HARVESTING REPORT
March 2022

TANGOIO FOREST

Madill 123 swing yarder hauling stems in.

Clearfell Harvesting Report – Tangoio – March 2022

Summary

- Gross revenue for the month is **$455,172.70**
- Costs for the month are **$237,189.37**
- Net income for the month is **$217,983.33**
- Tonnes harvested for the month is **2,890.02**
- Net income per tonne for the month is **$75.43**
- Area cleared for the month is **4.6** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$37,191,359.55**
- Project costs to date are **$20,042,754.47**
- Project net income to date is **$17,148,605.08**
- Tonnes harvested to date is **268,204.75**
- Net income per tonne to date is **$63.94**
- Recoverable volume per hectare to date is **693.40** tonnes
- Net income per hectare to date is **$44,334.55**
- Total forest area is **538.90** hectares, approximate hectares cleared to date is **386.80** 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 **$455,172.70** with an average sale price over all grades of **$157.50** per tonne**.**

March 2022 - Log Markets, Hawkes Bay

The March export prices have increased again $9.64/Jas m^3 on average, with the increases favouring unpruned grades.

Radiata log inventories on the main Chinese ports we monitor have increased to 4.25Mm^3, with daily offtake increasing more slowly than expected to 65Km^3 per day. Global markets during March have been driven by the Ukraine war with all major commodities and freight trading higher.

Log supply has been constrained with less supply from both New Zealand and Europe through the first quarter. This was due to many crews taking extended breaks over the holiday period and the slower than usual resumption of full production. March is traditionally a big month for log production in New Zealand due to good weather, good log prices and a higher number of workdays. Due to interruptions in the whole supply chain caused by Covid absences and unseasonal weather events, log production has also been lower than expected.

China is facing a reduction in European log supply due to Russia invading Ukraine along with Uruguayan exporters dealing with increased ocean freight costs. While we will likely see an increase in Russian lumber supply (and possibly even logs despite an earlier ban of export logs) this would take time to ramp up, while the reduction from the rest of Europe is more immediate. European supply was already reducing before the war due to falling salvage harvest levels and increased internal processing and consumption.

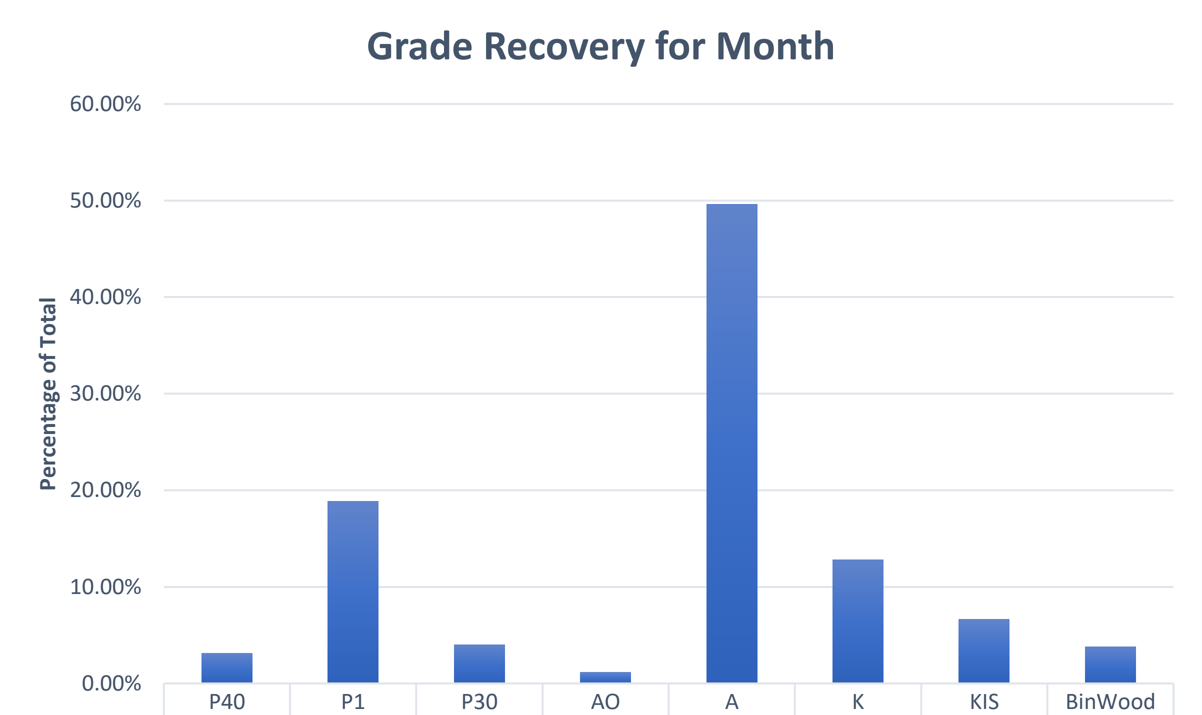
The recent Russian invasion of Ukraine has seen the rapid increase in crude oil prices. This is feeding into ocean freight rates lifting US$25 since January. Demand for freight is up sharply post LNY as more vessels look to relocate to the Pacific and away from the Atlantic due to concerns regarding the war escalating.

