HARVESTING REPORT
August 2021

IRONGATE FOREST

Loaded logging truck leaving Court Road.

Clearfell Harvesting Report – Irongate – August 2021

Summary

- Gross revenue for the month is **$563,975.27**
- Costs for the month are **$316,692.45**
- Net income for the month is **$247,282.82**
- Tonnes harvested for the month is **4,112.56**
- Net income per tonne for the month is **$60.13**
- Area cleared for the month is **6.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$14,030,368.86**
- Project costs to date are **$9,485,426.01**
- Project net income to date is **$4,544,942.86**
- Tonnes harvested to date is **101,904.75**
- Net income per tonne to date is **$44.60**
- Recoverable volume per hectare to date is **696.1** tonnes
- Net income per hectare to date is **$31,044.69**
- Total forest area is **348.9** hectares, approximate hectares cleared to date is **146.4** 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 **$563,975.27** with an average sale price over all grades of **$137.13** per tonne**.**

August 2021 - Log Markets, Hawkes Bay

The August export prices have dropped $33.21/Jas m^3 on average. The decrease has affected the sawlog grades to a greater extent.

Radiata log inventories on the main Chinese ports we monitor have increased marginally to 4.53Mm^3, with daily offtake 70Km^3 per day range but with significant volume awaiting discharge from ships waiting at port.

If Covid related lockdowns do not escalate further, Chinese demand should remain solid over the balance of 2021, slowly increasing as traditionally production lifts in Quarter 4.

This month exporters have been reluctant to set AWG prices as there was a stand off from customers opening LC's (Letters of Credit) for vessels on route, but these were a lot more forthcoming once the New Zealand lockdown was announced.

The two weeks at the end of August where harvesting ceased has helped clear most port stocks in New Zealand. Log storage, berth availability, stevedoring performance and general infrastructure issues are limiting to varying degrees further production. The average number of vessels departing New Zealand each month has been 55 this year and there are currently less than 35 planned for September. This will hopefully assist with port congestion in China with vessels now waiting up to three weeks.

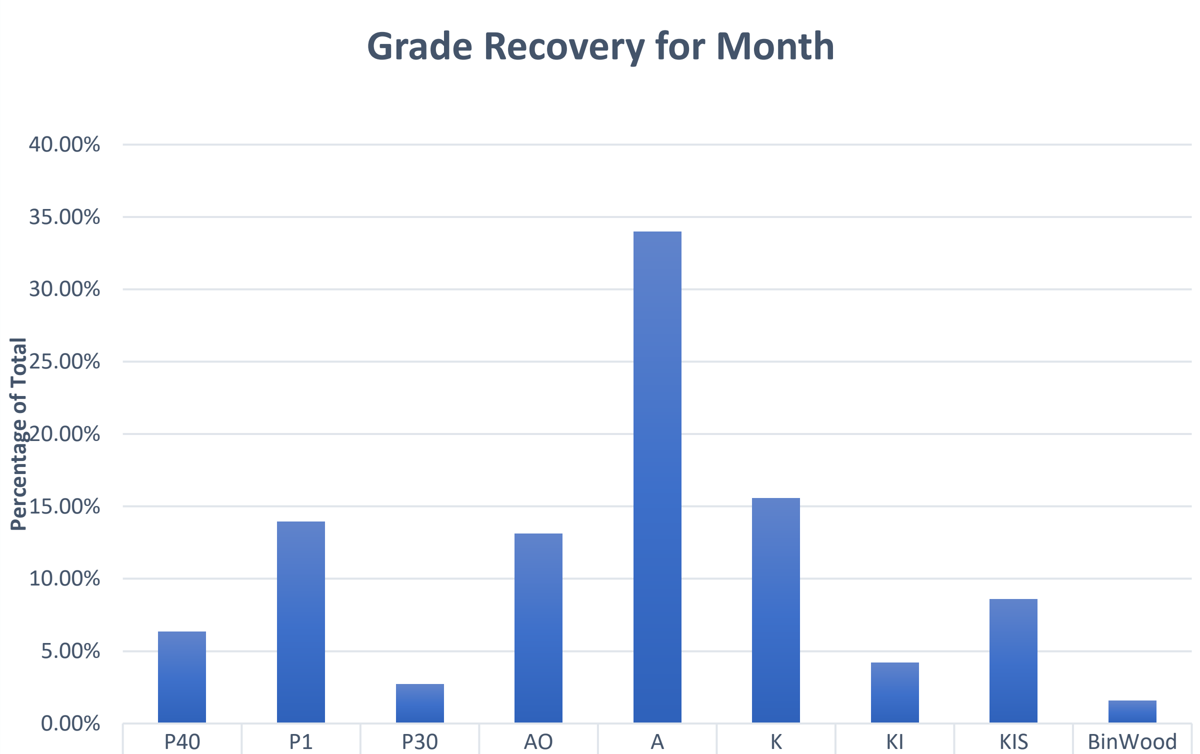
Port congestion in both New Zealand and in China continues to run at record levels, with the result that not only are final freight costs increased significantly but the capacity of the fleet is being reduced. At the China end we are seeing an increase in delays due to Covid restrictions at a number of Chinese ports, particularly in the Yangtze basin. August final freight costs including delays will be over US$70.

