HARVESTING REPORT
JUNE 2021

STONEY RIVER FOREST

Felling orientated for hauler extraction to Landing 83.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Stoney River – June 2021

Summary

- Gross revenue for the month is **$1,439,356.01**
- Costs for the month are **$726,699.96**
- Net income for the month is **$712,656.05**
- Tonnes harvested for the month is **8,592.45**
- Net income per tonne for the month is **$82.94**
- Area cleared for the month is **12.6** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$7,314,868.60**
- Project costs to date are **$5,185,257.49**
- Project net income to date is **$2,129,611.10**
- Tonnes harvested to date is **49,927.12**
- Net income per tonne to date is **$42.65**
- Recoverable volume per hectare to date is **771.7** tonnes
- Net income per hectare to date is **$32,915.16**
- Total forest area is **223.2** hectares, approximate hectares cleared to date is **64.7** 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 **$1,439,356.01** with an average sale price over all grades of **$167.51** 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:

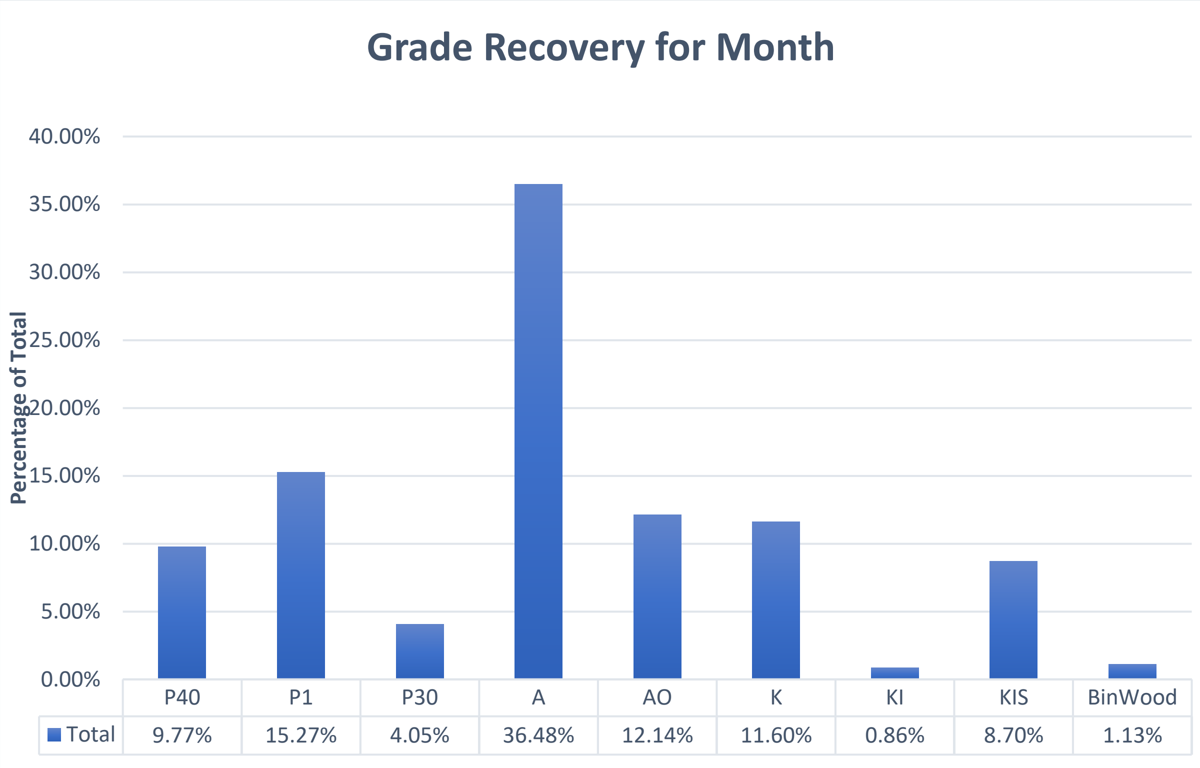


Chart 1: Grade Recovery for Month

Pruned recovery for June comprised of 29% overall sales volume, 15% 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 10% of volume.

The remaining 1% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$361,255.54,** an average of **$42.04** per tonne.

