HARVESTING REPORT
October 2021

IRONGATE FOREST

Processed logs on Landing 23.

FMNZ
"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Irongate – October 2021

Summary

- Gross revenue for the month is **$1,075,091.23**
- Costs for the month are **$658,912.63**
- Net income for the month is **$416,178.60**
- Tonnes harvested for the month is **7,965.06**
- Net income per tonne for the month is **$52.25**
- Area cleared for the month is **11.30** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$16,110,335.67**
- Project costs to date are **$10,726,257.87**
- Project net income to date is **$5,384,077.80**
- Tonnes harvested to date is **117,239.81**
- Net income per tonne to date is **$45.92**
- Recoverable volume per hectare to date is **684.4** tonnes
- Net income per hectare to date is **$31,430.69**
- Total forest area is **348.90** hectares, approximate hectares cleared to date is **171.3** 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 **$1,075,091.23** with an average sale price over all grades of **$134.98** per tonne**.**

October 2021 - Log Markets, Hawkes Bay

The October export prices have remained flat with no change to prices.

Radiata log inventories on the main Chinese ports we monitor have increased to 4.77Mm^3, with daily offtake in the 79Km^3 per day range. While demand has slightly increased from last month, all indicators are that the China economy is slowing with less construction activity.

China is in a state of "Structural Reset". The Chinese Government has been concerned about the growing gap between the wealthy and the poor in China as this leads to social unrest. They are undertaking wealth redistribution strategies (tax the wealthy etc.) trying to improve the income / lifestyle of the middle class along with reduced property prices.

Credit tightening policies due to large debts in property development as well as property tax changes has seen a lot of new construction stall. Evergrande has restarted some projects as they have bought time to repay some creditors, but still face significant challenges ahead.

The energy crisis in China will have a positive long-term effect on timber demand as China is aware of the higher energy costs of steel and concrete. They are already mandating the use of more wood in their buildings. In the short term this maybe negative, as electricity supply is rationed. The main log processing area affected to date is Taicang, which had already been affected by the Government wanting to repurpose the land these mills occupy.

The freight market has had some downward movement in the big Capesize vessels due to less iron ore demand which is expected to flow on in the smaller handy size vessels used in log exports. Congestion times have reduced significantly but this depends on log berths in Lanshan for competing product demands.

The NZD has continued to rise against the USD since the end of September. This has eroded some AWG value for forest owners.

Domestic pruned log prices have fallen $15 this quarter due to weaker AWG export pricing and factoring in the spring effects on Jas conversions.

Grade Recovery

Grade out turn for October is as follows:

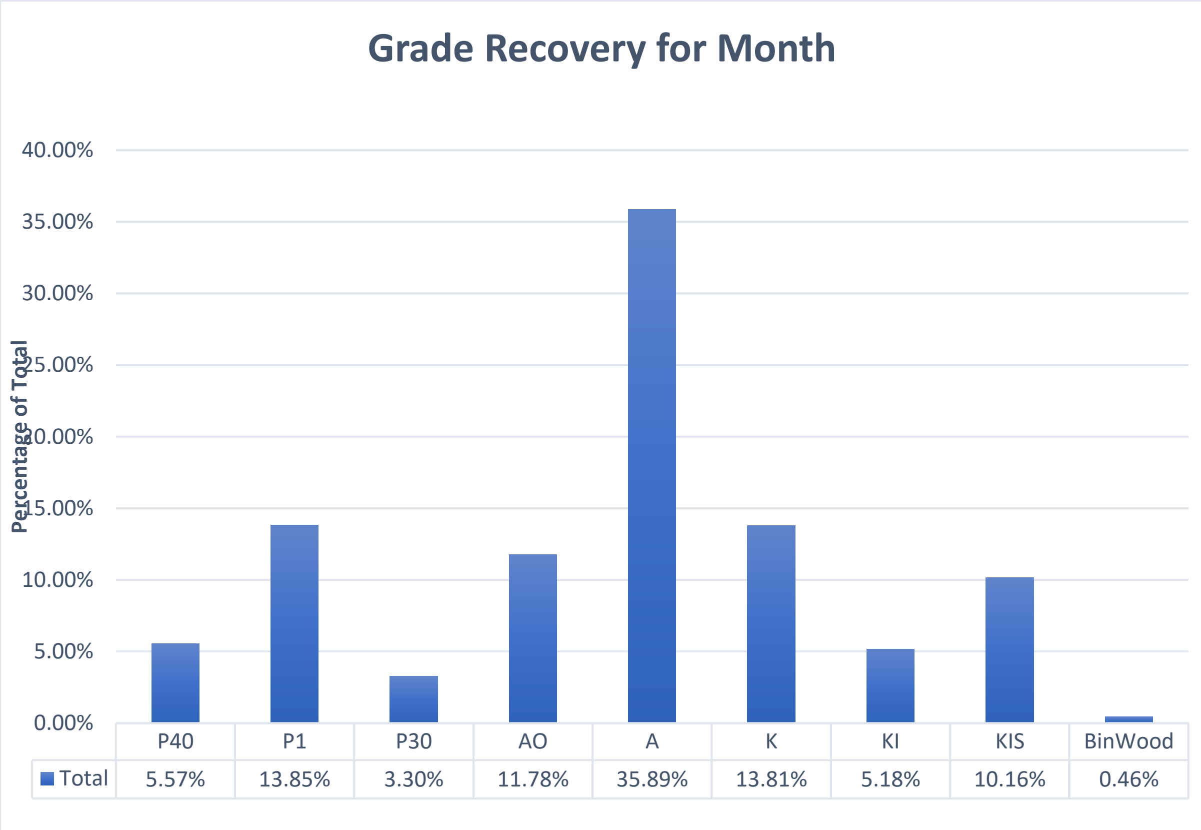


Chart 1: Grade Recovery for Month

Pruned recovery for October 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 61% of the total production volume, with lower quality export (KI and KIS grades) comprising 15% of volume.

Less than 1% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$309,941.18**, an average of **$38.91** per tonne.

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

LOGGING COSTS		TOTAL
October	Logging	$309,941.18
		$309,941.18

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
October	Establishment - harvesting	$1,260.00
	Tracking	$2,187.50
		$3,447.50

