



HARVESTING REPORT

April 2022

SADDLEBACK FOREST



Loadout machine sorting logs on Landing 8.

FMNZ

"Maximising the value of forests since 1974"

Clearfell Harvesting Report – Saddleback – April 2022

Summary

- Gross revenue for the month is **\$318,483.56**
- Costs for the month are **\$199,298.48**
- Net income for the month is **\$119,185.09**
- Tonnes harvested for the month is **2,257.04**
- Net income per tonne for the month is **\$52.81**
- Area cleared for the month is **3.4** hectares

The project performance to date is set out below:

- Project gross revenue to date is **\$16,043,953.15**
- Project costs to date are **\$8,996,324.50**
- Project net income to date is **\$7,047,628.65**
- Tonnes harvested to date is **114,654.76**
- Net income per tonne to date is **\$61.47**
- Recoverable volume per hectare to date is **694.50** tonnes
- Net income per hectare to date is **\$42,687.03**
- Total forest area is **271.38** hectares, approximate hectares cleared to date is **165.10** 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 **\$318,483.56** with an average sale price over all grades of **\$141.11** 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:

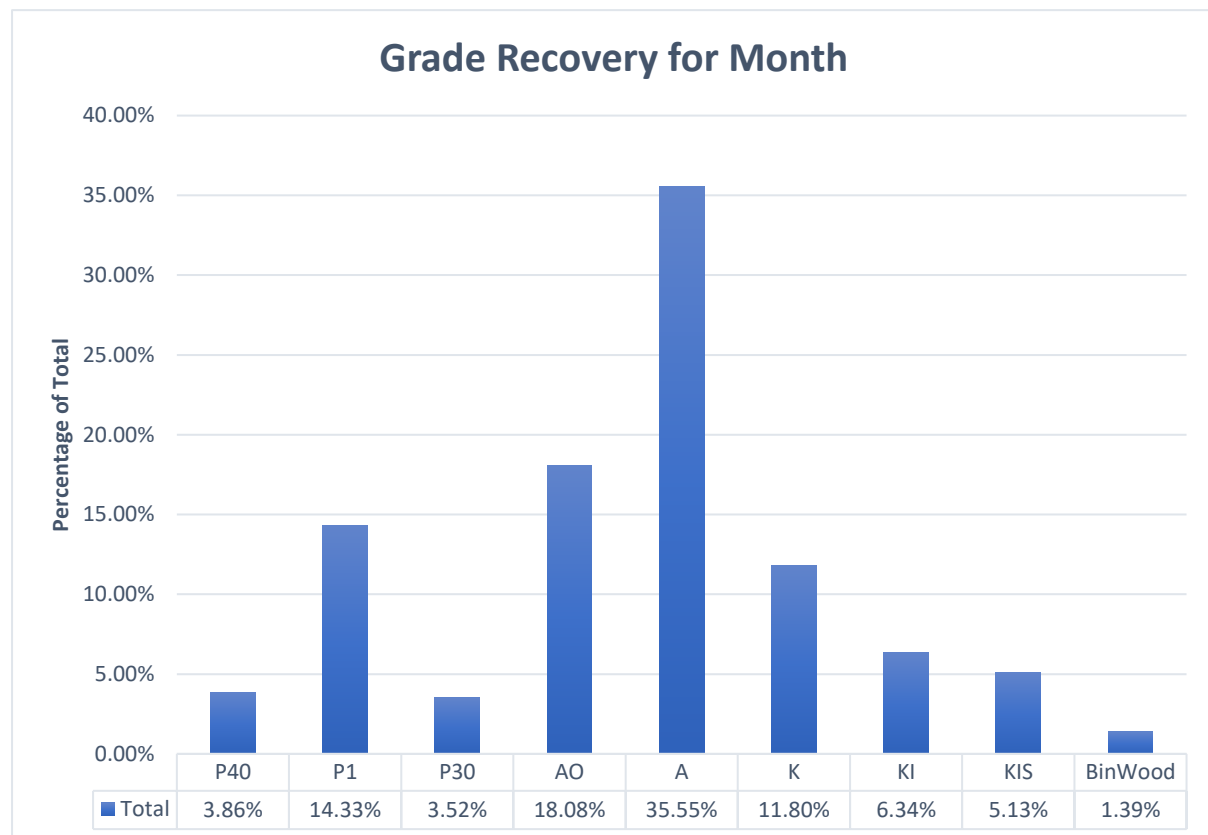


Chart 1: Grade Recovery for Month

Pruned recovery for April comprised 22% of overall sales volume, 14% of which was sold as domestic pruned grades.

