



HARVESTING REPORT

April 2022

IRONGATE FOREST



Setting 18 operations – stems felled and ready for extraction back to landing.

FMNZ

“Maximising the value of forests since 1974”

Clearfell Harvesting Report – Irongate – April 2022

Summary

- Gross revenue for the month is **\$473,293.78**
- Costs for the month are **\$308,329.08**
- Net income for the month is **\$164,964.70**
- Tonnes harvested for the month is **3,430.30**
- Net income per tonne for the month is **\$48.09**
- Area cleared for the month is **7.7** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$18,723,272.27**
- Project costs to date are **\$12,268,868.77**
- Project net income to date is **\$6,454,403.50**
- Tonnes harvested to date is **137,180.01**
- Net income per tonne to date is **\$47.05**
- Recoverable volume per hectare to date is **658.60** tonnes
- Net income per hectare to date is **\$30,986.09**
- Total forest area is **348.90** hectares, approximate hectares cleared to date is **208.30** 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 **\$473,293.78** with an average sale price over all grades of **\$137.97** per tonne.

April 2022 - Log Markets, Hawkes Bay

The April export prices have decreased \$13.00/Jas m³ on average, with the decrease affecting sawlog and lower grades the most.

Radiata log inventories on the main Chinese ports we monitor have increased to 4.29Mm³, with daily offtake at 49Km³ per day which has been impacted by the Qingmin holidays. Port inventories are effectively static in a now relatively well-balanced low demand and low supply market.

The Chinese elimination strategy and Covid control measures has seen the log market drop to 50% of typical April demand. Lockdowns of some sort have been reported in 93 out of the top 100 cities. In Shanghai, the lockdown measures have been draconian to the point of promoting some civil unrest which takes a very brave protestor. The slowdown in China demand is affecting a wide range of markets, not only terms of demand but also in further clogging already overloaded supply chains.

Low demand is well matched by lower levels of log supply. In the short term, New Zealand supply continues to be constrained by a lack of capacity in stevedoring, fumigation and debarking. Constraints are expected to gradually ease over the next quarter, but New Zealand supply will not increase quickly. Neither is supply expected to increase significantly from the other major softwood producers, assuming China demand stages some sort of recovery over 2022.

The freight market has been under downward pressure over the past month as China demand reduces for a wide range of commodities. The oil market is being driven by the Ukraine conflict. It is highly volatile and reacts quickly to any news of peace talks or heightened conflicts. Oil is trading at around US\$105/barrel which is slowing the rate of decline in freight rates.

The NZD has weakened since the beginning of April despite the RBNZ raising the OCR by 50bp. While a lower NZD might be good for New Zealand exporters it will increase prices of everything we import (fuel).

Quarter 2 negotiations for 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 April is as follows:

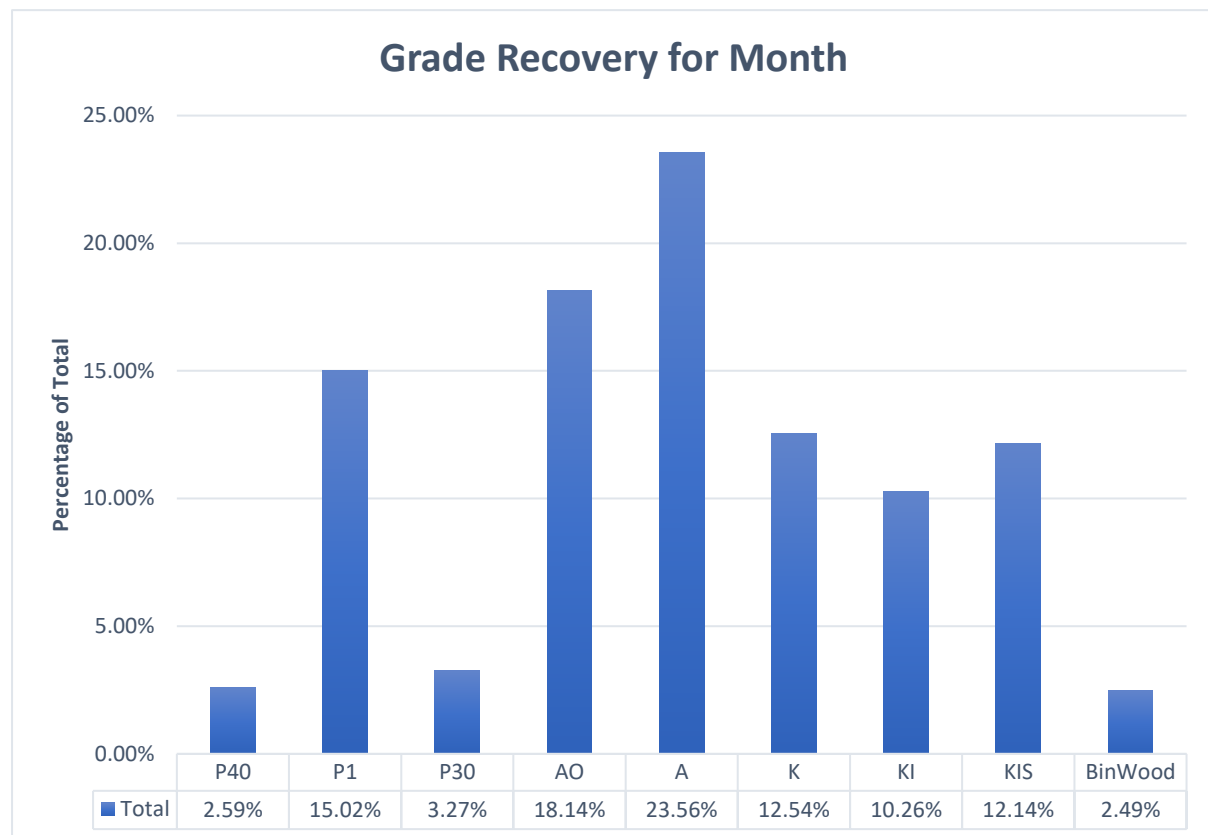


Chart 1: Grade Recovery for Month

Pruned recovery for April comprised 21% of overall sales volume, 15% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 54% of the total production volume, with lower quality export (KI and KIS grades) comprising 22% 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 **\$145,538.70**, an average of **\$42.43** per tonne.

