

27 January 2022

ASX Limited
Company Announcements Platform

Quarterly Activities Report – Quarter Ending 31 December 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 31 December 2021 (Q2 FY22 or the **Period**), a period during which the Company made significant progress on its first large-scale battery storage project with the signing of two key agreements with Tesla Motors Australia Pty Ltd (Tesla) for the Bouldercombe Battery Project (BBP).

HIGHLIGHTS

- Supply Agreement with Tesla signed for the supply of a 50MW/100MWh battery for the BBP (refer ASX Announcement dated 1st October 2021);
- Signing of an Autobidder Offtake Agreement with Tesla to operate the BBP utilising Tesla's proprietary real-time trading and control platform, Autobidder. As a key part of the agreement, Tesla will provide a minimum level of contracted revenues to support project financing while also providing exposure for Genex to merchant revenue upside from significant pricing events (refer ASX Announcement dated 9th December 2021);
- Approval of Generator Performance Standards and signing of a Bi-directional Service Provider Connection and Access Agreement with Powerlink Queensland for the BBP (refer ASX Announcements dated 7th and 23rd December 2021);
- Construction at the Kidston Pumped Storage Hydro Project (K2-Hydro) continued during the Period. Key work during the quarter included turbine model tests, completion of the Oaks Rush Accommodation Village and preparation works for the commencement of underground works;
- During the Period, the Kidston Solar Project (KS1) generated 31,419MWh of renewable energy and the Jemalong Solar Project (JSP) generated 34,856MWh of renewable energy, delivering a combined revenue of \$5.8M for the Period;
- Genex finished the Period in a strong cash position, with cash at bank of \$36.6M as at 31 December 2021; and

- Mr Michael Addison retired from the board (refer ASX Announcement dated 18th October 2021), while Mr Simon Kidston will transition from the position of Executive Director to Non-Executive Director in CY2022 (refer ASX Announcement dated 15th November 2021).

Commenting on the Q2 FY22 performance, Genex CEO, James Harding said:

"During the quarter, Genex signed two significant agreements with Tesla to progress the Bouldercombe Battery Project, and concluded its connection arrangements through the signing of a Connection and Access Agreement with Powerlink. The Bouldercombe Battery Project is set to be one of the first standalone large-scale Battery Energy Storage Systems in Queensland. The unique integration of Tesla's Megapack battery technology and a revenue sharing arrangement utilising Autobidder will reduce the complexity of the project. Importantly, the structure of the Agreement provides a minimum level of contracted revenues to support project funding, while allowing Genex to retain significant merchant upside.

Works continued at the 250MW Kidston Pumped Storage Hydro project in accordance with the construction schedule, with a number of significant milestones achieved during the Period including completion of the accommodation village, model testing of the turbines, and the commencement of the Main Access Tunnel works. We will continue to work closely with our team of project partners, notably John Holland, McConnell Dowell and Andritz to deliver the project and provide a large-scale energy storage facility for the National Electricity Market.

Our two solar farms, Kidston Solar 1 and Jemalong, are continuing to perform well despite poor weather conditions owing to a La Nina summer. We are particularly pleased with the strong merchant electricity and LGC prices which have contributed to group revenue during the Period.

We continue to progress our portfolio of renewable energy and storage development projects and 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.

Finally, I would like to thank Michael Addison for his outstanding contributions to Genex as a co-founder in 2014, as well as in his roles as Executive Chairman, Managing Director, and more recently as a Non-Executive Director. I wish Michael well in his retirement. I would also like to thank co-founder Simon Kidston for his tireless efforts as Executive Director over recent years. His commitment to the Company has been invaluable and I look forward to continuing to benefit from Simon's experience as he transitions to a Non-Executive Director."

