

8th of August 2017
Monthly Progress Report – July

July Progress Report on SF Lapacho S.A.

Summary: Charcoal exploration and production has started at La Neruana with the construction of brick ovens. An additional horse has been acquired. The new polidozer/grader blade has been delivered and tested, it works well and the main internal road is already freshly graded. The new signs have been delivered and are currently being set in place, and the main entrance to the farm from the public road is being moved and redesigned.

Rain

Rainfall:	-	<u>May 2017:</u>	<u>June 2017:</u>	<u>July 2017:</u>	<u>July '16-June '17: (continuous)</u>
Estancia La Neruana		72 mm	10 mm	10 mm	1057

Water Supply

The solar pump in the borehole had been removed and sent in for repair. They discovered that the impeller was broken and it is currently being repaired. The reservoir still has about 6 to 8 weeks of water left before it will be necessary to start relying on the borehole.



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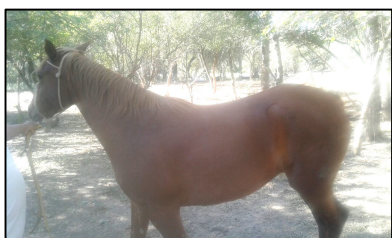
Polidozer / Grader Blade

The polidozer has been delivered to the farm and tested las month. It works very well, the main internal roads have already been repaired and smoothened out. Only Bradly (project manager) himself is allowed to use it to make sure it lasts.



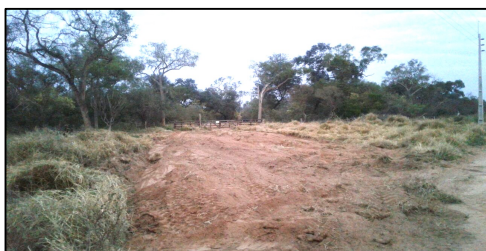
Additional Horse

One additional horse has been bought to reach four horses in total –two for each worker to be switched regularly. This ensures that the horses don't get overworked as the herd size grows.



Main Entrance Relocation and New Design

Using the new grader blade we are rebuilding the main entrance to the farm from the public road. The new entrance sign has been completed and will be installed once the grading is complete. This does not only improve the aesthetics of the farm, but will also allow truck drivers and visitors to find the farm easily.



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Following the standardized monthly farm report...

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Loma Plata, July 2017		BG/30/07/17	
<u>MONTHLY REPORT</u>			
		Month: July 2017	
Rainfall:	-	May 2017:	June 2017:
Estancia La Neruana		72 mm	10 mm
Monthly steer price of FrigoChorti on the: 30th of July 2017			
<i>Current month (final day): exchange rate 5,551</i>		Past month: 5,578	
Price: Grs. 16,100 / US\$2.90		Price: Grs. 15.900 / US\$2.85	
Observations:			
<ul style="list-style-type: none"> We have received a heavy frost at La Neruana approximately -4degrees Celsius. 			
* Cattle:			
No livestock bought or sold.			
Castration of livestock under 250 kg completed.			
Financing:	OPEX (Expense):	US\$ 1,386.23	
	CAPEX:	US\$ 2,144.28	
	Sold Livestock (income)	US\$ 0.00	
	Saldo-Coop. Account	US\$ 298.37	
CATTLE	Previous month total	152 head	
	Bought	0 head	

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	Died/ recalculated	0 head
	Consumed	0 head
	Sold	0 head
	Born	0 head
	Died (calves)	0 head
	New total	152 head
	Pregnancy rate-June 2017	81.8 %
<u>Office work</u>		
<u>Spreadsheets on file and various responsibilities:</u>		
* Receipts were copied and the originals have been sent to Laura Rovira the accountant with the farm staff salary lists.		
<u>CAPEX:</u>		
AFE (authorization for expenditure) 3 Rear shovel/grader blade AFE (authorization for expenditure) 4 Entrance signs and pasture signs		
<u>Documents:</u>		
* <u>Medio Ambiente:</u> SEAM (Secretary of environment) permissions renewed Registro de Bosque (brush clearing authorisation) was renewed		
<u>Farm:</u>		
<u>Workers info:</u>		
Additional pens 3A, 2C and 2D have been cleaned. The bull calves under 250kg have been castrated. Some posts have been straightened, as they shifted due to the tension of the fences over time. All the cattle have been branded with the SFL brand. The workers rotate and count the cattle weekly.		

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Mechanics and Machinery:

The new grader blade for internal road maintenance works well.

The main entrance driveway relocation has begun using the tractor and polidozer/grader blade.

The main entrance road from the main gate to the cattle working station and the road to the water reservoir has been graded.

Water System information:

The borehole solar pump has been removed to be repaired. It has a broken impeller.

The water reservoir has approximately 6 to 8 weeks of water left.

Cattle report:

The calves have been vaccinated with supraminbio (multivitamin).

The steers have been vaccinated with supraminbio (multivitamin).

The Cows as well as the two bulls have been vaccinated with ADE and copper.

Cattle are being rotated every seven days between pastures.

The cattle look good, classified number 2.

All cattle have been treated with the anti paracite fipecto.

All cattle have been branded with the SFL brand.

The pasture is rated 5 due to the recent frost.

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 new horse bought had her blood tested for anemia. The results are negative for anemia.

The horse that was bought is working well at La Neruana, the riders are satisfied with her performance.

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*** Charcoal production:**

Mr. Heinz Penner (charcoal exploration contractor) has signed the additional annex for the contract for charcoal production.

Report on Projects:

The entrance sign as well as the portrero (pastures) signs have been delivered to the farm and are being installed.

Charcoal: The exploration has started, brick ovens for burning charcoal are currently being build.

Foreseen Activities for the Near Future

- Charcoal production will continue with the collection of wood in the coming months.
- The main entry is to be completed, entrance sign will be installed.
- Roads continue to be cleaned of pasture and re-shaped where water has caused damage.
- As soon as the broken pump I ready it will be installed and tested to make sure the backup water supply works, especially as the main reservoir starts drying out.

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Please remember that additional internal spreadsheets, such as:

- Monthly herd categories
- Historic monthly rainfall
- CAPEX
- OPEX
- Vaccination list control and schedule
- Farm asset list
- etc.

can be requested at any time.

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

Lennart Stahr

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