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ASX Announcement

**GENEX SIGNS TERM SHEET WITH ENERGYAUSTRALIA FOR
LONG-TERM HYDRO ENERGY AGREEMENT AND EQUITY INVESTMENT**

Genex Power Limited (**ASX: GNX**) (**Genex** or **Company**) is pleased to announce that it has entered into a non-binding term sheet (**Term Sheet**) with EnergyAustralia Pty Ltd (**EnergyAustralia**) in respect of a long-term energy storage services agreement and equity investment in the Company's 250MW Kidston Pumped Storage Hydro Project (**K2-Hydro** or **Project**). Genex is also pleased to provide an update on the progress of the Kidston Stage 2 projects.

Term Sheet with EnergyAustralia

Pursuant to the provisions of the Term Sheet, EnergyAustralia has conditionally agreed to negotiate, finalise and execute a long-term energy storage services agreement with Genex for the full dispatch and market rights attaching to K2-Hydro. In addition, the Term Sheet provides for a proposed equity investment by EnergyAustralia into a newly created Special Purpose Vehicle (**SPV**) which will be incorporated to construct, own and operate the K2-Hydro project.

The Term Sheet is non-binding and is subject to satisfactory completion of due diligence, with the long form agreements to be subject to a number of conditions precedent including final debt facility documentation, financial arrangements and agreements for grid connection, long form energy storage agreement and equity documentation, EnergyAustralia Board Approval and Genex Board Approval.

Genex has entered into a period of exclusivity with EnergyAustralia during which EnergyAustralia will complete its detailed due diligence and the two parties will seek to finalise the long form energy storage services agreement and equity arrangements on the basis of the terms agreed in the Term Sheet. In the event of a takeover offer for Genex being announced during the exclusivity period, EnergyAustralia may, under certain circumstances, be entitled to extend the exclusivity period for a further period and payment of a break fee.

Update on the Kidston Stage 2 projects

In addition to today's key announcement, Genex wishes to provide an update on the Kidston Stage 2 projects, comprising K2-Hydro and the co-located solar farm of up to 270MW (**K2-Solar**).

Given the strong endorsement for K2-Hydro provided by EnergyAustralia, Genex is now seeking to move to financial close for K2-Hydro in H1 2019, with the development and financial close of K2-Solar to occur following the project financing of K2-Hydro.

The Board believes that its strategic decision to stage the development of K2-Solar will allow both K2-Hydro and K2-Solar to commence generation simultaneously in 2022, given the shorter development and construction timeline associated with K2-Solar. This will allow for an optimised timeline for construction of the new 275kV transmission line from Mt. Fox to Kidston and will reduce complexity for the overall project financing structure. The development and financing of K2-Solar remains a 2019 priority for the Company.



Figure 1. Kidston Renewable Energy Hub.

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

"Today's announcement marks a key milestone in the development of the 250MW Kidston Pumped Storage Hydro Project. The Term Sheet from EnergyAustralia is a strong endorsement of the K2-Hydro project and its strategic value in the current environment of increasing penetration of renewable energy. The Term Sheet is the culmination of many months of deep engagement between Genex and EnergyAustralia. The long-term energy agreement is supportive of the long-term debt financing Genex is looking to put in place with the assistance of the Northern Australia Infrastructure Facility (NAIF)."

The equity funding will be provided by Genex and its equity partner. We look forward to closing the transaction expeditiously and welcoming EnergyAustralia on board as our project equity partner.

Following today's announcement, we are now looking to close the financing of the K2-Hydro project on a stand-alone basis. We believe this is the most efficient means to reach financial close and commence construction as soon as possible, anticipated in early 2019. We are however keen to emphasise that K2-Solar remains a key priority for Genex, and we will be looking to close this soon afterwards as a discrete financing transaction – noting that the shorter construction lead time should allow us to bring this online at the same time as the K2-Hydro project”.



Figure 2. K2-Hydro project site – Wises Pit.

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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. The Company has a development pipeline of up to 770MW of renewable energy generation and storage projects within its portfolio, underpinned by the Kidston Renewable 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 also under development.

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, in addition to their support of up to \$9 million in funding to support the development of the stage 2 projects. Genex also acknowledges the support of the Queensland State Government through providing a 20-year revenue support deed and designating the Hub as 'Critical Infrastructure' to the State.

About EnergyAustralia:

EnergyAustralia is one of Australia's largest energy companies with around 2.6 million electricity and gas accounts in New South Wales, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own, operate and contract a multi-billion-dollar energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 4,500MW of generation in the National Electricity Market (**NEM**).