The NZD has continued to trade higher against the USD since the beginning of March with a 2 cent gain over the month counteracting any CFR gains.

Mid-quarter, domestic pruned log prices have settled flat, due to concerns relating to the slowdown in harvesting affecting production / supply.

Grade Recovery

Grade out turn for March is as follows:



	P40	P1	P30	AO	A	K	KIS	BinWood
Total	3.13%	18.87%	3.99%	1.14%	49.62%	12.79%	6.64%	3.81%

Chart 1: Grade Recovery for Month

Pruned recovery for March comprised 26% of overall sales volume, 19% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 64% of the total production volume, with lower quality export (KI and KIS grades) comprising 6% of volume.

The remaining 4% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **$119,595.65**, an average of **$41.38** per tonne.

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

LOGGING COSTS		TOTAL
March	Logging – tonnes	$119,595.65
		$119,595.65

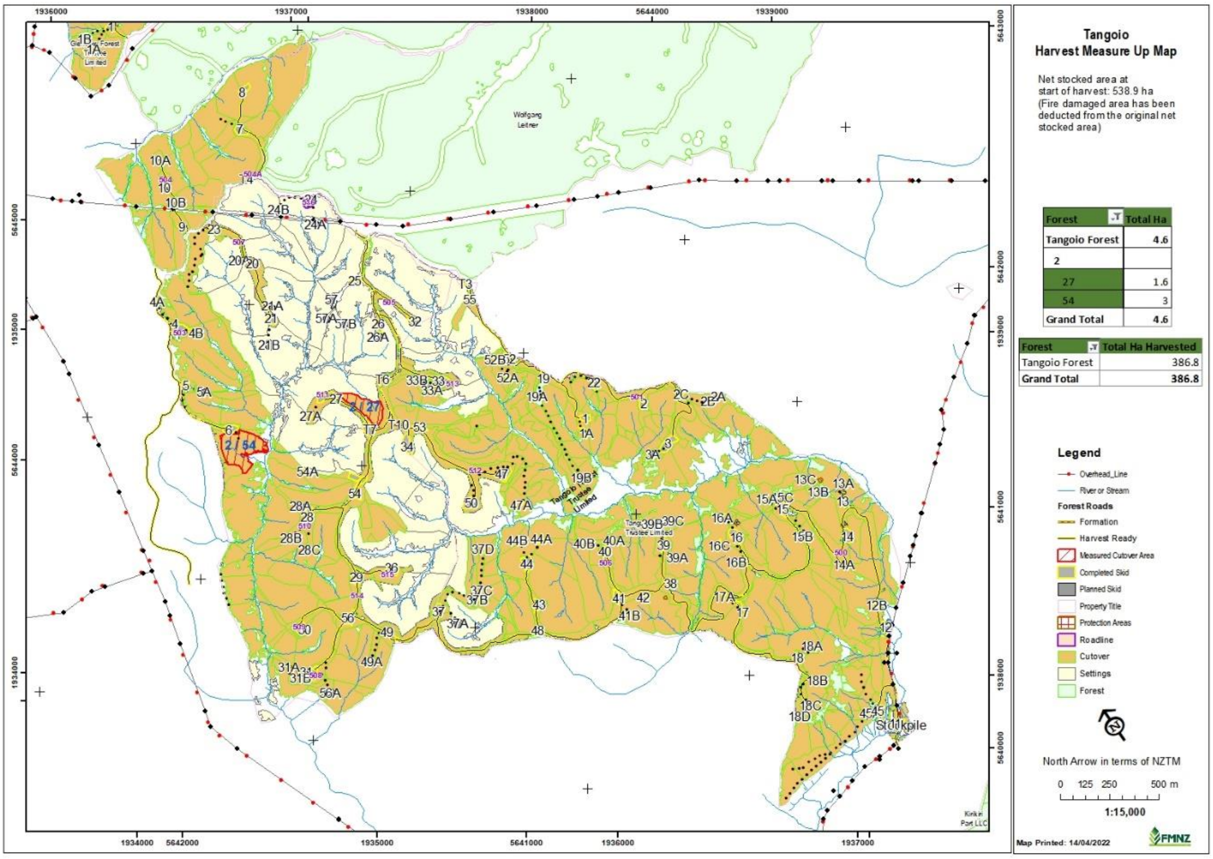
Table 1: Logging Costs

Due to the significant rise in diesel and petrol prices, a fuel adjustment factor has been added to the logging rates and will remain until there is a fuel cost reduction.

