

30 January 2023

ASX Limited

Company Announcements Platform

Quarterly Activities Report – Quarter Ending 31 December 2022

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 31 December 2022 (**Q2 FY2023** or the **Period**), a Period during which the Company continued construction of the 250MW/2,000MWh Kidston Pumped Storage Hydro Project (**K2-Hydro**) and the 50MW/100MWh Bouldercombe Battery Project (**BBP**); and progressed its pipeline development opportunities.

HIGHLIGHTS

Operations

- During the Period, the Kidston Solar Project (**KS1**) generated 30,791MWh and the Jemalong Solar Project (**JSP**) generated 30,975MWh of renewable energy for total revenue of \$6.2M¹; and
- This resulted in combined 1H FY2023 revenues of \$13.4M (1H FY2022: \$11.1M).

Construction and Development

- Construction at K2-Hydro continued during the Period with key work focused on continuing underground tunnelling and dam construction works. The project remains on schedule for energisation in 2H CY2024;
- Construction activities at BBP continued during the Period with key work focused on constructing the foundations for the Tesla Megapacks. The project remains on schedule for energisation in Q2 CY2023; and
- Goldwind Australia (**Goldwind**) was appointed as the preferred Wind Turbine Generator (**WTG**) provider for the Kidston Stage 3 Wind Project (**K3-Wind**) and the project capacity was increased up to 258MW. After the end of the Period the Queensland Government formally recognised the importance of K3-Wind by declaring it as a Prescribed Project.

Corporate

- Following receipt of an indicative proposal from Skip Essential Infrastructure Fund² and Stonepeak Partners LLC³ (together, the **Consortium**), to acquire all of the ordinary shares on issue in Genex that the Consortium did not already own, Genex announced on 28 December 2022 that it had been

¹ Revenue figures are on an unaudited basis.

² Skip Enterprises Pty Ltd as trustee for the Farquhar Trust.

³ On behalf of certain of its managed funds and affiliated entities.

advised by the Consortium that it would cease to pursue its indicative proposal. Accordingly, the Board of Genex determined to cease all discussions with the Consortium in relation to its indicative proposal and a possible change of control transaction; and

- Genex finished the Period in a strong cash position, with cash at bank of \$65.3M as of 31 December 2022.

Commenting on the Q2 FY2023 performance, Genex CEO, James Harding said:

"Both the Kidston Stage 1 Solar Farm and the Jemalong Solar Farm continued to generate strong revenues for the business, with revenues up from H1 FY2022.

Work advanced at the Kidston Pumped Storage Hydro project, with the underground works continuing for the Main Access Tunnel and significant progress on bulk earthworks for the Wises Dam. While an unexpected geological feature was encountered in the underground works in the prior Period, resulting in a substantial ingress of water and a pause in underground tunnelling works, a decision was taken to realign the MAT in safe ground and construction activities recommenced in early December. Our current expectations remain that the project will be completed on schedule for planned energisation in 2H CY2024.

At our Bouldercombe Battery Project, construction activities continued during the Period, with the Balance of Plant Contractor, Consolidated Power Projects now well progressed with preparing the site for delivery of Tesla Megapacks in Q1 CY2023. Importantly, the project remains on track for energisation by Q2 CY2023.

We have meanwhile been pushing ahead with development of our project pipeline. As the third stage of the Kidston Clean Energy Hub, Genex and its joint venture partner J-POWER continued to advance development works for the Kidston Stage 3 Wind Project, which included the appointment of Goldwind Australia as the preferred Wind Turbine Generator provider for the project. We are also pleased to advise that the project has been declared a Prescribed Project by the Queensland State Government, providing an expedited pathway for Genex to progress approvals associated with the project. The project continues to progress in accordance with its development timeline, targeting a final investment decision by the end of this calendar year and commencement of construction in early CY2024.

Development has also continued on Genex's newest acquisition, the up to 2GW multi-stage Bulli Creek Clean Energy Project, with preliminary layouts for the site being designed. The Bulli Creek Clean Energy Project is anticipated to include solar farms and battery storage to be developed over several stages, and development activities are ramping up for stage one with a final investment decision currently targeted for 2H CY2024."