OPERATIONAL UPDATE

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

- Construction at the K2-Hydro project continued during the Period;
- The project remains on schedule and budget for completion in Q2 FY25;
- Key site activities and works undertaken during Q2 FY22 included:
 - Successful completion of the model tests at the Andritz Hydro hydraulic laboratory in Graz, Austria for the 2 x 125MW turbines to be used in the project;
 - Completion of the refurbishment works for the Oaks Rush Accommodation Village, with main facility buildings and 450 bed camp expansion complete;
 - Continuation of site infrastructure upgrades with mobile and Wi-Fi communications fully operational;
 - Clearing and earthworks for the two onsite switchyards;
 - Completion of the Main Access Tunnel (MAT) Portal face stabilisation and underground tunnelling preparation works, with underground excavation works commenced in January 2022 (refer ASX Announcement dated 21 January 2022);
 - Completion of the blast magazine storage area and access road; and
 - Continuation of the 22kV Distribution Line with transformer installed with final connection works ongoing.
- Planned works for the coming period include:
 - Continuation of procurement and manufacture of key turbine components;
 - Continue tunnel construction of the MAT;
 - Commencement of full scale prototype testing of electrical towers for the 186km 275kV transmission line by Powerlink Queensland;
 - 22kV electrical connection to Ergon's Kidston substation allowing the removal of the onsite temporary electrical generation; and
 - Completion of the portal surface works area with temporary electrical and ventilation equipment installation.



Figure 1: Tunnelling of the MAT - Drilling Jumbo installing Rock Bolts

- K2-Hydro is fully funded to commercial operations 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);
 - Proceeds of the fully underwritten \$115M fundraising (refer ASX Announcement dated 24 March 2021); and
 - Genex's existing cash.

50MW KIDSTON SOLAR PROJECT (KS1)

- KS1 continued to generate electricity into the National Electricity Market (**NEM**) generating 31,419MWh of renewable power for the Period, with performance impacted by poor weather;
- Net Revenue totalled \$2.9M for the Period, and

- KS1 was reported by Rystad Energy to be among the top 4 best performing solar projects in Australia for 2021¹.

50MW JEMALONG SOLAR PROJECT (JSP)

- JSP continued to generate electricity into the NEM generating 34,856MWh of renewable energy for the Period, with performance similarly impacted by poor weather;
- Net Revenue generated on a merchant basis totalled \$2.9M for the Period, comprising \$1.6M from black electricity and \$1.3M from LGC sales, for an average bundled price received of \$83.82/MWh; and
- Rystad Energy reported Jemalong was among the top 5 best performing solar projects in Australia during the month of December 2021².

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 energy storage system, with each Megapack to be fully assembled, factory tested and shipped from Tesla's Gigafactory in Nevada, USA.
- The Company also executed an Autobidder Offtake Agreement with Tesla to use their proprietary bidding system Autobidder, and guarantee a minimum level of revenue:
 - Autobidder employs a machine learning algorithm which will optimise dispatch behaviour from the BBP, maximising revenue and operating efficiency;
 - Tesla will provide a minimum level of contracted revenues to support project financing for the development of BBP; and
 - Importantly, the agreement delivers the ability to capture revenue beyond the fixed guaranteed amount to ensure that Genex participates in the revenue upside from significant pricing events.
- During the Period, the Company executed a Bi-directional Service Provider Connection and Access Agreement with Powerlink Queensland (refer ASX announcement dated 23rd December 2021) and received approval of its Generator Performance Standards for the BBP (refer ASX announcement dated 7th December 2021);

¹ https://media-exp1.licdn.com/dms/image/C5622AQGPxaLyrmGodA/feedshare-shrink_1280/0/1641972042797?e=1645660800&v=beta&t=Vlt_urVusRQrrmTuoWnUzbVX0CQj52XefSDu_yNr43Y

² <https://reneweconomy.com.au/wp-content/uploads/2022/01/RystadSolarWindperformance.jpg>

- Genex expects to reach financial close for the BBP in Q3 FY22 with the facility becoming operational in H2 FY23; 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
 - Progressing the Development Approvals associated with the project.
- Genex expects to commence tendering discussions with turbine manufacturers in the coming quarter with a view to advancing the grid connection studies in Q1 FY23; and
- The Project will connect into the new 275kV transmission line being constructed by Powerlink Queensland for K2-Hydro, which is expected to be completed in FY24.

