



GENEX POWER LIMITED - 2017 ANNUAL GENERAL MEETING

(23 November 2017)

MANAGING DIRECTOR'S ADDRESS TO SHAREHOLDERS

Dear Shareholders,

Today I would like to briefly address some of the more significant milestones that the Company has achieved over the course of the past financial year, and to extend a vote of thanks to all those who have contributed to the past year's successes. I would also welcome any questions from shareholders at the conclusion of my presentation.

Key Milestones achieved during the 2017 Financial Year:

The 2017 financial year saw the achievement of a significant number of key milestones for the Company. These include:

- Continued support from the Australian Renewable Energy Agency (**ARENA**) via an \$8.85M funding grant for KS1 as part of ARENA's Large-Scale Solar Competitive Round. The KS1 ARENA grant is further evidence of ARENA's support for the Company and follows on from the \$4m funding provided for the Company's hydro project in December 2015;
- A favourable private tax ruling from the ATO in respect of a tax loss of approximately \$39.5 million which originally arose upon the acquisition of Kidston Gold Mines Limited by Genex in June 2014. Under the terms of the Private Tax Ruling, and subject to appropriate valuation and the respective usage calculation under the available fraction, Genex will be able to offset these losses against future taxable earnings achieved across the Genex tax consolidated group;
- Completion of the technical feasibility study for the Kidston Pumped Storage Hydro Project (**KPSHP**);
- Execution of the Solar 150 Financial Support Deed with the Queensland State Government for 100% of the energy that will be produced from KS1 via a long-term price guarantee (akin to what is known in the industry as a '*Power Purchase Agreement*' or '*PPA*');
- KS1 reaching financial close with approximately \$100m of debt finance from the Clean Energy Finance Corporation (**CEFC**) and Société Générale;
- Construction of KS1 almost complete, with first revenue generation scheduled for next month and practical completion early in calendar year 2018;
- Declarations of '*Critical Infrastructure*' and '*Prescribed Project*' by the Queensland Government for the entire Kidston Renewable Energy Hub area as well as the existing water pipeline easement

from the Copperfield Dam to the Kidston site and the designated 180km transmission easement corridor between the Kidston site and Mount Fox; and

- The raising of over \$20 million (before expenses) from the equity markets to fund KS1 and the Company's continuing operations which are now heavily focussed on the Company's Stage 2 projects.

Business Highlights (post the 2017 financial year):

The current financial year has already seen the Company tick off a number of key milestone achievements particularly around its Stage 2 projects:

- First-stage board approval from Northern Australia Infrastructure Facility (**NAIF**) for concessional debt funding for Genex's Stage Two Projects;
- The provision of a \$4.1 million corporate facility by CEFC to fund general corporate expenses comprising part of the financial close arrangements for KS1;
- Execution of a binding Heads of Agreement between Genex and Powerlink Queensland to progress a range of key activities which are critical to the connection of Genex's Kidston Hydro-Solar Project to the Queensland transmission network. This Agreement builds on the Queensland Government's Powering North Queensland Plan, which includes a \$150 million reinvestment of Powerlink dividends to develop strategic transmission infrastructure in North and North-west Queensland to support a clean energy hub;
- Completion by Mott MacDonald of a feasibility optimisation study for the Company's KPSHP;
- The appointment of McConnell Dowell/Downer as Genex's preferred EPC contractor for the KPSHP scheme under the terms of an ECI arrangement;

And, as announced last week

- The award of an additional \$5m of ARENA funding to facilitate key activities required to bring Genex's Stage 2 hydro and solar projects to financial close in 2018.

The Year Ahead:

The year ahead will mark several very important milestones for the Company, with first revenue generation scheduled to occur from KS1 next month. Given the revenue support deed for KS1 from the Queensland State Government, Genex will have guaranteed revenues from KS1 for the next 20-years.

Further, the anticipated financial close of Genex's Stage Two Projects in mid 2018 will underpin the future value of the Company. Discussions with potential energy offtake partners are progressing well, with Genex looking to formalise energy offtake arrangements over the course of the next few months.

In Conclusion

In conclusion, I would like to take this opportunity to thank all of our stakeholders for their continued efforts and support over the past financial year. These include:

- Our executive management team and our Board;
- The Federal and Queensland State Governments;
- The Australian Renewable Energy Agency and the Clean Energy Finance Corporation;
- The Etheridge Shire Council;
- Our consultants, contractors and bankers;
- Our local communities and their community bodies, and
- Our supportive shareholders.

Thankyou

Michael Addison

Managing Director



Annual General Meeting

Investment Highlights



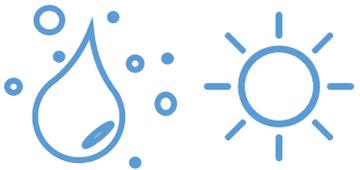
Genex Power

- **Renewable energy generation & energy storage**
- **Benefiting from transition to low carbon economy**
- **Strong cash flows backed by Government contract**



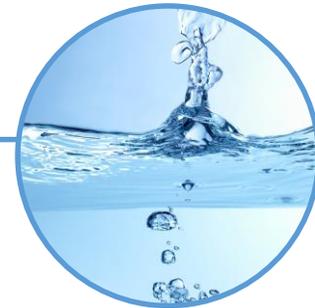
Stage 1: Solar PV (50MW)

- 20 Year Government Revenue Guarantee
- Funded, construction underway
- First cash flow Q4 2017



