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ASX Announcement

GENEX SECURES UP TO \$5.0 MILLION FUNDING FROM ARENA

- Agreement with ARENA for funding of up to \$5.0 million
- Funding to accelerate Kidston Stage 2 to Financial Close

Genex Power Limited (**ASX: GNX**) (**Genex** or **Company**) is pleased to announce that it has secured further Federal Government funding of up to \$5.0 million via a funding agreement with the Australian Renewable Energy Agency (ARENA) (**Funding Agreement**) for the Kidston Stage 2 Project (**K2**) at Kidston, North Queensland. The K2 Project comprises the 250MW Kidston Pumped Storage Hydro Project (**K2-Hydro**), and the co-located 270MW solar PV Project (**K2-Solar**).

Under the terms of the Funding Agreement, the funding is to be applied toward specified pre-Financial Close activities to progress the K2 Project to Financial Close in 2018. Further detailed terms of the Funding Agreement are set out in Annexure A.

Genex Managing Director, Michael Addison said:

"Genex is pleased to continue its partnership with ARENA for the Kidston Stage 2 Project. The continued support from ARENA is testament to the innovative nature of the Project, and the growing importance of large-scale energy storage in the context of the increasing penetration of renewable energy in the National Electricity Market. It also represents a vote of confidence in the pathway Genex has outlined to financial close."

Following publication of our optimised technical feasibility study and the appointment of an ECI contractor for the K2-Hydro Project, the ARENA funding will be applied towards Genex's project financing and EPC finalisation activities as the Company continues its engagement with EPC contractors, energy partners and debt and equity providers."

This additional funding serves to strengthen Genex's financial position as the Company advances the Kidston Stage 2 Project to financial close in 2018."

ARENA CEO, Ivor Frischknecht said:

"Stage Two of the Kidston hydro and solar project is an important step in achieving a secure and reliable grid and increasing the value delivered by renewable energy."

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About Genex Power Limited:

Genex Power is a power generation development company listed on the ASX. The Company is focused on innovative clean energy generation and electricity storage solutions which deliver attractive commercial returns for shareholders. Following Financial Close of the 50MW Kidston Solar Project (Stage One), the Company's focus is on the development of its 250MW Kidston Pumped Storage Hydro Project and the integrated 270MW Kidston Solar Project (Stage Two) located at the Kidston Renewable Energy Hub, in Northern Queensland.

About ARENA

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

Annexure A: Key Terms of the funding arrangement

Key terms of the Funding Agreement signed by Genex and ARENA include:

Structure

- Up to \$5.0 million in total funding to be made available over the period to 31 August 2018;
- Unsecured, unlisted convertible, redeemable notes of up to \$4.5 million, to be issued in tranches based on payments received by Genex from ARENA (the **Notes**);
- Zero coupon;
- Payments to Genex to be made in accordance with pre-approved budgeted expenditure and subject to agreed milestones;

Conversion

- Notes are convertible at the election of ARENA at any time after the earlier of Financial Close or 31 December 2018 (subject to Ministerial consent) at the higher of:
 - \$0.2865 per share, being the 20 day volume weighted average price (VWAP) as at the date of the Funding Agreement; or
 - The 20 day VWAP as at the date of Financial Close;
- The ability of ARENA to convert the Notes or for the Notes to be redeemed is dependent upon such power being granted under the Australian Renewable Energy Agency Act;
- Voluntary escrow will apply to any shares issued to ARENA upon conversion of any of the Notes, up to 30 June 2019 (with exclusions in the event of a change of control);

Redemption

- Genex has the right to redeem the Notes at face value at any time up to 5 years from the date of issue;
- If the Notes are not converted or redeemed prior to Financial Close, they become redeemable by Genex at Financial Close;
- The Notes lapse at expiry and are not repayable by Genex if not previously redeemed or converted;
- ARENA has the right to require redemption of the Notes prior to Financial Close should certain default events occur;

Other

- The Notes carry standard terms consistent with market practice for convertible note arrangements; and
- Under the terms of the Funding Agreement, Genex is required to provide key progress reports and other findings to ARENA and other stakeholders.