OPERATIONAL UPDATE

250MW KIDSTON PUMPED STORAGE HYDRO PROJECT (K2-HYDRO)

- Key site activities and works undertaken during the Period included:
 - Continuation of construction of the Wises Dam with approximately 87% of the 6km embankment bulk earthworks completed at Period-end. This will be followed by upstream face preparation and linear placement;
 - Completion of the dewatering pipework and pontoons; and installation and energisation of the 6 x 850kW dewatering pumps which will transfer water from Eldridge Pit to Wises Dam during the construction phase;
 - Clearing and access works for the 186km long 275kV transmission line from Kidston to Guybal Munjan (Mt Fox) under construction by Powerlink Queensland (**Transmission Line**);
 - Completion of the foundation works for the K2-Hydro switchyard, which will receive the 275kV high voltage cables from the underground generator step-up transformers;
 - Energisation of the 8MVA feed to site completed by Ergon Energy; and
 - Continued manufacture, shipping and delivery to site of Andritz Hydro electromechanical equipment.
- Following disruption to underground tunnelling activity in late September 2022, due to an unexpected geological feature resulting in a substantial ingress of water:
 - The MAT was successfully dewatered and the drill holes plugged;
 - The critical path tunnelling works, being Construction Adit-1, recommenced on a new alignment in October 2022;
 - A significant program of underground exploration boreholes was completed to inform the extent of the feature and the options for recommencing the MAT excavation works;
 - The final design of the re-aligned MAT was completed, including a new “Y-junction” for the new MAT alignment to extend from the existing MAT excavation and MAT excavation works recommenced on 2 December 2022;
 - The MAT realignment resulted in Genex further utilising the remaining project contingency, which is estimated to result in the financial close budget for the project being exceeded by \$10M to \$15M; and
 - Genex continues to expect energisation of the Project to occur as scheduled in 2H CY2024.
- Planned works for the coming period include:
 - Continuation of preparation works for excavation of the underground powerhouse, including progression of the MAT and completion of Construction Adit-1;
 - Continuation of construction of the Wises Dam, including preparation for the commencement of placement of the HDPE liner on the dam embankment walls;
 - Commencement of structure installations for the K2-Hydro switchyard, which will receive the 275kV high voltage cables from the underground transformers;
 - Commencement of Eldridge Pit dewatering into the Wises Dam;
 - Commencement of raised bores for the ventilation and cable shafts;

- Ongoing clearing and access works for the 275kV Transmission Line and commencement of tower foundations from Kidston to Guybal Munjan (Mt Fox); and
- Continuation of manufacturing, shipping and delivery of electromechanical equipment by Andritz Hydro.



Figure 1: Intake Canal, cement stabilised crusher dust placement – 18 December 2022



Figure 2: MAT, new Y-Junction completed – 14 December 2022



Figure 3: K2 Hydro substation foundations completed – 19 December 2022



Figure 4: Dewatering pontoon and pipeline in Eldridge Pit – 21 December 2022



Figure 5: Andritz Hydro, Runner – December 2022



Figure 6: Andritz Hydro, Stator Frame – December 2022

50MW KIDSTON SOLAR PROJECT (KS1) AND 50MW JEMALONG SOLAR PROJECT (JSP)

- KS1 revenue totalled \$2.8M from net generation of 30,791MWh of renewable energy for the Period, representing an average price of \$90/MWh⁴; and
- JSP revenue for the Period comprised of \$1.8M from electricity sales and \$1.6M from LGC sales from net generation of 30,975MWh, representing an average bundled price of \$112/MWh⁵.

BOULDERCOMBE BATTERY PROJECT (BBP)

- The project remains on schedule and within budget for energisation by Q2 CY2023;
- Recent market volatility highlights the urgent need for storage, with the 50MW/100MWh project on track to benefit from these conditions with positive earnings and cash flow from FY2024.



Figure 7: Megapack foundations



Figure 8: RMU Conduits

KIDSTON STAGE-3 WIND PROJECT (K3-WIND)

- Alongside its joint development partner, Electric Power Development Co., Ltd (J-POWER), Genex significantly progressed the development works associated with the project;
- Following engagement with several Original Equipment Manufacturers of WTGs, Genex appointed Goldwind as the preferred WTG supplier and installer for the project;
- Following a study undertaken by the Company's appointed grid consultant for the project, the total installed capacity of the project has formally increased from up to 200MW to up to 258MW;
- During the Period, Genex submitted the Connection Application associated with the project to Powerlink Queensland for connection into the new 275kV Transmission Line and Kidston substation being constructed as part of the K2-Hydro works; and
- Following the Period end, the project was declared a Prescribed Project by the Queensland State Government pursuant to section 76E of the *State Development and Public Works Organisation Act 1971*. The Prescribed Project status now provides an expedited pathway for Company to progress all approvals associated with the Project.

