HARVESTING REPORT
April 2022

TANGOIO FOREST

Setting 27 Operations.

Clearfell Harvesting Report – Tangoio – April 2022

Summary

- Gross revenue for the month is **$688,187.35**
- Costs for the month are **$330,410.25**
- Net income for the month is **$357,777.10**
- Tonnes harvested for the month is **4,703.45**
- Net income per tonne for the month is **$76.07**
- Area cleared for the month is **3.2** hectares

The project performance to date is set out below:

- Project gross revenue to date is **$37,879,546.90**
- Project costs to date are **$20,373,164.72**
- Project net income to date is **$17,506,382.19**
- Tonnes harvested to date is **272,908.2**
- Net income per tonne to date is **$64.15**
- Recoverable volume per hectare to date is **699.80** tonnes
- Net income per hectare to date is **$44,888.16**
- Total forest area is **538.90** hectares, approximate hectares cleared to date is **390** 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 **$688,187.35** with an average sale price over all grades of **$146.32** per tonne**.**

April 2022 - Log Markets, Hawkes Bay

The April export prices have decreased $13.00/Jas m^3 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 4.29Mm^3, with daily offtake at 49Km^3 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.

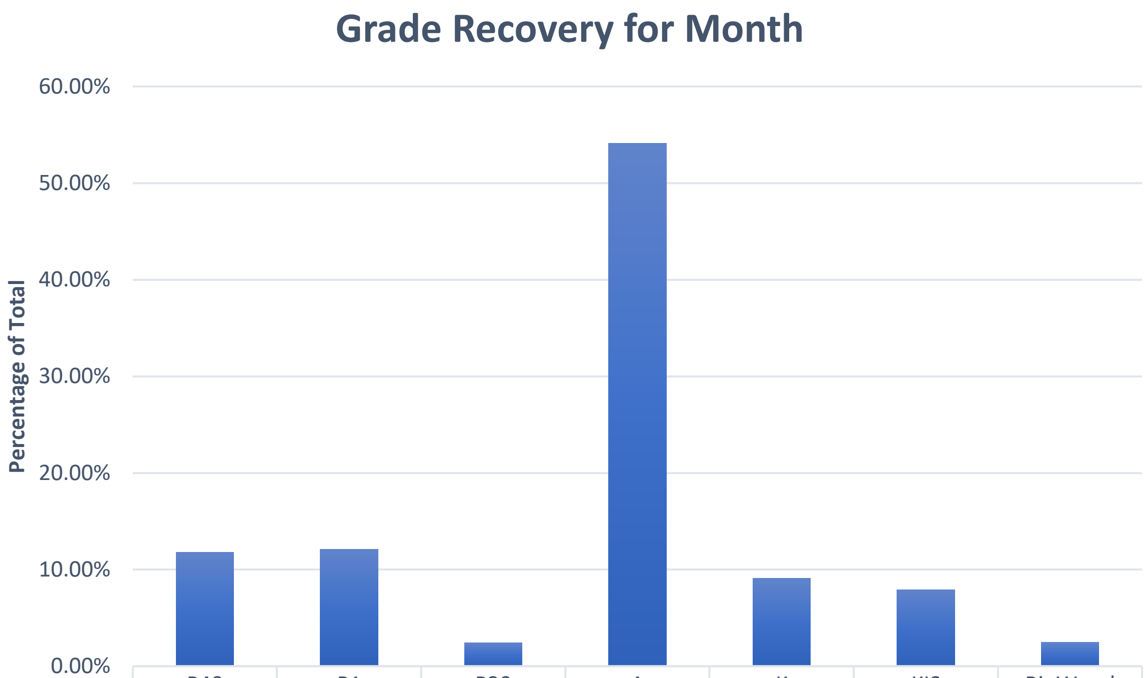
The freight market has been under downward pressure over the past month as China demand reduces for a wide range of commodities. The oil market is being driven by the Ukraine conflict. It is highly volatile and reacts quickly to any news of peace talks or heightened conflicts. Oil is trading at around 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:



	P40	P1	P30	A	K	KIS	BinWood
Total	11.82%	12.11%	2.44%	54.12%	9.09%	7.93%	2.50%

Chart 1: Grade Recovery for Month

Pruned recovery for April comprised 26% of overall sales volume, 12% 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 8% of volume.

