HARVESTING REPORT
May 2021

STONEY RIVER FOREST

Landing 83 at the end of Longstaff Road.

Clearfell Harvesting Report – Stoney River – May 2021

Summary

- Gross revenue for the month is **$1,146,813.27**
- Costs for the month are **$637,331.45**
- Net income for the month is **$509,481.82**
- Tonnes harvested for the month is **7,140.96**
- Net income per tonne for the month is **$71.35**
- Area cleared for the month is **8.5** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$5,875,512.59**
- Project costs to date are **$4,458,557.54**
- Project net income to date is **$1,416,955.05**
- Tonnes harvested to date is **41,334.67**
- Net income per tonne to date is **$34.28**
- Recoverable volume per hectare to date is **793.4** tonnes
- Net income per hectare to date is **$27,196.83**
- Total forest area is **223.2** hectares, approximate hectares cleared to date is **52.1** hectares.

  The total forest area reflects all net stocked areas regardless of age class or previous roadline volumes.

NB: Measured harvest areas are estimated monthly and reconciled with satellite imagery prior to valuations, they are subject to change and should be used as a guide only.

Revenue

Log Sales

Gross income for the month was **$1,146,813.27** with an average sale price over all grades of **$160.60** per tonne**.**

Log Markets

May 2021 - Log Markets, Hawkes Bay

The May export prices have lifted $4.57/Jas m^3 on average. The increase has mainly benefited the sawlog log grades.

Radiata log inventories on the main Chinese ports we monitor have fallen further to 3.68Mm^3, with daily offtake recovering towards the 80Km^3 per day range following the May Day holidays. The inventory supply and demand equation continues to support US$ CFR pricing at current record levels.

Chinese demand is forecast to remain positive. Construction activity generally slows down in China as they enter the hot season months, June to August. This will be partially offset by reduced harvest volumes during the New Zealand winter. This is not expected to result in any significant inventory build over this period. Customers for New Zealand logs are pushing for more cargo as New Zealand is seen as the most reliable major softwood supply region.

While the heat may be taken out of the log market there is unlikely to be a crash in log prices as supply is still constrained and this will keep upward pressure on CFR pricing. There is unlikely to be an increase in log supply from Europe until more containers become available. North America is in a building boom and has its own shortage of logs and sawn timber. In the short to medium term, there is little chance of supply relief from Australia following their recent withdrawal from the Belt and Road deal with China.

The State Council (China's cabinet) announced in May that it would monitor changes in overseas and domestic markets and will step up coordination between monetary and other policies to maintain stable economic operations. This has been due to concerns of excessive speculation in commodity markets, mainly iron ore.

