

23 July 2021

ASX Limited

Company Announcements Platform

Quarterly Activities Report – Quarter Ending 30 June 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 30 June 2021(**Q4 FY2021** or the **Period**), a period during which the Company reached financial close and commenced construction at its flagship Kidston Pumped Storage Hydro Project (**K2-Hydro**).

HIGHLIGHTS

- Financial close for K2-Hydro was reached during the Period, signalling the satisfaction of all conditions precedent associated with the financing of the project;
- Construction at the K2-Hydro site at Kidston commenced, including upgrade work for the accommodation village, key infrastructure and fresh water supply;
- During the Period, Practical Completion at the Jemalong Solar Project (**JSP**) was claimed by the EPC Contractor, Beon, and the project is now fully operational;
- During the Period, the Kidston Solar Project (**KS1**) generated 26,133MWh of renewable energy. In addition to this, the JSP generated 12,518MWh of renewable energy delivering total revenue for the Period of \$4.2M;
- Genex finished the Period with a strong cash position, with cash at bank of \$49.3M as at 30 June 2021;
- Extraordinary General Meeting (**EGM**) of Genex's shareholders approved the issue of 106,990,005 fully paid ordinary shares in the Company at an issue price of \$0.2337 per share to J-POWER under the Share Subscription Agreement, raising a total of \$25M; and
- Following completion of the Share Subscription Agreement by J-POWER, Mr Kenichi Seshimo was appointed as a Director of the Company effective 18 May 2021

Commenting on the Q4 FY2021 performance, Genex CEO, James Harding said:

"The quarter was a landmark period for Genex, with the Company reaching financial close for the Kidston Pumped Storage Hydro Project. Genex has been working towards this milestone for over 5 years and I would like to thank all of our stakeholders for their continued support, and the team at Genex for their tireless work in reaching this significant event.

The construction of the Kidston Pumped Hydro project is now fully funded through to completion, and site preparation and initial construction activities are underway. We will continue to work closely with our team of project delivery partners, notably John Holland, McConnell Dowell and Andritz, to deliver the project and provide a large-scale energy storage project for the National Electricity Market.

I would like to welcome Mr Kenichi Seshimo to the Board of Directors at Genex, and thank J-POWER for their significant investment in, and ongoing support of, the Company. We look forward to working closely with J-POWER through the construction of the Kidston Pumped Storage Hydro Project, the ongoing development of the Kidston Wind project, and future renewable energy and storage project opportunities.

We continue to progress our portfolio of renewable energy and storage growth projects and I look forward to updating the market in the coming period on the progress of our Bouldercombe Battery project and Kidston Wind project.

Genex remains focussed on delivering a diverse portfolio of renewable energy and storage projects in the Australian market, positioning ourselves as Australia's leading listed renewable energy company."

OPERATIONAL UPDATE

250MW KIDSTON PUMPED STORAGE HYDRO PROJECT (K2-HYDRO)

- Financial close for the project was reached signalling the satisfaction of all conditions precedent associated with the financing of the project;
- Notice to Proceed was issued under the Engineering, Procurement and Construction (EPC) contract with the joint venture of McConnell Dowell Constructors (Aust.) Pty Ltd and John Holland Group Pty Ltd (**MDJH JV**) for the project. The EPC scope includes dam construction, underground and waterway civil works and the full powerhouse fit-out (including supply and installation of all electromechanical equipment);
- Genex also issued the Notice to Proceed under the Design and Construct (**D&C**) contract with Energy Solutions Pty Ltd trading as Beon (**Beon**) for the surface connection assets:
 - The D&C scope includes a new substation at Kidston to connect into the Powerlink transmission line, and new 275kV transmission infrastructure to connect from the substation to the EPC works.
- Concurrent with commencement of activities under the EPC and D&C contracts, Genex is also ramping up its site activities with the following works:
 - Continuation of refurbishment works for the Oaks Rush accommodation village, which is being utilised as the project construction camp;
 - Completion of the airstrip upgrades to facilitate fly-in fly-out operations for construction personnel;
 - Continuation of the communications infrastructure upgrades; and
 - Commencement of upgrade works on the fresh water supply line from the Copperfield Dam.
- The \$775.5M project (after confirming final interest and foreign exchange rates) is fully funded to commercial operations via:
 - \$610M 15-year debt facility from the Northern Australia Infrastructure Facility (**NAIF**) (refer *ASX Announcement dated 15 April 2021*);
 - \$47M project grant funding agreement with the Australian Renewable Energy Agency (**ARENA**) (refer *ASX Announcement dated 15 April 2021*); and
 - Total equity commitment of \$118.5M secured via the proceeds of the fully underwritten \$115M fundraising (refer *ASX Announcement dated 24 March 2021*) and Genex's existing cash.

