HARVESTING REPORT
JUNE 2021

TANGOIO FOREST

Log 12 operations in Setting 30, Napier in the background.

Clearfell Harvesting Report – Tangoio – June 2021

Summary

- Gross revenue for the month is **$818,511.56**
- Costs for the month are **$310,889.15**
- Net income for the month is **$507,622.41**
- Tonnes harvested for the month is **4,956.19**
- Net income per tonne for the month is **$102.42**
- Area cleared for the month is **6.5** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$32,302,520.84**
- Project Other Income to date is **$331,127.59**
- Project costs to date are **$18,007,841.03**
- Project net income to date is **$14,625,807.41**
- Tonnes harvested to date is **235,804.08**
- Net income per tonne to date is **$62.03**
- Recoverable volume per hectare to date is **691.1** tonnes
- Net income per hectare to date is **$42,865.79**
- Total forest area is **538.9** hectares, approximate hectares cleared to date is **341.2** 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 **$818,511.56** with an average sale price over all grades of **$165.15** 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:

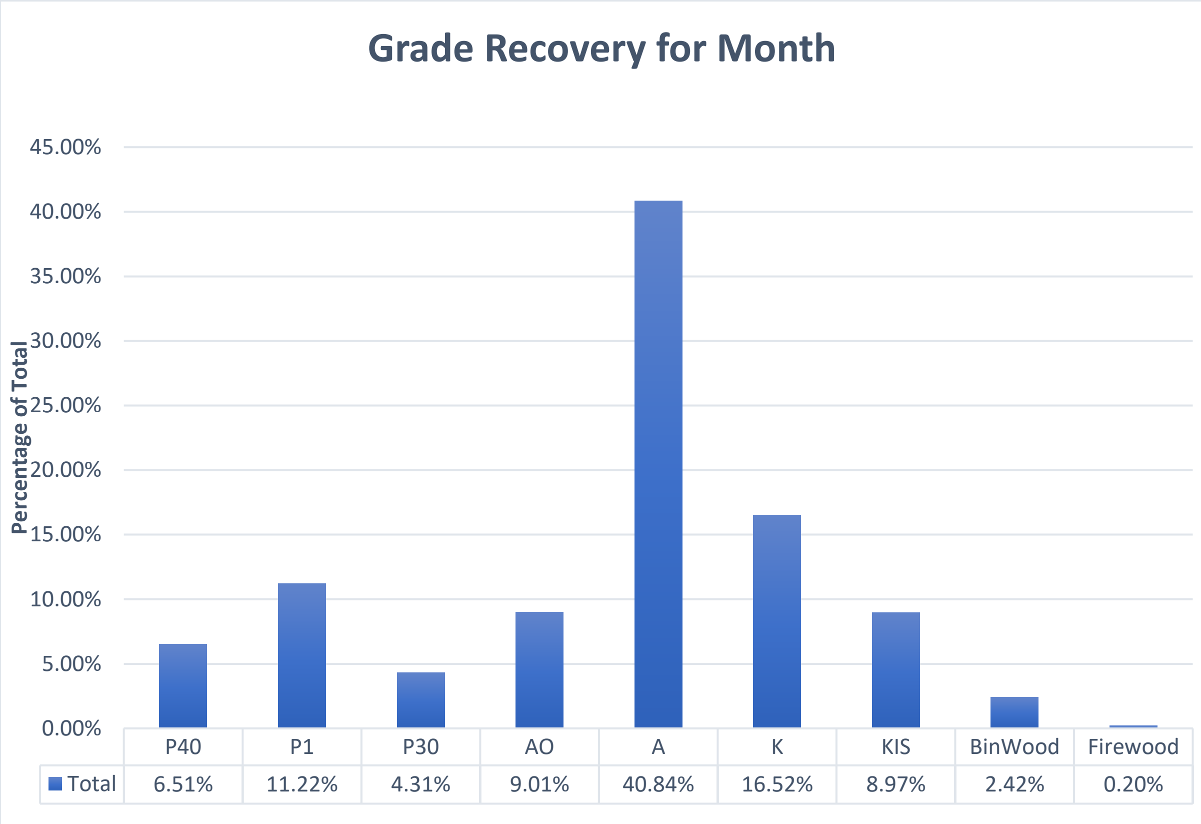


Chart 1: Grade Recovery for Month

Pruned recovery for June comprised of 22% overall sales volume, all of which was sold as export.

