



Genex Power Limited
ACN 152 098 854

Rights Issue Offer Document

An offer to raise \$3,066,019.51 by way of a non-renounceable pro rata offer of 1 New Share for every 14 Shares held at a price of \$0.16 per New Share

The Offer is underwritten by Canaccord Genuity (Australia) Limited ACN 075 071 466 and Morgans Corporate Limited ACN 010 539 607

The Offer opens on Monday, 13 February 2017

Valid acceptances must be received by 5pm on Wednesday, 22 February 2017

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered under it or any other, matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

IMPORTANT NOTICES

This Offer Document is dated 3 February 2017.

This Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

This Offer Document is important and should be read in its entirety before deciding to participate in the Offer. This Offer does not take into account, and this Offer Document has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs of any Applicant.

Before applying for New Shares, each Applicant should consider whether such an investment, and the information contained in this Offer Document, is appropriate to their particular needs, considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Neither Genex, nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past Share price performance of Genex provides no guidance to its future Share price performance.

By returning an Acceptance Form or otherwise arranging for payment for Shortfall Shares in accordance with the instructions on the Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

Privacy

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Genex collects information about each Applicant provided on an Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Genex.

By submitting an Acceptance Form, you will be providing personal information to Genex (directly or through the Share Registry). Genex collects, holds and will use that information to assess your Application. Genex collects your personal information to process and administer your Shareholding in Genex and to provide related services to you. If you do not complete the Acceptance Form in full, Genex may reject your Application. Genex may disclose your personal information for purposes related to your shareholding, including to the Share Registry, Genex' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and regulatory bodies. You can obtain access to personal information that Genex holds about you. To make a request for access to

your personal information held by (or on behalf of) Genex, please contact Genex through the Share Registry.

No Overseas offering

This Offer Document and the accompanying Acceptance Form does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Document does not constitute an offer to Non-qualifying Shareholders. No action has been taken to lodge this Offer Document in any jurisdiction outside of Australia, or to otherwise permit a public offering of Rights or Shares, in any jurisdiction outside Australia and New Zealand.

This Offer Document is not to be distributed in, and no offer of New Shares is to be made in countries other than Australia and New Zealand.

The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

United States Shareholders

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

New Zealand Shareholders

The Offer is being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013*.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Acceptance Form will be taken by Genex to constitute a representation that there has been no breach of those regulations.

Nominees and custodians

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under an Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Acceptance Form will be taken by Genex to constitute a representation that there has been no breach of those regulations.

Definitions, currency and time

Definitions of certain terms used in this Offer Document are contained in Section 6. All references to currency are to

Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions, that as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the

information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Offer Document.

Entire Agreement

Subject to this paragraph, the terms contained in this Offer Document constitute the entire agreement among Genex and you as to the Offer and your participation in the Offer, to the exclusion of all prior representations, understandings and agreements between Genex and you.

Governing law

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in the Offer Document may not be relied upon as having been authorised by Genex or any of its officers.

For personal use only

INDICATIVE TIMETABLE

Event	Date
Announcement of Offer	Wednesday, 1 February 2017
Despatch of notices to Optionholders informing them of the Offer	Wednesday, 1 February 2017
Lodgment of Appendix 3B, Offer Document and Cleansing Notice with ASX	Friday, 3 February 2017
Despatch of notices to Shareholders informing them of the Offer	Monday, 6 February, 2017
Shares quoted on ex-entitlement basis	Wednesday, 8 February, 2017
Record Date for determining Entitlements	7pm, Thursday, 9 February, 2017
Offer opens – despatch of Offer Document and Acceptance Form	Monday 13 February, 2017
Last date to extend the Closing Date	Friday, 17 February, 2017
Closing Date	5pm, Wednesday, 22 February 2017
Shares quoted on deferred settlement basis	Thursday, 23 February, 2017
Company notifies the ASX of under-subscriptions	Monday, 27 February, 2017
Allotment and issue of New Shares	Wednesday, 1 March, 2017
Trading of New Shares on ASX expected to commence	Thursday, 2 March, 2017
Despatch of holding statements	Friday, 3 March 2017

Dates are indicative only and are subject to change. Genex reserves the right, subject to the Listing Rules, to amend this indicative timetable. For example, Genex reserves the right to extend the Closing Date, accept late applications under the Offer (either generally or in particular cases) and to vary the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares under the Offer. The last date to extend the Closing Date is Friday, 17 February 2017. Genex will consult with the Underwriters in relation to any change to this indicative timetable and any such change will require the consent of the Underwriters. All times above are Australian Eastern Daylight Savings time.

