



HARVESTING REPORT

October 2021

TANGOIO FOREST



Swing yarder and excavators on Pad 28B retrieving felled stems.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Tangoio – October 2021

Summary

- Gross revenue for the month is **\$649,865.58**
- Costs for the month are **\$291,259.23**
- Net income for the month is **\$358,606.35**
- Tonnes harvested for the month is **4,721.63**
- Net income per tonne for the month is **\$75.95**
- Area cleared for the month is **1.40** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$35,288,194.51**
- Project costs to date are **\$19,114,334.91**
- Project net income to date is **\$16,173,859.59**
- Tonnes harvested to date is **253,750.44**
- Net income per tonne to date is **\$63.74**
- Recoverable volume per hectare to date is **695.6** tonnes
- Net income per hectare to date is **\$44,336.24**
- Total forest area is **538.90** hectares, approximate hectares cleared to date is **364.8** 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 **\$649,865.58** with an average sale price over all grades of **\$137.64** 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 4.77Mm³, with daily offtake in the 79Km³ 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:

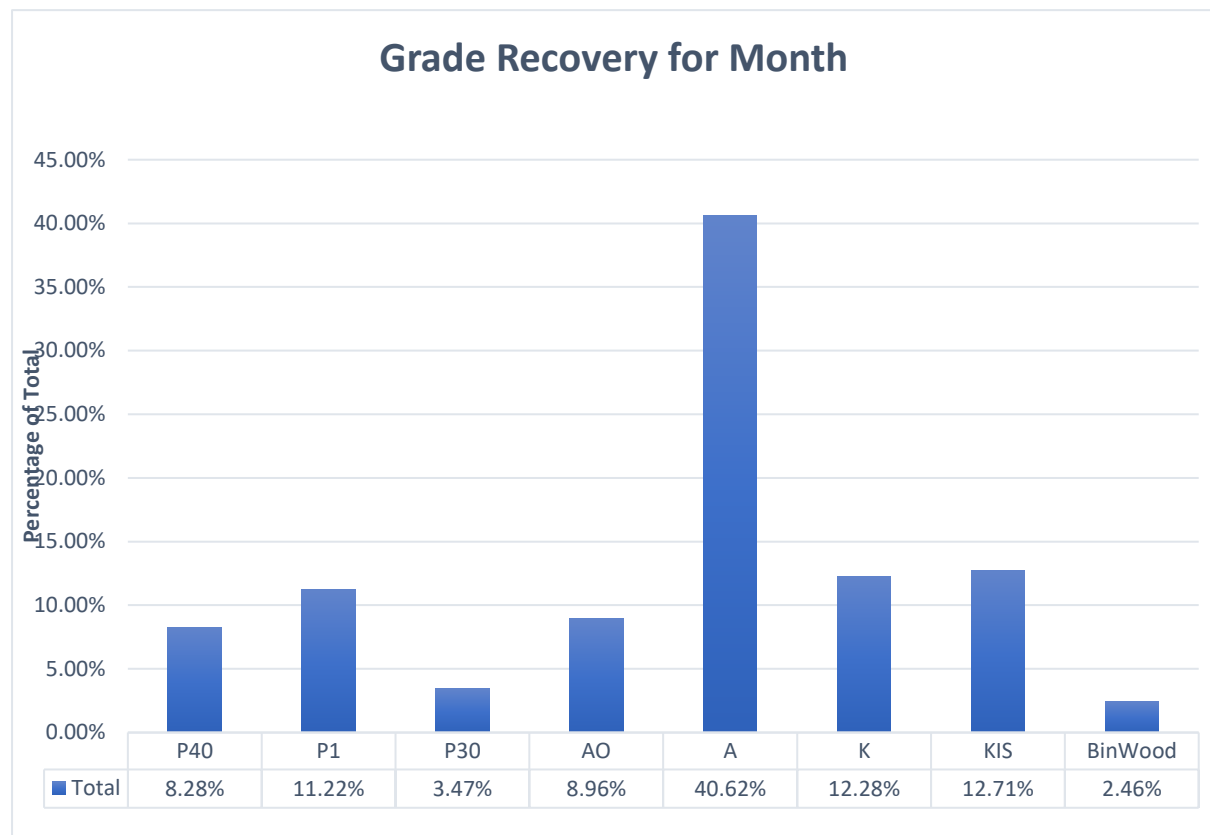


Chart 1: Grade Recovery for Month

Pruned recovery for October comprised 23% of overall sales volume, 11% 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 13% of volume.

