HARVESTING REPORT
August 2021

STONEY RIVER FOREST

Dysart Road, Setting 109.

Clearfell Harvesting Report – Stoney River – August 2021

Summary

- Gross revenue for the month is **$697,122.42**
- Costs for the month are **$485,033.94**
- Net income for the month is **$212,088.48**
- Tonnes harvested for the month is **5,176.80**
- Net income per tonne for the month is **$40.97**
- Area cleared for the month is **4.9** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$9,209,681.37**
- Project costs to date are **$6,255,667.44**
- Project net income to date is **$2,954,013.93**
- Tonnes harvested to date is **61,922.53**
- Net income per tonne to date is **$47.71**
- Recoverable volume per hectare to date is **791.8** tonnes
- Net income per hectare to date is **$37,775.11**
- Total forest area is **223.2** hectares, approximate hectares cleared to date is **78.2** 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 **$697,122.42** with an average sale price over all grades of **$134.66** 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.

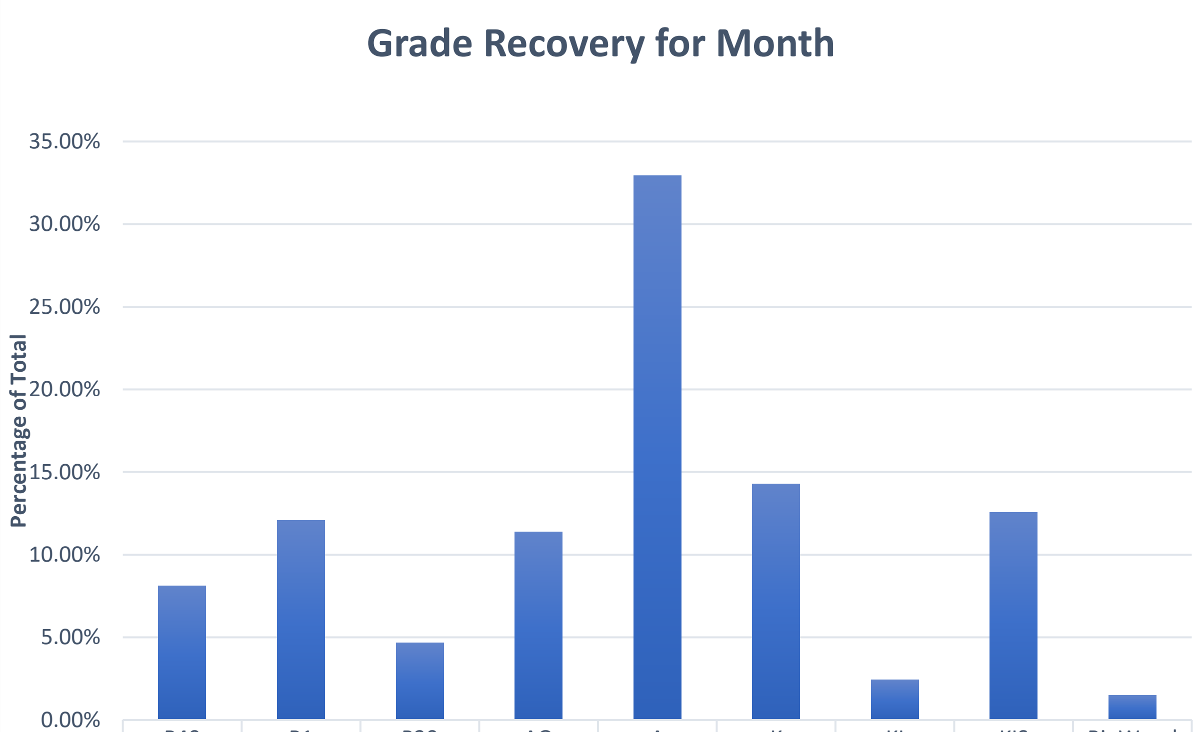
Port congestion in both New Zealand and in China continues to run at record levels, with the result that not only are final freight costs increased significantly but the capacity of the fleet is being reduced. At the China end we are seeing an increase in delays due to Covid restrictions at a number 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	8.12%	12.09%	4.66%	11.39%	32.95%	14.30%	2.44%	12.55%	1.51%

Chart 1: Grade Recovery for Month

Pruned recovery for August comprised 25% of overall sales volume, 12% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 59% of the total production volume, with lower quality export (KI and KIS grades) comprising 15% 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 **$225,611.46**, an average of **$43.58** per tonne.

