HARVESTING REPORT
NOVEMBER 2015
WAIKARE FOREST PARTNERSHIP

WAIKARE ROAD

FMNZ
"Maximising the value of forests since 1974"

November Harvesting Report:

Summary

Road lining & clearfell harvest operations continued throughout November. The hauler production was concentrated on Willis and the end of Hil Roads.

The groundbased production crew progressed roadlining along Gillingham and Gardner Roads. (See forest map attached as Appendix 4 and 5). The road construction continues into compartment 3 towards Lake Waikare and up onto the area of the old Airstrip.

The recoverable volume for November totalled **7,855.50** units (JAS/Tonnes), returning log sales of **$956,984.25** excluding GST. (See Appendix 1, Harvesting Financial Summary). This month 11.2 ha was harvested, the recoverable volume to date averages 551.7 T/ha.

Net revenue for the month of November totalled $321,086.66 excluding GST. See Appendix 3, Waikare Forest - Cashflow Summary (November). There has been no wash-up this month – the vessel Bunun Ace washup will be included in the December report. This is expected to show a positive return of over $80,000.

To date 90.8 ha has been harvested. Based on; actual volume recovered, current grade outturn, forecast engineering cost of $8.50 per tonne and consent costs averaged over the whole forest, the projected return per hectare for the forest is slightly ahead of the harvesting proposal. This is due to increased prices this month and a large positive washup. Please see table below:

Budgeted Return per hectare	Projected Return per hectare	Hectares Harvested
$16,202.83	$18,190.93	90.8

The net income to date for the project overall is a positive of **$738,810.89**.

Expenditure

The total expenditure for November was **$635,897.59**. This was made up of the following:

Engineering

Engineering construction for the month saw the completion of a further 250 l/m of Gillingham Rd and 207 l/m of Gardner Rd), 4 landings (45, 46, 47 & 48) and 4 hauler pads (6D, 18C, 45A & 48A). Significant rehab work was completed for landing 1 due to the wet winter conditions leaving it waterlogged. This landing will be used again to harvest the last portions of compartment 1 opposite Hil Rd. This needed time to dry out to allow machine access.

The stockpile of poplar in Waikare Road, located on the neighbour's property, was also burned and cleaned up.

Engineering Costs

		Total
November	Metal	$10,710.50
	Engineering	$398.02
	Landings/Pads	$40,401.00
	R&M	$1,160.00
	Rehab	$10,720.00
	Road Construction	$23,873.65
	Metal Cart & Spread	$14,045.50
	Two Stage	$2,308.00
Total		**$103,616.67**

Table 1: Engineering

Figure 1: Landing 9 nearing completion

Harvesting

The logging cost for November totalled **$259,770.00** producing 7,746.00 merchantable tonnes. The average production rate was 369 tonne per day with an average harvesting cost of $33.54 per tonne for the month.

The total harvesting cost for the month is in table 2 below:

Harvesting Cost Summary

		Total
November	Logging	$259,770.00
Total		**$259,770.00**

Table 2: Harvesting cost

This month 11.2 ha was harvested, the recoverable volume averaged 692T/ha.

To date 90.3 ha has been cleared with an average recoverable volume of 551.7 T/ha. We anticipate the average recoverable volume for the project will continue to increase.

The harvest map below shows the November harvesting progress, this is also shown in Appendix 4.

