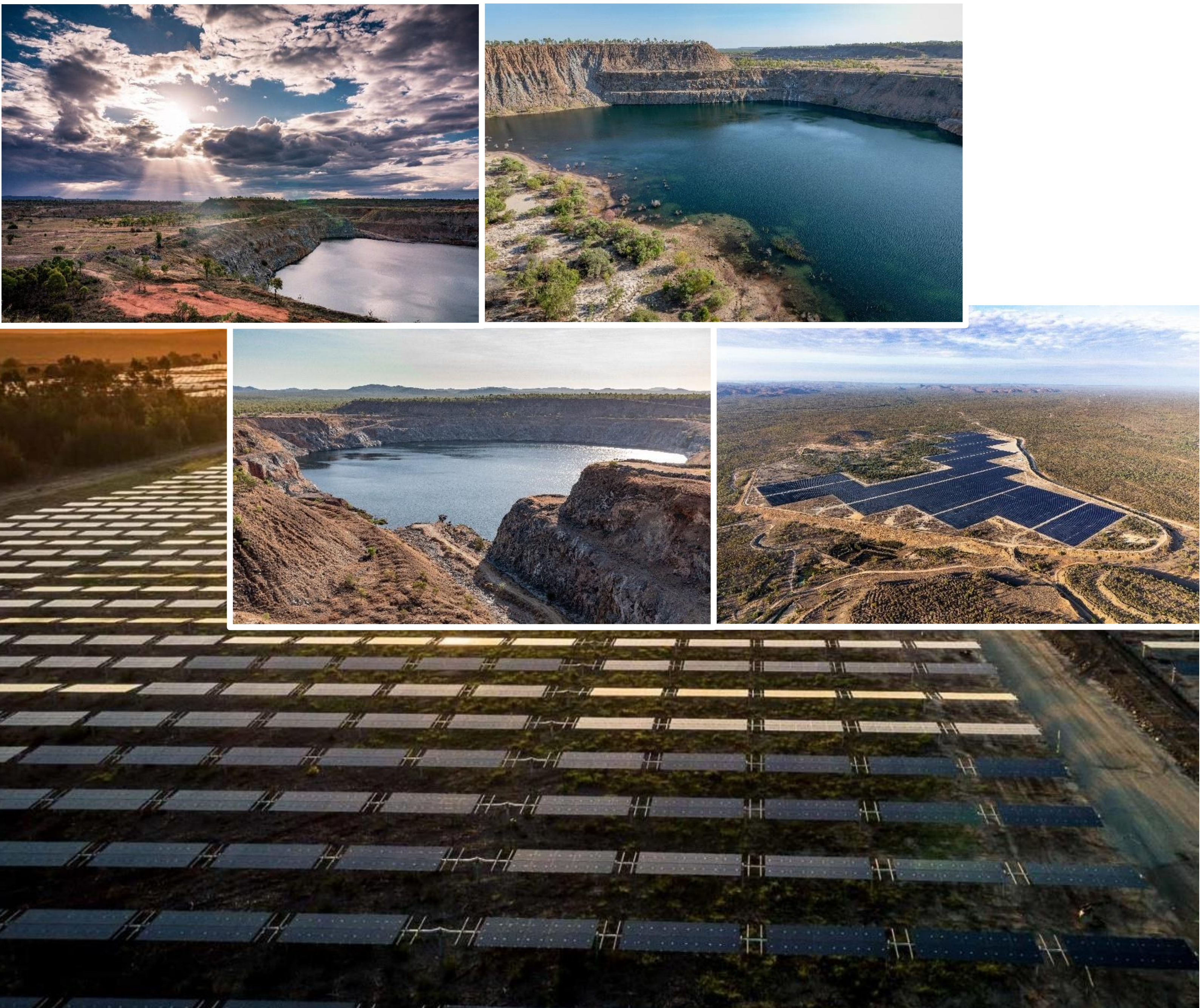
Genex Power

2019 Annual Report

ABN 18 152 098 854

www.genexpower.com.au



Genex Power...
Renewable energy on tap...

Genex Power Limited is an Australian publicly listed company on the ASX (trading under the code '**GNX**'), focused on generation and storage of renewable energy. Genex is developing a clean energy hub in north Queensland, integrating large-scale solar with pumped storage hydro. The Genex 'Kidston Clean Energy Hub' is a world first, innovative integration of intermittent solar energy with low cost energy storage creating "**Renewable Energy On Tap**". The Company is also developing the 50MW Jemalong Solar Project (**JSP**), located near Forbes in NSW.

CONTENTS

THE AUSTRALIAN — **Genex gets $610m green power loan tick from NAIF** – July

J-Power snaps up Genex Power Stake – June 2019 — FINANCIAL REVIEW

Townsville Bulletin — **States eyes link-up for renewable power hub** – August 2019

Power play: pumped hydro eyes path through Australia's climate wars – April 2019 — REUTERS

RENEW ECONOMY — **Genex goes into trading halt, ahead of fund-raising for JSP** – June 2019

Powering up hydro jobs for the north – July 2019 — The Courier Mail

1. CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Directors of Genex Power Limited (**Genex** or **Company**) it is with great pleasure that I present to you this annual report for the 2019 Financial Year (**FY19**), a year in which the Company continued to grow through reaching several new milestones.

As with previous years, FY19 was also a busy year in which Genex made further strong progress on advancing its flagship Kidston Pumped Storage Hydro Project (**K2H**). Genex was able to achieve all required approvals for the Project and is now well progressed with project financing of K2H which includes a share subscription of up to A$25M from Electric Power Development Co Ltd (**J-Power**) which is the subject of an Extraordinary General Meeting of shareholders on 10 September and financial close. Importantly, we recently secured final board approvals from the Northern Australia Infrastructure Facility (**NAIF**) for a concessional long term loan of up to $610m to fund construction of K2H. With this major milestone achieved, management is looking to expedite the remaining work streams to reach financial close this calendar year.

Genex has also been actively looking to expand its generation portfolio outside of Queensland. To this end, during the year, Genex acquired the 50MW Jemalong Solar Farm (**JSF**). The project is well located in the NSW network and was well advanced in terms of project development when Genex took control. Since the acquisition, Genex has rapidly progressed the remaining development activities bringing the project to a shovel ready status. Project financing for JSF is being undertaken at the same time as the refinancing of the Company's 50MW Kidston Solar Project (**KS1**) and both processes are expected to close in the current quarter, with construction to commence shortly thereafter. It is expected that JSF will be generating into the NSW grid before the end of CY2020. JSF will initially be financed on a merchant basis. Genex believes it is an opportunistic time to be developing merchant renewable opportunities in NSW. The combination of higher electricity prices in NSW coupled with historically low interest rates should deliver a high return to equity.

KS1 has also been performing well across the year and generating clean renewable energy into the grid consistently since reaching practical completion in early December last year. Whilst performance of the plant was somewhat affected by the unseasonal cyclonic weather in early 2019, KS1 was still able to generate in excess of $10 million in revenue. As noted above, Genex is currently finalising a refinancing process of KS1 to take advantage of the lower interest rate environment.

A more detailed summary of the progress of each of the Company's projects is outlined in the CEO's Review of Operations. I would like to acknowledge the ongoing strong support Genex has received from a number of bodies including the Federal Government through the Australian Renewable Energy Agency (**ARENA**), which continues to support Genex by partially funding the development cost of K2H. Following the end of FY19, Genex received final board approval from NAIF for a concessional debt facility of up to $610 million to fund the majority of the construction cost of K2H.

On the corporate front, in early July this year, the Company raised $21.5 million in new equity with approximately $16.2m from a Placement and a further $5.3m under a Share Purchase Plan (**SPP**), before costs associated with the raising. The Placement and SPP were both well received with the Placement attracting new and existing shareholders. As part of the Placement, Genex was able to welcome on board a number of high profile institutional investors. The funds raised will be used to fund part of the construction cost of JSF as well as other project development opportunities

Looking ahead, the Company's immediate focus is to deliver on the financing of JSF and K2H and refinancing of KS1. Once these projects are completed, Genex will be a significantly different company with access to strong and stable cashflows over the longer term. Genex will continue to look for new opportunities without losing focus on delivering on our existing projects.

Genex's transition from a small early stage project developer to a multi project operator is well underway. It has been a busy 12 months and it is anticipated that next year will be much the same. On behalf of the Board, I thank all shareholders for their support over the last year and extend a warm welcome to all new shareholders that have joined us on our journey.

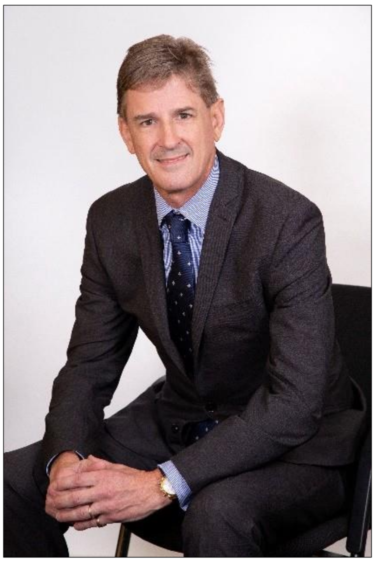
Yours faithfully,

Dr Ralph Craven

Non-Executive Chairman

2. CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

Company Overview:



I am pleased to present this Review of Operations for my first full financial year in the role as Chief Executive Officer.

Throughout the 2019 Financial Year, the Genex executive and management team continued to pursue the Company's key strategy of developing a range of diverse renewable energy projects from the Kidston renewable energy hub in North Queensland through the integration of large-scale solar and wind with pumped storage hydro, to the acquisition of the 50MW Jemalong Solar Project in western New South Wales.

As well as bringing these projects to financial close and proceeding with the construction phase, Genex is looking to develop a pipeline of renewable energy and storage projects in multiple jurisdictions, which leverages off the skills and expertise we have developed so far.

The Company continued its record across the year of achieving significant milestones as summarised below.

Date	Key Announcement
H2 2018:	
7 September	Acquisition of 50MW Jemalong Solar Project in NSW
10 September	GNX Appoints Entura as Owner's Engineer for Kidston Stage 2
21 September	Development Approval Received for Pumped Storage Project
2 October	Kidston Pumped Hydro Project Declared Coordinated Project
3 December	50MW Kidston Solar Project Reaches Practical Completion
20 December	Genex Signs Term Sheet with EnergyAustralia for Hydro Energy
H1 2019:	
15 February	Stage 2 Hydro Commencement of Early Works Programme
12 March	Completion of Jemalong 50MW Solar Project Acquisition
15 April	GNX Executes Jemalong Connection Agreement for 50MW Solar
6 June	GNX Signs A$25M Share Subscription Agreement with J-Power
14 June	AEMO GPS Approval Received for Kidston Pumped Storage Hydro
27 June	Successful Capital Raising of $16.2M for Jemalong Solar

Stage 1 - 50MW Kidston Solar Project (**KS1**):

As noted in the Chairman's letter, KS1 has performed well across the year continuing to generate clean renewable energy into the grid consistently. Notwithstanding that performance was somewhat affected by the unseasonal cyclonic weather in north Queensland earlier this year, the project generated in excess of $10 million in revenue. Genex is currently finalising a refinancing process of KS1 to take advantage of the lower interest rate environment, and to enable the Jemalong Solar Farm Project (see below) to be financed on a merchant basis by sharing the cashflow security which arises from KS1's Queensland Government-backed long term power purchase agreement.

Stage 2 - 250MW Kidston Pumped Storage Hydro Project (**K2H**):

During the 2019 Financial Year, Genex achieved a number of significant milestones for the K2H project following on from the execution of a conditional term sheet with the Northern Australia Infrastructure Facility (**NAIF**) for up to $516M in concessional debt financing (*refer ASX Announcement of 20 June 2018*), culminating with final Board approval from

NAIF for a concessional long term loan of up to $610m which was received just after the end of the financial year (**FY**). The Commonwealth Government has also continued to provide further support for Genex, with ARENA providing up to $5M in grant funding towards the development of the K2H project. To date, ARENA has provided $8.9M in grant funding for KS1 and, with this latest ARENA funding, up to $9M towards the development of K2H. Discussions with ARENA are continuing with regard to a potential allocation of further grant funding for the project implementation phase.

In addition to this strong commitment from NAIF and support from ARENA, the Company signed a Share Subscription Agreement (**SSA**) with Electric Power Development Co Ltd trading as J-POWER (**J-POWER**) as announced to the ASX on 6 June. The agreement with J-POWER provides for a subscription of up to A$25M resulting in a minimum of 15% and a maximum of 19.99% of the expanded capital of Genex thereafter. The investment by J-POWER under the SSA is subject to shareholder approval at a forthcoming Extraordinary General Meeting of shareholders to be held on 10 September. As a further condition of the SSA, J-POWER has also agreed to provide certain professional and technical advisory services to Genex in relation to the development of K2H.

Detailed negotiations have continued with EnergyAustralia (**EA**) throughout the year on the basis of the Term Sheet signed in December 2018 (*refer ASX Announcement of 20 December 2018*). EA are proposing to take a 50% equity investment in the project, and to enter into a long term energy storage services agreement which will provide them with full rights to dispatch electricity and provide ancillary services to the National Electricity Market.

K2H is a large and complex project and we are very proud of the work we have done to advance the project and attract the support outlined above. We are excited about closing out the remaining components of the financial close process as soon as we can this calendar year, which would see construction commence in early 2020 and commercial operation of the pumped storage hydro facility in 2023.

<u>50MW Jemalong Solar Farm (**JSF**) – New South Wales:</u>

Genex has stated for some time now its clear intention of becoming a developer of diverse renewable energy projects across a multiple of jurisdictions. During the course of the FY, Genex announced in September, its first expansion of the portfolio outside Queensland with the acquisition of the JSF.

JSF is located near Forbes in western NSW and is well positioned in relation to the electricity network. We have rapidly progressed the development of the project by signing a binding connection agreement with Essential Energy (*refer ASX announcement 15 April 2019*), raising the required equity component for financing the project and advancing the debt funding process on a merchant basis initially which is expected to result in financial close in the current quarter with construction to commence shortly thereafter. The JSF financing is being undertaken in conjunction with a refinancing of KS1. It is expected that JSF will be generating into the NSW grid before the end of CY2020.

