

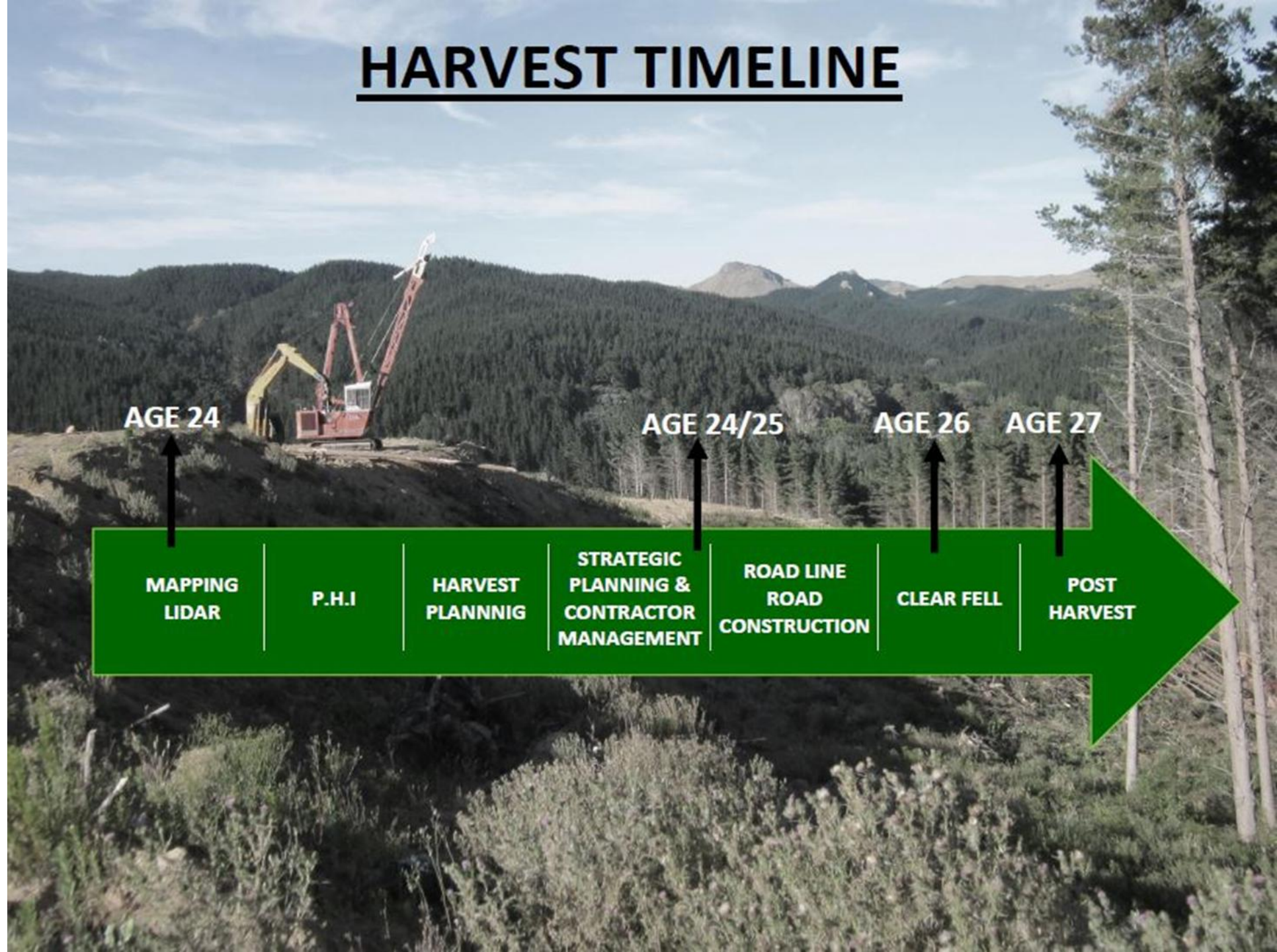
FOREST AGMS 2018

• Bayview

TOPICS COVERED

- Progress Report
- Harvesting
- FMNZ Harvesting and wood supply update
- Log Market Update

HARVEST TIMELINE



Progress Report

- **Bayview**
 - Upgraded main road into Bayview
 - Quarry exploration
 - Road line stripping started
- **Eskdale**
 - Roadline stripping
 - Road construction



Bayview Roadlining March 2018

Total Area Cleared to date 2.6 ha



Bayview Road Construction March 2018

Eskdale Roadlining March 2018

Total Area Cleared to date 14.3 ha



Eskdale Road Construction March 2018



An aerial photograph of a forest harvesting site. A central area of the forest has been cleared, showing brown soil and a pile of harvested logs. A green machine, likely a skidder or log skidder, is visible in the cleared area. The surrounding forest is dense with green trees. The word "Harvesting" is overlaid in large, green, outlined letters.