Stage 2: Pumped Storage Hydro & Solar Expansion

- 250MW peak generator/energy storage
- “Giant water battery”
- Feasibility optimisation completed
- Potential to integrate with 270MW Solar Expansion



Genex Power – Corporate Profile



ASX Code: GNX

Shares on issue: 289,346,714

Market Cap: \$92.6 million

Cash (30.9.17): \$21.6 million

Solar Project Finance: \$130 million

Undrawn ARENA: \$6 million

Favourable Tax Ruling: \$39.5 million

Major Shareholders: Board & Management – 19%
 Zhefu Hydropower – 11%
 Institutional – 18%
 Other – 52%



ARENA



Australian Government
 Australian Renewable Energy Agency



Queensland
 Government

Clean Energy: Transition to a Low Carbon Economy

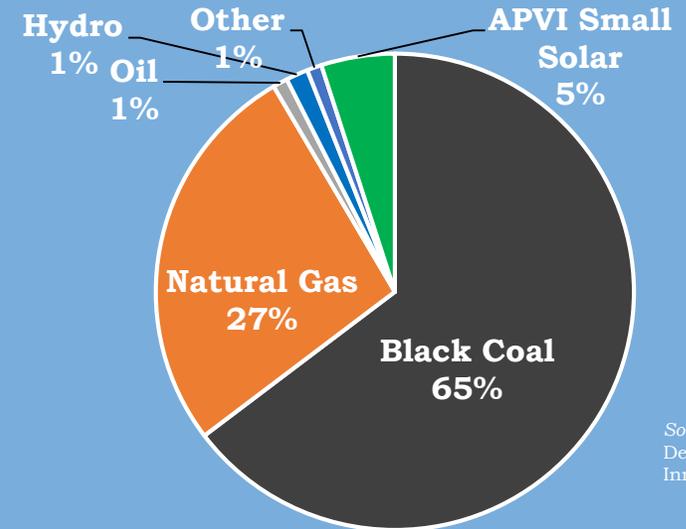
Growth of renewable energy generation

- Intermittent wind and solar creates volatility
- Need for large-scale energy storage
- Pumped storage integration with renewable generation
- 50% renewable energy target in Queensland

Unique energy generation mix in Queensland

- Coal fired baseload
- Expensive gas for peaking power

Queensland Energy Generation By Fuel Type

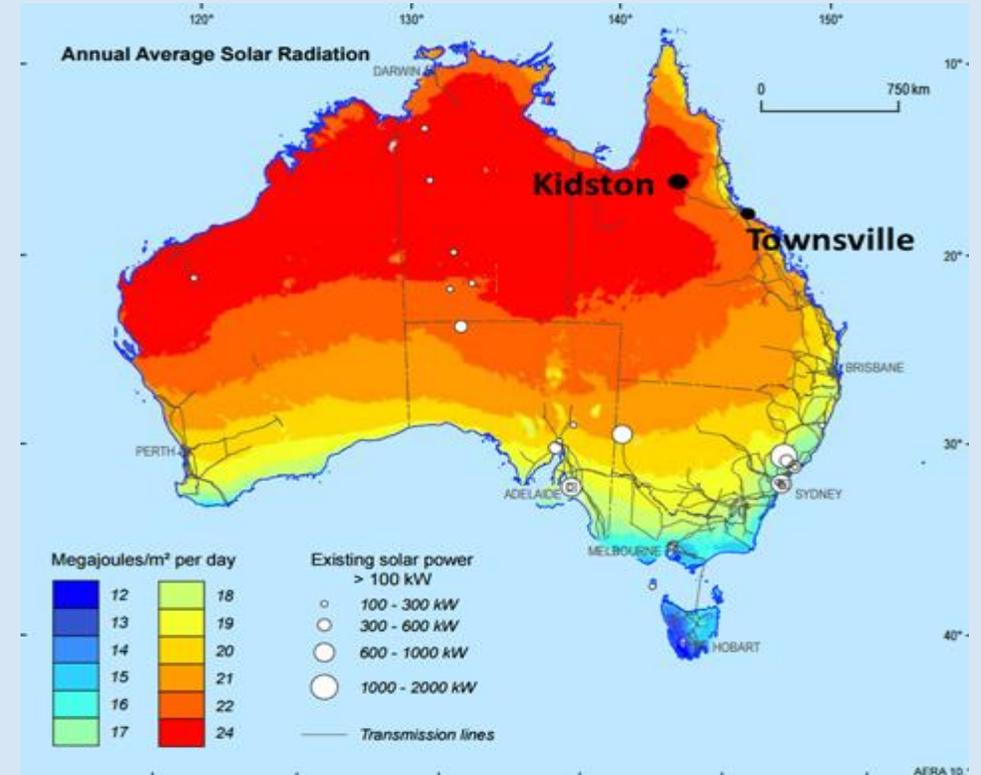


Source: Australian Government – Department of Industry, Innovation & Science, 2015 Report