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

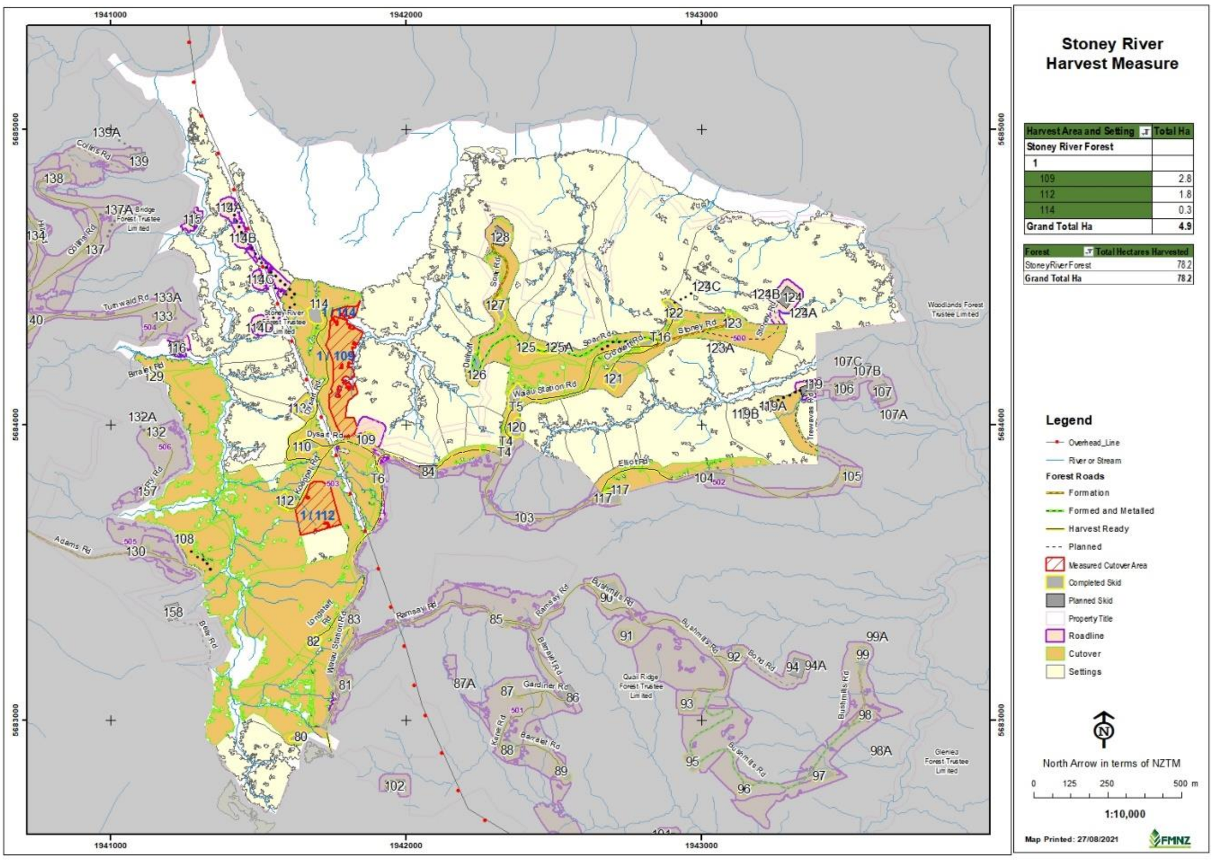
LOGGING COSTS		TOTAL
August		$225,611.46
		$225,611.46

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
August	Establishment	$915.00
		$915.00

Table 2: Additional Logging Costs

Establishment costs are for the establishment of engineering machinery and for moving the Log 26 containers to Landing 109.



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.

The hauler moved to Setting 109 at the beginning of August and the crew spent the month in this setting as well as ground-base harvesting the remainder of Setting 112.

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 **$168,268.78** which is an average unit rate of **$32.50** per tonne.