The Directors reserve the right not to proceed with the whole or part of the Offer any time prior to allotment and issue of the New Shares. In that event, any payments received for Applications will be returned in full without interest.

SECTION 1 DESCRIPTION OF THE OFFER

1.1 Overview

Genex is seeking to raise up to \$3,066,019.51 by way of a non-renounceable offer to Eligible Shareholders of 1 New Share for every 14 Shares held on the Record Date at a price of \$0.16 per New Share. The Offer is underwritten by Canaccord and Morgans (see Section 1.9).

Fractional entitlements will be rounded up to the nearest whole number of New Shares. An Acceptance Form setting out your entitlement to New Shares accompanies this Offer Document. If you do not take up your Entitlement your shareholding in Genex will be diluted.

Eligible Shareholders should be aware that an investment in Genex involves risks and Eligible Shareholders should consider the investment in the context of their individual risk profile, investment objectives and individual financial circumstances (see Section 5).

1.2 Size of the Offer

Up to 19,162,622 New Shares will be issued to raise up to \$3,066,019.51. Subject to rounding, if all New Shares are taken up, there will be 287,439,329 Shares on issue following the Offer (subject to rounding).

There are a number of options to acquire Shares that could be exercised before the Record Date and would increase the number of Shares on issue. Given the exercise price of these options and the short period of time between the announcement of the Offer and the Record Date, it is unlikely that they will be exercised before the Record Date.

There are also a number of convertible notes that could be converted before the Record Date and would increase the number of Shares on issue. Given the short period between the announcement of the Offer and the Record Date, it is unlikely that they will be converted before the Record Date.

1.3 No Rights trading

The Offer is non-renounceable. There will be no trading of Rights on the ASX and Rights may not be sold, however, you may nominate a Nominee to take up your Entitlement (see Section 1.4). Any New Shares not taken up may be issued to other Eligible Shareholders who have applied for Shortfall Shares or third parties, as determined by the Board.

1.4 Placement

As announced by the Company on 1 February 2017, the Company has undertaken an institutional and sophisticated investor placement of Shares to raise approximately \$5 million. The Placement is due to be completed on 8 February 2017.

Participants in the Placement will be able to participate in the Offer.

1.5 Appointing a Nominee to take up your Entitlement

You may nominate a Nominee to accept your Entitlement in full or in part on your behalf. To nominate another person or other entity, please complete the Nominee's details on the Acceptance Form and indicate how much of your Entitlement you wish your Nominee to accept. To accept your Entitlement in full or in part in respect of your Nominee, you or your Nominee must make a payment for the cost of the New Shares taken up by the Nominee before 5pm on the Closing Date.

1.6 Applying for more than your Entitlement – Shortfall Facility

You may subscribe for New Shares in excess of your Entitlement under the Shortfall Facility. Please refer to Sections 2.2 and 2.3 for details. Please note that there is no guarantee that you will receive any Shortfall Shares.

1.7 Closing Date

The Closing Date for acceptance of Entitlements is 5pm on Wednesday, 22 February 2017. This date may be varied by Genex without prior notice subject to the Listing Rules. Applications completed incorrectly or received after 5pm on the Closing Date may be rejected at Genex's discretion. Genex reserves the right not to proceed with the whole or part of the Offer at any time prior to allotment and issue of the New Shares.

1.8 Use of Funds

The proceeds of the Offer will be used to:

- reach financial close in respect of the Company's Kidston Phase One 50MW Solar Project (**KSP1**);
- provide general working capital;
- continue the development of the Kidston 250MW Pumped Storage Hydro Project (**KPSHP**); and
- advance the development of the Kidston Phase Two Solar Project (**KSP2**).

Project Uses (A\$m)	
KSP1 capex requirements ¹	117.4
Interest during construction/DSRA ²	5.7
KSP1 transaction costs ³	3.5
Fx/interest rate contingency ⁴	2.0
Working capital requirements	
• KSP2	
• KPSHP	3.0
• General & corporate	
Total	131.6

Project Sources (A\$m)	
ARENA grant funding	8.9
KSP1 project finance debt ¹	100.0
Current Cash ²	13.0
Placement and Rights Issue	7.5
Ramp-up cashflow ³	2.2
Total	131.6

¹Including project contingency

²DSRA refers to Debt Service Reserve Account

³Transaction costs refer to bank fees, due diligence costs & legal costs

⁴Additional buffer against fx and interest movement prior to financial close, to the extent it is not utilised, funds will be applied towards working capital

¹Credit approval for up to \$110m of senior project finance debt, subject to prevailing interest rates at the time of financial close, debt/equity ratio & debt service coverage ratio (DSCR)

