



Level 6,
28 O'Connell Street
Sydney NSW 2000
GPO Box 4626, Sydney NSW 2001
t. + 61 2 9048 8850
e. info@genexpower.com.au
w. www.genexpower.com.au

30 January 2020

ASX Announcement

Appendix 4C and Quarterly Update – Q2 FY20

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 second quarter of the 2020 financial year (**Q2 2020**), a period in which the Company continued to explore offtake arrangements for the 250MW Kidston Pumped Storage Hydro Project (**K2-Hydro**) and reached financial close for the 50MW Jemalong Solar Project (**JSP**).

Highlights:

Kidston 50MW Solar Project (KS1)

- Net revenue of \$2.048m for the quarter.
- 24,109MWh of power generated during the period for the National Energy Market (**NEM**) which was 25% lower than the September quarter.
- The lower revenue and power generation in the December quarter was due to plant outage in October caused by a software issue which has since been rectified and the plant is now operating at full capacity.

Corporate

- The Company announced the financial close of the Jemalong Solar Project and the associated refinancing of the 50MW Kidston Solar Project.
- Net cash position at quarter's end of \$21.8m.
- The total debt funding package of \$192m included a senior loan facility and a structurally subordinated HoldCo facility. The senior facility was independently verified as a Green Loan and is the first of its kind to be certified under the internationally recognised Climate Bonds Standard v3.0. The 100MW_{AC} Portfolio Financing includes the largest Certified Green Loan by an Australian renewable energy group.

250MW Pumped Storage Hydro Project (**K2-Hydro**)

- The Queensland Government announced their intention to provide funding of up to \$132m towards the construction of a 186km single-circuit transmission line from Kidston to Mount Fox.
- During the period, EnergyAustralia (**EA**) announced that they would not be in a position to reach a positive investment decision on the basis of the long term energy agreement which had previously been progressing through the due diligence and finalisation stages.
- Subsequent to the announcement from EA, Genex received support from key stakeholders in the project:
 - The Northern Australian Infrastructure Facility (**NAIF**) approved the extension of their funding offer of up to \$610m through a long term concessional NAIF debt facility to 30 June 2020; and
 - Electric Power Development Co Ltd trading as J-POWER (**J-POWER**) signed a new Memorandum of Understanding (**MOU**). The MOU replaced the original document signed on 6 June 2019. The MOU, under the same terms and conditions, has been extended to 31 December 2020.
- The commitment and deadline extension from both NAIF and J-POWER recognises the quality of K2-Hydro and their continued commitment to its development which importantly allows Genex time to re-negotiate and finalise the energy offtake arrangements for the project.

Jemalong 50MW Solar Project (**JSP**)

- The Company announced that it had reached financial close for the 50MW Jemalong Solar Project in New South Wales.
- The Company successfully executed an Engineering, Procurement and Construction (**EPC**) Contract and Operation & Maintenance (**O&M**) Contract with Beon Energy Solutions for JSP.
- Construction activities are underway.
- Operational commencement and first revenues are on track for late Q4 CY2020.
- When fully operational JSP will produce up to 129,450MWh per year, providing enough energy to power more than 23,000 Australian homes with renewable energy.

Commenting on Q2 FY20, Genex CEO, James Harding stated:

“Whilst the K2-Hydro project advanced on many fronts during calendar year 2019, it was unfortunate that our potential offtake partner, EnergyAustralia, informed Genex during the quarter that they would not be in a position to reach a positive investment decision on the basis of the long term energy agreement outlined in the original term sheet. Despite the setback, all the key stakeholders in the project, including NAIF, Queensland Government, J-POWER and EnergyAustralia have confirmed their continuing support through the restructuring of their commitments to the project.”

We would like to thank all the project stakeholders for their ongoing support of the project.

I would like to state that the delay in securing offtake for the project is not a reflection on the importance or economic viability of the project. The project remains an outstanding opportunity for energy storage, has an operating life in excess of 80 years and consequently provides an energy storage solution for multiple generations. We continue to be actively engaged with EnergyAustralia to secure a revised offtake arrangement that recognises the long term renewable energy benefits of the K2-Hydro project for Queensland.

The Company's refinance of the Kidston Solar One project and financing for the construction of the Jemalong Solar Project through a combined \$192m senior loan facility was a significant achievement in the quarter. The 100MW portfolio financing is the largest Certified Green Loan by an Australian renewable energy group, highlighting the quality of the underlying projects as well as the Company's clean energy credentials.