High quality export sawlog (AO, A and K grades) made up 66% of the total production volume, with lower quality export (KI and KIS grades) comprising 9% of volume.

The remaining 3% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$188,989.57,** an average of **$38.13** per tonne.

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

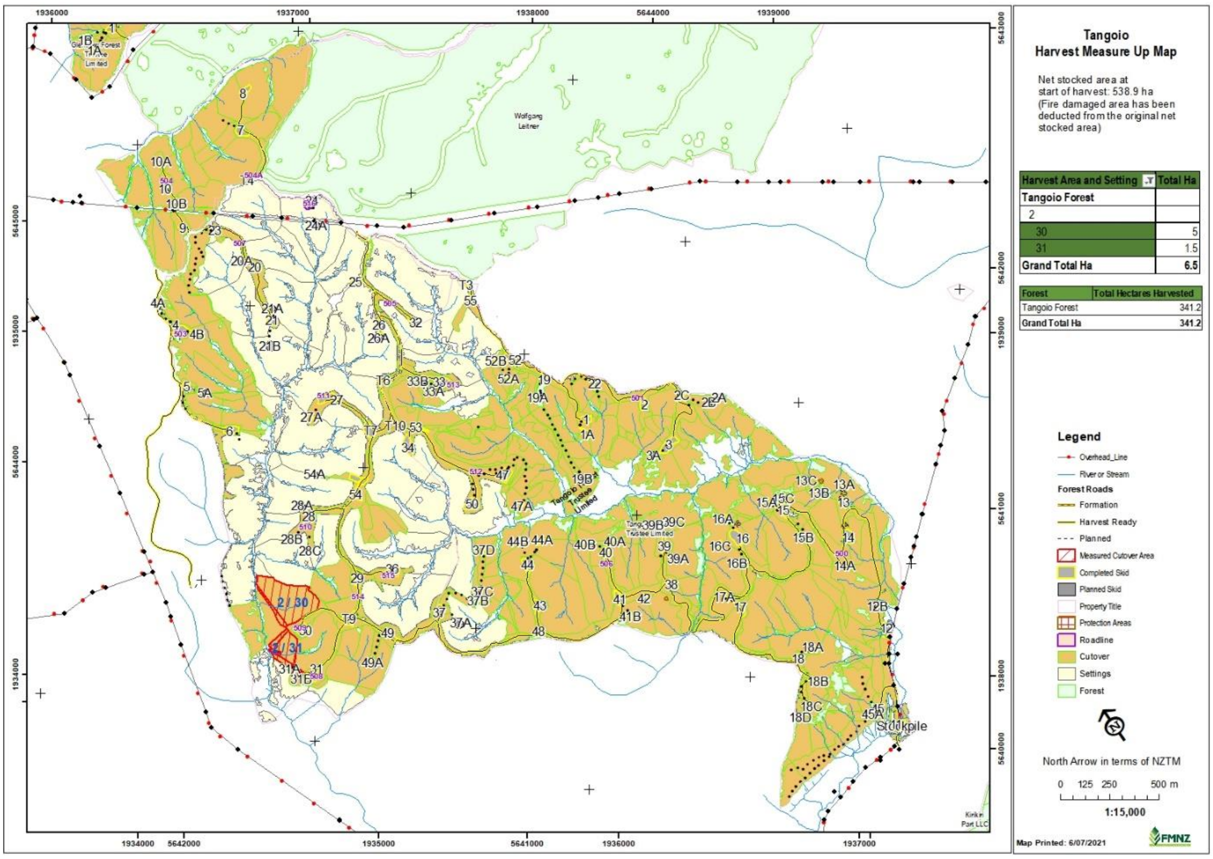
LOGGING COSTS	TONNES	TOTAL
June		$188,989.57
	4,956.19	$188,989.57