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

LOGGING COSTS		TOTAL
April	Logging	\$145,538.70
		\$145,538.70

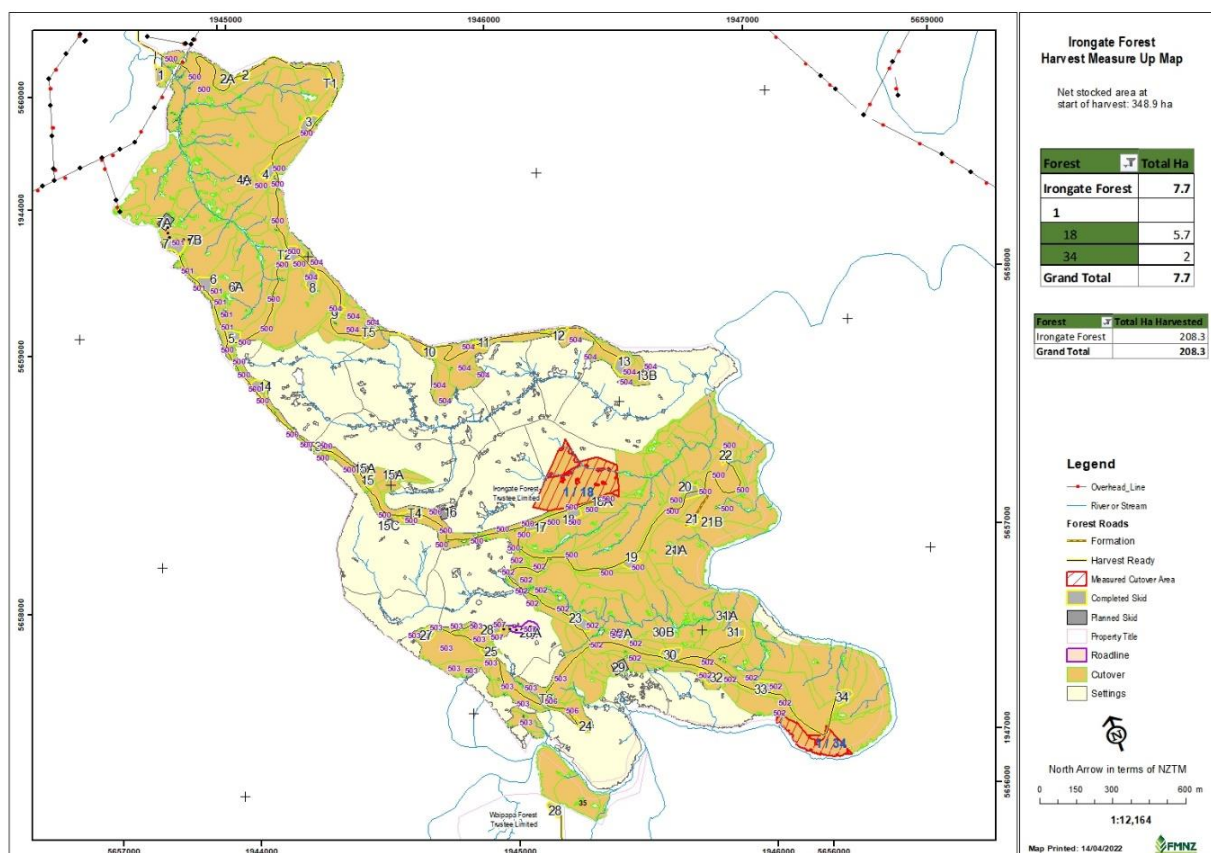
Table 1: Logging Costs

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
April	Tracking	\$1,215.00
		\$1,215.00

Table 2: Additional Logging Costs

Tracking costs were related to extra tracks required for the harvest crew.



Pic 1: Progress Map

The harvest crew spent the first part of the month ground-base harvesting in Setting 34 while the swing yarder was being repaired. Once that setting was completed and the swing yarder was operational they moved to back to Setting 18 where they had felled the trees into a good lay for access to stems by the grapple which resulted in good production.

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 **\$80,599.80** which is an average unit rate of **\$23.50** per tonne.

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

CARTAGE COSTS		TOTAL
April	Cartage - Truck	\$80,599.80
	Weighbridge	\$1,332.27
		\$81,932.07

Table 3: Cartage Costs

The average cart rate for April inclusive of weighbridge fees is **\$23.88** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
April	Establishment - Engineering			\$2,931.60
	Metal Lime	\$2,542.80	\$2,268.00	\$2,542.80
	Stockpile Works		\$5,085.00	\$2,268.00
	R&M - Metal		\$31,977.00	\$5,085.00
	R&M - Road Maintenance		\$10,383.00	\$31,977.00
	Rehab		\$2,677.41	\$10,383.00
	Trucks - Cart & Dump	\$1,491.44	\$2,268.00	\$4,168.84
		\$4,034.24	\$55,322.01	\$59,356.24

Table 4: Engineering Costs

Earthworks carried out in April was scheduled maintenance including grading and repairing of Colley and Gumnut Roads, removing slip material and topping up pavement in areas.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
April	\$164,964.70	\$6,454,403.50

Table 5: Total Revenue

The net revenue for the month equates to an average of **\$48.09** per tonne, or **\$21,423.99** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
April	Management	\$18,931.75
	FGC levy	\$1,171.45
		\$20,103.20

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
April	Consumables	\$107.86
	Other	\$76.00
		\$183.86

Table 7: Miscellaneous Expenses

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

Environmental

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

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.

