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ASX: GNX

29 April 2021

ASX Limited

Company Announcements Platform

Quarterly Activities Report – Quarter Ending 31 March 2021

Genex Power Limited (**ASX: GNX**) (**Genex** or the **Company**) is pleased to provide the following update on the Company's activities and performance for the quarter ending 31 March 2021 (**Q3 FY2021**), a period during which the Company made substantial progress with its Kidston Pumped Storage Hydro Project (**K2-Hydro**), having successfully raised additional funds to retain 100% ownership of the Project and reached Project Document Contractual Close.

Highlights

K2-Hydro

- Launch of \$115 million equity raise, consisting of \$90 million fully underwritten placement and rights issue, and an additional \$25 million committed investment by J-POWER;
- Subsequent to completion of the capital raising, Genex will be fully funded for the construction of K2-Hydro with financial close and commencement of construction to occur in early Q4 FY2021;
- The Queensland Government confirmed its support for the construction of a 275kV transmission line to connect the K2-Hydro project to the National Electricity Market (**NEM**) by way of a \$147 million funding package;
- Project Document Contractual Close reached for K2-Hydro with all major project agreements executed, and notice to proceed issued to Powerlink for construction of the Transmission Line;
- \$47 million in grant funding for K2-Hydro approved by the Australian Renewable Energy Agency (**ARENA**), with a further \$9 million of existing funding to be converted into a non-recoupable grant;

Other Projects

- 50MW Kidston Solar Project (**KS1**) delivered \$3.5 million in net revenue and 30,261MWh of power generated for the quarter; and
- The Jemalong Solar Project (**JSP**) energised in December and is currently undergoing commissioning and hold point testing.

Commenting on the Q3 FY2021 performance Genex CEO, James Harding said:

“Our flagship project, the Kidston Pumped Hydro Project, is now only weeks away from financial close and commencement of construction. Over the past quarter we have secured additional funding from the Queensland Government and ARENA, and we also made the decision to raise \$115 million in new equity to allow Genex to retain 100% ownership in the project. With the strong support of our financiers and shareholders, we now have the full funding in place to bring the project to financial close.

I would like to take the opportunity to thank all of our key stakeholders, and both existing and new shareholders for their continued commitment and support which is turning our vision of a pumped hydro project at Kidston into reality. I look forward to updating you as we commence the construction activities at site.”

Operational Update**250MW Kidston Pumped Storage Hydro Project (K2-Hydro):**

- The Queensland Government confirmed it will provide \$147 million in funding towards the construction of a new 275kV transmission line which is required to enable the K2-Hydro project to connect to the NEM, ultimately underpinning the development of the broader Kidston Clean Energy Hub (refer to ASX Announcement dated 5th February 2021);
- On the basis of the Queensland Government co-funding described above, a Generator Connection and Access Agreement was executed with Powerlink (refer to ASX Announcement dated 23rd March 2021) and subsequently notice to proceed was issued (refer to ASX Announcement dated 31st March 2021);
- Project Document Contractual Close was reached during the period, signalled by the execution of the following major construction and operation documentation (refer to ASX Announcement dated 31st March 2021):
 - Energy Storage Services Agreement with EnergyAustralia Pty Ltd;
 - Generator Connection and Access Agreement with Powerlink;
 - Engineering, Procurement & Construction (**EPC**) contract with a JV of McConnell Dowell Constructors (Aust.) Pty Ltd and John Holland Group Pty Ltd;
 - Design and construct contract with Energy Solutions Pty Ltd (trading as Beon);