The remaining 2% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **\$180,275.21**, an average of **\$38.18** per tonne.

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

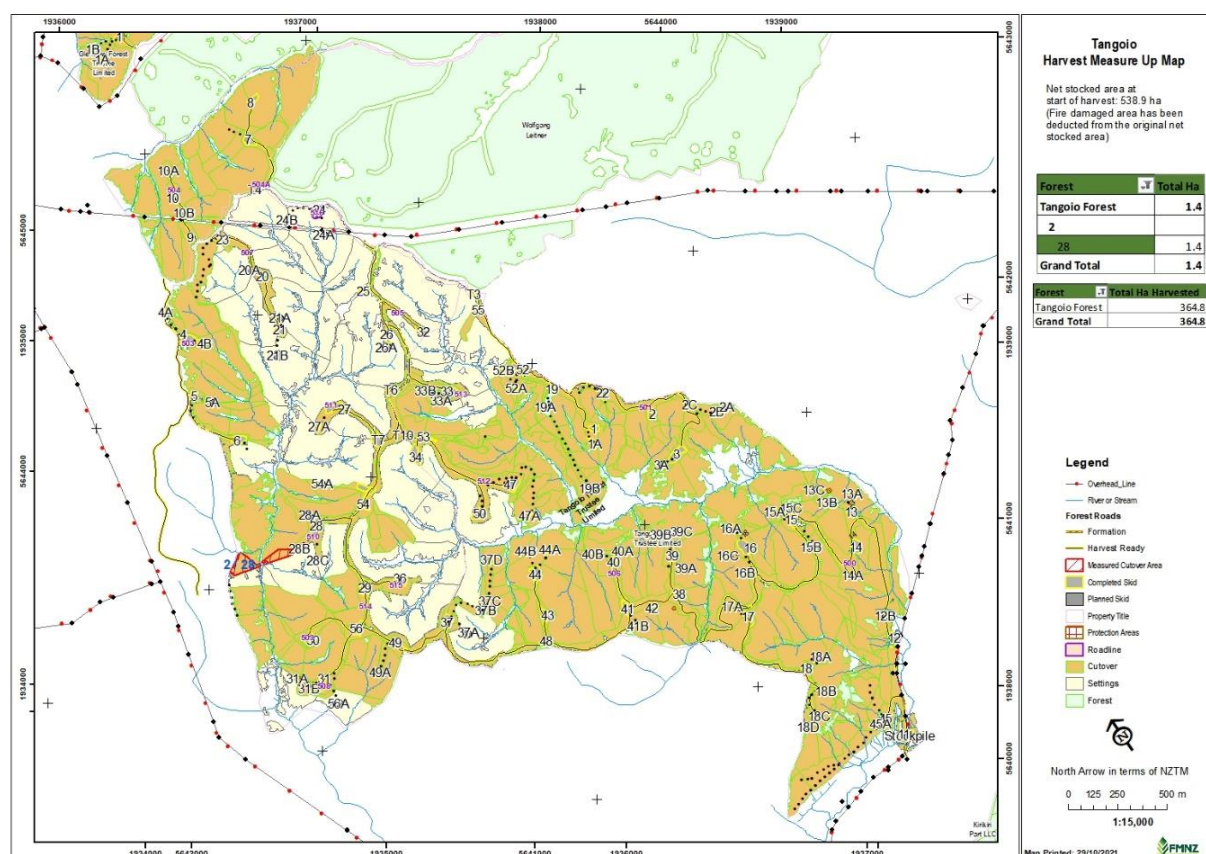
LOGGING COSTS		TOTAL
October	Logging	\$180,275.21
		\$180,275.21

Table 1: Logging Costs

ADDITIONAL HARVEST COSTS		TOTAL
October	Tracking	\$2,025.00
		\$2,025.00

Table 2: Additional Logging Costs

Tracking costs are for the de-stumping of a two-stage track to enable access to Landing 54A.



