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ASX: GNX

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**GENEX LAUNCHES \$90M FULLY UNDERWRITTEN PLACEMENT &
ENTITLEMENT OFFER AS PART OF A \$115M EQUITY RAISE TO COMPLETE
FINANCING OF \$777M KIDSTON PUMPED STORAGE HYDRO PROJECT**

Highlights:

- Genex to finance final equity contribution to retain 100% ownership of the Kidston Pumped Storage Hydro Project;
- Fully underwritten placement and entitlement offer (together, the 'Capital Raising' or the 'Offer') of \$90M launched to raise cash for Genex equity contribution to the Project;
- SSA and TSA Amendment signed with J-POWER to facilitate additional \$25M equity investment into Genex;
- NAIF debt of up to \$610M and ARENA project Grant of \$47M have received final approvals with funds committed for the development of the Project;
- Subsequent to completion of the Capital Raising and financial close, Genex will have \$777M of available capital to fully fund the construction of the Kidston Project; and
- Financial Close and commencement of construction now on a fixed schedule to occur in April/May 2021.

Genex Power Limited (**ASX:GNX**) ('**Genex**' or '**Company**') is pleased to announce that it has today secured the final piece of the \$777M project financing package for the 250MW Kidston Pumped Storage Hydro Project ('**K2-Hydro**' or '**Project**'), through the launch of a fully underwritten Capital Raising to raise \$90M. Importantly, the Capital Raising will allow Genex to proceed with the construction and operation of the Project on a 100% owned basis.

Genex to Finance the Project on 100% Basis

As announced on 1 July 2020, Genex has been engaged with a selection of potential equity investors to take up to a 50% interest in the Project through an investment of new cash equity. This culminated in the selection of a preferred equity partner with whom Genex was working to close out the project financing activities and which was the basis of its Final Investment Decision for the Project (*refer ASX Announcement dated 22 December 2020*).

Following an inability to reach satisfactory commercial terms with its preferred equity partner and cognisant of the strong long term shareholder returns the Project will deliver, Genex will progress the Project to financial close on a 100% owned basis supported by today's announcement of the fully underwritten Capital Raising.

Fully Underwritten Placement and Rights Issue to raise \$90M

Genex is pleased to confirm that it has launched a fully underwritten placement and pro-rata accelerated non-renounceable entitlement offer to raise approximately \$90.3M. The Offer comprises the following:

- An institutional placement of approximately 170.1 million new fully paid ordinary shares in Genex (**'New Shares'**) to raise approximately \$34.0M (**'Placement'**); and
- An 11-for-20 pro rata accelerated non-renounceable entitlement offer of approximately 281.3M New Shares to raise approximately \$56.3M (**'Entitlement Offer'**)

All New Shares offered under the Offer will be issued at an issue price of \$0.20 per New Share, which represents a:

- 27.0% discount to the 5-day volume weighted average price (**'VWAP'**) of \$0.274 on 23 March 2021; and
- 15.0% discount to the Theoretical Ex-Rights Price (**'TERP'**)¹ of \$0.235

The Entitlement Offer provides eligible shareholders the opportunity to subscribe for 11 new shares for every 20 existing shares held as at 7pm Sydney time on Friday, 26 March 2021 (**'Record Date'**).

¹ ¹TERP represents a theoretical measure only. TERP is calculated as the market capitalisation, based on the closing price of Genex shares immediately prior to the launch of the Entitlement Offer being A\$0.275 per share, plus the new shares to be issued under the Entitlement Offer at the Offer Price.

The proceeds of the Offer, in combination with the proceeds from the subscription by Electric Power Development Co. Ltd (**J-POWER**) for Genex shares (detailed further below) and existing cash, will be used to finance Genex's equity contribution for the construction of the Project.

The completion of the Capital Raising will preserve Genex's existing working capital during the 4-year construction phase of the Project. Genex will also continue to apply existing working capital toward the development of its broader portfolio including the Project Como battery projects.

Eligible institutional shareholders will be invited to participate in the accelerated institutional component of the Entitlement Offer (**Institutional Entitlement Offer**), which is being conducted today, Wednesday, 24 March 2021, along with the Placement. Entitlements not taken up by institutional shareholders cannot be traded on market or transferred. Eligible institutional shareholders can choose to take up all, part or none of their entitlements under the Institutional Entitlement Offer. Entitlements not taken up by eligible institutional shareholders, and institutional components that would otherwise have been offered to eligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) will be conducted at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will be open from Tuesday, 30 March 2021 to eligible retail shareholders with a registered address in Australia or New Zealand, as at the Record Date and is expected to close at 5pm (Sydney time) on Friday, 16 April 2021. Eligible retail shareholders who take up their full retail entitlement will also be invited to subscribe for shares over and above their entitlement, up to a maximum of 50% above their entitlement subject to the overall level of participation in the Retail Entitlement Offer and at the discretion of Genex's Board of Directors.

Morgans Corporate Limited and Canaccord Genuity (Australia) Limited are acting as joint lead managers, underwriters and bookrunners to the Offer.

