

Northern Australia Infrastructure Facility

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ASX Announcement

**NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY BOARD APPROVES
INVESTMENT DECISION FOR UP TO \$610 MILLION OF CONCESSIONAL DEBT
FUNDING FOR THE KIDSTON PUMPED STORAGE HYDRO PROJECT**

Genex Power Limited (**ASX: GNX**) (**Genex** or **Company**) is pleased to announce that the Northern Australia Infrastructure Facility (**NAIF**) Board has made an Investment Decision to offer finance to Genex's Kidston Stage 2 Pumped Storage Hydro Project (**K2-Hydro**) through the provision of a long-term concessional NAIF debt facility for up to \$610 million (**Debt Facility**).

Since Genex first announced the involvement of NAIF in the Company's K2-Hydro, Genex has worked closely with the NAIF management team to complete the due diligence required for the NAIF Board to consider an Investment Proposal (*refer ASX announcement 20 June 2018*).

The financial close process for K2-Hydro is advancing rapidly with the Genex Board confident that it will be in a position to reach financial close in the third quarter of this year following the recent succession of significant positive announcements for this project including:

- Signing of a term sheet with EnergyAustralia for a long-term energy storage services agreement and equity investment (*refer ASX announcement 20 December 2018*);
- Commencement of an early works programme surrounding the hydraulic design and related activity for the hydro turbines (*refer ASX announcement 15 February 2019*);
- Receipt of final environment approvals (*refer ASX announcement 8 April 2019*);
- A\$25M share subscription agreement and technical services agreement with J-Power (*refer ASX announcement 6 June 2019*), for which this NAIF Investment Decision is a key condition precedent; and
- AEMO GPS Approval (*refer ASX announcement 14 June 2019*)

NAIF's Investment Decision is subject to the responsible Federal Minister's legislative consideration period. NAIF's Financial assistance to the Project is also subject to a number of conditions including the finalisation of the Queensland Government's consideration of the project and its agreement for the approved funds to be advanced.

In commenting on the NAIF Board's Investment Decision, James Harding, CEO of Genex said:

The decision by the NAIF Board in providing its Investment Decision approval is a further indication of the significance of Genex's K2-Hydro project for northern Australia. We have been gaining momentum with this project over the last few months and are confident that, given the status of discussions with the various relevant stakeholders in the project, Genex will be in a position to reach financial close before 30 September this year.

Ms Laurie Walker, CEO of NAIF, also commenting on today's announcement said:

"The Kidston Project investment represents just over 12% of NAIF's total \$5 billion facility. Energy storage facilities have a significant role to play in Australia's transition to a low emissions, low cost energy future. The project will provide Far North Queensland with 250MW of firm, dispatchable energy, improving energy reliability while lowering transmission losses and electricity prices. The conditional support NAIF provided to the Project last year acted as a catalyst bringing confidence to Genex's investment which unlocked other support for the project, helping move the project forward. Over 500 jobs will be created during the construction of this project and associated infrastructure. NAIF has a vital role in delivering infrastructure, creating jobs, growth and public benefit in northern Australia."



Figure 1. Kidston Pumped Storage Hydro Project.

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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 Renewable 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 is developing the 50MW Jemalong Solar Project (**JSP**), located near Forbes in NSW.

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, in addition to their support of up to \$9 million in funding to support the development of the stage 2 projects. Genex also acknowledges the support of the Queensland State Government through providing a 20-year revenue support deed and designating the Hub as 'Critical Infrastructure' to the State.

About NAIF:

NAIF was established by the *Northern Australian Infrastructure Facility Act 2016* (**NAIF Act**) and is a corporate Commonwealth entity. NAIF may approve loans before 30 June 2021 which total \$5 billion in aggregate (with loan tenors to up to the longest term of Commonwealth borrowings). Loans may be concessional finance and NAIF can lend up to 100% of a project's debt requirements provided the Commonwealth (as a whole) is not the majority risk taker. NAIF seeks to encourage and complement private sector investment in economic infrastructure that benefits northern Australia.

NAIF's objective is to promote economic and population growth in northern Australia through the construction of new or enhanced infrastructure.

Infrastructure incorporates physical structures associated with the flow of people, goods, services and information between buyers and sellers or that enables an increase in economic activity, including efficiency in developing and connecting markets and population in a region.

Examples of infrastructure include:

- roads and railways
- water-related and waste treatment assets
- facilities for energy generation, storage and transmission including gas and electricity
- airport infrastructure

- seaport infrastructure
- communications infrastructure
- social infrastructure, such as hospitals, social housing and schools
- multi-user supply chain infrastructure
- training facilities

NAIF investments can support bringing new capacity online either through the construction of new infrastructure or by materially enhancing existing infrastructure.

More information is available at <http://www.naif.gov.au/>.

About ARENA:

The Federal Government, through the Australian Renewable Energy Agency (ARENA), has provided \$8.9 million in funding to support the construction of Genex's KS1 Project, and up to \$9 million in funding to support the development of K2-Solar and K2-Hydro.

ARENA was established by the Australian Government to make renewable energy technologies more competitive and increase the supply of renewable energy in Australia. Through the provision of funding coupled with deep commercial and technical expertise, ARENA provides the support needed to accelerate the development of promising new solutions towards commercialisation. ARENA invests in renewable energy projects across the innovation chain and is committed to sharing knowledge and lessons learned from its portfolio of projects and information about renewable energy. ARENA has committed more than \$1.3 billion in funding to more than 469 projects. For more information, visit www.arena.gov.au.