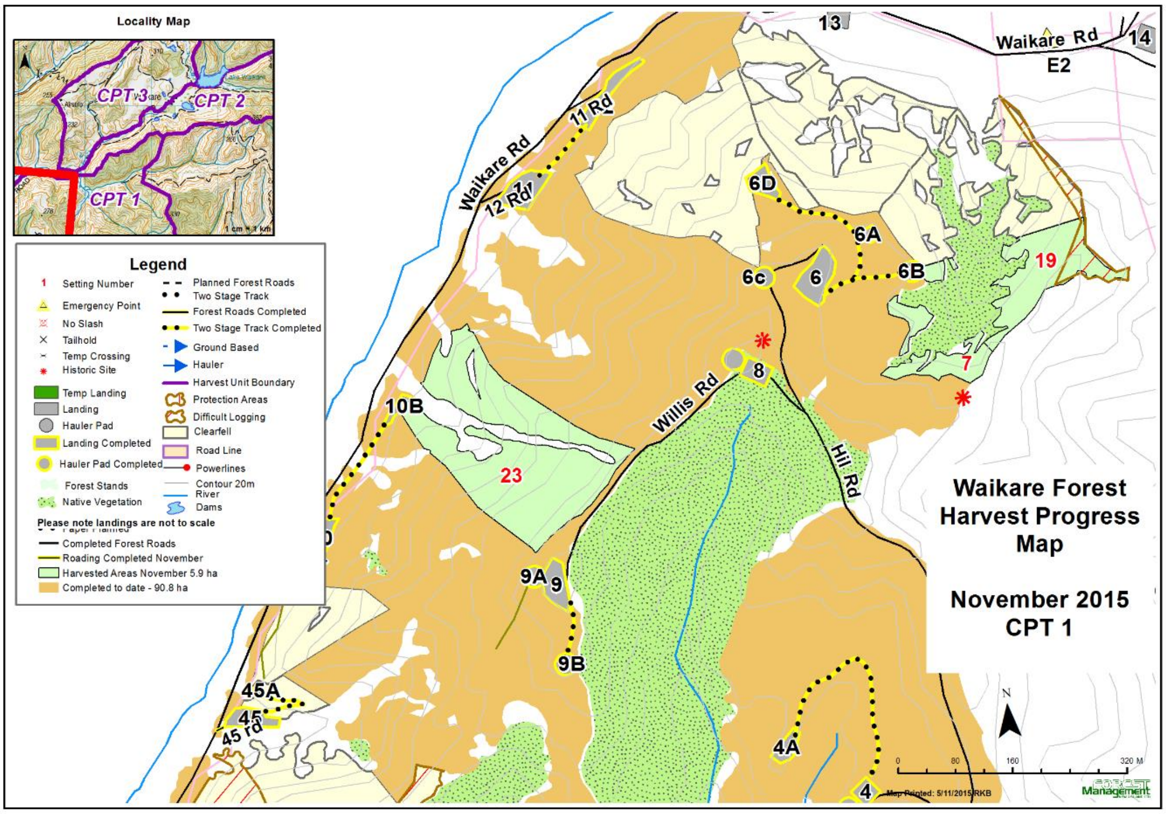


Figure 2: Waikare Progress Map Cpt 1

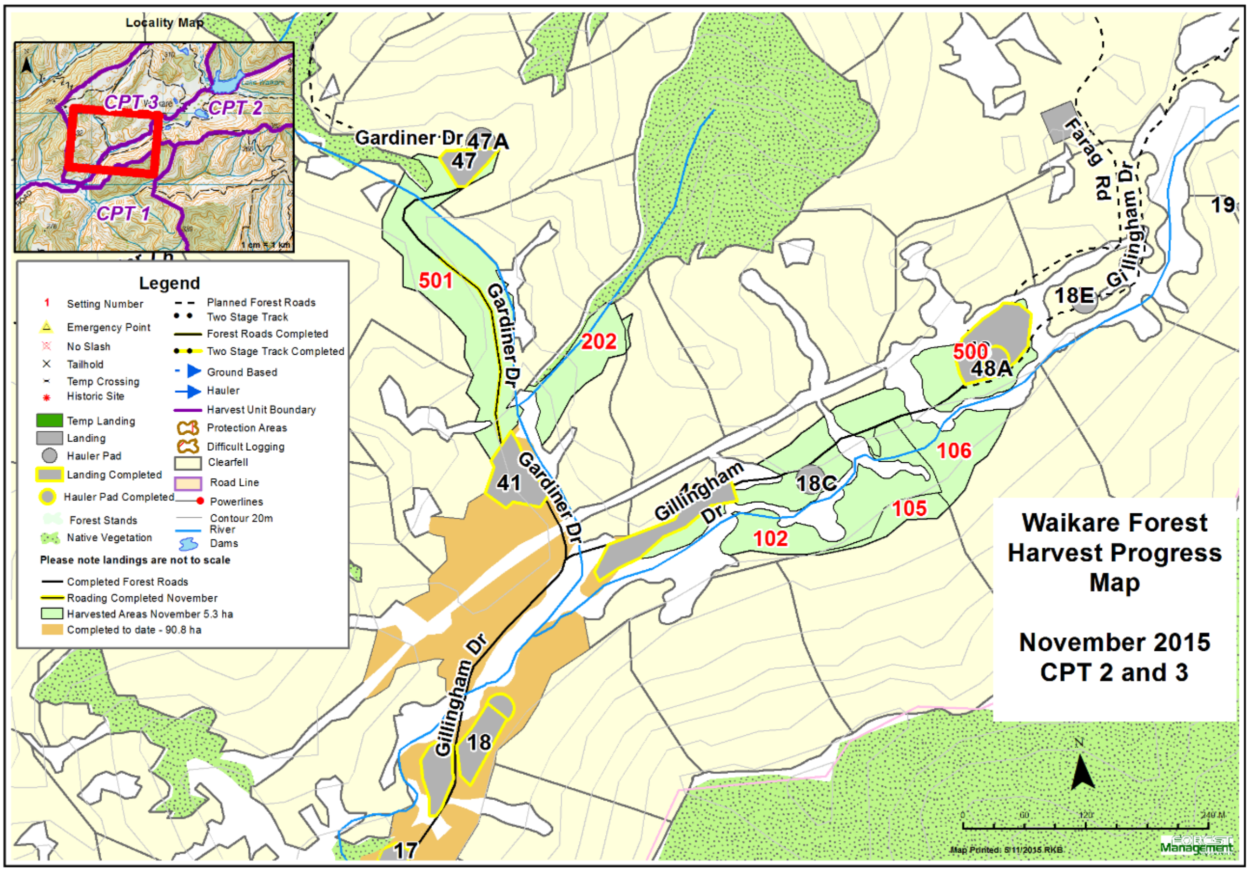


Figure 3: Progress Map Cpt 2 & 3

Cartage

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

Cartage Cost Summary

		Total
November	Cartage - Overweight loads	-$252.00
	Cartage - Truck	$229,562.76
	Weighbridge	$2,799.81
Total		**$232,110.57**

Table 3: Cartage

The average cartage cost for tonnes produced $29.64/tonne.

Fees and Levies

Management Fees and FGC levies are summarised in the chart below:

Fees and Levies Cost Summary

		Total
November	Management	$38,279.37
	FGC levy	$2,120.98
Total		**$40,400.35**

Table 4: Fee's and Levies

Miscellaneous

Miscellaneous expenditure for the month totalled: Nil

Revenue

Log Sales

Gross log sales for the month are summarised below in table 6:

Month	Customer	Units	QTY	Revenue
November	SNP	Jas	5520.204	$729,745.42
	TPINE	Tonnes	1768.291	$197,187.83
	WPI	Tonnes	567	$30,051.00
Total			**7855.495**	**$956,984.25**

Table 5: Domestic & Export sales

During November we continued to supply Taranaki Sawmills (TSM) both pruned and sawlogs from Waikare Forest. Export grades were sold via New Plymouth port through Summit New Zealand with all pulp being sold on truck to Winstone Pulp International.

Log Markets

The domestic market is presently paying a lower price for pruned and sawlogs over the export equivalent.

Currently we sell approximately (15 loads) 450 tonne of pruned and sawlogs a week to Taranaki Sawmills (TSM). Over the past months we have benefitted from the higher domestic prices and as export prices lift, we will honour our supply agreements to TSM as it is important we remain a domestic supplier. During November 30% of the volume from Waikare Forest was sold domestically including pulp.

Market sentiment in China is looking good into December and beyond. November inventories on Chinese ports are down slightly to 2.8mil m^3. The current daily off take has reduced to - 43,000m^3/day as a result of heavy snowfalls in the northern part of China.

