HARVESTING REPORT
JUNE 2021

IRONGATE FOREST

Landing 17 operations, setting felled and extraction in progress.

Clearfell Harvesting Report – Irongate – June 2021

Summary

- Gross revenue for the month is **$868,906.78**
- Costs for the month are **$459,989.33**
- Net income for the month is **$408,917.45**
- Tonnes harvested for the month is **5,150.87**
- Net income per tonne for the month is **$79.39**
- Area cleared for the month is **7.6** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$12,235,057.80**
- Project costs to date are **$8,580,477.33**
- Project net income to date is **$3,654,580.46**
- Tonnes harvested to date is **90,292.55**
- Net income per tonne to date is **$40.47**
- Recoverable volume per hectare to date is **690.8** tonnes
- Net income per hectare to date is **$27,961.60**
- Total forest area is **348.9** hectares, approximate hectares cleared to date is **130.7** 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 **$868,906.78** with an average sale price over all grades of **$168.69** per tonne**.**

June 2021 - Log Markets, Hawkes Bay

The June export prices have lifted $10.57/Jas m^3 on average. The increase has benefited all log grades.

Radiata log inventories on the main Chinese ports we monitor have started to increase to $3.9Mm^3$, with daily offtake down under the $60Km^3$ per day range as July is likely to be the lowest demand month of the year for softwoods as the hot season impacts on construction.

Major commodities including copper, iron ore, coal and logs increased to record levels during May as demand outstripped supply as the global recovery gathers pace. In June however, while log prices have continued to increase, prices of other major commodities appear to have peaked. Prices remain at historically high levels as the market fundamentals are still strong.

As July beckons, the question on most minds' is now – have we also reached peak log price?

New Zealand export volumes continue to be constrained by the usual issues of infrastructure and winter weather. Congestion at some New Zealand load ports, especially Gisborne - remains very significant. China disport congestion is also reducing supply capacity as log vessels wait behind a wide range of commodity cargoes.

Freight continues to be a battle. Spot rates are high and congestion / demurrage costs are also high. The spot market impacts on all export regions and New Zealand rates in the high US$50's are not disproportionately high. The Baltic Index has been moving up and oil has hit over US$70/barrel which are both negative drivers for our market. Oil has now come off the recent peak with the strengthening of the US$.

The US Federal Reserve revised their projections on when US interest rates may rise. This announcement led to a 3% drop in the NZ$ / US$ exchange rate, pushing it under its recent 71-73 cent range.

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 June is as follows:

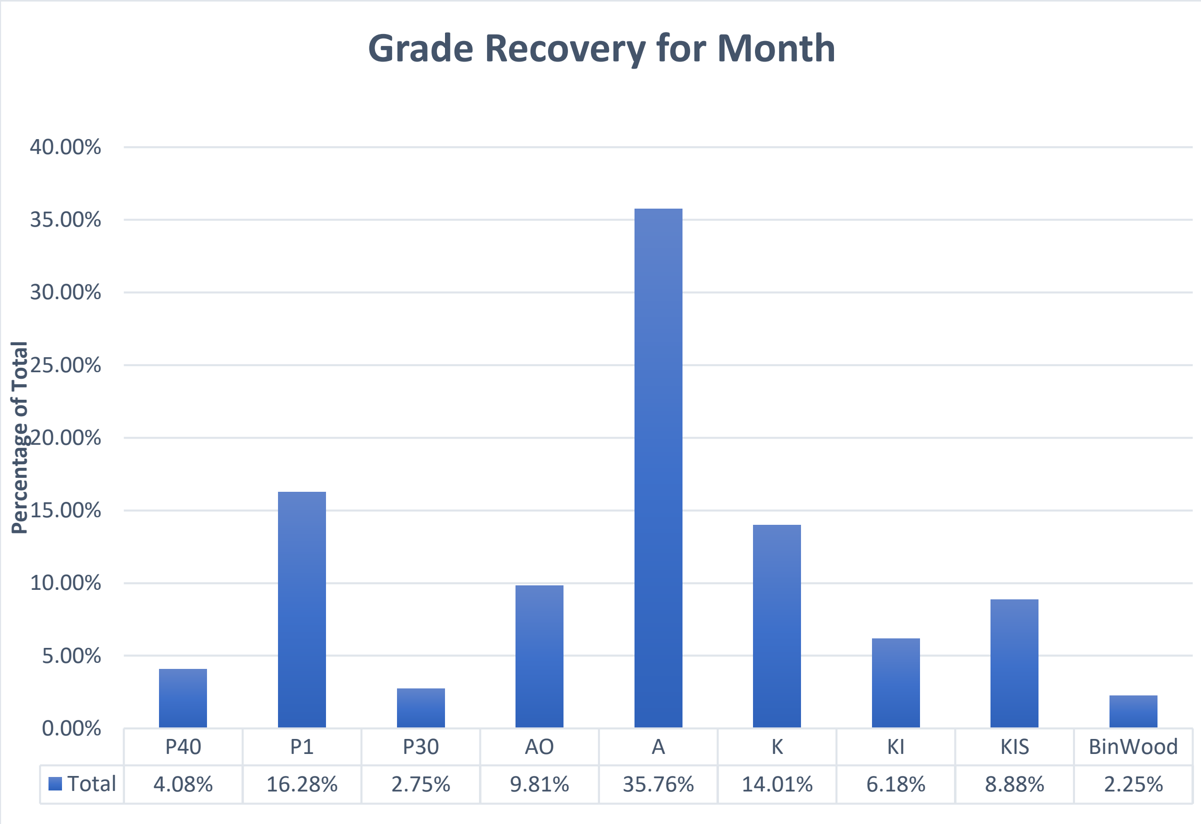


Chart 1: Grade Recovery for Month

Pruned recovery for June comprised 23% of overall sales volume, 16% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 60% of the total production volume, with lower quality export (KI and KIS grades) comprising 15% of volume.

The remaining 2% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$198,684.87,** an average of **$38.57** per tonne.

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

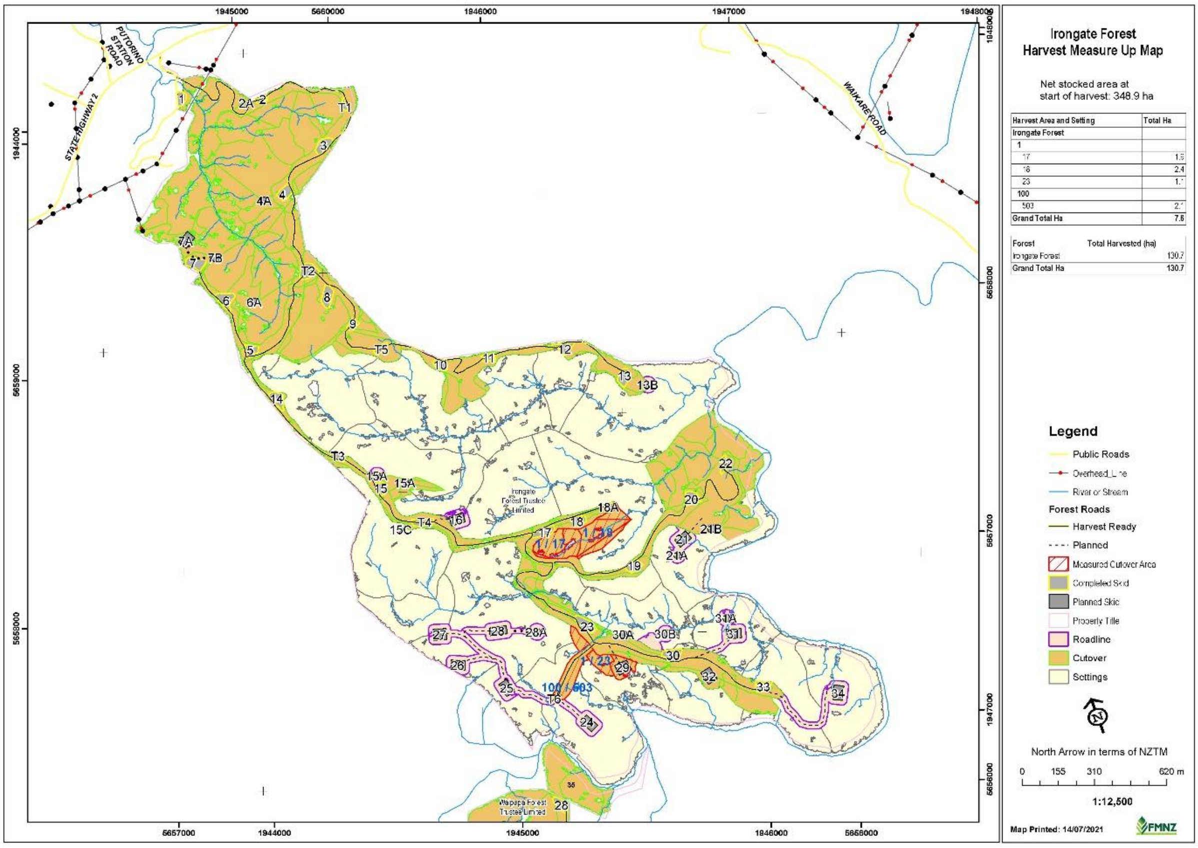
LOGGING COSTS	TONNES	TOTAL
June		$198,684.87
	5,150.87	**$198,684.87**