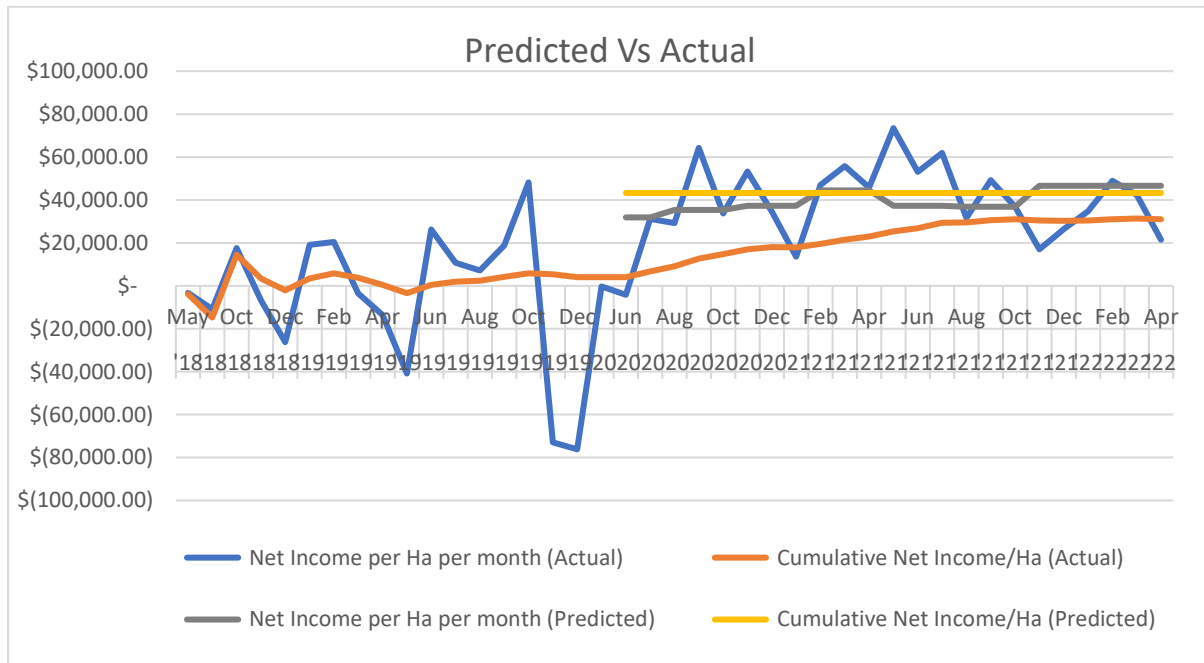


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$47.05**, forecast was \$63.97.

Gross return per tonne to date is **\$136.49**, forecast was \$136.79.

Net return per hectare to date is **\$30,986.09**, forecast was \$43,272.91.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Irongate Forest Partnership

01/04/2022 to 30/04/2022

Paid to bank account # 02-0792-0001430-00

GST # 60-931-348

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp	BinWood	85.40		\$45.50	\$3,885.70
TOTAL BINWOOD SALES		85.40			\$3,885.70

Domestic					
Pruned Dom	P1	159.22		\$196.50	\$31,286.73
Pruned Dom	P1 4.9	356.00		\$194.00	\$69,064.00
TOTAL DOMESTIC SALES		515.22			\$100,350.73

Export					
Pruned Exp	P40 3.9	0.00	98.053	\$188.00	\$18,433.96
Pruned Exp	P30 3.9	0.00	121.988	\$158.00	\$19,274.10
A40	AO 3.8	0.00	676.479	\$131.00	\$88,618.75
A30	A 3.6	0.00	850.860	\$129.00	\$109,760.94
A30	A 5.8	0.00	13.576	\$131.00	\$1,778.46
K	K 3.6	0.00	179.035	\$120.00	\$21,484.20
K	K 5.8	0.00	246.834	\$122.00	\$30,113.75
KI	KI 3.6	0.00	364.473	\$111.00	\$40,456.50
TOTAL EXPORT SALES		0.00	2,551.298		\$329,920.66

