HARVESTING REPORT
September 2021

IRONGATE FOREST

AO Grade logs.

Clearfell Harvesting Report – Irongate – September 2021

Summary

- Gross revenue for the month is **$1,004,875.57**
- Costs for the month are **$581,919.22**
- Net income for the month is **$422,956.35**
- Tonnes harvested for the month is **7,370.00**
- Net income per tonne for the month is **$57.39**
- Area cleared for the month is **8.7** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$15,035,244.43**
- Project costs to date are **$10,067,345.23**
- Project net income to date is **$4,967,899.21**
- Tonnes harvested to date is **109,274.75**
- Net income per tonne to date is **$45.46**
- Recoverable volume per hectare to date is **704.5** tonnes
- Net income per hectare to date is **$32,030.30**
- Total forest area is **348.9** hectares, approximate hectares cleared to date is **155.1** 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 **$1,004,875.57** with an average sale price over all grades of **$136.35** per tonne**.**

September 2021 - Log Markets, Hawkes Bay

The September export prices have remained flat at $0.64/Jas m^3 on average. The slight increase has been to the pruned grades.

Radiata log inventories on the main Chinese ports we monitor have increased again to 4.75Mm^3, with daily offtake 73Km^3 per day range. For the market to show any strength, we need an increase in demand and a downward inventory trend.

The outlook for Chinese port inventories is not great for this time of the of year. Current on port volumes haven't changed much from the previous month, with a significant amount on the water awaiting discharge at ports.

There is concern for the property sector in China as property developer Evergrande faces the risk of default. The company currently has 778 projects underway in 223 cities. The property sector contributes 28% of the Chinese economy and is seen as key to China's economic development. Even if the Chinese Government opts to let Evergrande default rather than bail it out directly, authorities are likely to be involved in coordinating the continuation of these projects that employ 163,000 people.

Shipping congestion in China has reached the point where nearly 10% of the worlds' handy sized fleet capacity were queuing off the China coast. This has two effects, high demurrage and reduced capacity. The congestion has been caused by Chinese authorities reacting to Covid outbreaks by closing ports, delaying berthing, and imposing strict procedures that have reduced ship handling capacity. There has also been strong demand for grain, minerals and iron ore imports.

The NZD remained relatively unchanged from the end of August through to end of September (0.6972 – 0.7039) having little impact on AWG pricing.

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 September is as follows:

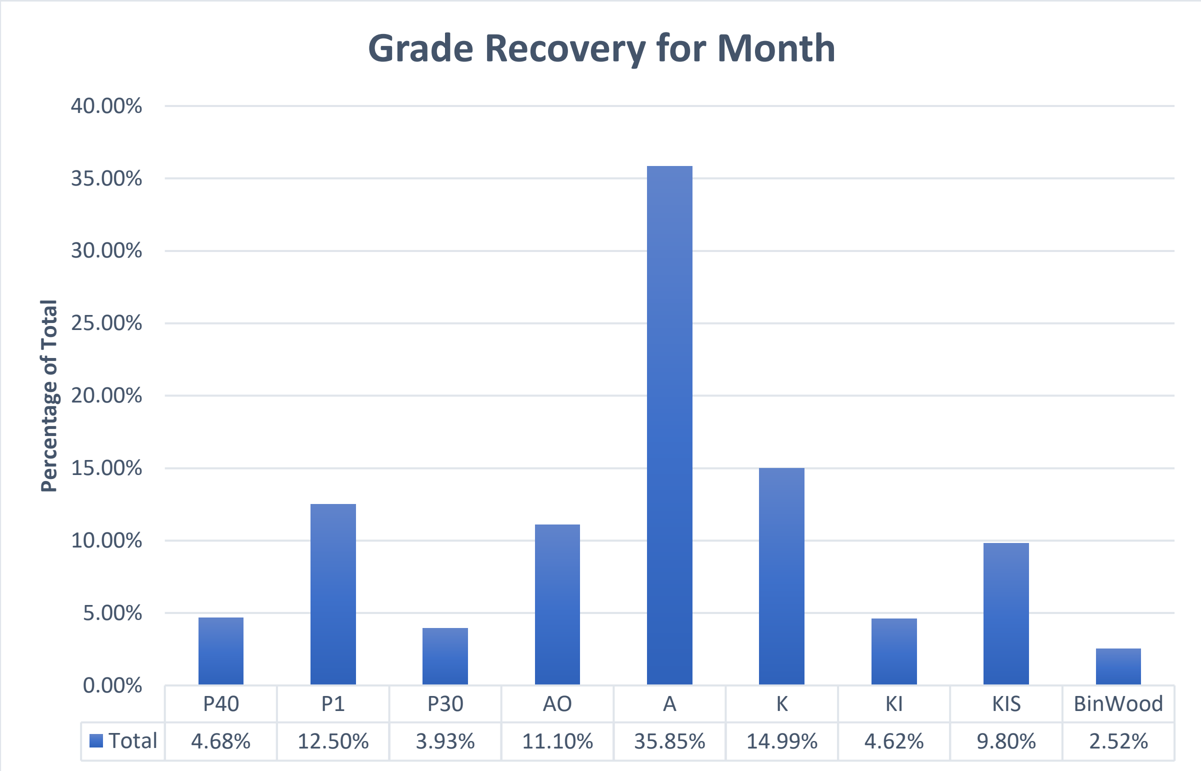


Chart 1: Grade Recovery for Month

Pruned recovery for September comprised 21% of overall sales volume, 13% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 62% of the total production volume, with lower quality export (KI and KIS grades) comprising 14% 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 **$283,896.38**, an average of **$38.52** per tonne.

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

LOGGING COSTS		TOTAL
September		$283,896.38
		$283,896.38

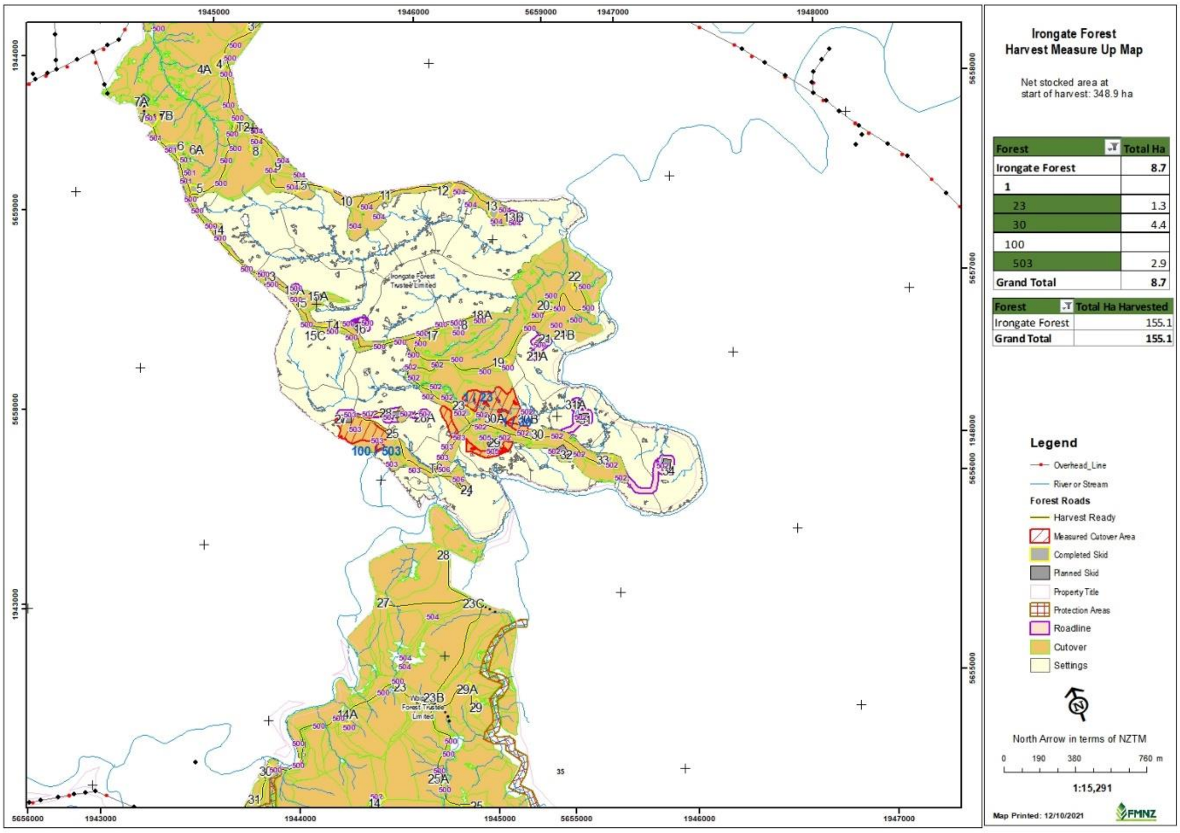
Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
September	Establishment	$1,420.00
	Tracking	$1,320.00
		$2,740.00

Table 2: Additional Logging Costs

Establishment costs are for transporting the 14 tonne roller and loader to the forest for engineering and for the establishment of the feller buncher machine to Putere Road.