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

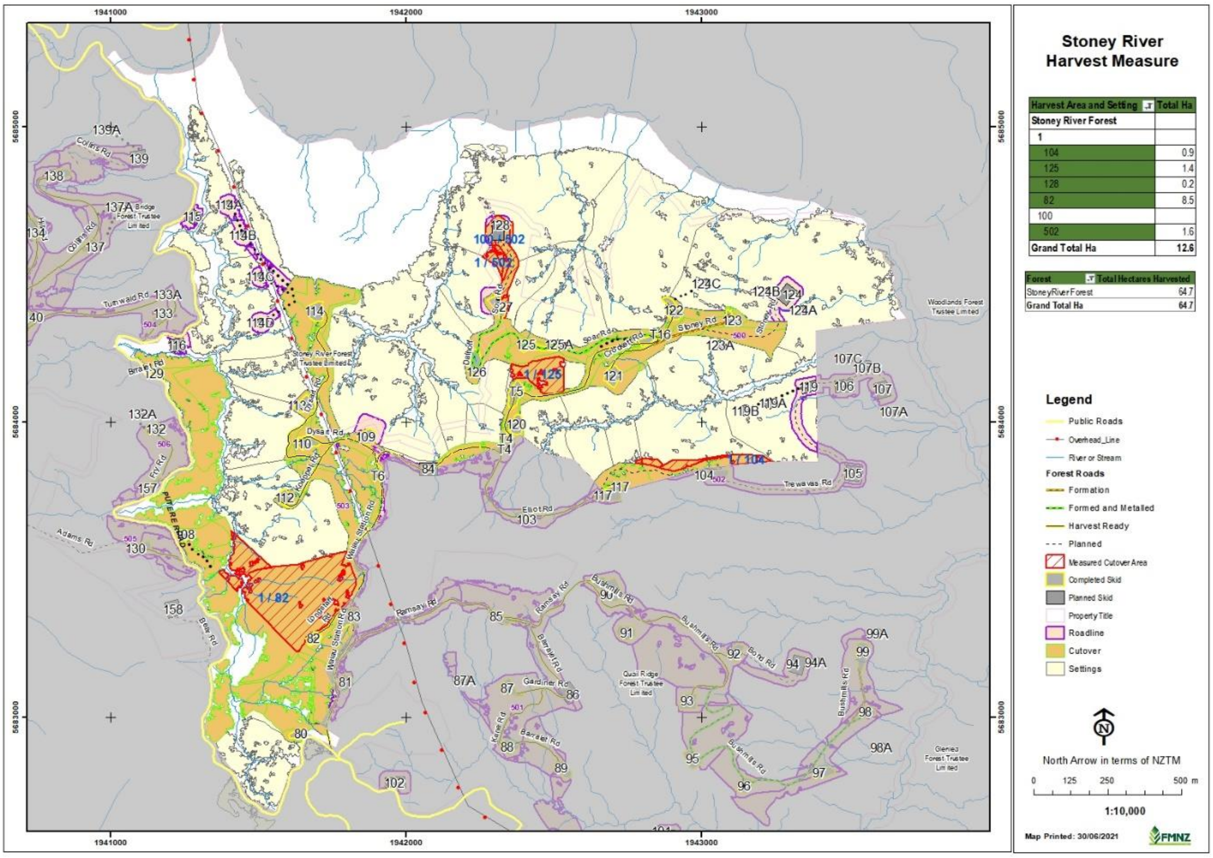
LOGGING COSTS	TONNES	TOTAL
June		$361,255.54
	8,592.45	**$361,255.54**

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
June	Establishment - Harvesting	$890.00
		$890.00

Table 2: Additional Logging Costs

Additional logging costs were for shifting the harvest crews' container, carriage and chain from Landing 82 to Koeppel Road, Landing 112.



Pic 1: Progress Map

Stirling Logging crew, Log 26 carried out clearfelling in Setting 82. They moved the hauler to the stockpile at Landing 83 to pull the top of Setting 82. The crew also started opening up Setting 112 on Koeppel Road.

HT King Logging crew, Log 58 commenced clearfell harvest of Settings 120 and 125 which is the two hectare strip between Dalhoff and Waiau Station Roads. They also finished harvesting the roadline from Landing 127 to 128.

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 **$262,072.01** which is an average unit rate of **$30.50** per tonne.

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

CARTAGE COSTS		TOTAL
June	Cartage - Truck	$262,072.01
	Weighbridge	$2,683.98
	Trailer Lifting	$48.00
		$264,803.99

Table 3: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **$30.82** per tonne.

Trailer lifting is costs for using the public gantry to reload trailers for loads delivered outside the normal hours of the facility provided by the Napier Port.

