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ASX: GNX

21 October 2020

ASX Limited
Company Announcements Platform

Quarterly Activities Report – Quarter Ending 30 September 2020

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 30 September 2020 (**Q1 FY2021**), a period during which the Company continued to progress and diversify its portfolio of development and pipeline renewable energy and storage projects.

Highlights

- Signing of a new $25 million Share Subscription Agreement (**SSA**) with J-POWER for the Kidston Pumped Storage Hydro Project (**K2-Hydro**);
- The Queensland Government reaffirmed its commitment to $132 million in funding for the transmission line for K2-Hydro;
- 50MW Kidston Solar Project (**KS1**) delivered $2.8 million in Net Revenue and 30,724MWh of power generated for the quarter;
- Successful capital raising $24.1 million comprising a Placement and Share Purchase Plan;
- Launch of the Company's Bouldercombe Battery Project (**BBP**) including the signing of an Agreement with Powerlink to access land adjacent to the substation;
- Selection of preferred battery supplier and integrator for the BBP; and
- Submission of an Application for Connection of the BBP to the National Electricity Market (**NEM**) and the Powerlink network.

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Commenting on the Q1 FY2021 performance Genex CEO James Harding said:

> *"The first quarter of the financial year has been a busy and productive period for Genex. We are delighted that the Queensland Government has reaffirmed its commitment of $132 million to help fund the construction of the Kidston Pumped Storage Hydro Project Transmission Line. We are continuing to discuss the final arrangements with the Queensland Government, and to complete negotiations with all other stakeholders, and we look forward to updating the market accordingly.*
>
> *I would like to thank all our stakeholders, particularly NAIF, ARENA, the Queensland Government and Powerlink for their continued support for the project and commitment to closing out the project financing requirements.*
>
> *We are excited by the launch of the Bouldercombe Battery Project, the first standalone large-scale battery project to be progressed in Queensland. This project is an exciting opportunity for Genex to build on the extensive market knowledge we have gained from developing the Kidston Pumped Storage Hydro Project whilst broadening and diversifying our storage portfolio, and to capture a significantly enhanced revenue generation profile.*
>
> *During the quarter we raised over $24 million via a Placement and Share Purchase Plan, with the funds to be applied primarily towards fast tracking the Bouldercombe Battery Project. I would like to thank our existing shareholders for their strong support, and I also welcome new shareholders who have joined the Genex journey through this capital raise.*
>
> *It has been a busy start to the new financial year, a tribute to the dedication of the Genex team, and I am excited about the progress we have made to date, with plenty more developments in the pipeline for FY2021."*

Operational Update

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

As announced to the market in the Company's "***Kidston Hydro Project Update***" on 23 September 2020:

- Genex has made significant progress in advancing K2-Hydro activities over the past 3 months. Genex has completed its competitive equity process and is in the final stages of concluding negotiations with a preferred equity partner to invest up to a 50% interest directly into the Project;

- The Queensland Government reaffirmed its commitment of $132 million to help fund the construction of the K2-Hydro Transmission Line;
- The Northern Australia Infrastructure Facility (**NAIF**) extended its Offer of Funding to 31 January 2021;
- Genex secured an extension of its Generator Performance Standards approval date from the Australian Energy Market Operator to 31 December 2020;
- Subsequent to the announcement on 23 September 2020, and in line with the other K2-Hydro project extensions beyond 30 September 2020, Genex also secured extensions of validity to its Offer to Connect with Powerlink and pricing validity with key contractors to support the revised project financing timeline; and
- Genex is now focused on closing out remaining workstreams to deliver financial close as soon as possible.

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

- KS1 continued to generate energy into the National Electricity Market (**NEM**) throughout the quarter;
- Net Revenue totalled $2.8 million, with 30,724MWh of power generated for the 3 months to 30 September;
- Generation for the September quarter was 7% higher than the June quarter; and
- Subsequent to the end of the quarter, on 16 October, Genex and UGL mutually agreed to bring to an end UGL's role as Engineering, Procurement & Construction (**EPC**) Contractor and Operations & Maintenance (**O&M**) Provider to the Company's KS1 Project. The agreement includes the payment to Genex of $2.5 million in settlement of all outstanding matters in relation to UGL's involvement with KS1. Genex is in the process of short-listing parties to assume the O&M role for KS1 upon which UGL's role will end.

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

- Construction activities at JSP continued across the quarter, largely unaffected by the COVID-19 pandemic, with construction now well advanced and approximately 85% of the tasks from the construction schedule ongoing or complete;
- The JSP remains on track for first energisation in the current quarter (Q2 FY2021); and
- When fully operational, JSP is expected to produce up to 128,700MWh of energy per year.

