

The Manager
Companies Announcements Office
Australian Securities Exchange

14 December 2016

Dear Sir/Madam,

Smith Bay Wharf update

Kangaroo Island Plantation Timbers Ltd (KPT or the Company) wishes to provide an update on its progress towards establishing a route to market for its substantial timber resources on Kangaroo Island.

Further studies commissioned

The Company has announced previously that it has commissioned a number of studies to inform its Smith Bay wharf development and to provide scientific input into the development assessment process. The Company now announces that it has commissioned several further studies, as follows:

Berth harmonics: an analysis of the wave and berthing forces acting upon the proposed floating wharf, to assist in the design of the retaining structures and the orientation of the berth face.

Coastal process modelling: using the hydrodynamic information being collected at the proposed berth face (as announced 12 May 2016) and publicly available data to model the coastal processes operating at Smith Bay, including sediment transport, both under existing conditions and with the proposed wharf structure in place.

Silt plume dispersal modelling: determining the likely dispersal of suspended sediments mobilized during construction, taking into account both the coastal processes described above and the particle size distribution of any suspended sediments.

Water quality monitoring: establishing, over a six-month period, the water quality at Smith Bay, to act as a baseline against which future water quality can be compared.

Roadside vegetation impacts: assessing the effects on roadside vegetation of safety and serviceability upgrades to the road network on Kangaroo Island required to enable forestry haulage vehicles to use the preferred routes identified in the recently-completed traffic management study.

The total cost of these investigations is approximately \$153,500 excluding GST. Further pre-development costs can be expected, for the compilation of a public environment report or equivalent document and for any further studies required by consent authorities as well as for including further engineering input.



Having said that, the Company has, as far as possible, attempted to anticipate the various pre-development requirements and to commission all the necessary studies in advance, in order to expedite the approvals process.

The anticipated costs are within the allowance made in KPT's recent capital raising for project pre-development costs.

Consultancy agreement with Professor Anthony Cheshire

The Company further announces that it has engaged Prof. Anthony Cheshire to provide independent assurance that the proposed development can be managed in a way that protects the interests of the onshore abalone farm that is also located at Smith Bay. Several of the studies mentioned above, coupled with the hydrodynamic observations already underway at Smith Bay, will inform this process.

Development assessment process

The Company is seeking a ministerial declaration that the Company's Smith Bay Wharf proposal will be treated as a major project and assessed under s.46 of the South Australian *Development Act* 1993. As a separate matter, the Company has lodged a referral under the Commonwealth *Environment Protection and Biodiversity Conservation Act* 1999 seeking a decision on whether the Smith Bay development would be considered a controlled action under that legislation.

The Company expects to receive notification of the outcome of these two processes shortly and will advise the market accordingly.

Yours faithfully

A handwritten signature in blue ink, appearing to read "V Allinson", with a horizontal line extending to the right.

Ms Vicky Allinson
Company Secretary