

ASX Announcement

10 May 2016

Genex Executes Connection Agreement with Ergon Energy for Kidston Solar Project

HIGHLIGHTS

- Genex Executes Binding Connection Agreements with Ergon Energy for connection into the National Electricity Market
- Achievement of a key milestone achieved enabling the export of 50MW of solar power to the grid

Genex Power Limited (**ASX: GNX, Genex** or the **Company**) is pleased to advise that its wholly-owned subsidiary, Genex (Solar) Pty Ltd, has entered into binding agreements with Ergon Energy Corporation Limited (**Ergon**) in relation to the connection of Genex's first phase 50MW Solar PV Project (**Solar Project**) at Kidston in North Queensland into the National Electricity Market (**NEM**) via Ergon's distribution network.

The two agreements with Ergon comprise:

- A 'Negotiated Connection Establishment Contract' (**Establishment Contract**) which governs the terms and conditions surrounding the substation upgrade works, which will be undertaken concurrently with the construction of the solar farm; and
- A 'Negotiated Ongoing Connection Contract' (**Ongoing Connection Contract**) which governs the terms and conditions for the transfer of the first 50MW of electricity from Kidston into Ergon's network on an ongoing basis for a period of 25 years.

Pursuant to the terms of the Ongoing Connection Contract, once upgrading of the substation on Genex's Kidston site is complete, Genex will be able to connect to Ergon's distribution network and export electricity from Kidston directly into the NEM.

The execution of the Contracts is the result of a detailed negotiation process on key commercial factors over several months and follows a full technical assessment of the works required to upgrade the existing substation. Genex is able to leverage its existing infrastructure via the existing radial 132kV line from Townsville to Kidston to transport its electricity into the NEM. There is sufficient capacity on the line to accommodate the generation from the Solar Project without the need for augmentation.

The Company is now focused on Project funding arrangements, finalising EPC Contractor arrangements and in securing an advantageous power purchase agreement.

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Commenting on the signing of the Contracts with Ergon, Genex's Managing Director Michael Addison said:

"The execution of the Establishment and Ongoing Connection Contracts by Genex represents one of the biggest milestones achieved so far for the Company's first phase 50MW Solar PV Project.

Genex has now completed all key technical milestones required for its Solar Project. Having recently received Development Approval, acquisition of the freehold site and confirmation from the Queensland Government Department of Environment and Heritage Protection that the existing Environmental Approval does not require amendment, with all material approvals in place, Genex will continue with fast tracking of development.

The Company is now squarely focussed on narrowing down its financing options with the appointment of a project finance bank expected in the short term as well as progressing discussions with a number of equity partners to fund all or part of the project construction equity. The Company remains on track to commence construction later this year and is targeting first cash flow within 12 months of construction commencing."

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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 its large-scale Kidston hydroelectric pumped storage generation project and its large-scale solar PV project located in Northern Queensland.