Tracking costs are for cutting a track for the hauler, shifting logs off the road and tracking for the shovel machine.



Pic 1: Progress Map

During September, Log 10 worked off Landing 23 on Wild Road and pulled sections of Settings 28 and 30 between Court and Wild Roads. They then moved to Landing 29 and ground-base logged sections around Landing 29 from Setting 29. The swing yarder was on Pad 30A to pull Setting 30 and this wood was then two-staged down to Landing 30.

Log 13 roadline harvested trees from Setting 503 on Siobhan Road before moving to Landing 25 on to clearfell the river side of Siobhan Road and the sections under Landing 28.

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 **$155,053.49** which is an average unit rate of **$21.04** per tonne.

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

CARTAGE COSTS		TOTAL
September	Cartage - Truck	$155,053.49
	Weighbridge	$2,418.92
	Trailer Lifting	$174.00
	Trans-shipping	$277.50
		$157,923.91

Table 3: Cartage Costs

The average cart rate for September inclusive of weighbridge, trans-shipping and trailer lifting fees is **$21.43** 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.

Trans-shipping is the accumulating of logs from completed settings which could not be made up into full packets and moving these logs to the current setting for loadout and sale. The logs normally number 10 of this and 12 of that but are still product for sale.

Engineering

ENGINEERING		RL	CF	TOTAL
September	Establishment - Engineering	$525.00	$1,200.00	$1,725.00
	Grass Seeding		$256.50	$256.50
	Landings	$18,067.50		$18,067.50
	Loadout Bay Construction	$990.00		$990.00
	Metal Rock	$17,587.00		$17,587.00
	Pads	$907.50		$907.50
	R&M		$2,722.50	$2,722.50
	R&M - Event Clean-up		$990.00	$990.00
	R&M - Metal		$3,324.25	$3,324.25
	R&M - Road Maintenance		$18,297.50	$18,297.50
	Rehab		$990.00	$990.00
	Road Formation	$11,385.00		$11,385.00
	Stockpile Works		$3,300.00	$3,300.00
	Trucks - Cart & Dump	$10,875.00	$2,250.00	$13,125.00
		$60,337.00	**$33,330.75**	**$93,667.75**

Table 4: Engineering Costs

Engineering work in September progressed down Siobhan road to landing 28. Pad 30A on Wild road was also constructed to enable the harvest of Setting 30. Maintenance work associated with harvesting was completed on Colley, Court and Gumnut Roads.

Planned Activities for October 2021

Log 10 will complete harvest of Setting 30 and move to Setting 31 and then 33 on Wild Road.

Log 13 will continue with the roadline felling of Setting 502 on Wild Road from Landing 33. This crew is likely to leave the forest by the end of October.

Engineering work in October will continue down Wild Road along with associated maintenance.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
September	**$422,956.35**	**$4,967,899.21**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$57.39** per tonne, or **$48,615.67** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
September	Management	$40,195.02
	FGC levy	$2,470.23
		$42,665.25

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
September	Consumables	$225.29
	Other	$103.64
		$328.93

Table 7: Miscellaneous Expenses

Consumable costs are for docket books used for the loadout of logs during September, for antisapstain used to treat the ends of pruned export logs and for a log stencil for Log 13.

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

Health and Safety

An unsafe condition and potential environmental issue was reported by an FMNZ staff member who noticed a significant risk when visiting the forest on a weekend. As he was leaving the forest, he noticed a badly frayed guy rope with two of the strands completely severed. It was also noted how messy this crew were with used hydraulic oil drums and other general rubbish piled up on the old landings. This information was communicated to the crew who re-spliced the eye in the guy rope and cleaned their mess up.

Environmental

ENVIRONMENTAL		TOTAL
September	Environmental Monitoring	$697.00
		$697.00

Table 8: Environmental Expenses

A pre-harvest native vegetation / wetland assessment was undertaken within Setting 23 on Wild Road as part of developing a site-specific harvest plan (SSHP) to determine which areas, if any, of native vegetation and wetland must be protected from damage during harvesting operations.

The Hawke's Bay Regional Council visited the forest on August 13th and assessed both consented and permitted harvesting and earthworks activities as being *fully compliant* and noted "*generally, the harvesting operations had been performed to a high standard*".

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.