The financial close and commencement of construction at the Jemalong Solar Project represents the next step in the Company's growth and our aim of becoming a diversified clean energy company".

Outlook

Genex is in a strong position to deliver on our growth ambitions. Our projects are positioned to deliver clean, renewable power that will help Australia meet its renewable energy targets. The increasing impact of intermittent power on energy prices highlights the need for large scale storage options such as K2-Hydro. Over the coming quarter, the Company will continue to focus on the development of its projects. Key outlook areas are:

- KS1: focus on steady state operation and improve overall plant performance.
- K2-Hydro: continue to explore offtake options and progress the project towards financial close; and
- JSP: mobilise the workforce and continue construction efforts.

For more information about this announcement:

CONTACT:

Simon Kidston

Executive Director

Tel: +61 2 9048 8852

Email: sk@genexpower.com.au

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. The Company has a development pipeline of up to 770MW of renewable energy generation and storage projects within its portfolio, underpinned by the Kidston Clean Energy Hub in far-north Queensland (**Kidston Hub**). The Kidston Hub is comprised of the operating 50MW Stage 1 Solar Project (**KS1**), the 250MW Pumped Storage Hydro Project (**K2-Hydro**) and the multi-staged integrated Solar Project of up to 270MW (**K2- Solar**) under development and the Kidston Stage 3 Wind Project of up to 150MW under feasibility. In addition, the Company has acquired the 50MW Jemalong Solar Project (**JSP**), located near Forbes in NSW, which is under construction.

Genex continues to acknowledge the support from the Federal Government, through the Australian Renewable Energy Agency (**ARENA**), which provided \$8.9 million in funding to support the construction of the KS1 Project, as well as their support of up to \$9 million in funding to support the development of the stage 2 projects. In addition to this, Genex acknowledges the Northern Australia Infrastructure Facility (**NAIF**) and their Investment decision to offer finance to K2-Hydro through the provision of a long term concessional NAIF debt facility for up to \$610 million. Genex also recognises the support of the Queensland State Government through providing a 20- year revenue support deed for KS1 and designating the Hub as 'Critical Infrastructure' to the State.

Appendix 4C

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

Name of entity: Genex Power Ltd

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ABN

Quarter ended ("current quarter")

18 152 098 854

December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,048	4,319
1.2 Payments for		
(a) research and development	(1,226)	(2,882)
(b) product manufacturing and operating costs	(649)	(883)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(704)	(1,608)
(f) administration and corporate costs	(452)	(922)
1.3 Dividends received (see note 3)		
1.4 Interest received	36	91
1.5 Interest and other costs of finance paid	(946)	(1,945)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,893)	(3,830)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(17,538)	(17,538)
(d) investments		(618)
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(17,538)	(18,156)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		20,478
3.2	Proceeds from issue of convertible debt securities	317	1,067
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings – Senior Debt	99,719	99,719
3.6	Proceed from CEFC Corporate Facility	16,883	16,883
3.7	Transaction costs related to corporate facility	(393)	(393)
3.8	Repayment of borrowings – Senior Debt	(97,689)	(98,924)
3.9	Transaction costs related to loans and borrowings	(2,625)	(2,625)
3.10	Dividends paid		
3.11	Other (provide details if material)		
3.12	Net cash from / (used in) financing activities	16,212	36,205

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	25,060	7,622
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,893)	(1,937)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17,538)	(618)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16,212	19,993
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	21,841	25,060

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	17,561	20,780
5.2	Term deposits	205	205
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)	21,841	25,060

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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

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7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	175,000	99,719
7.2 CEFC Corporate Facility	16,883	16,883
7.3 ARENA Convertible Note	3,996	3,996
7.4 ARENA Convertible Note 2	4,550	4,550
7.5 Total financing facilities	200,429	125,148

7.6 **Unused financing facilities available at quarter end** 75,281

7.7 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

ARENA Convertible Note – ARENA, convertible at \$0.20, unsecured

ARENA Convertible Note 2 – ARENA, convertible at high or \$0.2865 and the volume weighted average sale price of Shares on the ASX over twenty trading days immediately preceding the Financial Close date, unsecured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,893)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	21,841
8.3 Unused finance facilities available at quarter end (Item 7.6)	75,281
8.4 Total available funding (Item 8.2 + Item 8.3)	97,122
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	51

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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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: 28 January 2020.....

Authorised by: By the board.....
(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.