The NZD weakened against the USD when the Level 4 lockdown was announced, dropping from 0.702 to 0.683. The exchange rate then rebounded to pre-lockdown trading margins.

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 August is as follows:



	P40	P1	P30	AO	A	K	KI	KIS	BinWood
Total	6.33%	13.95%	2.71%	13.12%	33.99%	15.57%	4.18%	8.60%	1.56%

Chart 1: Grade Recovery for Month

Pruned recovery for August comprised 23% of overall sales volume, 14% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 63% of the total production volume, with lower quality export (KI and KIS grades) comprising 13% 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 **$159,170.42**, an average of **$38.70** per tonne.

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

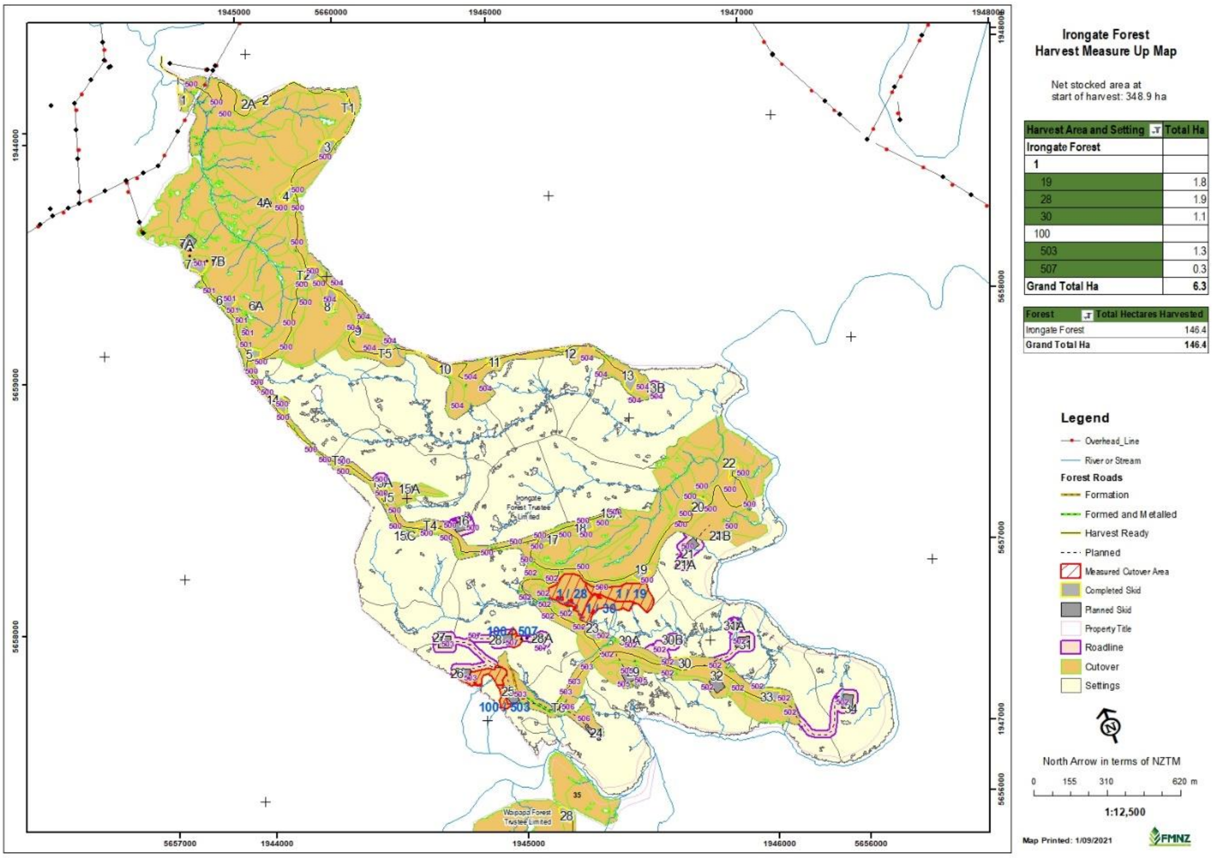
LOGGING COSTS		TOTAL
August		$159,170.42
		$159,170.42