High quality export sawlog (AO, A and K grades) made up 65% of the total production volume, with lower quality export (KI and KIS grades) comprising 12% of volume.

The remaining 1% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

The total logging cost for the month was **\$113,439.58**, an average of **\$50.26** per tonne.

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

LOGGING COSTS		TOTAL
April	Logging – tonnes	\$105,232.54
	Logging - hourly	\$8,207.04
		\$113,439.58

Table 1: Logging Cost

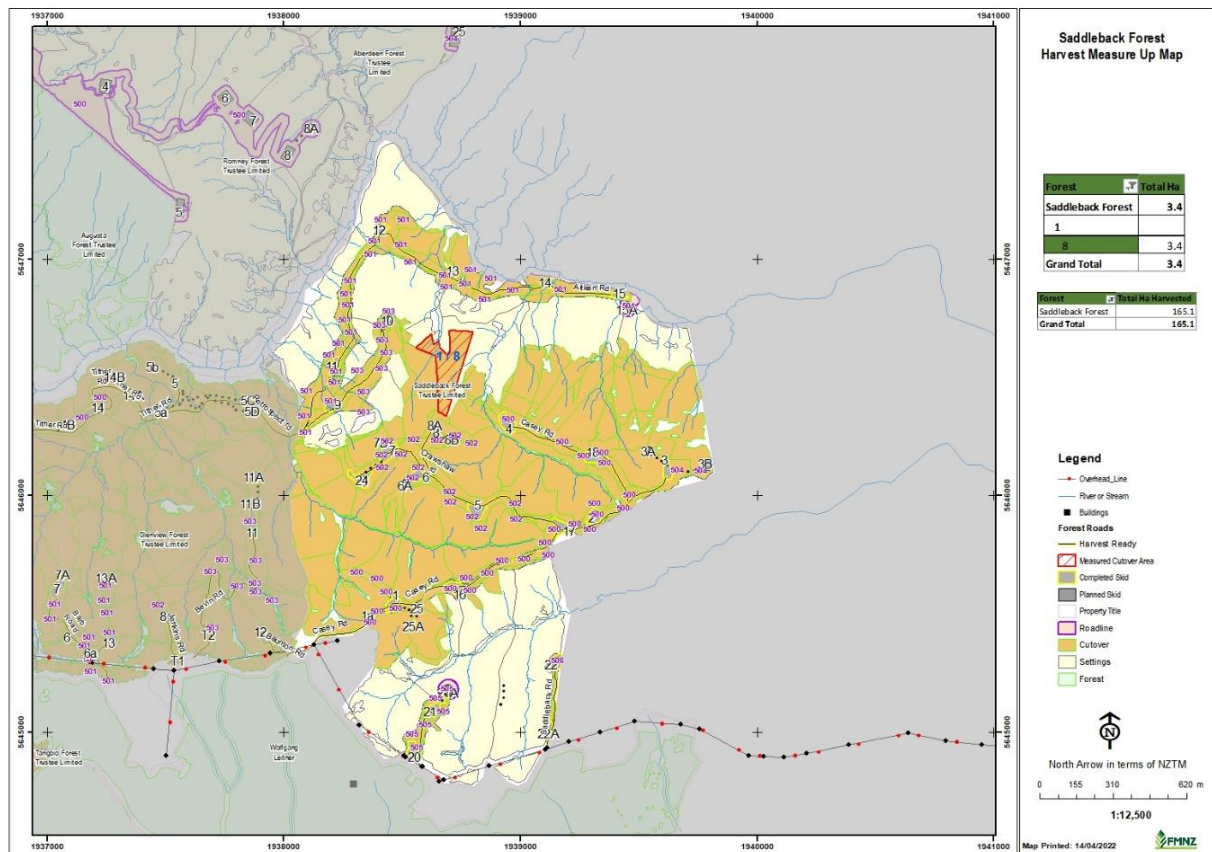
Due to the significant rise in diesel and petrol prices, a fuel adjustment factor has been added to the logging rates and will remain until there is a fuel cost reduction.

