



Kangaroo Island Plantation Timbers

ABN 19 091 247 166

Quarterly Activities Report and Appendix 4C

For the quarter ended
31 March 2019



Highlights

Since last 4C quarterly

- Continued progress toward developing multi-user deep-water wharf at its Smith Bay site on the north coast of Kangaroo Island
- Environmental Impact Statement released and public consultation period commenced
- Woodchip handling facility exclusivity agreement with Mitsui progressed to next stage
- Raised \$11 million via an institutional placement and share purchase plan (SPP)

Release of Environmental Impact Statement

Kangaroo Island Plantation Timbers (KPT) submitted its Draft Environmental Impact Statement (Draft EIS) for the proposed Kangaroo Island Seaport in late September 2018. The Draft EIS addresses the requirements and guidelines specified by South Australia's Development Assessment Commission. During the quarter, the EIS was revised based on feedback from State and Commonwealth agencies and submitted to the Minister for Planning in January. The EIS public consultation commenced on 28 March and the EIS was released to the public by the government.

The 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 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, the majority 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 has determined that the EIS will be available for public consultation until 28 May 2019, a period of 9 weeks. Formal submissions made during the public consultation will be considered and answered in a follow-up Response Document. The EIS and the Response Document will together form the Final EIS to be lodged with State and Commonwealth governments for their decision. The Company may modify its proposal in the response document to enhance the social, economic or environmental benefits of the project, or to address the concerns of objectors.

The Company expects a decision in the current calendar year but has no control over the duration of the approval process. There is no right of appeal against the final decision.

Access the EIS [here](https://www.sa.gov.au/topics/planning-and-property/land-and-property-development/building-and-property-development-applications/major-development-applications-and-assessments/proposals-currently-being-assessed/kangaroo-island-plantation-timber-port-at-smith-bay) or paste the following into your browser:

<https://www.sa.gov.au/topics/planning-and-property/land-and-property-development/building-and-property-development-applications/major-development-applications-and-assessments/proposals-currently-being-assessed/kangaroo-island-plantation-timber-port-at-smith-bay>

Shareholders who wish to make a submission in relation to the EIS are encouraged to contact the Company on support@kipt.com.au



Woodchip handling exclusivity agreement with Mitsui

KPT announced 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 this agreement Mitsui intends to develop, maintain and operate the woodchip handling facility at the KI Seaport, subject to certain conditions, including development approval.

The Company announced on 1 March 2019 that the agreement had progressed to the next stage, based on its acceptance of a non-binding detailed proposal submitted by Mitsui. Under the terms of the agreement, Mitsui will now prepare a binding proposal to be submitted to KPT later in the 2019 calendar year, unless otherwise agreed between the parties.

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 expects to 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. The woodchip handling project is subject to final documentation.

KPT has off-take arrangements in place with Mitsui for its plantation-grown woodchip and log resources and these agreements have the flexibility to include timber produced by the 13 independent timber growers on Kangaroo Island, if they wish to market their timber through KIPT and Mitsui.

\$11 million raised via institutional placement and SPP

The funds were raised to meet additional approval costs, to fund unanticipated pontoon storage, reconditioning and refurbishment costs, and to significantly increase contingency funds and working capital. The additional funds also satisfy a condition precedent for bank funding of wharf construction costs.

The Company thanks all those who supported the capital raising. It has no plans to raise further share capital. The details of the recent raising are provided below.



Securities on issue

At 31 March 2019 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 2018	50,911,061
Shares issued to Institutional investors on 17 February 2019 at \$2.00 per share	4,670,000
Shares issued under Share Purchase Plan on 18 March 2019 at \$2.00 per share	483,250
Shares issued as payment for services rendered by Seaview Corporate Services Pty Ltd totalling \$12,500 on 20 March 2019	6,720
At 31 March 2019 and at the date of this report	56,071,031

In addition, the Company has announced that it intends to seek shareholder approval at the next general meeting of the Company for the issue of 330,000 new shares to directors of the Company, who committed to subscribe for these shares in conjunction with the institution placement.

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 Number.	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.
- (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.

Quarterly Activities Report

For the quarter ended 31 March 2019



The Performance Rights dated 10 November 2017 expired on 9 November 2018 and were replaced by Performance Rights dated 16 October 2018. The Shareholders approved the 16 October 2018 Performance Rights at the Annual General Meeting held on 16 October 2018; the terms are identical to the 10 November 2017 terms. The new Performance Rights expire on 15 October 2019.

In addition, the Company has announced that it intends to seek shareholder approval for the issue of Performance Rights dated 16 October 2018 to executive director Keith Lamb, in amounts and on terms identical to those applying to Mr Sergeant and Mr Holdaway.

Appendix 4C

Appendix 4C, as required by Listing Rule 4.7B, for the quarter ending 31 March 2019 is attached to this report.

Review of prior quarter's cashflow estimates

During the previous quarter net cash outflows were estimated at \$4,871,000. The actual cash outflows set out in Appendix 4C amount to \$3,201,000, excluding cash inflows from equity or borrowing. The \$1,670,000 decrease is primarily due to EIS approval delays which affected the timing of wharf development costs, resulting in a \$1,628,000 delay in cash outflows.

Cash and cash equivalents

The cash and cash equivalent at 31 December 2018 amounted to \$12,909,604.

Loan facilities

The Company has a Commonwealth Bank of Australia loan facility of \$57,100,000. \$27,700,000 of this facility was drawn down in prior quarters, \$2,000,000 drawn down in the current quarter, and \$3,300,000 is available for immediate drawdown.

Signed on behalf of Kangaroo Island Plantation Timbers Ltd

Ms Vicky Allinson
Company Secretary

Date: 30 April 2019

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 2019

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	63	106
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs (plantation costs)	(472)	(808)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(314)	(908)
(f) administration and corporate costs	(108)	(748)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	40
1.5 Interest and other costs of finance paid	(386)	(1,064)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) Wharf Development	(652)	(2,016)
1.9 Net cash from / (used in) operating activities	(1,858)	(5,398)

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	(1,302)	(2,839)
	Other	(32)	(33)
	(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	(1,334)	(2,872)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	10,294	10,294
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	(542)	(544)
3.5	Proceeds from borrowings	2,000	4,700
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	11,752	14,450

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	4,347	6,727
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,856)	(5,396)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,334)	(2,872)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,752	14,450
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	12,909	12,909

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	9,979	1,192
5.2	Call deposits (restricted)	2,930	3,155
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)	12,909	4,347

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
247
-

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	29,700
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, of which \$4,700,000 has been drawn down at the end of the quarter.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs (plantation costs)	193
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	315
9.6 Administration and corporate costs	439
9.7 Other (provide details if material)	
- Interest and other costs of finance	395
- Insurance	410
- Wharf expenses	236
- Wharf assets	1,857
9.8 Total estimated cash outflows	3,845

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)

Date: 30 April 2019

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.