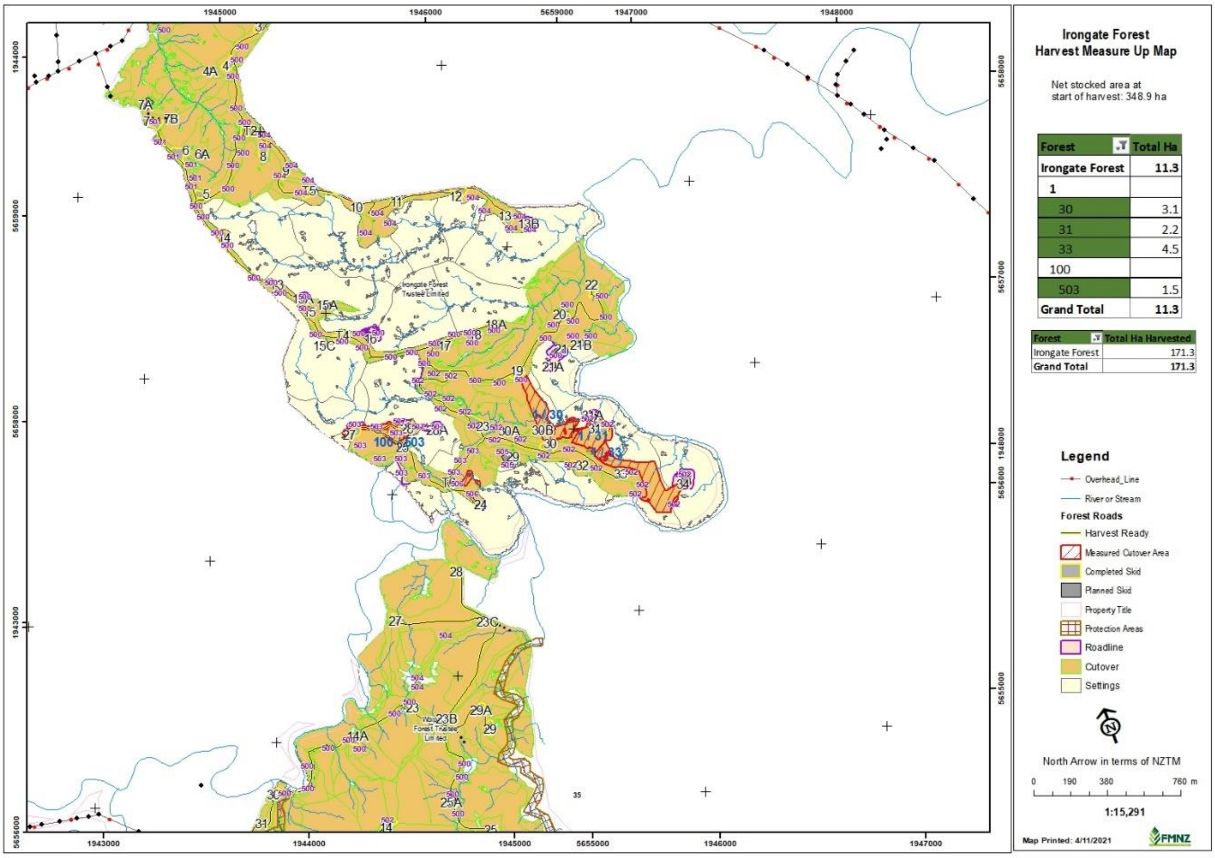
Table 2: Additional Logging Costs

Establishment costs are for transporting the 10 tonne excavator to load metal and the Komatsu bulldozer to assist with the roading and landing formation.

Tracking costs were related to extra tracks required by the harvest crew for the backline and the skidder.

During October, Log 10 clearfell harvested Settings 30, 31 and 33 on Wild Road. They two-staged stems from a hauler pad at Landing 31.

Log 13 moved to Landing 33 continuing with the roadline harvest of Setting 502 on Wild Road where they cut a small corridor into the flat area at the bottom of Wild Road to Landing 34 before moving out of Irongate Forest.



Pic 1: Progress Map

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 **$169,175.81** which is an average unit rate of **$21.24** per tonne.

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

CARTAGE COSTS		TOTAL
October	Cartage - Truck	$169,175.81
	Weighbridge	$2,675.91
	Trailer Lifting	$360.00
		$172,211.72

Table 3: Cartage Costs

The average cart rate for October inclusive of weighbridge and trailer lifting fees is **$21.62** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
October	Establishment - Engineering	$1,575.00		$1,575.00
	Stockpile Works	$6,412.50		$6,412.50
	Trucks - Cart & Dump	$7,326.00	$3,975.00	$11,301.00
	R&M - Road Maintenance	$1,312.50		$1,312.50
	Culvert Installation	$1,225.00		$1,225.00
	Culverts	$6,157.26		$6,157.26
	Fluming	$3,430.60		$3,430.60
	Landings	$21,822.50		$21,822.50
	Loadout Bay Construction	$2,205.00		$2,205.00
	Metal Rock	$10,187.75	$6,389.25	$16,577.00
	Pads	$2,012.50		$2,012.50
	R&M	$1,575.00		$1,575.00
	Road Formation	$42,157.50		$42,157.50
	Spread from stockpile	$9,540.00		$9,540.00
		$116,939.11	**$10,364.25**	**$127,303.36**

Table 4: Engineering Costs

Earthworks was completed on Siobhan Road out to Landings 27 and 28 and on Wild Road out to Landing 34 and out to Landings 31 and 32. Maintenance metal was used on Colley Road to facilitate harvest.

Planned Activities for November 2021

Log 10 will complete harvest of Setting 31 on Wild Road and will continue moving the hauler down Wild Road from Landing 30 to 31.

The earthworks crew will exit Irongate Forest in November following completion of Wild Road to Landing 34 and construction of Landing 21. This will have Irongate Forests' infrastructure largely completed and ready for clearfell harvest, except for a couple of pads which will be completed closer to harvest.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
October	**$416,178.60**	**$5,384,077.80**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$52.25** per tonne, or **$36,829.96** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
October	Management	$43,003.65
	FGC levy	$2,700.96
		$45,704.61

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
October	Consumables	$200.62
	Other	$103.64
		$304.26

Table 7: Miscellaneous Expenses

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

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

Health and Safety

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

Environmental

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

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.