The logging – hourly cost was for rental of the loader for clearing the chute due to set-up of the split-level landing.

ADDITIONAL HARVEST COSTS		TOTAL
April	Establishment-Harvesting	\$3,480.00
		\$3,480.00

Table 2: Additional Logging Costs

Establishment costs were for transportation of the hired loader machine and for shifting the harvest crew container and diesel tank to the next setting.



Pic 1: Progress Map

The harvest crew spent the month in Setting 8. Production was slow at first due to the lay of the land however, once they progressed through the setting, production improved to a good level.

The hauler was required to be placed on the edge of the pad to overcome a critical terrain point below Landing 8. An additional loader was required to clear the chute of stems because of the potential health and safety risks to workers on the rim rock band below the hauler pad.

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 **\$37,742.21** which is an average unit rate of **\$16.72** per tonne.

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

CARTAGE COSTS		TOTAL
April	Cartage - Truck	\$37,742.21
	Weighbridge	\$856.02
		\$38,598.23

Table 3: Cartage Costs

The average cart rate for April inclusive of weighbridge fees is **\$17.10** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
April	Establishment - Engineering		\$2,120.00	\$2,120.00
	Rehab		\$7,077.96	\$7,077.96
	R&M		\$3,825.48	\$3,825.48
	Trucks - Cart & Dump		\$1,764.38	\$1,764.38
	R&M - Event Clean-up		\$10,949.16	\$10,949.16
	R&M - Metal		\$4,342.20	\$4,342.20
			\$30,079.18	\$30,079.18

Table 4: Engineering Costs

Earthworks carried out in April included scheduled maintenance and rehabilitation work on Casey and Crawshaw Roads.

Some roads in the forest required clean-up of slips and slumps post-storm damage at the end of March. Tither Road had some significant damage following the recent storm events and this will require major works before harvest operations move down to Aitken Road.

Net Revenue

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

MONTH	NET MONTH	NET PROJECT
April	\$119,185.09	\$7,047,628.65

Table 5: Total Revenue

The net revenue for the month equates to an average of **\$52.81** per tonne, or **\$35,054.44** per hectare.

Fees and Levies

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

FEES & LEVIES		TOTAL
April	Management	\$12,739.34
	FGC levy	\$765.11
		\$13,504.45

Table 6: Fees and Levies

Miscellaneous

See Table 7 below:

MISCELLANEOUS		TOTAL
April	Other	\$76.00
	Consumables	\$86.03
		\$162.03

Table 7: Miscellaneous Expenses

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

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.

Health and Safety

During April, three incidents were reported in the forest.

The first was a near hit incident which happened when the Zaxis 280 loader walked in beside the fuel tank to fill up and a truck pulled up to be loaded and the counterweight was hanging over the road blocking access. The operator slewed around to let the truck past and the machine door was damaged when it caught against the fuel tank. Conclusion was to be more aware of surroundings.

The second incident was property damage which occurred while pulling in the drag with a couple of long strops. A log landed on the front guard of the loader as there was no room to land logs (which is why the second loader was required) so they had to be brought right up to the hauler to get them to sit.

The size of the pad was identified as a risk prior to operation commencing and the control put in place was to have the second loader beside the hauler to control the inhaul logs and assist to a stable position.

The third incident was also property damage. It was caused by the Zaxis 280 loader clearing the chute and while pulling the logs up the hill to the waratah, the head of a stem hit the side of hauler.

Environmental

ENVIRONMENTAL		TOTAL
April	Environmental Monitoring	\$35.00
		\$35.00

Table 8: Environmental Expenses

Expenditure for the month relates to follow-up from the HBRC compliance monitoring visit in 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.

