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ASX Announcement

KIDSTON PUMPED STORAGE HYDRO – PROJECT UPDATE

Genex Power Limited (**ASX: GNX**) (**Genex** or **Company**) wishes to provide the following update on the Kidston Pumped Storage Hydro project (**K2-Hydro** or **Project**).

Since the entry into a term sheet with EnergyAustralia Pty Ltd (**EA**) in December 2018 for a long term energy agreement and equity investment in the Project (the **Term Sheet**) (*refer ASX announcement 20 December 2018*), Genex has been working closely with EA to conclude due diligence and finalise the terms of the transaction. This has included working with various counterparties including financiers, EPC contractors and the Queensland Government, with the following major milestones achieved in 2019:

- Signed \$25m share subscription agreement with J-POWER for Genex's equity requirement for the Project (*refer ASX announcement 6 June 2019*);
- Received AEMO GPS Approval for the Project (*refer ASX Announcement 14 June 2019*);
- Received NAIF approval of a \$610m concessional loan for the Project (*refer ASX announcement 11 July 2019*); and
- Announcement by the Queensland Government of a funding package for a new transmission line for the Project (*refer ASX announcement 4 September 2019*).

As part of its final approval processes, which were targeting a final investment decision in CY 2019, EA has today advised Genex that it will not be in a position to reach a positive investment decision on the basis of the long term energy agreement structure as outlined in the Term Sheet. In light of this development, Genex wishes to advise that it no longer anticipates that it will reach financial close on the Project in CY 2019.

Accordingly, Genex anticipates that the NAIF concessional loan offer and the J-POWER share subscription agreement will both lapse at or prior to 31 December 2019 (unless extended). Genex will continue to work with EA and its other financiers and counterparties, including NAIF and J-POWER, to restructure the financing for the transaction to ensure a positive investment decision can be reached and financial close can be achieved. This is now anticipated to occur in 2020.

Genex will continue to keep the market informed as these discussions progress.

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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 Clean 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, as well as their support of up to \$9 million in funding to support the development of the stage 2 projects. In addition to this, Genex acknowledges the Northern Australia Infrastructure Facility (**NAIF**) and their Investment decision to offer finance to K2-Hydro through the provision of a long-term concessional NAIF debt facility for up to \$610 million. Genex also recognises the support of the Queensland State Government through providing a 20-year revenue support deed for KS1 and designating the Hub as 'Critical Infrastructure' to the State.