

Kangaroo Island Plantation Timbers

ABN 19 091 247 166

Quarterly Activities Report and Appendix 4C

For the quarter ended
30 June 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**
- **Draft Environmental Impact Statement public consultation period completed**
- **Public and government agency feedback on Draft EIS received**
- **KI Seaport pontoon pre-approval works completed**
- **New Managing Director, Mr Keith Lamb**

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.

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 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, 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 and to increase the separation from sensitive receptors.

During the prior quarter, the Draft EIS was revised, based on feedback from State and Commonwealth agencies and then submitted to the Minister for Planning in January. The EIS public consultation ended on 28 May 2019. Formal submissions made during the public consultation period and received from government agencies are now being considered and addressed in the follow-up Response Document.

The Major Development process encourages the modification and improvement of projects to address public and government agency comments, together with any new information that may arise through the consultation processes. KPT will continue to investigate design enhancements for the in-water structure, to further reduce dredge quantities, improve circulation of water in Smith Bay and further increase separation from sensitive receptors. Landside changes will also be considered by the Company and its project partner Mitsui Bussan Woodchip Oceania Pty Ltd. The Response Documents will provide details of any such project improvements.

KPT will analyse and respond to all government and public submissions, constructively and respectfully, with a view to delivering the project in a way that benefits the Island and the State, while protecting the environment and existing Island businesses.

The EIS and the Response Document will together form the Final EIS to be lodged with State and Commonwealth governments for their approval decision.



The Company anticipates 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.

KPT will make an ASX announcement when it lodges its Response Document and will provide access to this document when the South Australian Government makes it publicly available.

KI Seaport pontoon pre-approval works completed

In September 2017, KPT acquired a large pontoon suitable to form the berth face of the proposed KI Seaport, its proposed deep water wharf at Smith Bay, Kangaroo Island. The pontoon has been undergoing reconditioning and refitting works in a shipyard in Vietnam.

The Company now confirms that all planned work has been successfully completed and that the pontoon has been transferred to a freshwater upriver storage location near Ho Chi Minh City. Any further work will be delayed until after development approval.

The pontoon will be relocated to Smith Bay only when the retaining structures are in place to receive it, as the final stage in the construction of the KI Seaport itself. Once the pontoon is in place, it will be possible to export pine logs. Materials handling equipment will be built on the land, causeway, jetty and pontoon, to enable the efficient export of hardwood woodchips.

Change of Managing Director

Now that the public and agency consultation period of the Kangaroo Island Seaport development has concluded, the Company has announced that Mr Keith Lamb has taken over as Managing Director. This is part of a long-planned transition, as the Company anticipates moving into port construction, forestry production and export operations, subject to regulatory approval.

Mr John Sergeant remains in an executive capacity and will continue as an executive director, as Mr Lamb takes overall responsibility for the next phase in the Company's transition to profitable and sustainable operations.

The Chair of KPT, Mr Paul McKenzie, has said: "Mr Sergeant has driven the growth of the Company from a sub-scale timberland owner, with a mixed collection of stranded assets, to a sustainable producer of quality timber, poised to deliver a significant infrastructure project. During that time, KPT's market capitalisation has grown from around \$3 million to around \$120 million. We thank John for his stewardship of the Company, and we are glad that he will continue to assist in the next stages of the Company's development".

"Mr Lamb is one of the most respected forestry professionals in Australia, with a history of deploying institutional capital to create value for forest owners, and with a genuine commitment to the role that forestry can play in building resilient and prosperous regional communities. He is the right person, at the right time, and we are proud to have him as the new leader of the business."

Mr Lamb became Managing Director effective 1 June 2019 and is now based in Adelaide. Mr Sergeant will continue to be involved in the current development approval process, enabling Mr Lamb to focus on the Company's medium to long term growth.

Securities on issue

At 30 June 2019 and as at the date of this report, the securities on issue included:

Quarterly Activities Report

For the quarter ended 30 June 2019



Ordinary Shares on issue

	Number of Ordinary Fully paid Shares
As at 31 March 2019	56,071,031
Shares issued as payment for services rendered by Seaview Corporate Services Pty Ltd totalling \$12,500 on 1 May 2019	6,184
Shares issued to employees under Executive and Employee Share Plan on 28 June 2019 at \$2.1008 per share	2,380
Shares issued as payment for services rendered by Allinson Accounting Solutions Pty Ltd totalling \$4,000 on 28 June 2019	1,904
At 30 June 2019 and at the date of this report	56,081,499

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.

The Shareholders approved the 16 October 2018 Performance Rights at the Annual General Meeting held on 16 October 2018. The 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 to managing director, Mr 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 30 June 2019 is attached to this report.

Review of prior quarter's cashflow estimates

During the previous quarter net cash outflows were estimated at \$3,845,000. The actual cash outflows set out in Appendix 4C amount to \$3,409,000, excluding cash inflows from equity or borrowing. The \$436,000 decrease is primarily due to lower overheads and plantation costs in the quarter.

Cash and cash equivalents

The cash and cash equivalent at the 30 June 2019 amounted to \$9,510,949.

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 July 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")

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	24	130
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs (plantation costs)	(409)	(1,217)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(533)	(1,441)
(f) administration and corporate costs	(153)	(899)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	34	74
1.5 Interest and other costs of finance paid	(381)	(1,445)
1.6 Income taxes paid	209	209
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) Wharf Development	(332)	(2,348)
1.9 Net cash from / (used in) operating activities	(1,541)	(6,937)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment Wharf development	(1,866)	(4,705)
	Other	(2)	(35)
	(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	(1,868)	(4,740)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	13	10,307
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	(2)	(546)
3.5	Proceeds from borrowings	-	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	14,461

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	12,909	6,727
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,541)	(6,937)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,868)	(4,740)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11	14,461
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	9,511	9,511

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	6,977	9,979
5.2	Call deposits (restricted)	2,534	2,930
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)	9,511	12,909

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

274

-

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.		
<p>The Group has signed an 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.</p>		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs (plantation costs)	216
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	345
9.6 Administration and corporate costs	170
9.7 Other (provide details if material)	
- Interest and other costs of finance	378
- Wharf expenses	394
- Wharf assets	607
9.8 Total estimated cash outflows	2,110

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)

30 July 2019
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.