The remaining 3% of production was made up of domestic pulp and binwood.

Expenditure

Harvesting

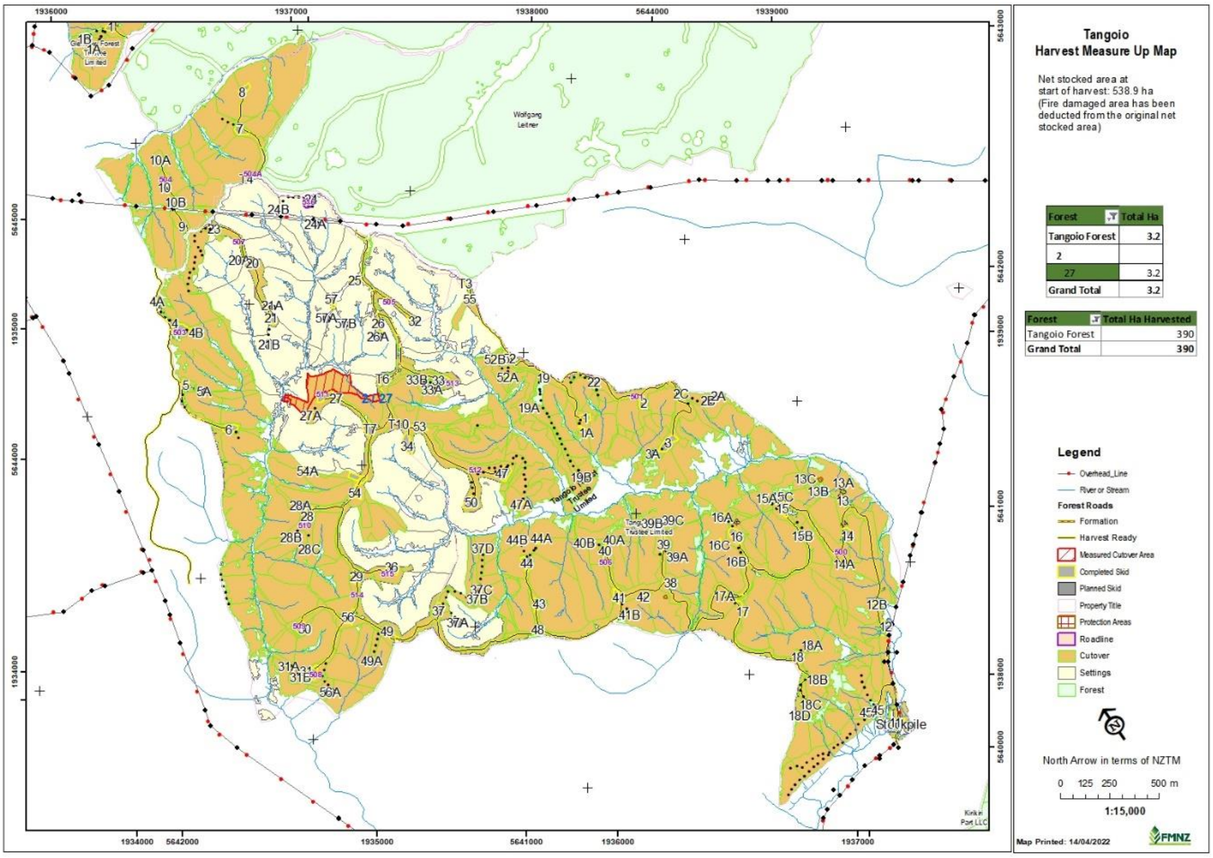
The total logging cost for the month was **$190,482.68**, an average of **$40.50** per tonne.