Grade Recovery

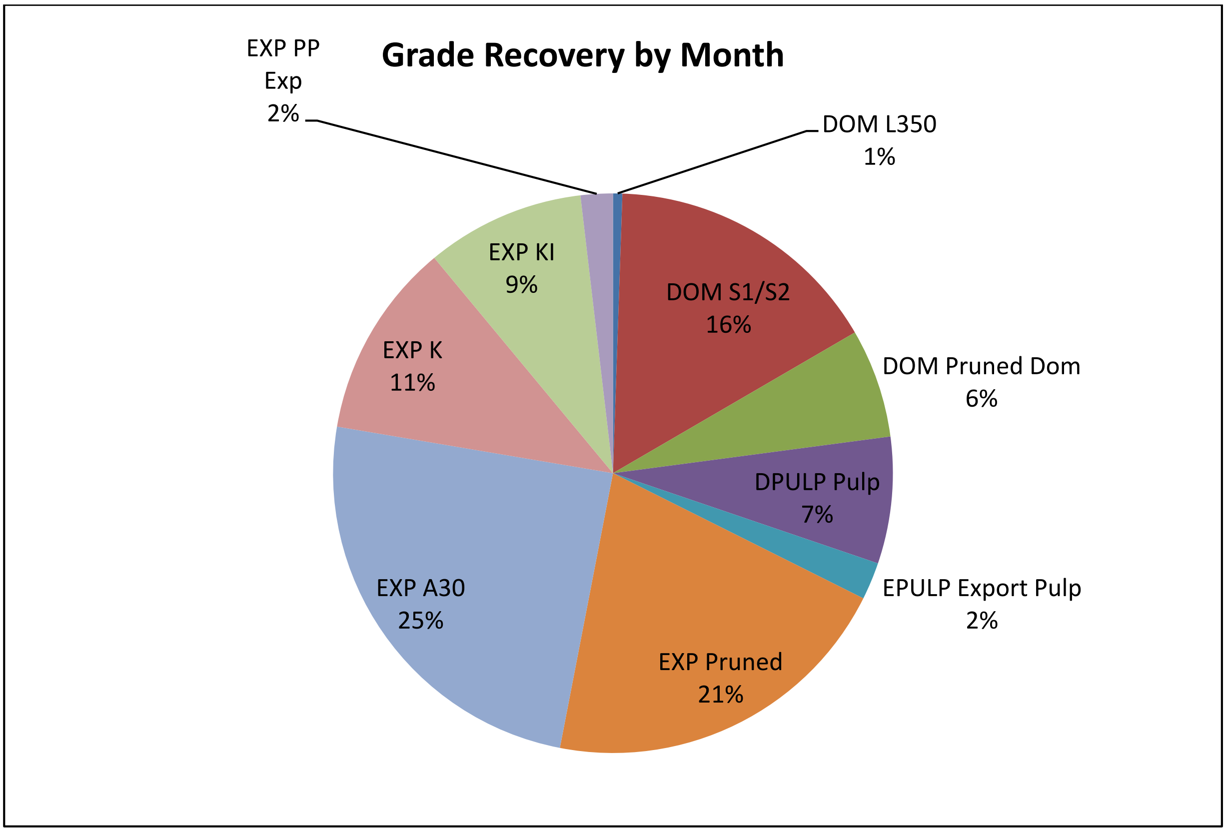


Chart 1: Grade Recovery by Month (November)

During November we have reduced the domestic sales while maintaining our commitments to TSM and have introduced KIS grade (export pulp) to reduce the domestic pulp as this is now viable.

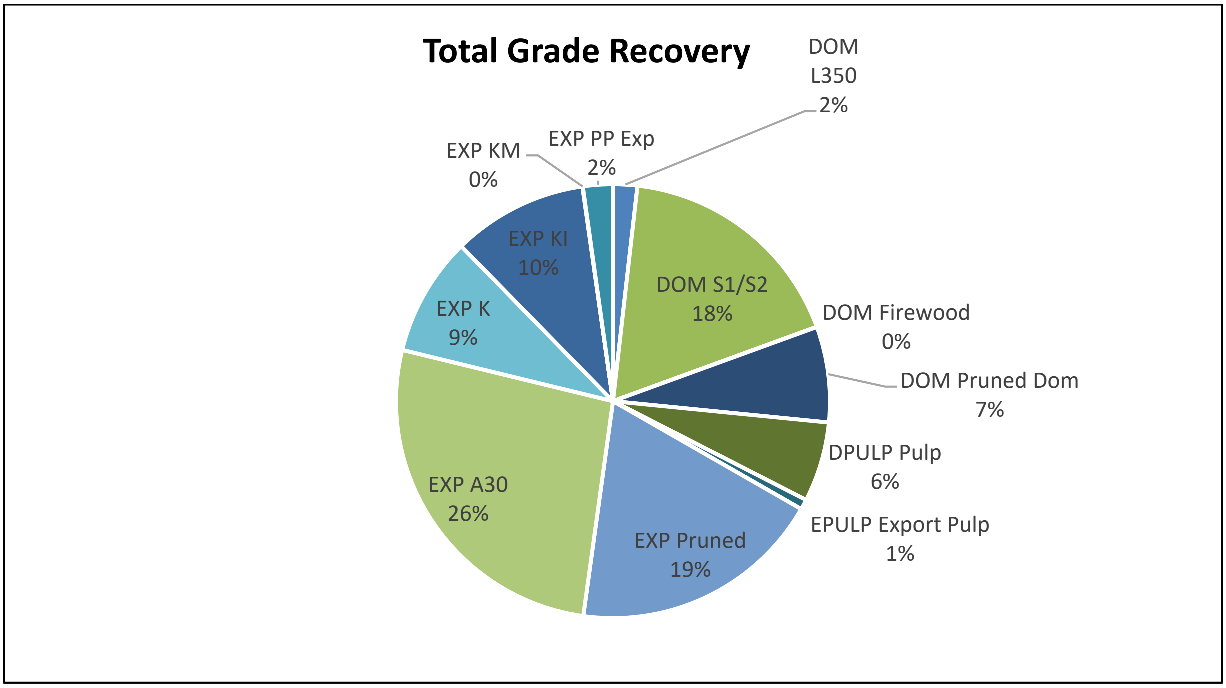


Chart 2: Total Grade Recovery (Project to date)

Shipping volume for last three vessels

The vessel Bunun Ace completed loading 5,232 Jas m_3 at the Port of Taranaki on the 27th November.

