

14 October 2022

## **ASX Limited**

### **Company Announcements Platform**

# Quarterly Activities Report – Quarter Ending 30 September 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 30 September 2022 (**Q1 FY23** or the **Period**), a Period during which the Company continued construction of the 250MW/2,000MWh Kidston Pumped Storage Hydro Project (**K2-Hydro**) and the 50MW/100MWh Bouldercombe Battery Project (**BBP**).

## **HIGHLIGHTS**

### **Operations**

- During the Period, the Kidston Solar Project (**KS1**) generated 28,908MWh of renewable energy and the Jemalong Solar Project (**JSP**) generated 19,217MWh of renewable energy for total revenue of \$7.2M<sup>1</sup>;

### **Construction**

- Construction at K2-Hydro continued during the Period with key work focused on continued underground tunnelling and the continuation of dam construction works;
  - Genex encountered some disruption to underground tunnelling activity late in the quarter due to an unexpected geological feature, but importantly the project remains on schedule for energisation in 2H CY24. At this stage it is not anticipated that there will be an increase in the project cost, with adequate contingency funds held in the overall project budget;
- Construction activities at the BBP continued during the Period with the completion of detailed design and mobilisation to site;

### **Corporate**

- Genex acquired a 100% interest in the development rights for the up to 2GW multi-stage Bulli Creek Clean Energy Project (**BCP**);
- Genex completed the refinancing of the existing subordinated loan facility for the portfolio financed KS1 and JSP;
- Genex received an initial conditional, non-binding, indicative proposal from Skip Essential Infrastructure Fund<sup>2</sup> and Stonepeak Partners LLC<sup>3</sup> (together, the **Consortium**), and subsequently

<sup>1</sup> Revenue figures are on an unaudited basis.

<sup>2</sup> Skip Enterprises Pty Ltd as trustee for the Farquhar Trust.

<sup>3</sup> On behalf of certain of its managed funds and affiliated entities.

received a revised conditional, non-binding, indicative proposal from the Consortium to acquire all of the ordinary shares on issue in Genex (**Genex Shares**) for A\$0.250 in cash per Genex Share by way of a scheme of arrangement; and

- Genex finished the Period in a strong cash position, with cash at bank of \$72.5M as at 30 September 2022.

Commenting on the Q1 FY23 performance, Genex CEO, James Harding said:

*"Both the Kidston Stage 1 Solar Farm and the Jemalong Solar Farm continued to generate strong revenues for the business. The completion of the refinancing of our existing subordinated debt facility with Infradebt will enable Genex to retain a higher proportion of cash generated by both projects, especially given the rise in merchant pricing in wholesale electricity markets.*

*Work also continued at the Kidston Pumped Storage Hydro project, with the underground works continuing for the Main Access Tunnel and significant progress of bulk earthworks for the Wises Dam. While an unexpected geological feature was encountered in the underground works toward period-end, resulting in a substantial ingress of water, the team has successfully plugged the ingress and is working to restart tunnelling activities as soon as possible. The project remains within budget and on schedule for planned energisation in 2H CY24.*

*Turning our attention to the next stage of the Kidston Clean Energy Hub, Genex and its joint venture partner J-POWER continued to advance development works for the Kidston Stage 3 Wind Project, which included collecting data to support modelling of the wind resource at the site and engagement with wind turbine suppliers and contractors. The project continues to progress in accordance with its development timeline, targeting a final investment decision in 2H CY23.*

*At our Bouldercombe Battery Project, on-site construction activities commenced during the period, with the Balance of Plant Contractor, Consolidated Power Projects now fully mobilised at site and having completed the upgrade works associated with site access are now well into preparing the site for delivery of Tesla Megapacks in 1H CY23. Importantly, the project remains on track for first generation by the end of FY23.*

*Adding to our existing portfolio, Genex acquired its second large-scale battery development project, combined with a large-scale solar farm development opportunity, in the form of the up to 2GW multi-stage Bulli Creek Clean Energy Project. The Bulli Creek project is anticipated to be developed over five stages, with the first stage a large-scale battery energy storage system. A final investment decision for stage one is targeted for 2H CY24."*