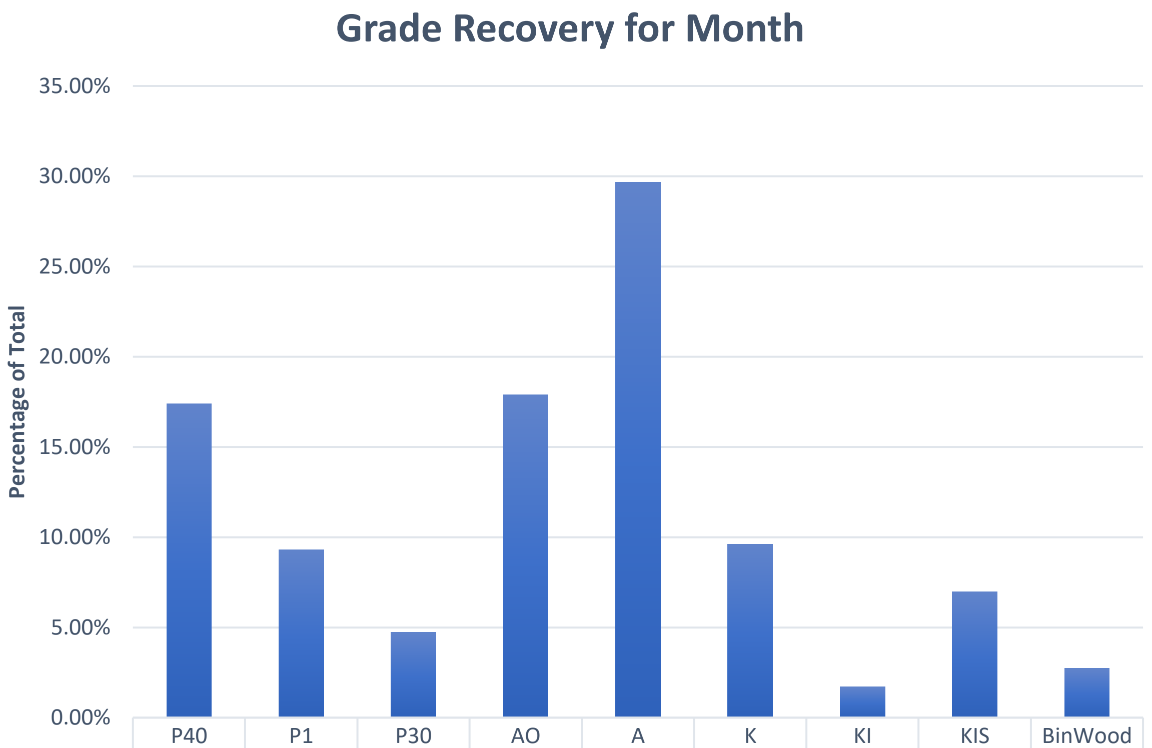
Ocean freight rates to China have climbed to over US$50 from most ports. The Chinese government's announcement that it will take as yet unspecified measures to reduce the heat in the commodities market may reduce shipping demand, however, there is still strong demand for bulk shipping of non-commodity items that were previously shipped in containers.

The NZD has bounced around in the 0.712 – 0.73 range during May and continues to hinder gains to New Zealand forest owner from increased CFR log prices in China.

Domestic pruned log prices have lifted $12 this quarter due to strong AWG export pricing and factoring in the winter effects on Jas conversion.

Grade Recovery

Grade out turn for May is as follows:



	P40	P1	P30	AO	A	K	KI	KIS	BinWood
Total	17.39%	9.30%	4.72%	17.89%	29.67%	9.61%	1.72%	6.97%	2.73%

Chart 1: Grade Recovery for Month

Pruned recovery for May comprised 31% of total volume, 9% of which was sold as domestic pruned grade.

High quality export logs (AO, A and K grades) accounted for 57% of volume with lower quality export logs (KI and KIS grades) accounting for 9% of total production.

The remaining 3% was sold as binwood.

Truck capacity restrictions have made uplift priority decisions and this has influenced the grade out turn of higher quality grades this month.