CORPORATE UPDATE

- Genex held its Annual General Meeting on 15 November 2021;
- There were no reportable lost time injuries or reportable environmental incidents recorded during the quarter;
- Genex finished the Period in a strong cash position, with cash at bank of \$36.6M;
- During the Period, the Company's expenditure was primarily incurred on the K2-Hydro construction program, with the balance of expenditure relating to staff and operating costs and development activities associated with BBP and K3-Wind projects;
- As noted in section 6 of the Appendix 4C, the amount stated therein was made to the Directors of the entity during the quarter, comprising salaries and fees for Executive and Non-Executive Directors including payments associated with the transition of Ben Guo to a Non-Executive Director. No other payments were made to any related parties or their associates of the entity.
- The Company disclosed it received a total of \$356,250 in JobKeeper payments from the Commonwealth during FY2020 and FY2021, with Genex having voluntarily repaid this amount in full;
- Mr Michael Addison resigned as a Director of the Company, effective 18 October 2021 but will remain as a consultant to the Board in his retirement; and

- Subsequent to the end of the Period, Simon Kidston transitioned from his former position of Executive Director to Non-Executive Director effective from 1 January 2022 to allow time to focus on other business opportunities.

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 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 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 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")

December 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

1 CASH FLOWS FROM OPERATING ACTIVITIES	CURRENT QUARTER	YEAR TO DATE
	\$A'000	\$A'000
1.1 Receipts from customers	4,930	10,736
1.2 Payments for		
(a) research and development	(1,339)	(2,394)
(b) product manufacturing and operating costs	(1,782)	(3,143)
(c) advertising and marketing	(75)	(145)
(d) leased assets	-	-
(e) staff costs	(1,396)	(2,542)
(f) administration and corporate costs	(559)	(1,208)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	46
1.5 Interest and other costs of finance paid	(1,575)	(3,138)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	143	590
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,645)	(1,198)

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	(33,709)	(93,808)
(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	(33,709)	(93,808)

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	32,937	89,828
3.6	Repayment of borrowings	(2,770)	(3,622)
3.7	Transaction costs related to loans and borrowings	(6)	(25)
3.8	Dividends paid	-	-
3.9	Other (Payments for leases) ⁽¹⁾	-	-
3.10	Net cash from / (used in) financing activities	30,161	86,181

(1) Payments for leases recorded in Q1 FY2022 have been reclassified following review of internal accounting policies.

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	41,815	45,447
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,645)	(1,198)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(33,709)	(93,808)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	30,161	86,181
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	36,622	36,622

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 ⁽²⁾	36,622	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)	36,622	41,815

(2) Includes cash committed for 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 ⁽³⁾	645
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.	
(3) Payments of salaries, transition payments, directors' fees, and J-Power consulting fee under Technical Services Agreement (refer ASX Announcement dated 24 March 2021).	

7 FINANCING FACILITIES	TOTAL FACILITY AMOUNT AT QUARTER END \$A'000	AMOUNT DRAWN AT QUARTER END \$A'000
7.1 Loan facilities ⁽⁴⁾	196,383	195,883
7.2 Credit standby arrangements	-	-
7.3 Other (NAIF Loan - K2-Hydro)	610,000	89,078
7.4 Total financing facilities	806,383	284,961
7.5 Unused financing facilities available at quarter end		521,422
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.	
(4) 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)	(1,645)
8.2 Cash and cash equivalents at quarter end (item 4.6) ⁽¹⁾	36,622
8.3 Unused finance facilities available at quarter end (item 7.5) ⁽⁵⁾	521,422
8.4 Total available funding (item 8.2 + item 8.3)	36,622
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	22
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.	
(5) All unused finance facilities committed for construction of projects.	
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

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: 27 January 2022

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.