50MW KIDSTON SOLAR PROJECT (KS1)

- KS1 continued to generate energy into the National Electricity Market during the Period; and
- As previously advised (*refer ASX Announcement dated 21 October 2020*), Genex and UGL mutually agreed to end UGL's role as EPC contractor and Operations & Maintenance (O&M) provider to KS1. During the period, the O&M role at KS1 was officially transferred from UGL to Solarig.

50MW JEMALONG SOLAR PROJECT (JSP)

- Following the successful energisation of the project in Q2 FY2021, JSP is now the second generating asset in the Genex portfolio;
- During the Period, Practical Completion at JSP was claimed by the EPC Contractor, Beon, and the project is now fully operational; and
- The project is initially operating 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.

BOULDERCOMBE BATTERY PROJECT (BBP)

- The BBP is expected to be one of the first standalone large-scale Battery Energy Storage Systems (BESS) in Queensland at an initial size of 50MW;
- During the period, significant progress was made with respect to the revenue support and financing workstreams, as well as the BESS supply and construction contracting arrangements;
- Grid connection studies are well progressed with an Offer to Connect expected to be received in Q2 FY2022;
- Genex expects to reach financial close for the BBP in Q2 FY2022 with the BESS scheduled to be fully operational in H1 FY2023; and
- The BBP diversifies the Company's portfolio and will continue to position 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 advance the early stage of works associated with K3-Wind including modelling the wind resource at a number of sites at the Kidston renewable energy hub; and
- It is anticipated that the project will connect into the new 275kV transmission line being constructed by Powerlink Queensland for the K2-Hydro, which is expected to be completed in 2024.

EXTRAORDINARY GENERAL MEETING APPROVES J-POWER INVESTMENT

Following approval of Resolution 1 and Resolution 2 at the EGM of Genex shareholders held on 29 April (refer ASX Announcement dated 29 April 2021), Genex gave notice to Electric Power Development Co., Ltd (**J-POWER**) that the conditions precedent to the Share Subscription Agreement between Genex and J-POWER (**SSA**) (refer ASX Announcement dated 24 March 2021) were fully satisfied, and that the agreement had become unconditional.

Following satisfaction of these conditions precedent, Genex issued 106,990,005 fully paid ordinary shares in the capital of the Company to J-POWER at an issue price of \$0.2337 per share for total proceeds of \$25M.