Expenditure

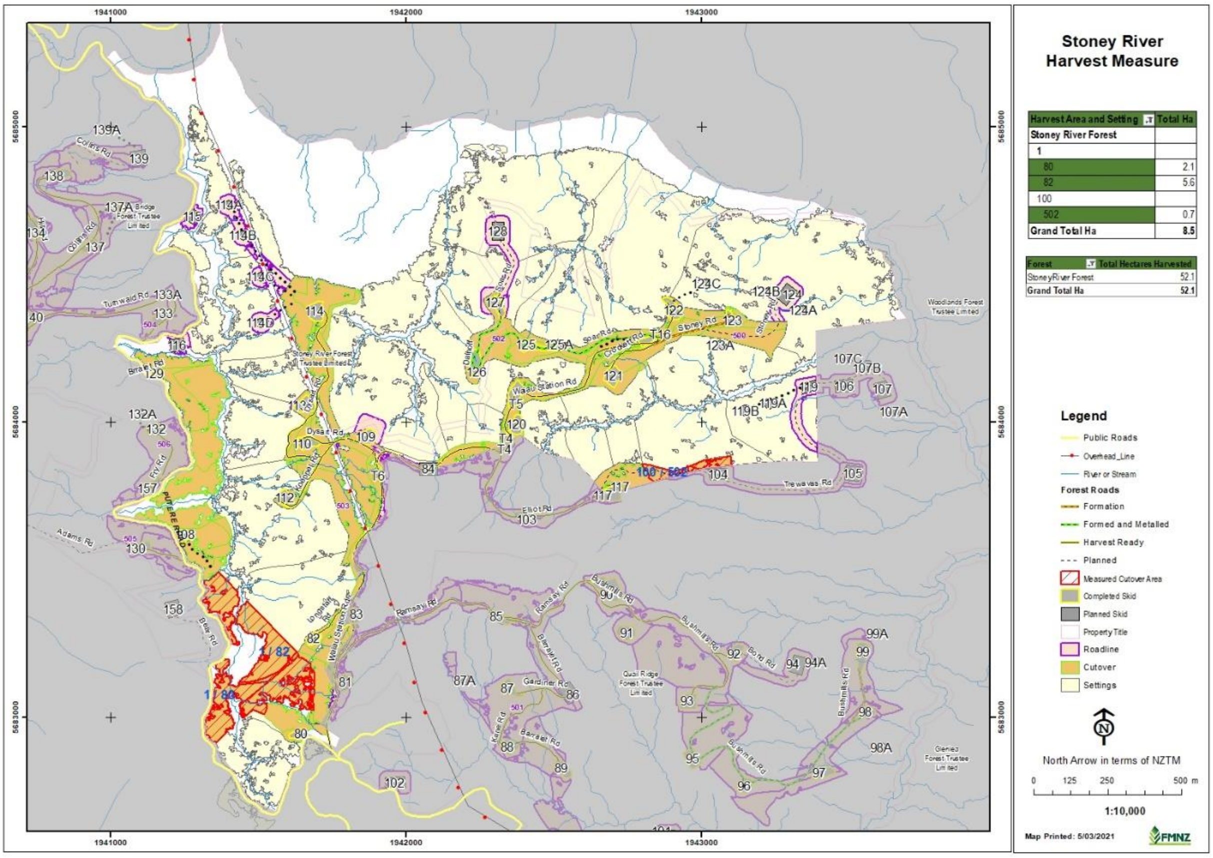
Harvesting

The total logging cost for the month was **$311,613.55**, an average of **$43.64** per tonne.

Harvest expenditure for the month is summarised below in Table 1:

LOGGING COSTS	TONNES	TOTAL
May		$311,613.55
	7,140.96	**$311,613.55**

Table 1: Logging Costs



Pic 1: Progress Map

Harvesting during May has been restricted to Setting 81 which spanned from Longstaff Road across to Putere Road. There were two areas which required special treatment for harvesting. One was a wetland in the creek bottom which had not grown trees and the other, a large patch of remnant indigenous vegetation. Recoverable trees between the indigenous patch and Putere Road were shovel logged to the hauler line.

There is still a roadline salvage crew operating on the boundary of Stoney River and Quail Ridge on Elliot Road and some Stoney River volume was loaded out.

Planned Activities for June 2021

At the completion of Setting 81 the crew will move to Setting 83 for a short period, at the metal stockpile area and then move to Setting 112 on Koeppel Road.

The roadline salvage crew will continue to work down Soar Road at Landing 127 and take out some daylight volume at Landing 125, before moving back to Elliot Road.

Cartage

Cartage is managed by Harvest Logistics Ltd, who organise the despatch and supply of log trucks into the forest.

The total cartage expense for the month was **$214,190.51** which is an average unit rate of **$29.99** per tonne.

Cartage expenditure for the month is summarised below in Table 2:

CARTAGE COSTS		TOTAL
May	Cartage - Truck	$214,190.51
	Weighbridge	$2,337.51
	Trailer Lifting	$6.00
		$216,534.02

Table 2: Cartage Costs

The average cart rate for May inclusive of weighbridge fees and trailer lifting is **$30.32** per tonne.

Trailer lifting costs is for the use of the public gantry when loads have been delivered to the port outside of the hours of the port supplied facility.