Genex believes now is an opportune time to develop merchant renewable projects in NSW such as JSF due to the combination of NSW's higher electricity prices coupled with historically low interest rates which we believe should deliver a high return to equity. This strategy also allows the optionality to lock in a suitable power purchase agreement during the construction or subsequent operation phase, on more favourable terms which reflect the reduced risk and greater certainty to the offtaker.

<u>Stage 2 – 165MW Kidston Solar Farm (**K2S**)</u>

The Stage 2 K2S project will complement the Pumped Storage Hydro project, as at 165MW the solar farm is sized to be able to feed one of the two pumps of K2H with clean energy and very low electrical losses. The project has been well progressed, with land secured and development and environmental approvals largely completed. Focus will return to the development of K2S once we have reached financial completion of K2H and JSF including the refinancing of KS1.

Stage 3 - 150MW Kidston Wind Project (**K3W**)

The Stage 3 K3W project remains in the feasibility stage and part of Genex's pipeline of opportunities. We will be looking to complete the feasibility assessment in early 2020, and, if appropriate, to progress the development in parallel with the K2S project.

In summary, the proposed investment by J-Power into Genex demonstrates the confidence of a major international power corporate in the vision and capability of Genex's management, as we jointly seek to play a leading role in the transition of the electricity market which is currently underway, and which requires a considered but nimble approach to investment opportunities in renewable energy and necessary firming technologies. In this way, Genex is looking to expand our development portfolio in order to further diversify across projects, renewable energy sources, technology and jurisdictions, and thereby to advance to a mature, proven leader in renewables and energy storage.

Yours faithfully,

James Harding

Chief Executive Officer

3. DIRECTORS' REPORT & REMUNERATION REPORT

The directors present their report, together with the consolidated financial statements, of Genex Power Limited consisting of Genex Power Limited (referred to hereafter as '**Genex**', the '**Company**' or '**parent entity**') and the entities it controlled at the end of, or during, the twelve-month period ended 30 June 2019 (referred to hereafter as the '**consolidated entity**').

Directors
The following persons were directors of Genex Power Limited during the whole of the year and up to the date of this report, unless otherwise stated:

Dr Ralph Craven
Michael Addison
Yongqing Yu
Alan du Mée (retired 5 November 2018)
Teresa Dyson
Ben Guo
Simon Kidston

Principal activities
The consolidated entity's principal activities during the period comprised the development of the Kidston Energy Hub in Far North Queensland (**FNQ**), the operation of KS1 and the development of the Jemalong Solar Farm (**JSF**) in New South Wales.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Significant changes in the state of affairs
The principal activities of the consolidated entity during the course of the year consisted of the development of the Kidston Energy Hub located in FNQ, the operation of KS1 and the acquisition and project financing of the JSF in New South Wales.

For the year ended 30 June 2019, the consolidated entity incurred an after-tax loss of $5.5 million. The majority of expenditure was incurred on the development of the K2H project.

During the 2019 financial year Genex received an aggregate amount of $2,125,000 from a placement to institutional shareholders in February 2019.

During the year, Genex fully drew down the senior project loan associated with KS1 and, as at 30 June 2019, the total loan outstanding was $98.9 million. Since 31 July 2018, KS1 has been operating under the Solar 150 Price Support Deed with the Queensland Government. During the year, KS1 earned $10.8 million in revenue.

Matters subsequent to the end of the year
In July 2019 Genex undertook a capital raising via a share placement and Share Purchase Plan (**SPP**), the total amount raised was $21.458 million before costs associated with the raise. The new shares under the placement went to existing and new sophisticated and institutional shareholders and the shares under the SPP were issued to existing shareholders.

Apart of the matters outlined above, there have been no other material events or circumstances which have arisen since 30 June 2019 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity expects to rapidly progress the development of the JSF and K2H projects, with a view to reaching financial close in the second half of CY2019.

Environmental regulation

The Kidston Energy Hub Site is covered by Mining Lease (**ML**) No. 3347 and Environmental Authority (**EA**) No. EPML000817013 which were originally granted to Kidston Gold Mines Limited (**KGML**) under the *Environmental Protection Act (1994) (QLD)* at a time when KGML was a subsidiary of Barrick Gold Corporation and the site was operated as a gold mine. The EA has operative provisions relating to:

* General;
* Air;
* Water;
* Noise and Vibration;
* Regulated dams; and
* Land and Rehabilitation.

Some of the provisions of the EA are inconsistent with Genex's current use of the site as an operator and developer of diverse renewable energy. Genex, in agreement from the Department of Environment and Science (**DES**), has entered into an Environmental Evaluation process with a view to amending certain provisions of the EA to be consistent with Genex's current site use.

Information on directors

Name: Dr Ralph Craven
Title: Non-Executive Chairman
Qualifications: BE PhD, FIEAust, FIPENZ, FAICD
Special Responsibilities: Member, Audit & Risk Management Committee and Chair, Remuneration Committee

Experience and expertise:
Dr. Craven has respected credentials in energy, transmission infrastructure and power generation and electricity retailing. Dr. Craven has a number of public company roles including non-executive director of Senex Energy Limited (September 2011 to present) and AusNet Services Limited (January 2014 to present). He is the current independent non-executive Chair of Stanwell Corporation. Dr. Craven has held senior executive positions with energy companies in Australia and New Zealand. He was formerly Chief Executive Officer of Transpower New Zealand Ltd, an Executive Director of NRG Asia-Pacific and General Manager Power Marketing and Development with Shell Coal Pty Ltd.

His previous roles include Chairman of Ergon Energy Corporation Limited and Chairman of Tully Sugar Limited. Dr. Craven was Deputy Chairman of Arrow Energy Limited (now jointly owned by Royal Dutch Shell and PetroChina).

Name: Michael Addison
Title: Non-Executive Director
Qualifications: *BSc (Eng), MPhil (Oxon), FAIM*
Special Responsibilities: Member, Audit & Risk Management Committee

Experience and expertise:
Michael is a former water engineer with experience in large dam, spillway and water reticulation systems design. He also has considerable international corporate finance experience, having spent a number of years as an investment banker with three globally recognised investment banks. Subsequent to transitioning into mainstream corporate management in the early nineties, Michael held a number of senior executive positions on the boards of publicly listed companies on each of the London, Johannesburg and Australian Securities Exchanges. In these roles he developed deep expertise in the management and running of listed companies and an intimate working knowledge of the regulatory, legal and governance environments in which listed companies operate. Michael was previously a director of Carabella Resources Limited, Stratum Metals Limited, Frontier Diamonds Limited (6 September 2017 to 4 June 2018) and Intra Energy Corporation (1 June 2017 to 28 September 2017).

Michael is a former Rhodes Scholar, has an Oxford University postgraduate degree in Management Studies and is a Fellow of the Australian Institute of Management. Michael is a founding director and shareholder of Genex.

Name: Teresa Dyson
Title: Non-Executive Director
Qualifications: *(LLB (Hons), BA, MTax, MAppFin, GAICD)*
Special Responsibilities: Chair, Audit & Risk Management Committee and Member, Remuneration Committee

Teresa is a director and Audit & Risk Committee Chair of ASX-listed Seven West Media Ltd (2017 – Present) and a non-executive director of Consolidated Tin Mines Limited (ASX: CSD) from January 2019 - present.. Teresa is also a director of Energy Qld Ltd, Energy Super, Power & Water Corporation and Deputy Chair of the Gold Coast Hospital & Health Board. She is a member of the Foreign Investment Review Board and the Takeovers Panel. Teresa has broad legal experience across infrastructure, financial structuring, social infrastructure and taxation law. Teresa has previously been Chair of the Board of Taxation and a Partner of Ashurst and Deloitte and was named Woman Lawyer of the Year in 2011 by the Women Lawyers Association of Queensland.

Name: Simon Kidston
Title: Executive Director
Qualifications: *BCom, GradDipAppFin, MAIDC*
Special Responsibilities: Member, Remuneration Committee

Experience and expertise:
Simon is a founding director and shareholder of Genex. Prior to Genex, Simon successfully established 3 ASX listed companies, Endocoal Limited, Carabella Resources Limited and Estrella Resources Limited.

In addition, Simon has almost 30 years' investment banking experience in Australia and overseas with groups such as Macquarie Bank Limited, HSBC and Helmsec Global Capital Limited. During this period, he assisted companies grow by accessing capital needs, negotiating strategic relationships and acquisitions. He has a Bachelor of Commerce degree and is a Member of the Australian Institute of Company Directors.

Name: Ben Guo
Title: Finance Director
Qualifications: *BCom, Finance (Hons 1st) and Accounting*
Special Responsibilities: Group Finances

Experience and expertise:
Ben has over 10 years' management experience in Australia. Prior to joining Genex, he held senior financial roles at Helmsec Global Capital Limited and Estrella Resources Limited. Ben has also worked at PwC Corporate Finance and Ernst & Young.

Name: Yongqing Yu
Title: Non-Executive Director
Special Responsibilities: Nil

Experience and expertise:
Mr. Yongqing Yu is the Vice Chairman of Shenzhen listed Asia Ecoenergy Development Limited (formerly Zhefu), one of the largest hydroelectric electrical and mechanical equipment manufacturers in China and Genex's largest shareholder. Mr. Yu has been a key member of Zhefu since the company's inception. He is a senior engineer and has extensive hydro experience. Yongqing has been involved in many significant projects including the Shuangling Hydropower Project in Liaoning Province, the Wanmipo Hydropower Project in Hunan province and the Changzhou Hydropower Project in the Guangxi Zhuang Autonomous Region of China. Mr Yu's technical expertise and experience in working with large scale international projects significantly strengthens the Genex Board's already robust level of technical, industry and corporate experience.

Name: Alan du Mée
Title: Non-Executive Director (retired 5 November 2018)
Qualifications: *MSc., MBA, FAICD, FAIM, MIIE*
Special Responsibilities: Member (and former Chair), Audit & Risk Management Committee and Member, Remuneration Committee

Experience and expertise:
Mr. du Mée has deep operational experience in power generation operations and development. He was Chief Executive Officer of Tarong Energy, a major Queensland power company which is now part of Stanwell Corporation Limited. While at Tarong Energy, Mr. du Mée was responsible for the development of Tarong North power station in Queensland, the

Starfish Hill windfarm in South Australia and the sale of a 50% of the Tarong North power station to a Japanese consortium. He also had responsibility for the 600MW Wivenhoe Pumped Storage Plant, the second largest hydro pumped storage plant in Australia.

Mr. du Mée is a past Chairman of the Australian National Generators Forum and was a director of BHP Engineering between April 1991 and November 1996. He is also a director of A Solid Foundation Pty Limited, and has been engaged by Glencore Coal Assets Australia to assist it with its CCS development strategy.

Name: Justin Clyne
Title: Company secretary
Qualifications: LLM (UNSW) ACIS, AGIA

Experience and expertise:
Justin Clyne was admitted as a Solicitor of the Supreme Court of New South Wales and High Court of Australia in 1996 before gaining admission as a Barrister in 1998. He has 15 years of experience in the legal profession, acting for a number of the country's largest corporations, initially in the areas of corporate and commercial law before dedicating himself full-time to the provision of corporate advisory and company secretarial services.

Justin is a director and/or secretary of a number of public listed and unlisted companies. He has significant experience and knowledge in international law, the Corporations Act, the ASX Listing Rules and corporate regulatory requirements generally. Justin holds a Master of Laws in International Law from the University of New South Wales and is a qualified Chartered Company Secretary.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and its Committees held during the year ended 30 June 2019, and the number of meetings attended by each director was:

Name	Board		Audit		Remuneration	
	Held	Attended	Held	Attended	Held	Attended
Dr Ralph Craven	16	15	3	3	2	2
Michael Addison	16	16	3	3	-	-
Simon Kidston	16	14	-	-	2	2
Ben Guo	16	16	3	3	-	-
Teresa Dyson	16	16	3	3	2	2
Yong Qing Yu	16	-	-	-	-	-
Alan du Mee	5	5	1	1	-	-

'Held' represents the number of meetings held during the time the director was in office or was a member of the relevant committee. While Mr Yu did not attend any Board meetings, a representative from Asia Ecoenergy Development Limited (formerly Zhefu) attended 1 Board meeting throughout the period on behalf of Mr Yu as an observer only.

Remuneration Report: Audited
The Board is responsible for determining and reviewing compensation arrangements for the directors and executive management. The Board assesses the appropriateness of the nature and amount of remuneration of key personnel on an annual basis. In determining the amount and nature of officers' packages, the Board takes into consideration the Company's financial and operational performance along with industry and market conditions.

Remuneration packages of the Company's senior executives and the CEO include a mix of fixed remuneration and performance-based remuneration. The fixed component consists of base remuneration, allowances and superannuation.

The Constitution provides that the non-executive Directors may be paid for their services as Directors, however the sum payable must not exceed such fixed sum per annum as determined by the Company at the annual general meeting, to be divided among the non-executive Directors and in default of agreement then in equal shares. The sum fixed by the Company as the aggregate limit for the payment of director fees to non-executive Directors is $400,000 per annum.

A Director may be paid additional fees or other amounts as the Remuneration Committee determine where a Director renders or is called upon to perform extra services or to make any special exertions in connection with the affairs of the Company. A Director may also be reimbursed for any disbursements or any other out of pocket expenses properly incurred as a result of their directorship or any special duties.

The Company's remuneration policy aims to align the corporate goals and objectives of the Company with the remuneration paid to the Chief Executive Officer or equivalent and Senior Executives and considers both short term and long-term compensation. The Company also looks at comparative data from other companies and the amount of time required given the Company only has a small management team.

This Remuneration Report outlines the arrangements which were in place during the year ended 30 June 2019 for the Directors and key management personnel.

2019	Short-term benefits Cash Salary and Fees $	Post employee benefits Superannuation benefits $	Share-based payments $	Total $
Executive Directors				
S Kidston	380,000	36,100	-	416,100
B Guo	380,000	36,100	-	416,100
Non-Executive Directors				
R Craven	140,000	13,300	-	153,300
M Addison	298,650[1]	30,840	-	329,490
A du Mee	27,590	2,621	-	30,211
Teresa Dyson	72,000	6,840	-	78,840
Yongqing Yu	-	-	-	-
Sub-Total	**1,298,240**	**125,801**	**-**	**1,424,041**
Chief Operating Officer				
A McGhie	330,000	31,350	23,047	384,397
Chief Executive Officer				
James Harding	320,000	30,400	137,774	488,174
Sub-Total	**650,000**	**61,750**	**160,821**	**872,571**
Total	**1,948,240**	**187,551**	**160,821**	**2,296,612**

[1] The fee paid to Mr Addison in the 2019 financial year comprised a director's fee of $48,000 and consultancy fees representing the balance.

