



Kiland Limited

ASX code: KIL

ABN 19 091 247 166

Quarterly Activities Report and Appendix 4C

For the quarter ended

31 December 2022

Quarterly Activities Report

For the quarter ended 31 December 2022

Highlights

Since last Appendix 4C Quarterly Report

- **Agricultural estate**
- **Carbon removal project - Nobrac launched equity raise to fast-track biochar project development**
- **Other corporate matters**

Agricultural estate

Kiland Limited's ("Kiland", "Company") property manager, AAGIM Investment Management Pty Ltd ("AAGIM"), continues to remediate the company's land from plantation forestry to agriculture. At the date of this report 434 hectares had been harvested with stump grinding and land preparation for grazing and cropping under way.

Carbon removal project – Nobrac launched equity raise to fast-track biochar project development

Kiland initially capitalised its 100% owned subsidiary, Nobrac Limited (**Nobrac**) with \$2 million cash and has provided a shareholder loan facility of up to \$10 million to Nobrac. The shareholder loan facility has an interest rate of 7% per annum (cash or payment-in-kind) and 3 year term; there have been no drawdowns at the date of this report.

On 9 November 2022, Kiland announced an external fundraising in Nobrac to fast-track its biochar project. The raise was completed on 15 December 2022 raising \$7.1 million in Nobrac.

The external equity capital was raised at a \$50 million pre-money equity valuation. The post-money equity valuation is, therefore, \$57.1 million and Kiland's equity ownership of Nobrac has reduced from 100% to 87.6%. Following the capital raise the Board of Nobrac will consist of two Kiland representatives and two investor representatives.

Nobrac now has approximately \$19 million available funding to develop the Flinders Biochar Project.

Nobrac owns 100% of KI Carbon Limited which in-turn owns the rights to the Flinders Biochar Carbon Removal Project on Kangaroo Island in South Australia (**Flinders Biochar Project**). Kiland's subsidiary Kangaroo Island Land Assets Limited has entered into an agreement to deliver harvested biomass to KI Carbon Limited for a nominal tolling fee.

Kiland believes that the Flinders Biochar Project is an institutional-grade carbon development project with significant opportunity for future cashflow generation, with forecast revenue from Carbon Removal Credits as well as by-product biochar sales.

Through the Flinders Biochar Project, Nobrac will seek to capitalise on rapidly developing global carbon opportunities and create an institutional-grade carbon platform, while also meaningfully contributing to net-zero targets and driving climate change action by permanently removing carbon from the atmosphere.

Quarterly Activities Report

For the quarter ended 31 December 2022

Other corporate matters

On 12 December 2022, the Company announced the appointment of Andrew Metcalfe as Company Secretary. Victoria Allinson resigned as Company Secretary effective 12 December 2022.

Shareholders approved the adoption of the remuneration report and reappointment of Mitch Taylor as a director at the 2022 AGM held on 24 November 2022.

Securities on issue

At the quarter end and as at the date of this report, the securities on issue included:

Ordinary Shares on issue

	Number of Listed Ordinary Fully paid Shares
At 30 June 2022, 31 December 2022 and at the date of this report	75,723,338

Performance Rights on issue

	Number of Unlisted Performance Rights
As 30 June 2022, 31 December 2022 and at the date of this report	2,902,500

Appendix 4C

Appendix 4C, as required by Listing Rule 4.7B, for the quarter ended 31 December 2022 is attached to this report.

Cash and cash equivalents

The cash and cash equivalents at 31 December 2022 amounted to \$48,685,573.

Loan facilities

On 9 November 2022, Kiland announced the signing of a \$26 million facility with the National Australia Bank Limited (**NAB**). At 31 December 2022 and the date of this report, the facility comprises:

1. \$16 million Corporate Market Loan working capital facility expiring on 30 September 2025. The facility has a floating interest rate of BBSY plus a drawdown margin of 1.39% pa. The facility is secured by the Company's agricultural land assets.
2. \$10 million Revolving Lease asset facility expiring on 31 August 2025. The facility has a variable interest rate. The facility is secured by the Company's agricultural plant and equipment assets being financed.

Kiland has not drawn down on the facility at the date of this report.

Signed on authority of the Board of Kiland Limited


Mr Alastair Beard
Acting Company Secretary
Date: 30 January 2023

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

KILAND LIMITED

ABN

19 091 247 166

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	84	307
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs – plantation and harvesting costs	(1,628)	(2,455)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(151)	(233)
(f) administration and corporate costs	(163)	(789)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	87	135
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid – R&D Refund	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Insurance Proceeds	-	-
Wharf Development	-	-
1.9 Net cash from / (used in) operating activities	(1,771)	(3,035)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) property, plant and equipment	(2,149)	(3,186)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
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	(2,149)	(3,186)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,070	7,070
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(464)	(464)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - Share buy-back	-	-
3.10	Net cash from / (used in) financing activities	6,606	6,606

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	46,000	48,301
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,771)	(3,035)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,149)	(3,186)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,606	6,606
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	48,686	48,686

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	48,686	46,000
5.2	Call deposits	-	-
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)	46,686	46,000

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

303

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 payments relate to:

- Executive & Non-Executive Directors' fees and reimbursement of expenses \$151k;
- KMP salaries and fees and reimbursement of expenses \$152k; and
- Other related parties \$Nil

6.2 payments relate to:

- Executive & Non-Executive Directors' fees \$Nil;
- KMP salaries and fees \$Nil; and
- Other related parties \$Nil

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	16,000	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify) – Revolving lease	10,000	-
7.4 Total financing facilities	26,000	-

7.5 **Unused financing facilities available at quarter end** 26,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The facility comprises:

1. \$16 million Corporate Market Loan working capital facility expiring on 30 September 2025. The facility has a floating interest rate of BBSY plus a drawdown margin of 1.39% pa. The facility will be secured on agricultural land assets.
2. \$10 million Revolving Lease asset facility expiring on 31 August 2025. The facility has a variable interest rate. The facility will be secured on agricultural plant and equipment assets being financed.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,771)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	48,686
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	48,686
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	27

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a see 8.5

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a see 8.5

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a see 8.5

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.

30 January 2023

Date:

By authority of the Board

Authorised by:

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.