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ASX Announcement

**GENEX EXECUTES NEW MEMORANDUM OF UNDERSTANDING WITH J-POWER FOR
KIDSTON PUMPED STORAGE HYDRO PROJECT**

Genex Power Limited (ASX: **GNX**) (**Genex** or **Company**) is pleased to announce that it has signed a new Memorandum of Understanding (**MOU**) with Electric Power Development Co Ltd trading as J-POWER (**J-POWER**).

The MOU provides that the parties will work together using their best endeavours to negotiate a transaction for the Kidston Pumped Storage Hydro Project (**K2-Hydro** or **Project**) for J-POWER to acquire direct or indirect equity in the Project by way of:

- A subscription for new ordinary shares in Genex on terms equivalent or similar to the Share Subscription Agreement (**SSA**) signed between the parties and announced to the ASX on 6 June 2019; and/or
- A subscription for new equity securities directly in the Project Special Purpose Corporation (**SPC**);

It is a term of the MOU, that as part of J-POWER's investment into Genex and/or the Project SPC (the **J-POWER Equity Investment**) J-POWER may:

- enter into a Technical Services Agreement with Genex wherein J-POWER will provide certain professional technical advisory services to Genex in relation to the construction phase of K2-Hydro; and
- subject to the approval of the Project financiers and Project EPC contractor, enter into an agreement to provide O&M Services to the Project SPC.

Genex will pursue the proposed new commercial arrangements in a timely manner, to facilitate the negotiation and structuring of the J-POWER Equity Investment in as short a timeframe as possible.

Notwithstanding this, this MOU shall terminate on the earlier of:

- Conclusion of negotiations concerning the J-POWER Equity Investment, culminating in the signing of long form documentation governing the J-POWER Equity Investment; or
- 31 December 2020.

Genex and J-Power have terminated the SSA announced to the ASX on 6 June 2019 which contained a sunset date of 31 December 2019 for Genex to fulfil certain preconditions thereunder which it is no longer able to do in light of the delay to the transaction announced on 1 November 2019.

In commenting on the execution of the MOU with J-POWER, James Harding, CEO of Genex said:

“We are delighted that J-Power has shown faith in Genex and our K2-Hydro project with the execution of this MOU and to continue discussions along the lines of those originally announced in June this year. Genex strongly values the relationship that it has developed with the J-POWER team over the course of 2019 and we are excited that this will continue.

We will work as quickly as we can to conclude arrangements with J-POWER as part of the restructuring of the K2-Hydro transaction with a view to reaching financial close for the project as soon as possible in 2020. Along with the decision by the NAIF Board to extend the offer of funding for K2-Hydro announced last week, we are maintaining the momentum we had previously established into the new year.”

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About J-POWER:

J-POWER is a Japanese public utility company listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY 494Bn (as of 29 March 2019, A\$6.5 billion). J-POWER has a significant portfolio of hydroelectric, coal-fired power and wind power generation assets in Japan totalling 17.9 GW. It is the largest provider of coal-fired power in Japan, and the second largest provider of hydro electric and wind power. J-POWER also owns and maintains a nationwide network of distribution facilities covering over 2,400km of transmission lines.

Outside of Japan, J-POWER has pursued a strategy of applying the knowledge and technical capabilities developed through its domestic operations to actively seek out and develop commercial power generation projects overseas. As of 31 March 2019, it had 36 facilities in operation in six countries, representing a combined generation capacity of 21.8 GW (6.9 GW net capacity).

About Genex Power Limited:

Genex Power is a power generation development company listed on the ASX. The Company is focused on innovative clean energy generation and electricity storage solutions which deliver attractive commercial returns for shareholders. The Company has a development pipeline of up to 770MW of renewable energy generation and storage projects within its portfolio, underpinned by the Kidston Clean Energy Hub in far-north Queensland (**Kidston Hub**). The Kidston Hub is comprised of the operating 50MW Stage 1 Solar Project (**KS1**), the 250MW

Pumped Storage Hydro Project (**K2-Hydro**) and the multi-staged integrated Solar Project of up to 270MW (**K2-Solar**) under development and the Kidston Stage 3 Wind Project of up to 150MW under feasibility. In addition, the Company has acquired the 50MW Jemalong Solar Project (**JSP**), located near Forbes in NSW, which has received credit approval and initiated construction detailed design works.

Genex continues to acknowledge the support from the Federal Government, through the Australian Renewable Energy Agency (**ARENA**), which provided \$8.9 million in funding to support the construction of the KS1 Project, as well as their support of up to \$9 million in funding to support the development of the stage 2 projects. In addition to this, Genex acknowledges the Northern Australia Infrastructure Facility (**NAIF**) and their Investment decision to offer finance to K2-Hydro through the provision of a long-term concessional NAIF debt facility for up to \$610 million. Genex also recognises the support of the Queensland State Government through providing a 20-year revenue support deed for KS1 and designating the Hub as 'Critical Infrastructure' to the State.