Engineering

ENGINEERING		RL	CF	TOTAL
June	R&M - Road Maintenance	$1,409.40		$1,409.40
	Stockpile Works	$490.20		$490.20
	Other	$330.00		$330.00
	Establishment - Engineering	$150.00		$150.00
	Landings	$729.00		$729.00
	Metal Rock	$5,277.63		$5,277.63
	Pavement	$912.00		$912.00
	Road Formation	$10,821.10		$10,821.10
	Spread from stockpile	$1,930.50		$1,930.50
	Trucks - Cart & Dump	$5,760.00		$5,760.00
	Culvert Installation	$252.00		$252.00
	Culverts	$2,846.34		$2,846.34
	Culverts - Freight	$192.00		$192.00
	Fluming	$1,586.00		$1,586.00
	Loadout Bay Construction	$825.00		$825.00
	R&M	$3,603.49		$3,603.49
	Rehab	$1,909.46		$1,909.46
		$39,024.12		**$39,024.12**

Table 4: Engineering Costs

Earthworks expenditure in June was the construction of Elliot and Trewavas Roads (Landing 117 down to 105). These roads are shared with Quail Ridge Forest.

Planned Activities for July 2021

Stirling Logging crew, Log 26 will continue clearfelling, moving to Setting 112 next.

HT King Logging crew, Log 58 will carry on roadlining Setting 502 and working towards Landing 119. This is a joint road with Quail Ridge Forest along the common boundary.

Earthworks will continue in July down to Landing 119 on Trewavas Road.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
June	**$712,656.06**	**$2,129,611.10**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$82.94** per tonne, or **$56,560.00** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
June	Management	$57,574.24
	FGC levy	$2,759.92
		$60,334.16

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
June	Consumables	$297.14
	Other	$95.00
		$392.14

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during June and for log stencils.

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

Health and Safety

One property damage incident was reported during June.

The loader was loading the truck packet when a log slipped from the grapple, falling onto and damaging the diesel tank. The diesel tank required replacing.

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.

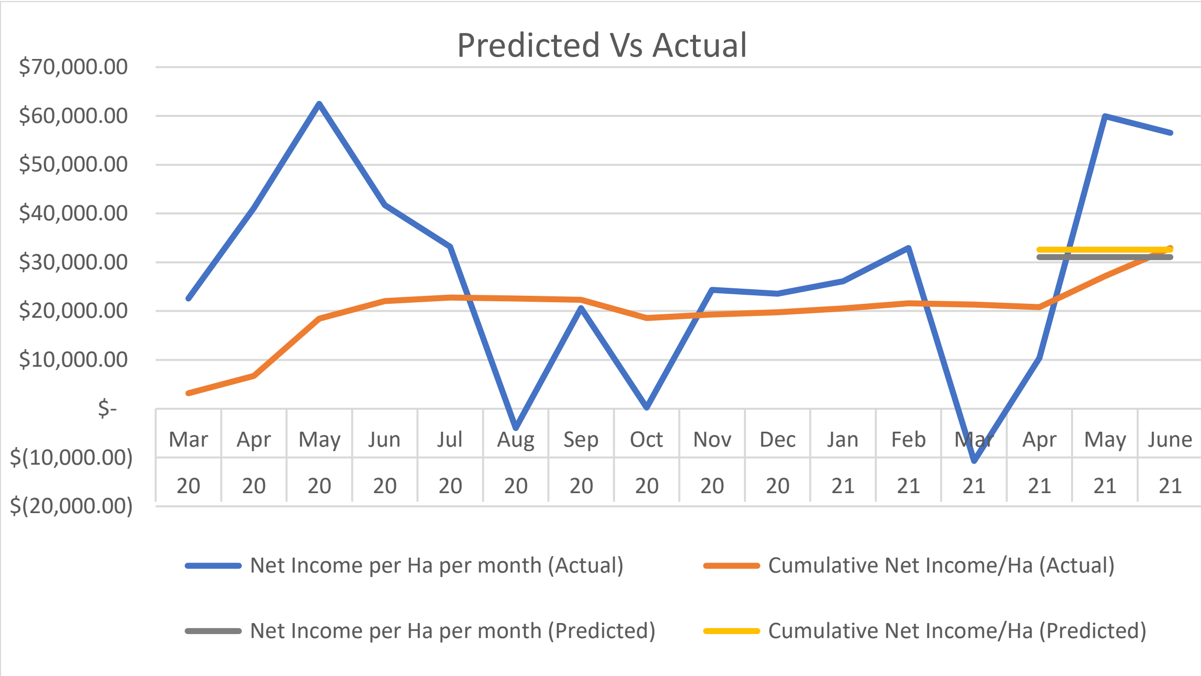


Chart 2: Actual vs Predicted

Net return per tonne to date is **$42.65,** forecast was $43.70.

