

The Manager
Companies Announcements Office
Australian Securities Exchange

19 February 2017

Dear Sir/Madam,

Smith Bay wharf project: declaration of major development status

Kangaroo Island Plantation Timbers Ltd (KPT or the Company) is pleased to announce that the Deputy Premier of South Australia and Minister for Planning, the Hon. John Rau SC MP, has formally declared that the Company's Smith Bay wharf proposal will be assessed under the major projects pathway designated in s.46 of the South Australian *Development Act* 1993. This pathway provides for rigorous environmental assessment and extensive public consultation.

Welcoming the announcement, the Company's Managing Director, John Sergeant, has said:

"This is a significant infrastructure project for the State of South Australia, the Kangaroo Island community and Kangaroo Island Plantation Timbers Ltd. We thank Minister Rau for endorsing the view that the major projects development assessment pathway is appropriate for the Smith Bay wharf project. However, we recognise that the Minister's declaration is only the first stage in securing development consent and acknowledge that the declaration does not represent an endorsement of the project's merits."

"The deep-water wharf at Smith Bay is the catalyst to a sustainable, profitable plantation forestry industry on Kangaroo Island, which will bring transformative economic and social benefits. We estimate that the project provides an ongoing boost to the State economy of more than \$100 million annually, along with significant increases in permanent, full-time employment and population growth on Kangaroo Island itself"

"It is now incumbent on KPT to show, through the assessment process, that the project can be delivered in a manner that respects and protects Kangaroo Island's unique natural environment and which benefits the community and other Island businesses."

A summary of KPT's estimates of the main benefits of the proposed development, as supplied to the Minister, appears in the following table.

Benefit	Estimate
Direct expenditure on wharf development	\$25-30m
Direct construction employment	50 FTE
Indirect construction employment	86 FTE
Direct permanent, non-seasonal employment once operational	118 FTE
Indirect permanent, non-seasonal employment once operational	168 FTE
KI Population	+430 people
Value of timber exports (to China and Japan) once operational	\$60m pa
Direct expenditure in South Australia once operational	\$40m pa
Total increase in economic activity in South Australia once operational	\$109m pa
Benefit to other (non-timber) wharf users of access based on incremental costs	Not quantified

*FTE= Full Time Equivalent

The Company now looks forward to an orderly, timely, evidence-based development assessment process and will meet its obligations as a proponent fully and professionally. The s.46 process provides for transparency and extensive public consultation and will provide opportunities for all interested stakeholders to comment on the proposed Smith Bay wharf. The Development Assessment Commission is expected to issue its guidelines for the project and announce the public consultation period soon.

Yours faithfully



Ms Vicky Allinson
Company Secretary