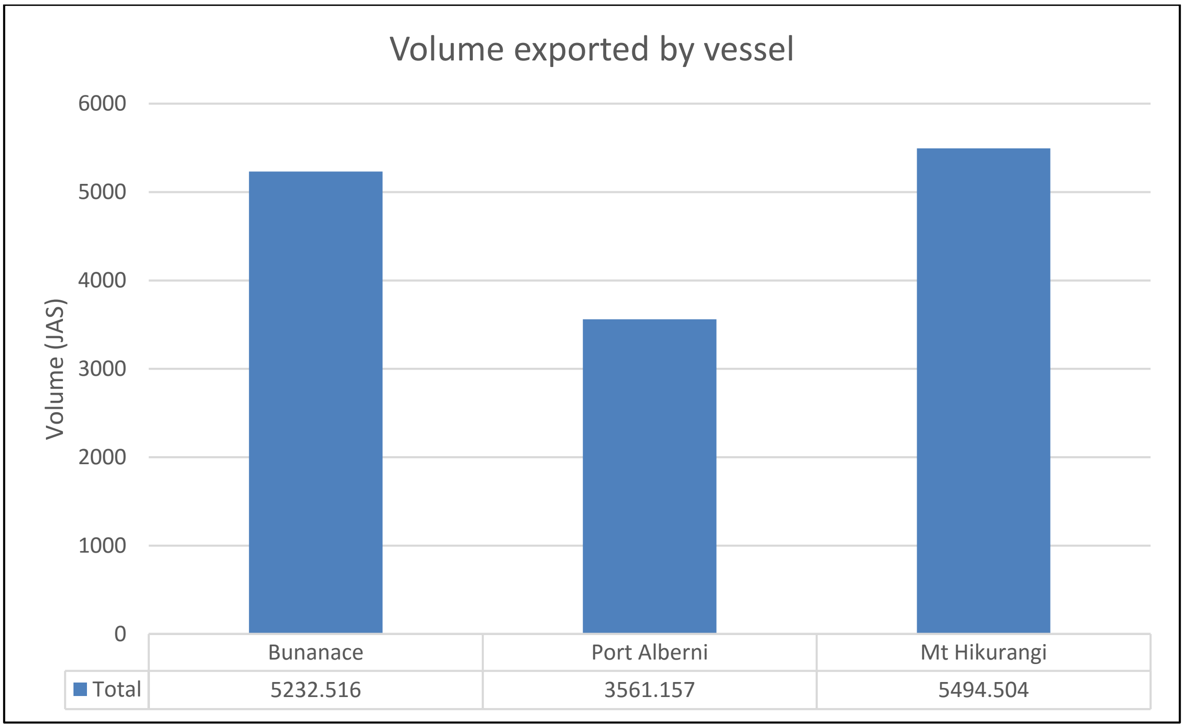


Chart 3: Last three vessels to leave Port of New Plymouth

The next ship due into port is the Kaiti Hill due on 21st December.

Washup

The final wash-up for the vessel Bunun Ace will be covered in the December report.

Net Revenue

Net revenue for November and net project revenue is illustrated in table 8 below.

		Total
October	Net Monthly Income	$321,086.66
	Net income to date for project	$738,810.89

Table 6: Revenue

Kind Regards,

Ian Bell,
Harvesting Manager

Appendix 1 Harvesting Financial Summary

Forest Management New Zealand Ltd

Harvesting Financial Summary

Waikare Forest Partnership

01/11/2015 to 30/11/2015

Paid to bank account # 02 0792 0001123 000

GST # 051 665 716

SALES					
Type	**Grade**	**Tonnes**	**Jas (m3)**	**Sales Price**	**Gross Revenue ($)**
Domestic					
Pruned Dom	P1	478.10		$164.00	$78,407.58
Pruned Dom	P1X	9.37		$123.00	$1,151.89
L350	B35	41.62		$87.00	$3,620.94
S1/S2	A300	1,245.04		$92.00	$114,543.68
TOTAL DOMESTIC SALES		**1,774.12**			**$197,724.10**
Domestic Pulp					
Pulp	Pulp	567.00		$53.00	$30,051.00
TOTAL DOMESTIC PULP SALES		**567.00**			**$30,051.00**
Downgrade					
Downgrade	Dom Reject	-5.83		$92.00	-$536.27
TOTAL DOWNGRADE SALES		**-5.83**			**-$536.27**
Export					
PP Exp	PP 3.9		156.883	$132.00	$20,708.56
Pruned Exp	P30 3.9		161.259	$142.00	$22,898.78
Pruned Exp	P30 5.1		154.153	$142.00	$21,889.73
Pruned Exp	P30 5.9		100.868	$142.00	$14,323.26
Pruned Exp	P40 3.9		342.882	$184.00	$63,090.29
Pruned Exp	P40 5.1		316.709	$184.00	$58,274.46
Pruned Exp	P40 5.9		608.243	$184.00	$111,916.71
A30	A 3.8		1,136.053	$119.00	$135,190.31
A30	A 5.8		813.297	$119.00	$96,782.34
K	K 3.8		502.843	$111.00	$55,815.57
K	K 5.8		340.244	$111.00	$37,767.08
KI	KI 2.9		352.366	$104.00	$36,646.06
KI	KI 3.8		372.156	$104.00	$38,704.22
TOTAL EXPORT SALES			**5,357.956**		**$714,007.37**
Export Pulp					
Export Pulp	KIS 3.8		162.248	$97.00	$15,738.06
TOTAL EXPORT PULP SALES			**162.248**		**$15,738.06**
TOTAL		**2,335.29**	**5,520.204**		**$956,984.25**

Harvesting Financial Summary (Continued)

FEES	
FMNZ Management Fee @ 4%	$38,279.37
TOTAL FEES	**$38,279.37**
LEVIES	
Forest Grower Commodity Levy @ $0.27	$2,120.98
TOTAL LEVIES	**$2,120.98**
COSTS	
Harvesting	$259,770.00
Cartage	$229,562.76
Weighbridge	$2,799.81
Bridge Constructions (Farmlands Inv-1020405)	$103.64
Gap100C x 400 (Maxwell Quarry Inv-1950)	$6,200.00
Gap100C X 180 (MaxwellQuarry Inv-1951)	$2,790.00
Gap100 Course x 40 (Maxwell Quarry Inv-1595)	$620.00
Culvert Bags x 120 (Mastermix Inv-23354)	$1,092.00
Waratahs (Farmlands Inv-1024257)	$115.65
Gap100 C (Maxwell Quarry Inv-1968)	$1,100.50
Coupling/Galv Pipe (Hynds Inv-020264691)	$2,306.00
Coupling/Galv Pipe (Hynds Inv-020264691)	$2,306.00
Freight (Hynds Inv-020264691)	$50.00
Freight (Hynds Inv-020264691)	$50.00
Stockpile Hope Road (R&L Inv-2145)	$10,019.50
Non-woven Polyester Rolls (DickieDirect Inv-2837)	$1,800.00
Non-woven Polyester Rolls (DickieDirect Inv-2837)	$1,800.00
Culvert Cartage (RLF Inv-2134)	$90.00
Culvert Cartage (RLF Inv-2134)	$90.00
Railway Irons (RLF Inv-2138)	$134.38
Formation (CCL Inv-0029)	$5,382.00
Formation (CCL Inv-0029)	$6,500.00
Spread from Stockpile (CCL Inv-0029)	$1,800.00
Spread From Stockpile (CCL Inv-0029)	$1,800.00
Spread from Stockpile (CCL Inv-0029)	$426.00
2 Stage (CCL Inv-0029)	$1,220.00
Pad Formation -6d (CCL Inv-0029)	$2,750.00
Pad Formation -18c (CCL Inv-0029)	$2,750.00
Landing Formation (CCL Inv-0029)	$6,000.00
Pad Formation 48a (CCL Inv-0029)	$2,750.00
Grading Gillingham Road (CCL Inv-0029)	$368.00
Grading Hil Road (CCL Inv-0029)	$216.00
Grading Willis Road (CCL Inv-0029)	$216.00
Install 1m Culvert (CCL Inv-0029)	$1,524.00
Install 1m Culvert (Gillingham Road) CCL Inv-0029	$320.00
Roll Hil Road (CCL Inv-0029)	$180.00
Rol Willis Road (CCL Inv-0029)	$180.00
Landing formation - 46 (CCL Inv-0029)	$5,400.00
Landing Formation - 45 (CCL Inv-0029)	$6,777.00
Landing Formation - 47 (CCL Inv-0029)	$5,238.00