Bouldercombe Battery Project (**BBP**):

- During the September quarter, Genex announced the launch of the Bouldercombe Battery Project, which forms a part of the Company's Project Como strategy. The BBP is expected

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to be the first standalone large-scale Battery Energy Storage System (**BESS**) in Queensland at an initial size of 50MW/75MWh;

- An Investigation Licence and Tenure Arrangements Agreement was secured with Powerlink to access land adjacent to Powerlink's Bouldercombe 275kV/132kV substation near Rockhampton, Queensland (*refer ASX Announcement dated 22 September 2020*);
- Genex has selected its preferred battery system supplier and integrator for the Project, which facilitates the commencement of the grid connection application process (*refer ASX Announcement dated 22 September 2020*);
- Genex has formally submitted an Application for Connection of the BBP to the NEM and the Powerlink network; and
- The BBP diversifies the Company's portfolio and positions Genex as a leader in renewable energy generation and storage in Australia.

Corporate Update

- During the quarter Genex executed a new $25 million Share Subscription Agreement (**SSA**) with J-POWER. The agreement is largely in line with the terms of the original SSA signed in June 2019 (*refer ASX Announcement dated 6 June 2019)*, with the proceeds of the SSA to be applied principally towards the construction of the K2-Hydro project. The issue of shares to J-POWER upon financial close was approved by Genex shareholders at an Extraordinary General Meeting on 18 September 2020;
- To fast track the BBP, cover the financial close costs of the K2-Hydro Project and strengthen the Company's working capital position, Genex launched a capital raise in August 2020, raising a total of $24.1 million via a Placement and Share Purchase Plan. The raise received strong support from existing and new shareholders with a total of 109,664,644 new shares issued at a price of $0.22 per share;
- Genex finished the quarter with a strong cash position, with cash at bank of $61.4 million (which includes funds held for construction of Jemalong and bank guarantees) at 30 September 2020;
- During the September quarter, the Company's expenditure was primarily incurred on staff and operating costs and development activities associated with the K2-Hydro, JSP and BBP projects;
- As noted in section 6 of the Appendix 4C, the 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; and
- The Genex executive team remains fully operational and committed during the COVID-19 pandemic with all employees continuing to work remotely while the situation is closely

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monitored. The Company's response will remain at all times consistent with State and Federal Government directions.

Other than the settlement of liabilities relating to O&M for KS1, there were no other significant matters or circumstances arising subsequent to the end of the quarter.



Figure 1. Jemalong Solar Project Substation Site



Figure 2. Jemalong Solar Project Panel Installation

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

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For more information about this announcement:

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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**) in NSW provides geographical diversification and is scheduled for energisation in Q4 CY2020. Genex is further developing its energy storage portfolio via the development of a 50MW/75MWh standalone battery energy storage system at Bouldercombe, 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.

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Appendix 4C

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

Name of entity: Genex Power Ltd

ABN	**Quarter ended ("current quarter")**
18 152 098 854	September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,768	2,768
1.2	Payments for		
	(a) research and development	(375)	(375)
	(b) product manufacturing and operating costs	(410)	(410)
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs	(1,486)	(1,486)
	(f) administration and corporate costs	(910)	(910)
1.3	Dividends received (see note 3)		
1.4	Interest received	10	10
1.5	Interest and other costs of finance paid	(1,407)	(1,407)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(1,810)**	**(1,810)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(31,136)	(31,136)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**(31,136)**	**(31,136)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	24,126	24,126
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)	(1,170)
3.5	Proceeds from borrowings	2,598	2,598
3.6	Repayment of borrowings	(918)	(918)
3.7	Transaction costs related to loans and borrowings	(12)	(12)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**24,624**	**24,624**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	69,760	69,760
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,810)	(1,810)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31,136)	(31,136)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	24,624	24,624
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**61,438**	**61,438**

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	57,158	65,480
5.2	Call deposits	205	205
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)**	**61,438***	**69,760***

**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	691*
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 30 September 2020 lodged herewith.*

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	175,000	170,628
7.2	CEFC Corporate Facility	16,883	16,883
7.3	ARENA Convertible Note	3,996	3,996
7.4	ARENA Convertible Note 2	4,550	4,550
7.5	**Total financing facilities**	**200,429**	**196,057**

7.6	**Unused financing facilities available at quarter end**	**4,372**

7.7 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,810)
8.2	Cash and cash equivalents at quarter end (item 4.6)	30,090*
8.3	Unused finance facilities available at quarter end (item 7.5)	-**
8.4	Total available funding (item 8.2 + item 8.3)	30,090
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	17

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.

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

***all 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:

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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:	

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.

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: 21st October 2020

Authorised by: By the board
(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.

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