

5 October 2018

The Manager
Companies Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

Log sale and purchase agreement with Mitsui

Kangaroo Island Plantation Timbers (KPT or the Company) announced on 21 November 2017 that it had entered into a binding sale agreement with Mitsui Bussan Woodchip Oceania Pty Ltd (Mitsui), covering its hardwood chip production.

KPT now announces that it has signed a five-year Log Sale and Purchase Agreement with Mitsui. This agreement establishes key terms under which the softwood (pine) timber resource on Kangaroo Island will be monetised. To provide the required level of certainty for both parties, and for sawmill owners, an automatic term extension is built into the agreement.

The agreement provides that Mitsui will buy softwood logs from KPT on a free-on-board basis or equivalent. Pricing is determined by prevailing market prices for various defined log grades and lengths. Softwood represents about 20 per cent of the Company's standing timber.

In addition to pine logs, the agreement has flexibility to include large diameter hardwood logs that are considered too valuable to chip.

There are substantial privately-owned plantations on the Island and the agreement has the necessary flexibility to include logs from these independent growers, should they wish.

This agreement, covering logs, completes the offtake arrangements for the Company's standing timber. KPT and Mitsui now await timely government approval of the proposed KI Seaport, the Draft Environmental Impact Statement for which was submitted last week.

The Company values its increasingly close association with Mitsui, which is a source of knowledge and advice, as well as timber marketing expertise.

Yours sincerely,



Ms Vicky Allinson
Company Secretary