Engineering

ENGINEERING		RL	CF	TOTAL
May	Pavement	$2,709.37		$2,709.37
	Culvert Installation	$75.00		$75.00
	Culverts - Freight	$45.00		$45.00
	Establishment - Engineering	$240.00		$240.00
	Landings	$7,449.30		$7,449.30
	Loadout Bay Construction	$10.80		$10.80
	R&M - Road Maintenance		$1,578.84	$1,578.84
	Road Formation	$13,195.50		$13,195.50
	Spread from stockpile	$7,858.60		$7,858.60
	Stockpile Works	$1,385.40		$1,385.40
	Trucks - Cart & Dump	$4,560.00		$4,560.00
	Grass Seeding	$380.00		$380.00
	Metal Rock	$7,570.48		$7,570.48
		$45,479.45	**$1,578.84**	**$47,058.29**

Table 3: Engineering Costs

Earthworks in May was predominantly along the shared roads of Elliot and Trewavas Roads. The earthworks crew then shifted to commence construction on Dalhoff Road.

Net Revenue

Net revenue for the project to date excluding GST is shown in Table 4 below:

MONTH	NET MONTH	NET PROJECT
May	**$509,481.82**	**$1,416,955.05**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$71.35** per tonne, or **$59,939.04** per hectare.

Fees and Levies

Management fees and FGC levies are summarised in Table 5 below:

FEES & LEVIES		TOTAL
May	Management	$45,872.53
	FGC levy	$2,311.57
		$48,184.10

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
May	Consumables	$249.49
	Other	$95.00
	Traffic Management	$13,597.00
		$13,941.49

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during May and for the purchase of Envirosan used to treat the ends of pruned export logs.

Other costs are for the proportional costs of operating the forest digital radio network.

Traffic Management costs are for the stop-go management of traffic on the public road whilst falling within two tree lengths of the road.

Health and Safety

There were no health and safety incidents reported in the forest during May.

A harvest crew travelling home on Putere Road in a light vehicle collided with another light vehicle travelling the other way. This was partly due to poor visibility, a blind corner close to the Waiau Station Road entrance and a very narrow section of the road. Neither driver assumed responsibility for the incident with both claiming the other crossed the centre line. A post incident drug test confirmed the driver was negative for illegal substances.

A meeting was held on 8th June with the Putere community, Wairoa District Council, NZ Police, harvest crews and cartage operators to discuss road use incidences, many of which are affecting the community. Solutions were discussed and a working group for ongoing improvements established.

Environmental

There was no site-specific environmental planning or monitoring undertaken during May.

Financial Performance

The graph below shows the actual project results compared with the forecast budget.

The orange cumulative line measures actual performance against the forecast budget.

