



HARVESTING REPORT

July 2021

STONEY RIVER FOREST



Log 26 operations on Landing 112.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Stoney River – July 2021

Summary

- Gross revenue for the month is **\$1,197,690.36**
- Costs for the month are **\$585,376.00**
- Net income for the month is **\$612,314.35**
- Tonnes harvested for the month is **6,818.61**
- Net income per tonne for the month is **\$89.80**
- Area cleared for the month is **8.2** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$8,512,558.95**
- Project costs to date are **\$5,770,633.50**
- Project net income to date is **\$2,741,925.45**
- Tonnes harvested to date is **56,745.73**
- Net income per tonne to date is **\$48.32**
- Recoverable volume per hectare to date is **774.2** tonnes
- Net income per hectare to date is **\$37,406.90**
- Total forest area is **223.2** hectares, approximate hectares cleared to date is **73.3** 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 **\$1,197,690.36** with an average sale price over all grades of **\$175.65** per tonne.

July 2021 - Log Markets, Hawkes Bay

The July export prices have dropped \$2.86/Jas m³ on average. The decrease has affected all log grades.

Radiata log inventories on the main Chinese ports we monitor have increased relatively quickly to 4.5Mm³ – 5.0Mm³, with daily offtake still down under the 60Km³ per day range.

This variation in the total softwood stock numbers is due to the Chinese government forcing some sawmills to relocate from Taicang, Jiangsu Province. Many log processing facilities in Taicang will have to close or relocate after the government, with very little warning, imposed regulation in early July that will restrict sawmilling to specific identified industrial districts. Initial estimates are this will reduce milling capacity by about 50%.

Taicang was China's second largest port for softwood imports and received about 20% of China's total softwood imports. It is just over 50km north-west of Shanghai so the regulations are likely to be a combination of government wanting to change land use as well as reduce pollution. This land will most likely be repurposed for housing or higher tech companies.

The disruption at Taicang has been a contributing factor in easing prices, as has resistance to higher prices in the market. The Chinese government has been talking down commodity prices and several of our exporters' customers have reacted quickly to defer development projects. There has also been an increase in domestic harvest levels in south China and that is now starting to reflect in lower levels of demand from that market.

Spot freight is in the high US\$50's. The forecast for August is rates in the mid US\$60's/m³ including delay costs. Freight rates are an additional US\$20+/m³ for volume ex Gisborne due to the extensive delays now occurring there due to a combination of berth repair and adverse weather reducing berth capacity.

The NZD weakened against the USD over July dropping from 0.7277 to 0.6982 against the USD. This helped reduce the drop in AWG pricing for July.

Domestic pruned log prices have lifted \$4 this quarter due to strong AWG export pricing and factoring in the winter effects on Jas conversions.

Grade Recovery

Grade out turn for July is as follows:

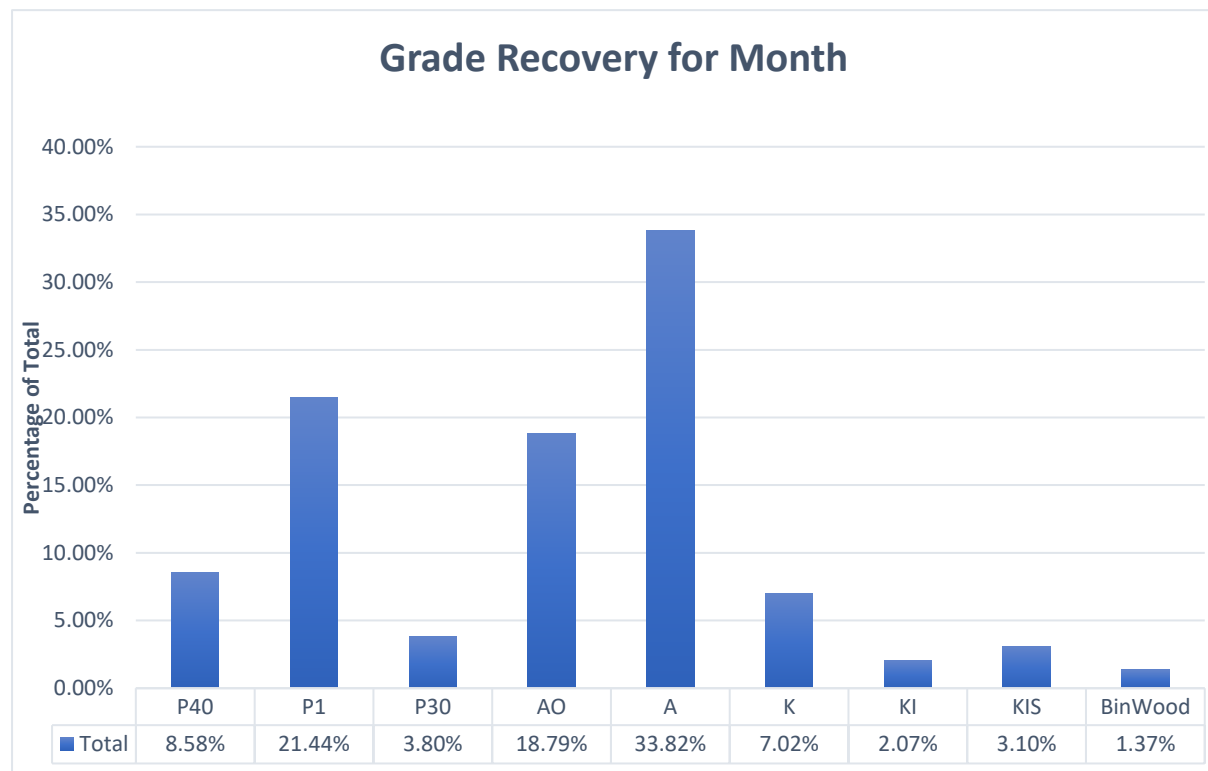


Chart 1: Grade Recovery for Month

Pruned recovery for July comprised 34% of overall sales volume, 21% 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 5% of volume.

