HARVESTING REPORT
OCTOBER 2016
GLENVIEW FOREST PARTNERSHIP

AROPAOANUI ROAD

October Roadline Harvesting Report

Summary

Roadline operations commenced in Glenview Forest with the first trees being felled on Thursday 15 September 2016.

On the second day of operations, there was a prolonged period of persistent rain which made the processing site and haul tracks unworkable. This meant no more logs were carted from Glenview until well into October, even though the harvest operation continued intermittently, as weather permitted.

The recoverable volume for October totalled **1,703.22** units (Jas m^3/Tonnes), returning log sales of **$205,247.37** (See Appendix 1, Harvesting Financial Summary).

Road length constructed was 58 metres plus a loading bay for the trucks of approximately 30 metres. There was only enough road length formed to enable the trucking of the stockpiled logs.

Two processing sites were constructed. One of these quickly turned to slush with the combination of rain and machinery movement. The processing area was extended to try to find some stable soil, but it was nearly the middle of October before a road was constructed to enable the delivery of processed logs.

Net revenue for the months of September and October totalled **$43,491.29** excluding GST.

Revenue

Log Sales

Log sales have been both domestic sales and export sales.

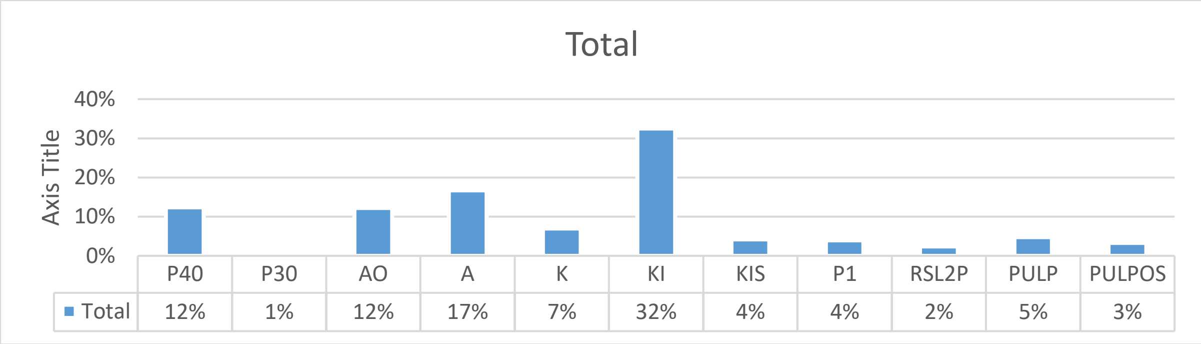

Chart 1: Domestic and Export Log Sales

The majority of the sales have been to two export companies as "At Wharf Gate" (AWG) sales, and based on the best price for the month. AWG is where the exporter pays us monthly for the log grades delivered to wharf gate – i.e. the port.

All export log sales are sold in "Jas" (Japanese Agricultural Standard) where logs are scaled to accurately determine volume. The Jas conversion changes based on grades and weight, and is also influenced by the tree age and seasonal conditions.

All domestic grades are sold in tonnes. The net weight of the logs is determined by a weighbridge.

There was only a small amount of domestic pruned sold due to the wet weather upsetting the ability to gain access to the logs. Given the length of time since the logs were felled, this made the risk of reject in a domestic sale quite high.

Grade Recovery

The road line follows an old track on the top of an exposed ridge where the trees are generally of poorer quality with large branches and some wind damage.

Pruned log recovery has averaged 18% which reflects the exposed site. The higher quality unpruned sawlog (A grade) recovery was 36% and the poorer quality grades such as KI and KIS recovered 36% with KI being the major grade produced.

Domestic pulp grades produced 5% regular pulp and 3% oversize pulp.

Expenditure

Harvesting

The harvesting cost for the September - October period totalled **$70,181.00,** producing **1,873.34** merchantable tonnes.

Harvesting is being undertaken with a ground based logging crew. The harvest rate for the road line extraction is $39.00 per tonne with domestic pulp being paid at $20.00 per tonne. The price differential is designed to incentivise the production of the export grades in favour of domestic pulp due to its lower value.

Figure 1: Setting 503 Temp Skid

Engineering

Engineering costs to date are $28.04 per tonne harvested. The wet weather has influenced the original location of the processing site, and it had to be moved due to subgrade failure with the road base being weak and needing geotextile to support the pavement.

Figure 2: Wet mush after two weeks of rain.

Figure 3: An extremely waterlogged entranceway, preventing any road construction. Note date on Photos.

General

General expenses are currently sitting at $3.58 per tonne, and cover signage, paint, traffic management, docket books and similar items.

