

Management Commentary

The operational team on the island continued reversion activities across the quarter ending 31 December 2023.

A further 727 Ha of timber was harvested during the three month period, resulting in a total area harvested to the end of the quarter of 1,729 Ha (12% of the total). Grinding and stacking operations are lagging slightly behind the harvesting operation and this has been a focus of management to ensure sufficient crews and equipment are deployed so that this area of operations keeps up with the harvesting.

The final stages of reversion include spreading fertiliser, sowing of pasture and fencing. Being in the dryer months of the calendar year, no pasture was sown in the December quarter, but fencing continued at pace with a further 40 km of fencing installed across the three properties that are currently the focus of operations. These are Cronins, MacGills and Stockdale. Note that 2,567 ewes are now on the broader estate and lambing produced 580 lambs during the quarter. Shearing and stock sales were scheduled for the next quarter. These took place in late January and early February 2024. Sale proceeds were received in February 2024

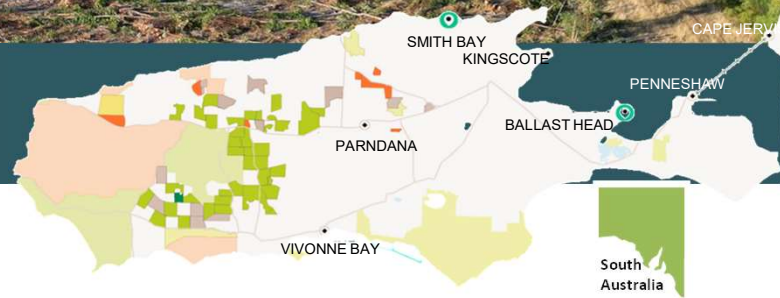
On a corporate level, Kiland Group held its AGM in Sydney on 28 November 2023. All resolutions were approved that were presented in the Notice of Meeting including the increase to the Share Buy Back and the proposed de-listing from the ASX.

- The share buy-back was recommended and a further 5.6m shares were bought back from shareholders, on market, during December 2023. The total number bought back for the three month period was 8.0m shares.
- The ASX de-listing was completed at the end of December 2023 and shareholders were mailed a new holding statement in January by the Company's share registry, Computershare.

From an accounting perspective, Kiland has changed its accounting treatment of reversion costs so that these will now be capitalised to the balance sheet – where appropriate - rather than expensed. Shareholders will notice this change in both the accounting data included in this report and the December half yearly financials that will be released by early March.

An initial drawdown of \$350,000 was made by Biochar Projects under their \$2m loan agreement with Nobrac Ltd, 87% owned by Kiland. This is reflected in the Dec 23 balance sheet along with the carrying value of the investment in Biocare Projects of \$2.7m (adjusted under equity accounting standards for Nobrac's 20% share of Biocare's net profit/(losses) since the time of that investment.

Finally, the biochar project which is held and operated by Nobrac Ltd, is also making progress. The on-island team worked on testing of the 0.5 tonne per hour pilot unit after it was commissioned at the end of November 2023. The mobile wood chipper is fully operational, and working well, and procurement commenced for the 10 tonne pyrolysis unit. Certification of the biochar production process (i.e. for the generation of carbon credits) also began at the end of the December quarter.



Kangaroo Island Project

Kiland Limited owns ~18,600 Ha of prime agricultural land on Kangaroo Island, which it is reverting from forestry to agriculture.



Reversion activities on the estate included the harvesting of 727 Ha of timber in the Dec quarter



Lambing produced 580 lambs in the quarter; 2,567 ewes are now on the broader estate

Harvest Stats

Progress to 31 December 2023

	Harvest		Stack		Grind	
	Sep 23	Dec 23	Sep 23	Dec 23	Sep 23	Dec 23
Quarterly Ha total	285	727	118	477	178	488
Cumulative total	1,002	1,729	470	947	344	832

1,729Ha

harvested to date

12%

of total project harvested

Financials – Profit & Loss

Kiland Ltd	YTD	Qtr	Qtr
consolidated profit & loss	Dec 23	Dec 23	Sep 23
including the Nobrac Group	\$m	\$m	\$m
Sundry income	0.2	0.1	-
Total Income	0.2	0.1	-
Audit, tax & share registry	0.1	0.1	-
Directors fees	0.4	0.2	0.2
Legal fees	0.2	0.1	-
Biological Asset Revaluation	-	-	-
Other Corporate Expenses	0.6	0.4	0.2
Professional fees	0.8	0.3	0.5
Reversion Expenses	0.3	-2.4	2.7
Share based payments	0.2	0.2	-
Total Opex	2.6	-1.1	3.6
Operating profit	-2.4	1.2	-3.6
Other revenue (interest rec.)	0.6	0.3	0.3
EBITDA	-1.8	1.5	-3.3
Depreciation	1.0	1.0	-
Interest	0.3	0.1	0.1
Tax	0.2	-	0.2
Net profit	-3.3	0.4	-3.6

Financials – Balance Sheet

Kiland Ltd	Dec 2023	Sep 2023
consolidated balance sheet including the Nobrac Group	\$m	\$m
Cash	18.9	32.6
Sheep	0.2	0.1
Other Current Assets	2.2	0.6
	21.3	33.3
Land & Buildings	98.7	93.7
Plant & Equipment	12.7	13.1
Investments in Associates	2.8	2.9
Loans to Associates	0.4	-
	114.6	109.7
Total Assets	135.9	143.0
Trade & other payables	1.9	2.1
Borrowings (equipment finance) - current	2.0	2.0
	3.9	4.1
Accrued forecast Performance Fee to operator	2.8	2.9
Deferred tax liabilities	4.8	4.8
Borrowings (equipment finance) - non current	12.8	6.2
	20.4	13.9
Total Liabilities	24.3	18.0
NET ASSETS	111.6	125.0
Equity	94.3	108.3
Revaluation Reserves	44.4	44.3
Option Reserve	1.0	0.8
Retained Earnings	-24.8	-24.8
Current year earnings	-3.3	-3.6
EQUITY	111.6	125.0
Shares on issue (m)	63.9	71.9
NTA backing per share (\$)	\$1.75	\$1.74

Milestones

Dec 2023 Qtr:

- 727 Ha of timber was harvested (equivalent to 12% of total project)
- 40 km of fencing was installed across Cronins, MacGills and Stockdale
- 2,567 ewes are now on the broader estate and lambing produced 580 lambs
- Company delisted and bought back 8.0 million shares
- Biochar Project (held by Kiland's 87% owned subsidiary, Nobrac Ltd) commissioned the 0.5 tonne per hour pilot unit.
- Certification of the biochar production process (i.e. for the generation of carbon credits) also began at the end of the Dec quarter.

Financials – Nobrac Group

Balance Sheet	Dec-23
Nobrac Group	\$m
Bank Accounts	2.7
Intercompany	-1.5
Other Current Assets	1.1
Total Current Assets	2.3
Investment in BioCare	2.7
PP&E	1.4
Term Assets	0.4
Total Assets	6.8
Creditors & Accruals	0.4
Total Current Liabilities	0.4
Total Liabilities	0.4
Net Assets	6.4
Equity	7.5
Non-controlling interest	1.1
Retained Earnings	-0.8
Current Year Earnings	-1.4
Total Equity	6.4
Shares on issue (m)	68.5
NTA per share (\$)	\$0.09

Figures are shown on a 100% basis.

Contact

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Next Update

- > Shareholder update for March 2024 quarter to be released in May 2024
- > Live investor call in late May 2024 (tba).