



HARVESTING REPORT

November 2021

TANGOIO FOREST



Operations on Landing 28.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Tangoio – November 2021

Summary

- Gross revenue for the month is **\$411,642.78**
- Costs for the month are **\$205,715.97**
- Net income for the month is **\$205,926.81**
- Tonnes harvested for the month is **3,539.40**
- Net income per tonne for the month is **\$58.18**
- Area cleared for the month is **3.3** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$35,699,837.29**
- Project costs to date are **\$19,320,050.88**
- Project net income to date is **\$16,379,786.40**
- Tonnes harvested to date is **257,289.84**
- Net income per tonne to date is **\$63.66**
- Recoverable volume per hectare to date is **699** tonnes
- Net income per hectare to date is **\$44,498.20**
- Total forest area is **538.9** hectares, approximate hectares cleared to date is **368.1** 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 **\$411,642.78** with an average sale price over all grades of **\$116.30** per tonne.

November 2021 - Log Markets, Hawkes Bay

The November export prices have dropped \$13.86/Jas m³ on average. The decrease has affected the pruned grades slightly more.

Radiata log inventories on the main Chinese ports we monitor have decreased to 4.60Mm³, with daily offtake relatively solid at 73Km³ per day as we head into the Northern Hemisphere's winter. Inventory remains 40% above 2018-2020 levels and this is creating downward pressure on CFR sales price.

As mentioned last month, there has been a structural reset in the Chinese economy with the government looking to slow the property market and reduce debt levels. As is often the case, many believe the market has overcorrected. Several factors have contributed to weaker log demand / usage however, the major reasons are adjustments to the construction market due to high debt ratios of property development companies and the energy crisis limiting factory output. China's zero-tolerance policy towards Covid-19 continues to have impacts as workers in new outbreak regions get sent home to control the spread of the virus.

The freight market has continued to trend downward however, at this stage the Chinese appear to be taking advantage of freight cost gains by lowering the CFR price. Due to the lag time of ship chartering, we expect to see pre-booked vessels in December also affecting AWG prices.

The NZD has continued to slip back against the USD since the end of October. The change has not been enough to add 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 November is as follows:

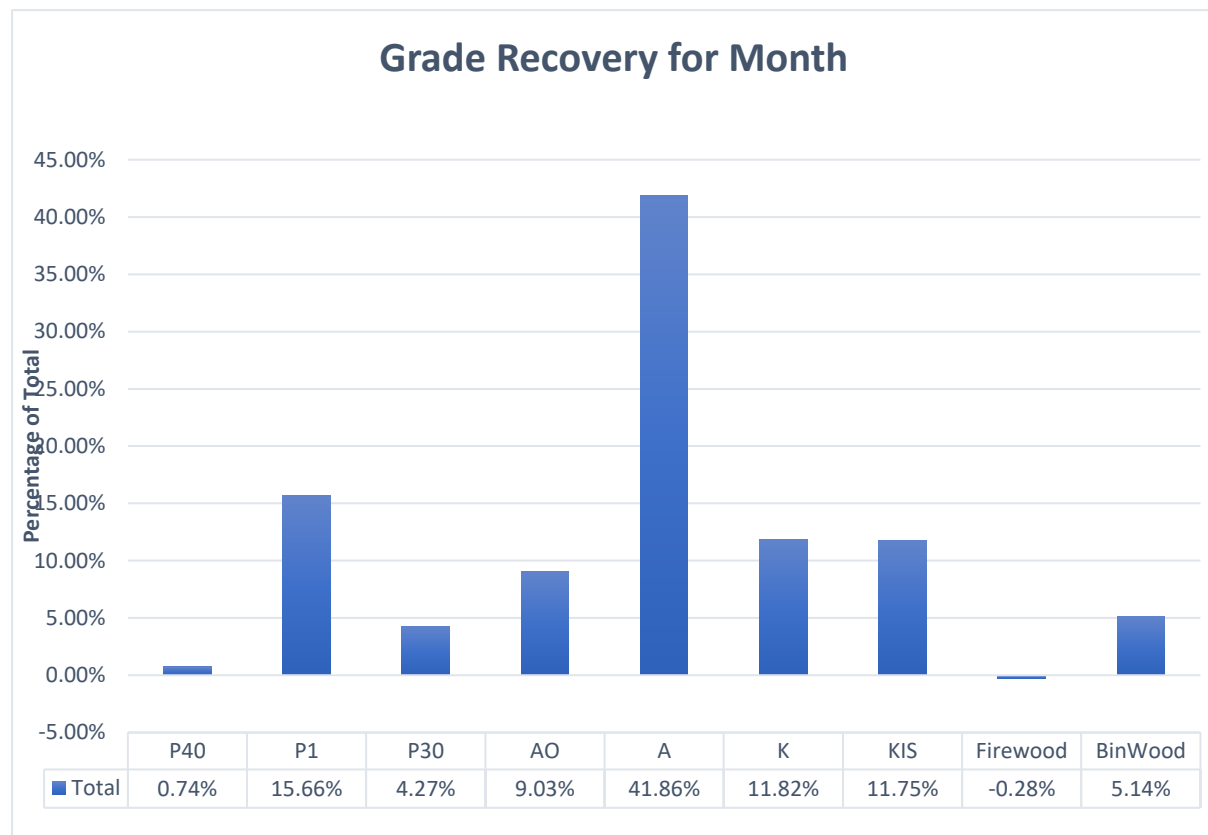


Chart 1: Grade Recovery for Month

Pruned recovery for November comprised 20% of overall sales volume, 16% 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 12% of volume.

