

Genex Power ^{GNX}

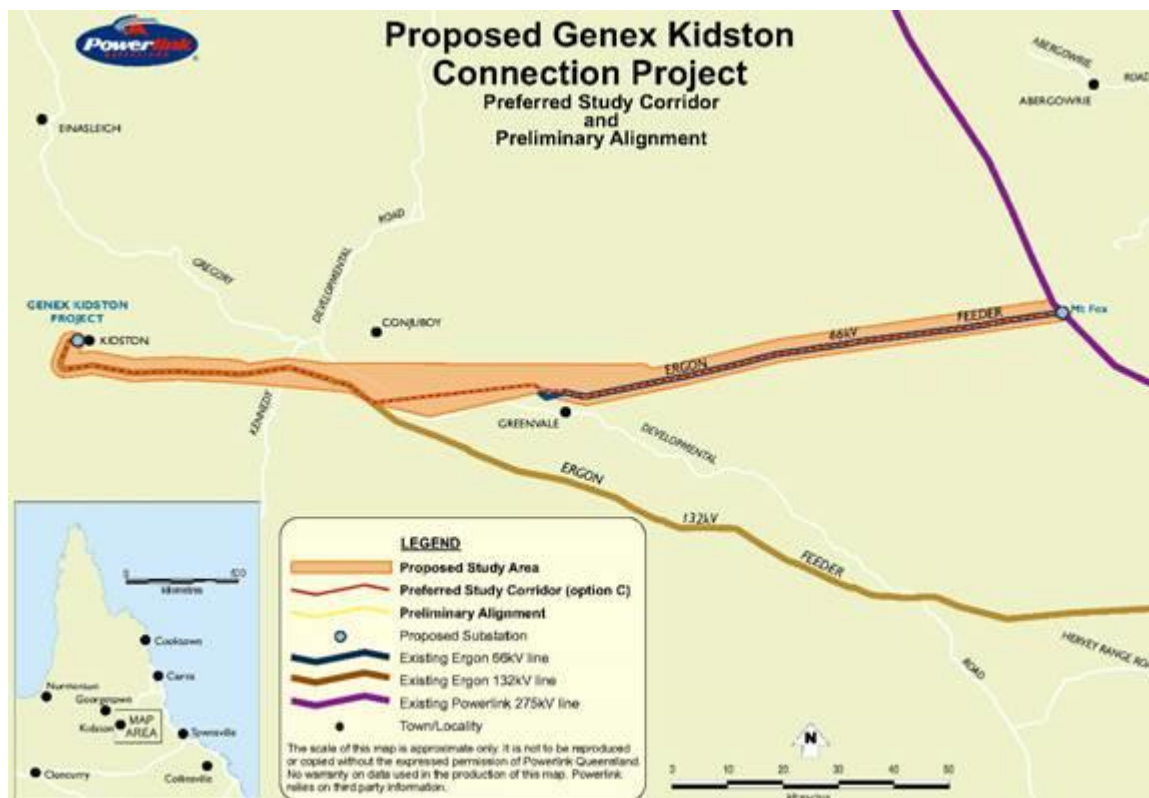
Queensland Government contributes \$132m to Kidston transmission line

Rating*:	BUY	Price Target*:	\$0.49	Analyst:	Luke Macnab +61 2 9250 8930 lmacnab@baillieu.com.au
Risk:	Speculative	Share Price:	\$0.24		

*Note: Rating and Price Target recorded at pre-announcement levels as detailed in our research report dated 11 June 2019.

- Transmission line funding confirmed: The Queensland Government has announced that it will provide up to \$132m for the construction of a 186km transmission line (the Line) from Kidston to Mount Fox. The Line will have 275kV of capacity and connect the K2-Hydro (and future K2-Solar and K3-Wind) project(s) to the national electricity grid. GNX will contribute \$100m to the project as part of its funding package for the K2-Hydro project and receive long-term access rights in return. The Line will be owned and operated by State-owned transmission network provider Powerlink.
- Significant de-risking milestone: The confirmation of funding for the Line clears one of the last remaining hurdles to finalising of the financing package for the 250MW K2-Hydro project. We understand that the last major requirement is formal signoff from the Energy Australia board, which is expected within the next two months. Construction on the \$550m project is expected to commence during December, with GNX's equity portion to be funded primarily from J-Power taking a \$25m stake in GNX at \$0.32-0.45/share.
- Investment view: GNX is close to reaching financial close on the Jemalong (expected in 1-2 months) and K2-Hydro (expected in 2-3 months) projects, which will further reduce risk and should crystallise significant value for shareholders. We believe GNX is well positioned to capitalise on the transition to renewable power generation and the increasing demand for large-scale energy storage in the medium term. BUY maintained.

MAP OF KIDSTON-MOUNT FOX CORRIDOR



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The information in this email is to provide an update on the relevant security. There are no changes to the recommendation of the security. You should refer to our published research (where applicable) for further information including financials and valuations.

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