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
June	Establishment	$850.00
	Tracking	$1,260.00
		$2,110.00

Table 2: Additional Logging Costs

Establishment costs were for transporting K & S Beard Logging's 527 Tracked Skidder. Tracking costs were associated with creating a track for the skidder to Landing 29 and opening tracks to 22 for repairing a fence on Setting 22 that was damaged during harvest operations.



Pic 1: Progress Map

Log 10 carried out clearfell harvesting in Settings 23, and 29 near Siobhan Road and the top of Setting 17 and 18, Gumnut Road. The hauler was under repair for a short period of time and the hauler crew did some ground-based harvesting until the machine was repaired.

Log 13 was established to continue roadline harvesting of Setting 503, Siobhan Road towards the end of June.

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 **$99,356.77** which is an average unit rate of **$19.29** per tonne.

Cartage expenditure for the month is summarised below in Table 3:

CARTAGE COSTS		TOTAL
June	Cartage - Truck	$99,356.77
	Weighbridge	$1,696.99
	Trailer Lifting	$6.00
		$101,059.76

Table 3: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **$19.62** per tonne.

Trailer lifting costs are for the use of the public gantry for reloading trailers outside of the normal hours of the Port supplied facility.

Engineering

ENGINEERING		RL	CF	TOTAL
June	R&M - Road Maintenance		$3,713.39	$3,713.39
	Other		$20.00	$20.00
	Fluming	$190.07		$190.07
	Culverts - Freight	$711.60	$583.20	$1,294.80
	Borrow Pit	$2,887.50		$2,887.50
	Establishment - Engineering	$2,780.30	$1,265.00	$4,045.30
	Landings	$3,150.00		$3,150.00
	Loadout Bay Construction	$2,020.36	$588.00	$2,608.36
	Metal Lime	$13,159.38		$13,159.38
	Metal Rock	$6,623.17		$6,623.17
	Pads	$10,637.88		$10,637.88
	Pavement	$3,790.80		$3,790.80
	R&M		$1,410.00	$1,410.00
	Rehab		$14,657.68	$14,657.68
	Road Formation	$16,870.18		$16,870.18
	Spread from stockpile	$8,280.69		$8,280.69
	Stockpile Works	$2,868.97		$2,868.97
	Temp Landings	$700.00		$700.00
	Trucks - Cart & Dump	$17,518.91		$17,518.91
	Trucks - Cart & Spread	$540.00		$540.00
		$92,729.80	$22,237.27	$114,967.07

Table 4: Engineering Costs

Post-harvest rehabilitation was completed on Boston and Court Roads in June. New road construction was completed on Gumnut Road from Landing 17 to 18A to facilitate harvest of these settings.