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
June	Establishment	**$1,920.00**
		$1,920.00

Table 2: Additional Logging Costs

Establishment costs were for moving a backline digger to HBRC Road to assist with harvesting and for removal of a grapple digger to another K & S Beard Logging crew.



Pic 1: Progress Map

Clearfell harvesting during June occurred in Settings 30 and 31. In Setting 30, the crew has been pulling over a stream below and making a tidy job of this.

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 **$67,864.84** which is an average unit rate of **$13.69** per tonne.

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

CARTAGE COSTS		TOTAL
June	Cartage - Truck	$67,864.84
	Weighbridge	$1,579.97
	Trailer Lifting	$6.00
		$69,450.81

Table 3: Cartage Costs

The average cart rate for June inclusive of weighbridge and trailer lifting fees is **$14.01** 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	$9,404.00		$9,404.00
	Establishment - Engineering	$1,672.00		$1,672.00
	Other	$35.00		$35.00
	R&M	$812.00		$812.00
	R&M - Metal	$2,228.75		$2,228.75
	Rehab	$420.00		$420.00
	Trucks - Cart & Spread	$800.00		$800.00
	Loadout Bay Construction	$280.00		$280.00
		$15,651.75		**$15,651.75**

Table 4: Engineering Costs

Maintenance work was completed in June on Rakauiti and Sutton Roads. Sutton Road required repairs on an old section of road where the underlying corduroy had become exposed.

The loadout bay exit was widened on Landing 28 to help trucks turning straight off the landing.

Planned Activities for July 2021

The plan for July is to continue clearfell harvesting in Setting 30 and make a start in Setting 28.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
June	**$507,622.41**	**$14,625,807.41**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$102.42** per tonne, or **$78,095.76** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
June	Management	$32,736.46
	FGC levy	$1,615.08
		$34,351.54

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
June	Other	$95.00
	Consumables	$80.48
		$175.48

Table 7: Miscellaneous Expenses

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

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

Health and Safety

There were two incidents reported in Tangoio Forest during June.

A medical treatment injury occurred when a branch broke off and flung back, hitting the tree faller in the face, causing a bruised eye. He had retreated well down his escape route when it occurred. He was taken to the doctor where he was found to have a broken eye socket and had to be stood down until he recovered.

The second incident was a minor injury which occurred when a machine operator got oil on his boots and slipped off the tracks of his machine, banging his leg causing minor pain and discomfort. This was a reminder to make sure boots are clean prior to climbing up on the machine.

Environmental

ENVIRONMENTAL		TOTAL
June	Environmental Monitoring	$350.00
		$350.00

Table 7: Miscellaneous Expenses

A native vegetation assessment was undertaken within Setting 31 on Vice Road as part of developing a site-specific harvest plan (SSHP) to determine which areas, if any, of native vegetation must be protected from damage during harvesting operations and how the stream will be kept clear of harvest debris.

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.