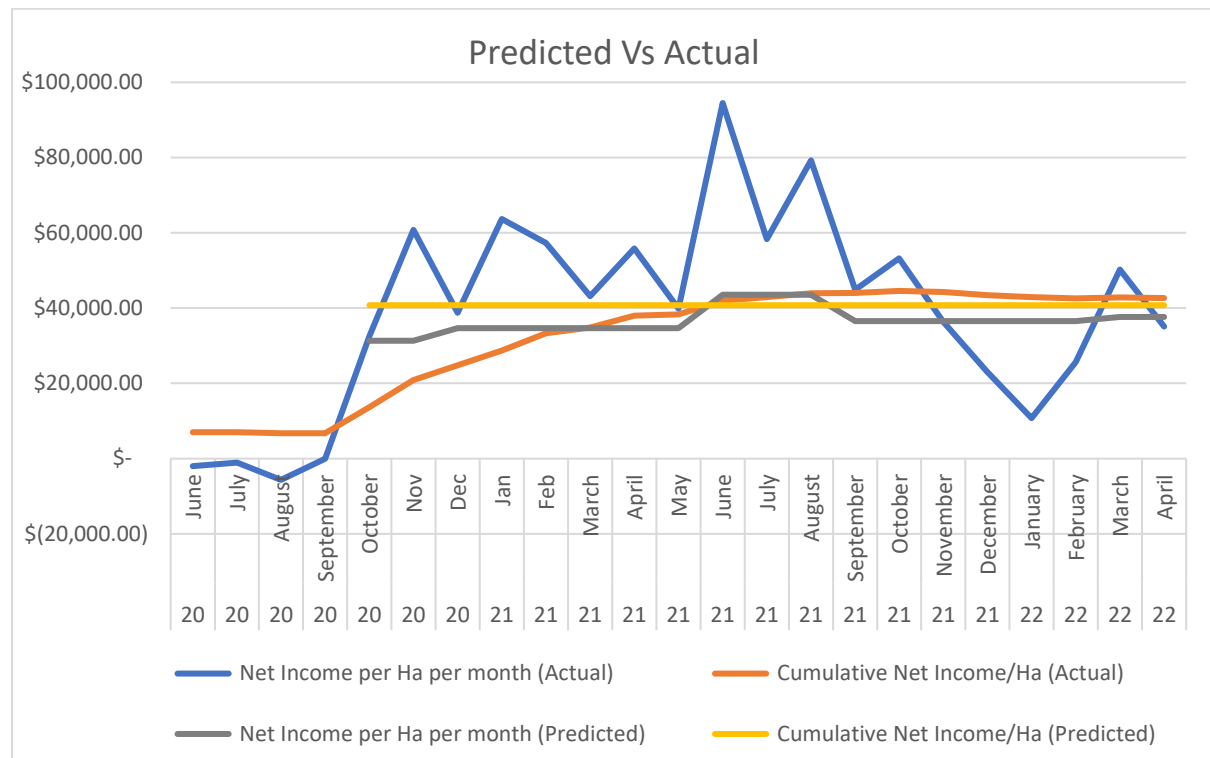


Chart 2: Actual vs Predicted

Net return per tonne to date is **\$61.47**, forecast was \$60.27.

Gross return per tonne to date is **\$139.93**, forecast was \$132.69.

Net return per hectare to date is **\$42,687.03**, forecast was \$40,777.58.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)



Historic Harvesting Financial Summary

Saddleback Forest Partnership

01/04/2022 to 30/04/2022

Paid to bank account # 02-0792-0001422-000

GST # 60-562-296

SALES					
Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue (\$)
Binwood					
Pulp	BinWood	31.42		\$45.50	\$1,429.61
TOTAL BINWOOD SALES		31.42			\$1,429.61

Domestic					
Pruned Dom	P1 4.9	323.36		\$194.00	\$62,731.84
TOTAL DOMESTIC SALES		323.36			\$62,731.84

Export					
Pruned Exp	P40 3.9	0.00	88.037	\$188.00	\$16,550.96
Pruned Exp	P30 3.9	0.00	13.342	\$149.00	\$1,987.96
Pruned Exp	P30 3.9	0.00	71.888	\$158.00	\$11,358.30
A40	AO 3.8	0.00	441.628	\$131.00	\$57,853.27
A30	A 3.6	0.00	438.915	\$129.00	\$56,620.04
A30	A 5.8	0.00	391.318	\$131.00	\$51,262.66
A30	A 5.8	0.00	-1.293	\$145.00	-\$187.48
K	K 3.6	0.00	241.992	\$120.00	\$29,039.04
K	K 5.8	0.00	26.484	\$122.00	\$3,231.05
KI	KI 3.6	0.00	125.691	\$111.00	\$13,951.70
KI	KI 3.8	0.00	21.158	\$112.00	\$2,369.70
TOTAL EXPORT SALES		0.00	1,859.160		\$244,037.20