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

CARTAGE COSTS		TOTAL
August	Cartage - Truck	$168,268.78
	Weighbridge	$1,655.01
		$169,923.79

Table 3: Cartage Costs

The average cart rate for August inclusive of weighbridge fees is **$32.82** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
August	R&M	$24.00	$210.00	$234.00
	Culvert Installation	$1,284.00		$1,284.00
	Establishment - Engineering	$372.00	244.00	$616.00
	Landings	$25,881.00		$25,881.00
	Loadout Bay Construction	$770.00		$770.00
	Metal Rock	$1,767.88		$1,767.88
	Rehab	$2,760.00	$604.00	$3,364.00
	Road Formation	$14,677.20		$14,677.20
	Spread from stockpile	$247.50		$247.50
	Stockpile Works	$204.57		$204.57
	Trucks - Cart & Dump	$2,496.00		$2,496.00
	Culverts	$2,846.34		$2,846.34
	Culverts - Freight	$807.50		$807.50
	Fluming	$1,715.30		$1,715.30
	Pavement	$244.80		$244.80
	R&M - Road Maintenance		$324.00	$324.00
		$56,098.09	**$1,382.00**	**$57,480.09**

Table 4: Engineering Costs

Earthworks was completed on Dalhoff, Dysart, Koeppel and Trewavas Roads in August. This includes the section of road down to Landing 128 on Dalhoff Road and as far as Landing 119 on Trewavas Road and construction of Landings 119 and 128. Landing 112 has been post-harvest rehabilitated and Landing 109 adjusted to facilitate the clearfell of the setting.

Planned Activities for September 2021

Log 26 will continue clearfell harvest of Setting 109 and commence and complete felling of the windthrow in Setting 121.

Earthworks in September will include some post-harvest rehabilitation work and completion of Trewavas Road.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
August	**$212,088.48**	**$2,954,013.93**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$40.97** per tonne, or **$43,283.36** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
August	Management	$27,884.90
	FGC levy	$1,701.70
		$29,586.60

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
August	Consumables	$132.42
	Consultancy Fees	$614.39
	Other	$688.20
	Traffic Management	$82.00
		$1,517.01

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during August and for antisapstain used to treat the ends of pruned export logs.

Consultancy fees are for a late invoice for a Log Value Recovery audit conducted in May.

Other costs are for the proportional costs of operating the forest digital radio network, the proportional annual costs for the land lease location of the Putere repeater, and for a donation of children's snack packs for the Putere School Cross Country event.

Traffic Management costs are for school bus signage for Putere Road.

Health and Safety

In August there were two incidents reported in the forest.

The first was a minor injury incident which occurred when a forest worker was cutting slash from around a tree and the decompression switch on his chainsaw popped out hitting him on the nose which caused a nosebleed. He received onsite first aid treatment and was able to continue working.

It was concluded that he may have picked up the equipment failure if he had completed a pre-start check on his chainsaw and to be more cautious when cutting around slash. This was a reminder to all crew workers.

The second incident was property damage which occurred due to high winds that caused the top of a tree to break off and hit the Cat Excavator. The impact damage the counterweight and it also caused the hydraulic hoses on the boom to blow.

It was concluded the workers involved should have ceased work due to the risks associated with working in high wind. The foreman should have made this decision.

Environmental

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

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.

