

11th of October 2017
Monthly Progress Report – September

September Progress Report on SF Lapacho S.A.

Summary: 34 calves of 145 cows are already born, and calving season is in full session. The first load of 25 tons of charcoal has left the farm and production is ramping up. Three new Gelbvieh bulls have been acquired to be used for breeding with our Brahman cows.

**At the time of writing La Neruana has already received 19mm in October, entering next months reporting.*

Rain

Rainfall:	<u>June 2017:</u>	<u>July 2017:</u>	<u>August 2017:</u>	<u>September 2017:</u>	<u>July '17-June '18: (continuous)</u>
Estancia La Neruana	10 mm	10 mm	0 mm	0 mm	10

Water Supply

The main river reservoir is now empty and we have started using the borehole for water supply for the first time this year. With the raining season already starting in the Chaco we suspect that it will fill up again soon. It is incredible to see that we can entirely rely on the river reservoir for most of the year, and with the backup of the strong borehole water should never be an issue.



Traditional Values. Innovative Concept.

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Cattle

The cattle look well for this time the year, calving season is in full session. A total of 34 calves have been born this season, with one mortality. This is the first and only mortality on the farm to date.

3 additional bulls have been purchased which are necessary as our cow herd grows in numbers. They are all young Gelbvieh bulls of genetically high quality and will be used to breed with Brahman type cows.



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Charcoal

Charcoal production is currently in a ramp-up phase, with 11 ovens producing. The first 25 tons of coal have already been transported out to the market.

A total of 16 ovens will be build in two rows of 8 each, surrounded by a fence around the compound. Strict rules and guidelines are in place to ensure the production is carried out correctly and environmentally correct, including littering, alcohol, and using any other owwd besides the rests on the pastures being completely prohibited among others.

We foresee a production of at least 60 tons per month once full capacity is reached.





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Following the standardized monthly farm report...

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Loma Plata, Spetember 2017		BG/30/09/17			
<u>MONTHLY REPORT</u>					
			Month: Septeber 2017		
Rainfall:	<u>June 2017:</u>	<u>July 2017:</u>	<u>August 2017:</u>	<u>September 2017:</u>	<u>July '17-June '18: (continuous)</u>
Estancia La Neruana	10 mm	10 mm	0 mm	0 mm	10 mm
Monthly steer price of FrigoChorti on the: 31st of September 2017					
<i>Current month (final day): exchange rate 5.590</i>				Past month: 5,551	
Price: Grs. 17,000 / US\$ 3.04				Price: Grs. 16.700 / US\$ 3.00	
Observations:					
<ul style="list-style-type: none"> Though dry and abundant the grass is starting to sprout again. 					
* <u>Cattle:</u>					
74 heifers have been purchased from Fabay S.A.					
Financing:	OPEX (Expense):		US\$ 1,371.39		
	CAPEX:		US\$ 0.00		
	Sold Livestock (income)		US\$ 0.00		
	Saldo-Coop. Account		US\$ 79.02		
CATTLE	Previous month total		152 head		
	Bought		74 head		

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	Died/ recalculated	0 head
	Consumed	0 head
	Sold	0 head
	Born	38 head
	Died (calves)	1 head
	New total	263 head
	Pregnancy rate-June 2017	N / A
<u>Office work</u>		
Spreadsheets on file and various responsibilities:		
*Receipts were copied and the originals have been sent to Laura Rovira the accountant with the farm staff salary lists.		
CAPEX:		
None.		
Documents:		
* <u>Medio Ambiente (Environment):</u>		
The environmental / forest registration from SEAM (secretary of environment) is being renewed and transferred to SF Lapacho S.A.		
* <u>Senacsa:</u>		
The 74 heifers and the two Brahman bulls have been registered with Senacsa		
* <u>Tractor:</u>		
The tractor title is awaiting a signature from the previous owner to finish transfer of title		

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**Farm:****Workers info:**

- Workers have cleaned brush and overgrowth from cattle pen 1b.
- A steel gate from pasture 2e was installed in the main alley to facilitate charcoal movement.
- The workers check the water pipe lines, tanque australiano (water reservoir) and the water troughs 2 times daily
- The workers have been checking the cattle two times a day and vaccinating the new born calves with vitamins.
- The workers rotate and count the cattle weekly.
- The wire gate from the main alley was installed where the steel gate in 2e was removed.

Mechanics and Machinery:

The generator has been tested in routine check and is functioning well.
The tractor and other machinery are in good working order.

Water System information:

The new float in trough 2e has failed due to corrosion, a replacement float has been installed.
A water pipe line has been installed to the charcoal production facility.
A new borehole pump has been purchased and installed, and it's working great.
The water system functions well overall.

Cattle report:

The new born calves have been vaccinated with vitamin.
The steers as well as the two bulls have been vaccinated with multivitamin.
The Cows as well as the new 74 heifers have been vaccinated with iodide.
Cattle are being rotated every seven days between pastures.
The cattle look good, classified number 2.
The new 74 heifers have been vaccinated against leptospirosis.
we have received 37 newborn calves from the 74 heifers and one new born from the existing cow herd.
The pasture looks very good and are turning green, classified number 2.

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Range for Cattle and Pasture report: (if number 5 or 6, give an explanation)

1. **Excellent**
2. **Very good**
3. **Good**
4. **Average**
5. **Weak**
6. **Unacceptable**
7. **Not usable due to resowing**

Other/ Diverse:

* Charcoal production:

12 charcoal burning ovens have been constructed 11 have been commissioned thus far. The first load of charcoal approximately 25ton has been removed from La Neruana.

Report on Projects:

None.

Foreseen Activities for the Near Future

- Another load of cattle is being purchased at the time of writing, and more will follow in the coming month.
- Charcoal ramp-up to be completed, we are evaluating to double the production to speed up the process and get the pastures clean of remaining wood rests.

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Pastures are recovering and turning green again

Thank you for your participation and confidence!
We are always available to discuss any questions.

Lennart Stahr

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