Export Pulp					
Export Pulp	KIS 2.9	0.00	48.629	\$93.00	\$4,522.50
Export Pulp	KIS 3.8	0.00	55.946	\$103.00	\$5,762.44
TOTAL EXPORT PULP SALES		0.00	104.575		\$10,284.94
TOTAL		354.78	1,963.735		\$318,483.59

FEES					
FMNZ Management Fee @ %					\$12,739.34
TOTAL FEES					\$12,739.34

Appendix 1 Harvesting Financial Summary (Continued)

LEVIES	
Forest Grower Commodity Levy @ \$0.33	\$765.11
TOTAL LEVIES	\$765.11
COSTS	
Harvesting	\$96,330.06
Cartage	\$37,742.21
Weighbridge	\$856.02
Consumables	\$86.03
Environmental Monitoring	\$35.00
Establishment	\$5,600.00
Logging	\$8,902.48
Logging - Hourly	\$8,207.04
Metalling: Cart to stockpile	\$1,764.38
Other	\$76.00
Post Harvest Rehab	\$7,077.96
R&M - Event Cleanup	\$10,949.16
R&M - Metal	\$4,342.20
Repairs & Maintenance	\$3,825.48
TOTAL COSTS	\$185,794.02
TOTAL FEES, LEVIES & COSTS	\$199,298.47
NET INCOME	\$119,185.12
GST	\$17,877.77
NET INCOME (INCLUDING GST)	\$137,062.89



Photos 1 & 2: Hauler moving down to lower section of Landing 8.





Photos 3 & 4: Hauler set up on the lower section of Landing 8.