Location

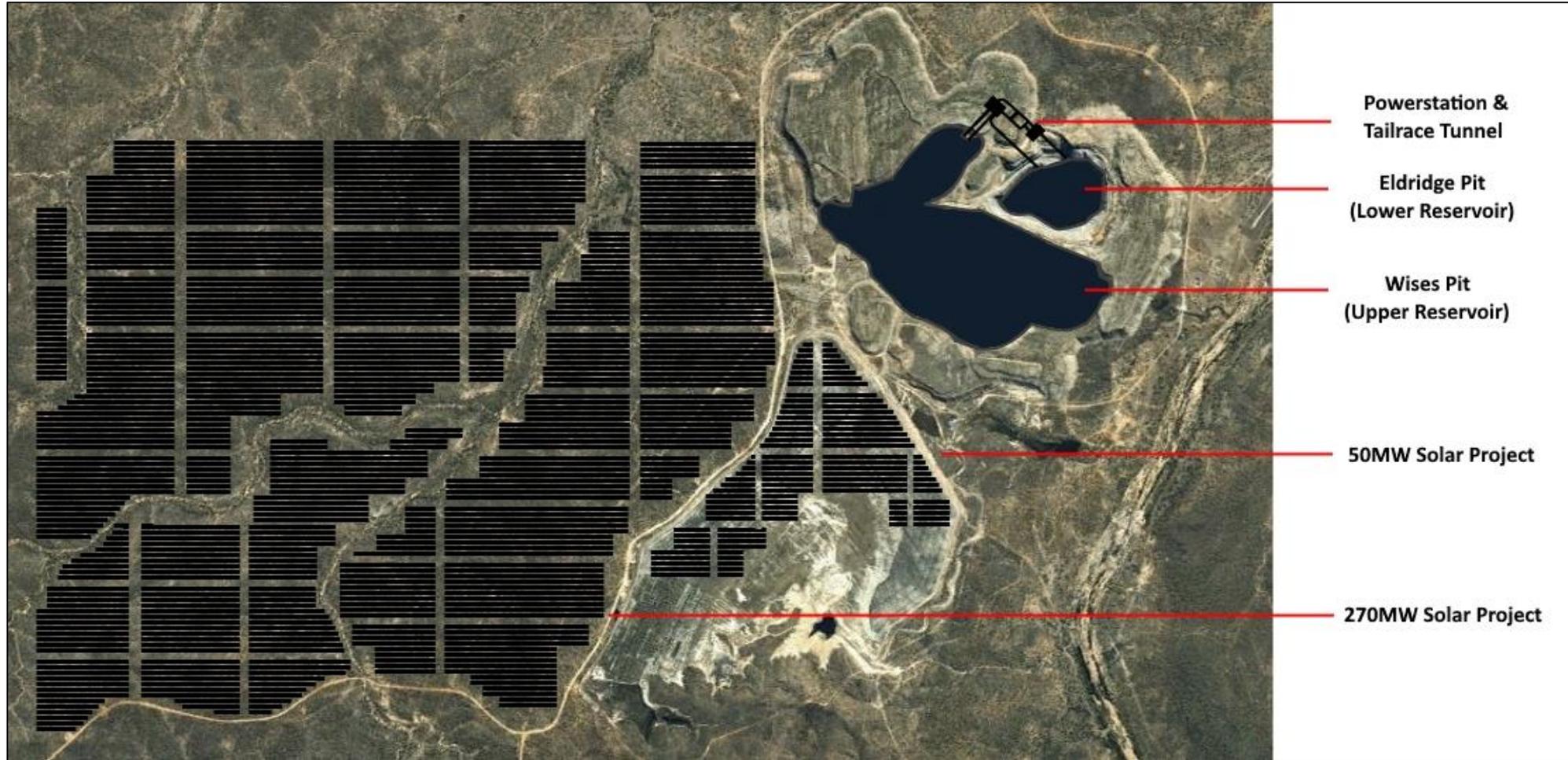


Site Location & NEM Network



Average Solar Radiation - Source: Bureau of Meteorology

Kidston Renewable Energy Hub



The Kidston Renewable Energy Hub – Animation Design

50MW Kidston Solar Project

An aerial, perspective view of a large-scale solar farm. The image shows multiple long, parallel rows of solar panels stretching towards the horizon. The panels are dark blue and are mounted on a metal racking system. The ground between the rows is dry and light-colored. In the background, there is a line of trees and a clear, bright blue sky. The overall scene is well-lit, suggesting a sunny day.

...Renewable Energy On Tap

50MW Kidston Solar Project - Near Term Cash Flow



Project Status

- ✓ Funded, construction underway
- ✓ Fixed price contract with  UGL
- ✓ 20 Year Government Revenue Support Deed
- ✓ Government funding (ARENA and CEFC)

Key Project Parameters

AC Capacity	50 MW
Annual Generation	145,000 MWh

- 30 year economic life / Grid Connection
- First generation 4Q 2017
- Co-located with large-scale pumped storage hydro project



50MW Kidston Solar Project - Construction on track



Construction On Track:

- First Generation – Q4 2017
- Practical Completion – Q1 2018

Construction on-time & on-budget:

- ✓ Continued installation of piles
- ✓ Continued installation of solar modules
- ✓ Continued installation of trackers
- ✓ Installation of the substation earth-grid complete
- ✓ Delivery and installation of transformer
- ✓ Delivery and installation of inverter modules



50MW Kidston Solar Project – Financial Returns



Financial Back-Test Model (2015 – 2017)

	12 months ended 28 Feb 2017	12 months ended 29 Feb 2016	12 months ended 28 Feb 2015
Revenue	\$16.8m	\$13.8m	\$14.1m
EBITDA	\$15.2m	\$12.2m	\$12.5m