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

LOGGING COSTS		TOTAL
April	Logging	$190,482.68
		$190,482.68

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.



Pic 1: Progress Map

The harvest crew spent the month pulling Setting 27 down Ballard Road. They made good progress through the setting with no production issues and decent size stems being pulled.

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 **$77,610.50** which is an average unit rate of **$16.50** per tonne.

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

CARTAGE COSTS		TOTAL
April	Cartage - Truck	$77,610.50
	Weighbridge	$1,831.00
		$79,441.50

Table 2: Cartage Costs

The average cart rate for April inclusive of weighbridge fees is **$16.89** per tonne.

Engineering

ENGINEERING		RL	CF	TOTAL
April	Rehab		$13,619.34	$13,619.34
	Establishment - Engineering		$678.40	$678.40
	R&M		$3,133.50	$3,133.50
	R&M - Metal		$7,977.60	$7,977.60
	Spread from stockpile	$890.40		$890.40
	Stockpile Works	$207.36	$942.84	$1,150.20
	Trucks - Cart & Dump		$3,269.75	$3,269.75
		$1,097.76	$29,621.43	**$30,719.19**

Table 3: Engineering Costs

Earthworks carried out in April included post-harvest rehabilitation on HBRC, Pakuri, Sutton and Vice Roads. Maintenance metal was required on Ballard Road to facilitate harvest.

An excavator was used off an establishment track to clear a "beaver dam" accumulation of harvest residue slash left in the Rauwirikokomua Stream (leading to the Tangoio Falls) after harvesting. Slash material was removed from the creek below the Pakuri and Vice Road settings.

Some further maintenance work will be required in May on Sutton Road.

Net Revenue

Net revenue for the project to date excluding GST is shown in Table 4 below:

MONTH	NET MONTH	NET PROJECT
April	**$357,777.10**	**$17,506,382.19**

Table 4: Total Revenue

The net revenue for the month equates to an average of **$76.07** per tonne, or **$111,805.35** per hectare.

Fees and Levies

Management fees and FGC levies are summarised in Table 5 below:

FEES & LEVIES		TOTAL
April	Management	$27,527.49
	FGC levy	$1,618.52
		$29,146.01

Table 5: Fees and Levies

Miscellaneous

See Table 6 below:

MISCELLANEOUS		TOTAL
April	Consumables	$70.27
	Other	$515.60
		$585.87

Table 6: Miscellaneous Expenses

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

Other costs are for the proportional costs of operating the forest digital radio network and signs for identifying water supply in the forest.

Also included in Other is costs for the offloading, reloading and log storage at Beale's yard from trucks due to the Port being full and locking out some log grades.

Health and Safety

One minor injury incident was reported in the forest during April which occurred while clearing a way through thick heavy undergrowth. The worker couldn't see how steep it was and slipped on a piece of whitey wood and fell down a bank resulting in bruising to upper left thigh.

The conclusion was to be careful when cutting through undergrowth and to make sure of footing.

Environmental

ENVIRONMENTAL		TOTAL
April	Environmental Monitoring	$35.00
		$35.00

Table 7: 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.

