



ASX: GNX

1 July 2020

ASX Announcement

Company Announcements Platform

KIDSTON HYDRO PROJECT UPDATE

Highlights:

- Extension of validity of offer of NAIF long-term concessional loan funding of up to \$610m to 30 September 2020
- Confirmed final construction pricing and capital expenditure of approximately \$600 million, excluding transmission and financing costs
- Updated Powerlink Offer to Connect with validity to 30 September 2020

Genex Power Limited (**ASX: GNX**) (**Genex** or the **Company**) is pleased to provide an update in relation to the development and financing activities for the 250MW Kidston Pumped Storage Hydro Project (the **Project**).

NAIF Investment Decision – Extension of Validity

Genex is pleased to announce that the Northern Australia Infrastructure Facility (**NAIF**) has extended the validity of its offer for a long-term concessional debt facility for the Project of up to \$610 million, to 30 September 2020. The NAIF concessional debt facility is intended to provide 100% of the debt financing for the Project.

The offer remains subject to a number of conditions precedent including the finalisation of negotiation and execution of various documentation.

The NAIF Board made its original Investment Decision on 8 July 2019 (*refer ASX Announcement dated 11 July 2019*). Following the Company's announcement on 1 November 2019 of the requirement to restructure the financing for the Project, the validity of the offer for funding was extended to 30 June 2020 (*refer ASX Announcement dated 13 November 2019*). The decision to extend the offer to 30 September 2020 allows Genex to conclude all other aspects of the financing in a timely manner.

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Of critical importance to this, is the conclusion of ongoing negotiations with the Queensland Government for the co-funding of the new 185km transmission line from Kidston to Mt Fox to be built, owned and operated by Powerlink Queensland (the **Transmission Line**). On 4 September 2019, the Queensland Government announced a funding package of up to \$132 million for the construction of the Transmission Line (*refer ASX Announcement dated 4 September 2019*). Since this time, Genex has been negotiating with the Queensland Government to finalise terms for the co-funding of both the construction and ongoing operations & maintenance of the Transmission Line, with the conclusion of these negotiations remaining as a critical condition precedent to the NAIF concessional debt facility and financial close.

Final terms agreed with Construction Contractors

Since the announcement of the binding Energy Storage Services Agreement with EnergyAustralia Pty Ltd (*refer ASX Announcement of 30 March 2020*), Genex has been extensively engaged with its construction contractors to update terms and pricing. Genex is pleased to confirm that it has completed this exercise with the finalisation of terms with its core contractors as follows:

- Engineering, Procurement and Construction (**EPC**) contractor – Joint Venture of McConnell Dowell Constructors (Aust) Pty Ltd and John Holland Pty Ltd;
- Electromechanical Equipment subcontractor to EPC – ANDRITZ Hydro GmbH;
- Connection Assets Infrastructure¹ – Beon Energy Solutions Pty Ltd;
- Construction Camp Operator – ISS Facility Services Australia Ltd; and
- Owner's Engineer – Hydro-electric Corporation (Hydro Tasmania) (trading as Entura).

The construction program is scheduled over 3.75 years and has a total capital cost (including all site costs and contingency allowances) of approximately \$600 million, excluding transmission costs, financing costs and Genex's development costs to date. This pricing has been supplied with validity to 30 September 2020, to align with the extension of the NAIF offer for funding.

In addition to the above construction contractors, Genex has concluded terms with ANDRITZ Hydro GmbH to act as the Operations and Maintenance provider to the Project under a long-term Operations and Maintenance Agreement.

¹ Connection Assets Infrastructure relates to the interface between the EPC scope and the Powerlink Transmission Line scope, being a new substation at Kidston, switching station for the Project, 275kv interconnections and 6.6kv back up power supply.

Revised Offer to Connect from Powerlink

Genex is also pleased to advise that it has received a revised Offer to Connect from Powerlink for the Project (the **Offer to Connect**). The Offer to Connect includes the construction of the Transmission Line and contains updated pricing with validity to 30 September 2020. In addition, Genex has secured the extension of its Generator Performance Standards approval (refer ASX Announcement dated 14 June 2019) from the Australian Energy Market Operator, to 30 September 2020 to align with the validity of the Offer to Connect.

Project Equity Investor Process

Concurrently with the construction repricing exercise, Genex has been extensively engaged with a selection of potential equity investors to take up to a 50% interest in the Project through an investment of new cash equity. This process has been well received and Genex will provide an update in relation to the selection of its preferred equity partner in due course.

Timeline for Financial Close

Genex continues its intensive engagement with Project stakeholders to finalise its arrangements for the financing of the Project. Subject to concluding these activities and in particular, finalisation of terms with the Queensland Government for the co-funding of the Transmission Line, Genex continues to target financial close for the Project in the third quarter of the 2020 calendar year.

Commenting on today's announcement, Genex CEO, James Harding stated:

“Since the signing of the binding Energy Storage Services Agreement with EnergyAustralia in March 2020, the Genex team has been extremely busy in reconfirming arrangements with its other project stakeholders. With the extension of the NAIF offer for funding, confirmed terms with key contractors and revised Offer to Connect, we remain on track to close out the financing activities within our timeline, subject to finalising the arrangements with the Queensland Government for co-funding of the transmission line.”

Kidston is a critical project for Queensland and Australia – it will be the first pumped storage hydro project in the NEM in almost 40 years, will deliver over 500 direct construction jobs over the next four years, and will provide much-needed synchronous firming capacity to the North Queensland power network and by providing this support will immediately unlock additional renewable electricity generation projects in North Queensland. We remain focused on delivering the financing such that we can commence construction in the coming months.”

This announcement was approved by the full Board of Genex Power Limited.

For more information about this announcement:**CONTACT:****Simon Kidston**

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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 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 successfully acquired and financed the 50MW Jemalong Solar Project (**JSP**), located near Forbes in NSW, which is currently under construction.

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.