Construction work began on Siobhan Road as roadline activity commenced to Landing 24.

Planned Activities for July 2021

Log 10 will carry on clearfelling Settings 17 and 19. Clearfell at Setting 18 was commenced, however, operations were stopped and the crew moved to Landing 19 as the adverse loaded steep road out of Landing 18 was fresh and wet weather would have made this section of road unusable.

Log 13 will carry on roadlining Siobhan Road as well as a bit of clearfell around Landings 29 and 24.

Earthworks on Siobhan Road will continue in July.

Some further maintenance work is required on Colley Road as the main access has been showing wear from the constant traffic. This is likely to commence in August.

Net Revenue

Net revenue for the project to date excluding GST is shown in Table 5 below:

MONTH	NET MONTH	NET PROJECT
June	**$408,917.45**	**$3,654,580.46**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$79.39** per tonne, or **$53,804.93** per hectare.

Fees and Levies

Management fees and FGC levies are summarised in Table 6 below:

FEES & LEVIES		TOTAL
June	Management	$34,756.27
	FGC levy	$1,711.88
		$36,468.15

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
June	Consumables	$297.09
	Other	$95.00
	Security	$6,307.38
		$6,699.47

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during June, spray paint for road marking and log marking stencils.

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

Security costs were boundary fence repairs in Setting 22.

Health and Safety

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

Environmental

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

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.

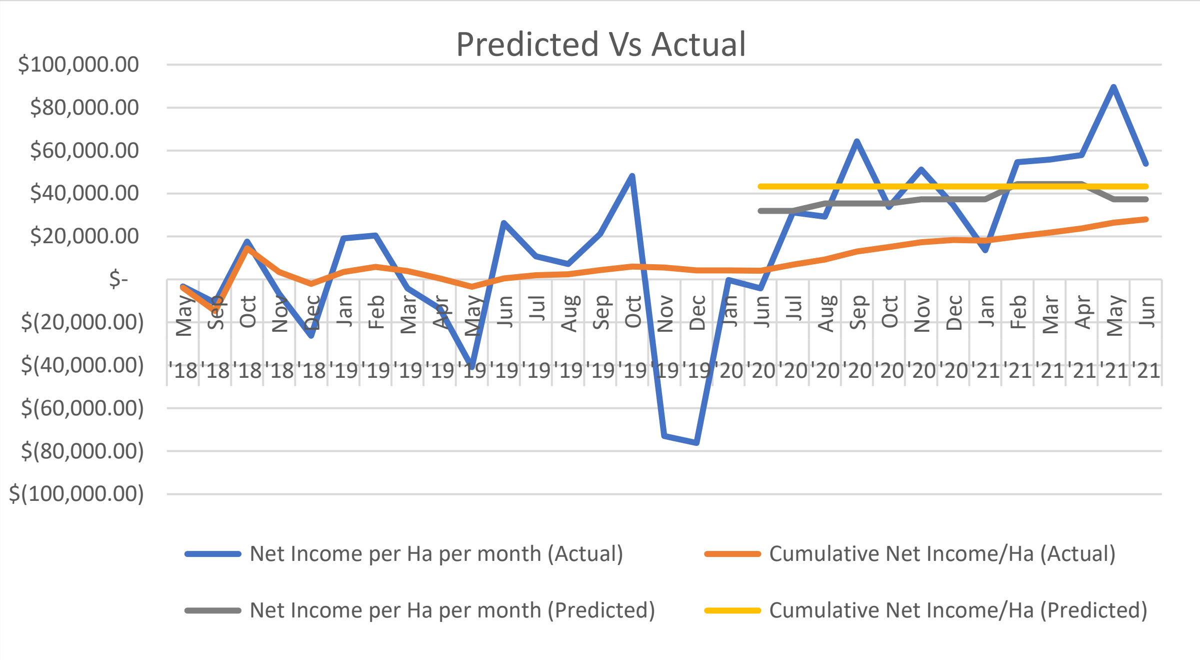


Chart 2: Actual vs Predicted

Net return per tonne to date is **$40.47**, forecast was $63.97.