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
August	Tracking	$1,137.50
		$1,137.50

Table 2: Additional Logging Costs

Tracking costs were related to extra tracks required for the skidder for roadline salvage.



Pic 1: Progress Map

Covid Level 4 lockdown commenced on 18th August and halted production for two weeks. We were able to cart out for two days at the end of August as the ports had run out of logs and had ships to load. MBIE gave a dispensation for this. This worked well for us as enabled us to clear log stocks from the forest before work recommenced.

Harvesting recommenced in Covid Level 3 on 31st August.

Log 10 commenced clearfell harvest of Setting 19 between Court and Wild Roads and then moved to Landing 23, pulling sections of Settings 28 and 30.

Log 13 commenced clearing the roadline to Landings 27 and 28 at the beginning of August. They then moved to Landing 25 on Siobhan Road and begun clearing the remaining roadline trees in Irongate 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 **$86,438.75** which is an average unit rate of **$21.02** per tonne.

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

CARTAGE COSTS		TOTAL
August	Cartage - Truck	$86,438.75
	Weighbridge	$1,342.76
		$87,781.51

Table 3: Cartage Costs

The average cart rate for August inclusive of weighbridge fees is **$21.34** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
August	Trucks - Cart & Dump		$3,900.00	$3,900.00
	Landings	$11,375.00		$11,375.00
	Culverts	$2,949.58		$2,949.58
	Culverts - Freight	$240.00		$240.00
	Establishment - Engineering	$1,080.00		$1,080.00
	Loadout Bay Construction	$360.00		$360.00
	Metal Rock	$6,276.00		$6,276.00
	Pads	$875.00		$875.00
	Pavement	$700.00		$700.00
	R&M		$700.00	$700.00
	Rehab	$1,575.00	$2,450.00	$4,025.00
	Road Formation	$7,525.00		$7,525.00
	Spread from stockpile	$3,720.00		$3,720.00
		$36,675.58	**$7,050.00**	**$43,725.58**

Table 4: Engineering Costs

Earthworks in August continued down Siobhan Road spreading pavement out to Landing 28 and work on Landings 24, 25, 28 and 29. Pad 30A was constructed on Wild Road to facilitate the clearfell harvest of Setting 30. Some rehabilitation work was also undertaken relating to completed harvest operations.

Planned Activities for September 2021

Log 10 will carry out ground-base harvesting around Landing 29 on Wild Road from Pad 30A pulling Setting 30 and two-staging it down to Landing 30. They will then make their way down Wild Road.

Log 13 will clear the remaining roadline trees and then begin to clearfell the river side of Siobhan Road and remaining sections under Landing 28.

In September, there is scheduled maintenance required on Colley Road – this will require undercutting of the pavement to stabilise a fill slope which will stop cartage for one day. Work will also continue on completing Siobhan Road and construction of pads on Wild Road.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
August	**$247,282.82**	**$4,544,942.85**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$60.13** per tonne, or **$39,251.24** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
August	Management	$22,559.01
	FGC levy	$1,393.72
		$23,952.73

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
August	Consumables	$208.01
	Other	$281.70
		$489.71

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during August, a 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 and for a BBQ supplied for the harvesting crew as a thank you for their hard work.

Health and Safety

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

Environmental

ENVIRONMENTAL		TOTAL
August	Environmental Monitoring	$435.00
		$435.00

Table 8: Environmental Expenses

As part of the design and monitoring process for the river crossings installed on Colley and Wild Roads and for the extraction of stems across the streams within the forest, Environmental DNA (eDNA) samples were collected to determine which fish species, if any, are present within the catchments.

