

ASX Announcement

8 September 2016

GENEX OFFERED \$8.85M ARENA GRANT AND 20 YEAR QUEENSLAND STATE GOVERNMENT BACKED POWER SUPPORT DEED

HIGHLIGHTS

- Awarding of \$8.85 million grant funding from The Australian Renewable Energy Agency (ARENA)
- Awarding of Queensland Government Solar 150 Financial Support Deed Providing Long Term Revenue Guarantee
- Financial Close for Genex's Kidston Solar Project on track for 4Q 2016

ARENA Grant – Large Scale Solar PV Program

Genex Power Limited (ASX: GNX, **Genex** or **Company**) is pleased to announce that it has today been advised by the Australian Renewable Energy Agency (**ARENA**) that the Company has been successful in its application in respect of ARENA's Large-Scale Solar Funding Award Program (**Funding Program**) for Federal Government grant funding of up to \$8.85 million to be applied towards construction costs associated with Genex's 50MW Kidston Solar Project (**Solar Project**).

The ARENA grant is the culmination of a thorough and lengthy process which commenced late last year. The first round of the Funding Program, which included Genex's proposal, attracted a total of 77 expressions of interest for approximately \$1.1 billion in funding, for projects across Australia worth more than \$5.5 billion. From this first round, Genex was selected along with 21 other applicants, to submit a full application in mid June this year, with Genex being advised of its successful application today.

The offer from ARENA comprises \$8.85 million in grant funding, subject to completion of standard form documentation which is expected to be concluded in coming weeks.

Commenting on the landmark ARENA funding, Genex's Managing Director, Michael Addison said:

"Genex is pleased to partner with ARENA to advance the construction of its Solar Project at Kidston in North Queensland. Our partnership with ARENA is part of the Large-Scale Solar Funding Award Program instituted by the Federal Government which is targeting the stimulation of solar activity projects across Australia. ARENA has played a vital role in the development of large-scale solar photovoltaics (PV), injecting confidence into the solar industry and helping to build competitive supply chains.

The estimated construction costs for the Company's Solar Project will benefit significantly from this competitive environment. Additionally, the significant natural advantages of the site such as the high solar yield prevalent in this part of North Queensland, favourable ground conditions and existing infrastructure provide a compelling investment case. The Board and management are working diligently towards achieving

Financial Close for the Solar Project, which remains on track for Q4 2016 with construction to commence Q1 2017.

The partnership with ARENA on Kidston Solar follows ARENA's ongoing support of the co-located Kidston Pumped Storage Hydro project (together comprising the "Kidston Energy Hub)" which is on track for the completion of the feasibility study in the next few weeks."

ARENA CEO Ivor Frischknecht said "Australia's big solar industry is coming of age thanks to ARENA support, ensuring large-scale solar was a competitive, sustainable energy option. ARENA had been a driving force in bringing down costs and accelerating the commerciality of large-scale solar in Australia and has carried out a multiyear plan to build capacity in Australian supply chains and expertise over successive projects," Mr Frischknecht said.

