

September 17, 2018
Press Release

Mitsui signs up for KI timber port operations

International infrastructure and timber marketing group Mitsui expects to build and operate the woodchip handling facilities at the proposed Kangaroo Island Seaport, under an agreement signed today with Kangaroo Island Plantation Timbers.

KIPT has signed an exclusivity agreement with Mitsui, under which Mitsui will develop, maintain and operate a complete woodchip handling facility, subject to certain conditions, including development approval and the execution of final transaction documents.

The agreement grants Mitsui the exclusive right to develop a woodchip handling facility at KI Seaport. The agreement requires Mitsui to deliver and operate the facility at pre-agreed fees in order to maintain its exclusive rights.

The woodchip handling facility is proposed to include infrastructure capable of receiving, screening, stockpiling, sampling, and loading woodchips into bulk vessels for export from the KI Seaport. Mitsui already operates similar facilities at Bunbury in WA and in Portland, Victoria.

KIPT will pay a per-tonne fee to use the facility, which will revert to KIPT ownership after 10 years.

Central to the proposed materials handling facility is a state-of-the-art circular automatic stacker-reclaimer. This system operates on a first-in first-out basis, yielding quality advantages, and has a storage capacity of 80,000 green tonnes, greater than the capacity of the largest woodchip carrier vessel. The stockpile can be built and reclaimed simultaneously, and the system has the capacity to manage multiple products, giving KPT the flexibility to export softwood or biomass-grade woodchips in addition to its core hardwood woodchip product.

KIPT has previously signed an offtake agreement with Mitsui for its hardwood (bluegum) products.

Senior Mitsui spokesman Yasuhiro Yamano said his company could provide marketing advantages to KIPT with a system that assures pulp mill customers in Japan and China that they are receiving a high-quality product from a state-of-the art facility.

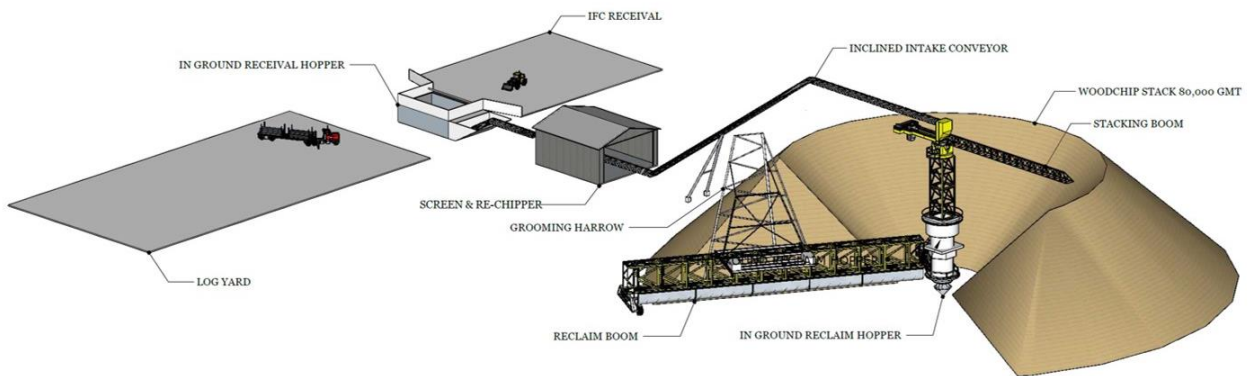
“In addition, Mitsui has project management and woodchip export expertise that enables us to bring significant value to the development process beyond the provision of infrastructure. We are excited to work with KPT and help get the whole Kangaroo Island timber project up and running quickly and cost-effectively,” Mr Yamano said.

KIPT Managing Director John Sergeant said the company was proud to strengthen the relationship with Mitsui.

“There are many advantages for our shareholders in the arrangement announced today. Moreover, we welcome Mitsui’s additional role as a key infrastructure provider and operator. The strength, integrity and

reputation of Mitsui, and its experience in delivering infrastructure projects in Australia represent a great asset to our business.”

Indicative layout of landside woodchip handling system



For more information call John Sergeant on 0412 345 359