The remaining 5% of production was made up of domestic pulp and binwood.

Expenditure

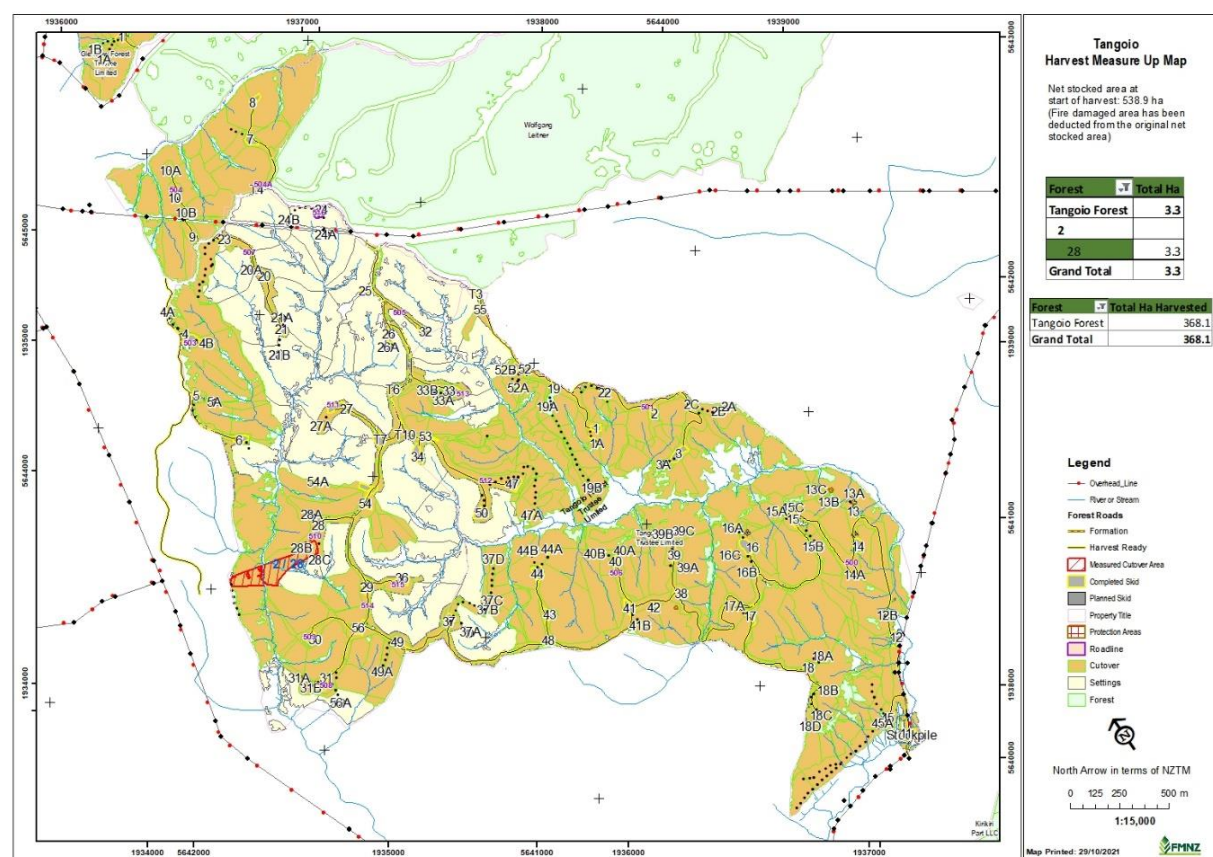
Harvesting

The total logging cost for the month was **\$133,657.08**, an average of **\$37.76** per tonne.

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

LOGGING COSTS		TOTAL
November		\$133,657.08
		\$133,657.08

Table 1: Logging Costs



Pic 1: Progress Map

During November, the harvest crew continued pulling Setting 28 where there was some slow production with long hauls and tricky blind faces.

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 **\$52,753.29** which is an average unit rate of **\$14.90** per tonne.

Cartage expenditure for the month is summarised below in Table 2:

CARTAGE COSTS		TOTAL
November	Cartage - Truck	\$52,753.29
	Weighbridge	\$1,164.36
	Trailer Lifting	\$18.00
		\$53,935.65

Table 2: Cartage Costs

The average cart rate for November inclusive of weighbridge and trailer lifting fees is **\$15.24** per tonne.

Engineering

There were no engineering costs for the month of November.

Planned Activities for December 2021

Planned activities for December are for the harvest crew to continue pulling Setting 28.

Net Revenue

Net revenue for the project to date excluding GST is shown in Table 3 below:

MONTH	NET MONTH	NET PROJECT
November	\$205,926.81	\$16,379,786.40

Table 3: Total Revenue

The net revenue for the month equates to an average of **\$58.18** per tonne, or **\$62,402.06** per hectare.

