



Genex Power Limited

ACN 152 098 854

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting

Wednesday 25 November 2015

Time of Meeting

11.00 a.m. (AEDT)

Place of Meeting

Kemp Strang
Level 17
175 Pitt Street
Sydney NSW 2000

NOTICE OF ANNUAL GENERAL MEETING

Genex Power Limited (Company) hereby gives notice that the Annual General Meeting of Shareholders will be held at the offices of Kemp Strang, Level 17, 175 Pitt Street, Sydney on **Wednesday 25 November 2015** commencing at **11.00 a.m.** (AEDT).

An Explanatory Memorandum accompanies this Notice and provides additional information on the Resolutions to be considered at the Meeting. The Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. We refer Shareholders to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

AGENDA

ITEM 1 – FINANCIAL REPORT

To receive and consider the consolidated financial report of the Company, together with the reports of the Directors and Auditor, for the year ended 30 June 2015.

Note:

There is no requirement for Shareholders to approve these reports.

ITEM 2 - ORDINARY BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions of the Company:

Resolution 1:

Adoption of Remuneration Report

“That the Shareholders adopt the Remuneration Report for the year ending 30 June 2015.”

Voting Exclusion Statement:

In accordance with section 250R (4) of the Act, no member of the key management personnel of the Company or a closely related party of such a member may vote on Resolution 1.

However, in accordance with the Act, a person described above may vote on Resolution 1 if:

- *It is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the proxy form how to vote; or*
- *It is cast by the Chairman as proxy for a person who is permitted to vote, in accordance with an express direction specified on the proxy form to vote as the proxy decides.*

Chairman appointed as proxy:

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution 1, the Chairman will vote any proxies which do not indicate on their proxy form the way the Chairman must vote, in favour of Resolution 1.

Note:

The outcome of Resolution 1 is advisory only and does not bind the Company or the Directors.

Resolution 2:**Re-election of Dr Ralph Craven as a Non-Executive Director**

“That, for the purposes of clause 11.10 of the Company’s Constitution and for all other purposes, Dr Ralph Craven, being a Director appointed to fill a casual vacancy, retires as a Director of the Company and, being eligible, is elected as a Director of the Company.”

Resolution 3:**Re-election of Mr Alan du Mee as a Non-Executive Director**

“That, for the purposes of clause 11.10 of the Company’s Constitution and for all other purposes, Mr Alan du Mee, being a Director appointed to fill a casual vacancy, retires as a Director of the Company and, being eligible, is elected as a Director of the Company.”

Resolution 4:**Re-election of Mr Ben Guo as a Director**

“That, for the purposes of clause 11.3 of the Company’s Constitution and for all other purposes, Mr Ben Guo retires as a Director of the Company by rotation and, being eligible, is re-elected as a Director of the Company.”

ITEM 3 – SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions of the Company:

Resolution 5:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the prior allotment and issue of 5,000,000 Options to acquire Ordinary Shares to the Company’s Chief Operations Officer on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Notes:

The Directors unanimously support the approval of the ratification of the issue of the Options.

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by the Company’s Chief Operations Officer, Mr Arran McGhie, or any associate of Mr McGhie.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- *it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or*
- *if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form.*

ITEM 4 – SPECIAL RESOLUTION

To consider and, if thought fit, pass the following **special** resolution of the Company:

Resolution 6:**Approval for Additional Placement Capacity**

“That, pursuant to and in accordance with ASX Listing 7.1A, and for all other purposes, Shareholders approve the issue of additional Equity Securities up to 10% of the issued ordinary capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- *It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or*
- *It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Further information in relation to these resolutions is set out in the Explanatory Memorandum below.

Dated at Sydney, 28th day of September 2015.

BY ORDER OF THE BOARD


Justin Clyne
Company Secretary

NOTES

1. Explanatory Memorandum

An Explanatory Memorandum accompanies this Notice and provides additional information on the Resolutions to be considered at the Meeting. The Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. We refer Shareholders to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

2. Record Date

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that Shareholders recorded on the Company's register at 11.00am (AEDT) on Monday 23 November 2015 (**Record Date**) will be entitled to attend and vote at the Meeting. If you are not the registered Shareholder in respect of a particular Share on the Record Date, you will not be entitled to vote in respect of that Share.

If you cannot attend the Meeting in person, you are encouraged to sign and deliver the proxy form attached to this Notice and return it in accordance with the instructions set out below.