2018	Short-term benefits Cash Salary and Fees $	Post employee benefits Superannuation benefits $	Share-based payments $	Total $
Executive Directors				
M Addison	353,155	29,231	-	382,386
S Kidston	300,000	28,500	-	328,500
B Guo	300,000	28,500	-	328,500
Non-Executive Directors				
R Craven	115,000	10,925	-	125,925
A du Mee	80,000	7,600	-	87,600
Teresa Dyson	10,956	1,040	-	11,996
Yongqing Yu	-	-	-	-
Sub-Total	**1,159,111**	**105,796**	**-**	**1,264,907**
Chief Operating Officer				
A McGhie	330,000	31,350	122,361	483,711
Chief Executive Officer				
James Harding	303,043	28,789	133,977	465,809
Sub-Total	**633,043**	**60,139**	**256,338**	**949,520**
Total	**1,792,154**	**165,935**	**256,338**	**2,214,427**

Period of Service

Michael Addison	15 July 2011 to current
Simon Kidston	1 August 2013 to current
Ben Guo	25 October 2013 to current
Ralph Craven	1 July 2014 to 26 March 2015 and 29 May 2015 to current
Alan du Mée	1 July 2014 to 26 March 2015 and 29 May 2015 to 5 November 2018
Teresa Dyson	7 May 2018 to current
Yongqing Yu	8 February 2016 to current

Performance based remuneration is not applicable.

Key Management Personnel (KMP)'s Interests in the Company

The shares and options held by the KMPs as at 30 June 2019 and at the date of this report are as follows:

Shares

Personnel	Balance as at 1 July 2018	Granted as remuneration	Received on exercise	Purchases	Balance as at 30 June 2019
Michael Addison	28,500,000	-	-	-	28,500,000
Simon Kidston	20,881,931	-	-	-	20,881,931
Ben Guo	2,108,181	-	-	-	2,108,181
Ralph Craven	340,909	-	-	-	340,909
Teresa Dyson	Nil	-	-	68,862	68,862
Yongqing Yu	Nil	-	-	-	Nil

Personnel	Balance as at 1 July 2017	Granted as remuneration	Received on exercise	Purchases	Balance as at 30 June 2018
Michael Addison	28,500,000	-	-	-	28,500,000
Simon Kidston	20,881,931	-	-	-	20,881,931
Ben Guo	2,108,181	-	-	-	2,108,181
Ralph Craven	340,909	-	-	-	340,909
Alan du Mee	238,637				238,637
Teresa Dyson	Nil	-	-	-	Nil
Yongqing Yu	Nil	-	-	-	Nil

Options

Personnel	Balance as at 1 July 2018	Granted as remuneration	Date of Grant during period	Fair value per option at grant date	Expired	Balance as at 30 June 2019
Michael Addison	5,000,000	-	-	-	1,000,000	4,000,000
Simon Kidston	5,000,000	-	-	-	1,000,000	4,000,000
Ben Guo	5,000,000	-	-	-	1,000,000	4,000,000
Ralph Craven	5,000,000	-	-	-	3,000,000	2,000,000
Alan du Mee	2,000,000	-	-	-	2,000,000	-
Teresa Dyson	-	-	-	-	-	-
Arran McGhie*	5,000,000	-	-	-	-	5,000,000
James Harding*	5,000,000	-	-	-	-	5,000,000

Personnel	Balance as at 1 July 2017	Granted as remuneration	Date of Grant during period	Fair value per option at grant date	Expired	Balance as at 30 June 2018
Michael Addison	5,000,000	-	-	-	-	5,000,000
Simon Kidston	5,000,000	-	-	-	-	5,000,000
Ben Guo	5,000,000	-	-	-	-	5,000,000
Ralph Craven	5,000,000	-	-	-	-	5,000,000
Alan du Mee	2,000,000	-	-	-	-	2,000,000
Teresa Dyson	-	-	-	-	-	-
Arran McGhie*	5,000,000	-	-	-	-	5,000,000
James Harding*	2,400,000	2,600,000	23/02/2018	0.1296	-	5,000,000

**Options issued to Arran McGhie and James Harding have various vesting conditions based exclusively on milestones, irrespective of when these milestones are achieved (see note 25)*

There were no new Options issued to Directors or Management during the 2019 financial year.

8,000,000 options held by Directors at 30 June 2018 and exercisable at $0.25 each, expired on 7 February 2019.

Executive Services Agreement (James Harding)

On 23 June 2016, the Company entered into an Executive Services Agreement (**Agreement**) with James Harding in his capacity as Executive General Manager. On 7 May 2018, that Agreement was varied with respect to the remuneration and duties to be performed (**Variation**) following Mr Harding's appointment as Chief Executive Officer (**CEO**). The key terms and conditions of the Agreement and Variation are summarised below.

- (**Term**) The appointment as CEO commenced on 7 May 2018 and is ongoing subject to the termination provisions. (**Services**) James Harding will provide the duties and responsibilities associated with the role of CEO and report to the Board regarding the overall responsibility for the day to day management of the business of the Company and with responsibility for overall reporting requirements and regularly reporting to the Board concerning the business and financial position of the Company.

- (**Remuneration**) James Harding will receive a gross salary of $320,000 (excluding superannuation) per annum. In addition, James Harding may be granted, subject to any necessary shareholder approval, incentives to provide ongoing service and commitment to the Company.
- (**Entitlements**) James Harding is entitled to 5 weeks of annual leave per annum in addition to other employee entitlements that are customary to an agreement of this nature.
- **(Termination)** Both James Harding and the Company may terminate the agreement at any time and for any reason by giving 3 months' written notice to the other party. James Harding's employment may otherwise be terminated at any time for cause by notice to James Harding from the Company.

Executive Services Agreement (Arran McGhie)

On 16 July 2015, the Company entered into an Executive Services Agreement with Arran McGhie in his capacity as Chief Operating Officer. Pursuant to his agreement, Arran McGhie receives a gross salary of $330,000 (excluding superannuation) per annum. The Executive Services Agreement is substantially on the same terms and conditions as the Executive Services Agreement with James Harding, the material provisions of which are summarised above.

Executive Services Agreements (Ben Guo and Simon Kidston)

On 1 May 2014, the Company entered into Executive Services Agreements with each of Ben Guo and Simon Kidston in their capacities as executive directors of the Company. Pursuant to their respective agreements, Simon Kidston receives a gross salary of $300,000 (excluding superannuation) per annum and Ben Guo receives a gross salary of $300,000 (excluding superannuation) per annum. Both Simon Kidston and Ben Guo received an increase in salary to $340,000 from July 2017 as a result of a periodic remuneration review. Aside from the differences in remuneration, the Executive Services Agreements with Ben Guo and Simon Kidston are substantially on the same terms and conditions as the Executive Services Agreement with James Harding, the material provisions of which are summarised above with only non-material differences.

Consultancy Agreement (Michael Addison)

On 7 May 2018, the Company entered into a Services Consultancy Contract with Michael Addison on an arm's length basis to provide consulting services as a strategic adviser consulting on project delivery and the Company's project pipeline in addition to his role as a Non-Executive Director. The Contract provides for an hourly rate of $250 plus GST and a monthly cap of $20,900 plus GST. There is no fixed term and either party may terminate the Contract on 4 months' notice or payment in lieu.

Shares under option

Unissued ordinary shares of Genex Power Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number of options
6 August 2015	6 August 2020	$0.25	5,000,000
2 September 2016	2 September 2021	$0.25	2,400,000
17 January 2017	17 January 2022	$0.34	14,000,000
7 July 2017	17 January 2022	$0.34	1,500,000
23 February 2018	13 February 2023	$0.40	4,850,000
Total			**27,750,000**

End of Remuneration Report

Loss per Share

The loss per share for Genex Power Limited for the year was 1.78 cents per share (FY18 2.54 cents).

Results of Operations and Dividends

The consolidated entity's net loss after taxation attributable to the members of Genex Power Limited for the year ended 30 June 2019 was $5,477,931. The Directors of Genex have resolved not to recommend a dividend for the financial year ended 30 June 2019.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received or are due to receive the following amounts for the provision of non-audit/assurance services:

	$
Tax Advisory	47,500
Energy Market Studies	61,200
	108,700

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on the following page.

On behalf of the directors

Dr Ralph Craven

(Non-Executive Chairman)

29 August 2019

Teresa Dyson

Non-Executive Director

29 August 2019

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of Genex Power Limited

As lead auditor for the audit of the financial report of Genex Power Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit*;* and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Genex Power Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Lynn Morrison
Partner
29 August 2019

5. FINANCIAL STATEMENTS

Contents

General information

The financial statements cover Genex Power Limited as a consolidated entity consisting of Genex Power Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Genex Power Limited's functional and presentation currency.

Genex Power Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office
Suite 6.02, Level 6
28 O'Connell Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2019. The directors have the power to amend and reissue the financial statements.

Genex Power Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Notes	30 June 2019 $	30 June 2018 $
Revenue			
Sale of electricity and environmental products and lease income	5	10,818,905	8,273,070
Other income	5	4,800,053	1,666,573
		15,618,958	**9,939,643**
Expenses			
Project site costs	6	(3,676,186)	(5,126,860)
Employee benefits	6	(2,982,640)	(2,751,178)
Administrative expenses		(1,363,547)	(2,272,128)
Compliance cost and regulatory fees		(145,494)	(182,694)
Project consulting costs		(2,779,110)	(1,192,486)
Legal fees		(50,149)	(43,289)
Travel and marketing		(262,738)	(224,114)
Depreciation	15	(6,369,366)	(3,017,338)
Net gain/loss on financial instruments at fair value through profit/loss		1,229,163	130,721
Total Expenses		**(16,400,067)**	**(14,679,366)**
Operating Loss		**(781,109)**	**(4,739,723)**
Finance costs	6	(4,922,282)	(2,970,877)
Finance income	7	225,460	249,518
Loss before tax		**(5,477,931)**	**(7,461,082)**
Income tax expense	8	-	-
Loss after income tax expense attributable to the owners of Genex Power Limited		**(5,477,931)**	**(7,461,082)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Net gain / (loss) on cash flow hedges	19	(3,691,838)	1,531
Total comprehensive loss for the year attributable to the owners of Genex Power Limited		**(9,169,769)**	**(7,459,551)**
		Cents	**Cents**
Basic earnings per share	35	(1.78)	(2.54)
Diluted earnings per share	35	(1.78)	(2.54)

Genex Power Limited
Consolidated statement of financial position
As at 30 June 2019

	Notes	30 June 2019	30 June 2018
		$	$
Assets			
Current Assets			
Cash and cash equivalents	9	3,462,806	10,994,349
Trade and other receivables	10	1,954,803	861,524
Inventory	11	-	692,417
Prepayments	12	199,436	169,333
		5,617,045	**12,717,623**
Non-Current Assets			
Bond Deposits and Bank Guarantee	13	4,608,679	4,498,796
Intangible Asset	14	5,795,377	-
Plant Property and Equipment	15	118,498,979	118,431,013
		128,903,035	**122,929,809**
Total Assets		**134,520,080**	**135,647,432**
Liabilities			
Current Liabilities			
Trade and other payables	16	2,250,602	1,475,197
Short term interest accrued		247,542	127,901
Interest-bearing loans and borrowings	17	4,570,770	2,429,268
Government grant	18	442,500	442,500
Provisions		203,473	117,057
		7,714,887	**4,591,923**
Non-Current Liabilities			
Long term interest accrued	20	657,034	340,451
Interest-bearing loans and borrowings	23	94,353,392	97,266,305
Convertible notes	20	4,755,578	2,412,840
Government Grant	18	7,745,568	8,188,068
Other financial liabilities	21	6,984,520	3,747,433
Rehabilitation and restoration provision	24	3,820,200	3,820,200
Provisions		42,867	-
		118,359,159	**115,775,297**
Total Liabilities		**126,074,046**	**120,367,220**
Net Assets		**8,446,034**	**15,280,212**
Equity			
Share capital	25	41,899,049	39,955,299
Option reserves	25	2,178,469	1,786,628
Cash flow hedge reserve	19	(5,358,801)	(1,666,963)
Accumulated losses		(30,272,683)	(24,794,752)
Total Equity		**8,446,034**	**15,280,212**

Genex Power Limited
Consolidated statement of changes in equity
For the year ended 30 June 2019

	Notes	$ Issued Capital	$ Options Reserves	$ Cash flow hedge reserve	$ Accumulated Losses	$ Total Equity
Balance at 1 July 2018		**39,955,299**	**1,786,628**	**(1,666,963)**	**(24,794,752)**	**15,280,212**
Loss after income tax		-	-	-	(5,477,931)	(5,477,931)
Cash flow hedge reserve		-	-	(3,691,838)	-	(3,691,838)
Total comprehensive loss for period		39,955,299	1,786,628	(5,358,801)	(30,272,683)	6,110,443
Shares issued during the period		2,125,000	-	-	-	2,125,000
Transaction cost		(181,250)	-	-	-	(181,250)
Share-based payments (Note 26)		-	391,841	-	-	391,841
Balance at 30 June 2019		**41,899,049**	**2,178,469**	**(5,358,801)**	**(30,272,683)**	**8,446,034**

Genex Power Limited
Consolidated statement of changes in equity
For the year ended 30 June 2018

	Notes	$ Issued Capital	$ Options Reserves	$ Cash flow hedge reserve	$ Accumulated Losses	$ Total Equity
Balance at 1 July 2017		**35,493,073**	**2,730,184**	**(1,668,494)**	**(17,392,063)**	**19,162,700**
Loss after income tax		-	-	-	(7,461,082)	(7,461,082)
Cash flow hedge reserve		-	-	1,531	-	1,531
Total comprehensive loss for period		35,493,073	2,730,183	(1,666,963)	(24,853,145)	11,703,148
Shares issued during the period		3,224,750	-	-	-	3,224,750
Transaction cost		1,237,476	(1,237,476)	-	-	-
Loyalty options expired			(58,393)		58,393	-
Share-based payments (Note 26)		-	352,313	-	-	352,313
Balance at 30 June 2018		**39,955,299**	**1,786,628**	**(1,666,963)**	**(24,794,752)**	**15,280,212**

Genex Power Limited
Consolidated statement of cash flows
For the year ended 30 June 2019

	Notes	30 June 2019	30 June 2018
		$	$
Cashflow from Operating Activities			
Receipt from customers		16,293,241	7,005,270
Payments to suppliers		(9,137,168)	(7,039,994)
Payments to employees		(2,373,916)	(2,185,755)
Interest received		225,460	249,518
Interest paid		(4,486,058)	(4,131,807)
Net cash utilised by operating activities	**33**	**521,559**	**(6,102,768)**
Cashflow from Investing Activities			
Purchase of Property, Plant and Equipment		(6,437,332)	(82,959,923)
Purchase of intangible assets		(5,795,377)	-
Receipt of government grant		-	898,073
Funds invested into a term deposit/bank guarantee		(109,882)	(269,353)
Net cash used in investing activities		**(12,342,591)**	**(82,331,203)**
Cashflow from Financing Activities			
Proceeds from issue of shares		2,125,000	3,224,750
Proceeds from issue of convertible bonds		3,117,150	1,748,236
Transaction costs on issue of shares		(181,250)	-
Proceeds from borrowings		422,614	87,466,796
Repayment of borrowings		(1,194,025)	(4,100,000)
Net cash from financing activities		**4,289,489**	**88,339,782**
Net decrease in cash and cash equivalents		(7,531,543)	(94,190)
Cash and Cash equivalent at the beginning of the financial year		10,994,349	11,088,539
Cash and Cash equivalents at the end of the financial year	**9**	**3,462,806**	**10,994,349**

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Going concern
The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue trading, realise its assets and discharge its liabilities in the ordinary course of business, for a period of at least 12 months from the date that these financial statements are approved.