²Cash as at 25 January 2017 (excluding escrowed environmental bond of \$3.8M)

³Early generation revenue from commissioning phase prior to practical completion

This table is illustrative only of the Company's present intention regarding the use of funds. The precise activities that will be undertaken and the allocation of funds raised may change without notice depending on market conditions and circumstances generally from time-to-time. There is no guarantee that the funds raised will be applied precisely in the manner set out above or in the amounts prescribed

1.9 Underwriting

On or about 3 February 2017, the Company entered into an Underwriting Agreement with Morgans and Canaccord to act as manager and to underwrite the New Shares (excluding any New Shares which are to be issued for any Shares issued upon the exercise or conversion of the options or convertible notes prior to the Record Date).

The terms of the Underwriting Agreement are customary for the size, and risk associated with, the Offer. The following is a summary of the key provisions of the Underwriting Agreement.

- **(Fees and expenses)** The Company must pay Morgans and Canaccord a joint management fee of 2.0% (excluding GST) of the gross amount raised under the Offer and an underwriting fee of 4.0% (excluding GST) of the gross amount raised under the Offer. The Company must also reimburse Morgans' and Canaccord's legal costs incurred in respect of the Offer (up to \$20,000, excluding GST and disbursements) as well as all other reasonably incurred out of pocket expenses.
- **(Conditions precedent)** The obligations of Morgans under the Underwriting Agreement are conditional on the occurrence of certain events, including but not limited to the lodgment of this Offer Document with ASX.
- **(Warranties and undertakings)** Customary warranties and undertakings are given by the Company in relation to matters such as the power to enter into the Underwriting Agreement, corporate authority and approvals and the Company's compliance with the Corporations Act and Listing Rules in relation to the Offer.
- **(Indemnity)** The Company agrees to indemnify Morgans and Canaccord (including their directors, officers, partners, employees, agents, advisers and related bodies corporate) (Indemnified Parties) for any claims, losses, damages, proceedings, liabilities, costs or expenses sustained by the Indemnified Parties directly as a result of, among other things, any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from this Offer Document or any document accompanying this Offer Document, the performance by Morgans and Canaccord of the services contemplated by the Underwriting Agreement, the making of the Offer, any inquiries undertaken by ASIC, ASX any other regulatory body, or a breach by the Company in respect of its obligations under the Underwriting Agreement. The indemnity will not apply where the claims, losses, damages, proceedings, liabilities, costs or expenses are a result of the fraud, gross negligence or wilful misconduct of the Indemnified Party.
- **(Termination events)** Morgans and Canaccord may, at any time by notice given to the Company, immediately terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to the following events:
 - The Company fails to lodge this Offer Document with ASX in a form approved by Morgans and Canaccord.
 - A statement contained in this Offer Document is misleading or deceptive (including by omission) or likely to mislead or deceive or becomes misleading or deceptive or a material matter is omitted from this Offer Document.
 - This Offer Document does not comply with:
 - the Corporations Act (including sections 708AA(7));
 - the Listing Rules; or
 - any other applicable law.
 - The Company withdraws the Offer.
 - An Underwriter reasonably forms the view that a corrective notice must be lodged with ASX under section 708AA(10)(c) of the Corporations Act and Genex does not lodge a corrective notice with ASX in the form and with the content, and within the time, reasonably required by the Underwriters.
 - A new circumstance occurs in relation to the Company that has arisen since this Offer Document was lodged with ASX that would have been required to be included in this Offer Document if it had arisen before this Offer Document

was lodged with ASX and which is materially adverse from the point of view of an investor.

- ASIC or any other government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or this Offer Document.
- A person other than ASIC or any other government agency commences any proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or this Offer Document.
- At any time before completion of the Offer, either the S&P/ASX 200 index or the All Ordinaries index closes at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of the Underwriting Agreement.
- The Company does not provide a certificate as and when required by the Underwriting Agreement.
- One of the following events occurs with respect to the Company or any of its related bodies corporate:
 - an insolvency event occurs;
 - a receiver, receiver and manager, administrator, trustee or similar official is appointed over any of their assets or undertaking;
 - the Company is or becomes unable to pay its debts when they are due or is unable to pay its debts within the meaning of the Corporations Act or any one of them may be presumed to be insolvent under section 459C of the Corporations Act;
 - the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
 - an application or order is made for the winding up, deregistration or dissolution of, or the appointment of a provisional liquidator to the Company or a resolution is passed or steps are taken to pass a resolution for the winding up, deregistration or dissolution of the Company otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Underwriters; or
 - an administrator is appointed in relation to the Company under Division 2 of Part 5.3A of the Corporations Act.
- The Company is or becomes unable, for any reason, to issue the Shares the subject of the Offer upon completion of the Offer.
- Any of the following occur:
 - a director of the Company is charged with an indictable offence relating to a financial or corporate matter;
 - any governmental agency or regulatory body commences any public action against the Company or its related bodies corporate, or any of

its directors of the Company, or announces that it intends to take such action;