Pic 1: Progress Map

During October, Log 12 continued pulling Setting 28 to Landing 28B with full suspension extraction occurring over the Rauwirikokomuka Stream which flows to the Tangoio Falls. The harvest contractor has done an excellent job of keeping the stream free of debris.

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 **\$70,776.40** which is an average unit rate of **\$14.99** per tonne.

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

CARTAGE COSTS		TOTAL
October	Cartage - Truck	\$70,776.40
	Weighbridge	\$1,632.05
	Trailer Lifting	\$6.00
		\$72,414.45

Table 3: Cartage Costs

The average cart rate for October inclusive of weighbridge and trailer lifting fees is **\$15.34** 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
October	Establishment - Engineering		\$400.00	\$400.00
	Metal Rock		\$273.25	\$273.25
	Pads	\$975.00		\$975.00
	R&M - Metal		\$1,912.75	\$1,912.75
	R&M - Road Maintenance		\$2,985.00	\$2,985.00
	Rehab		\$2,175.00	\$2,175.00
		\$975.00	\$7,746.00	\$8,721.00

Table 4: Engineering Costs

During October, Pad 28A was constructed on Pakuri Road to facilitate clearfell harvest. The remaining earthworks carried out during the month was maintenance work associated with extraction of harvest volume.

Planned Activities for November 2021

Planned activities for November are for the harvest crew to continue pulling Setting 28. They will be in this setting for the next 2-3 months.

There are no earthworks planned for November.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
October	\$358,606.35	\$16,173,859.59

Table 5: Total Revenue

The net revenue for the month equates to an average of **\$75.95** per tonne, or **\$256,147.39** per hectare.

This figure is obviously grossly overinflated and this is due to the area measured in September including logs that were felled but not processed. The logs were processed in October, hence a large volume and a small harvest area for the month. This has also distorted the financial performance graph for the month.

Fees and Levies

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

FEES & LEVIES		TOTAL
October	Management	\$25,994.62
	FGC levy	\$1,595.96
		\$27,590.58

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
October	Consumables	\$129.35
	Other	\$103.64
		\$232.99

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

One unsafe condition incident was reported during the month. This incident occurred when a loader operator noticed a supervisor standing in his work area, so he stopped work and reminded him to keep clear. The crew had a reminder to maintain good communication on the landing and not to go anywhere near the loading of trucks until given the “all clear” by the operator.

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.