Gross return per tonne to date is **$146.51,** forecast was $135.77.

Net return per hectare to date is **$32,915.16**, forecast was $32,592.02.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ MAXIMISING YOUR FOREST VALUE

Historic Harvesting Financial Summary

Stoney River Forest Partnership 01/06/2021 to 30/06/2021

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

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Binwood					
Pulp		96.94		$45.50	$4,410.77
TOTAL BINWOOD SALES		**96.94**			**$4,410.77**

Domestic					
Pruned Dom	P1 4.9	70.73		$192.50	$13,615.52
Pruned Dom	P1 4.9	1,241.50		$202.00	$250,783.00
TOTAL DOMESTIC SALES		**1,312.23**			**$264,398.52**

Export					
Pruned Exp	P40 3.9	0.00	168.017	$210.00	$35,283.57
Pruned Exp	P40 5.9	0.00	659.183	$210.00	$138,428.43
Pruned Exp	P30 3.9	0.00	155.659	$185.00	$28,796.92
Pruned Exp	P30 5.1	0.00	193.659	$185.00	$35,826.92
A40	AO 3.8	0.00	1,024.961	$167.00	$171,168.49
A40	AO 3.9	0.00	52.031	$170.00	$8,845.27
A40	AO 5.8	0.00		$168.00	$0.00
A30	A 3.8	0.00	362.925	$164.00	$59,519.70
A30	A 3.8	0.00	121.085	$165.00	$19,979.02
A30	A 5.1	0.00	0.345	$167.00	$57.61
A30	A 5.8	0.00	1,874.195	$166.00	$311,116.37
A30	A 5.8	0.00	688.561	$167.00	$114,989.69
K	K 3.8	0.00	355.947	$157.00	$55,883.68
K	K 5.8	0.00	561.603	$159.00	$89,294.88
KI	KI 3.8	0.00	71.911	$148.00	$10,642.83
TOTAL EXPORT SALES		**0.00**	**6,290.082**		**$1,079,833.38**

Export Pulp					
Export Pulp	KIS 2.9	0.00	28.998	$130.00	$3,769.74
Export Pulp	KIS 2.9	0.00	326.427	$133.00	$43,414.79
Export Pulp	KIS 3.8	0.00	308.715	$141.00	$43,528.82
TOTAL EXPORT PULP SALES		**0.00**	**664.140**		**$90,713.35**
TOTAL		**1,409.17**	**6,954.222**		**$1,439,356.02**

FEES	
FMNZ Management Fee @ %	$57,574.24
TOTAL FEES	**$57,574.24**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,759.92
TOTAL LEVIES	**$2,759.92**
COSTS	
Harvesting	$361,255.54
Cartage	$262,072.01
Weighbridge	$2,683.98
Consumables	$297.14
Culvert Installation	$252.00
Culvert Pipes	$2,846.34
Culverts - Freight	$192.00
Establishment	$1,040.00
Fluming	$1,586.00
Landings	$729.00
Loadout Bay: Construction	$825.00
Metal Rock m3	$5,277.63
Metalling: Cart to stockpile	$5,760.00
Metalling: Grading & Rolling	$912.00
Metalling: Spread from Stockpile	$1,930.50
Other	$425.00
Post Harvest Rehab	$1,909.46
R&M - Road Maintenance	$1,409.40
Repairs & Maintenance	$3,603.49
Road Formation	$10,821.10
Stockpile Works	$490.20
Trailer Lifting	$48.00
TOTAL COSTS	**$666,365.79**
TOTAL FEES, LEVIES & COSTS	**$726,699.95**

NET INCOME	**$712,656.07**
GST	**$106,898.41**
NET INCOME (INCLUDING GST)	**$819,554.48**

Photo 1: Clearfell crew working on Landing 82.

Photo 2: QC measuring logs on Landing 82 with processor and hauler working in the background.

Photo 3: Setting 82 being extracted by the pole hauler.

Photo 4: Clearfell crew working on landing 82.

