

GENEX POWER LIMITED – FULL YEAR RESULTS FOR THE YEAR ENDED 30 JUNE 2016

Headline Summary

Kidston Pumped Storage Hydro Project (Kidston PSH Project)

- On track for completion of project feasibility study in Q3 2016;
- Significant design improvements, including optimised “turkey nest” design;
- Resolution of upper reservoir water seepage issues;
- Potential to increase generation capacity and system efficiencies, whilst minimising capex;
- Resolution of excess water storage and water balancing issues;
- Award of \$4m funding facility from Australian Renewable Energy Agency (ARENA);
- Advancement of discussions on debt, equity and other funding structures.

Kidston Solar Project

- Development Approval received from Etheridge Shire Council;
- Environmental Approval received from Queensland Department of Environment and Heritage Protection;
- Signing of a Connection Agreement with Ergon Energy;
- Execution of a Debt Funding Mandate with Societe Generale;
- Appointment of AECOM as Owner’s Engineer;
- Appointment of UGL as preferred EPC contractor;
- Construction scheduled for commencement in Q1 2017.

Corporate and Financial

- Declaration of the Kidston Energy Hub as a “Prescribed Project” by the Queensland State Government;
- Freehold ownership granted over the Kidston project site;
- Successful completion of \$3.5m equity fund raising;
- Receipt of first R & D rebate monies from ATO;
- Net loss after tax of \$7.08 million; and
- Increased expenditure over the previous corresponding period due to:
 - Development of the Kidston Solar Project; and
 - Ongoing Kidston PSH Project feasibility study costs.

For the year ended 30 June 2016, Genex Power Limited (**Genex** or **Company**) incurred an after tax loss of \$7.08 million. The majority of expenditure was incurred on the development of the Kidston Solar Project and the ongoing costs associated with the Kidston PSH Project feasibility study.

The Company did not generate any income during the year, other than through bank interest (\$96,090) and a Research and Development (**R & D**) rebate (\$669,763), from the Australian Tax Office (**ATO**).

On 18 December 2015, Genex entered into a \$4m convertible note funding agreement (**Funding Agreement**) with ARENA to provide funding assistance for the Kidston PSH Project feasibility study. As at 30 June 2016, a total of \$2,067,854 had been drawn down. The convertible note is deemed to be a hybrid security with a debt component and an equity component. Funds drawn down by Genex pursuant to the Funding Agreement can be converted by ARENA into ordinary shares in Genex at a conversion price of \$0.20 per share, subject to the terms of the Funding Agreement.

In February 2016, Genex received Development Approval for the Kidston Solar Project from Etheridge Shire Council.

In March 2016, the Kidston Energy Hub Project was declared a Prescribed Project by the Queensland State Government. This milestone recognises the Kidston Project as a critical infrastructure project for the State of Queensland and facilitates a pathway for the fast-tracking of project approvals.

In May 2016, the Kidston Solar Project received Environmental Approval from the Queensland Department of Environment and Heritage Protection. In the same month, Genex also executed a Connection Agreement with Ergon Energy Corporation

Limited (**Ergon**) to enable the export of electricity generated from the first 50MW phase of the Kidston Solar Project into the National Electricity Market (**NEM**). As part of the Connection Agreement, Genex paid an amount \$2,581,643 to Ergon representing the initial payment on the capital works program. Ergon is required to undertake an upgrade of the Kidston substation as part of the construction works associated with the Kidston Solar Project. The substation upgrade will be completed in parallel with the construction of the Kidston Solar Project and additional payment will be made to Ergon periodically, in accordance with pre-approved milestones under the Connection Agreement. The final cost of the substation upgrade is yet to be determined.

In June 2016, Genex raised an amount of \$3.5 million through the issue of 21,875,000 new fully paid ordinary shares in the Company at an issue price of \$0.16 per share with the assistance of Morgans Stockbroking. These funds were applied principally towards pre-construction activities associated with the Kidston Solar Project and towards completion of the Kidston PSH Project feasibility study.

Cash at Bank

As at 30 June 2016, Genex had cash at bank of \$4,179,614.

APPENDIX 4E

PRELIMINARY FINAL REPORT

1. Company details

Name of entity:	Genex Power Limited
ABN:	18 152 098 854
Reporting Period:	Year ended 30 June 2016
Previous corresponding period:	Year ended 30 June 2015

2. Results for announcement to the market

Key information				Year ended 30 June 2016 \$
2.1	Revenue from ordinary activities	Up	823	to 790,387
2.2	Loss from ordinary activities attributable to the owners of Genex Power Limited	Up	132	to 7,082,594
2.3	Total Comprehensive Loss for the period attributable to the owners of Genex Power Limited	Up	132	to 7,082,594

Dividends

2.4 No dividends have been paid or provided for during the period.

2.5 Brief explanation of the figures reported above necessary to enable the figures to be understood.

The principal activities of the Consolidated Entity during the course of the year consisted of development activities associated with the Kidston Solar Project and feasibility work associated the Kidston PSH Project.

The Company did not receive any revenue during the period other than interest earned from its bank accounts as well as an R&D rebate from the ATO totaling \$669,763.

The Consolidated Entity generated an operating loss of \$7,082,594 for the year ended 30 June 2016 (loss of \$3,503,274 for the period ended 30 June 2015) principally due to costs associated with an increase in activity by the Company in developing its energy projects at the Kidston site.

3. Net tangible assets	Reporting period	Previous corresponding period
Net tangible assets per ordinary share	6.50 cents	4.08 cents

The calculation of net tangible assets per ordinary share uses the total number of shares on issue as at 30 June 2016.

4. Control gained over entities

There was no change in the status of the consolidated entity through the year.

5. Loss of control over entities

There was no change in the status of the consolidated entity through the year.

6. Details of associates and joint ventures

There are no associates of the consolidated entity.

7. Audit

The final Financial Report of Genex Power Limited for the year ended 30 June 2016 has been audited and is contained in the Annual Report lodged herewith.

8. Attachments

The Annual Report (including the full audited annual financial statements) of Genex Power Limited for the year ended 30 June 2016 is attached.

9. Signed

Signed in accordance with a resolution of the Board of Directors.

Dated this 31st day of August 2016.

Signed:

A handwritten signature in black ink, appearing to be 'M. Addison', with a stylized flourish at the end.

Michael J. Addison
Managing Director

