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ASX Announcement

The Manager
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KILAND LTD TO UNDERTAKE CARBON REMOVAL PROJECT

Key points:

- **Kiland Ltd (“Kiland”) intends to convert its 4.5 million tonnes of fire-damaged biomass (standing timber) into approximately 900,000 tonnes of biochar. Trial process to commence.**
- **The Board believes biochar production may offer Kiland a significant opportunity for monetisation via potential production of approximately 1.8 million Carbon Removal Certificates**
- **Minimal incremental funding requirement from Kiland**
- **Preferred partnership with Biocare Projects Pty Ltd**

Kiland intends to convert approximately 4.5m tonnes of fire-damaged biomass (standing timber) into approximately 900,000 tonnes of biochar over 6 – 10 years.¹ Trial process to commence.

Kiland announces its intention to convert approximately 4.5m tonnes of fire-damaged biomass (standing timber) into biochar via a pyrolysis process. Any biochar production is expected to be complementary to Kiland’s existing land development activities on Kangaroo Island, and has the potential to offset a material development cost of Kiland’s reversion activities through an additional revenue opportunity.

Biochar is a stable form of carbon made from biomass that can endure in soil for hundreds to thousands of years. Biochar is considered a permanent store, making it an ideal technology for scalable carbon removal. Biochar is produced through pyrolysis, which is a process of burning biomass in a low oxygen environment.

Kiland’s existing reversion strategy requires the harvesting and stacking of biomass. Once the biomass has been harvested, Kiland intends to undertake the pyrolysis of fire-damaged trees via an ‘in-field’ production process to produce biochar. Kiland’s project partners have undertaken preliminary trials of this ‘in-field’ process and Kiland intend to undertake a larger scale trial in the coming 6 months to confirm anticipated biochar from biomass yields. If proven through the trial process, this ‘in-field’ technology is expected to be capable of converting plantation biomass impacted by fire and of no

¹ These figures are current indicative estimates only and remain subject to change. Actual biochar production may vary significantly.

value into a product which may have material value. There is no guarantee the trial process will be successful.

If the trial process is successful, Kiland intends to commence full scale biochar production within the next twelve months. Kiland expects to produce approximately 900,000 tonnes of biochar over a period of 6 – 10 years.²

Significant opportunity for monetisation via potential production of approximately 1.8 million Carbon Removal Certificates ("CRCs")

Kiland's biochar project is expected to be the world's largest new biochar project with anticipated carbon removal equivalent to the annual emissions from 390,000 conventional automobiles.³

Carbon dioxide removal requires physically capturing CO₂-e from the atmosphere and locking it in a stable form (such as biochar). A key characteristic of CRCs is permanence which ensures that emissions are kept out of the atmosphere for a significant length of time (centuries in most cases).

Absent conversion to biochar, over time Kiland's plantations will release carbon and methane back into the atmosphere through burning or natural decay. This project will deliver an improved environmental outcome for the local community and contribute to removing carbon dioxide from the atmosphere.

The production of biochar from plantation forestry converts carbon from a form that is unstable into one that is very stable. Due to this status, biochar production can yield Carbon Removal Credits. CRCs can be purchased by emitters in the voluntary market to offset emissions.

CRCs represent the long-term removal of carbon. 1 CRC represents 1 tonne of CO₂ removed from the atmosphere. Kiland expects to yield approximately 2 CRCs for every tonne of biochar produced - approximately 1.8 million CRCs.⁴

Nasdaq Inc has recently released the world's first index to track a certain type of CRC – as of May 2022 the spot price of the CO₂ Removal Certificate Weighted Index Family (CORCCHAR) was reported as €100 per tonne⁵. According to KraneShares Global Carbon Strategy ETF, which benchmarked to IHS Markit's Global Carbon Index, as of June 2022 the global price of carbon was US\$46.67 per ton of CO₂⁶. The market price for CRCs is in its infancy, prices have been and are expected to remain volatile. Current estimates suggest Kiland can expect to realise in excess of AUD55 per CRC based on recent and comparable CRC sales⁷.

Minimal additional funding requirement from Kiland

The incremental funding requirement for Kiland's biochar project is currently expected to be approximately \$15 million⁸, however this has the potential to be reduced from any early sales of CRCs.

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³ Based on EPA estimate of annual carbon emissions per automobile

⁴ These figures are current indicative estimates only and remain subject to change. Actual biochar production and therefore the availability of CRCs may vary significantly.

⁵ For further information see - <https://puro.earth/carbon-removal-index-price/>

⁶ For further information see - <https://kraneshares.com/krbn/>

⁷ Based on indicative estimates by Biocare Projects Pty Ltd on a best estimates basis. This estimate assumes current market conditions persist, it is subject to change and does not represent a guarantee.

⁸ These figures are current indicative estimates only and remain subject to change. Actual funding requirements may vary significantly.

Kiland has sufficient contingency funding to employ additional staff and acquire relevant machinery. Kiland may seek project funding from external parties. Any funding from external parties is currently anticipated to be done at the 'project level'.

Preferred partnership with Biocare Projects Pty Ltd ("Biocare")

Kiland has identified Biocare as its preferred partner for project design and CRC marketing. Kiland and Biocare are currently in late stages of contract negotiation. Biocare has a unique background in biochar carbon removal projects. Biocare's principals have significant experience in carbon project certification under multiple standards.

Kiland's existing Property Manager, AAGIM Investment Management Pty Ltd ("AAGIM") has also been pivotal to the development of this project. AAGIM's existing Property Management Agreement extends to this project.

About Biocare Projects Pty Ltd



Biocare Projects specialises in identifying, assessing and enabling decarbonisation projects. Biocare focuses on carbon removal offsets, which involve taking carbon from the atmosphere through nature-based or technology-based solutions, providing permanent carbon sequestration. We evaluate the potential for various industries to streamline processes, manage waste streams and generate new income sources, with a primary focus on heavy industry, agriculture and forestry. Biocare offers end to end advisory on feasibility, technology, operations, commissioning, project registration and compliance, carbon credit marketing and sales, and biochar end use.

Authorised for release by:

The Board of Directors, Kiland Ltd

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