

1 March 2019

The Manager
Companies Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

Woodchip handling exclusivity agreement with Mitsui

Kangaroo Island Plantation Timbers (KPT or the Company) refers to its announcement on 17 August 2018 that it had entered into an exclusivity agreement with Mitsui Bussan Woodchip Oceania Pty Ltd, a wholly owned subsidiary of Mitsui & Co., Ltd. (Mitsui), under which Mitsui intends to develop, maintain and operate woodchip handling facility at the KI Seaport, subject to certain conditions, including development approval.

The Company today announces that the agreement has progressed to the next stage, based on its acceptance of a non-binding detailed proposal submitted by Mitsui earlier this month. Under the terms of the agreement, Mitsui will now prepare a binding proposal to be submitted to KPT later in calendar 2019.

The proposed woodchip handling facility will include infrastructure capable of receiving, screening, stockpiling, sampling, and loading woodchips into bulk vessels for export from the KI Seaport. The parties have now agreed on various features and capacities of the planned woodchip handling facility, which is planned to include a circular bed blending stacker and reclaimer. Such a system offers quality and flexibility advantages over the pad and dozer approach typically used at other Australian ports. Mitsui will draw on the considerable infrastructure development experience within the wider Mitsui Australia group to deliver the facility.

The facility is planned to be operated under a toll woodchip handling agreement between Mitsui and KPT, which will enable KPT to export woodchips via the facility on a fee per tonne basis. Under the agreement, ownership of the system is proposed to revert to KPT after ten years. The Company has confirmed to Mitsui that the proposed pricing regime is acceptable, and consistent with its budgeted costs.

KPT has offtake arrangements in place with Mitsui for its plantation-grown woodchip and log resources.

Yours sincerely,



Ms Vicky Allinson
Company Secretary