

NAME OF UNDERTAKING: **ACQUISITION AND OPERATION OF FOX/LYNX FARM – VINCENT ENTERPRISES**

PROPOSER:

i) **Name of Corporate Body:** **Vincent Enterprises**

ii) **Address:**
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iii) **Chief Executive Officer:**
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iv) **Principal Contact:**
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v) **Date:** **July 23, 2009**

THE UNDERTAKING:

i) Nature of Undertaking:

Proposed acquisition of an existing blue fox/lynx farm in Happy-Valley Goose Bay and relocating to Welburn Bay Road located off of the North West River Highway, Happy Valley Goose Bay. As a result of this acquisition and relocation, Labrador will continue to house the only farmed lynx ranch in North America in an area better suited to this type of operation. Vincent Enterprises may consider ranched mink in addition to the blue fox and lynx, however plans for this have not been finalized.

ii) Purpose/Rationale/Need for the Undertaking:

Currently valued at over \$15 billion US, the global fur industry has experienced double-digit sales growth for the past seven years. Driven by the growing middle class in China and Russia, this upward trend is expected to continue and fur prices for mink and fox are predicted to remain high over the next several years. In fact, according to a March 2008 press release by the North American Fur Auction, the world's third largest fur auction, their March sale was the most successful in the auction's history. The Growth in Canadian sales has mirrored the global trends. The sales of fur in Newfoundland and Labrador were forecasted to exceed \$25 million in 2008. The close proximity to major markets and the generous government assistance and support - especially in rural areas - afford Canadian fur farmers viable opportunities to compete in this global industry. Consequently, fur-farming in Newfoundland and Labrador represents a viable opportunity for local entrepreneurs looking to participate in the AgriFoods sector. Currently, the demand for Lynx furs is served by trappers; however with Lynx prices nearly doubling since 2006, there is a large incentive to pursue this opportunity. In addition to business, construction and heavy equipment skills employed by Vincent enterprises and in order to ensure success, the new management team has reached a training agreement with the previous owner of the assets and will retain his services for a period of one year.

DESCRIPTION OF UNDERTAKING:

i) Geographical Location:

Vincent Enterprises will be located on Welburn Bay Road off the North West River Highway near Happy Valley Goose Bay. The farm will be located on a 10 hectare agricultural lease approximately 1.2 km from the intersection of Welburn Bay Road and the North West River Highway. The proposed location on the north side of Welburn Bay Road, falls outside of the Town of Happy Valley Goose Bay boundaries, and is more than 1.3 km from the nearest known cabin or residential development area. This area far exceeds any buffering distances suggested in provincial beneficial management practices documents or guidelines. A total of 11 sites in the area were carefully considered. After extensive consultation with various government departments and interested stakeholders

this was the ONLY suitable location identified mainly because of the remoteness, soil conditions and availability. See the attached map.

ii) Physical Features:

The area is open grown and Black Spruce (*Picea Mariana*) forest of intermediate age, with a caribou and feather moss ground cover and scattered hardwood shrub growth. Soils are comprised of glaciofluvial deposits of medium sand to loamy sand texture and well drained.

The farm will be located on a 10 hectare site, only approximately 10% of the area being cleared for necessary infrastructure. The remainder of the land will be leased to ensure adequate buffering. Initially Vincent Enterprises will construct 4 wooden barns at an estimated to be approximately 20'x100' in size. Additional barns will be built as the farm expands. In addition a building for equipment storage, pelting, and drying operations as well as an area for veterinary services and quarantine. A manure and composting storage area able to maintain up to eight months storage will also be built at the rear of the site (20'x 24') . On farm roads will be constructed as will infrastructure for water and electrical services. The site directly surrounding the infrastructure will be enclosed with a ten foot high chain link fence (300' x 500') as a part of the farms continuous commitment to biosecurity.

