

## ASX Announcement

18th December 2015

### Genex Secures up to \$4m of Federal Government funding from ARENA

#### HIGHLIGHTS

- Up to \$4 million funding approved by the Australian Renewable Energy Agency (ARENA)
- Funding to support the Kidston Pumped Storage Hydro Feasibility Study
- Convertible at ARENA's option at \$0.20 per Genex share

Genex Power Limited (ASX: GNX, **Genex** or **Company**) is pleased to announce that it has secured federal government funding of up to \$4m via a funding agreement with the Australian Renewable Energy Agency (ARENA). The ARENA funding will be applied towards detailed feasibility work associated with Genex's Kidston Pumped Storage Hydro Project (the **Project**).

Commenting on the federal government funding, Genex's Managing Director, Michael Addison said:

*"Genex is pleased to partner with ARENA to advance the development of the Kidston Pumped Storage Hydro Project. The partnership with ARENA is a testament to the innovative nature of the Project as well as a recognition of the need for large-scale energy storage as renewable energy becomes an increasingly important part of the electricity network. The feasibility study is well underway and completion remains on track for Q3 2016 as previously announced.*

*As part of the work to date, a number of new and exciting design concepts have been uncovered. The additional funding from ARENA will allow Genex to fully explore these design optimisation alternatives and ultimately proceed with the best design option.*

*Further, the additional funding strengthens Genex's financial position and enables the Company to continue to de-risk the Project, which includes undertaking a level of detailed engineering required to reach financial close."*

Acting ARENA CEO Ian Kay said:

*"This feasibility study aims to pave the way for the first new pumped hydro storage development in Australia in more than 40 years.*

*“Energy storage is becoming increasingly important as more renewables are connected to the Australia’s electricity grids. Pumped hydro storage can provide a cost-effective alternative to large-scale battery storage and concentrating solar thermal storage.”*

Key terms of the Funding Agreement and Convertible Notes Deed signed by Genex and ARENA include:

- Unsecured unlisted convertible redeemable notes (the **Notes**) of up to \$4 million, to be issued in tranches based on payments received by Genex from ARENA ;
- Zero coupon;
- Payments to Genex to be made upon completion of agreed milestones, based on pre-approved feasibility study expenditure;
- Notes are convertible at a conversion price of \$0.20 per share into Genex ordinary shares at the election of ARENA;
- If ARENA chooses to convert, Genex retains the right to either issue ordinary shares at \$0.20 each or to repay ARENA the face value of the Notes as if they had been converted, at the then volume weighted average price of Genex shares traded on the ASX;
- Voluntary escrow will apply to any shares issued to ARENA upon conversion until the earlier of Financial Close for the Project funding or 30 June 2017 (other than in the event that funding is not fully drawn and ARENA’s shareholding is less than 10%, or in the event of a takeover or scheme of arrangement);
- Genex has the right to redeem the Notes at face value at any time from the date of issue for a period of 5 years in respect of amounts drawn down but not converted (ARENA may convert during the redemption notice period);
- Genex must redeem the Notes at face value upon the completion of a bankable feasibility study in respect of the Project and the execution of all agreements required for the funding of the construction of the Project;
- ARENA has the right to require redemption of the Notes should certain default events occur;
- The Notes lapse and are not repayable by Genex after a period of 5 years if not previously redeemed or converted; and
- The Notes carry standard terms consistent with convertible note arrangements and require Genex to provide key feasibility progress study reports and findings to ARENA and other stakeholders.

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**About Genex Power Limited:**

Genex Power is a power generation development company listed on the ASX. The Company is focussed on innovative clean energy generation and electricity storage solutions which deliver attractive commercial returns for shareholders. Genex is currently pursuing a number of unique energy development opportunities across Australia.

The Company's current focus is on the development of the 330MW Kidston hydro pumped storage power generation project located in Northern Queensland. Following acquisition of the Kidston site in June 2014 and completion of the associated pre-feasibility study, the Company has now secured funding in order to undertake a full Bankable Feasibility Study (BFS). The BFS will determine the economic and technical merits of developing its proposed flagship project.

The Company is also progressing a feasibility study for a 150 MW large scale solar PV project at the Kidston site.

**About ARENA**

ARENA was established by the Australian Government to make renewable energy technologies more affordable and increase the amount of renewable energy used in Australia. ARENA invests in renewable energy projects, supports research and development activities, boosts job creation and industry development, and increases knowledge about renewable energy. ARENA is currently supporting more than 200 projects and is actively seeking new projects to support.

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