

20 October 2021

ASX Limited

Company Announcements Platform

Quarterly Activities Report – Quarter Ending 30 September 2021

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 2021 (**Q1 FY22** or the **Period**). During the Period, the Company made significant progress on its first large-scale Battery Energy Storage System (**BESS**) with the signing of a Supply Agreement with Tesla Motors Australia Pty Ltd (**Tesla**) for the 50MW/100MWh Bouldercombe Battery Project (**BBP**).

HIGHLIGHTS

- Supply Agreement with Tesla signed for the BBP, a key milestone towards achieving Final Investment Decision in Q2 FY22;
- Construction activities at the Kidston Pumped Storage Hydro Project (**K2-Hydro**) continued to ramp up with the project remaining on budget and schedule to be operational in late CY24;
- During the Period, the 50MW Kidston Solar Project (**KS1**) generated 26,038MWh of renewable energy with the 50MW Jemalong Solar Project (**JSP**) generating 22,195MWh of renewable energy, delivering a combined revenue for the Period of \$5.1M;
- The Company continues to make significant advancements on both the BBP and Kidston Wind Project (**K3-Wind**);
- Genex finished the Period in a strong cash position, with cash at bank of \$41.8M as of 30 September 2021; and
- Mr Craig Francis was appointed as Chief Financial Officer effective 1 October 2021, while Ben Guo transitioned to a Non-Executive Director from the role of Finance Director.

Commenting on the Company's Q1 FY22 performance, Genex CEO, James Harding said:

"During the Period, Genex achieved a significant milestone with the signing of a Supply Agreement with Tesla for the Bouldercombe Battery Project in Queensland that will help support a Final Investment Decision in the coming months. The project is Genex's first large-scale Battery Energy Storage System and is part of our Como Storage Strategy to broaden our footprint in energy storage.

Works continued at the Kidston Pumped Hydro project, with a number of initial site preparation activities including the airstrip, site office and workshops now complete. We will continue to work closely with our team of project delivery partners, notably John Holland, McConnell Dowell and Andritz to ensure successful delivery of an outstanding large-scale storage project for the National Electricity Market.

I would also like to congratulate Craig Francis on his promotion to the position of Chief Financial Officer. Craig has been with Genex since 2017 in the role of General Manager of Commercial Finance. I would also like to thank Ben Guo for his contribution as Finance Director, and I am pleased that he will remain on the Board as a Non-Executive Director.

Our 2 solar farms at Kidston in Queensland and Jemalong in New South Wales, are performing well while we continue to progress our growing portfolio of renewable energy and storage projects. I look forward to updating the market in the coming period on the progress of our Bouldercombe Battery Project and Kidston Wind project.

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)

- Construction at the recently sanctioned K2-Hydro project continued during the Period;
- Key site activities and works undertaken during Q1 FY22 included:
 - Completion of the airstrip upgrades to facilitate fly-in-fly-out operations for construction personnel;
 - Completion of the main Construction Site Office and workshops;
 - Completion of onsite aggregate crushing plant and concrete batching plant;
 - Completion of main access road into the site;

- Continuation of refurbishment works for the Oaks Rush Accommodation Village, with main facility buildings complete, and 450 bed camp expansion 90% complete;
- Continuation of site infrastructure upgrades; and
- Continuation of Main Access Tunnel (**MAT**) Portal face stabilisation works.
- Planned site works for the coming Period include:
 - Completion of the MAT Portal stabilisation works;
 - Commencement of the MAT tunnelling works using drill and blast techniques;
 - Commencement of the Wises Dam embankment (trial section);
 - Completion of the 22kV Distribution Line; and
 - Completion of the Oaks Rush Accommodation Village (450 beds).



Figure 1: Aerial view of K2-Hydro site establishment works

- The project remains within budget and scheduled for completion in late CY24;
- The project is fully funded to commercial operation via:
 - \$610M 15-year debt facility from the Northern Australia Infrastructure Facility (**NAIF**) (refer ASX Announcement dated 15 April 2021);

- \$47M project grant funding agreement with the Australian Renewable Energy Agency (**ARENA**) (refer ASX Announcement dated 15 April 2021); and
- Proceeds of the fully underwritten \$115M fundraising (refer ASX Announcement dated 24 March 2021) and Genex's existing cash.
- Genex drew down \$56.0M in project funding from the NAIF Facility during the Period.

50MW KIDSTON SOLAR PROJECT (KS1)

- KS1 continued to generate energy into the National Electricity Market (**NEM**) during the Period; and
- Net Revenue totalled \$2.3M, generating 26,038MWh of renewable power for the Period.

50MW JEMALONG SOLAR PROJECT (JSP)

- JSP commenced commercial operation and generated energy into the NEM during the Period; and
- Net Revenue generated on a merchant basis totalled \$2.8M¹, generating 22,195MWh of renewable energy for the Period.