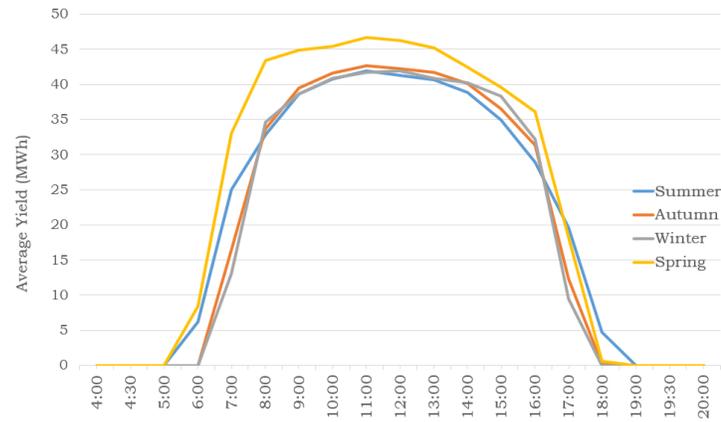
Results are theoretical and based on anticipated generation and actual historical half-hour pricing data over the modelling period. These results are in no way an indication of future performance of the Project. EBITDA is at the Project level, and therefore before corporate overheads.

Model Information:

- Based on historical NEM pricing data
- Assumption that the Project had been in operation over the full 36 month period to 28 February 2017



Source: Red Dolphin Systems



Solar Generation Profile – Kidston, Queensland



Queensland Government

50MW Kidston Solar Project – Experienced Delivery Team



Company	Key Role(s)
 Genex (Solar) Pty Limited	Project Sponsor
 Australian Renewable Energy Agency	Funding Partner
 Queensland Government	Power Purchase Support Deed
 AECOM Australia Pty Ltd	Owner's Engineer and Technical Advisor
 UGL Engineering Pty Limited	EPC Contractor, Operations & Maintenance Contractor
 First Solar (Australia) Pty LTD	Thin-film PV Module Supplier
 Ergon Energy Corporation Limited	Distribution Connection
 Clean Energy Finance Corporation	Debt Provider
 Societe Generale	Lead Debt Financing Arranger and Financial Advisor
 DZ BANK AG	Debt Provider
 OST Energy	Lender's Independent Engineer for Due Diligence
 Baker & McKenzie	Legal Counsel
 Jardine Lloyd Thomson	Insurance Advisor
 PricewaterhouseCoopers Securities Limited	Tax Structuring Advisor



50MW Kidston Solar Project – Project Benefits



Financial Benefits

- Strong & stable cash flow from **Q4 2017** 
- Revenues circa **\$16.8M** & project **EBITDA \$15.2M** had the Project operated during the year ended Feb 2017 
- Long life project (more than 30 years) 
- Revenue underpinned by **20-year Queensland Government Guarantee** (energy floor price)
- High solar yield & low project costs 
- Plans to expand by an additional 270MW during Kidston Solar PV Project Stage Two 
- Investment and jobs for far north Queensland 
- Co-location with large scale hydroelectric energy storage 



ARENA

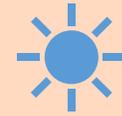


Australian Government
Australian Renewable Energy Agency



50MW Kidston Solar Project – Project Benefits

Environmental Benefits



▪ **145,000 MWh** of renewable energy per year



▪ Equivalent to powering **26,484 homes**



▪ Will offset **120,000 tonnes of CO²** per year



▪ Equivalent to removing ~ **33,000 cars** off Australian roads



250MW Kidston Pumped Storage Hydro Project



...Renewable Energy On Tap

Pumped Hydro Energy Storage - **The Proven Low Cost Solution**



Pumped hydro storage 'could make Australia run on renewable energy alone within 20 years' - 21 September 2017

Hydro could push down power prices - 11 October 2017



Herald Sun Pumped hydro storage can create cheap energy that uses 100 per cent renewable power - 27 February 2017

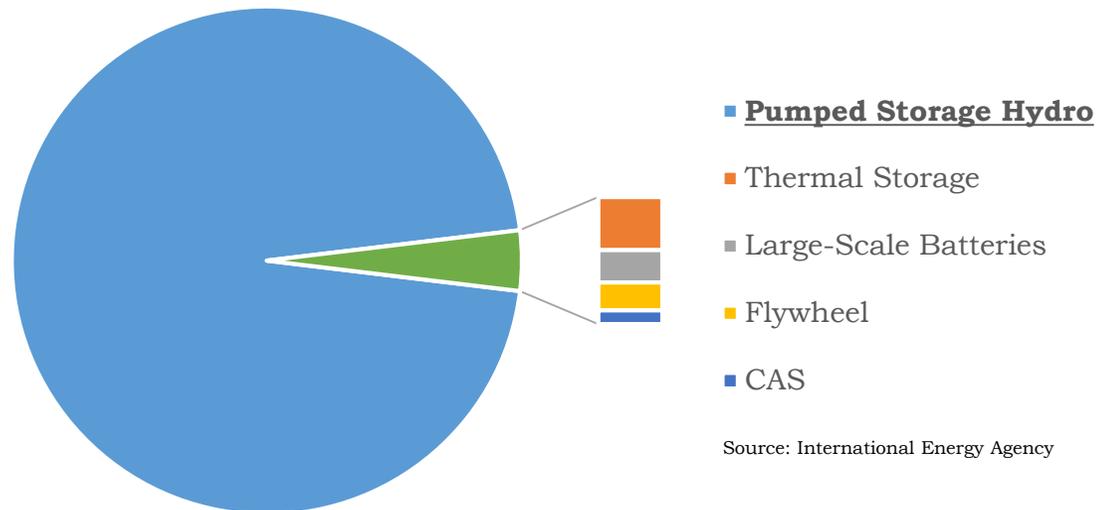
A renewable energy revolution is powering Queensland - 29 September 2017