## OPERATIONAL UPDATE

### 250MW/2,000MWH KIDSTON PUMPED STORAGE HYDRO PROJECT (K2-HYDRO)

- Key site activities and works undertaken during the Period included:
  - Continuation of underground works with drilling and blasting of the Main Access Tunnel (**MAT**), which was approximately 75% complete at quarter-end;
  - Continuation of construction of the Wises Dam with approximately 50% of the 6km embankment completed during the Period;
  - Welding of dewatering pipework in preparation for the pumping of 28GL of water from Eldridge Pit to Wises Dam to enable the tailrace portal works to commence, with this activity well on track for completion before pumps are delivered at the end of October 2022;
  - Geotechnical works for the 186km long 275kV transmission line from Kidston to Guybal Munjan (Mt Fox) under construction by Powerlink Queensland (**Transmission Line**);
  - Completion of manufacture and despatch to Australia of draft tube gates for the pump-turbines by Andritz Hydro GmbH (**Andritz**);
  - Completion of preparation works for the construction of the 250m deep ventilation and cable shafts with secant piling completed for the pre-sink works on upper sections of the shafts;
  - Commencement of civil works for the K2-Hydro switchyard, which will receive the 275kV high voltage cables from the underground transformers; and
  - Subsequent to Period end, Powerlink Queensland advised that it had obtained final approvals for the Transmission Line under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth);
- On 24 September 2022, whilst conducting drilling in the MAT face, an unexpected geological feature was encountered which resulted in a substantial inflow of water into the MAT:
  - No injuries occurred and the MAT has been subsequently fully dewatered;
  - The drill holes have been successfully plugged and investigation works are underway to determine the extent of the feature and to plan for the MAT excavation to resume;
  - While there has been some modest delay to underground works, at this stage it is not anticipated that there will be an increase in the project cost, with adequate contingency funds held in the overall project budget; and
  - Furthermore, at this stage Genex is not expecting any impact to scheduled energisation for 2H CY24;
- Planned works for the coming period include:
  - Continuation of preparation works for excavation of the underground powerhouse, including progress on Construction Adit 1 in accordance with the underground schedule;
  - Continuation of investigation works to determine the extent of the unexpected feature in the MAT, with a view to restarting excavation of the MAT as soon as possible;
  - Continuation of construction of the Wises Dam, including preparation for commencement of placement of the HDPE liner on the dam embankment walls;
  - Continuation of civil works for the K2-Hydro switchyard, which will receive the 275kV high voltage cables from the underground transformers;





Figure 1: Wises Dam, cement stabilised crusher dust placement Ch4000 - 26 September 2022



Figure 2: Embankment and excavation for plinth Ch1400 - 26 September 2022



Figure 3: Andritz, Transport - September 2022



Figure 4: Andritz, Draft Tube Liner - September 2022



Figure 5: Andritz, Draft Tube Cone - September 2022



Figure 6: Andritz, Pit Liner - September 2022

- Completion of the dewatering pipework and preparation works for the pontoons that house the 6 x 850kW dewatering pumps which will transfer water from Eldridge Pit to Wises Dam during the construction phase;
- Commencement of Eldridge Pit dewatering into the Wises Dam;

- Ongoing geotechnical works for the Transmission Line; and
- Continuation of manufacturing of electromechanical equipment by Andritz.

### 50MW KIDSTON SOLAR PROJECT (KS1) AND 50MW JEMALONG SOLAR PROJECT (JSP)

- KS1 revenue totalled \$3.7M from net generation of 28,908MWh of renewable energy for the Period, representing an average price of \$129/MWh<sup>4</sup>; and
- JSP revenue for the Period comprised of \$2.5M from electricity sales and \$1.0M from LGC sales from net generation of 19,217MWh, representing an average bundled price of \$180/MWh<sup>5</sup>.

