GENEX POWER LIMITED (ASX:GNX)



Level 6, 28 O'Connell Street, Sydney NSW 2000 GPO Box 4626, Sydney NSW 2001

ABN: 18 152 098 854

27th April 2022

ASX Limited

Company Announcements Platform

Quarterly Activities Report – Quarter Ending 31 March 2022

Genex Power Limited (**ASX: GNX**) (**Genex** or the **Company**) is pleased to provide the following update on the Company's activities and performance for the quarter ending 31 March 2022 (**Q3 FY22** or the **Period**), a Period during which the Company achieved the significant milestone of financial close at the 50MW/100MWh Bouldercombe Battery Project (**BBP**).

HIGHLIGHTS

- The BBP achieved financial close during the Period and has now commenced construction, including confirming the production slot for the Tesla Megapack units, with first generation expected by mid CY23;
- The Company secured \$35M of senior debt from Infradebt Pty Ltd (**Infradebt**) to support the construction of BBP;
- Execution of a Cooperation Agreement with Infradebt whereby both parties have agreed to work together to finance further merchant battery energy storage projects in Australia;
- Construction at the Kidston Pumped Storage Hydro Project (K2-Hydro) remains on schedule and budget;
- During the Period, the Kidston Solar Project (**KS1**) generated 32,166MWh and the Jemalong Solar Project (**JSP**) generated 33,465MWh of renewable energy at an average bundled price of \$105/MWh, delivering a combined total revenue of \$6.4M¹ for the Period;
- Genex, alongside its joint venture partner J-POWER, continues to advance the 200MW Kidston Stage 3 Wind Project (**K3-Wind**);
- Successful equity raise securing \$47M in funding (\$40M via an institutional Placement (Placement)
 and \$7M via a Share Purchase Plan (SPP)) with proceeds to be utilised to fund the BBP, repay an
 existing loan facility with the Clean Energy Finance Corporation, and support working capital
 requirements; and
- Genex finished the Period with a strong cash position, with cash at bank of \$62.4M as of 31 March 2022.

¹ Revenue figures are on an unaudited basis



Commenting on the Q3 FY2022 performance, Genex CEO, James Harding said:

"During the quarter, Genex achieved the significant milestone of financial close at the Bouldercombe Battery Project, with our focus now shifting to the project's construction phase following issuance of notice to proceed to Tesla and construction contractor CPP. I am pleased to report the project is fully funded to first generation via a \$35M senior debt facility with Infradebt and our successful equity placement and share purchase plan. I would like to thank all our existing and new shareholders for their support of the Company. The BBP is Genex's first large-scale battery energy storage system and further extends our portfolio of renewable generation and storage assets in Australia.

Construction works continued at the Kidston Pumped Storage Hydro Project, with the significant milestone of the commencement of underground works achieved. We will shortly commence construction of the Wises Dam, and transmission works are continuing. We continue to work closely with our team of project delivery partners, notably John Holland, McConnell Dowell and Andritz Hydro to deliver the project and provide a large-scale energy storage project for the National Electricity Market.

Our two solar farms, Kidston Solar Project and Jemalong Solar Project, are continuing to perform well, despite challenging weather conditions associated with La Nina. We are particularly pleased with the strong merchant and LGC prices which have contributed to group revenue during the Period.

Genex remains focussed on delivering a diverse portfolio of renewable energy and storage projects in the Australian market, positioning ourselves as Australia's leading listed renewable energy company."



OPERATIONAL UPDATE

250MW KIDSTON PUMPED STORAGE HYDRO PROJECT (K2-HYDRO)

- The project remains on schedule and budget for first energisation in H2 CY24;
- Key site activities and works undertaken during Q3 FY22 included:
 - Commencement of underground works, with drilling of the Main Access Tunnel (MAT) now underway, and around 15% of the length complete at end March 2022;
 - Completion of the 22kV distribution line for construction power supply with the line fully energised;
 - Completion of trial works for the Wises Dam embankment;
 - Successful completion of the full-scale prototype testing for tower one of the suite of 275kV transmission towers by Powerlink Queensland (**Powerlink**); and
 - Completion of the road upgrade to the Guybal Munjan (Mt Fox) substation as part of Powerlink's
 275kV transmission line.



Figure 1: MAT (looking from Portal to first bend)

- Planned works for the coming Period include:
 - Commencement of construction of the Wises Dam in April 2022 following the end of the wet season;



- Geotechnical works for the 275kV transmission line; and
- Preparation works for the construction of the 250m deep ventilation and cable shafts.
- K2-Hydro is fully funded to commercial operations with construction under a fixed-price lump sum contract with Engineering Procurement and Construction Contractor joint venture partners, McConnell Dowell and John Holland.