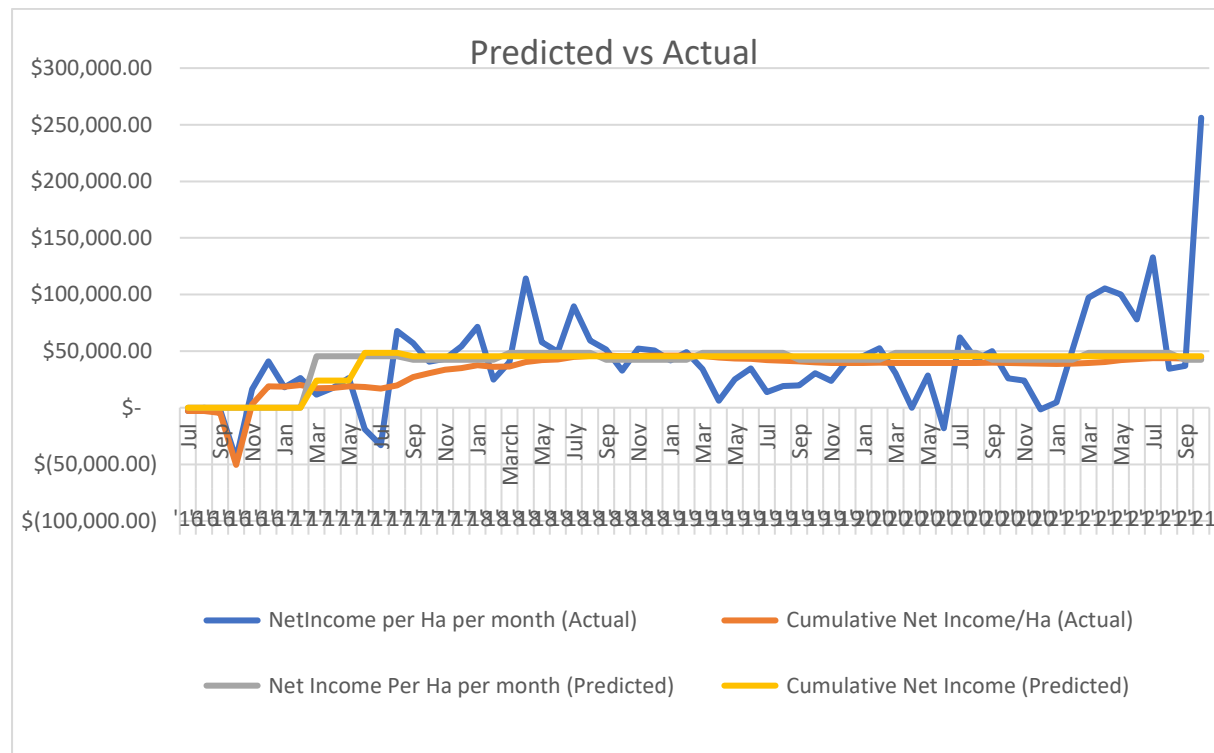


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$63.74**, forecast was \$66.81.

Gross return per tonne to date is **\$139.07**, forecast was \$126.50.

Net return per hectare to date is **\$44,336.24**, forecast was \$45,373.11.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Tangoio Forest Partnership

01/10/2021 to 31/10/2021

Paid to bank account # 02-0792-0001473-000

GST # 56-852-220

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		116.34		\$45.50	\$5,293.47
TOTAL BINWOOD SALES		116.34			\$5,293.47

Domestic					
Pruned Dom		335.22		\$194.50	\$65,200.29
Pruned Dom	P1 4.3	13.34		\$192.00	\$2,561.28
Pruned Dom	P1 4.9	181.00		\$192.00	\$34,752.00
TOTAL DOMESTIC SALES		529.56			\$102,513.57

Export					
Pruned Exp	P40 3.9	0.00	98.652	\$186.00	\$18,349.27
Pruned Exp	P40 5.9	0.00	307.153	\$186.00	\$57,130.46
Pruned Exp	P30 3.9	0.00	169.551	\$150.00	\$25,432.65
A40	AO 3.8	0.00	444.751	\$129.00	\$57,372.88
A30	A 3.8	0.00	910.186	\$127.00	\$115,593.62
A30	A 5.8	0.00	1,085.139	\$129.00	\$139,982.93
K	K 3.8	0.00	314.200	\$119.00	\$37,389.80
K	K 5.8	0.00	264.757	\$121.00	\$32,035.60
TOTAL EXPORT SALES		0.00	3,594.389		\$483,287.21

Export Pulp					
Export Pulp	KIS 2.9	0.00	261.245	\$93.00	\$24,295.78
Export Pulp	KIS 3.8	0.00	334.714	\$103.00	\$34,475.54
TOTAL EXPORT PULP SALES		0.00	595.959		\$58,771.32
TOTAL		645.90	4,190.348		\$649,865.57

FEES					
FMNZ Management Fee @ %					\$25,994.62
TOTAL FEES					\$25,994.62

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$1,595.96
TOTAL LEVIES	\$1,595.96
COSTS	
Harvesting	\$180,275.21
Cartage	\$70,776.40
Weighbridge	\$1,632.05
Consumables	\$129.35
Establishment	\$400.00
Metal Rock m3	\$273.25
Other	\$103.64
Pads	\$975.00
Post Harvest Rehab	\$2,175.00
R&M - Metal	\$1,912.75
R&M - Road Maintenance	\$2,985.00
Tracking	\$2,025.00
Trailer Lifting	\$6.00
TOTAL COSTS	\$263,668.65
TOTAL FEES, LEVIES & COSTS	\$291,259.23
NET INCOME	
NET INCOME	\$358,606.34
GST	\$53,790.95
NET INCOME (INCLUDING GST)	\$412,397.29



Photo 1: Two-stage operation from Pad 28B to Landing 28.