- any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
 - a director of the Company engages in any fraudulent conduct or activity.
- Any material adverse change occurs, or an event occurs which is likely to give rise to a material adverse change in or affecting the assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Company or its related bodies corporate, including:
 - any change in the earnings, prospects or forecasts of the Company or its related bodies corporate from those disclosed in this Offer Document;
 - any change in the nature of the business conducted by the Company or its related bodies corporate or proposed to be conducted by the Company or its related bodies corporate as at the date of the Underwriting Agreement; and
 - any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in this Offer Document.
 - Any of the following occurs which does or is likely to prohibit, restrict or regulate the Offer or materially reduce the level or likely level of valid applications for the Shares the subject of the Offer:
 - the introduction of legislation into the parliament of the Commonwealth of Australia, any State or Territory of Australia, New Zealand, the United Kingdom, the United States of America, Singapore, Malaysia or the People's Republic of China;
 - the public announcement of prospective legislation or policy by the Australian Federal Government or the Government of any Australian State or Territory; or
 - the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy.
 - The Company is in default of any of the material terms and conditions of the Underwriting Agreement or breaches any undertaking or covenant given or made by it under the Underwriting Agreement and that default or breach is either incapable of remedy or is not remedied within ten business days after being given notice to do so by the Underwriters.
 - Without the prior written consent of the Underwriters, the Company:
 - disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in this Offer Document;
 - ceases or threatens to cease to carry on business;
 - alters its capital structure (debt or equity), other than as contemplated in this Offer Document;

- amends the Constitution or any other constituent document of the Company; or
- amends the terms of issue of the Shares the subject of the Offer.
- Any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one day on which that exchange is open for trading;
 - any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
 - after the date of the Underwriting Agreement, a change or development (which was not publicly known prior to the date of the Underwriting Agreement) involving a prospective adverse change in taxation affecting the Company and its related bodies corporate or the Offer occurs.
- There is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of the following:
 - Australia;
 - New Zealand;
 - the United Kingdom;
 - the United States of America;
 - Japan;
 - Singapore;
 - Malaysia; and
 - the People's Republic of China.
- A change to the board of directors (including a change to the managing director or the executive director) of the Company occurs.
- Genex charges or agrees to charge or creates any encumbrance over, the whole, or a substantial part of its business or property.

- A statement in any certificate issued under the Underwriting Agreement is false, misleading, inaccurate or untrue or incorrect.

SECTION 2 YOUR CHOICES

You may:

- take up your Entitlement in full (see Section 2.1);
- apply for more than your Entitlement under the Shortfall Facility (see Sections 2.2 and 2.3).
- take up part of your Entitlement and allow the balance to lapse (see Section 2.4);
- allow all of your Entitlement to lapse (see Section 2.5); or
- appoint a Nominee to take up part or all of your Entitlement (see section 2.6).

2.1 Taking up all of your Entitlement

If you wish to take up your Entitlement in full, complete the Acceptance Form in accordance with its instructions and attach your cheque, or arrange payment by BPAY®, for the amount indicated on the Acceptance Form.

2.2 Shortfall Facility

Eligible Shareholders may apply for New Shares in addition to their Entitlement under the Shortfall Facility. The Shortfall Facility allows the Company to place the Shortfall Shares with Eligible Shareholders and third parties (including the Underwriter) so that the maximum amount can be raised under the Offer.

For Eligible Shareholders wishing to take up Shortfall Shares please indicate the number of New Shares in addition to your Entitlement that you wish to subscribe for on your Acceptance Form and attach your cheque, or arrange payment by BPAY®, for the amount payable for the Shortfall Shares. The Application Amount can be calculated as follows:

$$\text{Application Amount} = \text{Number of Shortfall Shares applied for} \times \$0.16 + \text{Amount shown on Acceptance Form}$$

2.3 Allocation of Shortfall Shares

The following rules apply to the allocation of Shortfall Shares:

- (a) there is no guarantee that any participating Shareholder will receive Shortfall Shares under the Shortfall Facility, however, all participating Shareholders will receive at least their Entitlement;
- (b) the Board reserves its right to scale back applications for Shortfall Shares and the Board's decision is final; and
- (c) the Board reserves its right to place the Shortfall Shares with the Underwriter, Eligible Shareholders participating in the Shortfall Facility and third parties (subject to the Listing Rules and the Corporations Act).