50MW KIDSTON SOLAR PROJECT (KS1)

- KS1 continued to generate energy into the National Electricity Market (NEM) during the Period; and
- Revenue totalled \$2.8M, from net generation of 32,166MWh of renewable energy for the Period¹.

50MW JEMALONG SOLAR PROJECT (JSP)

- JSP continued to generate energy into the NEM during the Period;
- Revenue on a merchant basis totalled \$3.5M, from net generation of 33,465MWh of renewable energy for the Period¹; and
- Total revenue for the Period was comprised of \$2.2M from black electricity and \$1.3M from LGC sales, for an average bundled price of \$105/MWh¹.

BOULDERCOMBE BATTERY PROJECT (BBP)

- BBP achieved financial close during the Period, with the project now progressing into the construction phase and first generation expected by mid CY23;
- Notice to proceed has been issued to Tesla under the Supply Agreement to confirm the production slot for the Tesla Megapack units;
- The project's Balance of Plant Contractor, Consolidated Power Projects Australia Pty Ltd, has commenced detailed design associated with civil and electrical works, with on-site works scheduled to begin in July 2022; and
- The 50MW/100MWh project further diversifies the Company's portfolio and positions Genex as a leader in renewable energy generation and storage in Australia.

KIDSTON STAGE-3 WIND PROJECT (K3-WIND)

- Alongside its joint venture partner, J-POWER, Genex continues to advance the feasibility works associated with the project including:
 - Modelling the wind resource at a number of sites including at the primary site following installation of a 150 meter Met Mast;
 - Commencing connection discussions with Powerlink for the connection into the new 275kV transmission line being constructed for the Kidston Clean Energy Hub; and



Progressing the Development Approvals associated with the project.



Figure 2: 150 meter met mast installed at the K3-Wind project site

CORPORATE UPDATE

- There were no reportable lost time injuries or reportable environmental incidents recorded during the Period;
- As part of financial close for BBP, final credit approvals were received and all conditions precedent were satisfied for a new \$35M senior debt facility with Infradebt to support the construction of the BBP. The loan provides for a fixed interest rate over a tenor extending 12 years of operations;
- As part of the senior debt facility, Genex also executed a Cooperation Agreement with Infradebt.
 Under the terms of the Cooperation Agreement, the parties have agreed to continue to work
 together to finance further merchant battery energy storage projects in Australia. Importantly, the
 Cooperation Agreement will facilitate significant project finance leverage for such battery projects,
 allowing Genex to continue to retain upside from the emerging economics of energy storage;
- Genex completed a Placement to raise \$40M, comprising the issuance of 266,666,667 new fully paid ordinary shares in Genex at \$0.15 per share (**Placement Price**).
 - The Placement Price represented a 13.2% discount to the 5-day Volume Weighted Average Price (VWAP) of \$0.173 on 18 February 2022 and an 11.8% discount to the closing price of Genex shares on 18 February 2022. The Placement was completed utilising the Company's existing placement capacity under ASX Listing Rule 7.1 and 7.1A;



- Genex launched and closed an SPP during the period. Applications totalling \$7M were received for a total of 48,610,428 shares.
 - The issue price per share pursuant to the SPP was \$0.1441, being the lower of \$0.15 or the 5-day
 VWAP prior to the close of the SPP;
- During the Period, the Company's expenditure was primarily incurred on staff and operating costs, construction activities associated with the K2-Hydro and BBP projects, and development activities associated with financial close of the BBP project and feasibility works for the K3W project;
- As noted in section 6 of the Appendix 4C, the amount stated therein was made to the Directors of the entity during the quarter, comprising salaries and fees for Executive and Non-Executive Directors. No other payments were made to any related parties or their associates of the entity; and
- Genex finished the Period in a strong cash position, with cash at bank of \$62.4M.

This quarterly activity report was approved by the Board of Genex Power Limited.



FOR MORE INFORMATION ABOUT THIS ANNOUNCEMENT:

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About Genex Power Limited

Genex Power Limited has a portfolio of more than \$1 billion 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 Genex's portfolio. JSP was energised in December 2020 and is now fully operational. Genex's first battery energy storage system, the 50MW/100MWh Bouldercombe Battery Project (**BBP**) located in Central Queensland achieved contractual close in February 2022 and is scheduled to commence operation in mid CY2023. With up to 470MW of renewable energy & storage projects in the Company's development pipeline, 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**), the Clean Energy Finance Corporation (**CEFC**) and the Queensland State Government.