Pumped Hydro Energy Storage – Efficient, Affordable, & Reliable



Mature Technology	Long life & low cost	'Giant Water Battery'
<ul style="list-style-type: none">○ More than 1,000 plants operating globally○ > 95% of global energy storage○ Proven technology	<ul style="list-style-type: none">○ Grid scale○ 100 year economic life○ Significantly lower capital & operating costs compared to other forms of energy storage	<ul style="list-style-type: none">○ Intermittent wind & solar energy cause volatility○ Pumped storage only efficient grid scale, low cost storage option

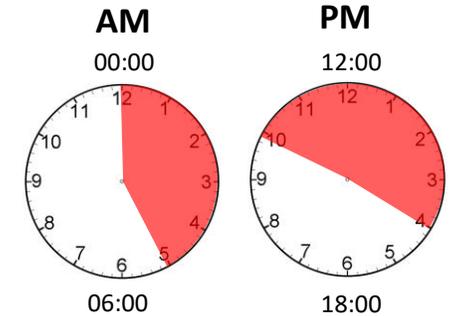
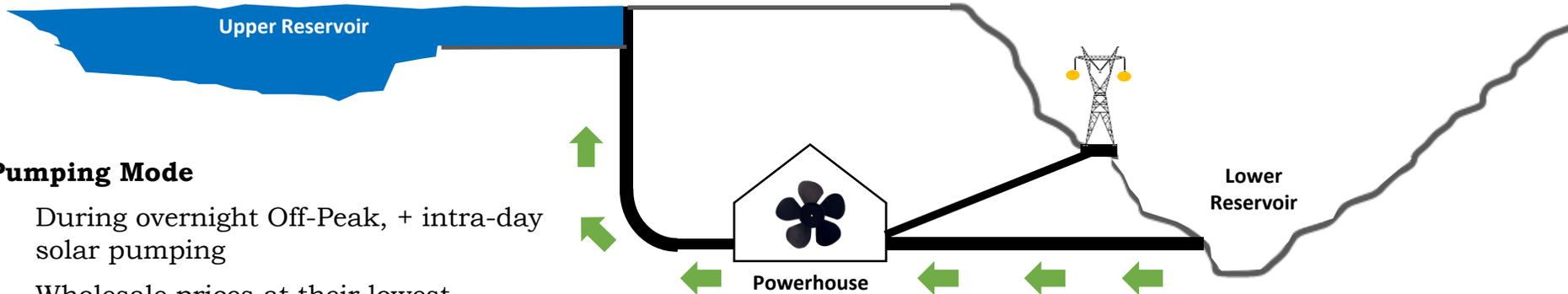




Kidston Pumped Hydro Project - Integration with Solar

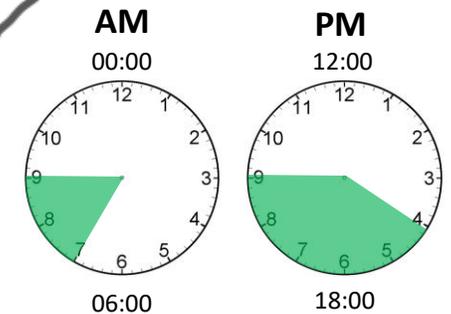
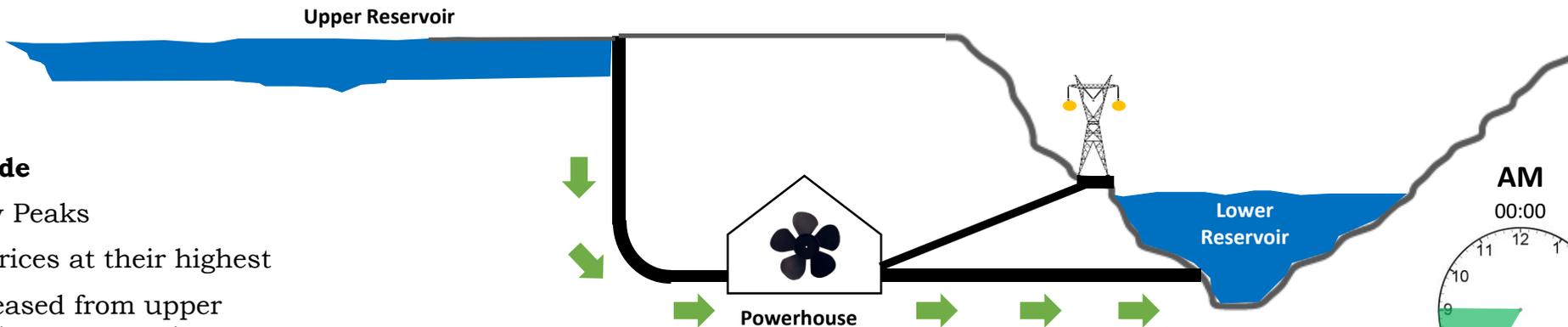
Pumping Mode