CORPORATE UPDATE

- Genex finished the Period with a strong cash position, with cash at bank of \$49.7M as at 30 June 2021;
- During the Period, the Company's expenditure was primarily incurred on development activities associated with the K2-Hydro, JSP and BBP projects and on staff and operating costs;
- As noted in section 6 of the Appendix 4C, the amount stated therein was paid to the Directors of the entity during the quarter, comprising salaries and exertion fees for additional services performed in relation to the financial close of K2-Hydro to the Executive and Non-Executive Directors. No other payments highlighted in section 6 were made to any related parties or their associates of the entity.
- Mr Kenichi Seshimo was appointed as a Director of the Company effective 18 May 2021. Mr Seshimo is a representative of J-Power, which now holds a 10% ownership in Genex. Mr Seshimo has been working at J-POWER since 2004. During his time at J-POWER, Mr Seshimo has been involved in a number of project development and management roles including as a non-Executive Director with CBK , a 750MW Pumped Storage Hydro Power Project Company based in the Philippines, a non-Executive Director of Chia Hui Gas Fired Power Project Company (450MW) in Taiwan, CEO of PT Bhimasena Power Indonesia for 2 x 1,000MW Ultra Super Critical Coal Thermal Power Projects (project cost \$4 billion) in Indonesia and more recently as Chief Operating Officer of J-POWER Australia Pty Limited.

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

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**) is located in NSW and provides geographical diversification to the Genex Power Limited portfolio. JSP was energised in early December 2020 and is now fully operational. 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 listed 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**), the Clean Energy Finance Corporation (**CEFC**) 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")

June 2021

CONSOLIDATED STATEMENT OF CASH FLOWS	CURRENT QUARTER \$A'000	YEAR TO DATE \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,236	12,975
1.2 Payments for		
research and development	(269)	(3,514)
product manufacturing and operating costs	(782)	(2,416)
advertising and marketing		
leased assets		
staff costs	(1,895)	(4,746)
administration and corporate costs	(1,767)	(3,863)
1.3 Dividends received (see note 3)		
1.4 Interest received	11	58

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

CONSOLIDATED STATEMENT OF CASH FLOWS		CURRENT QUARTER \$A'000	YEAR TO DATE \$A'000
1.5	Interest and other costs of finance paid	(1,305)	(5,606)
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	(1,771)	(5,612)

2. CASH FLOWS FROM INVESTING ACTIVITIES		CURRENT QUARTER \$A'000	YEAR TO DATE \$A'000
2.1	Payments to acquire or for: entities businesses property, plant and equipment investments intellectual property other non-current assets	(99,838)	(153,129)
2.2	Proceeds from disposal of: entities businesses property, plant and equipment investments intellectual property other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		

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

2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(99,838)	(153,129)

3.	CASH FLOWS FROM FINANCING ACTIVITIES	CURRENT QUARTER \$A'000	YEAR TO DATE \$A'000
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	110,333	134,489
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	2,990	9,959
3.6	Repayment of borrowings	(1,140)	(4,539)
3.7	Transaction costs related to loans and borrowings		(23)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	112,183	138,716

4.	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	CURRENT QUARTER \$A'000	YEAR TO DATE \$A'000
4.1	Cash and cash equivalents at beginning of period	39,161	69,760
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,771)	(5,612)

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

4.3	Net cash from / (used in) investing activities (item 2.6 above)	(99,838)	(153,129)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	112,183	138,716
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	49,735	49,735

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	45,412	34,865
5.2	Call deposits	248	221
5.3	Bank overdrafts		
5.4	Other (Environmental Bank Guarantee)	4,075	4,075
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	49,735*	39,161*
*Includes funds held for construction of projects 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	675*
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 th June 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	194,883*	194,883 **
7.2	Credit standby arrangements		
7.3	NAIF Loan	610,000***	0
7.4	Total financing facilities	804,883	194,883
7.5	Unused financing facilities available at quarter end		610,000
*Includes senior loan \$175 million and CEFC corporate facility \$16.883 million and \$3.0 million additional loan			
**Includes senior loan of \$175 million drawn and CEFC corporate facility of \$16.883 million drawn and 3 million additional loan drawn			
***NAIF loan \$610 million			

8.	ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,771)
8.2	Cash and cash equivalents at quarter end (item 4.6)	49,735*
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)	49,735
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	28

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.

**includes funds held for construction of projects and Bank Guarantee*

***all unused finance facility committed for construction of projects*

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:

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: 23 July 2021

Authorised 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.