

Kangaroo Island Plantation Timbers

ABN 19 091 247 166

Quarterly Activities Report and Appendix 4C

For the quarter ended
31 March 2018





Highlights

During the quarter

- **Continued progress toward developing multi-user deep-water wharf at its Smith Bay site on the north coast of Kangaroo Island:**
 - Results of offshore geotechnical sampling and initial coastal process modelling
 - Land purchase at Smith Bay

Smith Bay Wharf Development approval process continues

Results of offshore geotechnical sampling and initial coastal process modelling

Since the last Appendix 4C was issued, the Company has received the results of two critical studies relating to marine conditions at Smith Bay, the site of the proposed KI Seaport. The geotechnical sampling determined the seabed composition in the zone of 10-12m water depth, and the coastal process modelling addressed the primary and secondary effects of the dredging that is needed to create a berth pocket and to level the seaward approaches.

The results of both studies are favourable, and show that:

-) The seabed composition was found to be consistent with inferences made on the basis of previous offshore geophysical investigations and onshore geotechnical sampling. In particular, no elevated hard rock was found in the area that will form the berth pocket or in the berth approaches.
-) The geotechnical conditions encountered generally comprise sand overlaying a mixture of cobbles and sediment. Sand is the largest proportion of this material. No toxic materials were identified. These materials can be removed in a cost-effective and environmentally sound manner, and a large portion of the liberated material is capable of being reused as bulk fill on land or for causeway construction, following any required treatment on shore;
-) Smith Bay is subject to natural variation in water quality. Fine materials are periodically deposited from nearby watercourses and then re-suspended and dispersed during periods of wind-driven waves.
-) The coastal process modelling showed that, having regard to the strength and direction of currents, and the composition of the seabed, the facility can be constructed without adverse effects on the abalone farm located east of the development site.
-) The coastal process modelling did not identify any significant or persistent effects on marine flora and fauna beyond the footprint of the development itself.

The next phase of modelling will address the effect of in-water structures on coastal processes and will assist in optimising their design. The Company remains committed to delivering and

Quarterly Activities Report

For the quarter ended 31 March 2018



operating the KI Seaport in a way that minimises negative impacts on water quality. Full details of this and other studies will be available in the forthcoming Environmental Impact Statement for the project.

Land purchase at Smith Bay

Since the last Appendix 4C was issued, the Company has bought an additional 173ha coastal site that adjoins its Smith Bay land to the east. The purchase price was \$2.15 million and the transaction settled in early April 2018.

The additional land provides the Company with greater flexibility in the layout and capability of its onshore facilities and in managing the actual and perceived impacts of its proposed development. It also gives room for the facility to expand in the future, should this be required. All these benefits are subject to government consent.

Securities on issue

At 31 March 2018 and as at the date of this report the securities on issue included:

Ordinary Shares on issue

	Number of Ordinary Fully paid Shares
As at 31 December 2017	50,524,197
\$720,000 raised via directors and key management personnel under the Institutional Placement at \$2.00 per New Share	360,000
Shares issued as payment for services rendered by Seaview Corporate Services Pty Ltd totalling \$12,500	5,617
As at 31 March 2018	50,889,814

Performance rights at 31 December 2017 and 31 March 2018

The Shareholders approved the issue of Performance Rights, the details of which are summarised in the table below:

Shares to be issued per director:				
20 Business Day/One million share VWAP	J Sergeant & G Holdaway Number.	P McKenzie, S Black & G Boulton Number.	Total Shares to be issued to Directors Number.	Escrow period
\$3.50 or above	107,140	53,570	374,990	12 months
\$4.25 or above	85,720	42,860	300,020	12 months
\$5.00 or above	64,280	32,140	224,980	12 months
Total	257,140	128,570	899,990	

A Director is eligible for the Rights, if they are in office from the date approved by Shareholders to the date the price and volume conditions are first met.

Vesting terms:

- (1) Tranche 1 vests upon meeting the \$3.50 VWAP and volume condition;

Quarterly Activities Report

For the quarter ended 31 March 2018



- (2) Tranche 2 vests on the later of:
 - a. upon meeting the \$4.25 VWAP and volume condition; or
 - b. on or after the first business day of July in the financial year following the one in which Tranche 1 vested, providing the most recent 20-day VWAP at the vesting date is at or above \$4.25.
- (3) Tranche 3 vests on the later of:
 - a. upon meeting the \$5.00 VWAP and volume condition; or
 - b. on or after the first business day of July in the financial year following the one in which Tranche 2 vested, providing the most recent 20-day VWAP at the vesting date is at or above \$5.00.

Appendix 4C

The Appendix 4C as required by Listing Rule 4.7B for the quarter ending 31 March 2018 is attached to this report.

Cash and cash equivalents

The cash and cash equivalent at 31 March 2018 amounted to \$12,246,326.

Loan facilities

The Company has a Commonwealth Bank of Australia loan facility of \$57.1 million. \$25 million of this facility was drawn down in the prior quarter.

Signed on behalf of Kangaroo Island Plantation Timbers Ltd

Ms Vicky Allinson

Company Secretary

Date: 27 April 2018

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 2018

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	88	167
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(176)	(778)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(238)	(697)
(f) administration and corporate costs	(269)	(700)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	53
1.5 Interest and other costs of finance paid	(301)	(1,188)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) Wharf Development	(611)	(2,251)
1.9 Net cash from / (used in) operating activities	(1,472)	(5,394)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment Wharf development	(2,238)	(6,750)
	Other	(307)	(307)
	(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	-	4
	(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	(2,545)	(7,053)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	720	20,000
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	-	(1,352)
3.5	Proceeds from borrowings	-	3,000
3.6	Repayment of borrowings	-	(3,000)
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	720	18,648

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	15,543	6,045
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,472)	(5,394)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,545)	(7,053)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	720	18,648
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	12,246	12,246

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	10,637	13,690
5.2	Call deposits (restricted)	1,609	1,853
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)	12,246	15,543

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

187

-

Executive remuneration and Non-Executive Directors fees.

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	57,100	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 \$57.1 million, of which \$25 million was previously drawn down.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	422
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	251
9.6 Administration and corporate costs	171
9.7 Other (provide details if material)	
- Interest and other costs of finance	358
- Wharf expenses	572
- Wharf assets	1,375
- Land acquisition	1,843
9.8 Total estimated cash outflows	4,992

During the previous quarter net cash outflows were estimated at \$6,171,000 actual new cash outflows from Operating and Investing amounted to \$4,017,000. The \$2,154,000 decrease is primarily due to \$2,379,000 of wharf assets and \$184,000 of wharf expenses being delayed to 30 June 2018 or later quarters, offset by a \$307,000 deposit on a land acquisition.

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:
(Company secretary)

27 April 2018
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.