This area falls within a Goose River corridor as identified by the District Forestry Office, however this is a small operation, and approximately 500 meters from the Goose River. As a result of the extensive stakeholder consultation conducted it is unlikely that a farm of this size located at this site will have any impact water, air, wildlife or other resources. This site is excluded from the Goose Bay Airport Zoning Regulations as it is not in the vicinity of the airport and falls outside of the lowest Noise Exposure Forecast identified on the NEF maps.

iii) Construction:

Project construction is projected to occur over a five year period, from September 2009 through August 2014. Construction will be undertaken in a staged approach to meet the requirements of the expanding farm. Land clearing will occur over approximately 1.2 hectares with techniques consistent with the Newfoundland and Labrador Guidelines for Clearing Land for Cultivation and Pasture. No environmental impact is anticipated.

Phase 1: September 2009 – August 2010:

Land development of approximately 1.2 hectares will begin. On farm road, barn construction (4), storage/pelting facility and manure storage will be built prior to animals moving the farm. Securing perimeter fencing, electrical and water services will take place during this stage. Fence construction is a biosecurity precaution, and all animals will be housed in cages in enclosed structures.

Four barns, each 20' x 100' will be constructed during this phase, as will a 20' x 24' compost facility with platform and roof. The structure will be sloped to ensure no run-off. It is anticipated that the first physical structure will be in place on the farm by October 15, 2009.

Phase 2: September 2010-August 2011:

Additional land clearing may take within the perimeter fence to allow for additional barn development during phase 3.

Phase 3: July 2012 – August 2014

Up to three additional sheds will be built to accommodate planned growth of the farm.

iv) Operation:

Adherence to the Environmental Protection Act will always be a key objective for Vincent Enterprisers as environmental compliance is a key success factor. In addition, the Newfoundland and Labrador Environmental Guidelines for Livestock Producers and Beneficial Management Practices for Fur Farms will be adhered to as they apply. Vincent Enterprises has a good working relationship with the Agrifoods Development Branch and will work with staff to ensure compliance and proper environmental management. The farms Certificate of Approval will dictate what measures are taken regarding manure disposal, although it can be anticipated that there are two options for dealing with manure: (1) compost or (2) spread the manure. Although the 25 acres of land will be more than enough to spread the manure, guidelines suggest that the manure be spread on cropped land. This is not an option for Vincent Enterprises. Vincent Enterprisers will either have to secure agreements with local farmers to have them collect and spread the manure or it will have compost the manure. While every effort will be made to secure agreements with farmers, for the purposes of this plan it is assumed Vincent Enterprises will have to compost the manure. A 20' x 24' facility will be constructed with a concrete platform and a roof to ensure no run-off during rain storms. The structure will be sloped to ensure no run-off. The storage will be constructed in such a way that expansion space is available should the farm require it.

In order to ensure healthy live stock, all animals will be vaccinated for infectious disease. In addition, all new livestock will be quarantined for 30 days before being inserted into the general population as required by provincial regulations. As noted above, a manure composting facility will be constructed. This will allow Vincent Enterprises to regularly clean out animal cages to ensure sanitary living conditions for the animals. The composting facility will also give Vincent Enterprises a place to dispose of old feed and animal carcasses. Vet services are available in Happy Valley- Goose Bay on a periodic basis. A vet travels from Labrador City once every three months and is available if needed.

In preparing animal feed, Vincent Enterprises will utilize local raw materials (fish, chicken, etc.) where available, supplemented by pellet feed to be purchased from a supplier in Quebec. The meat by-products will continue to be sourced from local contacts secured by the previous owner. The supplementing of meat by-products with commercially prepared pellets ensures the animals receive a nutritionally balanced diet required for proper growth and reproduction. The process of preparing the feed is simple; by-products are processed using a standard meat grinder and mixed with pellets as needed. Animals will have fresh water available at all times through water nipples attached to each cage. It is anticipated that local supply will not be a constraint as the farm expands.

The focus of year one will be on training and preparation; actual breeding and pelting will begin in year two. The production will increase over the five year period. It is planned that 100 lynx will be purchased in year one with the maximum number on the farm in year five. The maximum number of breeding lynx in year five will be 131. This implies that there will be one male for every three females and each breeding female will average three kittens per year. Vincent Enterprises will also purchase 150 blue fox in year one, however the focus for year 1-4 will be mainly lynx. Animals purchased in year one are the result of the acquisition of the assets of previous farm management.