Gross return per tonne to date is **$135.50**, forecast was $136.79.

Net return per hectare to date is **$27,961.60**, forecast was $43,272.91.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

Irongate Forest Partnership — 01/06/2021 to 30/06/2021

Paid to bank account # 02-0792-0001430-00 — GST # 60-931-348

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		115.74		$45.50	$5,266.17
TOTAL BINWOOD SALES		**115.74**			**$5,266.17**

Domestic					
Pruned Dom		389.74		$204.50	$79,701.83
Pruned Dom	P1 4.9	448.66		$202.00	$90,629.32
TOTAL DOMESTIC SALES		**838.40**			**$170,331.15**

Export					
Pruned Exp	P40 3.9	0.00	67.025	$210.00	$14,075.25
Pruned Exp	P40 5.8	0.00	14.410	$212.00	$3,054.92
Pruned Exp	P40 5.9	0.00	135.477	$210.00	$28,450.17
Pruned Exp	P30 3.9	0.00	148.949	$185.00	$27,555.56
A40	AO 3.8	0.00	188.862	$167.00	$31,539.95
A40	AO 3.9	0.00	357.171	$170.00	$60,719.07
A30	A 3.8	0.00	219.673	$164.00	$36,026.37
A30	A 3.8	0.00	162.634	$165.00	$26,834.61
A30	A 5.8	0.00	914.099	$166.00	$151,740.43
A30	A 5.8	0.00	538.572	$167.00	$89,941.52
K	K 3.8	0.00	371.329	$157.00	$58,298.65
K	K 5.8	0.00	374.933	$159.00	$59,614.35
KI	KI 3.8	0.00	150.331	$148.00	$22,248.99
KI	KI 3.8	0.00	167.722	$149.00	$24,990.58
TOTAL EXPORT SALES		**0.00**	**3,811.187**		**$635,090.42**

Export Pulp					
Export Pulp	KIS 2.9	0.00	43.004	$130.00	$5,590.52
Export Pulp	KIS 2.9	0.00	104.408	$133.00	$13,886.26
Export Pulp	KIS 3.8	0.00	274.577	$141.00	$38,715.36
Export Pulp	KIS 5.8	0.00	0.188	$143.00	$26.88
TOTAL EXPORT PULP SALES		**0.00**	**422.177**		**$58,219.02**
TOTAL		**954.14**	**4,233.364**		**$868,906.76**

FEES	
FMNZ Management Fee @ %	$34,756.27
TOTAL FEES	**$34,756.27**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,711.88
TOTAL LEVIES	**$1,711.88**
COSTS	
Harvesting	$198,684.87
Cartage	$99,356.77
Weighbridge	$1,696.99
Borrow Pit Works	$2,887.50
Consumables	$297.09
Culverts - Freight	$1,294.80
Establishment	$4,895.30
Fluming	$190.07
Landings	$3,150.00
Loadout Bay: Construction	$2,608.36
Metal Lime m3	$13,159.38
Metal Rock m3	$6,623.17
Metalling: Cart to road	$540.00
Metalling: Cart to stockpile	$17,518.91
Metalling: Grading & Rolling	$3,790.80
Metalling: Spread from Stockpile	$8,280.68
Other	$115.00
Pads	$10,637.88
Post Harvest Rehab	$14,657.68
R&M - Road Maintenance	$3,713.39
Repairs & Maintenance	$1,410.00
Road Formation	$16,870.18
Security	$6,307.38
Stockpile Works	$2,868.97
Temporary Landings	$700.00
Tracking	$1,260.00
Trailer Lifting	$6.00
TOTAL COSTS	**$423,521.18**
TOTAL FEES, LEVIES & COSTS	**$459,989.33**

NET INCOME	**$408,917.43**
GST	**$61,337.61**
NET INCOME (INCLUDING GST)	**$470,255.04**

Photo 1: Operations on Landing 17.