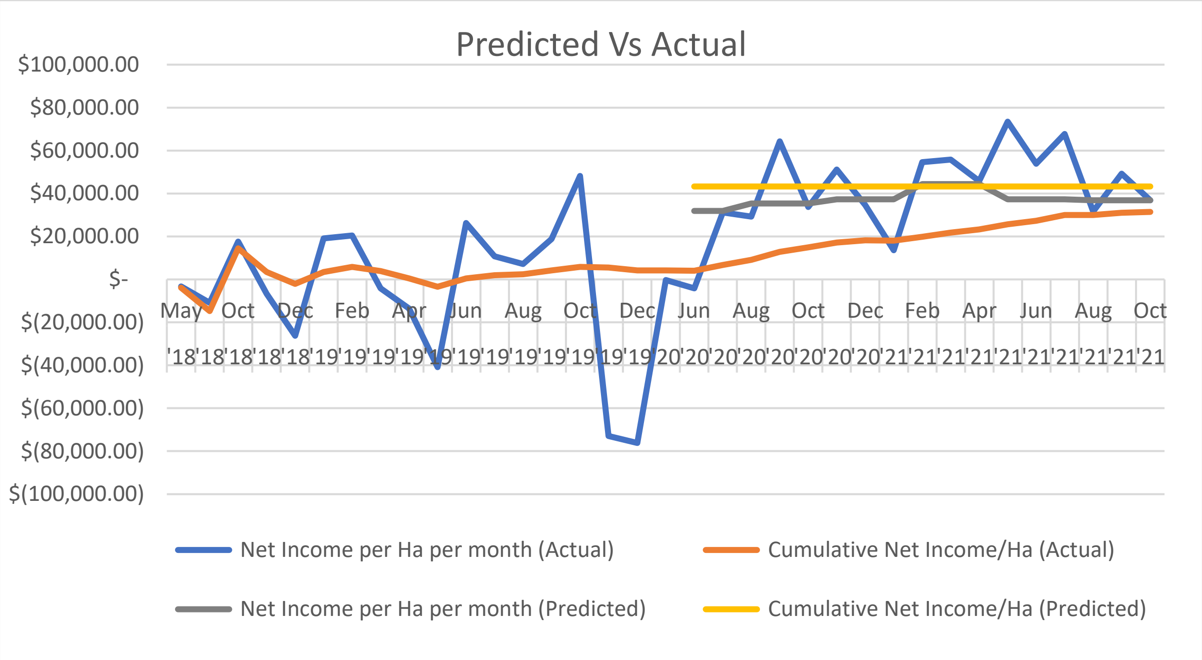


Chart 2: Actual vs Predicted

Net return per tonne to date is **$45.92**, forecast was $63.97.

Gross return per tonne to date is **$137.41**, forecast was $136.79.

Net return per hectare to date is **$31,430.69**, 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 — 01/10/2021 to 31/10/2021

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

Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
SALES					
Binwood					
Pulp		36.64		$45.50	$1,667.12
TOTAL BINWOOD SALES		**36.64**			**$1,667.12**
Domestic					
Pruned Dom		406.60		$194.50	$79,083.70
Pruned Dom	P1 4.9	696.24		$192.00	$133,678.08
TOTAL DOMESTIC SALES		**1,102.84**			**$212,761.78**
Export					
Pruned Exp	P40 3.9	0.00	209.141	$186.00	$38,900.23
Pruned Exp	P40 5.9	0.00	255.106	$186.00	$47,449.72
Pruned Exp	P30 3.9	0.00	282.440	$150.00	$42,366.00
A40	AO 3.8	0.00	552.379	$129.00	$71,256.89
A40	AO 3.9	0.00	455.709	$120.00	$54,685.08
A30	A 3.8	0.00	463.960	$114.00	$52,891.44
A30	A 3.8	0.00	363.573	$127.00	$46,173.77
A30	A 5.8	0.00	1,031.285	$116.00	$119,629.06
A30	A 5.8	0.00	1,143.542	$129.00	$147,516.92
K	K 3.8	0.00	268.989	$107.00	$28,781.82
K	K 3.8	0.00	173.927	$119.00	$20,697.31
K	K 5.8	0.00	369.629	$109.00	$40,289.56
K	K 5.8	0.00	286.335	$121.00	$34,646.54
KI	KI 3.8	0.00	268.647	$98.00	$26,327.41
KI	KI 3.8	0.00	154.621	$111.00	$17,162.93
TOTAL EXPORT SALES		**0.00**	**6,279.283**		**$788,774.68**
Export Pulp					
Export Pulp	KIS 2.9	0.00	160.850	$86.00	$13,833.10
Export Pulp	KIS 2.9	0.00	88.670	$93.00	$8,246.31
Export Pulp	KIS 3.8	0.00	338.774	$93.00	$31,505.98
Export Pulp	KIS 3.8	0.00	176.542	$103.00	$18,183.83
Export Pulp	KIS 5.8	0.00	1.128	$105.00	$118.44
TOTAL EXPORT PULP SALES		**0.00**	**765.964**		**$71,887.66**
TOTAL		**1,139.48**	**7,045.247**		**$1,075,091.24**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$43,003.65
TOTAL FEES	**$43,003.65**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$2,700.96
TOTAL LEVIES	**$2,700.96**
COSTS	
Harvesting	$309,941.18
Cartage	$169,175.81
Weighbridge	$2,675.91
Consumables	$200.62
Culvert Installation	$1,225.00
Culvert Pipes	$6,157.26
Establishment	$2,835.00
Fluming	$3,430.60
Landings	$21,822.50
Loadout Bay: Construction	$2,205.00
Metal Rock m3	$16,577.00
Metalling: Cart to stockpile	$11,301.00
Metalling: Spread from Stockpile	$9,540.00
Other	$103.64
Pads	$2,012.50
R&M - Road Maintenance	$1,312.50
Repairs & Maintenance	$1,575.00
Road Formation	$42,157.50
Stockpile Works	$6,412.50
Tracking	$2,187.50
Trailer Lifting	$360.00
TOTAL COSTS	**$613,208.02**
TOTAL FEES, LEVIES & COSTS	**$658,912.63**

