

The Manager
Companies Announcements Office
Australian Securities Exchange

09 October 2017

Dear Sir/Madam,

Economic impact of proposed wharf

The Company (KPT) has received the final report from EconSearch concerning the economic impact of its proposed deep-water wharf at Smith Bay on Kangaroo Island, and of the export plantation forestry operation that it will enable. The full report will be released as part of the Environmental Impact Statement currently being prepared.

The results are broadly confirmatory of the economic impacts estimated internally and previously announced by the Company. The forestry industry will create 234 jobs on Kangaroo Island and contribute more than \$41 million to its economy annually, according to the EconSearch report. There will be further positive impacts at a state and national level.

A comparison with broadacre agriculture on the island shows that plantation forestry will generate a three-fold greater return, more than double the number of jobs, and more than three times the household income per hectare.

The report finds that, while Kangaroo Island has lower unemployment than the rest of South Australia, it also has a lower average income, a steeper decline in school enrolments, lower building approvals, slower population growth and its population is ageing more quickly.

The EconSearch work confirms the Company's published statements that there will be a significant population increase resulting from its operations, due to both direct and indirect employment effects. KPT Managing Director, John Sergeant has said "The indirect jobs will be spread over a wide range of industries, such as retail, services, teaching, medical and government agencies. They will create demand for housing, improve the ratepayer base for local government and provide participants for island activities, such as sports clubs and volunteer organisations."

According to the report, jobs in forestry will range from tree-planting, forest and road maintenance to harvesting, transport, logistics, administration and materials handling. Head office functions such as accounting, payroll, IT and environmental management will also be sources of job growth for the Island.

Yours sincerely,



Ms Vicky Allinson
Company Secretary