Photo 2: Setting 28 cutover.



Photo 3: Log audit being carried out to check the correct specs are on the correct graded logs.



Photo 4: Truck being loaded on Landing 28.



Photo 5: Truck being loaded on Landing 28.



Photo 6: Processor walking down to next work station.

TANGOIO CUMULATIVES

Categories	Descriptions	May 13 - Feb 17	Mar 17 - Feb 18	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21	Apr 21	May 21	June 2021	July 2021	Aug 2021	Sep 2021	Oct 2021	Grand Total
Engineering	Borrow Pit		-\$20,357.50	-\$1,454.50											-\$21,812.00
	Corduroy		-\$6,300.00												-\$6,300.00
	Crossings	-\$58,907.68	-\$4,360.00	-\$25,775.00											-\$89,042.68
	Culvert Installation			-\$16,722.40	-\$21,177.48	-\$4,233.25									-\$42,133.13
	Culverts	-\$20,104.76	-\$54,985.33	-\$26,207.09	-\$31,004.01	-\$5,692.68									-\$137,993.87
	Culverts - Freight	-\$642.50	-\$690.00	-\$120.00	-\$450.00	-\$437.40	-\$212.50								-\$2,552.40
	Entranceway - Seal		-\$2,166.96	-\$2,504.31											-\$4,671.27
	Establishment - Engineering	-\$7,000.00	-\$20,311.50	-\$14,052.99	-\$10,962.86	-\$8,472.20	-\$798.00	-\$976.00	-\$1,040.00	-\$1,672.00		-\$640.00		-\$400.00	-\$66,325.55
	Fluming	-\$4,879.50	-\$1,461.14	-\$4,994.92	-\$32,916.51	-\$3,624.96	-\$3,379.01								-\$51,256.04
	Geotextiles	-\$9,343.47	-\$32,584.60	-\$8,636.20	-\$20,584.28										-\$71,148.55
	Grass Seeding			-\$9,741.70	-\$617.50			-\$683.75							-\$11,042.95
	Landings	-\$76,908.00	-\$82,325.50	-\$69,335.80	-\$202,975.10	-\$67,431.17									-\$498,975.57
	Loader Hire				-\$4,226.40										-\$4,226.40
	Loadout Bay Construction			-\$165.00	-\$3,085.50	-\$3,501.95		-\$882.00	-\$240.00	-\$280.00					-\$8,154.45
	Loadout Bay Metal	-\$1,755.00		-\$5,907.46	-\$10,687.84	-\$5,570.95					-\$112.00				-\$24,033.25
	Metal - Winning			-\$20,835.21											-\$20,835.21
	Metal Lime	-\$36,216.75	-\$78,590.25	-\$23,426.10	-\$124,475.85	-\$47,299.07									-\$310,008.02
	Metal Rock	-\$11,122.45	-\$49,244.51	-\$28,746.17	-\$109,257.21	-\$32,532.87			-\$2,174.30					-\$273.25	-\$233,350.76
	Other		-\$118.60	-\$3,168.90	-\$21,746.07	\$2,680.30				-\$35.00	-\$50.00				-\$22,438.27
	Pads			-\$20,919.07	-\$15,698.71	-\$6,933.20	-\$8,212.00	-\$5,558.00				-\$960.00		-\$975.00	-\$59,255.98
	Pavement			-\$67,698.33	-\$147,984.16	-\$2,835.89		-\$196.00							-\$218,714.38
	R&M		-\$10,522.50	-\$36,331.53	-\$17,811.76					-\$812.00	-\$280.00	-\$2,542.50			-\$98,851.35
	R&M - Culverts Maintenance			-\$325.00											-\$325.00
	R&M - Event Cleanup		-\$12,642.50												-\$12,642.50