ADDITIONAL HARVEST COSTS		TOTAL
March	Establishment	$1,525.00
		$1,525.00

Table 2: Additional Logging Costs

Establishment costs are for transporting the tail hold to HBRC Road and the dozer and backline machines to Sutton Road.



Pic 1: Progress Map

The harvest crew finished Settings 31 and 56 and then clearfell harvested Setting 54 which was pulled with full clearance above a significant stream that was well protected. Towards the end of the month the crew moved the machines to Landing 27 however, due to a road sub-base failure, were unable to cart logs out. This road failure was fixed promptly, the log stacks were cleared fast and the crew didn't have to stop production.

During March there was an extended period of very wet weather accompanied by constant easterly winds which has caused difficulties with clearfell operations. The main damage from the event was localised around Wairoa North and the rain did not cause any significant damage to the forest.

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 **$47,231.96** which is an average unit rate of **$16.34** per tonne.

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

CARTAGE COSTS		TOTAL
March	Cartage - Truck	$47,231.96
	Weighbridge	$1,055.79
		$48,287.75

Table 3: Cartage Costs

The average cart rate for March inclusive of weighbridge fees is **$16.71** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
March	R&M - Road Maintenance		$168.48	$168.48
	Establishment - Engineering		$1,696.00	$1,696.00
	R&M		$22,851.92	$22,851.92
	R&M - Metal		$14,035.40	$14,035.40
	Rehab		$779.22	$779.22
	Stockpile Works		$285.12	$285.12
	Trucks - Cart & Dump		$8,628.96	$8,628.96
			$48,445.10	**$48,445.10**

Table 4: Engineering Costs

Earthworks carried out in March related to repairs of road failure on Ballard Road and maintenance on Sutton Road to facilitate clearfell harvest.

Scheduled maintenance will be undertaken in April which will included rehabilitating the creek above the waterfall. There are also slips on Longview Road to be repaired which have come down in significant rainfall events in March.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
March	**$217,983.33**	**$17,148,605.08**

Table 5: Total Revenue

The net revenue for the month equates to an average of **$75.43** per tonne, or **$47,387.68** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
March	Management	$18,206.91
	FGC levy	$1,007.26
		$19,214.17

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
March	Consumables	$45.70
	Other	$76.00
		$121.70

Table 7: Miscellaneous Expenses

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

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 March.

Environmental

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

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.