### 50MW/100MWH BOULDERCOMBE BATTERY PROJECT (BBP)

- The project remains on schedule and within budget for energisation by the end of FY23:
- The following key activities and works were undertaken by Balance of Plant Contractor, Consolidated Power Projects Australia Pty Ltd (CPP) during the Period:
  - Completion of detailed design associated with the civil and electrical works;
  - Fully mobilised to site and completed site establishment;
  - Completion of upgrade works to the Burnett Highway to enable access to site; and
  - Commencement of bench works in preparation for Tesla Megapack delivery in 1H CY23; and
- Recent market volatility highlights the urgent need for storage, with the 50MW/100MWh project on track to benefit from these conditions with positive earnings and cash flow from FY24.



Figure 7: Burnett Highway upgrade works



Figure 8: Powerlink works, preparing the bench for the main transformer

### KIDSTON STAGE-3 WIND PROJECT (K3-WIND)

- Alongside its joint development partner, Electric Power Development Co. Ltd (J-POWER), Genex continues to advance the development works associated with the project including:
  - Collecting data at site to support modelling of the wind resource;
  - Progressing the Development Approvals associated with the project;

<sup>4</sup> Revenue figures are on an unaudited basis and the average price per MWh doesn't include the sale of LGCs.

<sup>5</sup> Revenue figures are on an unaudited basis.



- Commencing discussions with Powerlink Queensland for connection into the new 275kV transmission line being constructed for K2-Hydro; and
- Commencing the formal Wind Turbine Generator process to select a preferred supplier, which will be utilised to underpin network studies in Q4 CY22.

## BULLI CREEK CLEAN ENERGY PROJECT (BCP)

- Genex completed the acquisition of 100% of the development rights for the BCP, which is an up to 2GW, multi-stage battery and solar photovoltaic development in south-east Queensland. The project benefits from:
  - Proximity to the Queensland-NSW Interconnector;
  - Strong marginal loss factors; and
  - Significant scalable development potential; and
- The first stage of the BCP development is intended to be a Battery Energy Storage System, currently anticipated to be up to 400MW/1,600MWh, with market engagement ongoing for the sizing of the project before procurement processes can commence.

## CORPORATE UPDATE

- There were no reportable lost time injuries or reportable environmental incidents recorded during the quarter;
- On 25 July 2022, the Company announced that it had received a conditional, non-binding, indicative proposal from the Consortium to acquire 100% of Genex Shares on issue for A\$0.230 in cash per Genex Share, by way of a scheme of arrangement (**Indicative Proposal**):
  - The Board of Genex (**Board**) unanimously concluded that the Indicative Proposal undervalued Genex. Accordingly, the Board was not prepared to grant the access to due diligence access requested by the Consortium on the basis of the Indicative Proposal;
  - Subsequently, on 17 August 2022, Genex announced that it had received a revised conditional, non-binding, indicative proposal from the Consortium to acquire 100% of Genex Shares on issue for A\$0.250 in cash per Genex Share by way of a scheme of arrangement (**Proposed Scheme**) and otherwise on the same terms as the Indicative Proposal;
  - The Board considered that it was in the interests of Genex shareholders as a whole to engage further with the Consortium and provided the Consortium with the opportunity to conduct confirmatory due diligence (on a non-exclusive basis); and
  - Genex will continue to keep Genex shareholders informed about the Proposed Scheme in accordance with its continuous disclosure obligations;
- Genex completed the agreement for a new \$16M subordinated loan facility with Infradebt Pty Ltd which was used to refinance the existing subordinated debt facility for KS1 and JSP. This new facility enables Genex to retain a higher proportion of cash generated by its solar projects, which is particularly beneficial given continued strong merchant pricing in wholesale electricity markets;

- During the Period, the Company's expenditure included staff and operating costs, construction activities associated with the K2-Hydro and BBP projects, acquisition costs associated with BCP and refinancing costs for the new subordinated facility for KS1 and JSP;
- As noted in section 6 of the Appendix 4C, the amount stated therein was paid to the Directors of the entity during the quarter, comprising fees for Non-Executive Directors and payments relating to FY22 for former 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 \$72.5M as at 30 September 2022.

This announcement was approved by the Board of Genex Power Limited.

## FOR MORE INFORMATION ABOUT THIS ANNOUNCEMENT:

### CONTACT:

#### James Harding

Chief Executive Officer

Tel: +61 2 9048 8855

Email: [jh@genexpower.com.au](mailto:jh@genexpower.com.au)

### 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 2,470MW of renewable energy and storage projects in the Company's development pipeline, Genex is well placed in its strategy to become a leading renewable energy and storage company in Australia.