The directors note the following events and conditions which have been considered in assessing the appropriateness of the going concern assumption:

- In July 2019 Genex undertook a capital raising via a share placement and Share Purchase Plan (SPP), the total amount raised was $21.458 million before costs.

In assessing the appropriateness of using the going concern assumption, the Directors have had regard to the following matters:

- The consolidated entity has been in detailed discussions with a number of potential energy partners, with ongoing discussions based around securing the most financially viable option for the Company and its Shareholders. The consolidated entity's timeline is to reach financial close in 2019 with construction to commence soon after financial close, with an estimated 18-month build for K2S and 36- 42 month build for K2H.
- The Northern Australia Infrastructure Facility (NAIF) has provided final board approval for a loan of up to $610m of concessional debt to the project.
- The reasonableness of the profitability and cash flow forecasts of the consolidated entity, which have been prepared by management on the basis of completion of KS1 and the long-term price guarantee.

Based on the above, the directors believe the consolidated entity will continue as a going concern and meet its debts and commitments as and when they fall due.

Basis of preparation
The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the consolidated entity presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Parent entity information
These financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Genex Power Limited ('Genex', 'Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Genex Power Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Current versus non-current classification
The consolidated entity presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The consolidated entity classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those

goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of electricity and environmental products
Revenue from the sale of *electricity and environmental product* is recognised at the point in time when control of the asset is transferred to the buyer and the consolidated entity has the right to be compensated.

Fair value measurement
The consolidated entity measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability

Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the consolidated entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the consolidated entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the consolidated entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Income tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Genex Power Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'group allocation' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventory

Recognition and measurement

Large-scale Generation Certificates (LGCs) held in inventory are valued at the lower of cost and net realisable value. Upon sale, the difference between the sale price and the book value of inventory is recorded as a component of revenue.

Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Consolidated entity as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the consolidated entity is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the consolidated entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Consolidated entity as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Interest
Interest income and expenses are reported on an accrual basis using the effective interest method.

Plant, Property and Equipment
Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the consolidated entity depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 2) and Rehabilitation and restoration provisions (Note 24) for further information about the recognised decommissioning provision.

Depreciation is calculated on a diminishing value or straight-line basis over the estimated useful lives of the assets, as follows:

Plant, machinery and equipment	20 to 30 years
Leasehold improvements	Less of 5 years or lease term

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Work in Progress Capital Assets
Work in Progress Capital Assets represent project development costs incurred prior to commencement of projects operation. Work in Progress Capital assets are not amortised, but are transferred to Plant, Property and Equipment and depreciated from the time the asset is held ready for use on a commercial basis.

Pre-development Asset
Pre-development Assets represent value of existing assets associated with acquisition. Pre-development assets are not amortised, but are transferred to Plant, Property and Equipment and depreciated from the time the asset is held ready for use on a commercial basis.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Provisions
General
Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the consolidated entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation and restoration liability
The Company records the present value of the estimated cost of legal and constructive obligations to rehabilitate mining lease areas in the period in which the obligation is incurred. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on a discount rate. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance charge in the profit or loss. The carrying amount capitalised as a part of mining assets is depreciated/ amortised over the life of the related asset.

Long service leave and annual leave
The consolidated entity does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The consolidated entity recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Share based payment transactions
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for rendering of services. The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with the non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in the profit and loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Convertible notes
For the convertible notes with cash settlement at the option of the issuer, the whole convertible notes are treated as financial liability, which is subsequently valued at amortised cost using effective interest rate method. The conversion right is accounted for as a derivative at fair value, with changes in value included in profit or loss.

Earnings per share
The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in this section Revenue from contracts with customers

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The consolidated entity uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. AASB139 will still be applied for the existing hedging relationship.

Any gain or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges
The consolidated entity uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as interest rate swaps for its exposure to interest rate risks for. The ineffective portion relating to both the forward currency contracts and interest rate swaps are recognised in other operating income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Changes in accounting policies and disclosures
New and amended standards and interpretations
The Group applied AASB 15 and AASB 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in FY19, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 15 Revenue from Contracts with Customers
AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted AASB 15 using the modified retrospective method of adoption. In the prior year revenue from the sale of electricity and environmental products was recognised in accordance with AASB 118 Revenue which was when the significant risks and rewards of ownership of the products have passed to the buyer and Genex Power has the right to be compensated. For the current period, revenue for the sale of electricity and environmental products was recognised in July 2018 in accordance with AASB 15 Revenue from Contracts with Customers. Based on the analysis performed by the Genex Power there was no change in the way revenue is recognised between AASB 118 and AASB 15. From July 2018 to 30 June 2019, the 150 Support Deed was in effect. Revenue under this agreement has been treated as lease income by management which is outside the scope of AASB 15. The application of AASB 15 did not have a material effect on the financial results of the Group.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018 for the Group, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group applied under AASB 139, the Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018 and did not restate comparative.

AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Genex Power continues to apply hedge accounting under AASB 139 for interest rate swap entered into in 2017.

The Group assessed these financial assets as at 1 July 2018 for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of AASB 9 to determine the credit risk of the respective customers. The Group measures loss allowances on trade receivables using a life-time expected loss model. The Group has applied the simplified approach to measuring expected credit losses. The Group uses judgement in making the assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates. The Group has determined that the allowance for expected credit losses on trade receivables and other assets carried at amortised cost was immaterial. The other assets carried at amortised cost include cash and bank guarantee.

In accordance with the transitional provisions in AASB 9, the adjustments arising from the new impairment rules are recognised in the opening balance sheet on 1 July 2018. Based on the analysis performed by the Group there was no change or adjustment recorded as at transition date or at 30 June 2019.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

The AASB issued amendments to AASB 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for cash-settled share-based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

a) Standards issued but not yet effective Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective.

AASB 16 Leases

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

AASB 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under AASB 117.

Transition to AASB 16

Subsequent to the financial year end, on 1 July 2019, the standard has been adopted by the Group. The Group has elected to adopt AASB 16 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, and as such shall not restate comparative information. The new standard is not expected to have a material impact on the Group's financial statements. The Group is finalising the assessment of leases and the recognised value may change following the finalisation of the assessment. Low value or short-term leases are not recognised on the balance sheet as allowed under the practical expedients of AASB 16. Based on the initial assessment the impact of AASB16 adoption is expected to be as follows:

Impact on the statement of financial position (increase/(decrease)) as at 30 June 2019:

Assets	
Property, plant and equipment (right of use assets)	591,921 – 636,948
Liabilities	
Lease liabilities	651,560 – 683,017
Net impact on equity	(59,639) – (46,069)

The key assumptions used to determine the RoU and the corresponding lease liability are:

- The lease terms;
- Options to extend the original lease terms;
- Discount rate used; and
- Termination options

Accounting Standards and Interpretations issued but not yet effective

Reference	Title	Summary	Impact on the consolidated entity's Financial Report
AASB 2017-6	***Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*** Application date of standard: 1 January 2019 Application date for consolidated entity: 1 July 2019	This Standard amends AASB 9 Financial Instruments to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. This is subject to meeting other conditions, such as the nature of the business model relevant to the financial asset. Otherwise, the financial assets would be measured at fair value through profit or loss. The Standard also clarifies in the Basis for Conclusion that, under AASB 9, gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognised in profit or loss.	The consolidated entity is currently evaluating the impact of the new accounting standard.
AASB 2018-1	***Australian Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*** Application date of standard: 1 January 2019 Application date for consolidated entity: 1 July 2019	The amendments clarify certain requirements in: • AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation • AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity • AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.	The consolidated entity is currently evaluating the impact of the new accounting standard.
AASB Interpretation 23, and relevant amending standards	***Uncertainty over Income Tax Treatments*** Application date of standard: 1 January 2019 Application date for consolidated entity: 1 July 2019	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: ➢ Whether an entity considers uncertain tax treatments separately ➢ The assumptions an entity makes about the examination of tax treatments by taxation authorities ➢ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ➢ How an entity considers changes in facts and circumstances.	The consolidated entity is currently evaluating the impact of the new accounting standard.

AASB 2018-6	***Amendments to Australian Accounting Standards – Definition of a Business*** Application date of standard: 1 January 2020 Application date for consolidated entity: 1 July 2020	The Standard amends the definition of a business in AASB 3 Business Combinations. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.	The consolidated entity is currently evaluating the impact of the new accounting standard.
AASB 2018-7	***Amendments to Australian Accounting Standards – Definition of Material*** Application date of standard: 1 January 2020 Application date for consolidated entity: 1 July 2020	This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	The consolidated entity is currently evaluating the impact of the new accounting standard.

Note 2. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next year are discussed below.

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the remaining useful lives of the underlying assets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Fair value measurement of financial instruments

When the fair values of financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the binomial tree lattice methodology. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as credit risk, expected volatility and expected dividend yield. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 22 for further disclosures.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting year but may impact profit or loss and equity.

Note 3. Operating Segment

Management has determined that the consolidated entity has one reportable segment; the development and operation of Renewable Energy projects in Australia. All directors, (except for Mr Yongqing Yu, based in China) executive and operating management are based in Australia.

Note 4 Capital management

For the purpose of the consolidated entity's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the consolidated entity's capital management is to maximise the shareholder value.

The consolidated entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the consolidated entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The consolidated entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The consolidated entity's policy is to keep the gearing ratio under 90%. Whilst this gearing ratio was temporarily breached, the capital raising completed in July 2019 has reduced the gearing ratio to below 90% again. The consolidated entity includes within net debt, interest bearing loans and borrowings, convertible notes, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

	Consolidated	
	30 June 2019	**30 June 2018**
	$	**$**
Interest-bearing loans and borrowings - current	4,570,770	2,429,268
Interest-bearing loans and borrowings – non-current	94,353,392	97,266,305
Convertible note	4,755,578	2,412,840
Short-term interest accrued	247,542	127,901
Long-term interest accrued	674,374	340,452
Trade and other payables	2,212,352	1,475,197
Less: cash and short-term deposits	(3,462,806)	(10,994,349)
Net debt	**103,351,202**	**93,057,614**
Equity	8,446,033	15,280,212
Total capital	**8,446,033**	**15,280,212**

Capital and net debt	**111,797,235**	**108,337,826**
Gearing ratio	**92%**	**86%**

In order to achieve this overall objective, the consolidated entity's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2019 and 2018.

Note 5. Revenue

	Consolidated	
	30 June 2019	**30 June 2018**
	$	**$**
Lease Revenue	9,942,088	-
Electricity Sales	196,076	3,916,985
LGC Sales	680,742	4,356,085
Sales of electricity and environmental products and lease income	**10,818,905**	**8,273,070**
Government Grant	442,500	219,432
Convertible Note Cost reimbursed	-	500,000
R&D Refund	1,904,227	898,074
Others	30,885	26,680
Avoided TUOS	45,471	-
Liquidated Damages	2,360,000	-
Fuel Tax Credit	16,970	22,387
Other income	**4,800,053**	**1,666,573**
Total revenue	**15,618,958**	**9,939,643**

Lease revenue relates to revenue earned from the KS1 under the Queensland government Solar150 Price Support Deed.

Liquidated damages refer to settlement payment received from UGL to address issues which arose during the construction of KS1 that caused delays in construction completion and loss of generation revenue that Genex would otherwise have received.

Note 6. Expenses

	Consolidated	
	30 June 2019	30 June 2018
	$	$
Loss before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable	4,922,282	2,970,877
Project Site Costs	3,676,186	5,126,860
Employee benefits		
Defined contribution superannuation expense	198,554	191,533
Share-based payments expense	391,840	352,314
Wages and salaries	2,187,634	2,062,235
Payroll tax	58,778	78,713
Workers' Compensation	7,833	6,606
Fringe Benefit Tax	11,624	26,650
Employee entitlements	126,377	33,128
	2,982,640	2,751,179

Note 7: Finance income

	Consolidated	
	30 June 2019	30 June 2018
	$	$
Interest income	225,460	249,518
	225,460	**249,518**

Note 8: Income tax expense

	Consolidated	
	2019	2018
	$	$
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(5,477,931)	(7,461,082)
Tax at the statutory tax rate of 27.5%	(1,506,431)	(2,051,798)
Permanent differences	(444,566)	195,757
Tax loss not recognised	1,950,997	1,856,041
Income tax expense	-	-

The accumulated tax loss that arose in Australia as at 30 June 2019 is $9,576,198 (30 June 2018: $7,625,201) are available indefinitely for offsetting against future taxable profits of the companies in which the loss arose. $39,249,668 of the above-mentioned tax loss as of 30 June 2019 are transferred losses and can be utilised subject to the available fraction.

Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Genex Power Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2005. Genex Power Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote. Genex Solar Holding Pty Limited (99.99% owned by Genex Power Limited) and Genex (Solar) Pty Limited formed a separate tax consolidated group in 2017.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the funding of tax within the consolidated entity is based on taxable income, which is an acceptable method of allocation under AASB Interpretation 1052. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Note 9. Cash and cash equivalents

	30 June 2019 $	30 June 2018 $
Cash at bank	3,462,806	10,994,349
Cash and cash equivalents	**3,462,806**	**10,994,349**

Cash at banks earn interest at floating rates based on daily bank deposit rates.
At 30 June 2019, the Group had available $0 (30 June 2018: $422,614) of undrawn committed borrowing facilities.

Note 10. Trade and other receivables

	30 June 2019 $	30 June 2018 $
Trade debtors	1,954,803	861,524

Trade and other receivables	**1,954,803**	**861,524**

Trade receivables are generally due for settlement within 30 days.

As at 30 June, the ageing analysis of trade receivables is, as follows:

			Past due but not impaired				
	Total	**Neither past due nor impaired**	**< 30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**
	$	$	$	$	$	$	$
2019	1,954,803	1,954,803	-	-	-	-	-
2018	861,524	861,524	-	-	-	-	-

Note 11. Inventory

	Consolidated	
	30 June 2019	**30 June 2018**
	$	**$**
Environmental Certificates	-	692,417
	-	692,417

Note 12. Prepayments

	30 June 2019	**30 June 2018**
	$	**$**
Insurance and Office Rent	142,640	85,073
Oaks Rush Rent	-	25,000
Blue House Deposit	-	20,000
Environmental Authority, ML Fees and Land Rent	34,088	39,260
Subscriptions	12,208	-
Consulting	10,500	-
	199,436	**169,333**

Note 13. Bond Deposits and Bank Guarantee - Non-Current

	30 June 2019	**30 June 2018**
	$	**$**
Ergon Bond (Removal and Security Defects)	231,818	231,818
Construction Camp Bond	82,500	82,500
K2 Wind Project Land Bond	12,000	12,000
Electricity Bond	18,270	18,270
Ergon Connection Bond	42,000	42,000

Office Bond	112,246	110,813
Bond	10,000	10,000
Sydney Office Deposit	18,469	18,469
Speedcast Bond	5,200	4,000
Site Accommodation Bond	117,000	117,000
Brisbane Office Bond	4,200	-
Term Deposit/Bank Guarantee for Environmental Bond	3,954,976	3,851,925
	4,608,679	**4,498,795**

The environmental bond is held by the State of Queensland (the State) for security for compliance with the requirements of Mineral Resources Act 1989 and the Environmental Protection Act 1994. The environmental bond is held in the name of Kidston Gold Mines Limited, a wholly owned subsidiary of Genex and the 100% freehold owner of the Kidston site. The environmental bond will be released upon satisfactory restoration and rehabilitation of the mine site.

Note 14: Intangible Assets

	Development Approval
	$
Cost	
At 30 June 2018	-
Acquisition	5,795,377
At 30 June 2019	5,795,377
Amortisation	
At 30 June 2018	-
Additions	-
At 30 June 2019	-
Net book value	
At 30 June 2018	**-**
At 30 June 2019	**5,795,377**

The intangible assets are the development approval of the Jemalong Solar Farm approved by the relevant government agency. The approvals associated with the project was the main asset acquired by Genex as part of the JSF acquisition.

Note 15. Property, Plant and Equipment

	30 June 2019	30 June 2018
	$	$
Land and Site Office	380,935	175,000
Kidston Solar Project	112,283,832	114,304,734
Work in progress capital assets - Kidston Hydro Project	1,891,556	-
Pre-development assets	3,918,777	3,918,777
Leasehold Improvements	23,879	32,502
	118,498,979	**118,431,013**

	Land and Site Office	Work in Progress Capital assets	Kidston Solar Project	Pre-development Asset	Leasehold and fitting	Total
Cost						
At 30 June 2017	**175,000**	**43,306,214**	**-**	**3,918,777**	**43,234**	**47,443,225**
Additions:	-	74,006,796	-	-	-	74,006,796
Transfer out	-	(117,313,010)	-	-	-	(117,313,010)
Transfer in	-	-	117,313,010	-	-	117,313,010
At 30 June 2018	**175,000**	**-**	**117,313,010**	**3,918,777**	**43,234**	**121,450,021**
Additions:	205,935	1,891,556	4,338,085		1,756	6,437,332
Disposals	-					
At 30 June 2019	**380,935**	**1,891,556**	**121,651,095**	**3,918,777**	**44,990**	**127,887,353**
Depreciation or impairment						
At 30 June 2017	-	-	-	-	**(1,669)**	**(1,669)**
Depreciation charge for the year	-	-	(3,008,276)	-	(9,062)	(3,017,338)
At 30 June 2018	-	-	**(3,008,276)**	-	**(10,731)**	**(3,019,007)**
Depreciation charge for the year	-	-	(6,358,987)	-	(10,379)	(6,369,366)
At 30 June 2019	-	**-**	**(9,367,263)**	-	**(21,110)**	**(9,388,373)**
Net book value 30 June 2019	**380,935**	**1,891,556**	**112,283,832**	**3,918,777**	**23,880**	**118,498,980**
Net book value 30 June 2018	**175,000**	**-**	**114,304,734**	**3,918,777**	**32,501**	**118,431,013**

Capitalised borrowing costs

The carrying amount of the Kidston Solar Farm at 30 June 2019 was $112,283,832 (30 June 2018: $114,304,734). The Kidston Solar Farm is financed by a $100.1 million senior debt facility with third party banks. Interest on the facility been capitalised until the construction of the project was completed. The amount of interest costs capitalised during the year ended 30 June 2019 was nil (30 June 2018: $1.4m).

Properties associated with the Kidston Solar Farm with a carrying amount of $112,283,832 (2018: $114,304,734) are subject to a first charge security in the support of the Group's Senior Bank Loan.

Note 16. Trade and other payables

	30 June 2019 $	30 June 2018 $
Current		
Trade creditors and accruals	2,250,602	1,415,177
PAYG withholdings	-	60,020
	2,250,602	**1,475,197**

Note 17. Interest-bearing loans and borrowings

	30 June 2019 $	30 June 2018 $
Senior Bank Debt	4,570,770	2,429,268
	4,570,770	**2,429,268**

The Senior Bank Debt represents the portion of the $98.9m Senior Bank Loan which must be repaid within 12 months.

Note 18. Government Grant

	30 June 2019 $	30 June 2018 $
ARENA Grant (Current)	442,500	442,500
ARENA Grant (Non-Current)	7,745,568	8,188,068
	8,188,068	**8,630,568**

Genex received an ARENA grant of $8.85 million in FY17 towards the funding of KS1. The Grant is recognised as revenue over the life of the project on a straight-line basis

Note 19. Cash flow hedge

Interest rate risk

Interest rate swaps are designated as hedging instruments in cash flow hedges of forecast drawdown under the senior bank loan agreement. These forecast transactions are highly probable.

The interest rate swaps balances vary with the level of expected drawn down and changes in the floating interest rates.

	30 June 2019 $	30 June 2018 $
	Liabilities	Liabilities
Interest rate swaps designated as hedging instruments		
Fair value	5,358,801	1,666,963

The terms of the interest rate swaps match the drawn down schedule as defined in the senior bank loan agreement. As a result, there is no hedge ineffectiveness to be recognised in the statement of profit or loss. The notional amount is $52m (2018: $55m) whereby the consolidated entity receives a fixed rate of interest of 3.065% and pays interest at a variable rate equal to BBSW on the notional amount. The interest rate swaps are valued as a $5.36m out-of-money position as at 30 June 2019.

Note 20. ARENA Convertible Note

	30 June 2019 $	30 June 2018 $
Long term interest accrued	657,034	340,452
Convertible note	4,755,578	2,412,840
	5,412,612	**2,753,292**

On 18 December 2015, Genex entered into a convertible note funding agreement with ARENA for up to $4 million to fund the feasibility study of K2H. As at 30 June 2019, $3,996,211 has been drawn down.

On 16 November 2017, Genex entered into a further convertible note funding agreement with ARENA for an amount of up to a further $5 million to fund pre-financial close costs associated with the Kidston Stage Two Projects. The Convertible Note Agreement has the same terms as the one in December 2015 with the exception of the conversion price. As at 30 June 2019, $2,991,894 has been drawn down.

The convertible note is deemed to be a financial instrument with 2 embedded derivatives, i.e. conversion right and early redemption option. Please refer Note 21 for further details.

Key terms of the convertible notes funding agreement:

- Unsecured unlisted convertible redeemable notes (the **Notes**), to be issued in tranches based on payments received by Genex from ARENA;
- Zero coupon;
- Payments to Genex to be made upon completion of agreed milestones;
- Notes are convertible at a conversion price into Genex ordinary shares;
    - $0.20 per share (December 2015 Agreement); and
    - Higher of A$0.2865 and 20day VWAP at Stage 2 financial close (November 2017 Agreement);
- If ARENA chooses to convert, Genex retains the right to either issue ordinary shares at the Conversion Price or to repay ARENA the face value of the Notes as if they had been converted, at the then 20-day volume weighted average price of Genex shares traded on the ASX;
- Genex has the right to redeem the Notes at face value at any time from the date of issue for a period of 5 years in respect of amounts drawn down but not converted (ARENA may convert during the redemption notice period);
- Genex must redeem the Notes at face value upon the completion of a bankable feasibility study in respect of the Project and the execution of all agreements required for the funding of the construction of the Project, i.e. once the project reaches financial close, the Note must be redeemed if not converted;
- ARENA has the right to require redemption of the Notes should certain default events occur;
- The Notes lapse and are not repayable by Genex after a period of 5 years if not previously redeemed or converted; and

The Notes carry standard terms consistent with other standard convertible note arrangements in the market and require Genex to provide key feasibility progress study reports and findings to ARENA and other stakeholders.

December 2015 Agreement

Maturity dates of the convertible notes are as follows:

	Maturity date	$ Amount
1	4 March 2021	731,243
2	16 March 2021	537,928
3	1 April 2021	386,193
4	3 May 2021	207,902
5	23 May 2021	198,582
6	27 June 2021	74,006
7	22 August 2021	123,453
8	2 November 2021	186,782
9	21 December 2021	142,800
10	26 April 2022	33,830
11	23 October 2022	226,644
12	31 October 2022	139,596
13	6 December 2022	44,770
14	19 February 2023	52,603
15	19 February 2023	4,119
16	20 March 2023	5,000
17	20 March 2023	52,252
18	19 April 2023	121,276
19	16 May 2023	239,367
20	14 June 2023	16,553
21	19 November 2023	471,312
		3,996,211

November 2017 Agreement

Maturity dates of the convertible notes are as follows:

	Maturity date	Amount
1	20 April 2023	26,503
2	24 May 2023	139,880
3	14 June 2023	179,673
4	19 November 2023	169,033
5	19 November 2023	202,583
6	19 November 2023	214,945
7	19 November 2023	457,963
8	20 June 2024	185,466
9	20 June 2024	155,150
10	20 June 2024	139,659
11	20 June 2024	253,466
12	20 June 2024	224,595
13	20 June 2024	288,306
14	20 June 2024	264,060
15	20 June 2024	90,612
		2,991,894

Note 21: Financial assets and financial liabilities

Financial assets

	30 June 2019 $	30 June 2018 $
Financial assets at amortised cost		
Trade and other receivables	1,954,803	861,524
Bank guarantee/bonds	4,608,679	4,498,796
Total financial assets	**6,563,482**	**5,360,320**
Total current	**1,954,803**	**861,524**
Total non-current	**4,608,679**	**4,498,796**

Financial liabilities: interest-bearing loans and borrowings

	Weighted average interest rate %	Maturity $	30 June 2019 $	30 June 2018 $
Non-derivatives				
Non-interest bearing				
Trade and other payables	N/A	N/A	2,250,602	1,475,197
Interest-bearing – fixed rate				
$100,118,187 Senior Bank Loan	4.815%	29 February 2023	98,924,162	99,695,573
Total non-derivatives			101,174,764	101,170,770

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

There have been no amounts pledged as collateral.

Other financial liabilities

	30 June 2019 $	30 June 2018 $
Derivatives not designated as hedging instruments		
Embedded derivatives	1,625,719	2,080,470
Derivatives designated as hedging instruments		
Interest rate swaps	5,358,801	1,666,963
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Trade and other payables	2,250,602	1,475,197
Total financial liabilities	**9,235,122**	**5,222,630**

Total current	**2,250,602**	**1,475,197**
Total non-current	**6,984,520**	**3,747,433**

Derivatives designated as hedging instruments include the change in fair value of interest rate swaps entered into during 2017.

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as credit risk and liquidity risk. This note presents information about the consolidated entity's exposure to each of the above risks, the consolidated entity's objectives, policies and processes for measuring and managing risk.

Credit risk
Credit risk is the risk of financial loss to the consolidated entity if a counterparty to a financial instrument fails to meet it contractual obligations. The consolidated entity's trade and other receivables consist of an amount receivable from the Australian tax authority. The consolidated entity's cash and cash equivalents consist of cash in bank accounts lodged with reputable banks in Australia. Accordingly, the consolidated entity views credit risk as minimal.