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

Expenditure

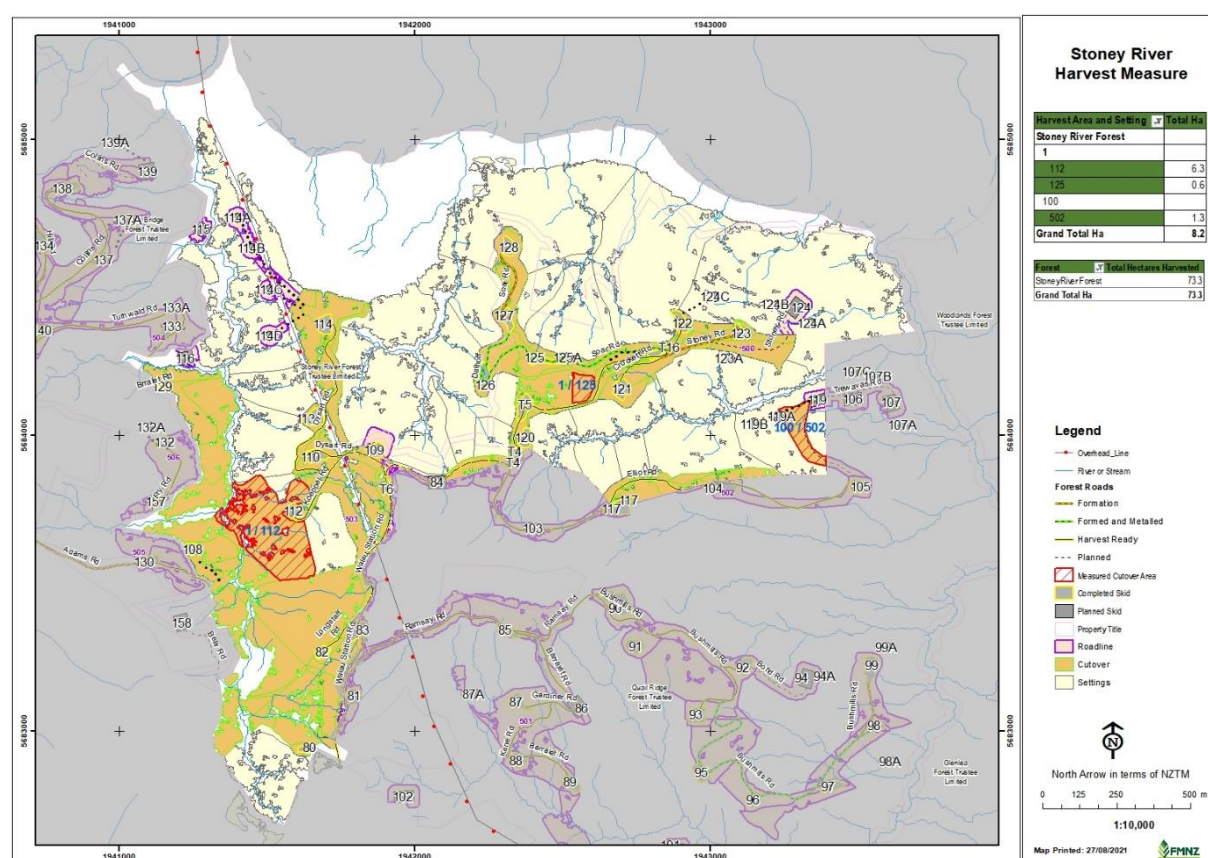
Harvesting

The total logging cost for the month was **\$295,807.19**, an average of **\$43.38** per tonne.

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

LOGGING COSTS		TOTAL
July		\$295,807.19
		\$295,807.19

Table 1: Logging Costs



Pic 1: Progress Map

During July, Log 26 commenced clearfelling in Setting 112 and made good progress using a combination of ground-base and hauler extraction methods. This included felling with the shovel machine feeding the falcon grapple as well as using the skidder for pulling.

Log 58 completed clearfell harvest of Settings 120 and 125 during July and then moved to neighbouring Quail Ridge Forest.

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 **\$215,489.61** which is an average unit rate of **\$31.60** per tonne.

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

CARTAGE COSTS		TOTAL
July	Cartage - Truck	\$215,489.61
	Weighbridge	\$2,143.06
	Trailer Lifting	\$36.00
		\$217,668.67

Table 2: Cartage Costs

The average cart rate for July inclusive of weighbridge and trailer lifting fees is **\$31.92** per tonne.

Trailer lifting costs are for use of 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
July	R&M		\$2,195.00	\$2,195.00
	R&M - Metal		\$4,800.00	\$4,800.00
	Establishment - Engineering	\$132.00	\$252.00	\$384.00
	Landings	\$810.00		\$810.00
	Metal Rock	\$3,435.50		\$3,435.50
	Stockpile Works	\$60.00	\$264.00	\$324.00
	Loadout Bay Construction	\$140.00		\$140.00
	Loadout Bay Metal	\$495.00		\$495.00
	Other		\$50.00	\$50.00
	R&M - Culverts Maintenance		\$228.00	\$228.00
	R&M - Road Maintenance		\$5,242.00	\$5,242.00
	Spread from stockpile	\$629.00	\$330.00	\$959.00
	Temp Landings	\$1,836.00		\$1,836.00
		\$7,537.50	\$13,361.00	\$20,898.50

Table 3: Engineering Costs

Earthworks was completed on Koeppel Road to facilitate Log 26's clearfell harvest operations from Landing 112. Pavement was also completed on Dalhoff Road and work completed on Trewavas Road to Landing 119. Maintenance metal was spread on Koeppel and Wairoa River Roads to maintain traction for log trucks during the wet periods in July.