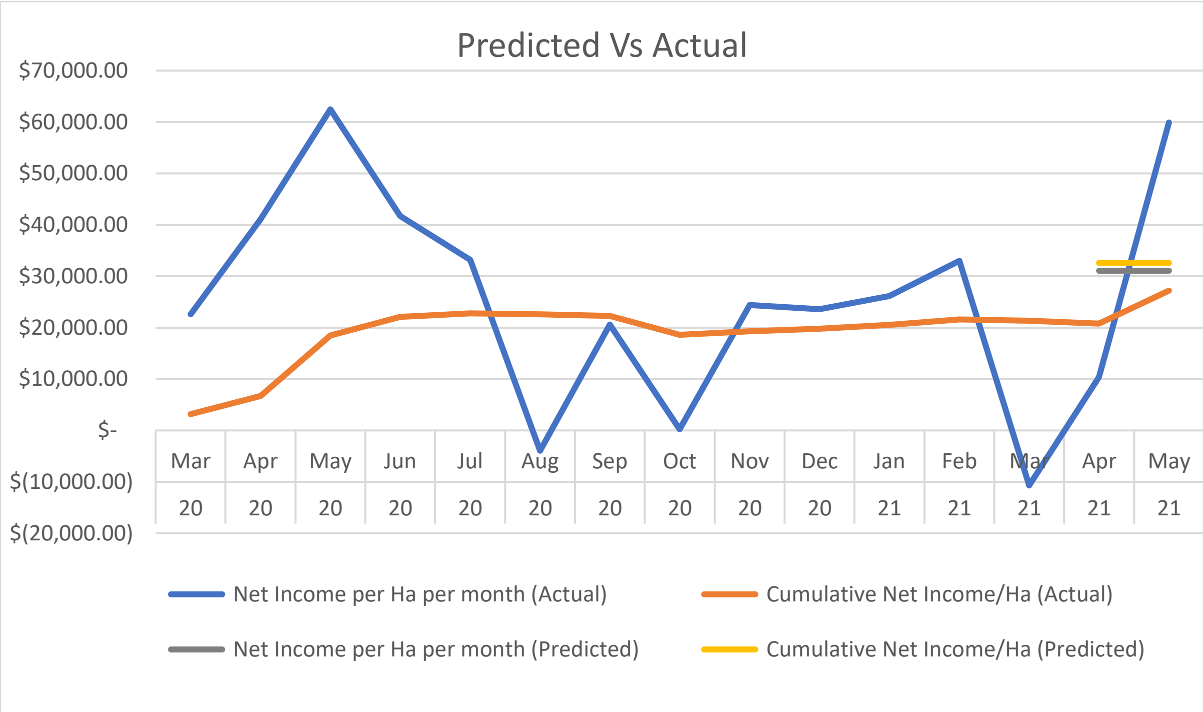


Chart 2: Actual vs Predicted

Net return per tonne to date is **$34.28**, forecast was $43.70.

Gross return per tonne to date is **$142.14**, forecast was $135.77.

Net return per hectare to date is **$27,196.83**, forecast was $32,592.02.

The net return is measured from the commencement of the project. It must be kept in mind the roadline salvage revenue was used to construct the infrastructure in the forest and is accounted for as a harvested area. As each month progresses through the project, the cumulative net income per hectare will increase.

Kind Regards

Paul Rouppe van der Voort
Harvest Manager

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

FMNZ — MAXIMISING YOUR FOREST VALUE

Stoney River Forest Partnership — 01/05/2021 to 31/05/2021

Paid to bank account # 02-0792001449-000 — GST # 61-378-928

SALES

Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		194.74		$45.50	$8,860.67
TOTAL BINWOOD SALES		**194.74**			**$8,860.67**
Domestic					
Pruned Dom		35.28		$204.50	$7,214.76
Pruned Dom	P1 4.9	628.63		$202.00	$126,983.26
TOTAL DOMESTIC SALES		**663.91**			**$134,198.02**
Export					
Pruned Exp	P40 3.9	0.00	163.315	$195.00	$31,846.43
Pruned Exp	P40 3.9	0.00	36.392	$197.00	$7,169.22
Pruned Exp	P40 5.8	0.00	72.603	$200.00	$14,520.60
Pruned Exp	P40 5.9	0.00	981.341	$200.00	$196,268.20
Pruned Exp	P30 3.9	0.00	92.664	$170.00	$15,752.88
Pruned Exp	P30 5.1	0.00	23.824	$166.00	$3,954.78
Pruned Exp	P30 5.1	0.00	224.538	$170.00	$38,171.46
A40	AO 3.8	0.00	1,165.050	$158.00	$184,077.90
