

Name of Undertaking: Crown Land Application #134379
Forage Land

Proponent:

- i) Name of Corporate Body:* Headline Holsteins Limited
- ii) Address:* 191 Goose Arm Road
Deer Lake, NL
A8A 3H9
- iii) Chief Executive Officer:* Phil MacLean
President
191 Goose Arm Road
Deer Lake, NL
A8A 3H9

709-635-4700
- iv) Principal Contact Person:* Phil MacLean
(contact information same as above)

The Undertaking:

i) Nature of the Undertaking:

The development of all suitable land contained within an approximately 260 hectare Crown Land Agricultural Lease within the Deer Lake Agricultural Development Area for forage production. Only areas with suitable soil and slope characteristics for agricultural production will be developed.

ii) Purpose/Rationale/Need for the Undertaking:

There is a documented demand for an extensive volume of forage crops within the province. The dairy industry and other segments of Newfoundland and Labrador's agriculture industry are currently importing forages from outside of the Province due to a lack of locally produced forages. It is estimated that in excess of 20,000 Mt of forages are being imported to Newfoundland and Labrador annually for consumption by the dairy industry alone. Displacing the imported forages with locally produced products has far reaching benefits beyond those direct to Headline Holsteins Ltd. Benefits include increased employment and tax base within the Province, improved quality and security of forage supply to the industry, and a reduction in the cost of production for dairy farms and other customers of Headline Holsteins Ltd.

Description of the Undertaking:

i) Geographical Location:

The proposed site is comprised by Crown land in the Goose Arm Road area on the North Shore of Deer Lake. This site is completely contained within the Humber Valley Agricultural Development Area. It is adjacent to other Crown land leases currently being farmed actively by Headline Holsteins Ltd., a large dairy farm operated by the Phil MacLean and Pauline Duivenvoorden. This site is surrounded by wooded areas and is bounded by Deer Lake to the south, crown land to the west, Goose Arm Road to the north and other agricultural leases operated by Headline Holsteins Ltd. to the east. See provided maps.

ii) Physical Features:

As noted, this site is currently completely wooded primary with balsam fir. This proposal will alter the physical features to make it useable for agriculture. This will involve the removal of trees and rocks from the site, leveling and preparing the land for planting of various crops (grasses, legumes, cereal crops, corn etc.) for consumption by livestock. The resulting physical appearance will be large fields surrounded by windbreaks and shelterbelts. Only areas with suitable soil and slope characteristics for agricultural production will be developed.

Areas which cannot be developed due to slope, stoniness, drainage etc. will be maintained in their natural state. Appropriate buffers will be maintained along waterways (30m along Deer Lake and 15m along other waterbodies) and roads (20m right of way with 10m buffer). See attached map regarding buffers.

North Brook is approximately 30 meters from the site. Moose, caribou, beaver, fox, various waterfowl and other birds regularly use the area and continue to thrive on existing agricultural leases currently controlled by Headline Holsteins Ltd. No negative impacts to these animals or surrounding environments are anticipated.

iii) Construction:

Subject to approvals, land development will begin as early as fall of 2009 as permits are issued and regulatory requirements have been satisfied. The land clearing operation will continue for approximately three seasons, until all suitable land within the leases have been developed for forage production. There are no significant sources of pollution anticipated during the construction phase of this undertaking. Silt fences and other environmental controls will be utilized to mitigate resource conflict in accordance with environmental guidelines. It is expected that the area applied for will be approved through the Crown Land referral process through which all relevant government agencies will have had opportunity to respond to. Merchantable timber will be harvested by designated parties.

iv) Operation:

Once the fields have been developed, all arable land will be developed for forage production permanently. No buildings or structures will be placed within the undertaking area. Normal farm practices will be undertaken for the seeding, growth and harvesting of the crop, this would include the soil testing, application of manure, fertilizers, herbicides and limestone. All farm operations will be carried out according to the Newfoundland and Labrador Environmental Farm Practices Guidelines for Livestock Producers (2001, Department of Natural Resources). Any herbicide used would be approved for agricultural use and applied by a licensed applicator. While the potential release of lubricants or fuels from operating farm equipment exists, preventative measures will be in place to avoid this. Significant environmental impact is not anticipated during the operational phase of the undertaking. All regulatory and environmental guidelines will be followed.

v) Occupations:

Approximately ten people will be employed during the development of the farmland. Seasonally six to eight people will be employed during harvest. The occupations involved will be primarily heavy equipment operators (NOC #7421) and general farm workers (NOC # 8431). Equipment used will include excavators, bulldozers, tractors, rock rakes, rock pickers and other farm equipment used in the seeding and harvesting of the crop. Most workers will be company employees; however some land development may be subcontracted to local heavy equipment and construction companies.

Headline Holsteins Ltd. is an equal opportunities employer.

vi) Project-Related Documents:

- Soil Suitability Mapping (2009, Department of Natural Resources)
- Newfoundland and Labrador Environmental Farm Practices Guidelines for Livestock Producers (2001, Department of Natural Resources).

Approval of the Undertaking:

Crown Land Agricultural Lease has been sought. This is issued through the Western Regional Crown Lands Office.

Schedule:

The earliest date when project construction could begin would be October 2009. Later dates are possible as harvesting of the existing timber base can be carried out over the winter months.

Funding:

This undertaking does not depend on funding from government agencies. The capital cost of this project is less than \$15 million.

Date

Signature of Chief Executive Officer