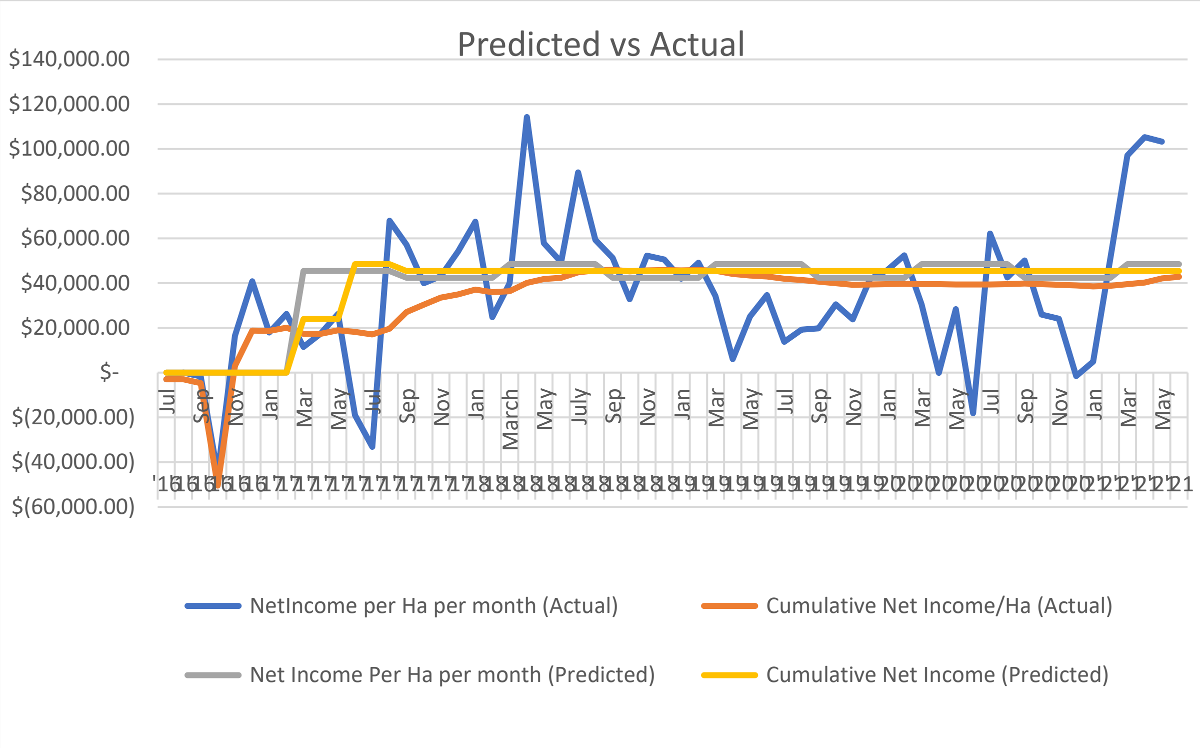


Chart 2: Actual vs Predicted

Net return per tonne to date is **$62.03**, forecast was $66.81.

Gross return per tonne to date is **$138.39**, forecast was $126.50.

Net return per hectare to date is **$42,865.79**, forecast was $45,373.11.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

