



Kangaroo Island Plantation Timbers

ABN 19 091 247 166

Quarterly Activities Report and Appendix 4C

For the quarter ended
31 March 2017



Highlights

During the quarter

- **Signed a funding agreement with the Commonwealth Bank of Australia:**
 -) \$25 million of facilities to help expand portfolio of land and timber assets; and
 -) \$30 million, being 100% of the anticipated construction cost of the proposed Smith Bay Wharf.
- **Continued progress toward developing multi-user wharf at its Smith Bay site on the north coast of Kangaroo Island:**
 -) Deputy Premier of South Australia and Minister for Planning, the Hon. John Rau SC MP, has formally declared that the Company's Smith Bay wharf proposal will be assessed under the major projects pathway designated in s.46 of the South Australian Development Act 1993; and
 -) all of the expected external studies that will inform our Environmental Impact Statement have been completed.
- **Completed an independent valuation of its timber inventory, resulting in the Interim Report showing an increase in biological asset of \$32.3 million.**
- **Signed an MoU with Mitsui Bussan Woodchip Oceania Pty Ltd.**
- **Completion of a share split on the basis of 10 for 1 share held.**

Since the quarter end:

- **Raised \$12.1 million in an institutional placement.**
- **Raised \$11 million in the institutional component of an accelerated pro rata non-renounceable entitlement.**
- **To raise \$10.4 million in the fully-underwritten retail component of an accelerated pro rata non-renounceable entitlement.**
- **Signed an agreement to buy a suitable floating pontoon.**
- **Acquisition of 19,000 ha of land on Kangaroo Island effectively quadrupling the size of the Company's timber estate, completed today.**



Acquisition of Forestry Investment Trust estate on Kangaroo Island completed on 28 April 2017

The agreement

Kangaroo Island Plantation Timbers Ltd (KPT or the Company) announced, on 31 October 2016, the execution of the transaction documents giving effect to the Company's acquisition of the Forest Investment Trust (FIT) estate on Kangaroo Island, as per the Heads of Agreement (previously announced on 21 October 2016) under which KPT committed to purchase the entire FIT estate managed by New Forests Asset Management (New Forests) on Kangaroo Island, South Australia. The purchase includes all of the plantation land, standing timber and the Ballast Head site that had been proposed by New Forests as an export facility.

Under the terms of the agreement, the final purchase price was between \$55.0 million and \$67.8 million, depending on the final date of completion. The final purchase price was \$55.0 million plus acquisition costs and the purchase as completed on 28 April 2017.

The Forestry Investment Trust estate on Kangaroo Island

The FIT estate includes approximately 19,000 ha of land of which more than 10,700 is planted with Tasmanian blue gum (*eucalyptus globulus*). The current standing volume of timber is estimated at 2.4m green metric tonnes. Thus, the FIT estate acquisition will effectively quadruple the size of KPT's plantation area and triple its standing timber resource.

Smith Bay Wharf Development approval process underway

The Company has obtained ministerial declaration that the Company's Smith Bay Wharf proposal will be treated as a major project and assessed under s.46 of the South Australian Development Act 1993. The next step is a site visit by the Development Assessment Commission of South Australia which is scheduled in early May.

As a consequence of the FIT acquisition which was completed today, KPT will also own the other potential site for an export facility (at Ballast Head). On the basis of careful consideration, KPT believes the Smith Bay site offers very significant advantages over Ballast Head, to both the Company and the Community.

KPT is committed to the thorough and rigorous assessment of its proposed development, in consultation with the South Australian Government and with the involvement of the Kangaroo Island Community.

Other matters

Change of address

The Company relocated its registered address and principal place of business effective 3 April 2017.

New Registered address:

Suite 816, Aurora House, 147 Pirie Street, Adelaide SA 5000

New Principal Place of Business address:

Suite 805, Aurora House, 147 Pirie Street, Adelaide SA 5000

General Meeting

A General Meeting Notice was held in Adelaide on 24 February 2017, at which the following Shareholder approvals were obtained:

1. Approval of the acquisition of the FIT estate managed by New Forests Asset Management Pty Limited on Kangaroo Island, South Australia (Acquisition);
2. A share split on the basis of 10 Shares for every 1 Share held;

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3. Confirmation of the appointment of Non-Executive Director, Mr Greg Boulton AM to the Board; and
4. The issue of a maximum of 89,999 (899,990 post share-split) performance rights dated 24 February 2017, subject to certain share price and liquidity conditions being met.

