



7th of June 2017
Monthly Progress Report – May

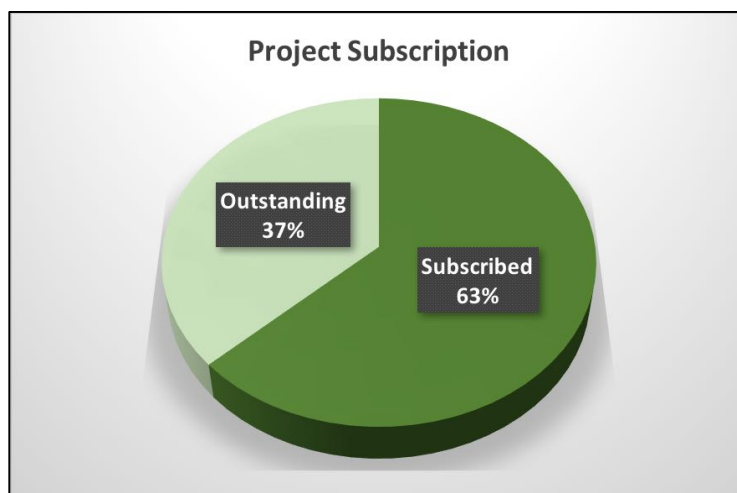
May Progress Report on SF Lapacho S.A.

Summary: Junior staff and the local supervisor have adapted well to the new operational strategy under *Southern Farmlands* management and a team spirit is building. The farm is in excellent condition, with the biggest advancements in the last month being the cleaning out of brush from cattle working pence, under fences and along driveways, as well as the selection of a charcoal exploration contractor after careful comparison of offers received. The official clearance by the livestock department has also been finalized and the company is now allowed to buy, sell and move cattle. More information below.

Project Subscription

At this time 63% of the project has been subscribed, and 37% of the project is open for subscription.

- This translates into approximately USD 950,000 outstanding.



Rain

Rainfall:	-	March 2017:	April 2017:	May 2017:	July '16-June '17: (continuous)
Estancia La Neruana		185mm	205mm	72mm	1037

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Water Supply

Due to the good raining season the dam is still almost completely full, so we don't need to rely on the borehole as of yet. Water shouldn't ever be a problem for this farm, but will be included in the reports anyway.



Horses

2 additional horses have been selected and will be acquired in June, this way the farm has 4 in total for working the cattle.



Following the standardized monthly farm report...

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Loma Plata, May 2017

BG/30/05/17

MONTHLY REPORT

				Month: May 2017	
Rainfall:	-	<u>March 2017:</u>	<u>April 2017:</u>	<u>May 2017:</u>	<u>July '16-June '17: (continuous)</u>
Estancia La Neruana		185mm	205mm	72mm	1037
Monthly <u>steer</u> price of FrigoChorti on the : <u>May 2017</u>					
Current month (final day): exchange rate 5,601				Past month: 5,566	
Price: Grs. 16,400 / US\$2.93				Price: Grs. 16.400 / US\$2.94	
Observations:					
With the amount of rain this year the pastures are looking very good. It is still green, since it had not been freezing temperatures until date. <u>* Cattle:</u> No livestock bought or sold.					
Financing:		OPEX (Expense):		US\$ 1,375.00	
		CAPEX):		US\$ 0.00	
		Sold Livestock (income)		US\$ 0.00	
		Saldo-Coop. Account		US\$ 375.83	
CATTLE		Previous month total		152 head	
		Bought		0 head	
		Died/ recalculated		0 head	
		Consumed		0 head	

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	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:		
* Receipts were copied and the originals have been sent to Laura Rovira the accountant with the farm staff salary lists.		
CAPEX:		
None		
Documents:		
* ANDE: Documentation was sent to Tyto Martin, (Power line Contractor for ANDE) to be signed. Tyto Martin has sent the signed documents to Mariscal Estigarribia. Bradley went to Mariscal to continue registration. Ande personal was not able to locate the documents from Tyto Martin. The Factura from Tyto Martin (Power line Contractor for ANDE) has been received.		
* Medio Ambiente: - Pending from Gustavo Troche: <ul style="list-style-type: none">• SEAM• Registro de Bosque		
* SENACSA: Senacsa registration and cattle transfer has been completed		
* Tractor: Gustavo Troche (previous owner) is responsible for the transfer of ownership documentation. The transfer process has been initiated		

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Farm:

Workers info:

Workers have cleaned around the living quarters.
Overgrowth from the main coral and tanque australiano has also been cleared.
Two times a day the workers check the water pipe lines, tanque australiano and the water troughs.
The workers check the cattle two times a day.
The workers rotate and count the cattle weekly.
Fences and gates are inspected three to four times a week for breaks, fallen trees etc.
Repaired the squeeze chute as it was damaged during the eartag applications.

Mechanics and Machinery:

The tractor battery at La Neruana has been changed.
The trailer tire has been repaired.

Water System information:

The new float has been brought back to be modified to suit the trough.
I have not been able to locate the correct size thread die to modify the new float.
The water system functions well.

Cattle report:

The calves have been vaccinated with modificador (Multivitamin).
The steers as well as the two bulls have been vaccinated with multivitamin.
The Cows have been vaccinated with Olivit.
Reconstituent, Vitamin with Amino Acids)
Cattle are being rotated every seven days between pastures.
The cattle look good, classified number 2.
The cattle are being fed Fosbovi Reproductor.
The cattle (71 cows and 60 calves) are consuming a fair amount of the salt and mineral mixture Fosbovi Reproductor, roughly 2,5kg a day.
The 19 weaners are also consuming around 1,5kg of foscromo agua a day.
The pasture looks excellent, classified number 1.

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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:

The horses from Sr. Fleitas had their blood tested for anemia.

The fence in the main callejon was tightened up again.

Pending: Payment of the two horses to Sr. Fleitas

*** Charcoal production:**

Mr. Heinz Penner was awarded the contract for charcoal production.

A revised contract has been handed over to Heinz Penner for signing.

Report on Projects:

None.

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Foreseen Activities for the Near Future

- Charcoal production is to start next month.
- The title of the tractor is still with a notary to be transferred into SF Lapacho S.A. name.
- We are considering buying a small polidozer for road levelling, ditch cleaning, slope execution, and manure cleaning. The foreseen price is around USD 750.00 – 900.00
- Seeding of the pastures has completed and the farm is ready to be loaded with livestock. Of the foreseen equity investments in the near future a percentage will be used for cattle.



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

Lennart Stahr

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