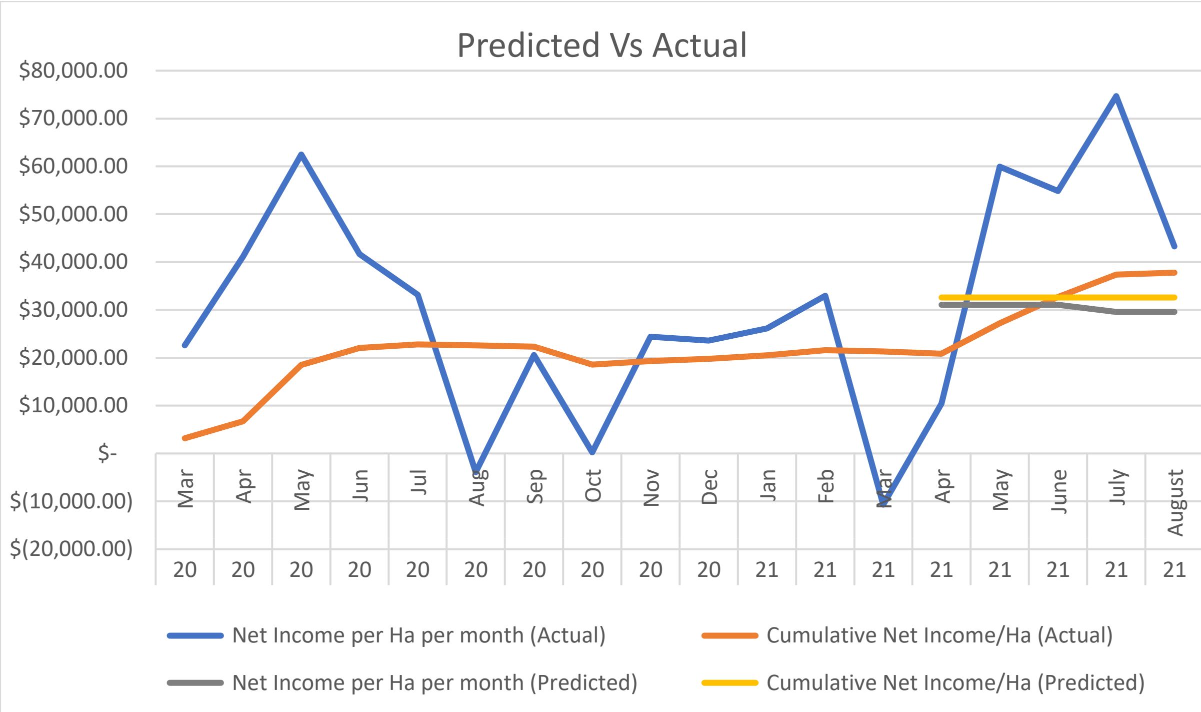


Chart 2: Actual vs Predicted

Net return per tonne to date is **$47.71**, forecast was $43.70.

Gross return per tonne to date is **$148.73**, forecast was $135.77.

Net return per hectare to date is **$37,775.11**, 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 01/08/2021 to 31/08/2021

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

Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
SALES					
Binwood					
Pulp		77.98		$45.50	$3,548.09
TOTAL BINWOOD SALES		**77.98**			**$3,548.09**
Domestic					
Pruned Dom	P1 4.3	61.90		$207.00	$12,813.30
Pruned Dom	P1 4.9	563.92		$207.00	$116,731.44
TOTAL DOMESTIC SALES		**625.82**			**$129,544.74**
Export					
Pruned Exp	P40 3.9	0.00	147.996	$183.00	$27,083.27
Pruned Exp	P40 5.9	0.00	283.471	$183.00	$51,875.19
Pruned Exp	P30 3.9	0.00	99.243	$150.00	$14,886.45
Pruned Exp	P30 5.1	0.00	130.795	$150.00	$19,619.25
Pruned Exp	P30 5.9	0.00	11.364	$150.00	$1,704.60
A40	AO 3.8	0.00	622.646	$129.00	$80,321.33
A30	A 3.8	0.00	117.600	$116.00	$13,641.60
A30	A 3.8	0.00	196.411	$127.00	$24,944.20
A30	A 5.8	0.00	670.038	$118.00	$79,064.48
A30	A 5.8	0.00	748.744	$129.00	$96,587.98
K	K 3.8	0.00	20.114	$109.00	$2,192.43
K	K 3.8	0.00	177.615	$119.00	$21,136.19
K	K 5.8	0.00	83.881	$111.00	$9,310.79
K	K 5.8	0.00	418.360	$121.00	$50,621.56
KI	KI 3.8	0.00	53.626	$101.00	$5,416.23
KI	KI 3.8	0.00	71.530	$111.00	$7,939.83
TOTAL EXPORT SALES		**0.00**	**3,853.434**		**$506,345.38**
Export Pulp					
Export Pulp	KIS 2.9	0.00	106.808	$89.00	$9,505.91
Export Pulp	KIS 2.9	0.00	212.225	$93.00	$19,736.92
Export Pulp	KIS 3.8	0.00	62.983	$96.00	$6,046.37
Export Pulp	KIS 3.8	0.00	217.044	$103.00	$22,355.53
Export Pulp	KIS 5.8	0.00	0.376	$105.00	$39.48
TOTAL EXPORT PULP SALES		**0.00**	**599.436**		**$57,684.21**
TOTAL		**703.80**	**4,452.870**		**$697,122.42**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$27,884.90
TOTAL FEES	**$27,884.90**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,701.70
TOTAL LEVIES	**$1,701.70**
COSTS	
Harvesting	$225,611.46
Cartage	$168,268.78
Weighbridge	$1,655.01
Consultancy Fees	$614.39
Consumables	$132.42
Culvert Installation	$1,284.00
Culvert Pipes	$2,846.34
Culverts - Freight	$807.50
Establishment	$1,531.00
Fluming	$1,715.30
Landings	$25,881.00
Loadout Bay: Construction	$770.00
Metal Rock m3	$1,767.88
Metalling: Cart to stockpile	$2,496.00
Metalling: Grading & Rolling	$244.80
Metalling: Spread from Stockpile	$247.50
Other	$688.20
Post Harvest Rehab	$3,364.00
R&M - Road Maintenance	$324.00
Repairs & Maintenance	$234.00
Road Formation	$14,677.20
Stockpile Works	$204.57
Traffic Management	$82.00
TOTAL COSTS	**$455,447.34**
TOTAL FEES, LEVIES & COSTS	**$485,033.94**

NET INCOME	**$212,088.48**
GST	**$31,813.27**
NET INCOME (INCLUDING GST)	**$243,901.75**

Photo 1: Log 26 operations on Landing 112.

