

Kangaroo Island Plantation Timbers

ABN 19 091 247 166

Quarterly Activities Report and Appendix 4C

For the quarter ended
30 June 2017





Highlights

During the quarter

- received Smith Bay Wharf EIS guidelines developed by the independent Development Assessment Commission of South Australia and approved by the Environment Protection Authority of South Australia
- Acquisition of 19,000 ha of land on Kangaroo Island effectively quadrupling the size of the Company's timber estate
- Raised \$12.1 million in an institutional placement.
- Raised \$11 million in the institutional component of an accelerated pro rata non-renounceable entitlement.
- Raised \$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.
- Strengthened management team
- New head office in Adelaide and new office in Kingscote, Kangaroo Island

Since the quarter end:

- commencement of investigative drilling of the seabed at Smith Bay, the site of its proposed timber export wharf.



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 was 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 a 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.

In June 2017, guidelines for environmental reporting regarding the proposed wharf at Smith Bay on Kangaroo Island were released. The Company is required to produce an Environmental Impact Statement (EIS). The matters to be addressed in the EIS are as anticipated and can be satisfactorily addressed by studies that have already been conducted or are underway.

As part of the EIS the Company has commenced the investigative drilling of the seabed at Smith Bay, the site of its proposed timber export wharf. The investigative drilling is necessary in order to finalise the wharf design, and to ensure that it can be constructed and operated with no negative effect on environmental water quality. The Environment Protection Authority of South Australia is satisfied that the investigation itself will have no such negative effects. The information gathered by means of this geotechnical investigation will be used to determine the exact soil composition. For the last six months, the Company has positioned a monitoring buoy just north of its Smith Bay property to measure the quality of the water in real time. The Company has also measured wave, tide and current movements for over a year. The resulting data will be used, in conjunction with information about the seabed composition, to devise and populate a coastal process model. This is an essential element of the EIS for the wharf project.

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

Securities on issue

At the 30 June 2017 and as at the date of this report the securities on issue were:

Quarterly Activities Report

For the quarter ended 30 June 2017



	Number of Ordinary Fully paid Shares
At 31 March 2017	24,123,520
New Shares under the Entitlement issue institutional component	5,494,792
Institutional placement	6,028,467
New Shares under the Entitlement issue retail component	5,227,030
As at 30 June 2017	40,873,809

Appendix 4C

The Appendix 4C as required by Listing Rule 4.7B for the quarter ending 30 June 2017 is attached to this report.

Cash and cash equivalents

The cash and cash equivalent at the 30 June 2017 amounted to \$6,045,427.

Loan facilities

The Company has signed agreement for Commonwealth Bank of Australia loan facility of \$57 million. \$25 million of the Commonwealth Bank of Australia loan facility was drawn down.

In addition, two short term loan facilities were established, drawn down and fully repaid in the quarter - \$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.

Signed on behalf of Kangaroo Island Plantation Timbers Ltd

Ms Vicky Allinson
Company Secretary

Date 30 July 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")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	23	62
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(187)	(621)
(f) administration and corporate costs	(296)	(1,033)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	43
1.5 Interest and other costs of finance paid	(852)	(885)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) Wharf Development	(184)	(916)
1.9 Net cash from / (used in) operating activities	(1,484)	(3,350)

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment			
Land, building and timber		(52,903)	(59,203)
Wharf and other assets		(876)	(876)
(b) businesses (see item 10)		-	-
(c) investments		-	-
(d) intellectual property		-	-
(e) other non-current assets		-	-
2.2 Proceeds from disposal of:			
(a) property, plant and equipment		-	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		(53,779)	(59,861)

3. Cash flows from financing activities			
3.1 Proceeds from issues of shares		31,451	44,288
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		25,000	25,000
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		56,451	68,361

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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	4,857	895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,484)	(3,350)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(53,779)	(59,861)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	56,451	68,361
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	6,045	6,045

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	3,511	4,857
5.2	Call deposits	2,534	-
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)	6,045	4,857

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**

236

-

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

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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	25,000
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	168
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	126
9.6 Administration and corporate costs	581
9.7 Other (provide details if material)	
- Wharf development costs	975
- Asset acquisition	747
9.8 Total estimated cash outflows	2,597

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

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)

Date: 30 July 2017

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.