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## **ASX Limited**

### **Company Announcements Platform**

# Kidston Pumped Storage Hydro - Construction Update

Genex Power Limited (ASX: GNX) (**Genex** or the **Company**) provides the following update on the construction activities for the 250MW/2,000MWh Kidston Pumped Storage Hydro Project (**K2-Hydro** or the **Project**).

## **Background – Water Ingress Event**

As announced by Genex in its Quarterly Activities Report on 14 October 2022, on 24 September 2022, whilst conducting drilling in the Main Access Tunnel (**MAT**) face, an unexpected geological feature was encountered which resulted in a substantial inflow of water into the MAT. Importantly, no injuries occurred, the MAT was subsequently fully dewatered and the drill holes were successfully plugged.

In its announcement on 14 October 2022, Genex advised of its expectations (which were based on the information available to Genex at the time of that announcement) that, while there had been some modest delay to underground works, the Project remained on schedule for energisation in 2H CY2024 and, at the time of that announcement, it was not anticipated that there would be an increase in the project cost, with adequate contingency funds held in the overall project budget.

Since this time, critical path underground excavation activities have resumed on Construction Adit 1, which are necessary to enable the commencement of the underground powerhouse excavation works. Genex also commenced a program to determine the extent of the feature and plan for the MAT excavation activities to resume, including the mobilisation of a diamond core drill rig underground to conduct investigatory works.

## **Results of Drilling Program & MAT Re-alignment**

Genex and the EPC contractor, being a joint venture between McConnell Dowell Constructors (Aust.) Pty Ltd and John Holland Group Pty Ltd (**MDJH JV**), have since been analysing the initial results of the underground drilling program to determine the way forward for the MAT excavation works to resume. The drilling results have identified a significant zone of high quality but fractured rock in front of the MAT face which is charged with high pressure water. While it is technically feasible to continue to

progress the MAT on its current alignment through this zone, Genex and MDJH JV have assessed that this would have a significant impact on tunnelling productivity and therefore the overall cost of the Project. In conjunction with MDJH JV, Genex has therefore considered its options and has determined that the realignment of the MAT to avoid this zone and continuing excavation within known geology is the most efficient option from a time, risk and cost perspective. The parties are working to expeditiously conclude the final design of the re-aligned MAT, which is expected to allow MAT excavation works to recommence in the coming weeks.

While the overall impact of the realignment of the MAT will cause a modest delay to the underground construction works, Genex still expects that energisation of the Project will occur on schedule in 2H CY 2024. However it is now expected that the additional cost of the MAT realignment will result in Genex further utilising the remaining project contingency and, as a result, based on the information available to Genex at the time of this announcement, the total cost of the Project is estimated to exceed the financial close budget for the Project by \$10 million to \$15 million. Notwithstanding this, Genex currently has adequate cash resources available to it to top-up the project contingency commensurate with this estimated additional cost.

Genex will continue to keep the market informed as the final MAT design is confirmed and the MAT excavation works recommence as expected in coming weeks, in accordance with its continuous disclosure obligations.

This announcement was authorised for release by the Board of Genex.

## 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 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.