3. Appointment of Proxies

A Shareholder entitled to attend and vote at the Meeting may appoint an individual or a body corporate as a proxy to attend the meeting and, on a poll, vote on the Shareholder's behalf. A proxy need not be a Shareholder.

A Shareholder entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Unless under Power of Attorney (which should have been noted by the Company), a proxy form completed by a body corporate should be executed under its common seal or in accordance with the Act. The enclosed proxy form provides further details on proxies and lodging proxy forms.

If a Shareholder appoints the Chairman of the Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that Shareholder, in favour of that item on a poll.

For Shareholders registered on the Australian register, section 250B of the Act stipulates that proxies must be delivered at least 48 hours prior to the Meeting. For the purposes of section 250B, the Board has determined that all proxies must be received by no later than 11.00 am on Monday 23 November 2015 (AEDT) or in the event of the meeting being adjourned at least 48 hours prior to the adjourned meeting, to the Company's Share Registry Service Provider, Boardroom Pty Limited as follows:

By mail: Share Registry – Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001

By fax: +61 2 9290 9655

In person: Share Registry – Boardroom Pty Limited,
Level 12
225 George Street
Sydney NSW 2000

4. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Act authorising him or her to act as the Company's representative. The authority may be sent to the Company in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of the Shareholders of **Genex Power Limited** to be held on **Wednesday 25 November 2015** at the offices of **Kemp Strang, Level 17, 175 Pitt Street, Sydney** at **11.00am** (AEDT).

The purpose of this Explanatory Memorandum is to assist Shareholders in determining how they wish to vote on the Resolutions. Specifically, the Explanatory Memorandum contains information to help Shareholders understand the background to, and the legal and other implications of, the Notice and the reasons for the Resolutions. The Notice and Explanatory Memorandum should be read in their entirety and in conjunction with each other.

All Resolutions, except resolution 6 which is a special resolution, are ordinary resolutions.

ORDINARY RESOLUTIONS

Resolution 1:

Remuneration Report

“That the Shareholders adopt the Remuneration Report for the year ending 30 June 2015.”

Background

The Remuneration Report is set out on pages 11 to 16 of the Company’s Annual Report for the year ending 30 June 2015 and was lodged with the ASX on 28th September 2015. The Remuneration Report sets out the Company’s remuneration policy and reports on the remuneration arrangements in place for the Directors and key executives of the Company.

Section 250R (2) of the Act stipulates that the Company must propose a resolution to the Shareholders that the Remuneration Report be adopted. The outcome of the Resolution is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting at which the Directors review the Company’s remuneration policies.

At the Meeting, the Chairman must allow a reasonable opportunity for the Shareholders at the Meeting, as a whole, to ask questions about or make comments on the management of the Company or the Remuneration Report.

Under recent amendments to the Act:

- the Company is required to disregard any votes cast on this Resolution by any member of the “Key Management Personnel” (**KMP**) of the Company and their closely related parties, except as directed by any proxies; and
- a ‘two-strike’ process in relation to the advisory and non-binding vote on the remuneration report has been introduced. Under the two-strike process if, at two consecutive AGMs, at least 25% of votes cast on a resolution that the remuneration report be adopted are against the adoption of the report, at the second of these AGMs, there must be put to the vote a resolution that another meeting be held within 90 days at which all Directors (except the Managing Director) who were Directors when the 25% ‘no’ vote was passed must stand for re-election.

KMP are people having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include Directors. “Closely related parties” include certain family members and dependents of KMP and companies they control.

As this is the Company’s first AGM as a listed company, the Company has not previously put its Remuneration Report to shareholders for a vote.

Chairman as proxy

It is very important that the Shareholders appointing the Chairman as their proxy clearly indicate on the attached proxy form the way the Chairman must vote their proxy on Resolution 1. Otherwise, if the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution 1 and the Shareholder does not indicate on their proxy form the way the Chairman must vote, the Chairman will vote that proxy in favour of Resolution 1. Please see the proxy form attached to the Notice for further information.

Recommendation

Noting that each Director of the Company has a personal interest in their own remuneration the subject of this Resolution, the Board does not consider it appropriate to make a recommendation to Shareholders in relation to voting on this Resolution.

Resolution 2:

Re-election of Dr Ralph Craven as a Non-Executive Director

“That, for the purposes of clause 11.10 of the Company’s Constitution and for all other purposes, Dr Ralph Craven, being a Director appointed to fill a casual vacancy, retires as a Director of the Company and, being eligible, is elected as a Director of the Company.”