Planned Activities for August 2021

Planned activities for August are for Log 26 to move the hauler to clearfell Setting 109 where they will be for about 6-8 weeks and to complete the last of the ground-base harvesting in Setting 112.

In August, engineering is planned to continue on Trewavas and Dalhoff roads. There will also be some maintenance work associated with clearfell operations.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
July	\$612,314.35	\$2,741,925.45

Table 4: Total Revenue

The net revenue for the month equates to an average of **\$89.80** per tonne, or per **\$74,672.48** hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
July	Management	\$47,907.61
	FGC levy	\$2,266.71
		\$50,174.32

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
July	Consumables	\$192.19
	Other	\$114.00
	Traffic Management	\$251.63
		\$557.82

Table 6: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during July, an export log stencil and Antisapstain 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 were for a proportional share of public road sign and Y posts to erect the sign.

Health and Safety

A public meeting held at the Putere School in June over concerns for the safety of locals due to the high level of heavy traffic had some action points completed in July with the erection of four signs on the side of Putere Road at various intervals reminding drivers that they are on a public road and therefore have to drive accordingly. Signs indicating times for the school bus route were also installed.

One property damage incident was reported in the forest in July. The machine operator noticed smoke coming from the machine he was operating and immediately turned it off. A tyre had caught fire which was caused by a battery bracket hanging loose and causing an electrical short. This was an older machine with no service sticker. The operator is required to complete a daily pre-start check and ensure regular services are scheduled, particularly with older machines as they are more likely to develop issues than newer machines.

Environmental

ENVIRONMENTAL		TOTAL
July	Environmental Monitoring	\$269.50
		\$269.50

Table 7: Environmental Expenses

Hawke's Bay Regional Council visited the forest on 16th June and assessed both consented and permitted harvesting and earthworks activities as being *fully compliant* and noted *there was some excessive slash within the water body below Skid 112 which was discussed on site and was agreed this slash would be removed due to the harvest machinery still being active on Skid 112.*

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.

