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ASX: GNX

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ASX Limited

Company Announcements Platform

Quarterly Activities Report – Quarter Ending 31 December 2020

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 quarter ending 31 December 2020 (**Q2 FY2021**), a period during which the Company reached two major milestones – a positive Final Investment Decision for the Kidston Pumped Storage Hydro Project by the Genex Board, and the first energisation of the Jemalong Solar Project.

Highlights:

- Genex Board delivered a positive Final Investment Decision for the Kidston Pumped Storage Hydro Project (**K2-Hydro**);
- Pricing and offer validity extensions were secured from all K2-Hydro Project stakeholders, including EnergyAustralia and J-POWER;
- Early works program commenced for K2-Hydro with construction activity planned to commence shortly after Contractual Close, anticipated in Q1 CY2021;
- First energisation of the 50MW Jemalong Solar Project (**JSP**), the first stage in providing a step change in revenue and operational cashflow for the Company;
- 50MW Kidston Solar Project (**KS1**) delivered \$2.4 million in Net Revenue and 31,723MWh of power generated for the quarter; and
- The Company entered into a Development Funding Agreement with J-POWER for the Kidston Stage-3 Wind Project (**K3-Wind**), further extending the Company's strong relationship with J-POWER.

Commenting on Genex's Q2 FY2021 performance Genex CEO, James Harding said:

"The December quarter continued to be an active and successful period for the Company. The development of our flagship Kidston Pumped Hydro Project advanced significantly over the quarter and into 2021 with the Genex Board making a positive final investment decision on the Project. The Project is a significant development project for regional Queensland, will create over 500 direct construction jobs during its development phase and will support businesses and communities in Kidston, Einasleigh and the surrounding areas of Northern Queensland.

The energisation of the 50MW Jemalong Solar project marks the delivery of the second operating asset into our portfolio. The project will make a significant step change in the Company's revenue and operational cashflow commencing this year. The development of the Jemalong project which, as was the case with Genex's KS1 project, was energised on time and on budget, represents a major success for the Company especially given the present operating environment.

The Bouldercombe Battery Project continues to make good progress, and the development of the project will further diversify our portfolio of renewable energy generation and storage assets.

I would like to thank all our stakeholders, particularly NAIF, ARENA, the Queensland Government, J-POWER and EnergyAustralia for their continued support for the K2-Hydro project and commitment to closing out the project's financing requirements. We look forward to updating the market on the financial close process and construction activities at Kidston over the coming periods."

Operational Update

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

As announced to the market in the Company's update in relation to K2-Hydro on 22 December 2020:

- The Genex Board made a positive Final Investment Decision to proceed with the financing and construction of K2-Hydro;
- The Northern Australia Infrastructure facility (**NAIF**) made an updated Investment Decision for a long-term concessional loan facility of up to \$610 million that reflects close to final terms;

- The signing of an Energy Storage Services Agreement Amendment Deed with EnergyAustralia and a Share Subscription Agreement and Technical Services Agreement Amendment Deed with J-POWER;
- To ensure readiness for construction activities, Genex has commenced an early works program which includes:
 - The development of a new 275kV transmission line connecting the project to the NEM, with the works being undertaken by Powerlink;
 - Renovation of the Oaks Rush Construction Camp;
 - Refurbishment of the Kidston Airstrip to allow mobilisation of the construction workforce; and
 - Upgrade of the communications infrastructure.

Genex is now in a position to close out remaining workstreams necessary to reach Contractual Close in Q1 CY2021 with a view to commencing construction shortly thereafter.

50MW Kidston Solar Project (KS1):

- KS1 continued to generate energy into the National Energy Market (**NEM**) throughout the quarter;
- Net Revenue totalled \$2.4million, with 31,723MWh of power generated for the 3 months to 31 December 2020;
- Generation for the December quarter was 3% higher than the September quarter; and
- As previously advised (*refer to ASX Announcement dated 21 October 2020*), Genex and UGL mutually agreed to end UGL's role as Engineering, Procurement & Construction (**EPC**) Contractor and Operations & Maintenance (**O&M**) Provider to the Company's KS1 Project. The agreement includes the payment to Genex of \$2.5 million in settlement of all outstanding matters in relation to UGL's involvement with KS1. Genex is currently negotiating contract terms with a replacement O&M Provider, who are expected to take over the O&M role from UGL in February 2021.

50MW Jemalong Solar Project (JSP):

- Transformer energisation (**Energisation**) was successfully achieved in Q4 CY20, delivering the second generating asset into the Genex renewable energy portfolio;
- Energisation follows JSP's successful registration by the Australian Energy Market Operator as a Market Generator, signalling the completion of all technical and regulatory processes to enable the Project to export electricity into the NEM;
- The Project will initially operate on a merchant basis, with the Company receiving the spot price for electricity in addition to revenue from the sale of Large-Scale Generation Certificates; and

- JSP is expected to be fully operational in Q1 CY2021, producing up to 128,700MWh of energy per year.