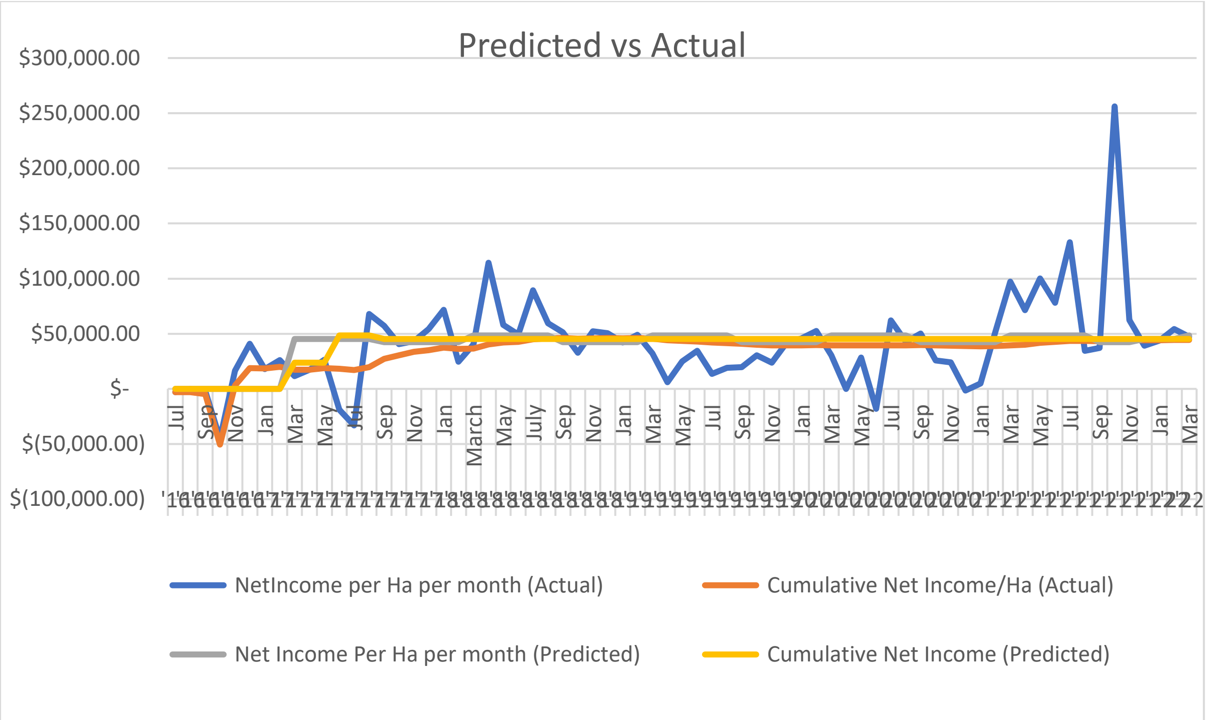


Chart 2: Actual vs Predicted

Net return per tonne to date is **$63.94**, forecast was $66.81.

Gross return per tonne to date is **$138.67**, forecast was $126.50.

Net return per hectare to date is **$44,334.55**, 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 01/03/2022 to 31/03/2022

Paid to bank account # 02-0792-0001473-000 GST # 56-852-220

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Binwood					
Pulp	BinWood	110.18		$45.50	$5,013.19
TOTAL BINWOOD SALES		**110.18**			**$5,013.19**

Domestic					
Pruned Dom	P1	135.84		$194.50	$26,420.88
Pruned Dom	P1 4.9	409.50		$192.00	$78,624.00
TOTAL DOMESTIC SALES		**545.34**			**$105,044.88**

Export					
Pruned Exp	P40 3.9	0.00	97.421	$197.00	$19,191.94
Pruned Exp	P30 3.9	0.00	123.149	$164.00	$20,196.44
A40	AO 3.9	0.00	37.707	$149.00	$5,618.34
A30	A 3.8	0.00	680.592	$143.00	$97,324.66
A30	A 5.8	0.00	146.304	$145.00	$21,214.08
A30	A 7.7	0.00	728.737	$145.00	$105,666.86
K	K 3.8	0.00	184.425	$136.00	$25,081.80
K	K 5.8	0.00	205.138	$138.00	$28,309.04
TOTAL EXPORT SALES		**0.00**	**2,203.473**		**$322,603.16**

Export Pulp					
Export Pulp	KIS 2.9	0.00	71.028	$112.00	$7,955.14
Export Pulp	KIS 2.9	0.00	51.445	$115.00	$5,916.18
Export Pulp	KIS 3.8	0.00	70.821	$122.00	$8,640.16
TOTAL EXPORT PULP SALES		**0.00**	**193.294**		**$22,511.48**
TOTAL		**655.52**	**2,396.767**		**$455,172.71**

FEES	
FMNZ Management Fee @ %	$18,206.91
TOTAL FEES	**$18,206.91**

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,007.26
TOTAL LEVIES	**$1,007.26**
COSTS	
Harvesting	$108,476.29
Cartage	$47,231.96
Weighbridge	$1,055.79
Consumables	$45.70
Establishment	$3,221.00
Logging	$11,119.36
Metalling: Cart to stockpile	$8,628.96
Other	$76.00
Post Harvest Rehab	$779.22
R&M - Metal	$14,035.40
R&M - Road Maintenance	$168.48
Repairs & Maintenance	$22,851.92
Stockpile Works	$285.12
TOTAL COSTS	**$217,975.20**
TOTAL FEES, LEVIES & COSTS	**$237,189.37**

NET INCOME	**$217,983.34**
GST	**$32,697.50**
NET INCOME (INCLUDING GST)	**$250,680.84**

Photo 1: Skidder machine used to two-stage wood from one location to another to facilitate loadout.

Photo 2: Processor and loader machines on Landing 56.

Photo 3: Log stacks on Landing 56 ready for loadout.

Photo 4: Loader machine stacking logs.

Photo 5: Two-stage extraction distance along the ridge.

Photo 6: Swing yarder extraction corridor.

Photo 7: Tail hold machine on Sutton Road.