Securities on issue

At the 31 March 2017 and as at the date of this report the securities on issue included:

	Number of Ordinary Fully paid Shares
As at 31 December 2016	2,412,352
Share Split	21,711,168
At 31 March 2017	24,123,520
New Shares under the Entitlement issue institutional component	5,494,792
Institutional placement	6,028,467
As at 28 April 2017	35,646,779
New Shares to be issued under the Entitlement issue retail component	5,226,772

Appendix 4C

The Appendix 4C as required by Listing Rule 4.7B for the quarter ending 31 March 2017 is attached to this report.

Cash and cash equivalents

The cash and cash equivalent at the 31 March 2017 amounted to \$4,856,889.

Loan facilities

The Company has signed agreement for Commonwealth Bank of Australia loan facility of \$57 million. In addition, two short term loan facilities were established since the quarter end for \$3.25 million, being a \$3 million unsecured loan with Samuel Terry Asset management Pty Ltd and a \$250,000 unsecured loan facility with Alke Pty Ltd ATF McKenzie Family Trust #2, an entity associated with the Chair of the Company, Mr Paul McKenzie. These short term loan will be repaid in full via the retail component of the entitlement offer that is expected to settle on 10 May 2017. In April 2017, \$25 million of the for Commonwealth Bank of Australia loan facility was drawn down and \$3.25 million of the short term loan facilities were drawn down

Cashflows for the next quarter

	\$ million
Cash Inflows	
Equity raised	33.5
CBA Loan facilities	25.0
Short term loan facilities	3.3

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	\$ million
Cash Outflows	
FIT acquisition	(50.0)
Acquisition and fund raising costs	(7.00)
Asset acquisition	(0.7)
Short term loan facilities	(3.4)
Other costs	(1.5)

Signed on behalf of Kangaroo Island Plantation Timbers Ltd

Ms Vicky Allinson
Company Secretary

Date 28 March 2017

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

KANGAROO ISLAND PLANTATION TIMBERS LIMITED

ABN

19 091 247 166

Quarter ended ("current quarter")

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8	39
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(228)	(434)
(f) administration and corporate costs	(303)	(737)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	31
1.5 Interest and other costs of finance paid	-	(33)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) Wharf Development	(313)	(732)
1.9 Net cash from / (used in) operating activities	(826)	(1,866)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(800)	(6,300)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	3	218
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(797)	(6,082)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	12,837
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(427)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	11,910

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,480	895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(826)	(1,866)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(797)	(6,082)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	11,910

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,857	4,857

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,857	6,480
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,857	6,480

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
133
-

Since 1 July 2016 the Directors fees paid 100% in cash quarterly.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	57,000	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company has signed agreement for Commonwealth Bank of Australia loan facility of \$57 million, of which \$25 million was drawn down on 28 April 2017. In addition, two short term loan facilities were established since the quarter end for \$3.25 million, being a \$3 million unsecured loan with Samuel Terry Asset management Pty Ltd and a \$250,000 unsecured loan facility with Alke Pty Ltd ATF McKenzie Family Trust #2, an entity associated with the Chair of the Company, Mr Paul McKenzie. These short term loan were drawn down in full on 27 April 2017 and will be repaid in full via the retail component of the entitlement offer that is expected to settle on 10 May 2017.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	230
9.6 Administration and corporate costs	1,270
9.7 Other (provide details if material)	
- FIT acquisition	50,000
- Acquisition and fund raising costs	7,000
- Short term loan (see below notes)	3,400
- Asset acquisition	700
9.8 Total estimated cash outflows	62,600
Total estimated cash inflows (see below)	61,750

Cash inflow for fund raising \$23.1 million raised in April 2017 and a further \$10.4 million due in May 2017. In addition, the Company has drawn down \$28.25 million on the Commonwealth Bank of Australia loan facility and other short term loan facilities in April 2017 (refer to 8.1 for further information).

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	n/a	n/a
10.2 Place of incorporation or registration	n/a	n/a
10.3 Consideration for acquisition or disposal	n/a	n/a
10.4 Total net assets	n/a	n/a
10.5 Nature of business	n/a	n/a

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

28 April 2017
Date:

Print name: Victoria Marie Allinson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.