

7th of July 2017  
Monthly Progress Report – June

## June Progress Report on SF Lapacho S.A.

**Summary:** All arrangements for the charcoal exploration have been finalized and the process is to be started this week. The pregnancy rate has been tested this month and found to be at 81.8% (more info below). A new polidozer / grader blade has been bought for road maintenance and earth moving, to be used with the current tractor.

### Rain

Rainfall:	-	<u>April 2017:</u>	<u>May 2017:</u>	<u>June 2017:</u>	<u>July '16-June '17:</u> <u>(continuous)</u>
Estancia La Neruana		205 mm	72 mm	10 mm	1047

### Water Supply

One of the two solar pumps is located inside the borehole to pump subterranean fresh water if the reservoir ever gets empty. This pump has recently failed occasionally, a mechanic is ordered to check on it. The main reservoir still has ample reserves of water, so this is not a problem at this time. Below is an image of the reservoir, about 3 meters of water depth is remaining.




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## **Polidozer / Grader Blade**

Due to the strong overgrowth of internal roads and some damage caused by the above average rain season the decision has been made to buy a polidozer / grader blade. This implement is pulled behind the tractor and can be adjusted in height, width, and angle to move earth and repair roads. It will carry an acquisition cost of USD 1,250.00, the purchase will be completed in July for accounting purposes.



## **Signs**

- A small sign with a letter along with a number will be placed next to the gate of each pasture, allowing for the creation of structured rotation systems for pasture management on the farm. Each heard gets assigned to a system (ex. A) and gets rotated weekly through 4 pastures (ex. Pasture 2). This also makes communication easier, as each pasture field has its designated “name”, in case a certain one needs attention, etc.:



- We also designed an entrance sign (made from hardwood) for the farm, this will help truck drivers and visitors find the entrance. This is the approximate design:



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*Following the standardized monthly farm report...*

 <b>Southern Farmlands</b> Traditional Values. Innovative Concept.		 <b>Southern Connections</b> Agro Consulting & Management	
Loma Plata, June 2017		BG/30/06/17	
<b><u>MONTHLY REPORT</u></b>			
		<b>Month: May 2017</b>	
<b>Rainfall:</b>	-	<b>April 2017:</b>	<b>May 2017:</b>
		<b>June 2017:</b>	<b>July '16-June '17: (continuous)</b>
<b>Estancia La Neruana</b>		205 mm	72 mm
		10 mm	1047 mm
<b>Monthly steer price of FrigoChorti on the: 30<sup>th</sup> of June 2017</b>			
Current month (final day): exchange rate 5,500		Past month: 5,566	
Price: <b>Grs. 15,900 / US\$2.89</b>		Price: <b>Grs. 16.400 / US\$2.94</b>	
<b>Observations:</b>			
<ul style="list-style-type: none"> <li>The cow and calf herds have been moved to system 1 of the grazing plan.</li> </ul> <p>* Cattle:          No livestock bought or sold.          Castration of livestock under 250 kg to be completed this month.</p> <ul style="list-style-type: none"> <li>Some of the cows that have been with the bulls still had very young calves, and will be reintroduced to the bull mid-July until mid-September.</li> </ul>			
<b>Financing:</b>	<b>OPEX (Expense):</b>	<b>US\$ 1,494.48</b>	
	<b>CAPEX:</b>	<b>US\$ 0.00</b>	
	<b>Sold Livestock (income)</b>	<b>US\$ 0.00</b>	
	<b>Saldo-Coop. Account</b>	<b>US\$ 290.92</b>	

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<b>CATTLE</b>	<b>Previous month total</b>	<b>152 head</b>
	<b>Bought</b>	<b>0 head</b>
	<b>Died/ recalculated</b>	<b>0 head</b>
	<b>Consumed</b>	<b>0 head</b>
	<b>Sold</b>	<b>0 head</b>
	<b>Born</b>	<b>0 head</b>
	<b>Died (calves)</b>	<b>0 head</b>
	<b>New total</b>	<b>152 head</b>
	<b>Pregnancy rate-June 2017</b>	<b>81.8 %</b>
<b><u>Office work</u></b>		
<b>Spreadsheets on file and various responsibilities:</b>		
Charcoal production permits completed and approved. * Receipts were copied and the originals have been sent to Laura Rovira the accountant with the farm staff salary lists.		
<b>CAPEX:</b>		
None – (current capital expenditures enter in July for accounting purposes)		
<b>Documents:</b>		
<b>* SENACSA:</b> Process has been completed, all permits are up to date.		
<b>* Charcoal:</b> Charcoal exploration documents have been updated and approved.		
<b>* Tractor:</b> Registration to company name is still pending with the local notary		

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# Southern Farmlands

## **Farm:**

### **Workers info:**

Five pens have been cleaned out of Brush with all tress left standing.

One of the junior farm workers has been assigned to permanent maintenance work.

Only one worker is sufficient to check the cattle two times a day.

Two wire gates have been repaired.

The workers rotate and count the cattle weekly.

Fences and gates are inspected three to four times a week for breaks, fallen trees etc.

The new numbered grazing system will be implemented for cattle rotation and management.

### **Mechanics and Machinery:**

The tractor is in good working order.

All equipment is fully operational.

A polidozer / grader blade has been bought for road maintenance and earth moving.

### **Water System information:**

The initial high-pressure float has been modified to fit troughs and tested

A different high pressure float was purchased and tested, it responded well to 1bar of pressure and fits the troughs.

The bore hole pump has been malfunctioning, the capacitor as well as the reset switch have been replaced and we are consulting with an electrician to further remedy the problem.

### **Cattle report:**

The Cows have been vaccinated with supraminbio (vitamin).

Cattle are being rotated every seven days between pastures.

The cattle is no longer being fed mineral concentrate.

All cattle have been treated with the anti paracite fipecto.

The cattle look good, classified number 2.

Palpation has been done and there are 58 pregnant females of 71 (81.8%)

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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 re-sowing

**Other/ Diverse:**

The fence in the main callejon (alleyway) was tightened up again.

Payment of one additional horse has been done.

**\* Charcoal production:**

All necessary paper work has been updated with officials.

The contractor is moving his team and equipment to the farm this second week of July.

Hunting, littering, dogs or any pets are strictly prohibited and in the case of the charcoal project will immediately void the contract with the contractor.

**Report on Projects:**

None.

**Foreseen Activities for the Near Future**

- Charcoal production is to start this second week of July.
- We are evaluating the option of getting a short-term bank loan for livestock until further capital investments cancel it out. For this purpose, we have contacted *Banco Sudameris*, an institution that specializes among other things on these loans. They will provide an offer shortly.
- All roads will be cleaned of pasture (which currently makes driving them somewhat difficult) and reshaped where water has caused damage.

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

Lennart Stahr

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