Kidston Stage-3 Wind Project (K3-Wind):

- As announced to the ASX on 30 November 2020, Genex entered into a Development Funding Agreement with J-POWER, further extending the Company's strong relationship, and reaffirming the strategic partnership with Japan's second largest provider of hydroelectric and wind power. J-POWER has an opportunity to earn up to a 50% interest in the Project through an initial funding contribution of \$1.5 million which will be allocated to feasibility and development workstreams over the next 12-18 months; and
- Construction for Genex's first wind farm is anticipated to commence in 2022. The Project will connect into the new 275kV transmission line, to be constructed by Powerlink Queensland for the K2-Hydro, which is expected to be completed in early 2024.

Bouldercombe Battery Project (BBP):

- The BBP is expected to be the first standalone large-scale Battery Energy Storage System in Queensland at an initial size of 50MWh; and
- The BBP further diversifies the Company's portfolio and positions Genex as a leader in renewable energy generation and storage in Australia.

Corporate Update:

- Genex finished the quarter with a strong cash position, with cash at bank of \$41 million (which includes funds held for construction of Jemalong and bank guarantees) at 31 December 2020;
- During the December quarter, the Company's expenditure was primarily incurred on staff and operating costs and development activities associated with the K2-Hydro, JSP and BBP projects;
- As noted in section 6 of the Appendix 4C, the amount stated therein was made to the Directors of the entity during the quarter, comprising salaries and fees for Executive and Non-Executive Directors. No other payments were made to any related parties or their associates of the entity; and
- Subsequent to the end of the quarter, the Company announced the granting by the ASX of a waiver of Listing Rule 14.7 to the extent necessary to permit the Company to issue up to a total of 132,510,161 fully paid ordinary shares to J- Power up to an including 18 March 2021.

This quarterly activity report was approved by the full Board of Genex Power Limited.

For more information about this announcement:**CONTACT:****Simon Kidston**

Executive Director

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Genex Power Limited is focused on developing a portfolio of renewable energy generation and storage projects across Australia. The Company's flagship Kidston Clean Energy Hub, located in north Queensland, will integrate large-scale solar generation with pumped storage hydro. The Kidston Clean Energy Hub is comprised of the operating 50MW stage 1 Solar Project (**KS1**) and the 250MW Kidston Pumped Storage Hydro Project (**K2-Hydro**) with potential for further multi-stage wind and solar projects. The 50MW Jemalong Solar Project (**JSP**) is located in NSW and provides geographical diversification to the Genex Power Limited portfolio. JSP was energised in early December 2020 and commissioning is now underway. Genex is further developing its energy storage portfolio via the early stage development of a 50MW/75MWh standalone battery energy storage system at Bouldercombe in Queensland. With over 400MW of renewable energy & storage projects in development, Genex is well placed as Australia's leading renewable energy and storage company.

Genex continues to acknowledge the support of key Federal and State Government stakeholders such as the Australian Renewable Energy Agency (**ARENA**), the Northern Australia Infrastructure Facility (**NAIF**) and the Queensland State Government.

Appendix 4C

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

Name of entity: Genex Power Ltd

ABN	Quarter ended ("current quarter")
18 152 098 854	December 2020

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	2,361	5,129
1.2 Payments for		
(a) research and development	(1,494)	(1,869)
(b) product manufacturing and operating costs	(638)	(1,048)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(690)	(2,176)
(f) administration and corporate costs	(661)	(1,571)
1.3 Dividends received (see note 3)		
1.4 Interest received	30	40
1.5 Interest and other costs of finance paid	(1,471)	(2,878)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	1,500	1,500
1.9 Net cash from / (used in) operating activities	(1,063)	(2,873)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(20,875)	(52,011)
(d) investments		
(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	(20,875)	(52,011)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		24,126
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(1,170)
3.5	Proceeds from borrowings	2,609	5,207
3.6	Repayment of borrowings	(1,124)	(2,042)
3.7	Transaction costs related to loans and borrowings	(8)	(20)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	1,477	26,101

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	61,438	69,760
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,063)	(2,873)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20,875)	(52,011)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,477	26,101
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	40,977	40,977

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	36,681	57,158
5.2	Call deposits	221	205
5.3	Bank overdrafts		
5.4	Other (provide details)	4,075	4,075
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	40,977*	61,438*

**Includes funds held for construction of Jemalong and Bank Guarantee*

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	264*
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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.

**Payment of salaries and directors fees. Refer Quarterly Activities Report for 3 month period to 31 December 2020 lodged herewith.*

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	191,883*	190,121**
7.2 Credit standby arrangements		
7.3 ARENA Convertible Note	8,546	8,546
7.4 Total financing facilities	200,429	198,667
7.5 Unused financing facilities available at quarter end		1,762
*Includes senior loan \$175 million and CEFC corporate facility \$16.883 million		
**Includes senior loan of \$173.238 million drawn and CEFC corporate facility of \$16.883 million drawn		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,063)
8.2 Cash and cash equivalents at quarter end (item 4.6)	40,977*
8.3 Unused finance facilities available at quarter end (item 7.5)	1,762**
8.4 Total available funding (item 8.2 + item 8.3)	42,739
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	40
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
*includes funds held for construction of Jemalong and Bank Guarantee	
**all unused finance facility committed for construction of Jemalong Project	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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:	
8.6.2 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:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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: 28th January 2021



Authorised by:

(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.