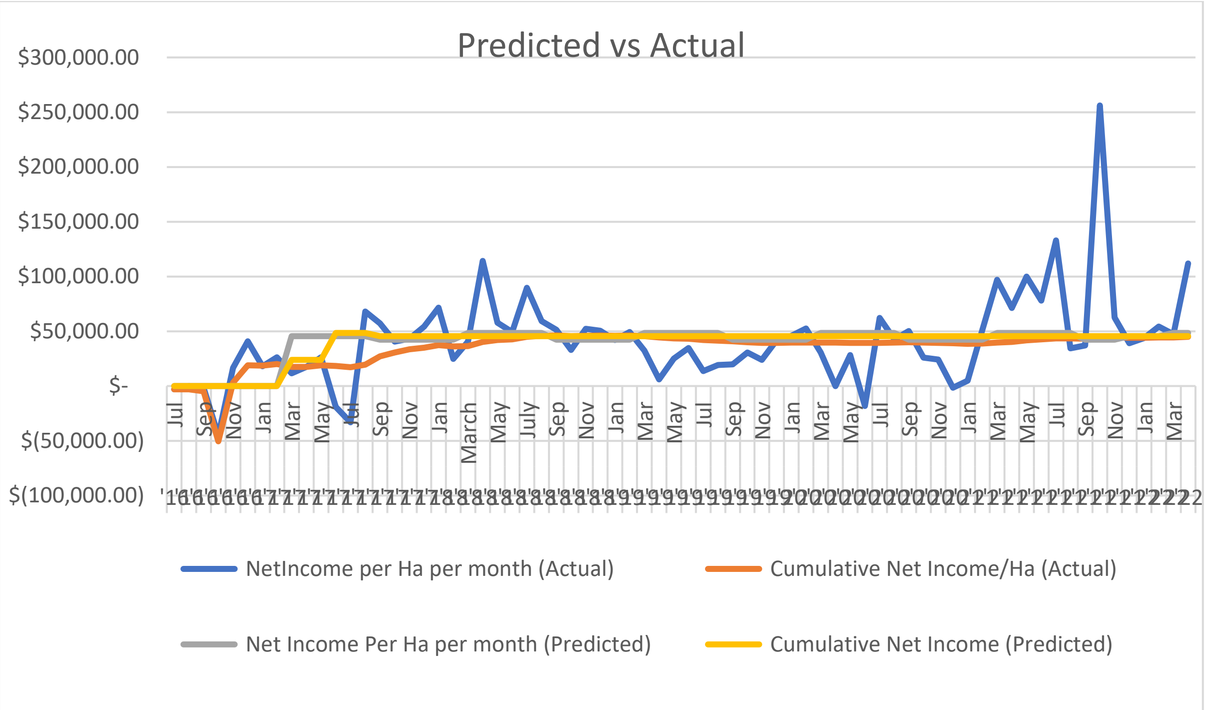


Chart 2: Actual vs Predicted

Net return per tonne to date is **$64.15**, forecast was $66.81.

Gross return per tonne to date is **$138.80,** forecast was $126.50.

Net return per hectare to date is **$44,888.16,** forecast was $45,373.11.

Kind Regards

FMNZ Harvest Team

Appendix 1 Harvesting Financial Summary (Clearfell and Roadline)

FMNZ

Historic Harvesting Financial Summary

Tangoio Forest Partnership 01/04/2022 to 30/04/2022

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	117.38		$45.50	$5,340.79
TOTAL BINWOOD SALES		**117.38**			**$5,340.79**

Domestic					
Pruned Dom	P1	63.56		$196.50	$12,489.54
Pruned Dom	P1 4.9	505.89		$194.00	$98,142.66
TOTAL DOMESTIC SALES		**569.45**			**$110,632.20**

Export					
Pruned Exp	P40 3.9	0.00	124.765	$188.00	$23,455.82
Pruned Exp	P40 5.9	0.00	462.055	$188.00	$86,866.34
Pruned Exp	P30 3.9	0.00	125.642	$158.00	$19,851.44
A30	A 3.8	0.00	579.013	$128.00	$74,113.66
A30	A 3.8	0.00	67.550	$129.00	$8,713.95
A30	A 5.8	0.00	13.768	$130.00	$1,789.84
A30	A 7.7	0.00	2,040.741	$131.00	$267,337.07
K	K 3.8	0.00	23.244	$120.00	$2,789.28
K	K 3.8	0.00	180.155	$121.00	$21,798.76
K	K 5.8	0.00	23.466	$122.00	$2,862.85
K	K 5.8	0.00	212.587	$123.00	$26,148.20
K	K 7.7	0.00	0.582	$122.00	$71.00
TOTAL EXPORT SALES		**0.00**	**3,853.568**		**$535,798.21**

