



The Manager
Companies Announcements Office
Australian Securities Exchange

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\$5M Forestry Development Fund Grant

Kangaroo Island Plantation Timbers Ltd (KPT or the Company) has previously advised the market of its work to secure diversified markets for dry product, that is, logs produced from forests that have been damaged by wildfire beyond the tolerance of traditional export markets for log and chip.

The Company is aware of emerging challenges experienced by some Australian exporters into certain markets for product unaffected by damage from wildfire.

KPT is pleased to announce that it has been advised by Senator Jonathan Duniam, Assistant Minister for Forestry and Fisheries, that the Company's application to the Forestry Recovery Development Fund has been successful.

The \$5 million grant will support development of a biomass pellet plant on Kangaroo Island, capable of accepting the fire-damaged logs and any other logs that cannot be sold into export markets.

Biomass pellets are a sustainably produced, carbon neutral form of fuel used for power generation in established markets in Japan, North America and Europe. Growing interest and trade in biomass pellets is arising from countries and companies seeking to reduce carbon emissions.

The proposed location of the plant is at the Company's timber processing site at Timber Creek, which was damaged by the wildfires. The pellets will be exported using the chip-handling facility at the proposed Kangaroo Island Seaport at Smith Bay.

KPT started due diligence and project feasibility work immediately after the devastating wildfires of Dec 2019-Jan 2020, in cooperation with several project partners, and is aiming for internal project approval in the first half of 2021, subject to necessary regulatory consent.

This project proposal has multiple benefits for Kangaroo Island. It includes a small-scale biomass power plant to support the pellet mill, which is capable of dispatching base-load power to the electricity grid. Biomass-generated electricity is carbon neutral, supporting Kangaroo Island's brand values as a tourist destination and provider of high-quality agricultural produce.

"On the first anniversary of the tragic Kangaroo Island fires, I commend the Commonwealth government on its vision and foresight in supporting this exciting project proposal," KIPT Managing Director Keith Lamb said.

"Although I am confident that lessons learned from the 2019-20 wildfires will reduce the risk of conflagrations of the extent and intensity we saw last summer, the proposed pellet and power project will provide a market outlet for all plantation growers on Kangaroo Island who might experience fire damage in the future. This re-builds confidence for the sector and the Island economy."

KPT will advise the market of developments on this project, and the status of the approvals for the proposed Kangaroo Island Seaport at Smith Bay.

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By authority of the Board

A blue ink signature of Victoria Allinson.

Victoria Allinson
Company Secretary