- During overnight Off-Peak, + intra-day solar pumping
- Wholesale prices at their lowest
- Power is drawn from the grid to pump water up to the upper reservoir



Generating Mode

- During daily Peaks
- Wholesale prices at their highest
- Water is released from upper reservoir to lower reservoir to generate electricity



Kidston Pumped Hydro Project – Flagship Project



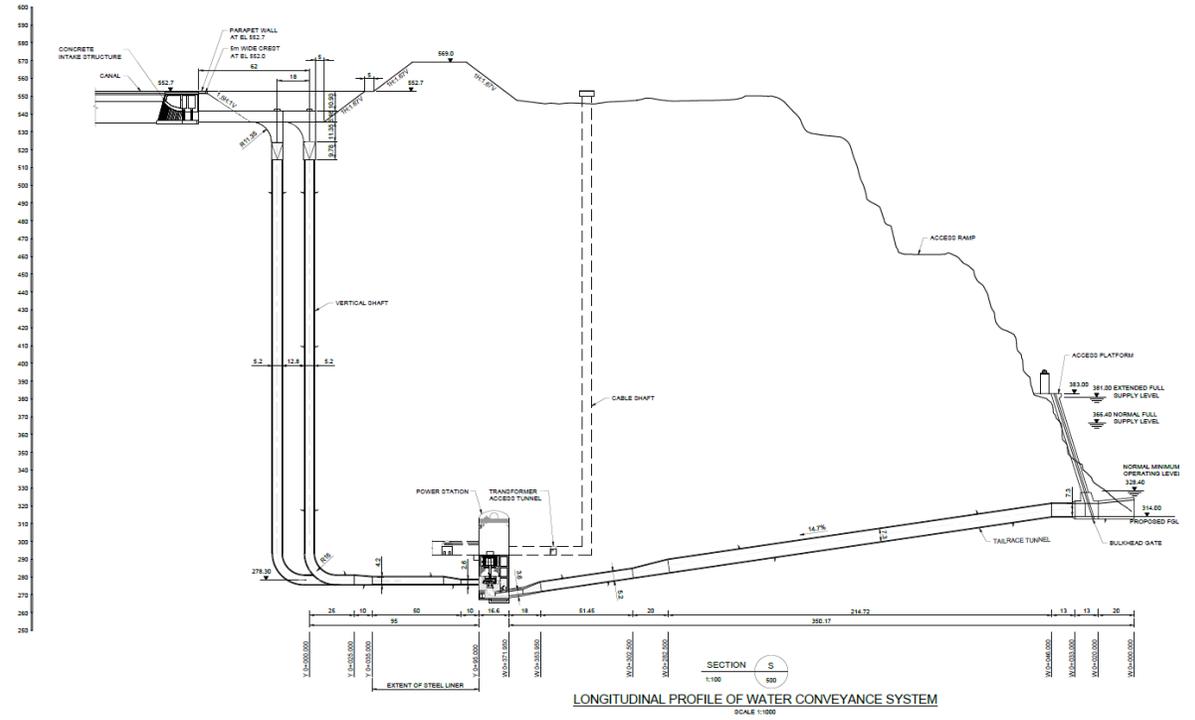
The Kidston Site

The Kidston Site

- 2,000MWh : 250MW capacity for 8 hours generation
- Technical feasibility optimisation completed
- McConnell Dowell/Downer as preferred EPC Contractor
- Two large adjacent pits
 - 52ha & 54ha respectively
 - Lower Reservoir 270m deep
 - Approximately 400m apart at surface
- Site substantially rehabilitated since mine closure in 2001
- Water license in place for top up water
- Site 100% owned by Genex Power
- Significant capital cost savings utilising mine infrastructure