Harvesting

- Tenders for Harvesting Awarded
- Harvest Timing
- Harvest Budgets
- Harvest Reporting - Activity Report, Clearfell Report
- Payments - Road Lining and Clearfell

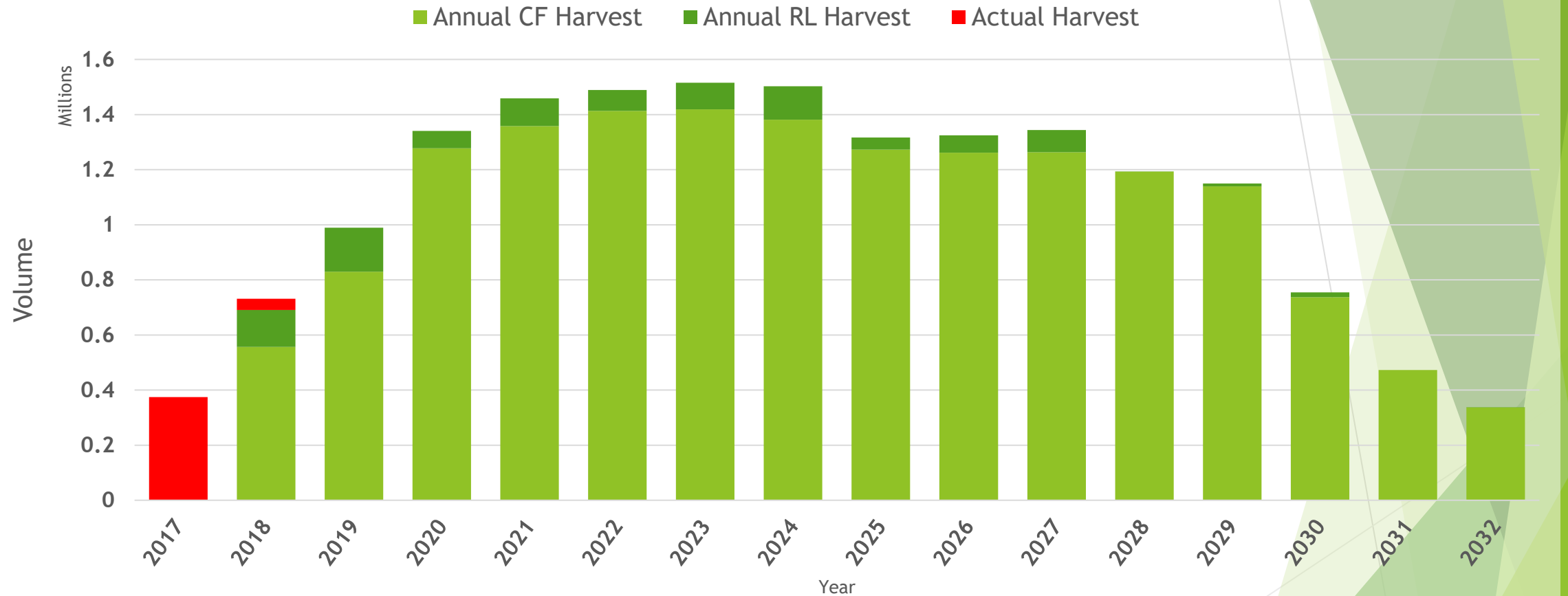
National Environmental Standard Plantation Forestry NESPF - Update

- ▶ Covers eight core plantation forestry activities
- ▶ Afforestation, Pruning and Thinning to Waste, Earthworks, River Crossings, Forest Quarrying, Harvesting, Mechanical Land Preparation, Replanting
- ▶ Does not cover, Plantation forestry activities outside the forest boundary e.g. effect of logging trucks on public roads,
- ▶ Three tools available to help determine when consents are required:
 - ▶ Erosion Susceptibility Classification
 - ▶ Wilding Tree Risk Calculator
 - ▶ Fish Spawning Indicator
- ▶ Marks a significant change in the way forestry activities are managed
- ▶ Comes into effect 1 May 2018