Fees and Levies

Management fees and FGC levies are summarised in Table 4 below:

FEES & LEVIES		TOTAL
November	Management	\$16,465.71
	FGC levy	\$1,242.87
		\$17,708.58

Table 4: Fees and Levies

Miscellaneous

See Table 5 below:

MISCELLANEOUS		TOTAL
November	Other	\$350.20
	Consumables	\$64.46
		\$414.66

Table 5: Miscellaneous Expenses

Other costs are for the proportional costs of operating the forest digital radio network and for carrying out a Fire Preparedness audit on the harvest crew.

Consumable costs are for docket books used for the loadout of logs during November.

Health and Safety

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

Environmental

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

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Tangoio Forest Partnership

01/11/2021 to 30/11/2021

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

GST # 56-852-220

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp		181.96		\$45.50	\$8,279.18
TOTAL BINWOOD SALES		181.96			\$8,279.18

Domestic					
Pruned Dom		333.74		\$194.50	\$64,912.43
Pruned Dom	P1 4.3	25.80		\$192.00	\$4,953.60
Pruned Dom	P1 4.9	194.72		\$192.00	\$37,386.24
TOTAL DOMESTIC SALES		554.26			\$107,252.27

Export					
Pruned Exp	P40 3.9	0.00	28.486	\$170.00	\$4,842.62
Pruned Exp	P30 3.9	0.00	18.434	\$114.00	\$2,101.48
Pruned Exp	P30 3.9	0.00	141.768	\$135.00	\$19,138.68
A40	AO 3.8	0.00	153.149	\$116.00	\$17,765.28
A40	AO 3.9	0.00	200.873	\$99.00	\$19,886.43
A30	A 3.8	0.00	529.366	\$93.00	\$49,231.04
A30	A 3.8	0.00	212.180	\$114.00	\$24,188.52
A30	A 5.8	0.00	615.663	\$95.00	\$58,487.98
A30	A 5.8	0.00	265.145	\$116.00	\$30,756.82
K	K 3.8	0.00	196.040	\$86.00	\$16,859.44
K	K 3.8	0.00	32.586	\$106.00	\$3,454.12
K	K 5.8	0.00	187.350	\$88.00	\$16,486.80
K	K 5.8	0.00	23.267	\$108.00	\$2,512.84
TOTAL EXPORT SALES		0.00	2,604.307		\$265,712.05

Export Pulp					
Export Pulp	KIS 2.9	0.00	134.070	\$65.00	\$8,714.55
Export Pulp	KIS 2.9	0.00	29.905	\$80.00	\$2,392.40
Export Pulp	KIS 3.8	0.00	227.769	\$72.00	\$16,399.37
Export Pulp	KIS 3.8	0.00	34.011	\$88.00	\$2,992.97
TOTAL EXPORT PULP SALES		0.00	425.755		\$30,499.29

Firewood					
Firewood		-10.00		\$10.00	-\$100.00
TOTAL FIREWOOD SALES		-10.00			-\$100.00

Appendix 1 Harvesting Financial Summary (Continued)

TOTAL	726.22	3,030.062	\$411,642.79
FEES			
FMNZ Management Fee @ %			\$16,465.71
TOTAL FEES			\$16,465.71
LEVIES			
Forest Grower Commodity Levy @ \$0.33			\$1,242.88
TOTAL LEVIES			\$1,242.88
COSTS			
Harvesting			\$133,657.08
Cartage			\$52,753.29
Weighbridge			\$1,164.36
Consumables			\$64.46
Other			\$350.20
Trailer Lifting			\$18.00
TOTAL COSTS			\$188,007.39
TOTAL FEES, LEVIES & COSTS			\$205,715.98
NET INCOME			
NET INCOME			\$205,926.81
GST			\$30,889.02
NET INCOME (INCLUDING GST)			\$236,815.83



Photo 1: Landing 28 operations.



Photo 2: Loaded logging truck leaving via Sutton Road.



Photo 3: Two-staging stems up to the processing pad.



Photo 4: Landing 28.



Photo 5: Hauler span from Landing 28 over to the tail hold.



Photo 6: Tail hold in the far side of Setting 28.

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	Nov 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	-\$30,551.07	-\$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	-\$1,242.87	-\$72,625.76
	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	-\$16,465.71	-\$1,414,744.34
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	-\$17,708.58	-\$1,487,370.10
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	-\$52,753.29	-\$3,180,005.51
	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	-\$133,657.08	-\$9,346,968.93
	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	-\$60.00	-\$12.00	-\$6.00	-\$12.00		-\$36.00	-\$6.00	-\$18.00	-\$2,898.72
	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	-\$1,164.36	-\$82,413.01
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	-\$187,592.73	-\$12,710,301.41
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	\$411,642.78	\$35,368,709.70
	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	\$411,642.78	\$35,699,837.29
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	-\$64.46	-\$11,521.19
	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	-\$350.20	-\$25,083.59
	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	-\$414.66	-\$155,982.82
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	\$205,926.81	\$16,379,786.40