BOULDERCOMBE BATTERY PROJECT (BBP)

- BBP achieved an important milestone during the Period, with Genex signing a Supply Agreement with Tesla;
- The 50MW/100MWh battery will comprise 40 Megapacks, which have a product lifespan and warranty of 20 years;
- The Megapacks are an all-in-one utility-scale BESS with each Megapack to be fully assembled, factory tested and shipped from Tesla's Gigafactory in Nevada, USA;
- Grid connection studies are well progressed with an Offer to Connect expected to be received in Q2 FY22;
- Genex expects to reach a Final Investment Decision for the BBP in Q2 FY22 with the BESS scheduled to be operational in H1 CY23; and
- BBP 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 early stage of works associated with the project including:
 - Modelling the wind resource at a number of sites; and

¹ Includes \$875,000 Liquidated Damages Payment from JSP Engineering, Procurement & Construction Contractor, Beon Energy Solutions.

- Progressing the Development Approvals associated with the project.
- The project will connect into the new 275kV transmission line being constructed by Powerlink Queensland for the K2-Hydro, which is expected to be completed in CY24.

CORPORATE UPDATE

- Genex finished the Period with a strong cash position, with cash at bank of \$41.8M;
- During the Period, the Company's expenditure was primarily incurred on staff and operating costs and development activities associated with the K2-Hydro, JSP, BBP and K3-Wind projects;
- As noted in section 6 of the Appendix 4C, the payment 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 associates of the entity;
- Mr Craig Francis was appointed as the Company's Chief Financial Officer, with an effective date of 1 October 2021. Mr Francis has been with Genex since September 2017 in the role of General Manager of Commercial Finance. He has over 13 years of finance and investment banking experience in the natural resources, energy and renewables sectors in Australia and the UK;
- Mr Ben Guo, the Company's Finance Director transitioned to the role of non-executive director effective from 1 October 2021; and
- Post the end of the Period, the Company lodged its Notice of Annual General Meeting (**AGM**) with the ASX on 5 October 2021. The AGM will be a virtual meeting and is scheduled to be held on Monday 15 November 2021 at 10.00 am (AEDT). All shareholders are welcome and encouraged to attend. Details of the AGM can be found in the AGM Notice lodged with the ASX.

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 is focused on developing a portfolio 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 the Genex Power Limited portfolio. JSP was energised in early December 2020 and is now fully operational. Genex is further developing its energy storage portfolio via the early-stage development of a 50MW/100MWh standalone battery energy storage system at Bouldercombe in Queensland. With over 400MW of renewable energy & storage projects in development, 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.

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 2021

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	5,805	5,805
1.2	Payments for		
	(a) research and development	(1,055)	(1,055)
	(b) product manufacturing and operating costs	(1,360)	(1,360)
	(c) advertising and marketing	(70)	(70)
	(d) leased assets	-	-
	(e) staff costs	(1,146)	(1,146)
	(f) administration and corporate costs	(560)	(560)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	38	38
1.5	Interest and other costs of finance paid	(1,563)	(1,563)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	447	447
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	536	536

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	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(60,099)	(60,099)
	(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	(60,099)	(60,099)

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	56,891	56,891
3.6	Repayment of borrowings	(852)	(852)
3.7	Transaction costs related to loans and borrowings	(19)	(19)
3.8	Dividends paid	-	-
3.9	Other (Payments for leases)	(89)	(89)
3.10	Net cash from / (used in) financing activities	55,931	55,931

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	45,447	45,447
4.2	Net cash from / (used in) operating activities (item 1.9 above)	536	536
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(60,099)	(60,099)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	55,931	55,931
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	41,815	41,815

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*	41,815	41,815
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)	41,815	41,815

*Variance from quarter ended June 2021 Appendix 4C is due to reclassification of items as Bond, Deposits and Bank Guarantee following internal review of accounting policies. Includes cash committed to K2-Hydro construction program.

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*	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.

*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

7 FINANCING FACILITIES <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>		TOTAL FACILITY AMOUNT AT QUARTER END \$A'000	AMOUNT DRAWN AT QUARTER END \$A'000
7.1	Loan facilities*	196,383	195,883
7.2	Credit standby arrangements	-	-
7.3	Other (NAIF Loan – K2-Hydro)	610,000	56,141
7.4	Total financing facilities	806,383	252,024
7.5	Unused financing facilities available at quarter end		554,359
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.		
	*Includes senior loan \$175.0 million, CEFC corporate facility \$16.883 million, \$3.0 million additional loan, and proceeds from Development Funding Agreement from J-Power of \$1.0 million from available funding of \$1.5 million (refer ASX Announcement dated 30 November 2020).		

8 ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	536
8.2 Cash and cash equivalents at quarter end (item 4.6)	41,815
8.3 Unused finance facilities available at quarter end (item 7.5)	554,359
8.4 Total available funding (item 8.2 + item 8.3)	596,174
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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>	
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?	
Answer:	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

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

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: 20 October 2021

Authorised by: the Board 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.