The Board intends to issue the Shortfall Shares within 3 months from the Closing Date in accordance with the terms of the Underwriting Agreement.

Until the allocation of New Shares under the Offer, all application money will be deposited in a separate bank account and held on trust. Surplus application moneys (without interest) will be refunded to the relevant Eligible Shareholder as soon as practicable in accordance with the Corporations Act.

2.4 Taking up part of the Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the Acceptance Form by indicating the number of New Shares you wish accept and attach your cheque, or arrange payment by BPAY®, for the amount payable for the New Shares you wish to accept.

The Application Amount for taking up part of your Entitlement is calculated as follows:

$$\text{Application Amount} = \text{Number of New Shares applied for} \times \$0.16$$

The balance of your Entitlement not taken up will lapse and part of your shareholding may be diluted.

2.5 Allow all of the Entitlement to lapse

If you do not wish to accept any part of your Entitlement, do not take any further action and your Entitlement will lapse. By not taking any action and not taking up your Entitlement your shareholding in Genex will be diluted.

2.6 Appointing a Nominee to take up your Entitlement

You may nominate a Nominee to accept your Entitlement in full or in part on your behalf. To nominate a Nominee, please complete the Nominee's details on the Acceptance Form and indicate how much of your Entitlement you wish your Nominee to accept.

2.7 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Genex Power Limited – Rights Issue" and cross "Non-Negotiable".

Your completed Acceptance Form and cheque must reach the Share Registry at the address set out in the Acceptance Form by no later than 5pm on the Closing Date.

2.8 Payment by BPAY®

For payment by BPAY®, please follow the Instructions on the Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Acceptance Form but are taken to have made the declarations on that Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 2:00pm on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

2.9 Acceptance Form is binding

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- For personal use only
- (a) you have received a copy of this Offer Document and the accompanying Acceptance Form, and read them both in their entirety; and
 - (b) you acknowledge that once the Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

If the Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Board's decision whether to treat an Acceptance as valid and how to construe, amend or complete the Acceptance Form is final.

2.10 Brokerage and stamp duty

No brokerage or stamp duty is payable to accept your Entitlement.

SECTION 3 INFORMATION REGARDING GENEX AND THIS OFFER

3.1 Continuous disclosure and reporting obligations

Genex is a "disclosing entity" (as defined in the Corporations Act) and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Genex to notify the ASX of information about specific events and matters as they arise for the purpose of the ASX making the information available to the securities market conducted by the ASX. In particular, Genex has an obligation under the Listing Rules (subject to certain limited exceptions), to notify the ASX once it is, or becomes aware of information concerning Genex which a reasonable person would expect to have a material effect on the price or value of Genex' Shares. The ASX maintains records of company announcements for all companies listed on the ASX. The announcements of Genex are available for inspection at the ASX and may be viewed on the ASX website at www.asx.com.au.

Genex is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to Genex may be obtained from, or inspected at, an office of ASIC.

3.2 Cleansing Notice

This Offer Document is issued pursuant to section 708AA of the Corporations Act as an offer document for the offer of securities for issue, under a rights issue, without disclosure to investors under Part 6D.2 of the Corporations Act. Pursuant to the conditions imposed on Genex by section 708AA of the Corporations Act for the making of a rights issue without disclosure to investors, Genex provided the ASX with a cleansing notice that complied with the requirements of section 708AA(7) on 3 February 2017, prior to despatch of this Offer Document. In addition to certain minor and technical matters that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of Genex; or
 - (2) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on control of Genex and the consequences of that effect.

3.3 Taxation

You and your Nominee should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares. The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares under this Offer Document or the subsequent disposal of any New Shares allotted and issued under this Offer Document. Genex, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants. The Directors recommend that all Eligible Shareholders and their Nominees consult their own professional tax advisers in connection with this Offer.

3.4 Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares	
Shares currently on issue (following settlement of the Placement)	268,276,707
New Shares offered pursuant to the Offer	19,162,622
Total Shares on issue after completion of the Offer	287,439,329

Options

Options	Number
Options exercisable at \$0.25 each and expiring 7 February 2019 (8,000,000 of which are subject to ASX imposed escrow until 8 July 2017)	8,500,000
Loyalty Options exercisable at \$0.20 each expiring 25 February 2018	17,250,000
Options exercisable at \$0.25 each and expiring 6 August 2020 with various vesting milestones attached (no escrow)	5,000,000
Options exercisable at \$0.25 each and expiring 2 September 2021 with various vesting milestones attached (no escrow)	2,400,000
Options exercisable at \$0.34 each and expiring 17 January 2022 (no escrow)	14,000,000

Under the terms of the Loyalty Options and some of the other options on issue, if the Company makes a pro-rata issue of Shares to existing Shareholders and no Share has been issued in respect of the option before the record date for determining entitlements to the issue, the exercise price of each option is reduced in accordance with the Listing Rules.

