

The Manager
Companies Announcements Office
Australian Securities Exchange

26 November 2019

Dear Sir/Madam,

Changes at Heartland Hub (former Timber Creek Mill) site

The Company (KPT) announces that it has entered into an agreement that it expects to lead to the sale and removal of the main sawmill equipment that comprises the green mill, dry mill and drying kilns at its Heartland Hub (former Timber Creek Mill) site, along with various associated machinery. The sale proceeds will have no material effect on the Company's finances. However, the sale is significant as the closing of a chapter for the timber milling industry on Kangaroo Island.

The Company has retained equipment that may be of value when log and woodchip export operations begin, such as various generators, as well as several large sheds.

The sale of surplus equipment is part of the preparation of the Hub to act as a base of forestry operations for harvest, haulage, replanting and maintenance. In due course, the Hub may also be a suitable site for a bioenergy plant using forestry waste.

The post peeler and treatment plant at the Hub were operated in the recent past and remain available for operation. There are no plans to sell this equipment, which is capable of being used to produce poles and fence posts from pine thinnings.

Previous owners of the mill invested many millions of dollars in the saw milling enterprise, which has operated only sporadically and, as far as the Company is aware, has never made a profit. The mill was last operated by the Company, on a limited basis, in 2013, but was heavily loss-making at that time. It has since been in care and maintenance.

At its peak, the Mill employed more than 30 people, producing a variety of products from pines grown on Kangaroo Island. The Company is now focused on exporting softwood logs and eucalypt woodchips, an enterprise that will be profitable and sustainable, and will create around 250 full-time jobs, directly and indirectly, on Kangaroo Island.

Yours sincerely,



Ms Vicky Allinson
Company Secretary