- Operation and Maintenance (**O&M**) Agreement with ANDRITZ Hydro GmbH;
 - Camp Operation and Catering Contract with ISS Integrated Services Pty Ltd;
 - Module Supply and Install Contract with Ausco Modular Pty Ltd;
 - Owner's Engineer contract with Hydro-Electric Corporation (trading as Entura); and
 - Asset Management Services Deed and Facility Management Agreement with Genex to manage the corporate administration of the project special purpose vehicle and ancillary site services.
- Approval from the Australian Renewable Energy Agency (**ARENA**) to provide \$47 million in grant funding. A further \$9 million in previously provided development funding to be converted into a non-recoupable grant on financial close (*refer to ASX Announcement dated 24th March 2021*);
 - Launch of a fully underwritten \$90 million placement and rights issue to fund the balance of the equity requirement for the K2-Hydro project;
 - Share Subscription Agreement (**SSA**) and Technical Services Agreement (**TSA**) Amendment with J-POWER signed to facilitate their \$25 million equity investment alongside the \$90 million fundraising (*refer to ASX Announcement dated 26th March 2021*); and
 - Following the completion of the fundraising and J-POWER subscription, Genex will proceed with the construction and operation of the Project on a 100% owned basis.

50MW Kidston Solar Project (**KS1**):

- KS1 continued to generate energy into the NEM throughout the quarter;
- Net Revenue totalled \$3.5 million, with 30,261MWh of power generated for the 3 months to 31 March 2021; and
- As previously advised (*refer to ASX Announcement dated 21 October 2020*), Genex and UGL mutually agreed to end UGL's role as EPC Contractor and O&M provider to the Company's KS1 project. Genex has completed contractual terms with Solarig Australia Pty Ltd (**Solarig**) and as such, Solarig have been appointed as the replacement O&M provider for KS1. As of 14th April 2021, the O&M role at KS1 was transferred from UGL to Solarig.

50MW Jemalong Solar Project (**JSP**):

- Following the successful energisation in Q2 FY2021, JSP is now the second generating asset in the Genex renewable energy portfolio;
- The Project will initially operate on a merchant basis, with the Company receiving the spot price for electricity in addition to revenue from the sale of Large-Scale Generation Certificates;

- JSP is currently in the commissioning phase and is completing the hold point testing required to allow the project to ramp up to full generation capacity; and
- When fully operational, JSP is expected to produce up to 128,700MWh of energy per year.

Bouldercombe Battery Project (BBP):

- The BBP is a standalone large-scale Battery Energy Storage System (**BESS**) in Queensland at an initial size of 50MW;
- During the period, the Development Application relating to the BBP was approved by the Rockhampton Regional Council, allowing for a BESS development sized up to 100MW/200MWh;
- Further grid connection, module supply and financing workstreams have continued to progress during the quarter with the target of bringing the project to financial close in CY2021; and
- The BBP diversifies the Company's portfolio and positions Genex as a leader in renewable energy generation and storage in Australia.

Kidston Stage-3 Wind Project (K3-Wind):

- Alongside its joint venture partner, J-POWER, Genex continues to monitor the wind resource at a number of potential sites for K3-Wind at Kidston. The Project will connect into the new 275kV transmission line being constructed by Powerlink Queensland for the K2-Hydro project.

Events Subsequent to Quarter's End

- Subsequent to the end of the period, Genex reached Finance Document Contractual Close (**FD Contractual Close**) for the K2-Hydro project (*refer to ASX Announcement dated 15 April 2021*). This involved execution of final documentation to secure a total of \$660 million of external financing for the project construction costs:
 - \$610 million 15-year debt facility from the Northern Australia Infrastructure Facility (**NAIF**);
 - \$47 million project grant funding agreement from ARENA; and
 - A variation deed to the Loan Note Subscription with the Clean Energy Finance Corporation to provide a further \$3 million of subordinated debt funding to be applied toward the project costs.
- Genex successfully completed the capital raise to fund Genex's equity contribution for 100% ownership of the K2-Hydro project. A total of 451,400,000 shares were issued at an issue price of \$0.20 per share, raising \$90.3 million (before costs).