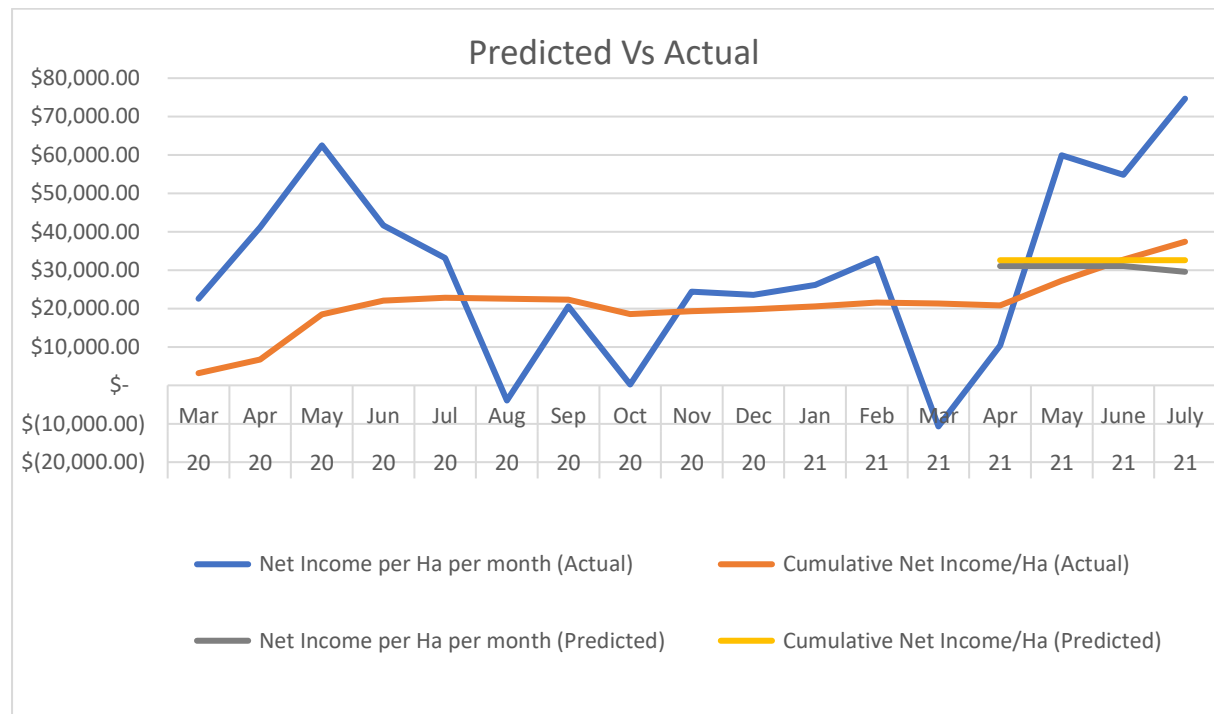


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$48.32**, forecast was \$43.70.

Gross return per tonne to date is **\$150.01**, forecast was \$135.77.

Net return per hectare to date is **\$37,406.90**, forecast was \$32,592.02.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Stoney River Forest Partnership

01/07/2021 to 31/07/2021

Paid to bank account # 02-0792001449-000

GST # 61-378-928

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		93.26		\$45.50	\$4,243.33
TOTAL BINWOOD SALES		93.26			\$4,243.33

Domestic					
Pruned Dom		99.07		\$209.50	\$20,755.16
Pruned Dom	P1 4.9	933.30		\$207.00	\$193,193.10
Pruned Dom	P1 5.5	429.86		\$209.50	\$90,055.67
TOTAL DOMESTIC SALES		1,462.23			\$304,003.93

Export					
Pruned Exp	P40 3.9	0.00	103.653	\$208.00	\$21,559.82
Pruned Exp	P40 5.8	0.00	31.258	\$209.00	\$6,532.92
Pruned Exp	P40 5.9	0.00	463.324	\$208.00	\$96,371.39
Pruned Exp	P30 3.9	0.00	18.789	\$178.00	\$3,344.44
Pruned Exp	P30 5.1	0.00	243.660	\$178.00	\$43,371.48
A40	AO 3.8	0.00	1,347.513	\$165.00	\$222,339.65
A30	A 3.8	0.00	233.489	\$161.00	\$37,591.73
A30	A 3.8	0.00	240.863	\$162.00	\$39,019.81
A30	A 5.8	0.00	820.761	\$163.00	\$133,784.04
A30	A 5.8	0.00	1,026.717	\$165.00	\$169,408.30
K	K 3.8	0.00	116.686	\$154.00	\$17,969.64
K	K 5.8	0.00	332.320	\$156.00	\$51,841.92
KI	KI 3.8	0.00	20.836	\$145.00	\$3,021.22
KI	KI 3.8	0.00	116.966	\$146.00	\$17,077.04
TOTAL EXPORT SALES		0.00	5,116.835		\$863,233.40

Export Pulp					
Export Pulp	KIS 2.9	0.00	113.156	\$130.00	\$14,710.28
Export Pulp	KIS 3.8	0.00	83.329	\$138.00	\$11,499.40
TOTAL EXPORT PULP SALES		0.00	196.485		\$26,209.68
TOTAL		1,555.49	5,313.320		\$1,197,690.34

FEES	
FMNZ Management Fee @ %	\$47,907.61
TOTAL FEES	\$47,907.61

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$2,266.71
TOTAL LEVIES	\$2,266.71
COSTS	
Harvesting	\$295,807.19
Cartage	\$215,489.61
Weighbridge	\$2,143.06
Consumables	\$192.19
Environmental Monitoring	\$269.50
Establishment	\$384.00
Landings	\$810.00
Loadout Bay: Construction	\$140.00
Loadout Bay: Metal	\$495.00
Metal Rock m3	\$3,435.50
Metalling: Spread from Stockpile	\$959.00
Other	\$164.00
R&M - Culvert Maintenance	\$228.00
R&M - Metal	\$4,800.00
R&M - Road Maintenance	\$5,242.00
Repairs & Maintenance	\$2,195.00
Stockpile Works	\$324.00
Temporary Landings	\$1,836.00
Traffic Management	\$251.63
Trailer Lifting	\$36.00
TOTAL COSTS	\$535,201.68
TOTAL FEES, LEVIES & COSTS	\$585,376.00
NET INCOME	
NET INCOME	\$612,314.34
GST	\$91,847.15
NET INCOME (INCLUDING GST)	\$704,161.49



Photo 1: Setting 112 felled and ready for extraction.