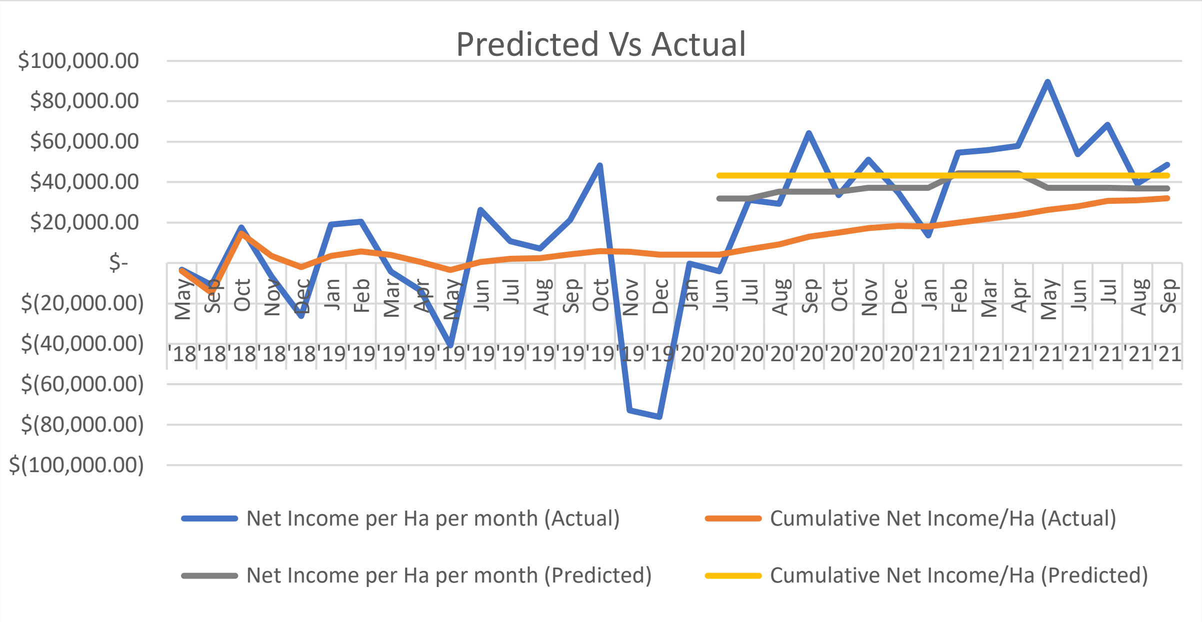


Chart 2: Actual vs Predicted

Net return per tonne to date is **$45.46**, forecast was $63.97.

Gross return per tonne to date is **$137.59**, forecast was $136.79.

Net return per hectare to date is **$32,030.30**, forecast was $43,272.91.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ

Historic Harvesting Financial Summary

Irongate Forest Partnership   01/09/2021 to 30/09/2021

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

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
Binwood					
Pulp		185.98		$45.50	$8,462.09
TOTAL BINWOOD SALES		**185.98**			**$8,462.09**

Domestic					
Pruned Dom		274.84		$209.50	$57,578.98
Pruned Dom	P1 4.9	646.40		$207.00	$133,804.80
TOTAL DOMESTIC SALES		**921.24**			**$191,383.78**

Export					
Pruned Exp	P40 3.9	0.00	181.659	$186.00	$33,788.57
Pruned Exp	P40 5.9	0.00	179.334	$186.00	$33,356.12
Pruned Exp	P30 3.9	0.00	304.164	$150.00	$45,624.60
A40	AO 3.8	0.00	602.623	$129.00	$77,738.37
A40	AO 3.9	0.00	255.834	$130.00	$33,258.42
A30	A 3.8	0.00	566.743	$124.00	$70,276.13
A30	A 3.8	0.00	202.412	$127.00	$25,706.32
A30	A 5.8	0.00	1,337.096	$126.00	$168,474.10
A30	A 5.8	0.00	616.247	$129.00	$79,495.86
K	K 3.8	0.00	425.186	$117.00	$49,746.76
K	K 3.8	0.00	107.699	$119.00	$12,816.18
K	K 5.8	0.00	443.331	$119.00	$52,756.39
K	K 5.8	0.00	148.766	$121.00	$18,000.69
KI	KI 3.8	0.00	232.817	$108.00	$25,144.24
KI	KI 3.8	0.00	106.507	$111.00	$11,822.28
TOTAL EXPORT SALES		**0.00**	**5,710.418**		**$738,005.03**