Photo 2: Court Road with Setting 17 on the left awaiting felling.

Photo 3: Truck being loaded on Landing 17.

Photo 4: Busy operations on Landing 17.

Photo 5: Siobhan Road roadline being felled and extracted.

Photo 6: Landing 29, Wild Road - wood from Siobhan Road was two-staged to Landing 29, Wild Road to be processed and loaded out.

IRONGATE CUMULATIVES

Categories	Descriptions	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	Grand Total
Engineering	Bidem	-$450.00	-$300.00						-$750.00
	Borrow Pit	-$720.00		-$7,373.28				-$2,887.50	-$10,980.78
	Culvert Installation	-$13,150.00	-$31,303.50	-$1,416.40		-$1,385.10			-$47,255.00
	Culverts	-$23,269.05	-$40,455.05	-$5,666.34			-$2,846.34		-$72,236.78
	Culverts - Freight		-$240.00	-$3,165.93			-$437.40	-$1,294.80	-$5,138.13
	Entranceway - Seal	-$161,414.66	-$7,439.70						-$168,854.36
	Establishment - Engineering	-$5,165.00	-$11,310.00	-$8,452.41	-$462.50	-$1,396.50		-$4,045.30	-$30,831.71
	Fluming	-$3,720.09	-$15,160.18	-$172.14			-$190.07	-$190.07	-$19,432.55
	Geotextiles		-$320.00						-$320.00
	Grass Seeding	-$650.00	-$3,715.49	-$1,092.75		-$618.50			-$6,076.74
	Landings	-$64,472.50	-$115,992.50	-$48,554.42		-$1,918.00		-$3,150.00	-$234,087.42
	Loader Hire	-$13,868.72	-$21,266.15						-$35,134.87
	Loadout Bay Construction	-$682.50		-$883.20		-$280.00		-$2,608.36	-$4,454.06
	Loadout Bay Metal		-$3,939.77	-$1,080.00					-$5,019.77
	Metal Lime		-$17,120.40	-$62,617.40		-$2,145.00		-$13,159.38	-$95,042.18
	Metal Rock	-$90,603.87	-$124,057.75	-$9,173.45	-$2,552.98	-$5,184.62		-$6,623.17	-$238,195.84
	Other	-$4,517.50	-$1,680.00	-$459.50		-$105.00		-$20.00	-$6,782.00
	Pads			-$2,477.70		-$966.00		-$10,637.88	-$14,081.58
	Pavement	-$33,110.00	-$53,660.00	-$15,361.36		-$672.00		-$3,790.80	-$106,594.16
	Polycom	-$27,390.90	-$6,807.10						-$34,198.00
	R&M	-$22,050.00	-$53,419.94	-$21,350.53				-$1,410.00	-$98,230.47
	R&M - Culverts Maintenance			-$550.00					-$550.00
	R&M - Road Maintenance			-$22,898.13		-$3,259.50	-$947.70	-$3,713.39	-$30,818.72
	Rehab	-$6,897.50	-$11,007.89	-$1,677.74				-$14,657.68	-$34,240.81
	Rehab - Skids/Pads			-$5,040.00					-$5,040.00
	Road Formation	-$149,645.00	-$200,767.50	-$60,211.24	-$874.80	-$3,863.70		-$16,870.18	-$432,232.42
	Spread from stockpile	-$38,600.00	-$207,460.00	-$26,368.67		-$4,939.25		-$8,280.69	-$285,648.61
	Stockpile Works			-$23,337.53	-$285.00	-$2,693.88		-$2,868.97	-$29,185.38
	Temp Landings	-$24,045.00	-$16,260.00	-$2,712.84				-$700.00	-$43,717.84