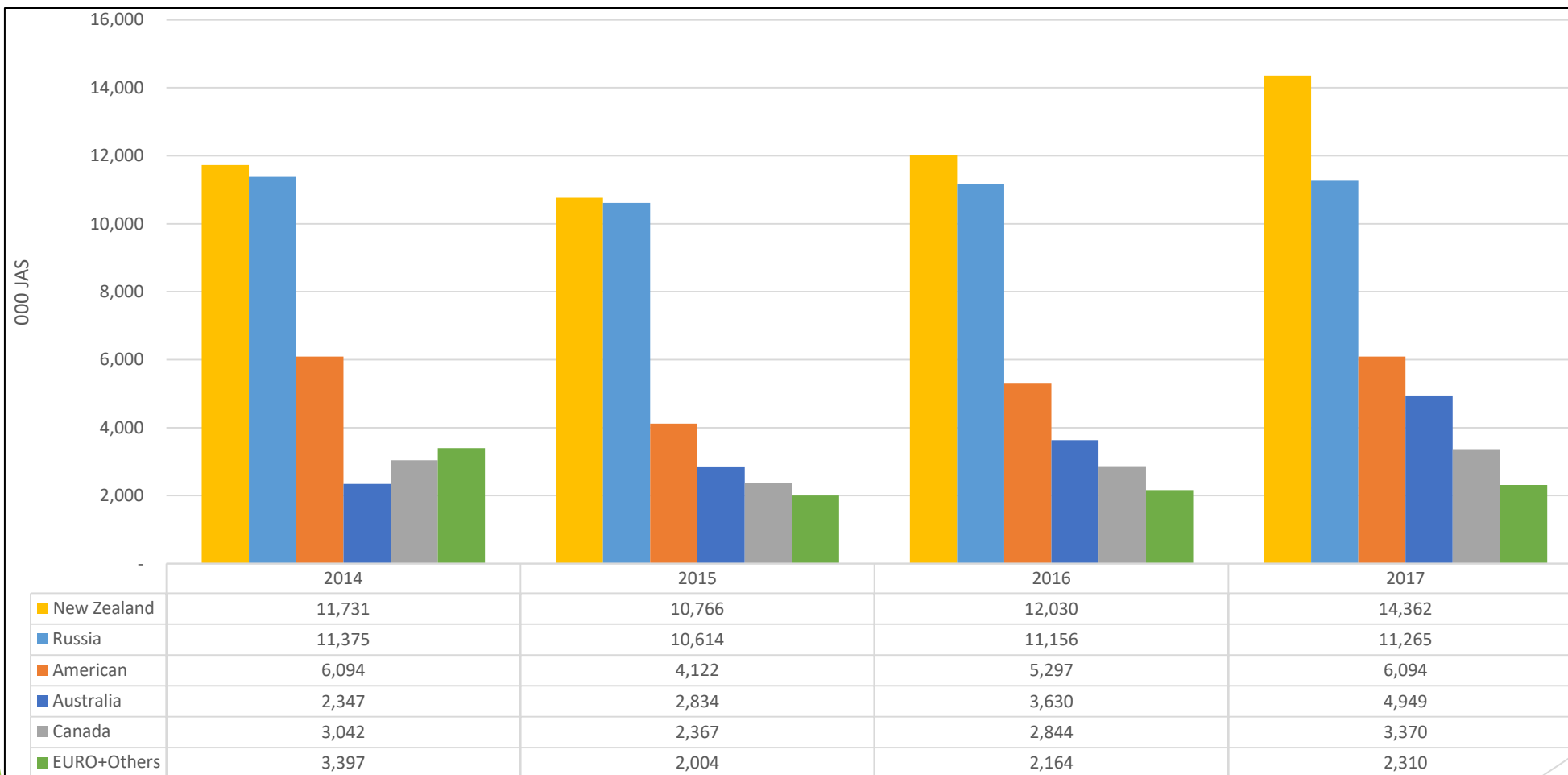
FMNZ Harvesting

- ▶ 385,000 T Harvested March 2017 - Feb 2018
- ▶ Forecast to Harvest 690,000 T this financial year
- ▶ Seven Harvesting Contractors Eleven Harvest Crews
- ▶ AWG sales to Gisborne, Napier and New Plymouth
- ▶ Domestic Sales Pruned, Pulp and Binwood - Pan Pac, Napier Pine, East Coast Lumber, Taranaki Pine.

Harvest Volume by Method



China Log Imports 2014-2017



Export

- ▶ China demand is steady -
- ▶ Korean and Indian supply is steady
- ▶ Pricing influenced by exchange rate and ocean freight rates

HISTORIC TRENDS	CURRENT	1 WK	1 MTH	3 MTH	1 YR
SHIPPING					
BUNKER INDEX	398.5	▲	▲	+31	▲
CRUDE OIL	68.91	▲	▲	+6.86	▲
BHSI	628	▲	▲	+1	▲
CURRENCY					
NZD / USD	0.7148	▼	▼	-0.0068	▲
CHINA					
PORT STOCKS	5.1 mil m3		NA	▲	▼
OUT GOING	96.400m³/day		▲	+40.4k	▼
CFR (USD)	Flat		NA	▲	▲

Historical Price Chart

10 Year Combined Log Indicator

Combination of pruned, unpruned and pulp indicies for New Zealand