Historic Harvesting Financial Summary

Tangoio Forest Partnership 01/06/2021 to 30/06/2021

Paid to bank account # 02-0792-0001473-000 GST # 56-852-220

Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
SALES					
Binwood					
Pulp		119.70		$45.50	$5,446.35
TOTAL BINWOOD SALES		**119.70**			**$5,446.35**
Domestic					
Pruned Dom	P1 4.9	556.30		$202.00	$112,372.60
TOTAL DOMESTIC SALES		**556.30**			**$112,372.60**
Export					
Pruned Exp	P40 3.9	0.00	74.996	$210.00	$15,749.16
Pruned Exp	P40 5.9	0.00	241.175	$210.00	$50,646.75
Pruned Exp	P30 3.9	0.00	211.697	$185.00	$39,163.94
A40	AO 3.8	0.00	231.277	$167.00	$38,623.26
A40	AO 3.9	0.00	217.278	$170.00	$36,937.26
A40	AO 5.8	0.00	13.278	$170.00	$2,257.26
A30	A 3.8	0.00	278.163	$164.00	$45,618.73
A30	A 3.8	0.00	385.674	$165.00	$63,636.21
A30	A 5.8	0.00	660.300	$166.00	$109,609.80
A30	A 5.8	0.00	668.307	$167.00	$111,607.27
K	K 3.8	0.00	370.496	$157.00	$58,167.87
K	K 5.8	0.00	441.903	$159.00	$70,262.58
TOTAL EXPORT SALES		**0.00**	**3,794.544**		**$642,280.09**
Export Pulp					
Export Pulp	KIS 2.9	0.00	85.012	$130.00	$11,051.56
Export Pulp	KIS 2.9	0.00	60.611	$133.00	$8,061.26
Export Pulp	KIS 3.8	0.00	278.012	$141.00	$39,199.69
TOTAL EXPORT PULP SALES		**0.00**	**423.635**		**$58,312.51**
Firewood					
Firewood		10.00		$10.00	$100.00
TOTAL FIREWOOD SALES		**10.00**			**$100.00**
TOTAL		**686.00**	**4,218.179**		**$818,511.55**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$32,736.46
TOTAL FEES	**$32,736.46**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,615.08
TOTAL LEVIES	**$1,615.08**
COSTS	
Harvesting	$188,989.57
Cartage	$67,864.84
Weighbridge	$1,579.97
Consumables	$80.48
Environmental Monitoring	$350.00
Establishment	$3,592.00
Loadout Bay: Construction	$280.00
Metalling: Cart to road	$800.00
Other	$130.00
Post Harvest Rehab	$420.00
R&M - Metal	$2,228.75
R&M - Road Maintenance	$9,404.00
Repairs & Maintenance	$812.00
Trailer Lifting	$6.00
TOTAL COSTS	**$276,537.61**
TOTAL FEES, LEVIES & COSTS	**$310,889.15**

NET INCOME	**$507,622.40**
GST	**$76,143.36**
NET INCOME (INCLUDING GST)	**$583,765.76**

Photo 1: FMNZ Staff carrying out drone training on Landing 47.

Photo 2: View towards Napier from Tangoio Forest.

Photo 3: Carrying out maintenance on swing yarder on two-stage Pad 30A.

Photo 4: Logging truck leaving Landing 30.

Photo 5: Felled stems to be pulled back to landing in Setting 30.

Photo 6: Felled stems to be pulled back to landing in Setting 30.

Photo 7: Log 12 operations on Landing 30.

Photo 8: Loaded logging truck leaving the forest.