Convertible Notes

Convertible Notes	Number
9 Unsecured Convertible Notes issued to ARENA – equating to 12,604,445 shares assuming all 9 convertible notes were fully converted at \$0.20 per share	9

The capital structure on a fully diluted basis as at the date of this Offer Document (including the Shares to be issued under the Placement) would be 347,193,774 Shares and on completion of the Offer (assuming all Entitlements are accepted and no options or convertible notes are exercised prior to the Record Date) would be 287,439,329.

3.5 Underwriting

The Offer (excluding any New Shares which are to be issued for any Shares issued upon the exercise or conversion of the options or convertible notes prior to the Record Date) is underwritten by Canaccord and Morgans (together, the **Underwriter**).

The Company has entered into the Underwriting Agreement with the Underwriter, the material terms of which are summarised in Section 1.9.

3.6 Directors' Interests and Participation

Each Director's relevant interest in the Shares of the Company at the date of this Offer Document (following settlement of the Shares to be issued under the Placement) and their Entitlement is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement	\$
Dr. Ralph Craven	318,181	0.118	22,727	\$3,636.32
Mr. Michael Addison	27,500,000	10.25	1,964,285	\$314,285.60
Mr. Simon Kidston	20,788,181	7.75	1,484,870	\$237,579.20
Mr. Yongqing Yu	0	0	0	0
Mr. Alan du Mee	227,727	0.08	16,266	\$2,602.56
Mr. Ben Guo	2,108,181	0.78	150,584	\$24,093.44

Some Directors are intending to participate in the Offer but will not take up their full Entitlement as set out in the table below (noting that one director, Mr Yu, is not a shareholder).

Director	Shares to be taken up	Total \$ Commitment
Dr Ralph Craven	22,727	\$3,636.32 <i>(plus a further \$6,363.68 of any available shortfall)</i>
Mr Alan du Mee	16,266	\$2,602
Mr Michael Addison	1,000,000	\$160,000
Mr Simon Kidston	93,750	\$15,000
Mr Ben Guo	93,750	\$15,000

3.7 Effect of the Offer on control and voting power in the Company

The Company's substantial holders (prior to completion of the Placement) and their Entitlement prior to the Offer (following completion of the Placement and assuming they do not participate in the Placement) are set out in the table below.

Substantial Holder	Shares	Voting Power (%)	Entitlement	\$
Zhefu Hydropower International Engineering Corporation Ltd	31,678,750	11.8	0*	\$0
Danawa (Inv) Pty Limited <Danawa Super Fund A/C>	27,500,000	10.25	1,964,285	\$314,285.60
KFT Capital Pty Limited <Gundimaine A/C> &	17,700,000 3,088,181	7.75	1,484,870	\$237,579.20

KFS Pty Limited <SEK Super Fund A/C>				
J P Morgan Nominees Australia Limited	14,720,335	5.48	1,051,452	\$168,232.32

This Shareholder is not eligible to participate in the Offer as they do not have a registered address within Australia or New Zealand.

The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlements under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Non-qualifying Shareholders being unable to participate in the Offer;
- (b) in the event that there is a shortfall, Eligible Shareholders who do not subscribe for their full Entitlement of Shares under the Offer and Non-qualifying Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement; and
- (c) in respect of any shortfall, Eligible Shareholders will be entitled to apply to top-up their shareholding, by subscribing for additional shares to be issued from the Shortfall Facility. However, the Company will only issue such Shares pursuant to an application received in the manner determined by the Directors (in their absolute discretion) and, where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the Applicant's voting power above 19.90%. Having regard to the number of Shares to be issued under the Offer, even if a substantial shortfall eventuated, a participant in the Shortfall Facility would not be in a position to exercise any substantive control in the Company.

The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The extent to which Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in the Company.

3.8 Market Price of Shares

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.315	2 December 2016
Lowest	\$0.21	5 January 2017
Last	\$0.22	31 January 2017

3.9 Enquiries concerning Offer Document

Enquiries relating to this Offer Document should be directed to the Company Secretary, Justin Clyne on + 61 2 9993 4407.