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.



## Appendix 4C

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

#### NAME OF ENTITY:

Genex Power Limited

#### ABN

18 152 098 854

#### QUARTER ENDED ("CURRENT QUARTER")

September 2022

#### CONSOLIDATED STATEMENT OF CASH FLOWS

1	CASH FLOWS FROM OPERATING ACTIVITIES	CURRENT QUARTER \$A'000	YEAR TO DATE \$A'000
1.1	Receipts from customers	9,220	9,220
1.2	Payments for		
	(a) research and development	(221)	(221)
	(b) product manufacturing and operating costs	(2,069)	(2,069)
	(c) advertising and marketing	(27)	(27)
	(d) leased assets	(241)	(241)
	(e) staff costs <sup>(1)</sup>	(1,780)	(1,780)
	(f) administration and corporate costs	(745)	(745)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	227	227
1.5	Interest and other costs of finance paid	(1,817)	(1,817)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	11	11
1.8	Other (provide details if material) <sup>(2)</sup>	(326)	(326)
1.9	<b>Net cash from / (used in) operating activities</b>	<b>2,232</b>	<b>2,232</b>

(1) Inclusive of FY2022 Short Term Incentive payments to executives.

(2) Comprises non-capitalised refinancing costs associated with the new Infradebt facility for the solar portfolio (refer ASX Announcement dated 16 August 2022).

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

2 CASH FLOWS FROM INVESTING ACTIVITIES		CURRENT QUARTER \$A'000	YEAR TO DATE \$A'000
2.1	Payments to acquire or for:		
	(a) entities	(2,662)	(2,662)
	(b) businesses	-	-
	(c) property, plant and equipment	(51,811)	(51,811)
	(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	-	-
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	(54,473)	(54,473)

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)	-	-
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	-	-
3.5	Proceeds from borrowings	81,016	81,016
3.6	Repayment of borrowings	(18,797)	(18,797)
3.7	Transaction costs related to loans and borrowings	(320)	(320)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	61,899	61,899

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

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	62,855	62,855
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,232	2,232
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54,473)	(54,473)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	61,899	61,899
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>72,513</b>	<b>72,513</b>

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 <sup>(3)</sup>	72,513	62,855
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>72,513</b>	<b>62,855</b>

(3) 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 <sup>(4)</sup>	371
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.

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

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

<b>7 FINANCING FACILITIES</b> <i>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.</i>	<b>TOTAL FACILITY AMOUNT AT QUARTER END</b>  <b>\$A'000</b>	<b>AMOUNT DRAWN AT QUARTER END</b>  <b>\$A'000</b>
7.1 Loan facilities <sup>(5)</sup>	236,320	201,320
7.2 Credit standby arrangements	-	-
7.3 Other (NAIF Loan – K2-Hydro)	610,000	270,791
<b>7.4 Total financing facilities</b>	<b>846,320</b>	<b>472,111</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>374,209</b>
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.		
<i>(5) Includes senior loan \$175 million, Infradebt subordinated facility \$16 million (refer ASX Announcement dated 16 August 2022), and drawdown from LNSA from Infradebt of \$10.32 million from available facility of \$45.32 million including LC facility (refer ASX Announcement dated 21 February 2022).</i>		

<b>8 ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	2,232
8.2 Cash and cash equivalents at quarter end (item 4.6) <sup>(3)</sup>	72,513
8.3 Unused finance facilities available at quarter end (item 7.5) <sup>(6)</sup>	374,209
8.4 Total available funding (item 8.2 + item 8.3) <sup>(6)</sup>	72,513
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b> <i>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.</i>  <i>(6) All unused finance facilities committed for construction of projects.</i>	N/A
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?  <div data-bbox="172 1644 1495 1688">             Answer: N/A           </div> 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?  <div data-bbox="172 1881 1495 1926">             Answer: N/A           </div>	



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

8 ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES	\$A'000
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: 14 October 2022

Authorised by: the Chief Financial Officer of Genex Power Limited

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

### Notes

1. 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.