A40	AO 3.9	0.00	147.523	$161.00	$23,751.20
A30	A 3.8	0.00	532.607	$155.00	$82,554.09
A30	A 5.8	0.00	-29.944	$153.00	-$4,581.43
A30	A 5.8	0.00	166.154	$157.00	$26,086.18
A30	A 5.8	0.00	1,395.621	$158.00	$220,508.12
K	K 3.8	0.00	151.623	$147.00	$22,288.58
K	K 3.8	0.00	65.527	$148.00	$9,698.00
K	K 5.8	0.00	358.601	$149.00	$53,431.55
K	K 5.8	0.00	49.074	$150.00	$7,361.10
KI	KI 3.8	0.00	114.544	$135.00	$15,463.44
TOTAL EXPORT SALES		**0.00**	**5,711.057**		**$948,322.30**
Export Pulp					
Export Pulp	KIS 2.9	0.00	161.417	$123.00	$19,854.29
Export Pulp	KIS 2.9	0.00	48.029	$124.00	$5,955.60
Export Pulp	KIS 3.8	0.00	156.796	$131.00	$20,540.28
Export Pulp	KIS 3.8	0.00	68.804	$132.00	$9,082.13
TOTAL EXPORT PULP SALES		**0.00**	**435.046**		**$55,432.30**
TOTAL		**858.65**	**6,146.103**		**$1,146,813.29**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$45,872.53
TOTAL FEES	**$45,872.53**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,311.56
TOTAL LEVIES	**$2,311.56**
COSTS	
Harvesting	$311,613.55
Cartage	$214,190.51
Weighbridge	$2,337.51
Consumables	$249.49
Culvert Installation	$75.00
Culverts - Freight	$45.00
Establishment	$240.00
Grass Seeding	$380.00
Landings	$7,449.30
Loadout Bay: Construction	$10.80
Metal Rock m3	$7,570.48
Metalling: Cart to stockpile	$4,560.00
Metalling: Grading & Rolling	$2,709.37
Metalling: Spread from Stockpile	$7,858.60
Other	$95.00
R&M - Road Maintenance	$1,578.84
Road Formation	$13,195.50
Stockpile Works	$1,385.40
Traffic Management	$13,597.00
Trailer Lifting	$6.00
TOTAL COSTS	**$589,147.35**
TOTAL FEES, LEVIES & COSTS	**$637,331.44**