TANGOIO CUMULATIVES

Categories	Descriptions	May 13 - Feb 17	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 2021	Grand Total
Engineering	Borrow Pit		-$20,357.50	-$1,454.50							-$21,812.00
	Corduroy		-$6,300.00								-$6,300.00
	Crossings	-$58,907.68	-$4,360.00	-$25,775.00							-$89,042.68
	Culvert Installation			-$16,722.40	-$21,177.48	-$4,233.25					-$42,133.13
	Culverts	-$20,104.76	-$54,985.33	-$26,207.09	-$31,004.01	-$5,692.68					-$137,993.87
	Culverts - Freight	-$642.50	-$690.00	-$120.00	-$450.00	-$437.40	-$212.50				-$2,552.40
	Entranceway - Seal		-$2,166.96	-$2,504.31							-$4,671.27
	Establishment - Engineering	-$7,000.00	-$20,311.50	-$14,052.99	-$10,962.86	-$8,472.20	-$798.00	-$976.00	-$1,040.00	-$1,672.00	-$65,285.55
	Fluming	-$4,879.50	-$1,461.14	-$4,994.92	-$32,916.51	-$3,624.96	-$3,379.01				-$51,256.04
	Geotextiles	-$9,343.47	-$32,584.60	-$8,636.20	-$20,584.28						-$71,148.55
	Grass Seeding				-$9,741.70	-$617.50		-$683.75			-$11,042.95
	Landings	-$76,908.00	-$82,325.50	-$69,335.80	-$202,975.10	-$67,431.17					-$498,975.57
	Loader Hire				-$4,226.40						-$4,226.40
	Loadout Bay Construction			-$165.00	-$3,085.50	-$3,501.95		-$882.00	-$240.00	-$280.00	-$8,154.45
	Loadout Bay Metal	-$1,755.00		-$5,907.46	-$10,687.84	-$5,570.95					-$23,921.25
	Metal - Winning			-$20,835.21							-$20,835.21
	Metal Lime	-$36,216.75	-$78,590.25	-$23,426.10	-$124,475.85	-$47,299.07					-$310,008.02
	Metal Rock	-$11,122.45	-$49,244.51	-$28,746.17	-$109,257.21	-$32,532.87			-$2,174.30		-$233,077.51
	Other		-$118.60	-$3,168.90	-$21,746.07	$2,680.30				-$35.00	-$22,388.27
	Pads			-$20,919.07	-$15,698.71	-$6,933.20	-$8,212.00	-$5,558.00			-$57,320.98
	Pavement			-$67,698.33	-$147,984.16	-$2,835.89		-$196.00			-$218,714.38
	R&M		-$10,522.50	-$30,551.07	-$36,331.53	-$17,811.76				-$812.00	-$96,028.85
	R&M - Culverts Maintenance			-$325.00							-$325.00
	R&M - Event Cleanup		-$12,642.50								-$12,642.50
	R&M - Metal			-$804.49	-$7,355.02	-$11,123.52			-$720.00	-$2,228.75	-$22,231.77
	R&M - Road Maintenance		-$9,978.00	-$5,889.76	-$2,879.38	-$12,342.19	-$1,748.00		-$4,980.00	-$9,404.00	-$47,221.33
	Rehab			-$24,205.90	-$59,315.73	-$18,647.96	-$6,305.00	-$756.00	-$4,725.00	-$420.00	-$114,375.59
	Rehab - Drainage		-$2,380.00								-$2,380.00
	Rehab - Environmental		-$3,112.50	-$14,590.00	-$181.29						-$17,883.79
	Rehab - Skids/Pads		-$6,034.70	-$2,254.63	-$9,720.00	-$2,310.00					-$20,319.33
	Road Formation	-$98,830.90	-$321,820.48	-$105,020.88	-$203,417.90	-$43,244.81					-$772,334.96
	Sediment Control				-$1,933.50	-$662.45					-$2,595.95
	Spread from stockpile	-$2,500.00	-$26,035.00	-$95,728.41	-$324,870.46	-$5,706.97					-$454,840.83
	Stockpile Works					-$4,290.18		-$770.00			-$5,060.18
	Temp Landings			-$2,678.00	-$18,427.33						-$21,105.33
	Trucks - Cart & Dump	-$28,877.40	-$109,542.65	-$76,933.20	-$658,455.50	-$49,981.73					-$923,790.48
	Trucks - Cart & Spread	-$8,567.50	-$102,150.00	-$251,339.55	-$137,535.33	-$20,956.83				-$800.00	-$521,349.21
	Two Stage			-$555.00							-$555.00