Kidston Pumped Hydro Project



Kidston Pumped Hydro Project

Key Metrics

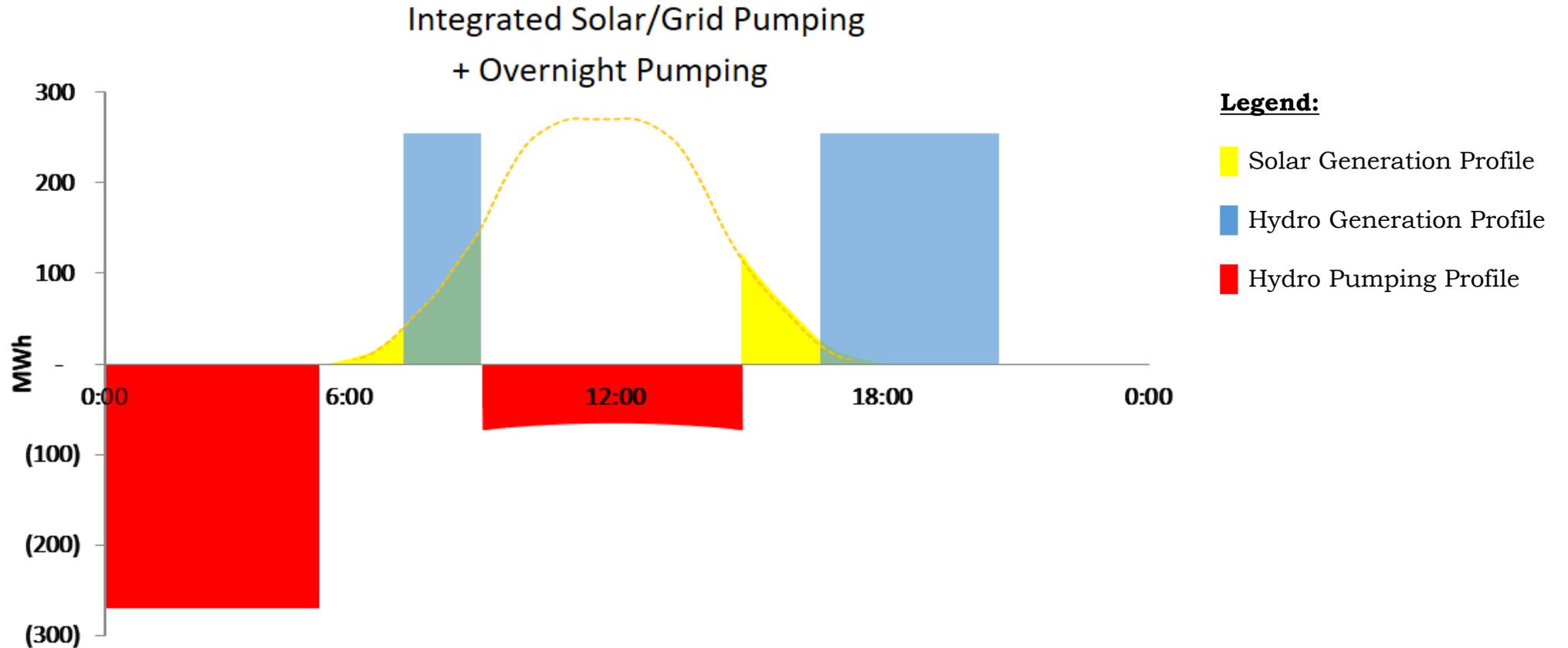
- Size: 2,000MWh
- Nameplate Capacity: 250MW
- Continuous Generation: 8 hours
- Generators: 2 x 125MW turbines

Current Status

- Successful completion of the Technical Feasibility Optimisation Study
- Current focus on long term **revenue contracts**
- On-going funding support from ARENA (Commonwealth Government)
- Active support from the Queensland Government “**Critical Infrastructure**”

