



Genmin Ltd (GEN.ASX)

A matter of time

Event:

- Equity placement; Price target change.

Investment Highlights:

- \$10M placement buys time.** GEN last week announced a two-tranche \$10M placement of 200M shares at \$0.05. The first tranche is unconditional comprising \$8.5M and the second – subject to regulatory approval – is \$1.5M. 210M options exercise \$0.075 with expiry 30 April 2025 will be issued as part of the placement.
- US\$1M loan facility.** GEN also executed an unsecured US\$1M loan facility with Tembo, who will also subscribe to \$1.45M in the second tranche placement. Tembo's loan will convert into equity at \$0.05 upon tranche 2 settlement, and offset its placement funds payable to GEN.
- Dilutive but buys time as financing discussions taking longer.** While dilutive, the rationale for the equity raising is to allow GEN meeting corporate and general working capital costs. We – and the company – had expected a funding package for Baniaka by the end of the month, but discussions with the two MoU offtake parties associated with financing are taking longer, including concerning regulatory approvals for one who is state-owned.
- Key credentials keep Baniaka front of mind for China steelmakers.** Baniaka's green iron ore credentials – high iron grade, low impurities; long mine life; and African origin are key attributes which have enabled GEN to negotiate MoUs with Tier 1 offtakers.
- Timelines pushed back.** With the financing taking longer, we have pushed back timelines by three months: financial close and Mining Convention completed by end 2024; construction start beginning 2025 and commissioning beginning 2026, with Baniaka fully ramped-up to 5Mtpa rate later that year.
- Recent appointments bring wealth of iron ore experience:** Andrew Haslam (Interim CEO) and Greg Lilleyman (Non-Executive Director) have held senior roles at Rio Tinto, Fortescue, Mineral Resources, and BC Iron. Former MD Joe Ariti is now Non-Executive Director and Chair Designate, still intimately involved with GEN, especially in securing Baniaka funding. Meanwhile progress on recruiting new CEO is well advanced.

Earnings and Valuation:

- We now expect first earnings in 2026 (previously 2025),** due to timelines for financial close, construction start, and commissioning being pushed back. We still assume US\$270M funding for capex, corporate, and working capital costs financed by a 67:33 mix of debt:equity.
- Risked share valuation (0.2x NPV₁₀ nominal) cut to \$0.33 from \$0.61,** mostly due to greater dilution than we had expected from the recent equity raising.

Recommendation:

- We maintain our Buy, reducing our 12-month price target to \$0.33 from \$0.61,** in-line with our risked valuation.
- Key catalysts for the share price include:** 1) Binding offtake agreements; 2) Finalisation of financing; 3) Mining Convention; 4) Start 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, staff, and Cranport own 5.2% of GEN shares, and the following GEN options: 2,500,000 exercise \$0.442 expiry 7 March 2026; 8,669,998 exercise \$0.20 expiry 31 March 2026; and 14,850,000 exercise \$0.075 expiry 30 April 2025.
*Based on pro-forma October 2024 placement.

Foster Stockbroking earned fees as Lead Manager to GEN's \$10M equity raising at \$0.05 in October 2024, and as Joint Lead Manager to GEN's \$23.4M equity raising at \$0.10 in March 2024.

| Recommendation | Buy |
|--------------------------------|------------------|
| Previous | Buy |
| Risk | High |
| Price Target | \$0.33 |
| Previous | \$0.61 |
| Share price (A\$) | \$ 0.055 |
| ASX code | GEN |
| 52 week low-high | \$0.053-\$0.1725 |
| Valuation - risked (A\$/share) | \$ 0.33 |
| Methodology | risked NPV |

Capital structure*

| | |
|-------------------------|-----|
| Shares on Issue (M) | 886 |
| Market cap (A\$M) | 49 |
| Net cash (debt) (A\$M) | 11 |
| Options (M) | 331 |
| Performance rights (M) | 4 |
| Diluted EV (A\$M) | 56 |
| Ave daily volume ('000) | 490 |

*Pro-forma October 2024 placement.

| Earnings y/e Dec US\$M | FY23a | FY24e | FY25e | FY26e |
|------------------------|-------|-------|-------|-------|
| Sales | 0 | 0 | 0 | 139 |
| EBITDA adj | -11 | -9 | -9 | 21 |
| NPAT reported attrib. | -13 | -11 | -11 | -7 |
| NPAT adj attrib. | -13 | -11 | -11 | -7 |
| EPS adj. \$* | -0.03 | -0.01 | 0.00 | 0.00 |
| P/E | na | na | na | na |
| EV/EBITDA | na | na | na | 7.6x |

*Adj = underlying

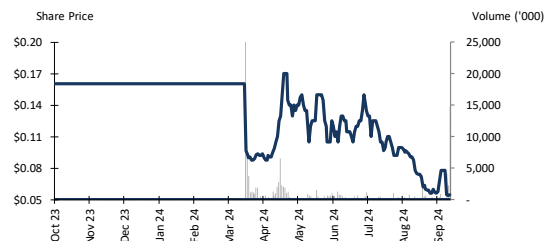
Substantial shareholders

| | |
|---|-----|
| Ndovu Capital & Tembo Capital Mining Fund | 48% |
| Cranport Pty Ltd | 6% |

Board

| | |
|----------------------|------------------------------------|
| Michael Arnett | Non-Executive Chair |
| Giuseppe (Joe) Ariti | Non-Exec. Director/Chair Designate |
| John Hodder | Non-Executive Director |
| Salvatore Amico | Non-Executive Director |
| Greg Lilleyman | Non-Executive Director |

Share price graph



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