	R&M - Metal			-\$804.49	-\$7,355.02	-\$11,123.52			-\$720.00	-\$2,228.75	-\$4,057.00	-\$2,365.50		-\$1,912.75	-\$30,567.02
	R&M - Road Maintenance		-\$9,978.00	-\$5,889.76	-\$2,879.38	-\$12,342.19	-\$1,748.00		-\$4,980.00	-\$9,404.00	-\$8,354.00			-\$2,985.00	-\$58,560.33
	Rehab			-\$24,205.90	-\$59,315.73	-\$18,647.96	-\$6,305.00	-\$756.00	-\$4,725.00	-\$420.00	-\$854.00			-\$2,175.00	-\$117,404.59
	Rehab - Drainage		-\$2,380.00												-\$2,380.00
	Rehab - Environmental		-\$3,112.50	-\$14,590.00	-\$181.29							-\$1,120.00			-\$19,003.79
	Rehab - Skids/Pads		-\$6,034.70	-\$2,254.63	-\$9,720.00	-\$2,310.00									-\$20,319.33
	Road Formation	-\$98,830.90	-\$321,820.48	-\$105,020.88	-\$203,417.90	-\$43,244.81									-\$772,334.96
	Sediment Control				-\$1,933.50	-\$662.45									-\$2,595.95
	Spread from stockpile	-\$2,500.00	-\$26,035.00	-\$95,728.41	-\$324,870.46	-\$5,706.97									-\$454,840.83
	Stockpile Works					-\$4,290.18		-\$770.00							-\$5,060.18
	Temp Landings			-\$2,678.00	-\$18,427.33										-\$21,105.33
	Trucks - Cart & Dump	-\$28,877.40	-\$109,542.65	-\$76,933.20	-\$658,455.50	-\$49,981.73									-\$923,790.48
	Trucks - Cart & Spread	-\$8,567.50	-\$102,150.00	-\$251,339.55	-\$137,535.33	-\$20,956.83				-\$800.00	-\$440.00				-\$521,789.21
	Two Stage			-\$555.00											-\$555.00
Engineering Total		-\$365,655.91	-\$957,714.22	-\$951,545.32	-\$2,227,396.63	-\$373,581.17	-\$20,654.51	-\$9,821.75	-\$13,879.30	-\$15,651.75	-\$14,147.00	-\$7,628.00		-\$8,721.00	-\$4,966,396.55
Fees	FGC levy	-\$2,397.64	-\$11,567.17	-\$18,594.56	-\$18,833.32	-\$7,176.78	-\$1,496.01	-\$1,472.82	-\$2,139.15	-\$1,615.08	-\$1,749.69	-\$934.82	-\$1,809.89	-\$1,595.96	-\$71,382.89
	Management	-\$45,716.12	-\$236,093.74	-\$394,616.83	-\$356,533.85	-\$131,290.14	-\$26,819.21	-\$27,372.96	-\$40,917.48	-\$32,736.46	-\$34,900.14	-\$15,242.53	-\$30,044.54	-\$25,994.62	-\$1,398,278.63
Fees Total		-\$48,113.76	-\$247,660.91	-\$413,211.38	-\$375,367.17	-\$138,466.92	-\$28,315.22	-\$28,845.78	-\$43,056.63	-\$34,351.54	-\$36,649.84	-\$16,177.36	-\$31,854.43	-\$27,590.58	-\$1,469,661.52
Harvesting	Cartage - Trans Shipping			-\$1,430.00	-\$1,618.83	-\$150.00									-\$3,198.83
	Cartage - Truck	-\$97,496.80	-\$460,197.01	-\$829,360.11	-\$894,768.90	-\$313,821.47	-\$58,078.63	-\$57,098.29	-\$81,656.73	-\$67,864.84	-\$76,987.64	-\$41,375.18	-\$77,770.22	-\$70,776.40	-\$3,127,252.22
	Establishment - harvesting	-\$8,396.50	-\$8,862.60	-\$10,029.50	-\$5,360.00	-\$3,468.75	-\$840.00			-\$1,920.00	-\$550.00		-\$550.00		-\$39,977.35