Harvesting Financial Summary (Continued)

Rehab downstream of 2nd container (CCL Inv-0029)	$1,136.00
Prep for 1m culvert - Gillingham (CCL Inv-)	$448.00
Two stage access (CCL Inv-0029)	$1,088.00
Open Inlet (CCL Inv-0029)	$160.00
Level & drain skid 18 (CCL Inv-0029)	$1,104.00
Pad Formation - 46a (CCL Inv-0029)	$3,472.00
Rehab drainage - 46 (CCL Inv-0029)	$272.00
Stream cleanout (CCL Inv-0029)	$384.00
Pad Formation - 45a (CCL Inv-0029)	$4,272.00
Drain and corduroy (CCL Inv-0029)	$4,240.00
Install deadman -Pad 6A (CCL Inv-0029)	$992.00
Burn & Level (CCL Inv-0029)	$3,104.00
Rehab drainage (CCL Inv-0029)	$480.00
Credit on overcart (HLL Inv-0011)	-$252.00
TOTAL COSTS	**$595,497.24**
TOTAL FEES, LEVIES & COSTS	**$635,897.59**

NET INCOME CURRENT MONTH	**$321,086.66**
GST	**$48,163.00**
NET INCOME CURRENT MONTH (INCLUDING GST)	**$369,249.66**

Appendix 2 Waikare Forest (November Washup)

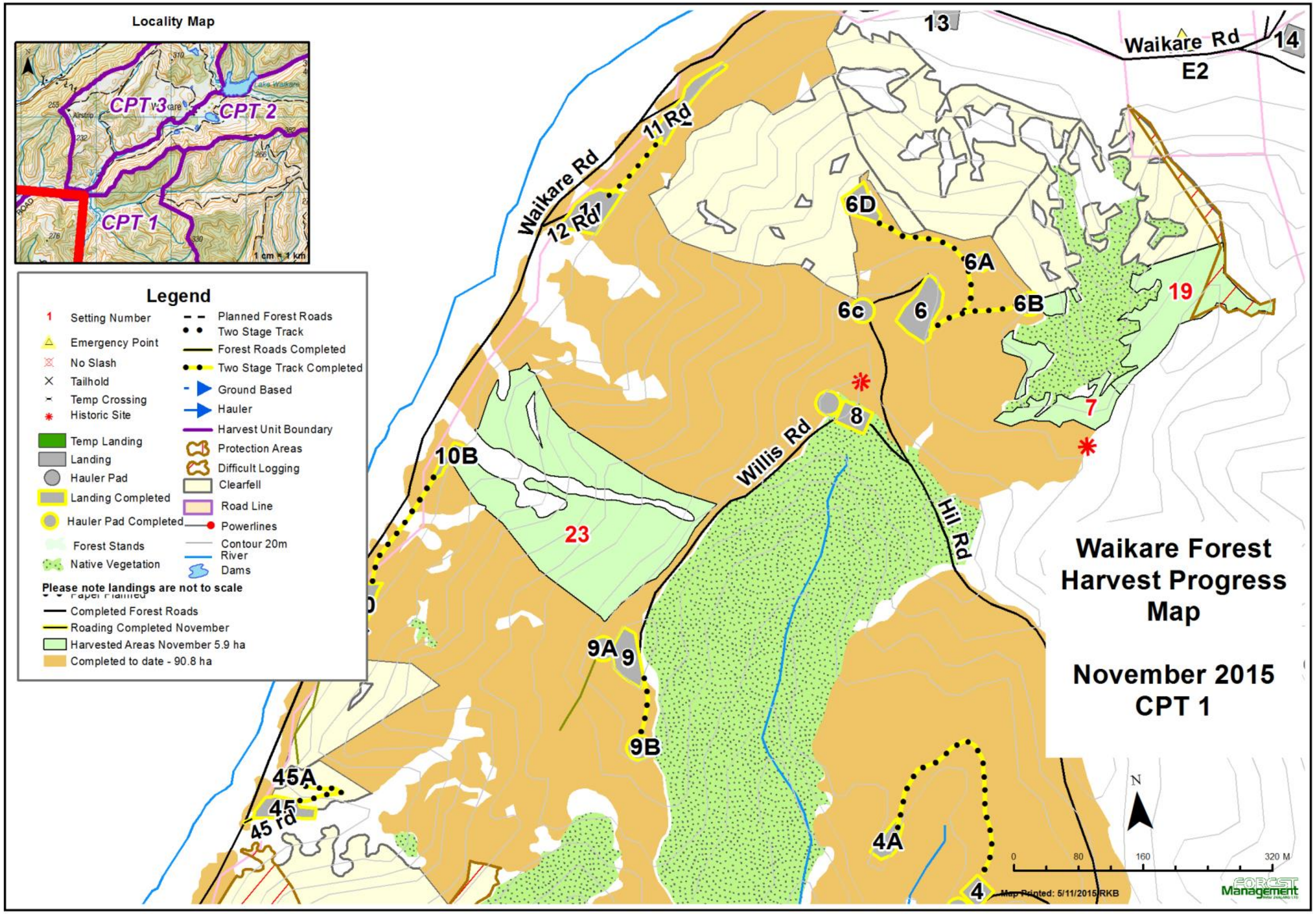
No washup this month.

