

August Progress Report on SF Lapacho S.A.

Summary: Brick ovens for charcoal are being set up. 74 pregnant Brahman cross-bred cows have been purchased and will be delivered on the 13th of September. Cleaning of cattle pens is almost completed with only three remaining.

Rain

Rainfall:	<u>May 2017:</u>	<u>June 2017:</u>	<u>July 2017:</u>	<u>August 2017:</u>	<u>July '17-June '18: (continuous)</u>
Estancia La Neruana	72 mm	10 mm	10 mm	0 mm	10

Water Supply

The large main reservoir is almost empty, but the elevated basin that feeds to the water troughs is still completely full with enough supply for approximately 5 more weeks. The level will be maintained by pumping from the borehole.



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Cattle

The previously 14 non-pregnant cows have been introduced with the bulls again. This is not common procedure under our management plan. However the previous owner did not have a proper breeding season, nor bulls and the cows that did not get pregnant in the first round had very young calves, which likely caused them not to conceive.

We have ordered 74 pregnant heifers that will be purchased and transported this week. We further plan on purchasing about 120 weaners this month.

To date, we have not had any mortality in our livestock.



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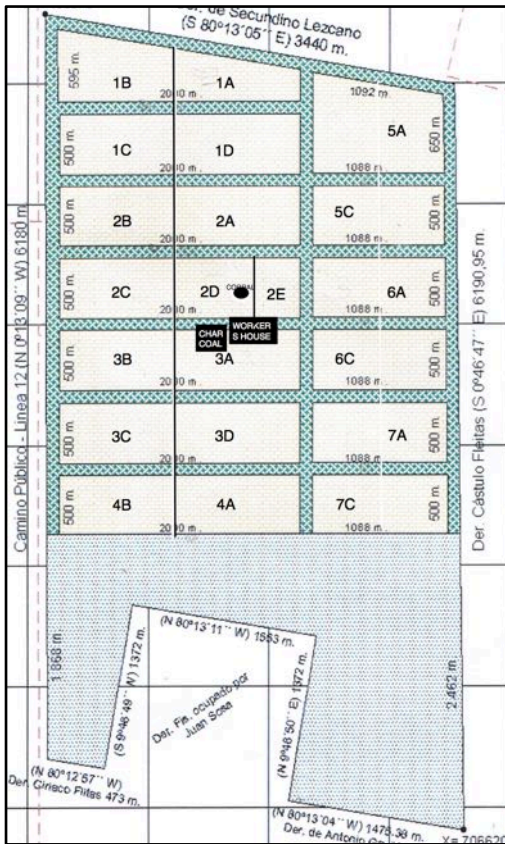


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Main Entrance and Sign



Pasture Labels and Water/Rotation Systems



The following map shows the design and label of each pasture. Each number represents a water trough and pen system, each letter the individual pasture in that system.

In systems 5 to 7 we plan to eventually divide the systems and pastures as indicated by the transparent line, which is why the current pastures here are named A and C (rather than A and B). Once the systems are divided they will follow the same pattern as system 1 through 4 with smaller pastures.



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Following the standardized monthly farm report...

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Loma Plata, August 2017		BG/30/08/17			
MONTHLY REPORT					
					Month: August 2017
Rainfall:	<u>May 2017:</u>	<u>June 2017:</u>	<u>July 2017:</u>	<u>August 2017:</u>	<u>July '17-June '18: (continuous)</u>
Estancia La Neruana	72 mm	10 mm	10 mm	0 mm	0 mm
Monthly steer price of FrigoChorti on the: 31st of August 2017					
<i>Current month (final day): exchange rate 5.566</i>					Past month: 5,551
Price: Grs. 16,700 / US\$ 3.00					Price: Grs. 16.100 / US\$ 2.90
Observations:					
<ul style="list-style-type: none"> Though dry and abundant the grass is starting to sprout again. 					
* Cattle:					
No livestock bought or sold. Cattle ordered will enter in next report.					
Financing:	OPEX (Expense):		US\$ 1,656.05		
	CAPEX:		US\$ 0.00		
	Sold Livestock (income)		US\$ 0.00		
	Saldo-Coop. Account		US\$ 42.85		
CATTLE	Previous month total		152 head		
	Bought		0 head		
	Died/ recalculated		0 head		

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	Consumed	0 head
	Sold	0 head
	Born	0 head
	Died (calves)	0 head
	New total	152 head
	Pregnancy rate-June 2017	N / A
<u>Office work</u>		
Spreadsheets on file and various responsibilities:		
*Social security IPS is paid. *Receipts were copied and the originals have been sent to Laura Rovira the accountant with the farm staff salary lists. * All monthly accounting has been updated.		
CAPEX:		
CAPEX projects No. 3 (Grader blade and top link) and No.4 (Entrance sign and signs) have been completed.		
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>Farm:</u>		
Workers info:		
Workers have cleaned cattle pens 2a, 2b, 1b and 1c. The workers check the water pipe lines, tanque australiano (water reservoir) and the water The workers check the cattle daily. The workers rotate and count the cattle weekly. Fences and gates are inspected three to four times a week for breaks, fallen trees etc. A large branch broke off from high winds and has been removed from the area.		

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**Mechanics and Machinery:**

The roadwork from the cattle working facility to the water reservoir has started.

Water System information:

The water valve in the water trough in cattle pen 1b has had to be repaired due to corrosion.

Cattle report:

The cattle have all been vaccinated with modificador (Multivitamin).

All cattle have been vaccinated against foot and mouth disease as well as rabies.

The cows have been vaccinated with vitamins A,D and E.

The heifers have been vaccinated against brucellosis.

The cattle was treated with a pour-on anti parasite.

Calves have been re-categorized to weaners- male and female up to 1 year of age.

The cattle look good, classified number 2.

The pasture is still mostly yellow but already strong regrowth and volume, classified number 2.

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:

The final version of the farm layout / pasture numbering was done and corresponding pasture numbers had been put on the poles next to the water place gates.

*** Charcoal production:**

A meeting was held with the contractor, Heinz Penner on the farm to discuss the details of the arrangement

It was determined that there will be 14 to 16 charcoal burning ovens constructed on the side of pasture 3a in 2 rows until the end of the year.

An authorization for Mr. Penner to pick up the permits is to be obtained.

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Report on Projects:

Grading and rebuilding of roads is mostly completed, the grader blade functions well. The entrance sign as well as the pasture signs have been installed.

Foreseen Activities for the Near Future

- The main focus of the coming month will be to purchase more cattle.
- Charcoal production will continue with the collection of wood in the coming months.
- Roads continue to be cleaned of pasture and re-shaped where water has caused damage.



The Lapacho tree

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

Lennart Stahr

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