Breeding stock for silver fox production will be purchased in year four. The farm plans to aim for a total of 38 breeders, implying 50 adult silver fox.

The intent is to focus on the growth of the business by endeavoring to expand the product offering. This may include the introduction of new breeding species such as mink and blue fox as allowed by the farms Environmental Certificate of Approval.

On a year-by-year basis, the following is intended to occur:

Year	Timeframe	Activity
1 2009/2010	Sept - Apr	Construction/preparation of site in anticipation of animals; Animals to arrive and training activities in agreement will begin
2 2010/2011	May - June	Breeding of Lynx
	Sept – Nov	Pelting of Lynx
	Mar	Shipment of 2010/2011 pelts to NAFA
3 2011/2012	May - June	Breeding of Lynx
	Sept – Nov	Pelting of Lynx
	January	Purchase of silver fox breeding stock
	Mar	Shipment of 2011/2012 pelts to NAFA
4 2012/2013	May -June	Breeding of Silver Fox and Lynx
	Sept - Nov	Pelting of Silver Fox and Lynx
	Mar	Shipment of 2012/2013 pelts to NAFA
5 2013/2014	May -June	Breeding of Silver Fox and Lynx
	Sept - Nov	Pelting of Silver Fox and Lynx
	Mar	Shipment of 2013/2014 pelts to NAFA

Overall, the production plan has been very well thought out. Initially, Vincent Enterprises intends to place emphasis on learning the necessary skills required to successfully operate a fur farm. Once this knowledge has been established, the intent is to focus on the growth of the business by endeavoring to expand the product offering. This will include breeding new species such as Mink and Blue Fox.

v) Occupations:

Construction Phase:

Title(NOC 2006)	# of People	Duration
Construction Manager	1	5 months
Carpenter	2	5 months
Heavy Equipment	1	5 months
Electrical and Plumbing Contractors	Determined by contract company	2 months

Operational Phase:

Title(NOC 2006)	# of People	Duration
Farm Manager	1	Continuous
Farm Supervisor	1	Continuous
General Farm Workers	2	Continuous

Vincent Enterprises is a family owned business and all family members who desire to become involved will be hired regardless of gender or age.

vi) Project Related Documents:

- Letter of support from previous owner including training agreement.
- Business Plan for the Acquisition and Operation of Labrador Fur Farm, October 2008.

APPROVAL OF THE UNDERTAKING:

Approvals required for the construction and operation phases for Vincent Enterprises include the following:

- Certificate of Approval for Waste Management for a Livestock Operation – Government Service Center
- Water Use License – Department of Environment and Conservation
- CL Agricultural Lease approval

SCHEDULE:

The initial land development and construction phase for this project will begin in the fall of 2009. Land clearing, construction of barns and installation of perimeter fencing and

manure storage area will be completed prior to the transfer of the breeding stock. Vincent Enterprises is attempting to secure all permits prior to proceeding with development, because of this beginning prior to this time is not reasonable.

FUNDING:

Vincent Enterprises will fund a portion of the cost of this operation through personal investment. In addition, plans to apply for funding through various government departments and agencies. Given that this project will provide benefits to the region, it is anticipated that government financing will be obtained.

Vincent Enterprises plans to apply for assistance through the Growing Forward Program (NL Department of Natural Resources), Atlantic Canada Opportunities Agency – Business Development Program, Aboriginal Business Canada, the Nunatsiavut Government, Farm Credit Corporation, Business Development Bank of Canada and possibly other chartered banks. Funding will be in the form of non-repayable, repayable and interest free financing. No approvals have been granted to date.

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The Nunatsiavut Business Centre Incorporated P.O. Box 909, Station 'B' Happy Valley, NL A0P 1E0	BDC Fortis Tower, 1st Floor 4 Herald Ave Corner Brook, NL A2H 4B4
NL Department of Natural Resources – Education and Training for AgriFoods Sector Farm Business and Evaluation Division Agrifoods Herald Towers, P.O. Box 2006 Corner Brook, NL A2H 6J8	Farm Credit Corporation 103- 6 Mt. Carson Avenue, Dorset Bldg., P.O. Box 68 Mount Pearl NL A1N 2C1

July 24, 2009

Date

Chief Executive Officer