Photo 5: Processor and skidder working on Landing 127.

Photo 6: Stoney River Forest with tower hauler on Landing 82 up on the right with Oak Bridge Forest in the background.

Photo 7: Landing 82 operations at the end of De Jong Road.

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	June 21	Grand Total
Engineering	Culvert Installation		-$900.00		-$3,847.00		-$555.00	-$75.00	-$252.00	-$5,629.00
	Culverts	-$10,113.06	-$2,531.88	$600.27	-$14,791.70				-$2,846.34	-$29,682.71
	Culverts - Freight				-$400.00		-$30.00	-$45.00	-$192.00	-$667.00
	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	-$150.00	-$23,253.58
	Fluming	-$1,763.73	-$439.04		-$4,917.81				-$1,586.00	-$8,706.58
	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	-$729.00	-$295,804.70
	Loader Hire				-$360.00					-$360.00
	Loadout Bay Construction				-$4,366.50		-$477.50	-$10.80	-$825.00	-$5,679.80
	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	-$5,277.63	-$145,792.83
	Other			-$120.00	-$3,072.56				-$330.00	-$3,522.56
	Pavement		-$13,111.80	-$204.00	-$7,937.48			-$2,709.37	-$912.00	-$24,874.65
	Public Roads	-$2,166.66								-$2,166.66
	R&M		-$5,610.20		-$6,353.40				-$3,603.49	-$15,567.09
	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	-$1,409.40	-$14,268.24
	Rehab				-$12,726.00	-$3,276.00	-$903.00		-$1,909.46	-$18,814.46
	Road Formation	-$119,437.45	-$15,676.80	-$2,296.00	-$178,846.20		-$28,406.80	-$13,195.50	-$10,821.10	-$368,679.85
	Sediment Control				-$198.98					-$198.98
	Spread from stockpile			-$715.00	-$17,104.90		-$286.00	-$7,858.60	-$1,930.50	-$27,895.00
	Stockpile Works				-$16,409.34	-$333.45	-$2,272.65	-$1,385.40	-$490.20	-$20,891.04
	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	-$5,760.00	-$206,458.61
	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**	**-$39,024.12**	**-$1,270,370.05**
Fees	FGC levy	-$1,117.47	-$500.21		-$7,528.15		-$426.26	-$2,311.57	-$2,759.92	-$14,643.58
	Management	-$25,102.43	-$9,853.55		-$145,317.76		-$8,874.24	-$45,872.53	-$57,574.24	-$292,594.74
Fees Total		**-$26,219.90**	**-$10,353.76**		**-$152,845.91**		**-$9,300.50**	**-$48,184.10**	**-$60,334.16**	**-$307,238.33**
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	-$262,072.01	-$1,446,408.91
	Establishment - harvesting	-$13,637.50			-$670.00		-$32,320.00		-$890.00	-$47,517.50
	Logging	-$164,753.24	-$71,671.58		-$1,019,772.42		-$53,763.44	-$311,613.55	-$361,255.54	-$1,982,829.77
	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	-$2,683.98	-$16,645.79
	Trailer Lifting							-$6.00	-$48.00	-$54.00
Harvesting Total		**-$298,440.71**	**-$126,018.46**		**-$1,814,847.69**		**-$124,713.79**	**-$528,147.57**	**-$626,949.53**	**-$3,519,117.76**
Income	Log Sales	$627,560.68	$246,338.80		$3,632,943.90		$221,855.93	$1,146,813.27	$1,439,356.01	$7,314,868.60
Income Total		**$627,560.68**	**$246,338.80**		**$3,632,943.90**		**$221,855.93**	**$1,146,813.27**	**$1,439,356.01**	**$7,314,868.60**
Miscellaneous	Consents	-$156.52								-$156.52
	Consultancy Fees		-$165.83							-$165.83
	Consumables	-$332.04	-$26.47		-$1,271.07		-$484.69	-$249.49	-$297.14	-$2,660.90
	Fencing	-$656.51								-$656.51
	Other	-$141.55	-$4,998.94	-$1,343.43	-$2,270.64	-$95.00	-$95.00	-$95.00	-$95.00	-$9,134.56
	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**	**-$392.14**	**-$88,531.36**
Grand Total		**-$23,485.85**	**$20,580.73**	**-$9,979.33**	**$910,288.71**	**-$10,699.96**	**$20,768.92**	**$509,481.82**	**$712,656.05**	**$2,129,611.10**