

28 April 2023

ASX:KIL

kiland

March 2023 Quarterly Activities Report

Highlights

- **Operations at Kangaroo Island**
- **Carbon removal project - Nobrac acquires Pyrolysis Unit for Flinders Biochar Project**
- **Other corporate matters**

Operations at Kangaroo Island

Reversion Activities:

Kiland Limited's ("Kiland" or the "Company") property manager, AAGIM Investment Management Pty Ltd ("AAGIM"), continues to remediate the Company's land from plantation forestry to agriculture. Since commencing remediation activities in the December 2022 quarter, and as at the date of this report, a total of 790 hectares (ha), (or 5.5%) of the total forested area of 14,464 ha has been harvested. Further remediation activities have been undertaken on the harvested area including stump grinding (approximately 166 ha), of which 130 ha is now ready for planting of pasture species for grazing which will commence in the June quarter.

Additional harvesting machinery has been sourced from USA and is expected to be delivered to Kangaroo Island by the end of calendar year 2023. Once received, harvesting operations will reach full planned capacity.

Production of biochar:

The Company's strategy to remove the tree crop and convert its land to more traditional agricultural use includes the conversion of approximately 4.5 million tonnes of fire damaged biomass (standing timber) into approximately 900,000 tonnes of biochar via a pyrolysis process. Nobrac Limited and its subsidiary KI Carbon Ltd, was formed by Kiland to undertake this process.

During the March quarter, KI Carbon placed orders for both a timber chipper and a pilot scale pyrolysis unit. (Refer below.)

Land sales:

The Company has entered into a contract to sell its Ballast Head property for \$750,000. This property is a coastal block on the eastern seaboard of Kangaroo Island and was held as a potential port site. As the Company is no longer looking to develop a port, this property is considered non-core. The sale price is 50% above book value and proceeds will be applied towards the current share buyback.

Land acquisitions:

After March quarter end, the Company acquired a 20-ha vacant site in the township of Parndana on Kangaroo Island for \$390,000. This site is zoned Rural Living and the Company will review options for development of the site into an accommodation facility for temporary workers that are not permanent residents of Kangaroo Island.

Carbon removal project – Nobrac acquires Pyrolysis Unit for Flinders Biochar Project

Kiland Limited holds an 87.7% shareholding interest in Nobrac Limited, which 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**).

In March 2023, KI Carbon ordered its first mobile pyrolysis unit. Once deployed this unit will operate at ½ tonne input per hour of woodchip to produce biochar for the Flinders Biochar Project. Biochar is a lightweight carbon-rich substance and will be produced through the pyrolysis of timber sourced from Kiland's fire-damaged tree plantations. The production of the first biochar from Kiland's estate will facilitate registration of the Flinders Biochar Project for voluntary Carbon Removal Credits (CRCs) as soon as possible. Registration of the project and CRC production will occur alongside further acquisitions of larger capacity pyrolysis units to scale up biochar production over the coming months. The pyrolysis unit has been sourced from Beston Group and is expected to be delivered to Kangaroo Island within 3 months.

Other corporate matters

On 1 March 2023, Kiland announced the appointment of Alastair Beard as CFO replacing Victoria Allinson who dedicated nearly 10 years' service to the Company. The board thanks Vicky for her contribution.

On the same day, the Company changed its registered office to Level 36, Gateway Tower, 1 Macquarie Place, Sydney, 2000, Australia. The company's head office is now also located at this address.

In March 2023, the Company commenced an on-market share buy-back, within the '10/12 limit' permitted by the Corporations Act, of up to 7,572,333 fully paid ordinary shares, being approximately 10% of the Company's ordinary shares on issue. As at 31 March 2023, the Company had bought back 1,346,094 ordinary shares at an average price of \$1.74 per share.

Securities on issue

As at the date of this report, the securities on issue include:

Ordinary Shares on issue at commencement of buyback	75,723,338
Less shares bought back but not yet cancelled as at 27 April 2023	(1,811,651)
Ordinary Shares on issue	73,911,687
Performance Rights on issue	2,902,500

Cash and cash equivalents

The cash and cash equivalents at 31 March 2023 amounted to \$48.6m.

Loan facilities

On 9 November 2022, Kiland announced the signing of a \$26 million facility with the National Australia Bank Limited (**NAB**). At 31 March 2023 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 agricultural land assets. It remains undrawn.
2. \$10 million Revolving Lease asset facility expiring on 31 August 2025. The facility has a variable interest rate. The facility is secured by agricultural plant and equipment assets being financed; and has been drawn to \$6.3m with funds used to acquire harvesting machinery and biochar plant and equipment.

Quarterly cash flow report

The Cash Flow appendix 4C for the quarter ended 31 March 2023 is attached to this report.

Approved by the Board of Kiland Limited

Mr James Davies	Mr Andrew Metcalfe
Managing Director	Company Secretary
jdavies@kiland.com.au	andrew@accosec.com

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 March 2023

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	193	500
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs – plantation and harvesting costs	(1,425)	(3,880)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(210)	(442)
(f) administration and corporate costs	(275)	(1,065)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	143	278
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)		
1.9 Net cash from / (used in) operating activities	(1,574)	(4,609)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2,312)	(5,498)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(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	(2,312)	(5,498)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
3.5	Proceeds from borrowings	6,236	6,236
3.6	Repayment of borrowings	(80)	(80)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - Share buy-back	(2,353)	(2,353)
3.10	Net cash from / (used in) financing activities	3,803	10,409

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 period	48,686	48,301
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,574)	(4,609)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,312)	(5,498)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,803	10,409
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	48,603	48,603

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	48,603	46,686
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)	48,603	46,686

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**

180

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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 \$180k;

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	16,000	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify) – Revolving lease	10,000	6,236
7.4 Total financing facilities	26,000	6,236

7.5 Unused financing facilities available at quarter end	19,764
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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)	(1,574)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	48,603
8.3 Unused finance facilities available at quarter end (Item 7.5)	19,764
8.4 Total available funding (Item 8.2 + Item 8.3)	68,367
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	43

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.

28 April 2023

Date:

By authority of the Board

Authorised by:

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.