NET INCOME	**$416,178.61**
GST	**$62,426.79**
NET INCOME (INCLUDING GST)	**$478,605.40**

Photo 1: Felling machine sitting above Landing 33.

Photo 2: Harvest operations on Landing 33.

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	Oct 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			-$1,225.00	-$49,005.00
	Culverts	-$23,269.05	-$40,455.05	-$5,666.34			-$2,846.34		-$2,846.34	-$2,949.58		-$6,157.26	-$84,189.96
	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	-$1,575.00	-$35,931.71
	Fluming	-$3,720.09	-$15,160.18	-$172.14			-$190.07	-$190.07	-$3,404.30			-$3,430.60	-$26,267.45
	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	-$21,822.50	-$293,664.92
	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	-$990.00	-$2,205.00	-$9,209.06
	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	-$16,577.00	-$293,303.39
	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	-$2,012.50	-$17,876.58
	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	-$2,722.50	-$1,575.00	-$103,752.97
	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	-$1,312.50	-$50,428.72
	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	-$42,157.50	-$514,824.92
	Spread from stockpile	-$38,600.00	-$207,460.00	-$26,368.67		-$4,939.25		-$8,280.69	-$7,540.00	-$3,720.00		-$9,540.00	-$306,448.61
	Stockpile Works			-$23,337.53	-$285.00	-$2,693.88		-$2,868.97	-$2,134.75		-$3,300.00	-$6,412.50	-$41,032.63
	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	-$11,301.00	-$628,127.64
	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**	**-$127,303.36**	**-$3,152,759.89**
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	-$2,700.96	-$34,799.12
	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	-$43,003.65	-$644,413.43
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**	**-$45,704.61**	**-$679,212.54**
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	-$169,175.81	-$2,233,631.19
	Establishment - harvesting	-$6,310.00	-$880.00	-$8,610.00				-$850.00	-$1,220.00		-$1,420.00	-$1,260.00	-$20,550.00
	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	-$309,941.18	-$4,540,783.13
	Tracking	-$5,787.50	-$11,270.00	-$1,385.10				-$1,260.00	-$875.00	-$1,137.50	-$1,320.00	-$2,187.50	-$25,222.60
	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	-$2,675.91	-$38,044.04
	Trailer Lifting				-$24.00		-$6.00	-$6.00	-$66.00		-$174.00	-$360.00	-$636.00
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**	**-$485,600.40**	**-$6,859,834.46**
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	$1,075,091.23	$16,110,335.66
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**	**$1,075,091.23**	**$16,110,335.66**
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	-$200.62	-$4,851.77
	Other	-$4,400.15	-$1,530.74	-$570.78	-$173.89	-$95.00	-$280.00	-$95.00	-$114.00	-$281.70	-$103.64	-$103.64	-$7,748.54
	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**	**-$304.26**	**-$34,450.96**
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**	**$416,178.60**	**$5,384,077.80**