

27 October 2023

ASX: KIL

kiland

September 2023 Quarterly Activities Report

Highlights

- **Operations at Kangaroo Island**
- **Carbon removal project**
- **Other corporate matters**

The Kiland Agricultural Land estate comprises 45 individual properties totalling approximately 25,584 hectares, of which approximately 18,650 hectares is Agricultural Land (represented by a mixture of forested and unforested land) and 6,934 hectares is remnant vegetation.

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 August 2022, as of 30 September 2023 a total of 1,377 hectares (ha) (or 9.52%) 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 and biomass clearing (approximately 646 ha), of which 353 ha has been sown and fertilised and returned to agriculture grazing lands. Fencing (approximately 26.5 km) has been completed and these lands have been stocked with sheep in the September quarter.

Additional harvesting machinery has been sourced from USA and once received, harvesting and remediation operations will reach full planned capacity.

Harvesting of forested areas has been slower than anticipated due to equipment delivery delays (mainly due to quarantine) which should be addressed by the two additional feller bunchers which arrived in Melbourne in August. One was delivered to Kangaroo Island in September, and the other is expected to arrive on Kangaroo Island in November.

Stock:

The company acquired approximately 700 head of sheep which are currently grazing at the company's MacGills property following completion of reversion activities. The company has contracted to purchase approximately 2,400 mixed aged ewes due for delivery in December 2023.

Land sales and acquisitions and lease activities

The Company has not sold any further non-core properties in the quarter.

The Company has not acquired or sought to acquire any properties in the quarter.

Parndana land development

Following the acquisition of land on the outskirts of Parndana on Kangaroo Island in the June quarter, the Company submitted a \$1m funding application to the South Australian State Government funding for the delivery of infrastructure to support Kiland's proposed housing development in Parndana. Confirmation of this funding was received from the South Australian State Government Department of Infrastructure and Transport on 18th October 2023 that will enable the Company to commence master planning for the Parndana site.

Withdrawal of Smith Bay wharf development project

Kiland formally withdrew its application to build and operate a deep-water wharf at Smith Bay on the north coast of Kangaroo Island, South Australia.

Carbon removal project – Nobrac Limited, KI Carbon Limited

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 produce biochar and Carbon Removal Credits on Kiland's estate on Kangaroo Island in South Australia (Flinders Biochar Carbon Removal Project). The Flinders Biochar Carbon Removal Project is expected to be the largest biochar project in the world and aims to convert approximately 4.5 million tonnes of fire damaged forestry timber into biochar over a 10-to-12-year period. This is the equivalent of removing one year of emissions from 390,000 cars.

Nobrac Ltd acquired its first mobile pyrolysis unit which arrived on Kangaroo Island in the September quarter. Once commissioned this unit will operate at ½ tonne input per hour of woodchip to produce biochar for the Flinders Biochar Carbon Removal Project and enable the project to register for the issuance of Carbon Dioxide Removal (CDR) credits. Nobrac is planning to order larger mobile pyrolysis machines each capable of operating at approximately 5 tonnes input per hour of woodchip to undertake larger scale production. The mobile wood chipping unit arrived on Kangaroo Island in October.

Other corporate matters

During the quarter, no ordinary shares were acquired by the Company under the on-market buy-back. As at 30 September 2023, the Company had bought back 3,810,427 ordinary shares, within the 10/12 limit permitted under the Corporations Act, at an average price of \$1.852 per share.

Securities on issue

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

Ordinary Shares now on issue	71,912,911
Performance Rights on issue	2,902,500

Cash and cash equivalents

The cash and cash equivalents at 30 September 2023 totalled \$32.3m.

Loan facilities

On 9 November 2022, Kiland announced the signing of a \$26 million facility with the National Australia Bank Limited (**NAB**). At 30 September 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 and 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 \$8.8m with funds used to acquire harvesting machinery.

Quarterly cash flow report

The Cash Flow Appendix 4C for the quarter ended 30 September 2023 is attached to this report.

Payments to related parties during the September quarter totalled \$205,000 and comprised directors' salary and fees.

Approved by the Board of Kiland Limited

Mr James Davies	Mr Andrew Metcalfe
Managing Director	Company Secretary
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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")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12	12
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs – plantation and harvesting costs	(2,956)	(2,956)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(97)	(97)
(f) administration and corporate costs	(851)	(851)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	269	269
1.5 Interest and other costs of finance paid	(128)	(128)
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	(3,751)	(3,751)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,737)	(1,737)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(93)	(93)
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	(1,830)	(1,830)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(311)	(311)
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	(311)	(311)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	38,249	38,249
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,751)	(3,751)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,830)	(1,830)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(311)	(311)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	32,357	32,357

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	32,357	38,249
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)	32,357	38,249

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**

205

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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 \$205,000

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	8,835
7.4 Total financing facilities	26,000	8,835

7.5 Unused financing facilities available at quarter end	17,165
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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 is secured by 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 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)	(3,751)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	32,357
8.3 Unused finance facilities available at quarter end (Item 7.5)	17,165
8.4 Total available funding (Item 8.2 + Item 8.3)	49,523
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	13

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.

26 October 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.