SECTION 4 ASX QUOTATION AND ALLOTMENT OF NEW SHARES

4.1 ASX quotation

Genex has made an application to the ASX for the New Shares to be granted quotation on the ASX. If permission is not granted for quotation of the New Shares on the ASX, then no allotment and issue of any New Shares will take place and any application monies (without interest) will be returned in full to Applicants.

Trading of New Shares will, subject to the ASX approval, occur on or about the date specified in the Timetable.

4.2 Allotment and despatch of Holding Statements

Subject to the New Shares being granted quotation on the ASX, the New Shares will be allotted and issued and holding statements despatched in accordance with the Timetable. It is expected that allotment and issue of New Shares will take place on or about Wednesday, 1 March 2017 and that despatch of holding statements will take place on or about Friday, 3 March 2017.

Application monies received from Applicants will be held in trust by Genex until allotment and issue of the New Shares. Genex will be entitled to retain any interest paid on the monies so held, even if this Offer does not proceed.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

4.3 CHESS

Genex participates in CHESS. Under CHESS, Genex does not issue certificates to Shareholders but will instead provide Shareholders with a statement of their holdings in Genex. If you are broker sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under the Offer Document and give details of your holder identification number, in the case of a holding on the CHESS sub-register and the terms and conditions applicable to the New Shares.

If you are registered in the issuer sponsored subregister your statement will be despatched by the Share Registry and will contain the number of New Shares issued under the Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement is routinely sent to Shareholders by Genex's Share Registry at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time, however, a charge may be incurred for additional statements.

4.4 Rights attaching to New Shares

From allotment and issue, the New Shares allotted and issued pursuant to the Offer Document will rank equally in all respects with existing Shares.

SECTION 5 RISKS

5.1 Introduction

The Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

5.2 Key investment risks

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Offer Document in its entirety before deciding whether to apply for Shares under this Offer Document.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

(a) **Changes to the rules of the Australian Energy Market Operator**

The economic viability of the Kidston Project is dependent upon the rules and the operation of the market operated by the Australian Energy Market Operator (**AEMO**). Any changes to the rules and the operations of the market operated by AEMO may have an adverse effect on the Company's operations.

(b) **Power price volatility risk**

The economic and technical viability of the Company's operations is dependent on future peak and off-peak electricity prices, the relationship between peak and off-peak electricity prices, the frequency and duration of peak pricing and off-peak pricing events and the overall volatility of the electricity market on the east coast of Australia. There is no certainty that historical pricing patterns experienced over the past will be repeated in the future.

(c) **Gas price volatility risk**

The profitability of the Company is dependent upon the price for liquefied natural gas (**LNG**) in Australia. Volatility in the price on LNG, or the structures associated with the price of LNG, on the east coast of Australia may adversely affect the Company's financial performance. There is no certainty that historical pricing patterns experienced over the past will be repeated in the future.

(d) **Competition risk**

The electricity market is competitive. The actions of an existing competitor or the entry of new competitors into the electricity market may make it difficult for the Company. The actions of an existing competitor, or the entry of a new competitor, may make it difficult

for the Company to grow or maintain its revenues, which in turn, may have a material adverse effect on the Company's profitability. These actions could include, for example, the development of a new power generator to supply electricity to the Australian market or a competitor developing an alternate pumped storage hydroelectric project.

(e) **Technological risk**

Pumped storage hydropower is a mature technology used for the storage and management of energy. In the future, other technologies could be developed as a way to manage and store energy. Any future advances in other technologies could adversely impact Genex.

(f) **Key Personnel**

The Directors' and senior managers' ability to successfully manage the Company's performance and the opportunities will directly affect the success of the Company. The Company may be adversely affected if any of the Directors or senior management leave the Company. The Company may not be able to replace its Directors or key employees with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company pending replacements being identified and retained by or appointed to the Board of the Company.

(g) **Operational risk**

The Company's activities are subject to numerous operational risks, many of which are beyond the Company's control.

The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.

Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

The occurrence of any one or a combination of these events may have a materially adverse effect on the Company's performance and the value of its assets.

5.3 General Risks

(a) **Currency exchange risk**

Electrical and mechanical equipment required for the construction for the Kidston Project, which includes solar panels, inverters, hydro turbine equipment and electrical equipment, are sourced from overseas manufacturers. Overseas manufacturers generally provide price quotes in US dollars, or in local Australian currency subject to Australian dollar rate fluctuations. Future exchange rate fluctuations will subject the Company to unpredictable variations in the cost of equipment for the Kidston Project.