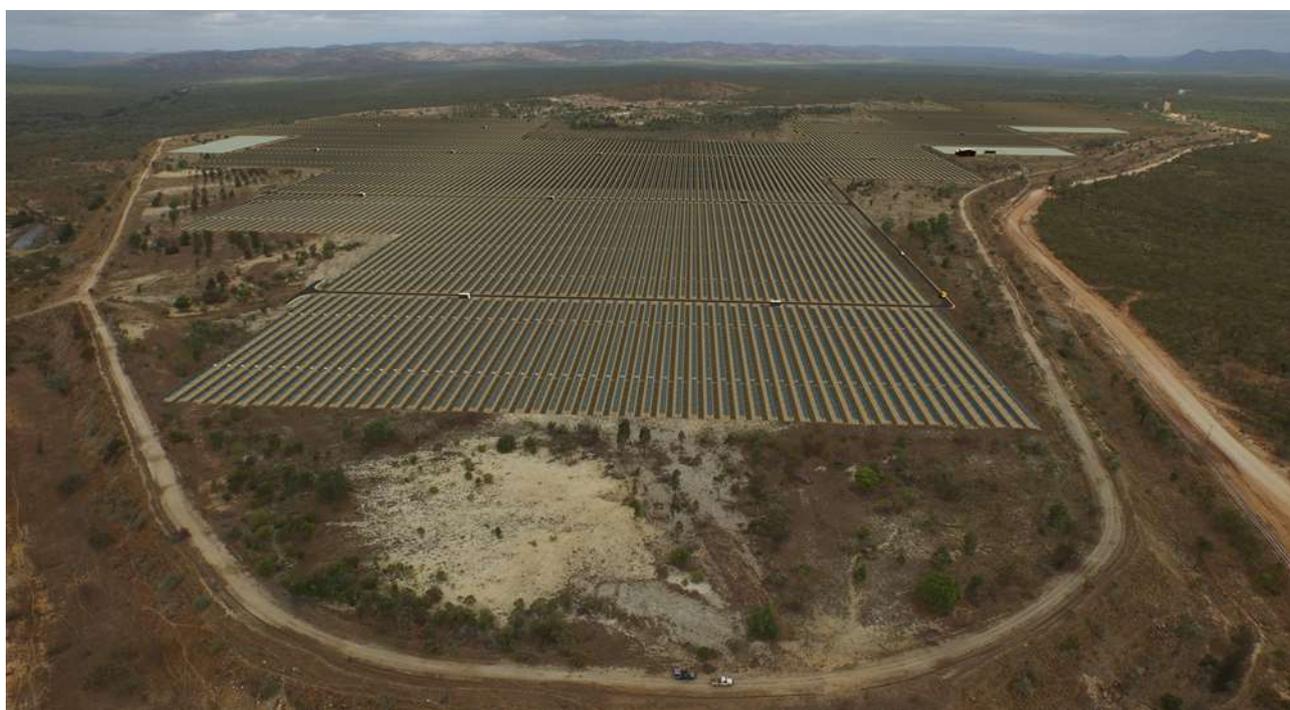


Figure 1: Kidston 50MW PV Solar Project – Indicative Illustrative Arrangement of the potential Solar Project Layout

Queensland Government Solar 150 Financial Support Deed

Genex is also pleased to announce that it has secured Queensland Government Financial Support for 100% of the energy that will be produced from the Solar Project via a long term price guarantee arrangement (akin to what is known in the industry as a Power Purchase Agreement or PPA). Pursuant to the terms of the Solar 150 Financial Support Deed, Large-scale Generation Certificates (**LGC's**) will be surrendered to the State. The term of the Support Deed is 20 years from first revenue.

The contractual arrangements, to be finalised and subject to standard form documentation, will be structured as a Financial Support Deed or "Contract for Difference". With long term revenue certainty, Genex can now finalise long term project finance arrangements to fund construction of the Solar Project and reach Financial Close in Q4 this year.

Commenting on the Financial Support Deed , Genex’s Managing Director, Michael Addison said “The Queensland Government is leading the way for a renewable energy future by providing long term cash flow certainty to underpin the financing of projects. Genex acknowledges the continued support of the Queensland Government in the development of the Kidston Renewable Energy Hub”

Table 1: Kidston 50MW PV Solar Project – Project Partners

Company		Key Role(s)
	Genex (Solar) Pty Limited	Project Sponsor
 Australian Government Australian Renewable Energy Agency	Australian Renewable Energy Agency	Funding Partner
 Queensland Government	Power Purchase Support Deed	Offtake Partner / Financial Support Deed
	AECOM Australia Pty Ltd	Owner’s Engineer and Technical Advisor
	UGL Engineering Pty Limited	EPC Contractor, Operations & Maintenance Contractor
	Coronium Pty Limited	Specialist Solar PV Consultant
	Ergon Energy Corporation Limited	Distribution Connection
	Societe Generale	Lead Debt Financing Arranger and Financial Advisor
	OST Energy	Lender’s Independent Engineer for Due Diligence
	Baker & McKenzie	Legal Counsel
	Jardine Lloyd Thomson	Insurance Advisor
	PricewaterhouseCoopers Securities Limited	Tax Structuring Advisor

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About Genex Power Limited:

Genex Power is a power generation development company listed on the ASX. The Company is focused 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.

About ARENA

ARENA was established by the Australian Government to make renewable energy technologies more affordable and increase the supply of renewable energy in Australia. Through the provision of funding coupled with deep commercial and technical expertise, ARENA provides the support needed to accelerate the development of promising new solutions towards commercialisation. ARENA invests in renewable energy projects across the innovation chain and is committed to sharing knowledge and lessons learned from its portfolio of projects and information about renewable energy. ARENA always looks for at least matched funding from the projects it supports and to date has committed \$1.1 billion in funding to more than 270 projects. For more information, visit www.arena.gov.au.

About Queensland Government Solar 150 Program

Queensland Government has committed to supporting up to 150 megawatts of solar power generation in Queensland—to drive significant growth in renewable energy investment.

The initiative, in conjunction with the large-scale solar PV competitive funding round being conducted by the Australian Renewable Energy Agency (ARENA), will help support the development of large-scale solar energy projects in Queensland. Queensland has some of the best solar resources in the world, and are ideally placed to benefit as solar generation becomes an increasingly important part of Australia's electricity generation.

Queensland Government support the development of local, large-scale solar projects by providing long-term revenue contracts to successful Queensland bidders for the ARENA funds.

This financial support will provide project proponents with long-term income certainty. This helps access favourable financing arrangements and develop lower-cost projects.

This government intervention is needed to remove obstacles for large-scale solar growth.