Export Pulp					
Export Pulp	KIS 2.9	0.00	185.155	\$93.00	\$17,219.42
Export Pulp	KIS 3.8	0.00	212.789	\$103.00	\$21,917.27
TOTAL EXPORT PULP SALES		0.00	397.944		\$39,136.69
TOTAL		600.62	2,949.242		\$473,293.78

FEES					
FMNZ Management Fee @ %					\$18,931.75
TOTAL FEES					\$18,931.75

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$1,171.45
TOTAL LEVIES	\$1,171.45
COSTS	
Harvesting	\$132,159.10
Cartage	\$80,599.80
Weighbridge	\$1,332.27
Consumables	\$107.86
Establishment	\$2,931.60
Logging	\$13,379.60
Metal Lime m3	\$2,542.80
Metalling: Cart to stockpile	\$4,168.84
Other	\$76.00
Post Harvest Rehab	\$10,383.00
R&M - Metal	\$5,085.00
R&M - Road Maintenance	\$31,977.00
Stockpile Works	\$2,268.00
Tracking	\$1,215.00
TOTAL COSTS	\$288,225.88
TOTAL FEES, LEVIES & COSTS	\$308,329.08
NET INCOME	
NET INCOME	\$164,964.70
GST	\$24,744.71
NET INCOME (INCLUDING GST)	\$189,709.41



Photo 1: Felling machine felling in background, swing yarder cables for hauling stems in foreground.

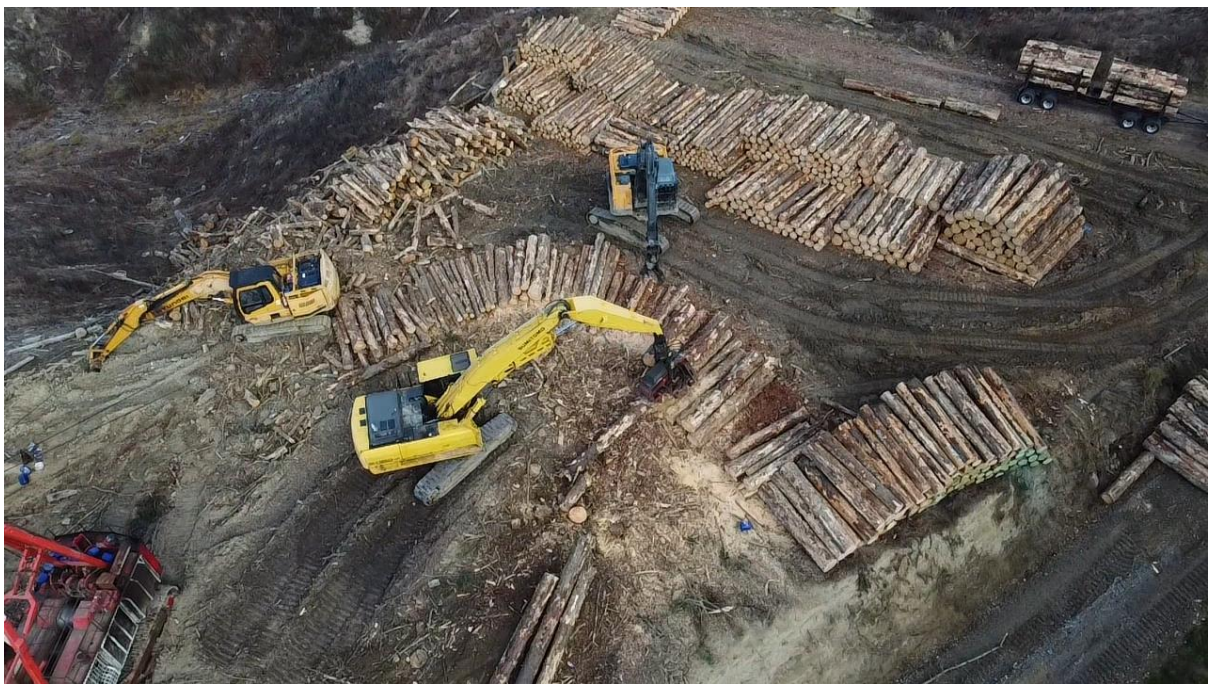


Photo 2: Landing 18 operations.