The maximum exposure to credit risk is as follows:

	30 June 2019 **$**	**30 June 2018** **$**
Cash and cash equivalents	3,462,806	10,994,349
Trade and other receivables	1,954,803	861,524
Bank guarantee/bonds	4,608,679	4,498,796
	10,026,288	16,354,669

Liquidity risk
Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity aims to maintain sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the consolidated entity's holdings of cash and cash equivalents. The consolidated entity's cash and cash equivalents are invested in business accounts, which are available upon demand for the consolidated entity's requirements.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and debt facilities or by facilitating additional capital raising and continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
Note 22 details the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 30 June 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
		$	$	$	$	$
Senior Bank Debt		1,235,243	3,335,527	94,353,392	-	98,924,162
Convertible Notes		-	-	4,755,578	-	4,755,578
Interest		1,184,445	3,451,428	17,633,379	26,519,962	48,789,214
Interest Rate SWAP		-	-	-	5,358,801	5,358,801
Trade and other payables		2,250,602	-	-	-	2,250,602
		4,670,290	**6,786,955**	**116,742,349**	**31,878,763**	**160,078,357**

Year ended 30 June 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
		$	$	$	$	$
Senior Bank Debt		-	2,429,268	97,266,305	-	99,695,573
Convertible Notes		-	-	2,080,470	-	2,080,470
Interest		385,580	3,535,796	18,110,953	28,319,820	50,352,149
Interest Rate SWAP		-	-	-	1,666,963	1,666,963
Trade and other payables		1,475,197	-	-	-	1,475,197
		1,860,777	**5,965,064**	**117,457,728**	**29,986,783**	**155,270,352**

Note 22. Fair value measurement

The following table provides the fair value measurement hierarchy of the consolidated entity's assets and liabilities

Fair value measurement hierarchy for liabilities as at 30 June 2019:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at fair value					
Derivative financial liabilities					
Interest rate swaps	30 June 2019	5,358,801	-	5,358,801	-
Embedded derivatives	30 June 2019	1,625,719	-	1,625,719	-

Fair value measurement hierarchy for liabilities as at 30 June 2018:

			Fair value measurement using		
	Date of valuation	**Total**	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at fair value					
Derivative financial liabilities					
Interest rate swaps	30 June 2018	1,666,963	-	1,666,963	-
Foreign exchange forward contracts	30 June 2018	-	-	-	-
Embedded derivatives	30 June 2018	2,080,470	-	2,080,470	-

The consolidated entity enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and the interest rate curves. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the consolidated entity's own non-performance risk. As at 30 June 2019, the marked-to-market value of derivative positions is net of a debit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

The conversion right and early redemption option embedded in the convertible notes are measured using binomial tree lattice methodology with the spot price of the consolidated entity's own share, expected volatility and expected dividend yield of the share, risk free interest rate and asset default threshold as the key inputs.

Note 23. Interest-bearing loans and borrowings (non-current)

	30 June 2019 $	30 June 2018 $
Senior bank debt	94,353,392	97,266,305
	94,353,392	**97,266,305**

Genex Power has a senior bank facility of $98.9 million with Société Générale, Hong Kong Branch, DZ Bank AG and the Clean Energy Finance Corporation (CEFC). The proceeds from the facility are used to pay for the construction cost of the Phase 1 Kidston Solar Farm. As at 30 June 2019, the facility is fully drawn

Key terms of the senior bank debt:

- Interest rate – base rate (BBSY) + 1.75%
- Tenor – Construction plus 5 years

Note 24. Rehabilitation and restoration provisions

	30 June 2019 $	30 June 2018 $
Make good provision on office lease	15,889	15,889
Rehabilitation and provisions	3,804,311	3,804,311
	3,820,200	3,820,200

The rehabilitation and restoration provisions represent the deposit the consolidated entity contributed to the Department of Environment and Heritage Protection, QLD Government. This deposit will only be released when QLD Government relieve the consolidated entity of this obligation and the bank guarantee securing this bond is returned to the consolidated entity.

Note 25. Equity

	30 June 2019 Shares	30 June 2018 Shares	30 June 2019 $	30 June 2018 $
Ordinary shares issued and fully paid	312,431,514	303,931,514	41,899,049	39,955,299

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	**1 July 2017**	**287,807,764**		**35,493,073**
Exercise of loyalty options	21 July 2017	66,250	$0.20	13,250
Exercise of loyalty options	23 August 2017	105,000	$0.20	21,000
Exercise of loyalty options	6 October 2017	75,000	$0.20	15,000
Exercise of loyalty options	1 November 2017	1,037,500	$0.20	207,500
Exercise of loyalty options	17 November 2017	255,200	$0.20	51,040
Exercise of loyalty options	6 December 2017	61,250	$0.20	12,250
Exercise of loyalty options	21 December 2017	60,000	$0.20	12,000
Exercise of loyalty options	12 January 2018	303,100	$0.20	60,620
Exercise of loyalty options	29 January 2018	127,350	$0.20	25,470
Exercise of loyalty options	5 February 2018	690,700	$0.20	138,140
Exercise of loyalty options	9 February 2018	690,000	$0.20	138,000
Exercise of loyalty options	19 February 2018	487,500	$0.20	97,500
Exercise of loyalty options	23 February 2018	1,182,500	$0.20	236,500
Exercise of loyalty options	1 March 2018	10,932,400	$0.20	2,186,480
Exercise of loyalty options	9 March 2018	50,000	$0.20	10,000
Share issue costs reversed	-	-	-	1,237,476
Movement for the year		16,123,750		4,462,226
Balance	**30 June 2018**	**303,931,514**		**39,955,299**
Equity Raising	2 February 2019	8,500,000	$0.25	2,125,000
Equity Raising Fee	13 February 2019	-	-	(106,250)
Equity Raising Fee	28 June 2019	-	-	(75,000)
Movement for the year		8,500,000		1,943,750
Balance	**30 June 2019**	**312,431,514**		**41,899,049**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. The shares have no par value.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Share Option Reserve
Refer to Note 26 for further details.

	Share-based payments $
At 1 July 2017	**2,730,184**
Share-based payments expense during the year	352,313
Loyalty Options Converted	(1,237,476)
Loyalty Options Expired	(58,393)
As 30 June 2018	**1,786,628**
Share-based payments expense during the year	391,840
As 30 June 2019	**2,178,468**

Nature and purpose of reserves

Share-based payments
The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to key management personnel, as part of their remuneration. Refer following for further details of these plans.

All other reserves are as stated in the consolidated statement of changes in equity.

Options at the start of the period (01/07/2018)	36,250,000
Granted during the year	-
Forfeited during the year	-
Exercised during the year (Loyalty Options)	-
Expired during the year	(8,500,000)
Outstanding at the end of the year	27,750,000
Vested and exercisable at the end of the year (30/06/2019)	17,966,666

Options at the start of the period (01/07/2017)	46,800,000
Granted during the year	6,350,000
Forfeited during the year	-
Exercised during the year (Loyalty Options)	(16,123,750)
Expired during the year	(776,250)
Outstanding at the end of the year	36,250,000

Vested and exercisable at the end of the year (30/06/2018)	24,966,667

These share options are the only outstanding share options of the consolidated entity. The terms attached to the options are outlined below:

Chief Operating Officer Options	
Number	5,000,000
Value per option	$0.0714
Subscription price per option	$Nil
Each option is convertible into	1 ordinary share in the parent entity
Exercise price per option	$0.25
Vesting condition	The options will vest in 3 separate tranches upon the achievement of the following 3 milestones: • Financial close of the Kidston Solar Phase One 50MW project; • Financial close of the Kidston Pumped Storage Hydro project; • Successful completion of a feasibility study for another project. If a milestone is not achieved, then the options for that milestone will lapse unvested. As at 30 June 2019, 1,666,667 options have been vested.
Issue date	6 August 2015
Expiry date	6 August 2020
Option exercise period	At any time from date of vesting
Other conditions	None

Executive General Manager Options	
Number	2,400,000
Value per option	$0.0602
Subscription price per option	$Nil
Each option is convertible into	1 ordinary share in the parent entity
Exercise price per option	$0.25
Vesting condition	The options will vest in 3 separate tranches upon the achievement of the following 3 milestones: • Financial close of the Kidston Solar Phase One 50MW project; • Financial close of the Kidston Pumped Storage Hydro project; • Successful completion of a feasibility study for another project. If a milestone is not achieved, then the options for that milestone will lapse unvested. As at 30 June 2019, 800,000 options have been vested.
Issue date	2 September 2016
Expiry date	2 September 2021
Option exercise period	At any time from date of vesting

Other conditions	None

Director Options

Number	14,000,000
Value per option	$0.0851
Subscription price per option	$Nil
Each option is convertible into	1 ordinary share in the parent entity
Exercise price per option	$0.34
Vesting condition	Vesting on issue date
Issue date	17 January 2017
Expiry date	17 January 2022
Option exercise period	At any time from date of issue to date of expiry
Other conditions	None

Company Secretary Options

Number	1,500,000
Value per option	$0.1002
Subscription price per option	$Nil
Each option is convertible into	1 ordinary share in the parent entity
Exercise price per option	$0.34
Vesting condition	The options vested on 1 January 2019.
Issue date	7 July 2017
Expiry date	17 January 2022
Option exercise period	At any time from date of vesting
Other conditions	None

Management Options

Number	4,850,000
Value per option	$0.1296
Subscription price per option	$Nil
Each option is convertible into	1 ordinary share in the parent entity
Exercise price per option	$0.40
Vesting condition	The options will vest in 2 separate tranches upon the achievement of the following 3 milestones: • Financial close of the Kidston Stage 2 Projects • Successful completion of a bankable feasibility study for another project of not less than 30MW. If a milestone is not achieved, then the options for that milestone will lapse unvested. As at 30 June 2019, none of the options have vested.
Issue date	23 February 2018
Expiry date	13 February 2023
Option exercise period	At any time from date of vesting
Other conditions	None

Note 26. Share-based payments

The expense recognised for employee services received during the year is shown in the following table:

	30 June 2019 $	30 June 2018 $
Expense arising from equity-settled share-based payment transactions	391,840	352,314
Total expense arising from share-based payment transactions	**391,840**	**352,314**

There were no cancellations or modifications to the share-based payment awards in FY19 or FY18.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at 1 July	**36,250,000**	**0.31**	**29,900,000**	**0.29**
Granted during the year	-	-	6,350,000	0.39
Expired during the year	(8,500,000)	0.25	-	-
Outstanding at 30 June	**27,750,000**	**0.33**	**36,250,000**	**0.31**
Exercisable at 30 June	**17,966,666**	**0.33**	**24,966,667**	**0.30**

On 6 August 2015, the board of directors authorised the issue of 5,000,000 share options in the consolidated entity to Arran McGhie (Chief Operating Officer), $23,047 has been recognised as expenses in FY19 for this grant.

On 2 September 2016, the board of directors authorised the issue of 2,400,000 share options in the consolidated entity to James Harding (former Executive General Manager and current CEO), $14,193 has been recognised as expenses in FY19 for this grant.

On 1 July 2017, the board of directors authorised the issue of 1,500,000 share options in the consolidated entity to Justin Clyne (Company Secretary), $51,113 has been recognised as expenses in FY19 for this grant.

On 23 February 2018, the board of directors authorised the issue of 4,850,000 share options in the consolidated entity to the senior management team, $230,526 has been recognised as expenses in FY19 for this grant.

Note 27. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	30 June 2019 $	30 June 2018 $
Short-term employee benefits	1,948,240	1,792,154
Post-employment benefits	187,551	165,935
Share-based payments	160,821	48,691
	2,296,612	2,006,780

Short-term employee benefits include salaries, bonuses and other short-term remuneration payments. Post-employment benefits include superannuation payments made by Genex. Share-based payments refers to employee options paid to key personnel.

Note 28. Auditors' remuneration

During the year the following fees were paid for services provided by Ernst & Young, the auditor of Genex Power Limited

	30 June 2019 $	30 June 2018 $
Audit and Assurance Services		
Audit of the financial statements	189,000	135,000
Other Assurance Services	71,000	-
Total assurance services	*260,000*	*135,000*
Non-audit services		
Advisory service on related energy market studies	61,200	58,000
Taxation services	47,500	28,400
Total non-audit services	*108,700*	*86,400*
	368,700	**221,400**

Note 29. Commitments and contingencies

Operating lease commitments – the consolidated entity as lessee
The consolidated entity has entered into operating lease on the office at O'Connell Street where its head office resides. Future minimum rentals payable under non-cancellable operating leases as at 30 June 2019 are, as follows:

	30 June 2019 $	30 June 2018 $
Within one year	203,236	185,021
After one year but not more than five years	759,359	176,444
More than five years	-	-
	962,595	361,465

Capital commitments
At 30 June 2019, the consolidated entity had no capital commitments

Note 30. Related party transactions

Controlled entities
A list of controlled entities is provided in Note 32 to these financial statements.

Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the parent entity and its controlled entities, directly or indirectly, including and director (whether executive or otherwise) of the entity, is

considered key management personnel. Disclosures relating to key management personnel remuneration are set out in the Remuneration Report and Note 27 to these financial statements.

On 7 May 2018, the Company entered into a Services Consultancy Contract with Michael Addison on an arm's length basis to provide consulting services as a strategic adviser consulting on project delivery and the Company's project pipeline in addition to his role as a Non-Executive Director. The Contract provides for an hourly rate of $250 plus GST and a monthly cap of $20,900 plus GST. There is no fixed term and either party may terminate the Contract on 4 months' notice or payment in lieu.

Transactions with other related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless the terms and conditions disclosed below state otherwise. There are no related party transactions other than the issue of share options to the directors and key management personnel as outlined in Note 27 above.

Note 31. Information relating to Genex Power Limited (the Parent)

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	30 June 2019 $	30 June 2018 $
Loss after income tax	23,237,476	4,666,372
Total comprehensive loss	23,237,476	4,666,372

Statement of financial position

	30 June 2019 $	30 June 2018 $
Total current assets	1,362,109	2,529,160
Total assets	56,832,309	37,401,326
Total current liabilities	1,969,961	1,215,952
Total liabilities	48,965,307	9,869,915
Equity		
Issued capital	41,899,049	38,717,823
Equity Reserve		
Option reserves	2,178,468	1,786,628
Accumulated losses	(36,210,515)	(12,973,039)
Total equity	7,867,002	27,531,412

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Parent

Name	Principal place of business / Country of incorporation
Genex Power Limited	Australia

Subsidiaries

Name	Principal place of business / Country of incorporation	30 June 2019 %	30 June 2018 %
Genex (Kidston) Pty Limited	Australia	100.00%	100.00%
Kidston Gold Mines Limited	Australia	100.00%	100.00%
*Genex (Solar) Pty Limited	Australia	99.99%	99.99%
*Genex Solar Holding Co Pty Limited	Australia	99.99%	99.99%
*Kidston Solar Holding Co Pty Limited	Australia	99.99%	99.99%
*Kidston Solar Co Pty Limited	Australia	99.99%	99.99%
*Kidston Solar Finance Co Pty Limited	Australia	99.99%	99.99%
Jemalong PV Holdings Pty Limited	Australia	100.00%	-
Jemalong PV Asset Pty Ltd	Australia	100.00%	-
Jemalong Networks Pty Limited	Australia	100.00%	-
Genex (Kidston Hydro) Pty Limited	Australia	100.00%	-
Kidston Hydro Hold Co Pty Limited	Australia	100.00%	-
Kidston Hydro Project Co Pty Ltd	Australia	100.00%	-

*These companies are 99.99% owned by Genex (Kidston) Pty Limited, the remaining 0.01% is held by Michael Addison.