NET INCOME	**$509,481.85**
GST	**$76,422.28**
NET INCOME (INCLUDING GST)	**$585,904.13**

Photo 1: Trucks being loaded on Landing 82.

Photo 2: Hauler pulling in a drag of two stems behind the loader on Landing 82.

Photos 3 & 4: Hauler skyline stretched out over Setting 82 for grapple to haul stems back to landing.

Photo 5: Looking out over logging operations on Setting 82.

Photo 6: Loading our pruned logs for Pan Pac mill.

STONEY RIVER CUMULATIVES

Categories	Descriptions	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb21	Mar 21	Apr 21	May 21	Grand Total
Engineering	Culvert Installation		-$900.00		-$3,847.00		-$555.00	-$75.00	-$5,377.00
	Culverts	-$10,113.06	-$2,531.88	$600.27	-$14,791.70				-$26,836.37
	Culverts - Freight				-$400.00		-$30.00	-$45.00	-$475.00
	Entranceway - Seal	-$6,069.64	-$25.00						-$6,094.64
	Establishment - Engineering	-$6,910.00	-$3,397.50	-$420.00	-$11,171.08	-$320.00	-$645.00	-$240.00	-$23,103.58
	Fluming	-$1,763.73	-$439.04		-$4,917.81				-$7,120.58
	Geotextiles	-$1,443.20							-$1,443.20
	Grass Seeding				-$1,375.00			-$380.00	-$1,755.00
	Labour		-$210.00						-$210.00
	Landings	-$51,578.20	-$696.00		-$231,862.00		-$3,490.20	-$7,449.30	-$295,075.70
	Loader Hire				-$360.00				-$360.00
	Loadout Bay Construction				-$4,366.50		-$477.50	-$10.80	-$4,854.80
	Loadout Bay Metal				-$2,970.00				-$2,970.00
	Metal Rock	-$42,714.92	-$4,776.26	-$1,820.00	-$71,046.15	-$2,510.51	-$10,076.88	-$7,570.48	-$140,515.20
	Other			-$120.00	-$3,072.56				-$3,192.56
	Pavement		-$13,111.80	-$204.00	-$7,937.48			-$2,709.37	-$23,962.65
	Public Roads	-$2,166.66							-$2,166.66
	R&M		-$5,610.20		-$6,353.40				-$11,963.60
	R&M - Culverts Maintenance				-$1,360.00		-$150.00		-$1,510.00
	R&M - Event Cleanup				-$660.00				-$660.00
	R&M - Road Maintenance		-$165.00		-$10,310.00	-$805.00		-$1,578.84	-$12,858.84
	Rehab				-$12,726.00	-$3,276.00	-$903.00		-$16,905.00
	Road Formation	-$119,437.45	-$15,676.80	-$2,296.00	-$178,846.20		-$28,406.80	-$13,195.50	-$357,858.75
	Sediment Control				-$198.98				-$198.98
	Spread from stockpile			-$715.00	-$17,104.90		-$286.00	-$7,858.60	-$25,964.50
	Stockpile Works				-$16,409.34	-$333.45	-$2,272.65	-$1,385.40	-$20,400.84
	Temp Landings				-$8,091.00				-$8,091.00
	Trucks - Cart & Dump	-$53,288.36	-$33,496.25	-$2,548.00	-$90,966.00	-$3,360.00	-$12,480.00	-$4,560.00	-$200,698.61
	Trucks - Cart & Spread	-$23,112.25	-$1,130.12		-$4,480.50				-$28,722.87
Engineering Total		**-$318,597.47**	**-$82,165.85**	**-$7,522.73**	**-$705,623.60**	**-$10,604.96**	**-$59,773.03**	**-$47,058.29**	**-$1,231,345.93**
Fees	FGC levy	-$1,117.47	-$500.21		-$7,528.15		-$426.26	-$2,311.57	-$11,883.66
	Management	-$25,102.43	-$9,853.55		-$145,317.76		-$8,874.24	-$45,872.53	-$235,020.50
Fees Total		**-$26,219.90**	**-$10,353.76**		**-$152,845.91**		**-$9,300.50**	**-$48,184.10**	**-$246,904.17**
Harvesting	Cartage - Trans Shipping				-$501.00				-$501.00
	Cartage - Truck	-$115,777.04	-$53,748.28		-$762,440.62		-$38,180.45	-$214,190.51	-$1,184,336.90
	Establishment - harvesting	-$13,637.50			-$670.00		-$32,320.00		-$46,627.50
	Logging	-$164,753.24	-$71,671.58		-$1,019,772.42		-$53,763.44	-$311,613.55	-$1,621,574.23
	Logging - Hourly	-$2,914.50			-$1,603.28				-$4,517.78
	Tracking				-$20,643.00				-$20,643.00
	Weighbridge	-$1,358.43	-$598.60		-$9,217.36		-$449.91	-$2,337.51	-$13,961.81
	Trailer Lifting							-$6.00	-$6.00
Harvesting Total		**-$298,440.71**	**-$126,018.46**		**-$1,814,847.69**		**-$124,713.79**	**-$528,147.57**	**-$2,892,168.22**
Income	Log Sales	$627,560.68	$246,338.80		$3,632,943.90		$221,855.93	$1,146,813.27	$5,875,512.59
Income Total		**$627,560.68**	**$246,338.80**		**$3,632,943.90**		**$221,855.93**	**$1,146,813.27**	**$5,875,512.59**
Miscellaneous	Consents	-$156.52							-$156.52
	Consultancy Fees		-$165.83						-$165.83
	Consumables	-$332.04	-$26.47		-$1,271.07		-$484.69	-$249.49	-$2,363.76
	Fencing	-$656.51							-$656.51
	Other	-$141.55	-$4,998.94	-$1,343.43	-$2,270.64	-$95.00	-$95.00	-$95.00	-$9,039.56
	Power Lines				-$18,622.50				-$18,622.50
	Royalty payments		-$500.00						-$500.00
	Security			-$15.50	-$4,778.75				-$4,794.25
	Traffic Management	-$6,501.83	-$1,528.76	-$1,097.67	-$22,395.03		-$6,720.00	-$13,597.00	-$51,840.29
Miscellaneous Total		**-$7,788.45**	**-$7,220.00**	**-$2,456.60**	**-$49,337.99**	**-$95.00**	**-$7,299.69**	**-$13,941.49**	**-$88,139.22**
Grand Total		**-$23,485.85**	**$20,580.73**	**-$9,979.33**	**$910,288.71**	**-$10,699.96**	**$20,768.92**	**$509,481.82**	**$1,416,955.05**