	Logging	-\$351,873.48	-\$1,446,472.98	-\$2,405,674.60	-\$2,647,474.74	-\$932,190.66	-\$158,517.66	-\$165,613.80	-\$232,686.08	-\$188,989.57	-\$196,891.15	-\$106,602.46	-\$200,049.47	-\$180,275.21	-\$9,213,311.85
	Tracking			-\$24,452.98	-\$10,170.38	-\$14,030.70	-\$3,360.00					-\$800.00		-\$2,025.00	-\$54,839.06
	Trailer Lifting	-\$954.47	-\$1,734.25		-\$18.00	-\$42.00	-\$42.00	-\$60.00	-\$12.00	-\$6.00	-\$12.00		-\$36.00	-\$6.00	-\$2,880.72
	Weighbridge	-\$2,661.09	-\$12,833.32	-\$22,127.63	-\$22,648.44	-\$8,505.50	-\$1,471.10	-\$1,471.19	-\$2,007.46	-\$1,579.97	-\$1,602.27	-\$956.73	-\$1,751.88	-\$1,632.05	-\$81,248.65
Harvesting Total		-\$461,382.34	-\$1,930,100.17	-\$3,293,074.83	-\$3,582,041.27	-\$1,272,185.08	-\$222,309.39	-\$224,243.28	-\$316,362.28	-\$260,360.38	-\$276,043.06	-\$149,734.37	-\$280,157.57	-\$254,714.66	-\$12,522,708.68
Income	Log Sales	\$1,142,902.94	\$5,902,343.56	\$9,865,421.91	\$8,913,346.28	\$3,282,253.45	\$670,480.17	\$684,324.04	\$1,022,936.93	\$818,511.56	\$872,503.56	\$381,063.34	\$751,113.60	\$649,865.58	\$34,957,066.92
	Other Income								\$331,127.59						\$331,127.59
Income Total		\$1,142,902.94	\$5,902,343.56	\$9,865,421.91	\$8,913,346.28	\$3,282,253.45	\$670,480.17	\$684,324.04	\$1,354,064.52	\$818,511.56	\$872,503.56	\$381,063.34	\$751,113.60	\$649,865.58	\$35,288,194.51
Miscellaneous	Arboriculture			-\$4,590.00											-\$4,590.00
	Consents	-\$1,853.00													-\$1,853.00
	Consultancy Fees	-\$3,313.75	-\$1,247.50	-\$2,972.83	-\$386.36							-\$614.39			-\$8,534.83
	Consumables	-\$451.79	-\$1,641.19	-\$4,368.35	-\$2,168.32	-\$2,005.08	-\$71.42	-\$101.14	-\$179.99	-\$80.48	-\$122.54	-\$47.40	-\$89.69	-\$129.35	-\$11,456.73
	Fencing		-\$17,722.12												-\$17,722.12
	Other	-\$6,668.96	-\$6,550.13	-\$4,870.97	-\$2,553.93	-\$3,359.50		-\$115.00	-\$95.00	-\$95.00	-\$114.00	-\$103.63	-\$103.63	-\$103.64	-\$24,733.39
	Power Lines			-\$1,299.49	-\$8,579.24	-\$9,390.00									-\$19,268.73
	Royalty payments			-\$9,024.15											-\$9,024.15
	Security		-\$212.65	-\$864.31	-\$8,095.49	-\$5,521.20									-\$14,693.65
	Traffic Management	-\$4,124.02	-\$7,200.00	-\$16,075.72	-\$12,703.25	-\$535.83									-\$40,638.82
	Environmental Monitoring						-\$979.00	-\$76.00		-\$350.00	-\$354.75		-\$1,293.00		-\$3,052.75
Miscellaneous Total		-\$16,411.52	-\$34,573.59	-\$44,065.82	-\$34,486.59	-\$20,811.61	-\$1,050.42	-\$292.14	-\$274.99	-\$525.48	-\$591.29	-\$765.42	-\$1,486.32	-\$232.99	-\$155,568.17
Grand Total		\$251,339.41	\$2,732,294.67	\$5,163,524.56	\$2,694,054.62	\$1,477,208.68	\$398,150.65	\$421,121.09	\$980,491.33	\$507,622.40	\$545,072.38	\$206,758.20	\$437,615.27	\$358,606.35	\$16,173,859.59