Note 33. Reconciliation of profit after income tax to net cash from operating activities

Loss before tax	(5,477,931)	(7,461,082)
Adjustments to reconcile profit before tax to net cash flows:		
Convertible notes cost reimbursed	-	(500,000)
Depreciation and impairment of property, plant and equipment	6,369,366	3,017,338
Share-based payment expense	391,841	352,313
Movements in provisions, pensions	(313,216)	33,128
Net (gain) / loss on financial instruments at fair value through profit or loss	(1,229,163)	130,721
Finance income	(225,460)	(249,518)
Finance costs	4,922,282	2,970,877

Working capital adjustments:		
Decrease/(Increase) in trade and other receivables inventories and prepayments	(430,966)	(1,306,012)
Increase/(Decrease) in trade and other payables	775,404	791,757
	4,782,157	(2,220,478)
Interest received	225,460	249,518
Interest paid	(4,486,058)	(4,131,808)
	521,559	(6,102,768)

Note 34. Events after the reporting year

In July 2019 Genex undertook a capital raising via a share placement and Share Purchase Plan (**SPP**), the total amount raised was $21.458 million before costs. The new shares under the placement went to existing and new sophisticated and institutional shareholders and the shares under the SPP were issued to existing shareholders only.

Apart of the matters outlined above, there have been no other material events or circumstances which have arisen since 30 June 2019 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 35. Earnings per share

	30 June 2019	**30 June 2018**
Net loss for the year	$5,477,931	$7,461,082
Weighted average number of ordinary shares used in calculating basic earnings per share	307,121,925	293,927,385
Adjustments for calculation of diluted earnings per share: Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	307,121,925	293,927,385

	Cents	**Cents**
Basic earnings per share	(1.78)	(2.54)
Diluted earnings per share	(1.78)	(2.54)

** The weighted average number of shares takes into account the weighted average effect of right issue during the prior year.*

$4,755,578 ARENA convertible notes and 17,966,666 share options have not been taken into account of the diluted earnings per share calculation since they're anti-dilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

6. DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Genex Power Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of Genex Power Limited for the financial year ended 30 June 2019 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
      ii. complying with Accounting Standards and the Corporations Regulations 2001;

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the managing director and the finance director in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the board

Dr Ralph Craven

Non-Executive Chairman

29 August 2019

Teresa Dyson

Non-Executive Director

29 August 2019

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Independent Auditor's Report to the Members of Genex Power Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Genex Power Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying Value of non-current assets

Why significant	How our audit addressed the key audit matter
The recognition and recoverability of the Group's KS1 assets was considered a Key Audit Matter due to the value of the asset relative to total assets, and the significant judgements and assumptions involved in the Group's assessment of whether any indicators of impairment were present, as required by Australian Accounting Standards.	Our audit procedures included the following: - We selected a sample of the construction costs capitalised to the KS1 assets and agreed these to the supporting supplier invoices, cash payments and assessed whether the cost was appropriately capitalised in accordance with Australian Accounting Standards. - We assessed whether the methodology used by the Group to identify indicators of impairment met the requirements of Australian Accounting Standards. - We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.
Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Genex Power Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Lynn Morrison
Partner
Sydney
29 August 2019

8. CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement (CGS) is provided by the Directors of Genex Power Limited A.C.N. 152 098 854 (GNX or the Company) pursuant to ASX Listing Rule 4.10.3 and reports against the ASX Corporate Governance Council's *'Corporate Governance Principles and Recommendations'* 3rd Edition (the Recommendations) including the 8 principles and 29 specific recommendations included therein. This is the fifth time the Company has reported against the 3rd Edition of the Recommendations. Commencing from next year, the Company expects that it will report against the 4th Edition of the Recommendations even though they are not due to come into effect until Genex's financial year ending 31 June 2021. This CGS was approved by a resolution of the Board of the Company dated 22 August 2019 and is effective as at the same date and is in addition to and supplements the Company's Appendix 4G which is lodged with the ASX together with this Annual Report to Shareholders.

	Principle 1 Recommendations:	**Lay Solid Foundations for Management and Oversight**
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	(a) The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director (**MD**) or equivalent which is currently the Chief Executive Officer (**CEO**), Mr James Harding. The Board Charter also specifically outlines the role of the Board, the Company's Chairman, Individual Directors and the MD/CEO. Each function and its responsibility are outlined in the Board Charter and in various sections of this this Corporate Governance Statement, both of which are available on the Company's website. The role and responsibility of the Board, the Company's Chairman, Individual Directors and the MD/CEO is outlined in the following paragraphs of the Company's Board Charter: • The Board – Paragraph 3.1; • The Chairman – Paragraph 8.1; • The Individual Directors – Paragraph 8.2; and • The MD/CEO – Paragraph 8.3. (b) The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include those matters particularised in paragraph 3.1 of the Company's Board Charter. The MD/CEO is separately responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board as outlined in paragraph 8.3.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a	(a) Prior to the nomination of prospective non-executive directors for election or re-election, the Board must obtain from the prospective candidate: • details of other commitments of the prospective candidate and an indication of the time involved; and

	decision on whether or not to elect or re-elect a director.	• an acknowledgement that the prospective candidate will have sufficient time to meet the requirements of non-executive directors of the Company. All of the Company's current directors have undergone bankruptcy and police checks and appropriate checks will also be undertaken prior to the appointment of any new directors to the Board. (b) When a candidate is placed before shareholders for election or re-election as a director, the names of candidates submitted is accompanied by the following information to enable shareholders to make an informed decision in relation to that vote: • biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate; • details of relationships between the candidate and the Company, and the candidate and directors of the company; • directorships held; • particulars of other positions which involve significant time commitments; • the term of office currently served by any director subject to re-election; and • any other particulars required by law.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company has an Executive Services Agreement in place with each of its executive directors, its Chief Operations Officer, CEO and a Letter of Appointment with each of its non-executive directors.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Secretary is accountable to the Board through the Chairman on all governance matters and on all matters to do with the proper functioning of the Board. The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes, procedures and policies run efficiently and effectively and the Secretary's role of responsibilities is outlined in paragraph 8.4 of the Board Charter.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant	(a) The Company has established a Diversity Policy as part of its Corporate Governance Plan. The Policy details the Board's commitment to providing an inclusive workplace and recognises the value that a workforce made up of individuals with diverse skills, values, backgrounds and experiences can bring to the Company. The Company has a commitment to gender diversity and female participation will be sought in all areas at the appropriate time. Decisions relating to promotion, leadership development and flexible work arrangements will be based on merit and reinforce the

	committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	importance of equality in the workplace. Ongoing monitoring of company policies and culture will be undertaken to make sure they do not hold any group back in their professional development. (b) A copy of the Company's Diversity Policy is available on the Company's website and a summary is included in this Corporate Governance Statement. (c) The Company will establish measurable objectives for achieving gender diversity when it has grown to a point where it is appropriate to do so. The Board will, at least once per year, review the policy to determine its adequacy for current circumstances and make recommendations to the Board for amendment where required. The Company's Corporate Governance Statement each year will contain an update on the Company's compliance with the ASX's recommendations and the Company's Diversity Policy which is contained in (i) below. (i) The Company currently has 13 employees including 2 women in Senior Executive positions with plans to hire another female senior executive shortly. The Company also has 1 female director. This will continue to be reviewed in accordance with each review of the Board's skills and requirements in accordance with the Company's Diversity Policy. (ii) The entity is not a "relevant employer".
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	(a) The Chairman is responsible for the: • evaluation and review of the performance of the Board and its committees (other than the Chairman); and • evaluation and review of the performance of individual directors (other than the Chairman); The Chairman should disclose the process for evaluating the performance of the Board, its Committees and individual directors. The Board (other than the Chairman) is responsible for the: • evaluation and review of the performance of the Chairman; and • review of the effectiveness and programme of Board meetings. The process for the performance evaluation of the Board, its Committees and Directors generally involves an internal review. From time to time as the Company's needs and circumstances require, the Board may

		commission an external review of the Board, and its composition. (b) An informal review of the Board was carried out in October 2018 with the last formal review of the Board prior to that occurring in April 2018 leading to a restructure of the Board with the former Managing Director, Michael Addison, moving to a Non-Executive Director role, the appointment of Teresa Dyson as a Non-Executive Director and the appointment of James Harding to the role of CEO (previously Executive General Manager).
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	(a) The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board Charter sets out the process to be followed in evaluating the performance of senior executives. Each senior executive is required to participate in a formal review process which assesses individual performance against predetermined objectives. (b) An evaluation of the performance of the Chief Operations Officer and Executive General Manager will take place at the same time as a formal Board evaluation scheduled to occur in late 2019 following financial close of the Company's Jemalong Solar Project and K2H Project.
	Principle 2 Recommendations:	**Structure the Board to Add Value**
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	(a) The Board, as a whole, currently serves as the Company's Nomination Committee. Terms and conditions of employees are negotiated by the MD/CEO in consultation with the Chief Operations Officer for recommendation to the Board. As the Company grows in size it is planned that the Company will implement a separate Nomination Committee with its own separate Nomination Committee charter. (b) While the Board does not currently comply with this recommendation, given the early stage of the Company's operations, the Board is of the view that it is currently structured in such a way so as to add value and is appropriate for the complexity of the business at this time. The Board shall ensure that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including: • accounting; • finance; • business; • the Company's industry; • Managing Director/CEO-level experience; and

		• relevant technical expertise. The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Board will determine the procedure for the selection and appointment of new Directors and the re-election of incumbents in accordance with the Company's Constitution, the ASX Listing Rules and having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company. The Board shall ensure that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including: • accounting; • finance; • business; • the Company's industry; • Managing Director-level experience; and • relevant technical expertise. The mix of skills of the current Board is set out on the Company's website.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	(a) Currently only 2 of the 6 directors are considered to be independent given that Michael Addison was formerly the Managing Director until 7 May 2018, Simon Kidston is an Executive Director, Ben Guo is the Finance Director (which is an executive role) and Yongqing Yu is the representative of the Company's second largest shareholder. Mr Addison and Mr Kidston are also substantial shareholders in the Company. The independent directors are Dr Ralph Craven, the Company's Non-Executive Chairman, and Ms Teresa Dyson, both Non-Executive Directors (b) Not applicable. (c) The Directors were appointed to the Board as follows: Dr Ralph Craven – 29 May 2015 Mr Michael Addison – 15 July 2011 Mr Simon Kidston - 1 August 2013 Mr Ben Guo – 25 October 2013 Mr Yongqing Yu – 8 February 2016 Ms Teresa Dyson – 7 May 2018
2.4	A majority of the board of a listed entity should be independent directors.	The Company does not currently have a majority of independent directors however the Board is of the view that notwithstanding that it does not currently comply with this recommendation it nonetheless has the

		appropriate mix of skills and experience for the Company's present stage of operations. The Company does however have a majority of Non-Executive directors comprising 4 of the 6 directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Company's current Chairman is Dr Ralph Craven who is an independent director and is not engaged in any executive role within the Company either as CEO, Managing Director or equivalent.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Pursuant to the Company's Board Charter the Board must implement an appropriate induction and education process for new Board appointees and Senior Executives to enable them to gain a better understanding of: • the Company's financial, strategic, operational and risk management position; • the rights, duties and responsibilities of the directors; • the roles and responsibilities of Senior Executives; and • the role of Board committees.
	Principle 3 Recommendations:	**Act Ethically and Responsibly**
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	(a) The Company's Corporate Governance Plan includes the following policies and charters which provide a framework for decisions and actions in relation to ethical conduct in employment. • Board Charter; • Audit & Risk Management Committee Charter; • Code of Conduct - Obligations to Stakeholders; • Code of Conduct - Directors and Key Officers; • Continuous Disclosure; • Remuneration Committee Charter; • Securities Trading; and • Diversity. (b) A copy of each policy including the codes of conduct relating to Directors, Senior Executives and employees is available on the Company's website.
	Principle 4 Recommendations:	**Safeguard Integrity in Corporate Reporting**
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual	(a) The Company has established an Audit and Risk Management Committee which: (1) has 3 members being Ms Teresa Dyson, Dr Ralph Craven and Mr Michael Addison. All of the committee members are non-executive directors and a majority of the committee being Ms Teresa Dyson and Dr Ralph Craven are independent. (2) is chaired by an independent director being Ms Teresa Dyson who is not the chair of the board. (3) A copy of the policy titled *"Charter of the Audit and Risk Management Committee of Genex Power Limited"* is available on the Company's website.

	attendances of the members at those meetings; **OR** (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	(4) The relevant qualifications and experience of the Committee members is available on the Company's website. (5) The Committee met 3 times in the financial year with all members present at the meeting. (b) Not applicable.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Board ensures that it receives the appropriate declarations and assurances including a declaration from the Chief Financial Officer that the Company's accounts have been kept in accordance with section 295A of the *Corporations Act 2001* and received such declarations in the financial year.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company ensures that the Auditor attends the AGM each year and is available to answer any question from shareholders either at the AGM or submitted in writing prior to the AGM.
	Principle 5 Recommendations:	**Make Timely and Balanced Disclosure**
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	(a) The Company has a continuous disclosure program/policy in place designed to ensure compliance with the ASX Listing Rules on continuous disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position. (b) The continuous disclosure policy of the Company is available on the Company's website.
	Principle 6 Recommendations:	**Respect the Rights of Security Holders**
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company's Corporate Governance Plan includes a shareholder communications strategy which aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. This is contained within the Company's policies titled *"Code of Conduct – Obligations to Stakeholders"* and *"Corporate Governance Policy – Continuous Disclosure"*. The policies are available on the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company's Corporate Governance Plan includes a shareholder communications strategy which is outlined in 6.1.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The Company's Corporate Governance Plan includes a shareholder communications strategy which is outlined in 6.1. The Company also encourages shareholders to attend the Company's AGM and to ask questions of the