	Trucks - Cart & Dump	-$93,215.96	-$375,208.08	-$96,113.69	-$2,000.00	-$9,850.00		-$17,518.91	-$593,906.64
	Trucks - Cart & Spread	-$107,310.00	-$720.00	-$6,373.47				-$540.00	-$114,943.47
Engineering Total		**-$884,948.25**	**-$1,319,611.00**	**-$434,580.11**	**-$6,175.28**	**-$39,277.05**	**-$4,421.51**	**-$114,967.07**	**-$2,803,980.26**
Fees	FGC levy	-$3,627.32	-$6,340.12	-$9,709.68	-$1,331.90	-$1,432.52	-$1,625.32	-$1,711.88	-$25,778.73
	Management	-$76,947.89	-$120,891.23	-$177,169.21	-$22,804.22	-$26,289.39	-$30,544.09	-$34,756.27	-$489,402.31
Fees Total		**-$80,575.21**	**-$127,231.35**	**-$186,878.89**	**-$24,136.12**	**-$27,721.91**	**-$32,169.42**	**-$36,468.15**	**-$515,181.04**
Harvesting	Cartage - Trans Shipping		-$360.00			-$330.00			-$690.00
	Cartage - Truck	-$257,618.86	-$457,389.15	-$608,344.42	-$71,163.24	-$79,425.30	-$91,994.62	-$99,356.77	-$1,665,292.37
	Establishment - harvesting	-$6,310.00	-$880.00	-$8,610.00				-$850.00	-$16,650.00
	Logging	-$558,409.75	-$967,349.56	-$1,284,779.42	-$143,249.86	-$160,536.32	-$184,987.29	-$198,684.87	-$3,497,997.07
	Tracking	-$5,787.50	-$11,270.00	-$1,385.10				-$1,260.00	-$19,702.60
	Weighbridge	-$4,806.67	-$8,307.85	-$10,269.27	-$1,169.98	-$1,283.32	-$1,577.06	-$1,696.99	-$29,111.14
	Trailer Lifting				-$24.00		-$6.00	-$6.00	-$36.00
Harvesting Total		**-$832,932.78**	**-$1,445,556.56**	**-$1,913,388.21**	**-$215,607.08**	**-$241,574.95**	**-$278,564.97**	**-$301,854.63**	**-$5,229,479.18**
Income	Log Sales	$1,923,697.36	$3,022,280.83	$4,429,230.15	$570,105.57	$657,234.76	$763,602.34	$868,906.78	$12,235,057.80
Income Total		**$1,923,697.36**	**$3,022,280.83**	**$4,429,230.15**	**$570,105.57**	**$657,234.76**	**$763,602.34**	**$868,906.78**	**$12,235,057.80**
Miscellaneous	Consultancy Fees	-$325.27							-$325.27
	Consumables	-$704.74	-$976.05	-$1,435.58	-$372.91	-$74.93	-$133.16	-$297.09	-$3,994.46
	Other	-$4,400.15	-$1,530.74	-$570.78	-$173.89	-$95.00	-$280.00	-$95.00	-$7,145.56
	Power Lines	-$1,326.12							-$1,326.12
	Security	-$2,688.93	-$3,965.39	-$337.46				-$6,307.38	-$13,299.16
	Traffic Management	-$4,160.10	-$723.69	-$20.00					-$4,903.79
	Environmental Monitoring					-$842.50			-$842.50
Miscellaneous Total		**-$13,605.31**	**-$7,195.87**	**-$2,363.82**	**-$546.80**	**-$1,012.43**	**-$413.16**	**-$6,699.47**	**-$31,836.86**
Grand Total		**$111,635.81**	**$122,686.06**	**$1,892,019.13**	**$323,640.29**	**$347,648.42**	**$448,033.29**	**$408,917.45**	**$3,654,580.46**