Photo 3: Swing yarder, grapple loader and processor at work on Landing 18.



Photo 4: Processor clearing chute for swing yarder on Landing 18.



Photo 5: Setting 18 - Swing yarder pulling stems over road to Pad 18A.



Photo 6: Landing 18 operations.



Photo 7: Trees felled and ready for extraction in Setting 18.



Photo 8: Truck driver chaining up on Court Road after leaving Landing 18.

IRONGATE CUMULATIVES

Categories	Descriptions	Mar 18 -Feb 19	Mar 19 -Feb 20	Mar 20 - Feb 21	Mar 21 - Feb 22	Mar 22	Apr 22	Grand Total
Engineering	Bidem	-\$450.00	-\$300.00					-\$750.00
	Borrow Pit	-\$720.00		-\$7,373.28	-\$4,112.50			-\$12,205.78
	Culvert Installation	-\$13,150.00	-\$31,303.50	-\$1,416.40	-\$4,710.10			-\$50,580.00
	Culverts	-\$23,269.05	-\$40,455.05	-\$5,666.34	-\$14,799.52			-\$84,189.96
	Culverts - Freight		-\$240.00	-\$3,165.93	-\$2,752.20			-\$6,158.13
	Entranceway - Seal	-\$161,414.66	-\$7,439.70					-\$168,854.36
	Establishment - Engineering	-\$5,165.00	-\$11,310.00	-\$8,452.41	-\$15,796.30	-\$1,314.40	-\$2,931.60	-\$44,969.71
	Fluming	-\$3,720.09	-\$15,160.18	-\$172.14	-\$7,215.04			-\$26,267.45
	Geotextiles		-\$320.00					-\$320.00
	Grass Seeding	-\$650.00	-\$3,715.49	-\$1,092.75	-\$1,100.00			-\$6,558.24
	Landings	-\$64,472.50	-\$115,992.50	-\$48,554.42	-\$78,855.50			-\$307,874.92
	Loader Hire	-\$13,868.72	-\$21,266.15					-\$35,134.87
	Loadout Bay Construction	-\$682.50		-\$883.20	-\$7,643.36			-\$9,209.06
	Loadout Bay Metal		-\$3,939.77	-\$1,080.00				-\$5,019.77
	Metal Lime		-\$17,120.40	-\$62,617.40	-\$15,304.38		-\$2,542.80	-\$97,584.98
	Metal Rock	-\$90,603.87	-\$124,057.75	-\$9,173.45	-\$80,959.01	-\$12,240.00		-\$317,034.08
	Other	-\$4,517.50	-\$1,680.00	-\$459.50	-\$825.00			-\$7,482.00
	Pads			-\$2,477.70	-\$26,843.88			-\$29,321.58
	Pavement	-\$33,110.00	-\$53,660.00	-\$15,361.36	-\$7,643.80			-\$109,775.16
	Polycom	-\$27,390.90	-\$6,807.10					-\$34,198.00
	R&M	-\$22,050.00	-\$53,419.94	-\$21,350.53	-\$16,881.50			-\$113,701.97
	R&M - Culverts Maintenance			-\$550.00				-\$550.00
	R&M - Road Maintenance			-\$22,898.13	-\$30,855.59	-\$33,819.60	-\$31,977.00	-\$119,550.32
	Rehab	-\$6,897.50	-\$11,007.89	-\$1,677.74	-\$29,007.18		-\$10,383.00	-\$58,973.31
	Rehab - Skids/Pads			-\$5,040.00				-\$5,040.00
	Road Formation	-\$149,645.00	-\$200,767.50	-\$60,211.24	-\$113,388.68			-\$524,012.42
	Spread from stockpile	-\$38,600.00	-\$207,460.00	-\$26,368.67	-\$40,819.94			-\$313,248.61
	Stockpile Works			-\$23,337.53	-\$18,127.10		-\$2,268.00	-\$43,732.63