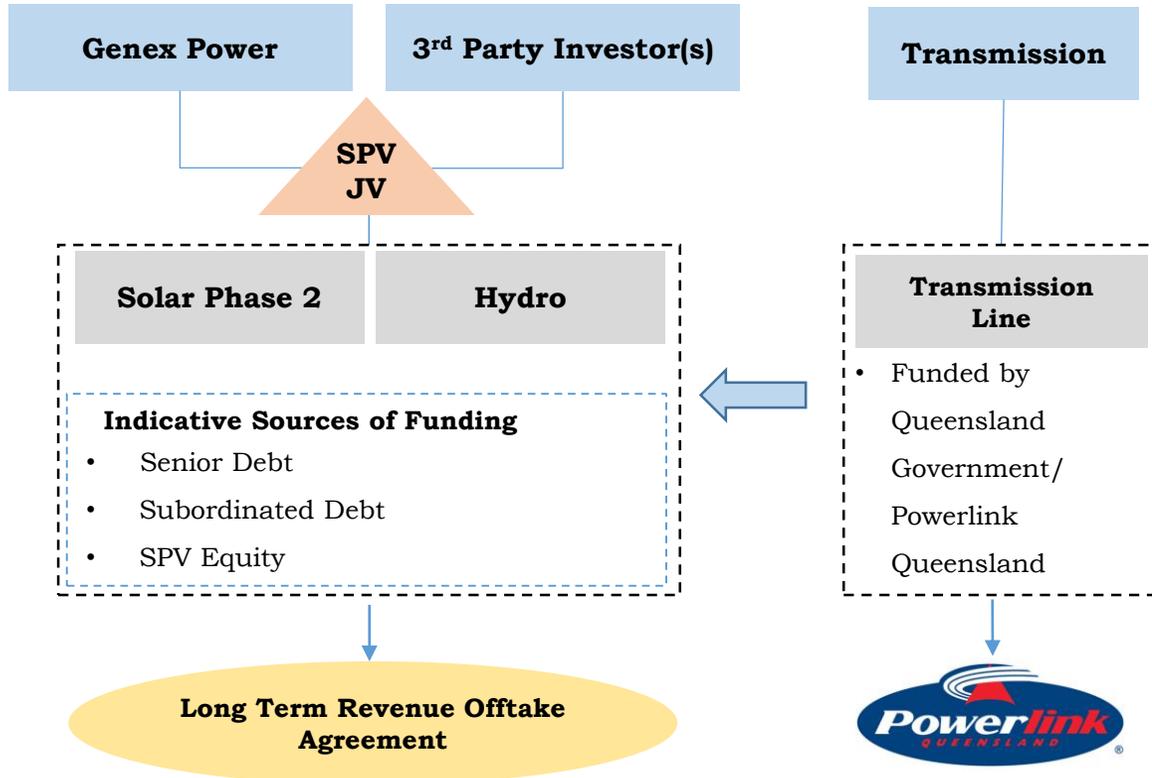


Kidston Pumped Hydro Project – Operating Alternatives



Stage 2 Integrated Pumped Hydro & Solar

Funding Structure



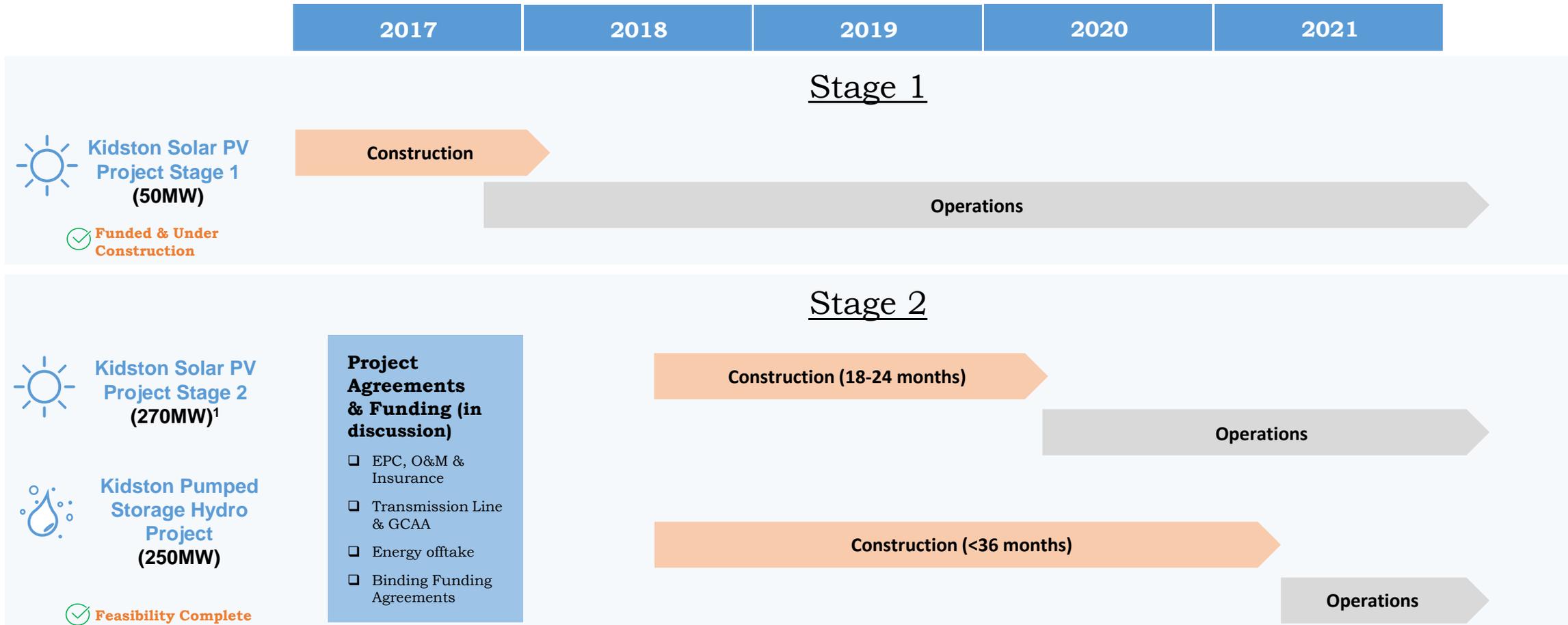
Commentary

- Follow successful Stage 1 funding strategy for Stage 2
 - Bank funding / project finance
 - Potential concessional Government funding



- Long term contracted revenue
- Equity funding at project level

Development Timeline for the Kidston Renewable Energy Hub



Note: (1) Includes the Transmission Line

Board & Management



Dr Ralph Craven
Non Executive Chairman

- Chairman of Stanwell Corporation
- Director of Senex and AusNet Services
- Former CEO and Chairman of Ergon Energy
- Former CEO of Transpower New Zealand



Simon Kidston
Executive Director

- Founder of EndoCoal and Carabella
- Former banker with HSBC, Macquarie, Helmsec



Michael Addison
Managing Director

- Founder of EndoCoal and Carabella
- Water engineer with extensive finance experience



Ben Guo
Finance Director

- 10 years finance and accounting experience with PWC, E&Y Helmsec and more recently with Carabella Resources



Alan du Mée
Non Executive Director

- Former CEO of Tarong Energy
- Former Chairman of the Australian National Generators Forum



Arran McGhie
COO General Manager

- 20 years experience in senior project management roles for underground excavation and civil construction projects



Yongqing Yu
Non Executive Director

- Engineering background with extensive global hydro experience
- Vice Chairman of Zhefu



James Harding
Executive General Manager

- 30 years' experience in international project business
- Former Head of Business Development at Abengoa Solar Power Australia & General Manager of Renewables with IPS Australia and MAN Ferrostaal.



Justin Clyne
Company Secretary/ Legal Counsel

- Experienced lawyer & company secretary

Summary

- **Strong and stable cash flows anticipated from 50MW Solar Stage 1**
 - Funded and under construction
 - Cashflow by the end of 2017
 - Queensland Government Revenue Support for 20 years
- **Upside from strategic 250MW Pumped Hydro & 270MW Solar Project**
 - Commonwealth and State Government focus on energy storage and renewable energy
 - Giant water battery: the most advanced energy storage and renewable project in Australia
 - Revenue contracting and project finance discussions underway
- **Positive Outlook**
 - Government focus on energy storage to mitigate rising electricity prices and intermittent renewable generation
 - National Energy Guarantee / Finkel place value on large-scale storage to compliment growth of renewables



...Renewable Energy on Tap

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November 2017

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