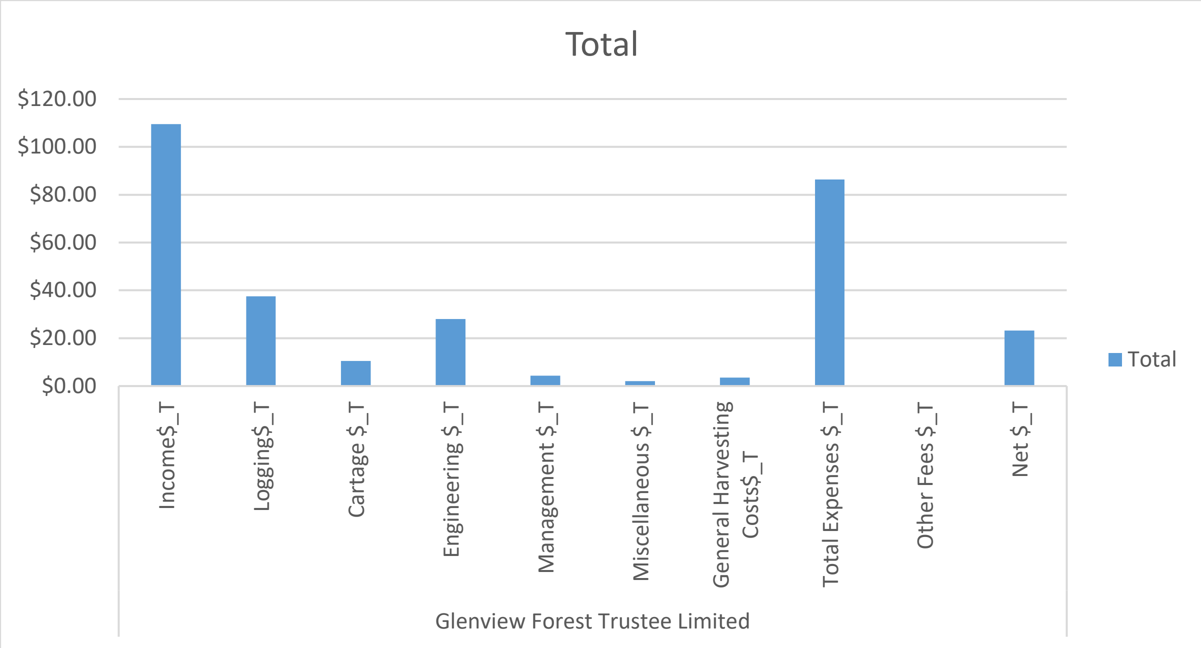

Chart 2: Cost of sales.

Net Revenue

Net revenue to date totalled $43,491.29 excluding GST. This comprises of expenditure from September. See Appendix 1, Harvesting Financial Summary.

Table 1: Revenue

September Expenditure	October Monthly Income	Total Net Income for project
$24,056.80	$67,548.09	$43,491.29

Cartage

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

Table 2: Cartage Costs

		Total
October	Cartage - Truck	$19,753.25
	Weighbridge	$561.44
Total		**$20,314.69**

The average cartage cost for the tonnes produced is $10.54/tonne.

Fees and Levies

Management Fees and FGC levies are summarised in Table 3 below. The average management costs to date for the project is $4.38/tonne.

Table 3: Fees & Levies

		Total
October	Management	8,209.89
	FGC levy	459.87
Total		**$8,669.76**

Health and Safety

Safety data statistics for October showed no incidents to report.

Figure 4: Corduroy entranceway due to very poor soil strength and standing water.

We are currently achieving a return of $23.22 net per tonne. Our budgets were based on a gross return of $100 per tonne, and the assumption that the log revenue would cover off the roading costs. Although we are at the start of the planned roadlining for this year and have significant engineering expenses ahead of us, we are presently achieving $109.56 per tonne.

If you have any questions related to the report, please feel free to contact FMNZ to discuss.