Information about Dr Ralph Craven

Dr Craven was originally appointed as a Director of the Company on 1 July 2014 before resigning on 26 March 2015 and being reappointed on 29 May 2015.

Dr Craven is a Member of the Audit & Risk Management Committee and the Chair of the Remuneration Committee.

Dr. Craven is an electricity sector specialist with respected credentials in energy, transmission infrastructure and power generation and electricity retailing. Dr. Craven has a number of public company roles including non- executive director of Senex Energy Limited (September 2011 to present) and AusNet Services Limited (January 2014 to present). Dr. Craven has also held senior executive positions with energy companies in Australia and New Zealand. He was formerly Chief Executive Officer of Transpower New Zealand Ltd, Executive Director with NRG Asia-Pacific and General Manager Power Marketing and Development with Shell Coal Pty Ltd. His previous roles also include Chairman of Ergon Energy Corporation Limited and Chairman of Tully Sugar Limited. Dr. Craven was also Deputy Chairman of coal seam gas company Arrow Energy Limited (now jointly owned by Royal Dutch Shell and PetroChina). Dr Craven was previously a non-executive director of Invion Limited (2011 to April 2015) and Mitchell Services Limited (2011 to November 2014).

Recommendation

The Board, with the exception of Dr Craven, unanimously recommends that the Shareholders approve Resolution 2 as each Director allowed to vote intends to do with regard to their own shareholdings in the Company.

Resolution 3:

Re-election of Mr Alan du Mee as a Non-Executive Director

“That, for the purposes of clause 11.10 of the Company’s Constitution and for all other purposes, Mr Alan du Mee, being a Director appointed to fill a casual vacancy, retires as a Director of the Company and, being eligible, is elected as a Director of the Company.”

Information about Mr Alan du Mee

Mr du Mee was originally appointed as a Director of the Company on 1 July 2014 before resigning on 26 March 2015 and being reappointed on 29 May 2015.

Mr du Mee is the Chair of the Audit & Risk Management Committee and a Member of the Remuneration Committee.

Mr. du Mée has deep operational experience in power generation operations and development. He was Chief Executive Officer of Tarong Energy, a major Queensland power company which is now part of Stanwell Corporation Limited. While at Tarong Energy, Mr. du Mée was responsible for the development of Tarong North power station in Queensland, the Starfish Hill windfarm in South Australia and the sale of a 50% of the Tarong North power station to a Japanese consortium. He also had responsibility for the 600MW Wivenhoe Pumped Storage Plant, the second largest hydro pumped storage plant in Australia. Alan is a past Chairman of the Australian National Generators Forum and a past director of BHP Engineering between April 1991 and November 1996.

Mr. du Mée is also a director of A Solid Foundation Pty Limited, and has been engaged by Glencore Xstrata to assist it with its clean coal development strategy

Recommendation

The Board, with the exception of Mr du Mee, unanimously recommends that the Shareholders approve Resolution 3 as each Director allowed to vote intends to do with regard to their own shareholdings in the Company.

Resolution 4:

Re-election of Mr Ben Guo as a Director

“That, for the purposes of clause 11.3 of the Company’s Constitution and for all other purposes, Mr Ben Guo retires as a Director of the Company by rotation and, being eligible, is re-elected as a Director of the Company.”

Information about Mr Ben Guo

Mr Guo was originally appointed as a Director of the Company on 25 October 2013 and reappointed by Shareholders on 28 November 2014 at the Company’s last AGM.

Ben has over 10 year's management experience in Australia. Prior to joining Genex, he held senior financial roles at Helmsec Global Capital Limited and Estrella Resources Limited. Ben has also worked at PwC Corporate Finance and Ernst and Young.

Recommendation

The Board, with the exception of Mr Guo, unanimously recommends that the Shareholders approve Resolution 4 as each Director allowed to vote intends to do with regard to their own shareholdings in the Company.

Resolution 5:

Background

On 6 August 2015, the Company issued a total of 5,000,000 Options exercisable at \$0.25 each and expiring 6 August 2020 to the Company's Chief Operations Officer on the terms and conditions as advised to the ASX via the Appendix 3B lodged on 10 August 2015.

The prior approval of Shareholders was not required in respect of the issue of the Options as it did not exceed the 15% Restriction imposed upon listed companies by Listing Rule 7.1, nor were they issued to a Related Party.

Listing Rule 7.4 provides that if the issue of the Options is ratified by Shareholders, the Company will again have the flexibility to issue further securities without Shareholder approval within the 15% Restriction over the next 12 month period.