	Temp Landings	-\$24,045.00	-\$16,260.00	-\$2,712.84	-\$4,550.00			-\$47,567.84
	Trucks - Cart & Dump	-\$93,215.96	-\$375,208.08	-\$96,113.69	-\$71,695.59		-\$4,168.84	-\$640,402.16
	Trucks - Cart & Spread	-\$107,310.00	-\$720.00	-\$6,373.47	-\$4,380.00			-\$118,783.47
	R&M - Event Cleanup				-\$990.00			-\$990.00
	R&M - Metal				-\$3,324.25		-\$5,085.00	-\$8,409.25
Engineering Total		-\$884,948.25	-\$1,319,611.00	-\$434,580.11	-\$602,580.41	-\$47,374.00	-\$59,356.24	-\$3,348,450.00
Fees	FGC levy	-\$3,627.32	-\$6,340.12	-\$9,709.68	-\$19,466.19	-\$1,373.67	-\$1,171.45	-\$41,688.43
	Management	-\$76,947.89	-\$120,891.23	-\$177,169.21	-\$332,127.12	-\$22,863.69	-\$18,931.75	-\$748,930.89
Fees Total		-\$80,575.21	-\$127,231.35	-\$186,878.89	-\$351,593.31	-\$24,237.36	-\$20,103.21	-\$790,619.32
Harvesting	Cartage - Trans Shipping		-\$360.00		-\$607.50			-\$967.50
	Cartage - Truck	-\$257,618.86	-\$457,389.15	-\$608,344.42	-\$1,181,597.06	-\$93,600.85	-\$80,599.80	-\$2,679,150.15
	Establishment - harvesting	-\$6,310.00	-\$880.00	-\$8,610.00	-\$4,750.00			-\$20,550.00
	Logging	-\$558,409.75	-\$967,349.56	-\$1,284,779.42	-\$2,202,923.60	-\$163,083.92	-\$145,538.70	-\$5,322,084.95
	Tracking	-\$5,787.50	-\$11,270.00	-\$1,385.10	-\$7,480.00		-\$1,215.00	-\$27,137.60
	Weighbridge	-\$4,806.67	-\$8,307.85	-\$10,269.27	-\$19,047.79	-\$1,454.07	-\$1,332.27	-\$45,217.90
	Trailer Lifting				-\$756.00			-\$756.00
Harvesting Total		-\$832,932.78	-\$1,445,556.56	-\$1,913,388.21	-\$3,417,161.95	-\$258,138.84	-\$228,685.77	-\$8,095,864.10
Income	Log Sales	\$1,923,697.36	\$3,022,280.83	\$4,429,230.15	\$8,303,178.00	\$571,592.15	\$473,293.78	\$18,723,272.27
Income Total		\$1,923,697.36	\$3,022,280.83	\$4,429,230.15	\$8,303,178.00	\$571,592.15	\$473,293.78	\$18,723,272.27
Miscellaneous	Consultancy Fees	-\$325.27						-\$325.27
	Consumables	-\$704.74	-\$976.05	-\$1,435.58	-\$2,101.71	-\$115.02	-\$107.86	-\$5,440.96
	Other	-\$4,400.15	-\$1,530.74	-\$570.78	\$53.94	-\$76.00	-\$76.00	-\$6,599.73
	Power Lines	-\$1,326.12						-\$1,326.12
	Security	-\$2,688.93	-\$3,965.39	-\$337.46	-\$5,967.62			-\$12,959.40
	Traffic Management	-\$4,160.10	-\$723.69	-\$20.00	-\$50.82			-\$4,954.61
	Environmental Monitoring				-\$2,329.25			-\$2,329.25
Miscellaneous Total		-\$13,605.31	-\$7,195.87	-\$2,363.82	-\$10,395.46	-\$191.02	-\$183.86	-\$33,935.34
Grand Total		\$111,635.81	\$122,686.06	\$1,892,019.13	\$3,921,446.88	\$241,650.93	\$164,964.70	\$6,454,403.50