Export Pulp					
Export Pulp	KIS 2.9	0.00	120.398	$93.00	$11,197.01
Export Pulp	KIS 2.9	0.00	80.751	$96.00	$7,752.10
Export Pulp	KIS 3.8	0.00	466.753	$103.00	$48,075.56
TOTAL EXPORT PULP SALES		**0.00**	**667.902**		**$67,024.67**
TOTAL		**1,107.22**	**6,378.320**		**$1,004,875.57**

FEES	
FMNZ Management Fee @ %	$40,195.02
TOTAL FEES	**$40,195.02**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,470.23
TOTAL LEVIES	**$2,470.23**
COSTS	
Harvesting	$283,896.38
Cartage	$155,053.49
Weighbridge	$2,418.92
Cartage - Trans Shipping	$277.50
Consumables	$225.29
Environmental Monitoring	$697.00
Establishment	$3,145.00
Grass Seeding	$256.50
Landings	$18,067.50
Loadout Bay: Construction	$990.00
Metal Rock m3	$17,587.00
Metalling: Cart to stockpile	$13,125.00
Other	$103.64
Pads	$907.50
Post Harvest Rehab	$990.00
R&M - Event Cleanup	$990.00
R&M - Metal	$3,324.25
R&M - Road Maintenance	$18,297.50
Repairs & Maintenance	$2,722.50
Road Formation	$11,385.00
Stockpile Works	$3,300.00
Tracking	$1,320.00
Trailer Lifting	$174.00
TOTAL COSTS	**$539,253.97**
TOTAL FEES, LEVIES & COSTS	**$581,919.22**

NET INCOME	**$422,956.35**
GST	**$63,443.45**
NET INCOME (INCLUDING GST)	**$486,399.80**

Photo 1: Anchor machine in position for the swing yarder in Landing 30.

Photo 2: Swing yarder in Landing 30.

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	Sep 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	-$1,725.00	-$34,356.71
	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					-$256.50	-$6,333.24
	Landings	-$64,472.50	-$115,992.50	-$48,554.42		-$1,918.00		-$3,150.00	-$8,312.50	-$11,375.00	-$18,067.50	-$271,842.42
	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	-$990.00	-$7,004.06
	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	-$17,587.00	-$276,726.39
	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	-$907.50	-$15,864.08
	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	-$2,722.50	-$102,177.97
	R&M - Culverts Maintenance			-$550.00								-$550.00
	R&M - Road Maintenance			-$22,898.13		-$3,259.50	-$947.70	-$3,713.39			-$18,297.50	-$49,116.22
	Rehab	-$6,897.50	-$11,007.89	-$1,677.74				-$14,657.68	-$4,287.50	-$4,025.00	-$990.00	-$43,543.31
	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	-$11,385.00	-$472,667.42
	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		-$3,300.00	-$34,620.13
	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	-$13,125.00	-$616,826.64
	Trucks - Cart & Spread	-$107,310.00	-$720.00	-$6,373.47				-$540.00	-$3,840.00			-$118,783.47
	R&M - Event Cleanup										-$990.00	-$990.00
	R&M - Metal										-$3,324.25	-$3,324.25
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**	**-$93,667.75**	**-$3,025,456.53**
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	-$2,470.23	-$32,098.16
	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	-$40,195.02	-$601,409.78
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**	**-$42,665.25**	**-$633,507.93**
Harvesting	Cartage - Trans Shipping		-$360.00			-$330.00					-$277.50	-$967.50
	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	-$155,053.49	-$2,064,455.38
	Establishment - harvesting	-$6,310.00	-$880.00	-$8,610.00				-$850.00	-$1,220.00		-$1,420.00	-$19,290.00
	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	-$283,896.38	-$4,230,841.95
	Tracking	-$5,787.50	-$11,270.00	-$1,385.10				-$1,260.00	-$875.00	-$1,137.50	-$1,320.00	-$23,035.10
	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	-$2,418.92	-$35,368.13
	Trailer Lifting				-$24.00		-$6.00	-$6.00	-$66.00		-$174.00	-$276.00
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**	**-$444,560.29**	**-$6,374,234.07**
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	$1,004,875.57	$15,035,244.43
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**	**$1,004,875.57**	**$15,035,244.43**
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	-$225.29	-$4,651.15
	Other	-$4,400.15	-$1,530.74	-$570.78	-$173.89	-$95.00	-$280.00	-$95.00	-$114.00	-$281.70	-$103.64	-$7,644.90
	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	-$697.00	-$2,329.25
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**	**-$1,025.93**	**-$34,146.70**
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**	**$422,956.35**	**$4,967,899.21**