Photo 2: Log 26 operations on Landing 112.



Photo 3: Trewavas Road roadline to Landing 119 felled and ready for extraction.



Photo 4: Log 58 extracting stems from Trewavas Road roadline.

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	July 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	-\$384.00	-\$23,637.58
	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	-\$810.00	-\$296,614.70
	Loader Hire				-\$360.00						-\$360.00
	Loadout Bay Construction				-\$4,366.50		-\$477.50	-\$10.80	-\$825.00	-\$140.00	-\$5,819.80
	Loadout Bay Metal				-\$2,970.00					-\$495.00	-\$3,465.00
	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	-\$3,435.50	-\$149,228.33
	Other			-\$120.00	-\$3,072.56				-\$330.00	-\$50.00	-\$3,572.56
	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	-\$2,195.00	-\$17,762.09
	R&M - Culverts Maintenance				-\$1,360.00		-\$150.00			-\$228.00	-\$1,738.00
	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	-\$5,242.00	-\$19,510.24
	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	-\$959.00	-\$28,854.00
	Stockpile Works				-\$16,409.34	-\$333.45	-\$2,272.65	-\$1,385.40	-\$490.20	-\$324.00	-\$21,215.04
	Temp Landings				-\$8,091.00					-\$1,836.00	-\$9,927.00
	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
	R&M - Metal									-\$4,800.00	-\$4,800.00
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	-\$20,898.50	-\$1,291,268.55
Fees	FGC levy	-\$1,117.47	-\$500.21		-\$7,528.15		-\$426.26	-\$2,311.57	-\$2,759.92	-\$2,266.71	-\$16,910.29
	Management	-\$25,102.43	-\$9,853.55		-\$145,317.76		-\$8,874.24	-\$45,872.53	-\$57,574.24	-\$47,907.61	-\$340,502.36
Fees Total		-\$26,219.90	-\$10,353.76		-\$152,845.91		-\$9,300.50	-\$48,184.10	-\$60,334.16	-\$50,174.32	-\$357,412.65
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	-\$215,489.61	-\$1,661,898.53
	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	-\$295,807.19	-\$2,278,636.96
	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	-\$2,143.06	-\$18,788.85
	Trailer Lifting							-\$6.00	-\$48.00	-\$36.00	-\$90.00
Harvesting Total		-\$298,440.71	-\$126,018.46		-\$1,814,847.69		-\$124,713.79	-\$528,147.57	-\$626,949.53	-\$513,475.86	-\$4,032,593.62
Income	Log Sales	\$627,560.68	\$246,338.80		\$3,632,943.90		\$221,855.93	\$1,146,813.27	\$1,439,356.01	\$1,197,690.36	\$8,512,558.95
Income Total		\$627,560.68	\$246,338.80		\$3,632,943.90		\$221,855.93	\$1,146,813.27	\$1,439,356.01	\$1,197,690.36	\$8,512,558.95
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	-\$192.19	-\$2,853.09
	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	-\$114.00	-\$9,248.56
	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		-\$251.63	-\$52,091.92
	Environmental Monitoring									-\$269.50	-\$269.50
Miscellaneous Total		-\$7,788.45	-\$7,220.00	-\$2,456.60	-\$49,337.99	-\$95.00	-\$7,299.69	-\$13,941.49	-\$392.14	-\$827.32	-\$89,358.68
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	\$612,314.35	\$2,741,925.45