adj. \$*	-0.03	-0.01	0.01	0.03
P/E	na	na	12.2x	3.1x
EV/EBITDA	na	na	11.4x	0.5x

* Adj = underlying

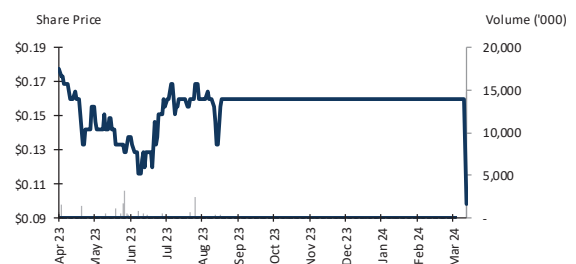
Substantial shareholders

Ndovu Capital & Tembo Capital Mining Fund	48%
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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