Corporate Update

- To finance the K2-Hydro project on a 100% owned basis, Genex launched a fully underwritten \$90 million placement and rights issue;
- Genex finished the quarter with a strong cash position, with cash at bank of \$39.1 million (which includes funds held for construction of Jemalong and bank guarantees) at 31 March 2021;
- During the March quarter, the Company's expenditure was primarily incurred through development activities associated with the K2-Hydro & BBP as well as interest repayments to the KS1 and JSP debt facility; and
- As noted in section 6 of the Appendix 4C, the payment amount stated therein was made to the Directors of the entity during the quarter, comprising salaries and fees for Executive and Non-Executive Directors. No other payments were made to any related parties or their associates of the entity.

This quarterly activity report was approved by the Board of Genex Power Limited.

For more information about this announcement:**CONTACT:****Simon Kidston**

Executive Director

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Email: sk@genexpower.com.au**About Genex Power Limited**

Genex Power Limited is focused on developing a portfolio of renewable energy generation and storage projects across Australia. The Company's flagship Kidston Clean Energy Hub, located in north Queensland, will integrate large-scale solar generation with pumped storage hydro. The Kidston Clean Energy Hub is comprised of the operating 50MW stage 1 Solar Project (**KS1**) and the 250MW Kidston Pumped Storage Hydro Project (**K2-Hydro**) with potential for further multi-stage wind and solar projects. The 50MW Jemalong Solar Project (**JSP**) is located in NSW and provides geographical diversification to the Genex Power Limited portfolio. JSP was energised in early December 2020 and commissioning is now underway. Genex is further developing its energy storage portfolio via the early stage development of a 50MW standalone battery energy storage system at Bouldercombe in Queensland. With over 400MW of renewable energy & storage projects in development, Genex is well placed as Australia's leading renewable energy and storage company.

Genex continues to acknowledge the support of key Federal and State Government stakeholders such as the Australian Renewable Energy Agency (**ARENA**), the Northern Australia Infrastructure Facility (**NAIF**) and the Queensland State Government.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity:

Genex Power Limited

ABN

18 152 098 854

Quarter ended ("current quarter")

March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,610	8,739
1.2 Payments for		
(a) research and development	(1,376)	(3,245)
(b) product manufacturing and operating costs	(586)	(1,634)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(675)	(2,851)
(f) administration and corporate costs	(525)	(2,096)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	47
1.5 Interest and other costs of finance paid	(1,423)	(4,301)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		1,500
1.9 Net cash from / (used in) operating activities	(968)	(3,841)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(1,280)	(53,291)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1,280)	(53,291)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	30	24,156
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(1,170)
3.5	Proceeds from borrowings	1,762	6,969
3.6	Repayment of borrowings	(1,357)	(3,399)
3.7	Transaction costs related to loans and borrowings	(3)	(23)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	432	26,533

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	40,977	69,760
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(968)	(3,841)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,280)	(53,291)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	432	26,533
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	39,161	39,161

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	34,865	36,681
5.2	Call deposits	221	221
5.3	Bank overdrafts		
5.4	Other (provide details)	4,075	4,075
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	39,161*	40,977*

**Includes funds held for construction of Jemalong and Bank Guarantee*

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	264*
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

**Payment of salaries and directors fees. Refer Quarterly Activities Report for 3 month period to 31st March 2021 lodged herewith.*

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	191,883*	191,883 **
7.2 Credit standby arrangements		
7.3 ARENA Convertible Note	8,546	8,546
7.4 Total financing facilities	200,429	200,429
7.5 Unused financing facilities available at quarter end		N/A
*Includes senior loan 175 million and CEFC corporate facility 16.883 million		
**Includes senior loan of 175 million drawn and CEFC corporate facility of 16.883 million drawn		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(968)
8.2 Cash and cash equivalents at quarter end (item 4.6)	39,161*
8.3 Unused finance facilities available at quarter end (item 7.5)	N/A**
8.4 Total available funding (item 8.2 + item 8.3)	39,161
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	40
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
*includes funds held for construction of Jemalong and Bank Guarantee	
**all unused finance facility committed for construction of Jemalong Project	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29th April 2021

Authorised by: This Appendix 4C was authorised for release by the Board of Genex Power Limited.
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.