Export Pulp					
Export Pulp	KIS 2.9	0.00	143.657	$93.00	$13,360.10
Export Pulp	KIS 2.9	0.00	34.182	$100.00	$3,418.20
Export Pulp	KIS 3.8	0.00	101.042	$103.00	$10,407.33
Export Pulp	KIS 3.8	0.00	85.332	$107.00	$9,130.52
TOTAL EXPORT PULP SALES		**0.00**	**364.213**		**$36,316.15**

Firewood					
Firewood	FW	10.00		$10.00	$100.00
TOTAL FIREWOOD SALES		**10.00**			**$100.00**
TOTAL		**696.83**	**4,217.781**		**$688,187.35**

Appendix 1 Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ %	$27,527.49
TOTAL FEES	**$27,527.49**
LEVIES	
Forest Grower Commodity Levy @ $0.33	$1,618.52
TOTAL LEVIES	**$1,618.52**
COSTS	
Harvesting	$172,138.40
Cartage	$77,610.50
Weighbridge	$1,831.00
Consumables	$70.27
Environmental Monitoring	$35.00
Establishment	$678.40
Logging	$18,344.28
Metalling: Cart to stockpile	$3,269.75
Metalling: Spread from Stockpile	$890.40
Other	$515.60
Post Harvest Rehab	$13,619.34
R&M - Metal	$7,977.60
Repairs & Maintenance	$3,133.50
Stockpile Works	$1,150.20
TOTAL COSTS	**$301,264.24**
TOTAL FEES, LEVIES & COSTS	**$330,410.25**

NET INCOME	**$357,777.10**
GST	**$53,666.56**
NET INCOME (INCLUDING GST)	**$411,443.66**

Photo 1: Positioning the swing yarder on Pad 27A before starting to pull the new area.

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	Apr 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	-$678.40	-$69,819.95
	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	-$3,133.50	-$124,836.77
	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	-$7,977.60	-$54,918.02
	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	-$13,619.34	-$132,643.15
	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			-$890.40	-$455,731.23
	Stockpile Works					-$4,290.18	-$770.00	-$285.12	-$1,150.20	-$6,495.50
	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	-$3,269.75	-$937,045.23
	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**	**-$30,719.19**	**-$5,060,953.89**
Fees	FGC levy	-$2,397.64	-$11,567.17	-$18,594.56	-$18,833.32	-$7,176.78	-$16,816.60	-$1,007.25	-$1,618.52	-$78,011.83
	Management	-$45,716.12	-$236,093.74	-$394,616.83	-$356,533.85	-$131,290.14	-$291,947.64	-$18,206.91	-$27,527.49	-$1,501,932.72
Fees Total		**-$48,113.76**	**-$247,660.91**	**-$413,211.38**	**-$375,367.17**	**-$138,466.92**	**-$308,764.24**	**-$19,214.16**	**-$29,146.02**	**-$1,579,944.56**
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	-$77,610.50	-$3,426,076.22
	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	-$190,482.68	-$9,961,873.65
	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	-$1,831.00	-$88,288.69
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**	**-$269,924.18**	**-$13,578,689.52**
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	$688,187.35	$37,548,419.31
	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**	**$688,187.35**	**$37,879,546.90**
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	-$70.27	-$11,851.51
	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	-$515.60	-$22,312.19
	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		-$35.00	-$3,087.75
Miscellaneous Total		**-$16,411.52**	**-$34,573.59**	**-$44,065.82**	**-$34,486.59**	**-$20,811.61**	**-$2,485.06**	**-$121.70**	**-$620.87**	**-$153,576.75**
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**	**$357,777.10**	**$17,506,382.19**