

Northern Australia Infrastructure Facility

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ASX Announcement

GENEX RECEIVES INDICATIVE TERM SHEET FROM THE NORTHERN AUSTRALIA INFRASTRUCTURE FACILITY FOR UP TO \$516 MILLION OF CONCESSIONAL DEBT FUNDING FOR THE KIDSTON STAGE 2 PROJECT

Genex Power Limited (**ASX: GNX**) (**Genex** or **Company**) is pleased to announce that the Northern Australia Infrastructure Facility (**NAIF**) Board has expressed its support for the development of the financing structure for Genex's Kidston Stage 2 project (the **Project**) through the provision of an indicative term sheet for a long-term concessional NAIF debt facility for up to \$516 million (**Term Sheet**).

The NAIF Term Sheet provides for a secured, long tenor subordinated loan of up to \$516 million to the Project, and is subject to a number of conditions and customary terms for a project financing term sheet, including the following:

- negotiating offtake arrangements and grid connection for energy and dispatch rights for the Project to the satisfaction of NAIF;
- concluding a cost benefit analysis in accordance with the provisions of the NAIF Investment Mandate¹, which will be important in determining the level of concessionality that NAIF can offer the Project;
- finalising terms for senior debt funding;
- securing the balance of equity funding from an acceptable equity partner;
- due diligence on a range of Project matters;
- negotiation and execution of project and facility documentation; and
- final NAIF credit approval and Board Investment Decision.

Each of these conditions, including key project elements which need to be further developed, will need to be satisfied and due diligence completed prior to the NAIF Board making an Investment Decision. The Company is continuing to progress each of the Term Sheet conditions alongside its

¹ Northern Australia Infrastructure Facility Investment Mandate Direction 2018.

other Project workstreams with the objective of reaching financial close by the end of CY2018. Genex looks forward to providing further progress updates to the market as each of these milestones are achieved.

In commenting on today's announcement, James Harding, CEO of Genex said:

“Genex is very pleased to work with NAIF in the development of the Kidston Stage 2 Project. The issuance of the Term Sheet and NAIF's support to negotiate the detailed terms of a long tenor, concessional loan which would secure the bulk of the Project debt funding, is a significant milestone in the development of the Project.

We wish to thank NAIF for their strong support and look forward to working with them over the coming months as we move towards achieving financial close in the latter half of the year.”

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

“NAIF's indication of this support will assist Genex to advance its discussions with other Project counterparties and to prove up the Project fundamentals. This is a demonstration of how NAIF can work with stakeholders to help them understand how its concessional financing can support the development of a project which has the potential to provide substantial benefits to Northern Australia.

NAIF sees the Project as important for the transition of the market to lower emission renewable energy sources, and the Board's preparedness to consider a capital commitment of the size referred to in this announcement reflects the alignment of this type of project with NAIF's objective to contribute to the transformation of Northern Australia through infrastructure development.”

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.

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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. Following the commencement of commissioning and operation at the 50MW Kidston Stage 1 Solar Project (**KS1**), the Company's focus is on the development of its Kidston Stage 2 Project, comprising the 250MW Kidston Pumped Storage Hydro Project (**K2-Hydro**) and the integrated Kidston Solar Project of up to 270MW (**K2-Solar**), along with the Kidston Stage 3 Wind Project of up to 150MW, all located at the Kidston Renewable Energy Hub, in Northern Queensland.

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/>.

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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 \$1.1 billion in funding to more than 270 projects. For more information, visit www.arena.gov.au.