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.

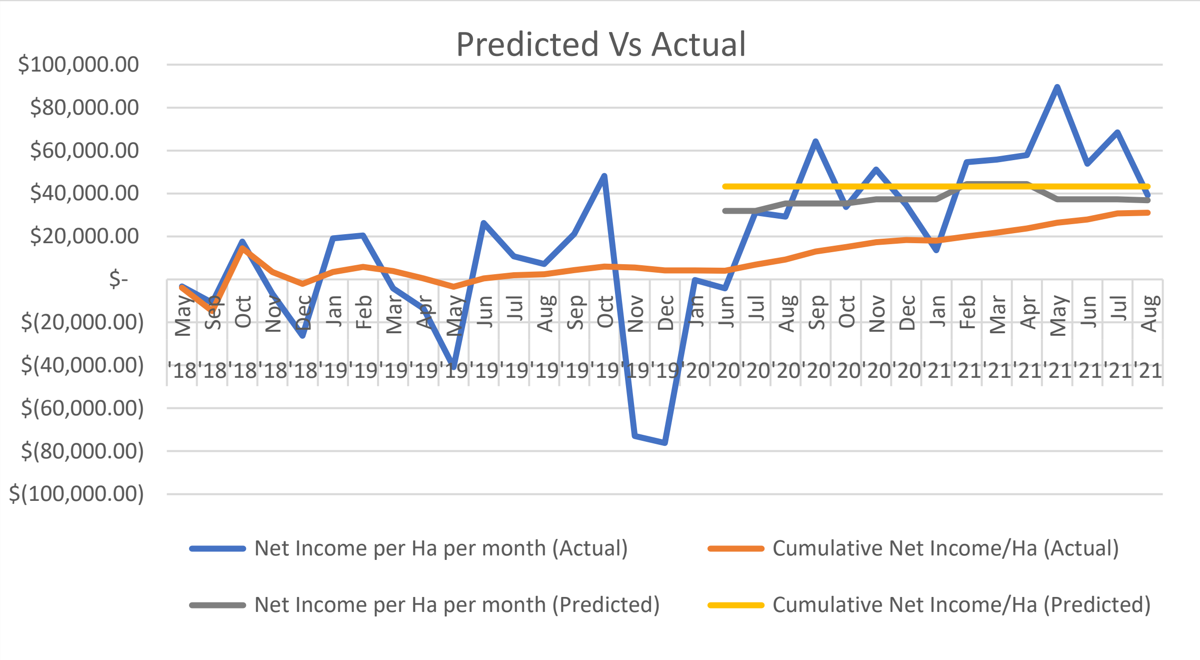


Chart 2: Actual vs Predicted

Net return per tonne to date is **$44.60**, forecast was $63.97.

Gross return per tonne to date is **$137.68**, forecast was $136.79.

Net return per hectare to date is **$31,044.69**, forecast was $43,272.91.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ
MAXIMISING YOUR FOREST VALUE

Historic Harvesting Financial Summary

Irongate Forest Partnership 01/08/2021 to 31/08/2021

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		64.18		$45.50	$2,920.19
TOTAL BINWOOD SALES		**64.18**			**$2,920.19**

Domestic					
Pruned Dom		154.20		$209.50	$32,304.90
Pruned Dom	P1 4.9	419.30		$207.00	$86,795.10
TOTAL DOMESTIC SALES		**573.50**			**$119,100.00**

Export					
Pruned Exp	P40 3.9	0.00	72.694	$183.00	$13,303.00
Pruned Exp	P40 5.9	0.00	198.248	$183.00	$36,279.38
Pruned Exp	P30 3.9	0.00	117.522	$150.00	$17,628.30
A40	AO 3.8	0.00	398.942	$129.00	$51,463.52
A40	AO 3.9	0.00	171.977	$121.00	$20,809.22
A30	A 3.8	0.00	308.973	$116.00	$35,840.87
A30	A 3.8	0.00	158.901	$127.00	$20,180.43
A30	A 5.8	0.00	614.341	$118.00	$72,492.24
A30	A 5.8	0.00	397.133	$129.00	$51,230.16
K	K 3.8	0.00	175.729	$109.00	$19,154.46
K	K 3.8	0.00	80.434	$119.00	$9,571.65
K	K 5.8	0.00	215.430	$111.00	$23,912.73
K	K 5.8	0.00	162.100	$121.00	$19,614.10
KI	KI 3.8	0.00	161.480	$101.00	$16,309.48
KI	KI 3.8	0.00	17.753	$111.00	$1,970.58
TOTAL EXPORT SALES		**0.00**	**3,251.657**		**$409,760.12**