Appendix 3 Waikare Forest-Cashflow Summary (November)

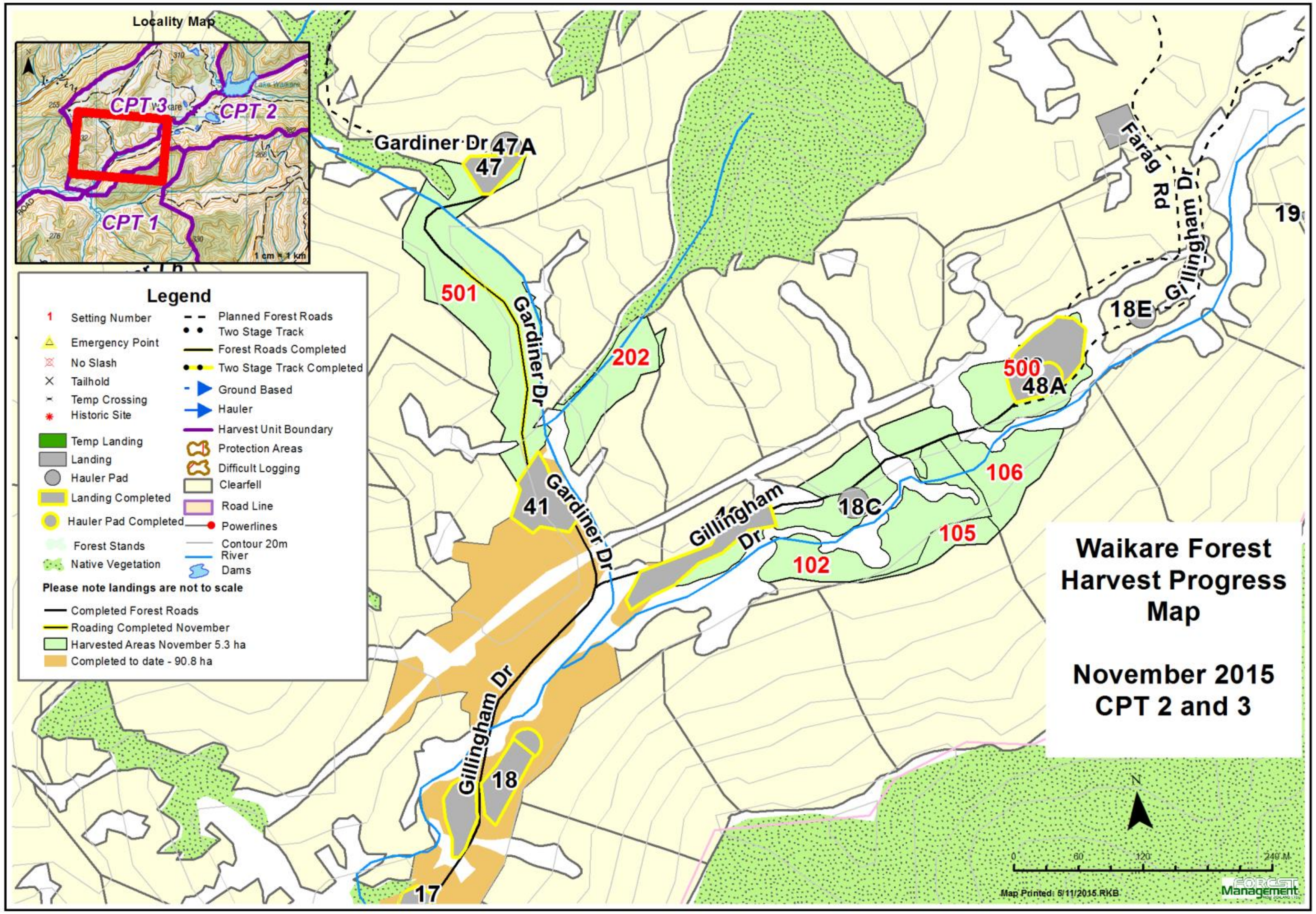
		2015	2016									Volume Totals
		February	March	April	May	June	July	August	September	October	November	
Volume	Washup Volume	1275.24	5054.26	3268.86	2127.49	1026.80		4673.10	3561.16	5494.50		26481.42
	Downgrade Qty			7.26	23.76	7.62	11.05	5.13	1.56	32.74	15.19	104.31
	Jas	1275.24	5059.13	3271.38	2145.12	3277.49	3203.38	2881.39	3184.72	4030.09	5520.20	33848.15
	Owner Qty	1275.24	5270.59	4327.32	3643.25	4824.08	5524.23	5217.59	5419.87	6463.85	7855.50	49821.52
	Tonnes	1206.69	5055.77	4286.28	3694.69	4898.82	5657.21	5295.90	5501.63	6475.11	7746.00	49818.10
	Weighbridge Qty	1206.69	4873.54	4050.77	3521.81	4902.29	5376.41	4826.00	4959.49	5961.99	7179.00	46857.99

