

Kangaroo Island Plantation Timbers

ABN 19 091 247 166

Quarterly Activities Report and Appendix 4C

For the quarter ended
30 September 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**
 - **Lodged the Draft Environmental Impact Statement**
- **Brought forward \$8m debt facility to fund pre-approval costs**
- **Signed a five-year Log Sale and Purchase Agreement with Mitsui**

Submission of Draft Environmental Impact Statement

During the quarter, Kangaroo Island Plantation Timbers (KPT) submitted its Draft Environmental Impact Statement (Draft EIS) for the proposed Kangaroo Island Seaport. The Draft EIS addresses the requirements and guidelines specified by South Australia's Development Assessment Commission.

The Draft EIS and its associated studies demonstrate that the KI Seaport can be built and operated in a way that protects the environment, while providing significant social and economic advantages to South Australia, and to the Kangaroo Island community in particular.

Importantly, the Draft EIS demonstrates that construction and operation of the facility would have no negative effects on the land-based abalone farm that is also located at Smith Bay. It also shows that there would be no significant negative effect on any matters of national environmental significance.

The KI Seaport, once built, is expected to unlock more than 250 full-time jobs, most of them on Kangaroo Island, and to inject more than \$50 million a year into the South Australian economy. The project has not changed in scope or scale since it was originally declared a Major Development in February 2017, although the design of the jetty structure has been modified to reduce the environmental impact of the proposed seaport.

The Minister for Planning will advise when the Draft EIS is available for public consultation. Formal submissions made during the public consultation will be considered and answered in a follow-up Response Document. The Draft EIS and the Response Document will together form the final EIS to be lodged with State and Commonwealth governments for their decision.

Earlier access to debt funding

During the quarter, the Company agreed with its bank to bring forward \$8m of the \$30m post-approval debt facility so that, if required, these funds would be available to fund pre-approval costs, including work on the pontoon that will form part of the Kangaroo Island Seaport.

Log sale and purchase agreement with Mitsui

KPT announced on 5 October 2018 that it had 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.

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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.

Securities on issue

At 30 September 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 30 June 2018	50,897,512
Shares issued as payment for services rendered by Seaview Corporate Services Pty Ltd totalling \$12,500 on 1 August 2018 and 9 October 2018	12,073
As at 30 September 2018	50,903,384
Shares issued as payment for services rendered by Seaview Corporate Services Pty Ltd totalling \$12,500 on 1 August 2018 and 9 October 2018	12,073
Shares issued to contractors in lieu of services rendered by Allinson Accounting Solutions Pty Ltd total value \$3,000 on 9 October 2018	1,476
At the date of this report	50,911,061

Performance rights

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

20 Business Day/One million share VWAP	Shares to be issued per director:		Total Shares to be issued to Directors	Escrow period
	J Sergeant & G Holdaway Number.	P McKenzie, S Black & G Boulton Number.		
\$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;
- (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.

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(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.

The Performance Rights 10 November 2017 expire on 9 November 2018 and will be replaced by Performance Rights 16 October 2018. The Shareholder approved the Performance Rights 16 October 2018 as the Annual General Meeting held on 16 October 2018, the terms are identical to the 10 November 2018 terms. The new Performance Rights expire on 15 October 2020.

In addition, the Company has announced that it intends to seek shareholder approval for the issue of Performance Rights 16 October 2018 to newly-appointed non-executive director Keith Lamb, in amounts and on terms identical to those applying to other non-executive directors.

Appendix 4C

The Appendix 4C as required by Listing Rule 4.7B for the quarter ending 30 September 2018 is attached to this report.

Review of prior quarter's cashflow estimates

During the previous quarter net cash outflows were estimated at \$2,884,000. The actual cash outflows set out in Appendix 4C amount to \$2,382,988. The \$501,834 decrease is primarily due timing of additional wharf development costs.

Cash and cash equivalents

The cash and cash equivalent at 30 September 2018 amounted to \$4,343,557.

Loan facilities

The Company has a Commonwealth Bank of Australia loan facility of \$57,100,000. \$25,000,000 of this facility was drawn down in the prior quarters and \$8,000,000 is available for immediate drawdown.

Signed on behalf of Kangaroo Island Plantation Timbers Ltd

Ms Vicky Allinson
Company Secretary

Date: 31 October 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")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	18	18
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs (plantation costs)	(110)	(110)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(286)	(286)
(f) administration and corporate costs	(152)	(152)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	18
1.5 Interest and other costs of finance paid	(340)	(340)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) Wharf Development	(738)	(738)
1.9 Net cash from / (used in) operating activities	(1,590)	(1,590)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment Wharf development	(793)	(793)
	Other	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets - land	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets - land	-	-
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	(793)	(793)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	6,727	6,727
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,590)	(1,590)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(793)	(793)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,344	4,344

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	850	3,411
5.2	Call deposits (restricted)	3,494	3,316
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)	4,344	6,727
The Group has an \$8,000,000 loan facility available for immediate drawdown			

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	223
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	
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 Group has signed agreement for Commonwealth Bank of Australia loan facility of \$57.1 million, of which \$25 million was previously drawn down. The Group has an \$8,000,000 loan facility available for immediate drawdown.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	394
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	231
9.6 Administration and corporate costs	257
9.7 Other (provide details if material)	
- Interest and other costs of finance	348
- Wharf expenses	872
- Wharf assets	1,465
9.8 Total estimated cash outflows	3,567

During the next quarter the Group will draw down funds from the \$8,000,000 loan facility available.

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)

31 October 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.