Offer Timetable

Event	Time (AEDT) / Date
Trading halt, announcement of the Transaction, and Placement and Institutional Entitlement Offer opens	24 March 2021
Placement and Institutional Offer conducted	24 March 2021
Announcement of results of Placement and Institutional Offer	26 March 2021
Trading halt lifted – Shares recommence trading on ASX on an “ex-entitlement” basis	26 March 2021
Record Date for Retail Entitlement Offer	7pm on 26 March 2021
Retail Entitlement Offer opens and Retail Offer Booklet (including Entitlement and Acceptance Form) dispatched	30 March 2021
Settlement of Institutional Offer and Placement	1 April 2021
Allotment and commencement of trading of New Shares issued under the Placement and Institutional Offer	6 April 2021
Last day to extend Retail Entitlement Offer close date	13 April 2021
Retail Entitlement Offer closes	5pm on 16 April 2021
Announcement of results of Retail Entitlement Offer	20 April 2021
Settlement of New Shares under the Retail Entitlement Offer	22 April 2021
Allotment of New Shares issued under the Retail Entitlement Offer	23 April 2021
Trading of New Shares issued under the Retail Entitlement Offer	26 April 2021

Note: Dates and times are indicative only and subject to change without notice. Genex Power reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth). All dates refer to Sydney local time, Australia.

Amended SSA and TSA Signed with J-POWER

Concurrent with the execution of the underwriting agreement, Genex is also pleased to advise that it has executed a third amendment deed in relation to the Share Subscription Agreement (**‘SSA’**) and Technical Services Agreement (**‘TSA’**) originally signed with J-POWER on 3 August 2020 (**‘Third SSA and TSA Amendment Deed’**). The primary changes under the Third SSA and TSA Amendment Deed are as follows:

- Amendment of the 15% threshold price cap under the SSA to a 10% threshold price cap – this change was sought by Genex to support the terms of the Capital Raising and means the maximum price payable by J-POWER is \$0.234 per share;
- Additional condition precedent under the SSA relating to the completion of the Capital Raising; and
- Extension of sunset dates under both agreements to 30 June 2021.

Genex notes that its current waiver under ASX Listing Rule 7.1 for the issuance of shares to J-POWER expired on 18 March 2021 (*refer ASX Announcement dated 8 January 2021*), and

accordingly will be issuing a notice of Extraordinary General Meeting ('EGM') in the coming days to approve, among other matters, the issuance of shares to J-POWER under the Third SSA and TSA Amendment Deed.

Project Financing Metrics

Following agreement of final construction contract terms and final discussions with NAIF and ARENA, the total capital cost of the Project (including financing costs and contingency) has been confirmed at \$777M. The sources and uses for the financing of the Project are detailed in the table below.

	\$M	% total
<u>Sources</u>		
Genex equity	\$100M	12.9%
Genex shareholder loan	\$20M	2.6%
NAIF debt funding	\$610M	78.5%
ARENA Grant Funding	\$47M	6.0%
Total	\$777M	100.0%
<u>Uses</u>		
Project construction costs	\$583M	75.0%
Transmission line prepayment	\$111M	14.3%
Financing costs and contingency	\$83M	10.7%
Total	\$777M	100.0%
<u>Transmission Line Funding</u>		
Total transmission line cost	\$258M	100%
Project funding via Transmission Line prepayment	\$111M	43.0%
Queensland Government co-contribution	\$147M	57.0%
Total transmission line funding	\$258M	100.0%

The Project financing includes a total investment by Genex of \$120M (\$100M equity subscription and \$20M shareholder loan for contingency), which will be funded from the proceeds of the Capital Raising (net of costs), the proceeds of the J-POWER SSA and existing cash.

Timing for Financial Close

Today's announcement represents a major milestone for the Company and secures the funding for the construction of the flagship K2-Hydro project, with Genex retaining 100% ownership. Genex is working to shortly close out and execute the finance and project documents, conclude all final outstanding conditions precedent and move ahead to financial

close. Due to the requirement to hold an EGM to approve, inter alia, the J-POWER share issuance, financial close is scheduled to occur in mid-May 2021, with construction activities planned to commence ahead of this in late April 2021.

Commenting on today's milestone announcement, Genex CEO James Harding stated:

"Today's announcement, securing the balance of funding required to take the Kidston Pumped Storage Hydro Project to financial close, is a significant achievement for the Company. More importantly, to be in a position to finance the Project on a 100% equity basis and retain full ownership and control of the asset is a favourable outcome for Genex and its shareholders.

I would sincerely like to thank our financiers, NAIF, ARENA, Queensland Government and J-POWER, for their continued support as we worked to restructure the project financing on the basis of 100% Genex equity ownership. I would also like to thank our existing and new shareholders who have supported the underwritten Capital Raising and crucially enabled us to reach this position.

We are now in the final stages of closing out the financing and commencing construction and look forward to updating the market as we complete these milestones over the coming weeks."



Figure 1: Kidston Pumped Storage Hydro Project – Eldridge Pit

This announcement was approved by the full Board of Genex Power Limited

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

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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 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.