		Board and the Auditor and/or to submit questions in writing in advance.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Shareholders may elect to receive electronic notifications when the Annual Report is available on the Company's website and may electronically lodge proxy instructions for items to be considered at the Company's AGM and any relevant EGM.
	Principle 7 Recommendations:	**Recognise and Manage Risk**
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	(a) The Board in conjunction with the Audit and Risk Management Committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. (1) has 3 members being Ms Teresa Dyson, Dr Ralph Craven and Mr Michael Addison. All of the committee members are non-executive and a majority of the committee being Ms Teresa Dyson and Dr Ralph Craven are independent. (2) is chaired by an independent director being Ms Teresa Dyson who is not the Chair of the Board. (3) A copy of the policy titled *"Charter of the Audit and Risk Management Committee of Genex Power Limited"* is available on the Company's website. (4) The members of the committee are Ms Teresa Dyson (Chair), Dr Ralph Craven (Member) and Mr Michael Addison (member). (5) The Committee met 3 times during the reporting period with all members as constituted at the time in attendance. (b) Not applicable.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	(a) The Company has established policies for the oversight and management of material business risks. The Audit and Risk Management Charter of the Company is available on the Company's website. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the Board in conjunction with the Audit and Risk Committee. The Board and Audit and Risk Management Committee are required to assess risk management and associated internal compliance and control procedures and will be responsible for ensuring the process for managing risks is integrated within business planning and management activities. Reports on risk management are to be provided to the Board by the Audit and Risk Management Committee at the first Board meeting subsequent to each Committee meeting. (b) A formal review of the Company's risk management framework occurs at every Board meeting with the Board reviewing and prioritising the top risks faced by

		the Company as advised by the COO in conjunction with the Audit & Risk Management Committee. A formal review and planning session analysing and assessing the Company's risk register occurred a number of times through the reporting period between the Audit & Risk Management Committee and the executive team.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; **OR** (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	(a) The Company's internal audit function is exercised by the Finance Director, Mr Ben Guo, in conjunction with a full time financial controller employed by the Company to ensure a level of segregation particularly in relation to processes and procedures around such things as payment authorisations and limits of authority. (b) Not applicable.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company is not aware of any potential material exposure to economic and environmental risks but emphasises the summary of non-exclusive risks outlined in the Company's Replacement Prospectus lodged with ASIC on 10 June 2015. In relation to any potential, but as yet unknown, environmental risk, the Company has an environmental assurance bond with the Queensland Government for $3,804,311.
	Principle 8 Recommendations:	**Remunerate Fairly and Responsibly**
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	(a) The Board has established a separate Remuneration Committee which: (1) has 3 members being Dr Ralph Craven, Ms Teresa Dyson and Mr Simon Kidston. A majority of the committee also being Dr Ralph Craven and Ms Teresa Dyson are independent. (2) the Committee is chaired by an independent director being Dr Ralph Craven. (3) A copy of the Remuneration Committee Charter is available on the Company's website. (4) The members of the committee are Dr Ralph Craven, Ms Teresa Dyson and Mr Simon Kidston. (5) The Committee met twice in the financial year with all 3 members being present at the meeting of the Committee. (b) Not applicable.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Committee distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. The Company's Constitution and the Corporations Act also provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of the

		executive directors (without the participation of the affected director).
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	(a) A summary of the Company's policy on prohibiting transactions in associated products which operate to limit the risk of participating in unvested entitlements under any equity based remuneration scheme is contained within the Remuneration Committee Charter. (b) Paragraph 6.2 (3) of the Company's Remuneration Committee Charter states: *"…The Committee must ensure that, where applicable, any payments of equity-based remuneration are made in accordance with the Company's constitution and any thresholds approved by the Company's shareholders. Committee members must be aware at all times of the limitations of equity-based remuneration. The terms of such schemes should clearly prohibit entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under these schemes. The exercise of any entitlements under these schemes should be timed to coincide with any trading windows under the Company's securities trading policy…"*

9. ADDITIONAL SECURITIES EXCHANGE INFORMATION

The following information is provided pursuant to Listing Rule 4.10 and is current as at 8 August, 2019 (unless otherwise stated):

Voting Rights

Shareholder voting rights are specified in clause 10.14 of the Company's Constitution lodged with the ASX on 6 July 2015. Option holders do not have the right to vote at a general meeting of shareholders until such time as the options have been converted into ordinary shares in the Company.

Total number of Shareholders	**3,166**
Total number of Optionholders	**10**

The Names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholder notices given to the Company is as follows.

Substantial Shareholders	**Total Units**	**Date of Notice**
KFT Capital Pty Limited <Gundimaine A/C> - Simon Kidston	20,944,431	29.07.19
Asia Ecoenergy Development Limited (formerly Zhefu)	35,678,750	29.07.19
Danawa (Inv) Pty Ltd <Danawa Superannuation Fund A/C> - Michael Addison	28,500,000	29.07.19

There are 371 shareholders with an unmarketable parcel of shares being a holding of less than 2,174 shares each for a combined total of 519,937 shares. This is based on a closing price of $0.23 per share as at 8 August, 2019 and represents 0.12939% of the shares on issue.

Distribution of Shareholders

Holdings Ranges	**Holders**	**Total Units**	**Percentage %**
1-1,000	93	7,199	0.002
1,001-5,000	790	2,379,900	0.592
5,001-10,000	416	3,412,729	0.849
10,001-100,000	1,417	59,701,648	14.857
100,001 and over	450	336,339,879	83.700
Total	**3,166**	**401,841,355**	**100.00**

Top 20 Shareholders	Total Units	Percentage %
CITICORP NOMINEES PTY LIMITED	41,511,377	10.330%
ASIA ECOENERGY DEVELOPMENT LIMITED	35,678,750	8.879%
DANAWA (INV) PTY LTD <DANAWA S/F A/C>	28,500,000	7.092%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	22,078,315	5.494%
KFT CAPITAL PTY LIMITED <GUNDIMAINE A/C>	17,700,000	4.405%
DOWNING DOMAIN INVESTMENTS PTY LTD	14,852,377	3.696%
ZERO NOMINEES PTY LTD	9,405,000	2.340%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	7,461,667	1.857%
AUSTRALIAN GO FUTURES PTY LTD	7,000,000	1.742%
BNP PARIBAS NOMS PTY LTD <DRP>	5,445,233	1.355%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,420,468	1.100%
MAJI MAZURI PTY LTD & MAWINGO PTY LTD	4,306,110	1.072%
UBS NOMINEES PTY LTD	3,415,054	0.850%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,352,876	0.834%
KFS PTY LIMITED <SEK SUPER FUND A/C>	3,224,431	0.802%
LONGMUIR RESOURCES PTY LTD <W A S L SUPER FUND A/C>	2,517,500	0.626%
PANCHO (NSW) PTY LIMITED <GAVSOL SUPER FUND A/C>	2,400,000	0.597%
MS YINGHUI LI	2,350,348	0.585%
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,161,366	0.538%
MOORE PARK CAPITAL PTY LIMITED	2,000,000	0.498%
Top 20 Shareholders	**219,780,872**	**54.693**
Total Issued Capital	**401,841,355**	**100.00**

Distribution of Optionholders – Exercisable at $0.25 expiring 6 August 2020

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	0	0	0.00
1,001-5,000	0	0	0.00
5,001-10,000	0	0	0.00
10,001-100,000	0	0	0.00

100,001 and over	1	5,000,000	100.00
Total	**1**	**5,000,000**	**100.00**

Optionholders with more than 20% of the Class of Option:		
A & M McGHIE INVESTMENTS PTY LTD <A & M McGHIE FAMILY A/C>	5,000,000	100.00

Distribution of Optionholders – Exercisable at $0.25 expiring 2 September 2021

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	0	0	0.00
1,001-5,000	0	0	0.00
5,001-10,000	0	0	0.00
10,001-100,000	0	0	0.00
100,001 and over	1	2,400,000	100.00
Total	**1**	**2,400,000**	**100.00**

Optionholders with more than 20% of the Class of Option:		
JAMES WILLIAM HARDING	2,400,000	100.00

Distribution of Optionholders – Exercisable at $0.34 expiring 17 January 2022

Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	0	0	0.00
1,001-5,000	0	0	0.00
5,001-10,000	0	0	0.00
10,001-100,000	0	0	0.00
100,001 and over	5	15,500,000	100.00
Total	**5**	**15,500,000**	**100.00**

Optionholders with more than 20% of the Class of Option:		
RIVONIA PTY LIMITED <ADDISON FAMILY A/C>	4,000,000	25.806
KFT CAPITAL PTY LIMITED <GUNDIMAINE A/C>	4,000,000	25.806
LIGUO CAPITAL PTY LIMITED <BENJO FAMILY A/C>	4,000,000	25.806

Distribution of Optionholders – Exercisable at $0.40 expiring 13 February 2023

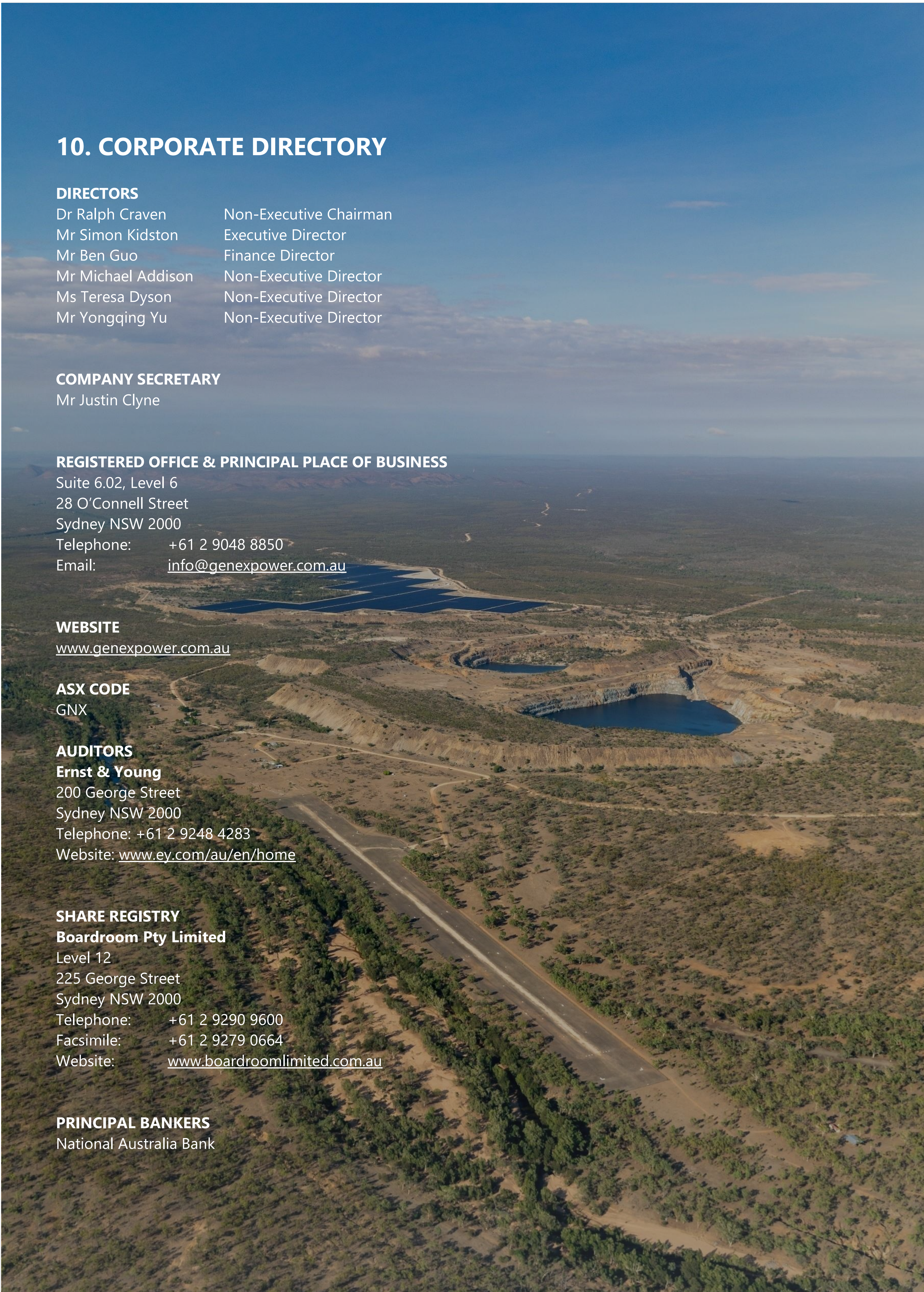
Holdings Ranges	Holders	Total Units	Percentage %
1-1,000	0	0	0.00
1,001-5,000	0	0	0.00
5,001-10,000	0	0	0.00
10,001-100,000	0	0	0.00
100,001 and over	3	4,850,000	100.00
Total	**3**	**4,850,000**	**100.00**

Optionholders with more than 20% of the Class of Option:

JAMES WILLIAM HARDING	2,600,000	53.608
CRAIG ARTHUR FRANCIS	2,000,000	41.237

There are no shares or options subject to escrow.

There is no current on-market buy-back.



10. CORPORATE DIRECTORY

DIRECTORS

Dr Ralph Craven	Non-Executive Chairman
Mr Simon Kidston	Executive Director
Mr Ben Guo	Finance Director
Mr Michael Addison	Non-Executive Director
Ms Teresa Dyson	Non-Executive Director
Mr Yongqing Yu	Non-Executive Director

COMPANY SECRETARY

Mr Justin Clyne

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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ASX CODE

GNX

AUDITORS

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SHARE REGISTRY

Boardroom Pty Limited
Level 12
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PRINCIPAL BANKERS

National Australia Bank

2019 Annual Report

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