Export Pulp					
Export Pulp	KIS 2.9	0.00	16.113	$89.00	$1,434.06
Export Pulp	KIS 2.9	0.00	67.090	$93.00	$6,239.37
Export Pulp	KIS 3.8	0.00	188.256	$96.00	$18,072.58
Export Pulp	KIS 3.8	0.00	62.334	$103.00	$6,420.40
Export Pulp	KIS 5.8	0.00	0.272	$105.00	$28.56
TOTAL EXPORT PULP SALES		**0.00**	**334.065**		**$32,194.97**
TOTAL		**637.68**	**3,585.722**		**$563,975.28**

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FEES	
FMNZ Management Fee @ %	$22,559.01
TOTAL FEES	**$22,559.01**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,393.72
TOTAL LEVIES	**$1,393.72**
COSTS	
Harvesting	$159,170.42
Cartage	$86,438.75
Weighbridge	$1,342.76
Consumables	$208.01
Culvert Pipes	$2,949.58
Culverts - Freight	$240.00
Environmental Monitoring	$435.00
Establishment	$1,080.00
Landings	$11,375.00
Loadout Bay: Construction	$360.00
Metal Rock m3	$6,276.00
Metalling: Cart to stockpile	$3,900.00
Metalling: Grading & Rolling	$700.00
Metalling: Spread from Stockpile	$3,720.00
Other	$281.70
Pads	$875.00
Post Harvest Rehab	$4,025.00
Repairs & Maintenance	$700.00
Road Formation	$7,525.00
Tracking	$1,137.50
TOTAL COSTS	**$292,739.72**
TOTAL FEES, LEVIES & COSTS	**$316,692.45**

NET INCOME	**$247,282.83**
GST	**$37,092.42**
NET INCOME (INCLUDING GST)	**$284,375.25**

Photo 1: Shovelling wood to landing.

Photos 2 & 3: Loading truck on Court Road.

Photo 4: Log stacks on landing ready for loadout.

Photo 5: Loader stacking logs on landing.

Photo 6: Log stacks ready for loadout.