The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity so that the Company retains financial flexibility and can take advantage of opportunities that may arise.

Information for Shareholders in accordance with Listing Rule 7.4.

The following information is provided in relation to Resolution 5 in accordance with Listing Rule 7.5:

- Number of securities allotted: The issue consisted of the issue and allotment of 5,000,000 unlisted options exercisable at \$0.25 each and expiring 6 August 2020.
- Issue price: Nil consideration.
- Term of the securities: The options were issued as an incentive to achieve certain milestones related to the Kidston Pumped Storage Hydro Power Project and other subsequent projects that the Company undertakes.
- Allottees: Mr Arran McGhie, the Company's Chief Operations Officer who is not a related party of the Company.
- Use of funds: No funds were received from the issue of the options however in the event that the options are exercised the Company intends to use the funds raised primarily for the acquisition of new projects, assets or investments or for further work in relation to pre-feasibility or feasibility studies on its current or future projects and/or for working capital.

Directors' Recommendation

The Board unanimously recommends that the Shareholders vote in favour of the ratification of the share placement as each Director intends to do with regard to their own shareholdings in the Company.

Resolution 6: Special Resolution

Approval for Additional Placement Capacity

“That, pursuant to and in accordance with ASX Listing 7.1A, and for all other purposes, Shareholders approve the issue of additional Equity Securities up to 10% of the issued ordinary capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to subparagraph (c) below).

The Company may use the 10% Placement Facility to acquire new projects, assets or investments or for further exploration work on its current leases and/or for working capital.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has only one class of quoted Equity Securities, Ordinary Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement. Pursuant to Listing Rule 7.1B.4 this number is 158,393,750:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

[Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.]

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue (or since the date of quotation if less than 12 months) that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

As at the date of this Notice, the Company has on issue **158,393,750**. Therefore, assuming the ratification of the options pursuant to Resolution 5, there is a capacity to issue:

- (i) 23,759,062 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 6, a further 15,839,375 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section subparagraph (c) above).

(e) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at 24 September, 2015.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution	Dilution	Dilution
		\$0.08 50% decrease in Issue Price	\$0.16 Issue Price	\$0.32 100% increase in Issue Price
Current Variable 'A' 158,393,750 Shares	10% voting dilution	15,839,375 Shares	15,839,375 Shares	15,839,375 Shares
	Funds raised	\$1,267,150	\$2,534,300	\$5,068,600
50% increase in current Variable 'A' 237,590,625	10% voting dilution	23,759,062 Shares	23,759,062 Shares	23,759,062 Shares
	Funds raised	\$1,900,725	\$3,801,450	\$7,602,900
100% increase in current Variable 'A' 316,787,500	10% voting dilution	31,678,750 Shares	31,678,750 Shares	31,678,750 Shares
	Funds raised	\$2,534,300	\$5,068,600	\$10,137,200

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No options are exercised into shares before the date of the issue of the Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of shares.
 - (vii) The issue price is \$0.16, being the closing price of the shares on ASX on 24 September 2015.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration to acquire new projects, assets or investments or for further work in relation to pre-feasibility or feasibility studies on its current or future projects and/or for working capital. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised to acquire new projects, assets or investments or for further work in relation to pre-feasibility or feasibility studies on its current or future projects and/or for working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- a. the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- b. the effect of the issue of the Equity Securities on the control of the Company;
- c. the financial situation and solvency of the Company; and
- d. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new projects, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new projects, assets or investments.

The Company has not previously sought or obtained Shareholder approval under Listing Rule 7.1A.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Recommendation

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution as each Director intends to do with regard to their own shareholdings in the Company .

GLOSSARY

A\$ means a dollar in the currency of the Commonwealth of Australian.

Act means the *Corporations Act 2001* (Cth).

AGM means the Annual General Meeting of the Company held in accordance with the Act.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Chairman means the chairman of the Meeting;

Company means Genex Power Limited ACN 152 098 854.

Listing Rules means the ASX Listing Rules.

Meeting means the Annual General Meeting convened by this Notice.

Notice means this document, including the Explanatory Memorandum.

Options mean an unlisted Option in the Company.

Resolution means Resolution 1, Resolution 2, Resolution 3, Resolution 4 and Resolution 5 to be considered at the Meeting.

Share means a fully paid ordinary share in the issued share capital of the Company.

Shareholder means a holder of Shares in the capital of the Company.

Special Resolution means Resolution 6 to be considered at the Meeting.