⁴ Revenue figures are on an unaudited basis and the average price per MWh doesn't include the sale of LGCs

⁵ Revenue figures are on an unaudited basis

BULLI CREEK CLEAN ENERGY PROJECT (BCP)

- Genex completed the acquisition of 100% of the development rights for the BCP in August 2022, which is an up to 2GW, multi-stage battery and solar photovoltaic development in south-east Queensland;
- The project benefits from:
 - All planning, cultural heritage and environmental approvals having been received;
 - Proximity to the Queensland-NSW Interconnector;
 - Strong marginal loss factors; and
 - Significant scalable development potential.
- Works during the Period relate to advancement of design layouts for staging options, commencement of procurement processes and commencement of engagement with offtake counterparties to further inform the staging strategy for the multi-stage development; and
- The BCP is anticipated to be developed over several stages with a final investment decision for stage one currently targeted for 2H CY2024.

CORPORATE UPDATE

- There were no reportable lost time injuries or reportable environmental incidents recorded during the Period;
- Following receipt of an indicative proposal from the Consortium to acquire all of the ordinary shares on issue in Genex (**Genex Shares**) for A\$0.250 in cash per Genex Share, Genex announced on 28 December 2022 that it had been advised by the Consortium that it would cease to pursue its indicative proposal. Accordingly, the Board of Genex determined to cease all discussions with the Consortium in relation to its indicative proposal and a possible change of control transaction;
- During the Period, Genex appointed Mrs Ana Ligia Gomiero-Guthrie as Company Secretary effective 21 December 2022. Ms Gomiero-Guthrie joined Genex in November 2021 as General Counsel and has more than 15 years' experience advising on corporate and banking transactions. Ms Gomiero-Guthrie's appointment follows Mr Justin Clyne's advice to the Board that he would retire from the role effective 31 December 2022;
- On 30 November 2022, Mr Yongqing Yu retired as a Director of the Company;
- During the Period, the Company's expenditure included staff and operating costs, construction activities associated with the K2-Hydro and BBP projects and development activities associated with the K3-Wind and BCP projects;
- As noted in section 6 of the Appendix 4C, the amount stated therein was paid to the Directors of the entity during the Period, comprising fees for Non-Executive Directors. No other payments were made to any related parties or their associates of the entity; and
- Genex finished the Period in a strong cash position, with cash at bank of \$65.3M as at 31 December 2022.

This announcement 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 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 2,528MW 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.

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")

December 2022

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	6,186	15,406
1.2	Payments for		
	(a) research and development	(184)	(405)
	(b) product manufacturing and operating costs	(1,859)	(3,927)
	(c) advertising and marketing	(2)	(29)
	(d) leased assets	(260)	(502)
	(e) staff costs	(1,071)	(2,851)
	(f) administration and corporate costs	(264)	(1,009)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	489	716
1.5	Interest and other costs of finance paid	(2,021)	(3,838)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2	13
1.8	Other (provide details if material)	-	(326)
1.9	Net cash from / (used in) operating activities	1,016	3,248

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	-	(2,662)
	(b) businesses	-	-
	(c) property, plant and equipment	(94,976)	(146,787)
	(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	(94,976)	(149,449)

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	90,113	171,130
3.6	Repayment of borrowings	(3,397)	(22,195)
3.7	Transaction costs related to loans and borrowings	-	(320)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	86,716	148,615

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

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	72,513	62,855
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,016	3,248
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(94,976)	(149,449)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	86,716	148,615
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	65,269	65,269

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 ⁽¹⁾	65,269	72,513
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)	65,269	72,513

(1) Includes cash committed for K2-Hydro construction program, BBP construction program and KS1 and JSP debt service accounts.

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 ⁽²⁾	549
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.

(2) 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.</i> <i>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 ⁽³⁾	236,320	201,320
7.2 Credit standby arrangements	-	-
7.3 Other (NAIF Loan – K2-Hydro)	610,000	362,649
7.4 Total financing facilities	846,320	563,969
7.5 Unused financing facilities available at quarter end		282,351
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.		
<i>(3) Includes senior loan \$175 million, Infradebt subordinated facility \$16 million (refer ASX Announcement dated 16 August 2022), and drawdown from LNSA from Infradebt of \$10.32 million from available facility of \$45.32 million including LC facility (refer ASX Announcement dated 21 February 2022).</i>		

8 ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,016
8.2 Cash and cash equivalents at quarter end (item 4.6) ⁽¹⁾	65,269
8.3 Unused finance facilities available at quarter end (item 7.5) ⁽⁴⁾	282,351
8.4 Total available funding (item 8.2 + item 8.3) ⁽⁴⁾	65,269
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) <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> <i>(4) All unused finance facilities committed for construction of projects.</i>	N/A
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? <div data-bbox="169 1641 1501 1697"> Answer: N/A </div> 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? <div data-bbox="169 1877 1501 1933"> Answer: N/A </div>	

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

8 ESTIMATED CASH AVAILABLE FOR FUTURE OPERATING ACTIVITIES	\$A'000
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: 30 January 2023

Authorised by: The Chief Financial Officer 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.