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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

NAME OF ENTITY:

Genex Power Limited

ABN

QUARTER ENDED ("CURRENT QUARTER")

18 152 098 854	March 2022
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COI	CONSOLIDATED STATEMENT OF CASH FLOWS			
1	CASH FLOWS FROM OPERATING ACTIVITIES	CURRENT QUARTER	YEAR TO DATE	
		\$A′000	\$A'000	
1.1	Receipts from customers	7,803	18,538	
1.2	Payments for			
	(a) research and development	(832)	(3,226)	
	(b) product manufacturing and operating costs	(1,275)	(4,418)	
	(c) advertising and marketing	(55)	(200)	
	(d) leased assets	-	-	
	(e) staff costs	(1,390)	(3,932)	
	(f) administration and corporate costs	(1,168)	(2,376)	
1.3	Dividends received (see note 3)	_	-	
1.4	Interest received	10	56	
1.5	Interest and other costs of finance paid	(1,460)	(4,597)	
1.6	Income taxes paid	_	-	
1.7	Government grants and tax incentives	39	629	
1.8	Other (provide details if material)	-	-	
1.9	Net cash from / (used in) operating activities	1,672	474	

ASX Listing Rules Appendix 4C (17/07/20)

⁺ See chapter 19 of the ASX Listing Rules for defined terms.

2	CASH FLOWS FROM INVESTING ACTIVITIES	CURRENT QUARTER \$A'000	YEAR TO DATE \$A'000
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(100,207)	(194,015)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets (1)	4,156	4,156
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(96,051)	(189,859)

(1) Relates to the return of cash previously held as security for environmental rehabilitation liabilities associated with the former Kidston mine site.

3	CASH FLOWS FROM FINANCING ACTIVITIES	CURRENT QUARTER \$A'000	YEAR TO DATE \$a'000
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	47,005	47,005
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	_	_
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2,362)	(2,362)
3.5	Proceeds from borrowings	83,126	172,953
3.6	Repayment of borrowings	(6,683)	(10,304)
3.7	Transaction costs related to loans and borrowings	(881)	(906)
3.8	Dividends paid	-	_
3.9	Other (Payments for leases)	_	_
3.10	Net cash from / (used in) financing activities	120,205	206,386

ASX Listing Rules Appendix 4C (17/07/20)

⁺ See chapter 19 of the ASX Listing Rules for defined terms.

4	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	CURRENT QUARTER \$A'000	YEAR TO DATE \$a'000
4.1	Cash and cash equivalents at beginning of period	36,622	45,447
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,672	474
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(96,051)	(189,859)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	120,205	206,386
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	62,448	62,448

5	RECONCILIATION OF CASH AND CASH EQUIVALENTS at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	CURRENT QUARTER \$A'000	PREVIOUS QUARTER \$A'000
5.1	Bank balances ⁽²⁾	62,448	36,622
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	62,448	36,622
	·	62,448	

(2) Includes cash committed for K2-Hydro construction program, BBP construction program and KS1 and JSP debt service accounts.

6	PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES	CURRENT QUARTER \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 ⁽³⁾	531
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

(3) Payments of salaries, directors' fees, and J-Power consulting fee under Technical Services Agreement (refer ASX Announcement dated 24 March 2021).

7	FINANCING FACILITIES Note: the term "facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	TOTAL FACILITY AMOUNT AT QUARTER END \$A'000	AMOUNT DRAWN AT QUARTER END \$A'000
7.1	Loan facilities ⁽⁴⁾	238,703	198,803
7.2	Credit standby arrangements	-	-
7.3	Other (NAIF Loan - K2-Hydro)	610,000	166,284
7.4	Total financing facilities	848,703	365,087
7.5	Unused financing facilities available at quarter end		483,616
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
(4) Includes senior loan \$175 million, CEFC corporate facility \$16.883 million, \$1.5 million proceeds from De Funding Agreement from J-Power, and drawdown from LNSA from Infradebt of \$5.42 million from available of \$45.32 million including LC facility (refer ASX Announcement dated 21 February 2022).			

8	ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,672
8.2	Cash and cash equivalents at quarter end (item 4.6) ⁽¹⁾	62,448
8.3	Unused finance facilities available at quarter end (item 7.5) ⁽⁵⁾	483,616
8.4	Total available funding (item 8.2 + item 8.3)	62,448
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5. (5) All unused finance facilities committed for construction of projects

- 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:
 - 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

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Angware	ΝΙ/Λ
Allswei:	N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

	Answer:	N/A	
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			1

8 ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? Answer: N/A Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

COMPLIANCE STATEMENT

- 1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2. This statement gives a true and fair view of the matters disclosed.

Date: 27th April 2022

Authorised by: the Chief Financial Officer of Genex Power Limited

(Name of body or officer authorising release - see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for
 the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional
 information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.