

14 November 2018

The Manager
Companies Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

MoU regarding bioenergy on Kangaroo Island

Kangaroo Island Plantation Timbers (KPT or the Company) advises that it has entered into a multiparty memorandum of understanding (MoU) that provides for the possibility that its harvest waste stream will be used as a source of biomass for gasification, electricity generation and the production of various liquid fuels and chemicals on Kangaroo Island. The harvest waste stream is all those parts of a tree that are not merchantable as chip or logs and includes branches, leaves, tops, bark, thinnings and fines.

The other parties to the MoU are the Kangaroo Island Council and its expert partners, together known as Kangaroo Island Energy. The MoU acknowledges that the availability of this biomass is dependent on the commencement of large-scale harvest operations for log and woodchip exports.

The use of the Company's sustainably grown timber waste stream is consistent with the clean and green image of Kangaroo Island. It also aligns with KPT's desire to ensure that, as well as directly sequestering carbon in its plantations, it is also contributing to fossil fuel replacement.

At this stage, the parties have committed to cooperate. It should be noted that projects such as this have long lead times and are subject to various uncertainties. Access to biomass is only the first step, and various feasibility studies need to be undertaken by Kangaroo Island Energy before the parties are in a position to finalise commercial arrangements.

Yours sincerely,



Ms Vicky Allinson
Company Secretary