Kind Regards,

Paul Rouppe van der Voort,
Harvesting Manager

Appendix 1 Harvesting Financial Summary

Harvesting Financial Summary

Glenview Forest Trustee Limited

01/10/2016 to 31/10/2016

Paid to bank account # 02-0792-0001350-000

GST # 56-942-106

Type	Grade	Tonnes	Jas (m3)	Sales Price	Gross Revenue ($)
SALES					
Domestic					
PP Dom	RSL2P 4.6	44.46		$130.74	$5,812.70
Pruned Dom	P1 4.3	12.46		$172.63	$2,150.97
Pruned Dom	P1 4.9	60.78		$172.63	$10,492.45
TOTAL DOMESTIC SALES		**117.70**			**$18,456.12**
Domestic Pulp					
Pulp	PULP	89.80		$45.78	$4,111.04
Pulp	PULPOS	61.74		$45.78	$2,826.46
TOTAL DOMESTIC PULP SALES		**151.54**			**$6,937.50**
Export					
Pruned Exp	P30 5.1		13.697	$134.00	$1,835.40
Pruned Exp	P40 3.9		96.950	$167.00	$16,190.65
Pruned Exp	P40 5.1		59.368	$172.00	$10,211.30
Pruned Exp	P40 5.9		67.398	$172.00	$11,592.46
A30	A 3.8		32.512	$123.00	$3,998.98
A30	A 3.8		52.007	$125.00	$6,500.88
A30	A 5.8		81.082	$126.00	$10,216.33
A30	A 5.8		123.713	$127.00	$15,711.55
A40	AO 3.8		27.769	$128.00	$3,554.43
A40	AO 3.9		57.074	$126.00	$7,191.32
A40	AO 3.9		68.490	$128.00	$8,766.72
A40	AO 5.9		63.594	$129.00	$8,203.63
K	K 3.8		14.871	$116.00	$1,725.04
K	K 3.8		10.122	$117.00	$1,184.27
K	K 5.8		85.618	$119.00	$10,188.54
KI	KI 3.8		519.521	$109.00	$56,627.79
TOTAL EXPORT SALES			**1,373.786**		**$173,699.28**
Export Pulp					
Export Pulp	KIS 2.9		15.171	$100.00	$1,517.10
Export Pulp	KIS 3.8		45.023	$103.00	$4,637.37
TOTAL EXPORT PULP SALES			**60.194**		**$6,154.47**
TOTAL		**269.24**	**1,433.980**		**$205,247.37**

Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ 4%	$8,209.89
TOTAL FEES	**$8,209.89**
LEVIES	
Forest Grower Commodity Levy @ $0.27	$459.87
TOTAL LEVIES	**$459.87**
COSTS	
Harvesting	$70,181.00
Cartage	$19,753.25
Weighbridge	$561.43
Duraforce WG80 5.2m x 100m (Cirtex Inv-SO93429)	$1,683.00
Establishment of harvest machinery (DGT Inv-2417092)	$390.00
Trucks crossing signs (SIU Inv-13872)	$380.00
Establishment harvesting equipment (DGT Inv-1447091)	$4,707.50
Felling and traffic control - setting 502 (FLL Inv-11)	$892.50
Digger 9 hours - setting 502 (FLL Inv-11)	$1,350.00
Traffic control 8 hours- setting 500 (FLL Inv-11)	$595.00
Setting 500 - pad (Gair Inv-2511)	$8,110.00
Road setting 500 (Gair Inv-2511)	$2,290.00
Establishment (Gair Inv-2511)	$2,202.50
Solo Sprayer 5l (Farmlands Inv-1044134)	$52.79
Flexiflume 375 diameter (Aquatuff Inv-916)	$1,425.00
Docket Books x 2 (VW Print Inv-42236)	$31.30
Log stencil set (Aquajet Inv-5238)	$202.17
Docket book 26501-26550 (VW Print Inv-42236)	$15.65
Speed limit & Emergency signs for harvest operation (SIU Inv-14031)	$389.57
Docket book 27851-27900 (VW Print Inv-42236)	$15.65
Move Hyuandai LC9 to new skid site (DGT Inv-1232103)	$520.00
Load and cartage for 501 road (Gair Inv-2525)	$7,995.60
Road construction - 501 (Gair Inv-2524)	$2,690.00
Spread from stockpile - 501 (Gair Inv-2524)	$3,955.00
Supervision - 501 (Gair Inv-2524)	$120.00
Transportation of excavator & dozer - 501 (Gair Inv-2524)	$597.50
Hauler pad 502 (Gair Inv-2524)	$6,940.00
Establishment of 20T excavator - pad 502 (Gair Inv-2524)	$480.00
Construction of pad 503 (Gair Inv-2524)	$6,785.00
Establishment of & excavator - pad 503 (Gair Inv-2524)	$205.00
Tracking behind pad 501 (Gair Inv-2524)	$1,375.00
Move Hyundai 320 LC9 to new skid site (DGT Inv-3502105)	$520.00
Load and cartage for 503 pad (Gair Inv-2525)	$164.90
Aggregate 380cu ex lime pit for forest roading (FMNZ Inv-15335)	$5,510.00
TOTAL COSTS	**$153,086.31**
TOTAL FEES, LEVIES & COSTS	**$161,756.07**

Harvesting Financial Summary (Continued)

NET INCOME CURRENT MONTH	**$43,491.30**
GST	**$6,523.69**
NET INCOME CURRENT MONTH (INCLUDING GST)	**$50,014.99**

Appendix 2 – Harvest Progress Map