Photo 8: Processor machine working out his processing circle.

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 - Feb 22	Mar 22	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	-$6,646.00	-$1,696.00	-$69,141.55
	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	-$1,402.00		-$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	-$2,447.55		-$233,350.76
	Other		-$118.60	-$3,168.90	-$21,746.07	$2,680.30	-$85.00		-$22,438.27
	Pads			-$20,919.07	-$15,698.71	-$6,933.20	-$21,053.00		-$64,603.98
	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	-$3,634.50	-$22,851.92	-$121,703.27
	R&M - Culverts Maintenance			-$325.00			-$3,136.00		-$3,461.00
	R&M - Event Cleanup		-$12,642.50						-$12,642.50
	R&M - Metal			-$804.49	-$7,355.02	-$11,123.52	-$13,622.00	-$14,035.40	-$46,940.42
	R&M - Road Maintenance		-$9,978.00	-$5,889.76	-$2,879.38	-$12,342.19	-$27,471.00	-$168.48	-$58,728.81
	Rehab			-$24,205.90	-$59,315.73	-$18,647.96	-$16,075.00	-$779.22	-$119,023.81
	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	-$285.12	-$5,345.30
	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	-$1,356.04	-$8,628.96	-$933,775.48
	Trucks - Cart & Spread	-$8,567.50	-$102,150.00	-$251,339.55	-$137,535.33	-$20,956.83	-$1,240.00		-$521,789.21
	Two Stage			-$555.00					-$555.00
	Upgrade Roads						-$1,255.00		-$1,255.00
Engineering Total		**-$365,655.91**	**-$957,714.22**	**-$951,545.32**	**-$2,227,396.63**	**-$373,581.17**	**-$105,896.35**	**-$48,445.10**	**-$5,030,234.69**
Fees	FGC levy	-$2,397.64	-$11,567.17	-$18,594.56	-$18,833.32	-$7,176.78	-$16,816.60	-$1,007.25	-$76,393.31
	Management	-$45,716.12	-$236,093.74	-$394,616.83	-$356,533.85	-$131,290.14	-$291,947.64	-$18,206.91	-$1,474,405.23
Fees Total		**-$48,113.76**	**-$247,660.91**	**-$413,211.38**	**-$375,367.17**	**-$138,466.92**	**-$308,764.24**	**-$19,214.16**	**-$1,550,798.54**
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	-$705,589.46	-$47,231.96	-$3,348,465.72
	Establishment - harvesting	-$8,396.50	-$8,862.60	-$10,029.50	-$5,360.00	-$3,468.75	-$3,860.00	-$1,525.00	-$41,502.35
	Logging	-$351,873.48	-$1,446,472.98	-$2,405,674.60	-$2,647,474.74	-$932,190.66	-$1,868,108.87	-$119,595.65	-$9,771,390.97
	Tracking			-$24,452.98	-$10,170.38	-$14,030.70	-$6,185.00		-$54,839.06
	Trailer Lifting	-$954.47	-$1,734.25			-$18.00	-$204.00		-$2,910.72
	Weighbridge	-$2,661.09	-$12,833.32	-$22,127.63	-$22,648.44	-$8,505.50	-$16,625.92	-$1,055.79	-$86,457.69
Harvesting Total		**-$461,382.34**	**-$1,930,100.17**	**-$3,293,074.83**	**-$3,582,041.27**	**-$1,272,185.08**	**-$2,600,573.25**	**-$169,408.40**	**-$13,308,765.34**
Income	Log Sales	$1,142,902.94	$5,902,343.56	$9,865,421.91	$8,913,346.28	$3,282,253.45	$7,298,791.12	$455,172.70	$36,860,231.95
	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**	**$7,629,918.71**	**$455,172.70**	**$37,191,359.54**
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	-$1,100.82	-$45.70	-$11,781.24
	Fencing		-$17,722.12						-$17,722.12
	Other	-$6,668.96	-$6,550.13	-$4,870.97	-$2,553.93	-$3,359.50	$2,282.90	-$76.00	-$21,796.59
	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						-$3,052.75		-$3,052.75
Miscellaneous Total		**-$16,411.52**	**-$34,573.59**	**-$44,065.82**	**-$34,486.59**	**-$20,811.61**	**-$2,485.06**	**-$121.70**	**-$152,955.88**
Grand Total		**$251,339.41**	**$2,732,294.67**	**$5,163,524.56**	**$2,694,054.62**	**$1,477,208.68**	**$4,612,199.80**	**$217,983.34**	**$17,148,605.09**