Photo 1: Log 26 harvesting on Landing 83.

Photo 3: Landing 109 operations.

Photo 4: Earthworks on Landing 119.

Photo 4: Log stacks ready for loadout.

Photo 5: Setting 109 on Dysart Road, stems awaiting retrieval.

Photo 6: Grapple being sent out to pull logs from Landing 109.

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	Aug 21	Grand Total
Engineering	Culvert Installation		-$900.00		-$3,847.00		-$555.00	-$75.00	-$252.00		-$1,284.00	-$6,913.00
	Culverts	-$10,113.06	-$2,531.88	$600.27	-$14,791.70				-$2,846.34		-$2,846.34	-$32,529.05
	Culverts - Freight				-$400.00		-$30.00	-$45.00	-$192.00		-$807.50	-$1,474.50
	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	-$616.00	-$24,253.58
	Fluming	-$1,763.73	-$439.04		-$4,917.81				-$1,586.00		-$1,715.30	-$10,421.88
	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	-$25,881.00	-$322,495.70
	Loader Hire				-$360.00							-$360.00
	Loadout Bay Construction				-$4,366.50		-$477.50	-$10.80	-$825.00	-$140.00	-$770.00	-$6,589.80
	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	-$1,767.88	-$150,996.21
	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		-$244.80	-$25,119.45
	Public Roads	-$2,166.66										-$2,166.66
	R&M		-$5,610.20		-$6,353.40				-$3,603.49	-$2,195.00	-$234.00	-$17,996.09
	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	-$324.00	-$19,834.24
	Rehab				-$12,726.00	-$3,276.00	-$903.00		-$1,909.46		-$3,364.00	-$22,178.46
	Road Formation	-$119,437.45	-$15,676.80	-$2,296.00	-$178,846.20		-$28,406.80	-$13,195.50	-$10,821.10		-$14,677.20	-$383,357.05
	Sediment Control				-$198.98							-$198.98
	Spread from stockpile			-$715.00	-$17,104.90		-$286.00	-$7,858.60	-$1,930.50	-$959.00	-$247.50	-$29,101.50
	Stockpile Works				-$16,409.34	-$333.45	-$2,272.65	-$1,385.40	-$490.20	-$324.00	-$204.57	-$21,419.61
	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		-$2,496.00	-$208,954.61
	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**	**-$57,480.09**	**-$1,348,748.63**
Fees	FGC levy	-$1,117.47	-$500.21		-$7,528.15		-$426.26	-$2,311.57	-$2,759.92	-$2,266.71	-$1,701.70	-$18,611.99
	Management	-$25,102.43	-$9,853.55		-$145,317.76		-$8,874.24	-$45,872.53	-$57,574.24	-$47,907.61	-$27,884.90	-$368,387.25
Fees Total		**-$26,219.90**	**-$10,353.76**		**-$152,845.91**		**-$9,300.50**	**-$48,184.10**	**-$60,334.16**	**-$50,174.32**	**-$29,586.60**	**-$386,999.25**
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	-$168,268.78	-$1,830,167.30
	Establishment - harvesting	-$13,637.50			-$670.00		-$32,320.00		-$890.00		-$915.00	-$48,432.50
	Logging	-$164,753.24	-$71,671.58		-$1,019,772.42		-$53,763.44	-$311,613.55	-$361,255.54	-$295,807.19	-$225,611.46	-$2,504,248.42
	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	-$1,655.01	-$20,443.86
	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**	**-$396,450.25**	**-$4,429,043.87**
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	$697,122.42	$9,209,681.37
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**	**$697,122.42**	**$9,209,681.37**
Miscellaneous	Consents	-$156.52										-$156.52
	Consultancy Fees		-$165.83								-$614.39	-$780.22
	Consumables	-$332.04	-$26.47		-$1,271.07		-$484.69	-$249.49	-$297.14	-$192.19	-$132.42	-$2,985.51
	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	-$688.20	-$9,936.76
	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	-$82.00	-$52,173.92
	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**	**-$1,517.01**	**-$90,875.69**
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**	**$212,088.48**	**$2,954,013.93**