		2015	2016									Net Income
		February	March	April	May	June	July	August	September	October	November	
Income	Log Sales	155,373.78	556,679.25	389,350.94	402,863.86	518,364.34	607,305.05	553,579.73	549,832.82	747,206.45	956,984.25	$ 5,437,540.48
	Washup			22,713.65	(23,773.32)	9,860.68		14,283.62	(46,350.77)	53,483.93		$ 30,217.79
Income Total		$ 155,373.78	$ 556,679.25	$ 412,064.59	$ 379,090.54	$ 528,225.02	$ 607,305.05	$ 567,863.35	$ 503,482.05	$ 800,690.38	$ 956,984.25	$ 5,467,758.27
Harvesting	Cartage - Overweight loads								$ 2,227.45	$ 207.84	$ 252.00	$ 2,687.29
	Cartage - Trans Shipping								300.00			$300.00
	Cartage - Truck	36,804.05	153,883.73	129,310.26	109,237.38	145,349.08	166,060.09	155,439.57	162,838.95	191,625.59	229,562.76	$1,480,111.45
	Establishment - harvesting	14,957.50	5,400.00	4,760.00			3,400.00					$28,517.50
	Logging	39,820.77	163,033.96	137,077.38	118,812.93	161,328.75	181,615.17	166,306.50	181,714.25	216,366.45	259,770.00	$1,625,846.16
	Logging - Hourly	7,240.00				-						$7,240.00
	Weighbridge	663.68	2,687.17	1,578.34	1,373.51	1,911.89	2,097.19	1,882.14	1,934.20	2,325.18	2,799.81	$19,253.11
Harvesting Total		$99,485.99	$325,004.85	$272,725.98	$229,423.81	$308,589.72	$353,172.45	$323,628.21	$344,559.95	$410,109.38	$491,880.57	$3,158,580.92
Fees	FGC levy	344.32	1,423.06	1,168.38	983.68	1,302.50	1,491.54	1,408.75	1,463.36	1,745.24	2,120.98	$13,451.81
	Management	6,214.95	22,276.75	15,574.04	16,114.55	20,759.83	24,291.99	22,143.19	21,993.31	29,888.26	38,279.37	$217,536.24
	Management - Washup			908.12	$ 960.51	394.08		584.43	$ 1,844.06	2,205.60		$ (1,287.66)
Fees Total		$6,559.27	$23,699.81	$17,650.53	$16,137.72	$22,456.41	$25,783.54	$24,136.37	$21,612.62	$33,839.10	$40,400.35	$232,275.72
Engineering	Bidem					785.90			1,620.00			2,405.90
	Bridge Construction							28,530.00	6,981.00	8,998.80	398.02	$44,907.82
	Corduroy		10,255.00	1,755.00	8,180.25	800.00		3,967.50	1,920.00	8,857.00		35,734.75
	Culverts		17,280.00	3,456.00		8,736.00		5,802.00	2,956.00	9,956.68	8,111.65	56,298.33
	Culverts - Freight		420.00			900.00		100.00	130.00		280.00	1,830.00
	Establishment - Engineering	4,530.00		3,200.00					605.00			8,335.00
	Fluming				1,644.71	1,300.00		200.00	400.00			3,544.71
	Geotextiles					1,326.50					3,600.00	4,926.50
	Labour				240.00					600.00		840.00
	Landings	32,000.00	8,000.00	5,700.00	8,000.00		16,000.00	8,000.00	12,000.00	7,890.00	23,415.00	121,005.00
	Loadout Bay Metal									810.00		$810.00
	Metal Lime		20,412.00									20,412.00
	Metal Rock			21,681.00	28,404.00	18,495.00	30,523.50	25,892.00	31,841.00	15,657.50	10,710.50	183,204.50
	Other	1,868.00			2,401.14			242.60				4,511.74
	Pads	8,505.00	5,670.00	5,670.00	5,475.00	900.00	5,670.00	2,835.00		2,750.00	15,994.00	53,469.00
	Pads - Deadman		2,800.00	740.00	1,200.00	780.00		600.00	1,072.00	1,872.00	992.00	10,056.00
	R&M			8,612.50	16,940.50	6,282.00			2,910.00			34,745.00
	R&M - Culverts Maintenance						2,979.00	8,081.00		9,070.00		$20,130.00
	R&M - Event Cleanup					14,619.00	2,859.00		1,952.00			19,430.00
	R&M - Metal										360.00	$360.00
	R&M - Road Maintenance						4,080.00	5,170.00	6,240.00	2,880.00	800.00	$19,170.00
	Rehab									1,683.00		$1,683.00
	Rehab - Drainage	585.00	2,520.00			400.00			3,792.00	544.00	2,272.00	10,113.00
	Rehab - Environmental		15,900.00	382.95	1,280.00	1,320.00	88.00	88.00		4,008.00	3,104.00	26,170.95
	Rehab - Skids/Pads			1,816.00				1,210.00		10,944.00	5,344.00	19,314.00
	Road Formation		89,944.78	30,848.96	20,174.60	10,221.40	22,737.40	9,595.60	7,020.00	11,466.00	11,882.00	213,890.74
	Spread from stockpile					6,556.00	9,884.00	9,006.00	12,038.00	6,070.00	4,026.00	47,580.00
	Trucks - Cart & Dump					15,863.00	24,447.00	20,396.70	2,755.50	13,296.50	10,019.50	86,778.20
	Trucks - Cart & Spread		29,749.00	29,551.00	43,116.00	4,851.00	9,471.00	7,645.50	30,998.90	2,508.00		157,890.40
	Two Stage		4,440.00	3,260.00	14,687.00	1,088.00	5,451.00	1,780.00			2,308.00	33,014.00
	Upgrade Roads	56,386.00	3,888.00			1,564.00						61,838.00
Engineering Total		$103,874.00	$211,278.78	$116,673.41	$151,743.20	$96,787.80	$134,189.90	$139,141.90	$127,231.40	$119,861.48	$103,616.67	$1,304,398.54
Miscellaneous	Consents	26,391.79				1,869.30		730.00				$28,991.09
	Consumables	652.32			118.60		835.80	45.50				$1,652.22
	Other	1,389.70	26.40	827.23	66.00	434.78	40.94		263.84			$3,048.89
Miscellaneous Total		$28,433.81	$26.40	$827.23	$184.60	$2,304.08	$876.74	$775.50	$263.84			$33,692.20
Net Income		($82,979.29)	($3,330.59)	$ 4,187.43	($18,398.79)	$ 98,087.01	$ 93,282.42	$ 80,181.37	$ 9,814.24	$ 236,880.42	$ 321,086.66	$ 738,810.89