SADDLEBACK 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	Culvert Installation	-\$600.00	-\$8,818.87	-\$2,855.00	-\$17,892.17			-\$30,166.04
	Culverts	-\$3,070.50	-\$12,077.32	-\$2,846.34	-\$62,038.23			-\$80,032.39
	Culverts - Freight	-\$325.00	-\$600.00	-\$300.00	-\$9,242.87			-\$10,467.87
	Entranceway - Seal		-\$129.47	-\$1,190.00				-\$1,319.47
	Establishment - Engineering	-\$1,420.00	-\$7,695.00	-\$7,241.90	-\$19,727.70		-\$2,120.00	-\$38,204.60
	Fluming		-\$8,347.42	-\$1,640.93	-\$8,917.17			-\$18,905.52
	Geotextiles		-\$420.00		-\$4,565.38			-\$4,985.38
	Grass Seeding		-\$2,330.08	-\$1,638.55	-\$2,377.25			-\$6,345.88
	Landings	-\$46,640.00	-\$219,420.00	-\$38,720.00	-\$111,578.92			-\$416,358.92
	Loader Hire		-\$5,040.00	-\$1,080.00				-\$6,120.00
	Loadout Bay Construction			-\$1,770.54	-\$7,695.57			-\$9,466.11
	Loadout Bay Metal			-\$3,733.98	-\$583.20			-\$4,317.18
	Metal - Winning	-\$3,180.30		-\$1,895.40	-\$14,124.53			-\$19,200.23
	Metal Lime	-\$9,241.90	-\$11,449.25	-\$2,218.75				-\$22,909.90
	Metal Rock	-\$16,603.77	-\$53,360.44	-\$414.60	-\$21,859.85			-\$92,238.66
	Other		-\$2,710.00		-\$773.30			-\$3,483.30
	Pads			-\$21,352.70	-\$24,569.74			-\$45,922.44
	Pavement	-\$12,680.00	-\$24,645.00	-\$5,695.00	-\$49,233.73			-\$92,253.73
	R&M	-\$4,100.00	-\$4,765.00		-\$14,757.42		-\$3,825.48	-\$27,447.90
	R&M - Event Cleanup			-\$6,490.00	-\$364.50		-\$10,949.16	-\$17,803.66
	R&M - Metal			-\$180.00	-\$12,472.97	-\$1,367.20	-\$4,342.20	-\$18,362.37
	Rehab			-\$1,615.00	-\$17,565.40		-\$7,077.96	-\$26,258.36
	Rehab - Environmental		-\$432.16					-\$432.16
	Road Formation	-\$88,910.00	-\$169,316.50	-\$31,222.06	-\$159,080.93			-\$448,529.49
	Sediment Control		-\$100.00					-\$100.00
	Spread from stockpile	-\$23,230.00	-\$50,877.50	-\$15,777.24	-\$75,609.43			-\$165,494.16
	Stockpile Works			-\$11,966.64	-\$42,367.15			-\$54,333.79
	Trucks - Cart & Dump	-\$37,277.71	-\$90,217.50	-\$8,558.50	-\$56,958.66	-\$833.31	-\$1,764.38	-\$195,610.06
	Trucks - Cart & Spread	-\$19,332.30	-\$7,857.75	-\$2,847.34	-\$84,456.11			-\$114,493.49
	Crossings				-\$3,300.00			-\$3,300.00
	Temp Landings				-\$1,916.16			-\$1,916.16
	R&M - Road Maintenance				-\$39,078.55			-\$39,078.55
	Metal - Stripping				-\$2,100.00			-\$2,100.00
Engineering Total		-\$266,611.48	-\$680,609.26	-\$173,250.46	-\$865,206.85	-\$2,200.51	-\$30,079.18	-\$2,017,957.73
Fees	FGC levy	-\$799.06	-\$3,103.57	-\$7,799.76	-\$22,110.91	-\$1,100.98	-\$765.11	-\$35,679.39
	Management	-\$16,716.66	-\$63,881.72	-\$144,404.48	-\$384,658.91	-\$19,357.01	-\$12,739.34	-\$641,758.13
Fees Total		-\$17,515.72	-\$66,985.29	-\$152,204.24	-\$406,769.82	-\$20,457.99	-\$13,504.45	-\$677,437.52
Harvesting	Cartage - Truck	-\$43,101.27	-\$164,624.78	-\$348,619.47	-\$970,773.70	-\$56,175.35	-\$37,742.21	-\$1,621,036.78
	Establishment - harvesting	-\$7,222.00		-\$16,172.50	-\$20,605.00	-\$1,290.00	-\$3,480.00	-\$48,769.50
	Logging	-\$121,076.22	-\$469,139.60	-\$1,021,771.72	-\$2,650,097.22	-\$150,728.00	-\$105,232.54	-\$4,518,045.30
	Tracking			-\$5,389.32	-\$9,336.94			-\$14,726.26
	Trailer Lifting			-\$486.00	-\$6,012.00			-\$6,498.00
	Weighbridge	-\$1,124.55	-\$3,685.21	-\$8,991.44	-\$23,305.20	-\$1,365.42	-\$856.02	-\$39,327.83
	Cartage - Trans Shipping				-\$675.00			-\$675.00
	Logging - Hourly						-\$8,207.04	-\$8,207.04
Harvesting Total		-\$172,524.03	-\$637,449.59	-\$1,401,430.44	-\$3,680,805.06	-\$209,558.77	-\$155,517.81	-\$6,257,285.71
Income	Log Sales	\$417,916.59	\$1,597,043.01	\$3,610,111.97	\$9,616,472.80	\$483,925.22	\$318,483.56	\$16,043,953.15
Income Total		\$417,916.59	\$1,597,043.01	\$3,610,111.97	\$9,616,472.80	\$483,925.22	\$318,483.56	\$16,043,953.15
Miscellaneous	Consents	\$5,010.00						\$5,010.00
	Consultancy Fees	-\$68.87		-\$639.00				-\$707.87
	Consumables	-\$118.50	-\$295.56	-\$833.47	-\$2,185.46	-\$114.00	-\$86.03	-\$3,633.02
	Environmental Monitoring			-\$386.00	-\$1,118.76	-\$150.00	-\$35.00	-\$1,689.76
	Other	-\$190.51	-\$875.47	-\$792.75	-\$4,148.86	-\$76.00	-\$76.00	-\$6,159.59
	Power Lines	-\$3,627.24						-\$3,627.24
	Security	-\$68.87	-\$33.71					-\$102.58
	Traffic Management	-\$178.42	-\$8,004.07	-\$3,608.50	-\$182.39			-\$11,973.38
	Royalty payments				-\$20,760.10			-\$20,760.10
Miscellaneous Total		\$757.59	-\$9,208.81	-\$6,259.72	-\$28,395.57	-\$340.00	-\$197.03	-\$43,643.54
Grand Total		-\$37,977.05	\$202,790.06	\$1,876,967.11	\$4,635,295.50	\$251,367.95	\$119,185.09	\$7,047,628.65