(b) **Import duty risk**

The Company sources electrical and mechanical equipment required for the construction for the Kidston Project from overseas. Any changes in the import duty structure in

Australia will subject the Company to unpredictable variations in the cost of equipment for the Kidston Project.

(c) **Unforeseen expenses and delays**

Any unforeseen expenses or delays that arise in the future may adversely affect the budgeted expenditure on the Kidston Project.

(d) **Change in interest rates**

The Company has financed the construction of the Kidston Project through a combination of equity and debt financing. Fluctuations in interest rates may have a material adverse effect on the Company's ability to service the debt financing for the Kidston Project. Further, fluctuations in interest rates may have a material adverse effect on the Company's ability to borrow under the debt financing for the Kidston Project.

(e) **Additional requirements for capital**

The funds raised under the Offer are considered sufficient to meet the current proposed objectives of the Company. Additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(f) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(g) **Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(h) **Change in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia (including, without limitation, changes in legislation governing the Renewable Energy Target scheme) may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

5.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the securities to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Offer Document.

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SECTION 6 DEFINITIONS

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document.

Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Applicant means a person who has applied to subscribe for New Shares by submitting an Acceptance Form.

Application means the lodgment of an Acceptance Form with the Share Registry together with the relevant Application Amount.

Application Amount means the total amount payable by Eligible Shareholders for accepting part or all of their Entitlement and applying for Shortfall Shares (as applicable).

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.

ASTC Settlement Rules means the operating rules of ASTC.

ASX means the ASX Limited ACN 008 624 691.

Board means the board of directors of Genex.

Canaccord means Canaccord Genuity (Australia) Limited ACN 075 071 466.

CHES means the clearing house electronic sub-register system operated by ASTC, a wholly-owned subsidiary of the ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Cleansing Notice means the notice required by section 708AA(2)(f) of the Corporations Act and lodged with the ASX on 3 February 2017.

Closing Date means 5pm on Wednesday, 22 February 2017.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of Genex.

Eligible Shareholder means a Shareholder as at the Record Date who is not a Non-qualifying Shareholder.

Entitlement means an Eligible Shareholder's entitlement to subscribe for New Shares pursuant to the Offer.

Genex and **Company** means Genex Power Limited ACN 152 098 854 and when the context requires, each of its subsidiaries.

KPSHP means Kidston 250MW Pumped Storage Hydro Project.

KSP1 means Kidston Phase One 50MW Solar Project.

KSP2 means Kidston Phase Two Solar Project.

Listing Rules means the official listing rules of the ASX.

Morgans means Morgans Corporate Limited ACN 010 539 607.

New Shares means Shares to be allotted and issued under the Offer including Shortfall Shares.

Nominee means a person or entity nominated by an Eligible Shareholder to take up part or all of their Entitlement in accordance with this Offer Document.

Non-qualifying Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Offer means a pro rata non-renounceable offer to Eligible Shareholders to subscribe for 1 New Share for every 14 Shares held to raise up to \$3,066,019.51 at an offer price of \$0.16 per New Share.

Offer Document means this document.

Placement means the institutional and sophisticated investor placement by Genex of Shares to raise approximately \$5 million, which was announced by the Company on 1 February 2017.

Record Date means 7pm, Thursday, 9 February 2017.

Rights means the rights to subscribe for New Shares pursuant to this Offer Document.

Section means a section of this Offer Document.

Shareholder means a holder of Shares.

Shares means fully paid ordinary shares in the capital of Genex.

Share Registry means Boardroom Pty Limited.

Shortfall Facility means the mechanism under which the Company may issue Shortfall Shares to Eligible Shareholders, the Underwriter or third parties.

Shortfall Shares means the aggregate number of New Shares for which Eligible Shareholders have not taken up their Entitlement.

Timetable means the indicative timetable set out at the front end of this Offer Document.

Underwriting Agreement means the underwriting agreement entered into between Genex and the Underwriter dated on or about 3 February 2017.

Underwriter means Canaccord and Morgans.

US Person means a person who receives the Offer when they are located in the United States of America.

Directors

Dr. Ralph Craven
Non-Executive Chairman

Mr. Michael Addison
Managing Director

Mr. Simon Kidston
Executive Director

Mr. Yongqing Yu
Non-executive Director

Mr. Alan du Mee
Non-executive Director

Mr. Ben Guo
Finance Director

Mr. Justin Clyne
Company Secretary

Registered Office

Level 9, 2 Bligh Street
Sydney NSW 2000
Telephone: (02) 9993 4441

Solicitors to the Offer

Kemp Strang Lawyers
Level 17, 175 Pitt Street
Sydney NSW 2000
Telephone: (02) 9225 2500

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600

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