Engineering Total		**-$365,655.91**	**-$957,714.22**	**-$951,545.32**	**-$2,227,396.63**	**-$373,581.17**	**-$20,654.51**	**-$9,821.75**	**-$13,879.30**	**-$15,651.75**	**-$4,935,900.55**
Fees	FGC levy	-$2,397.64	-$11,567.17	-$18,594.56	-$18,833.32	-$7,176.78	-$1,496.01	-$1,472.82	-$2,139.15	-$1,615.08	-$65,292.52
	Management	-$45,716.12	-$236,093.74	-$394,616.83	-$356,533.85	-$131,290.14	-$26,819.21	-$27,372.96	-$40,917.48	-$32,736.46	-$1,292,096.78
Fees Total		**-$48,113.76**	**-$247,660.91**	**-$413,211.38**	**-$375,367.17**	**-$138,466.92**	**-$28,315.22**	**-$28,845.78**	**-$43,056.63**	**-$34,351.54**	**-$1,357,389.31**
Harvesting	Cartage - Trans Shipping			-$1,430.00	-$1,618.83	-$150.00					-$3,198.83
	Cartage - Truck	-$97,496.80	-$460,197.01	-$829,360.11	-$894,768.90	-$313,821.47	-$58,078.63	-$57,098.29	-$81,656.73	-$67,864.84	-$2,860,342.78
	Establishment - harvesting	-$8,396.50	-$8,862.60	-$10,029.50	-$5,360.00	-$3,468.75	-$840.00			-$1,920.00	-$38,877.35
	Logging	-$351,873.48	-$1,446,472.98	-$2,405,674.60	-$2,647,474.74	-$932,190.66	-$158,517.66	-$165,613.80	-$232,686.08	-$188,989.57	-$8,529,493.57
	Tracking			-$24,452.98	-$10,170.38	-$14,030.70	-$3,360.00				-$52,014.06
	Trailer Lifting	-$954.47	-$1,734.25			-$18.00	-$42.00	-$60.00	-$12.00	-$6.00	-$2,826.72
	Weighbridge	-$2,661.09	-$12,833.32	-$22,127.63	-$22,648.44	-$8,505.50	-$1,471.10	-$1,471.19	-$2,007.46	-$1,579.97	-$75,305.71
Harvesting Total		**-$461,382.34**	**-$1,930,100.17**	**-$3,293,074.83**	**-$3,582,041.27**	**-$1,272,185.08**	**-$222,309.39**	**-$224,243.28**	**-$316,362.28**	**-$260,360.38**	**-$11,562,059.02**
Income	Log Sales	$1,142,902.94	$5,902,343.56	$9,865,421.91	$8,913,346.28	$3,282,253.45	$670,480.17	$684,324.04	$1,022,936.93	$818,511.56	$32,302,520.84
	Other Income								$331,127.59		$331,127.59
Income Total		**$1,142,902.94**	**$5,902,343.56**	**$9,865,421.91**	**$8,913,346.28**	**$3,282,253.45**	**$670,480.17**	**$684,324.04**	**$1,354,064.52**	**$818,511.56**	**$32,633,648.43**
Miscellaneous	Arboriculture			-$4,590.00							-$4,590.00
	Consents	-$1,853.00									-$1,853.00
	Consultancy Fees	-$3,313.75	-$1,247.50	-$2,972.83	-$386.36						-$7,920.44
	Consumables	-$451.79	-$1,641.19	-$4,368.35	-$2,168.32	-$2,005.08	-$71.42	-$101.14	-$179.99	-$80.48	-$11,067.75
	Fencing		-$17,722.12								-$17,722.12
	Other	-$6,668.96	-$6,550.13	-$4,870.97	-$2,553.93	-$3,359.50		-$115.00	-$95.00	-$95.00	-$24,308.49
	Power Lines			-$1,299.49	-$8,579.24	-$9,390.00					-$19,268.73
	Royalty payments			-$9,024.15							-$9,024.15
	Security		-$212.65	-$864.31	-$8,095.49	-$5,521.20					-$14,693.65
	Traffic Management	-$4,124.02	-$7,200.00	-$16,075.72	-$12,703.25	-$535.83					-$40,638.82
	Environmental Monitoring						-$979.00	-$76.00		-$350.00	-$1,405.00
Miscellaneous Total		**-$16,411.52**	**-$34,573.59**	**-$44,065.82**	**-$34,486.59**	**-$20,811.61**	**-$1,050.42**	**-$292.14**	**-$274.99**	**-$525.48**	**-$152,492.15**
Grand Total		**$251,339.41**	**$2,732,294.67**	**$5,163,524.56**	**$2,694,054.62**	**$1,477,208.68**	**$398,150.65**	**$421,121.09**	**$980,491.33**	**$507,622.40**	**$14,625,807.41**