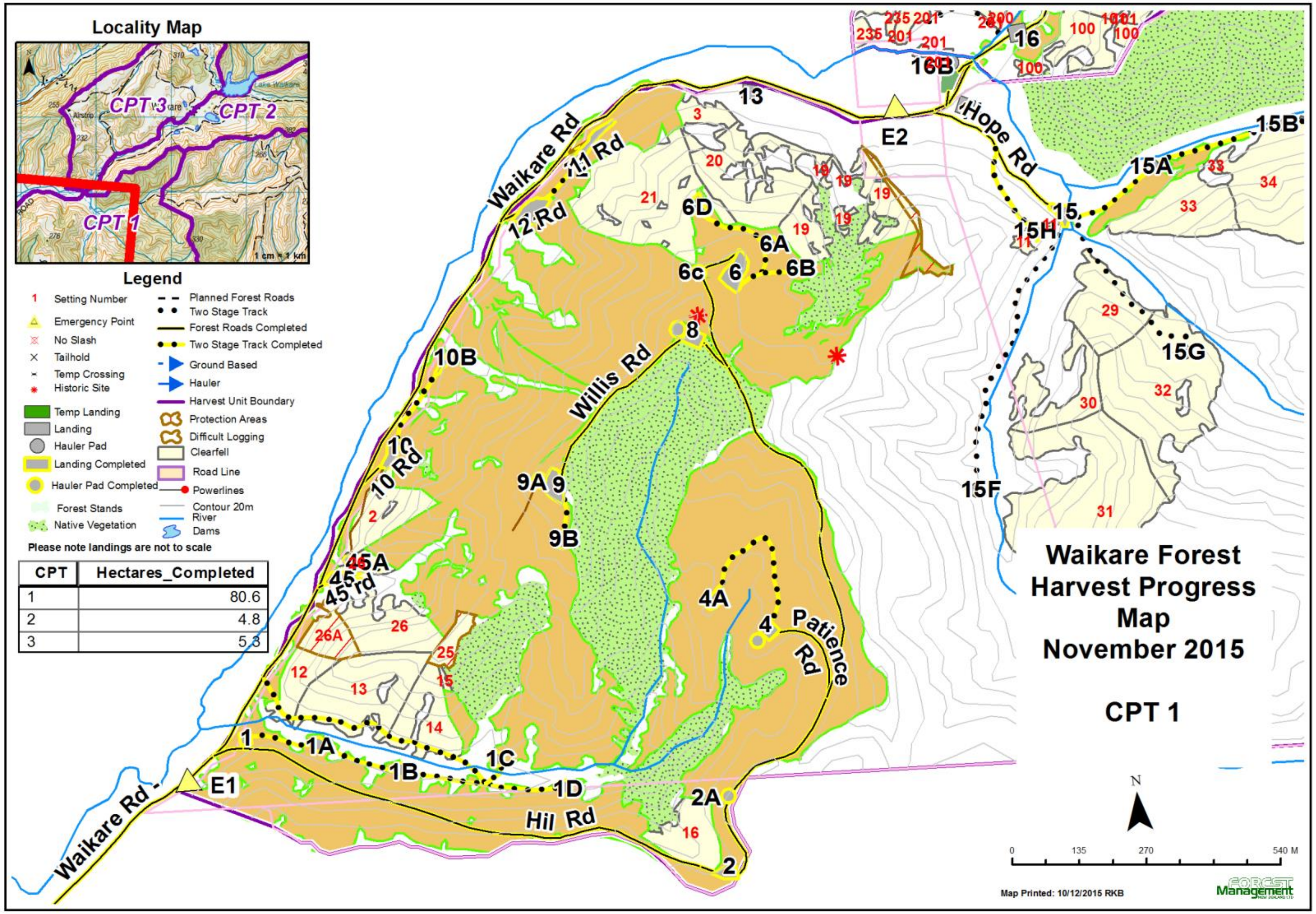
Appendix 4 Waikare Harvest Map (Southern Harvest Plan)



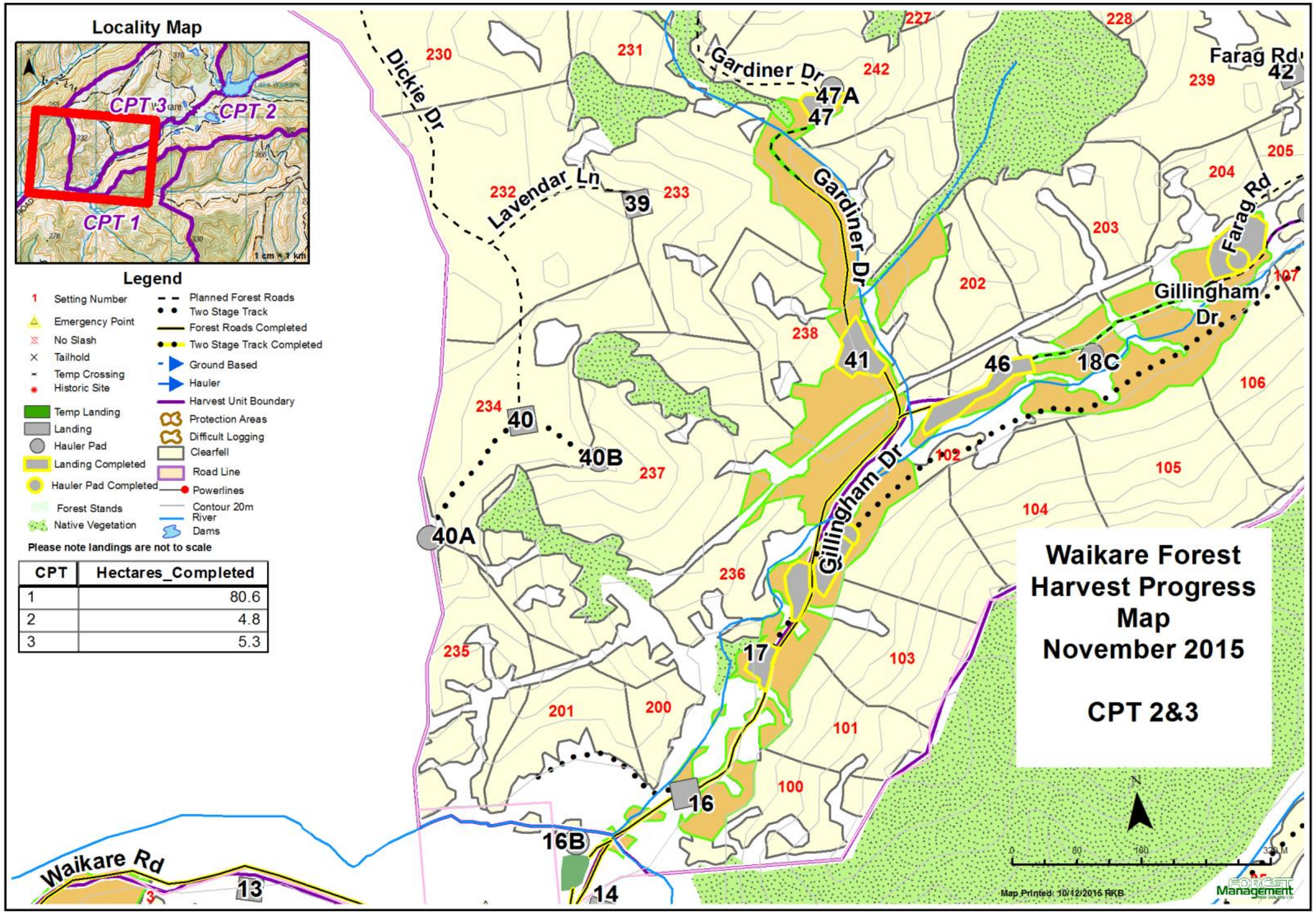
Appendix 4 Waikare Harvest Map (Northern Harvest Plan)



Appendix 5 – Harvest Progress Map



Appendix 5 – Harvest Progress Map continued



CPT	Hectares_Completed
1	80.6
2	4.8
3	5.3