IRONGATE CUMULATIVES

Categories	Descriptions	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 21	July 21	Aug 21	Grand Total
Engineering	Bidem	-$450.00	-$300.00								-$750.00
	Borrow Pit	-$720.00		-$7,373.28				-$2,887.50	-$1,225.00		-$12,205.78
	Culvert Installation	-$13,150.00	-$31,303.50	-$1,416.40		-$1,385.10			-$525.00		-$47,780.00
	Culverts	-$23,269.05	-$40,455.05	-$5,666.34			-$2,846.34		-$2,846.34	-$2,949.58	-$78,032.70
	Culverts - Freight		-$240.00	-$3,165.93			-$437.40	-$1,294.80	-$360.00	-$240.00	-$5,738.13
	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	-$720.00	-$1,080.00	-$32,631.71
	Fluming	-$3,720.09	-$15,160.18	-$172.14			-$190.07	-$190.07	-$3,404.30		-$22,836.85
	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	-$8,312.50	-$11,375.00	-$253,774.92
	Loader Hire	-$13,868.72	-$21,266.15								-$35,134.87
	Loadout Bay Construction	-$682.50		-$883.20		-$280.00		-$2,608.36	-$1,200.00	-$360.00	-$6,014.06
	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	-$14,667.55	-$6,276.00	-$259,139.39
	Other	-$4,517.50	-$1,680.00	-$459.50		-$105.00		-$20.00	-$700.00		-$7,482.00
	Pads			-$2,477.70		-$966.00		-$10,637.88		-$875.00	-$14,956.58
	Pavement	-$33,110.00	-$53,660.00	-$15,361.36		-$672.00		-$3,790.80	-$525.00	-$700.00	-$107,819.16
	Polycom	-$27,390.90	-$6,807.10								-$34,198.00
	R&M	-$22,050.00	-$53,419.94	-$21,350.53				-$1,410.00	-$525.00	-$700.00	-$99,455.47
	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	-$4,287.50	-$4,025.00	-$42,553.31
	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	-$21,525.00	-$7,525.00	-$461,282.42
	Spread from stockpile	-$38,600.00	-$207,460.00	-$26,368.67		-$4,939.25		-$8,280.69	-$7,540.00	-$3,720.00	-$296,908.61
	Stockpile Works			-$23,337.53	-$285.00	-$2,693.88		-$2,868.97	-$2,134.75		-$31,320.13
	Temp Landings	-$24,045.00	-$16,260.00	-$2,712.84				-$700.00	-$3,850.00		-$47,567.84
	Trucks - Cart & Dump	-$93,215.96	-$375,208.08	-$96,113.69	-$2,000.00	-$9,850.00		-$17,518.91	-$5,895.00	-$3,900.00	-$603,701.64
	Trucks - Cart & Spread	-$107,310.00	-$720.00	-$6,373.47				-$540.00	-$3,840.00		-$118,783.47
Engineering Total		**-$884,948.25**	**-$1,319,611.00**	**-$434,580.11**	**-$6,175.28**	**-$39,277.05**	**-$4,421.51**	**-$114,967.07**	**-$84,082.94**	**-$43,725.58**	**-$2,931,788.78**
Fees	FGC levy	-$3,627.32	-$6,340.12	-$9,709.68	-$1,331.90	-$1,432.52	-$1,625.32	-$1,711.88	-$2,455.48	-$1,393.72	-$29,627.93
	Management	-$76,947.89	-$120,891.23	-$177,169.21	-$22,804.22	-$26,289.39	-$30,544.09	-$34,756.27	-$49,253.43	-$22,559.01	-$561,214.75
Fees Total		**-$80,575.21**	**-$127,231.35**	**-$186,878.89**	**-$24,136.12**	**-$27,721.91**	**-$32,169.42**	**-$36,468.15**	**-$51,708.91**	**-$23,952.73**	**-$590,842.68**
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	-$157,670.77	-$86,438.75	-$1,909,401.89
	Establishment - harvesting	-$6,310.00	-$880.00	-$8,610.00				-$850.00	-$1,220.00		-$17,870.00
	Logging	-$558,409.75	-$967,349.56	-$1,284,779.42	-$143,249.86	-$160,536.32	-$184,987.29	-$198,684.87	-$289,778.08	-$159,170.42	-$3,946,945.57
	Tracking	-$5,787.50	-$11,270.00	-$1,385.10				-$1,260.00	-$875.00	-$1,137.50	-$21,715.10
	Weighbridge	-$4,806.67	-$8,307.85	-$10,269.27	-$1,169.98	-$1,283.32	-$1,577.06	-$1,696.99	-$2,495.32	-$1,342.76	-$32,949.21
	Trailer Lifting				-$24.00		-$6.00	-$6.00	-$66.00		-$102.00
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**	**-$452,105.17**	**-$248,089.43**	**-$5,929,673.77**
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	$1,231,335.80	$563,975.27	$14,030,368.86
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**	**$1,231,335.80**	**$563,975.27**	**$14,030,368.86**
Miscellaneous	Consultancy Fees	-$325.27									-$325.27
	Consumables	-$704.74	-$976.05	-$1,435.58	-$372.91	-$74.93	-$133.16	-$297.09	-$223.40	-$208.01	-$4,425.86
	Other	-$4,400.15	-$1,530.74	-$570.78	-$173.89	-$95.00	-$280.00	-$95.00	-$114.00	-$281.70	-$7,541.26
	Power Lines	-$1,326.12									-$1,326.12
	Security	-$2,688.93	-$3,965.39	-$337.46				-$6,307.38	$339.76		-$12,959.40
	Traffic Management	-$4,160.10	-$723.69	-$20.00					-$6.82		-$4,910.61
	Environmental Monitoring					-$842.50			-$354.75	-$435.00	-$1,632.25
Miscellaneous Total		**-$13,605.31**	**-$7,195.87**	**-$2,363.82**	**-$546.80**	**-$1,012.43**	**-$413.16**	**-$6,699.47**	**-$359.21**	**-$924.71**	**-$33,120.77**
Grand Total		**$111,635.81**	**$122,686.06**	**$1,892,019.13**	**$323,640.29**	**$347,648.42**	**$448,033.29**	**$408,917.45**	**$643,079.58**	**$247,282.81**	**$4,544,942.86**