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December 8, 2017

**Re: Canada Sheep & Lamb Farms Ltd. - Lundar
Technical Review - Response to Public Comments**

Dear Mr. Malinowski;

In response to comments expressed by the public we have prepared this letter in consultation with the proponent in order to address the concerns expressed.

Item #1 – Sandra and Farrell Pott

The support of the community as expressed by Sandra and Farrell Pott is greatly appreciated by Canada Sheep and Lamb (CSL). As it is intended to occupy the facility for the foreseeable future all measures practical will be implemented to maintain good environmental standing and sustainability. As with other sites operated by CSL, the site will be managed and groomed to maintain a presentable development within the community. Considerable efforts have already been made to maintain and organize the site.

Item #2 – Oscar and Elizabeth Eyolfson

Situated $\frac{3}{4}$ of a mile northeast of the existing development, it is conceivable that odours would be experienced on occasion when winds from the west-southwest to south-southwest are blowing. Under normal operating conditions very little if any odour is produced, as there is no disturbance of manure that would generate odour. However, when manure pack is removed from the enclosed lambing barns it is conceivable that some odour would be experienced as this manure typically has begun to decompose anaerobically. The intensity of this odour should not be significant enough to have a disturbing affect on persons $\frac{3}{4}$ mile away so it is likely that the offensive odours experienced occurred when manure was being applied to cropland in close proximity to the Eyolfson yard.

With the purchase of the property, there was a considerable amount of manure that had accumulated in the wintering corrals that had to be removed in order to facilitate the current pen layout. Removal of this manure is most likely to have contributed to the odours that the Eyolfson's as it took a considerable amount of time to remove it and land in close proximity to their yard was utilized for the application.

Given the knowledge that this has been expressed as a concern, CSL will endeavor to avoid spreading manure in close proximity to the Eyolfson yard site when prevailing winds will carry this odour in their direction. With the establishment of a routine, manure application will only occur either in early spring or later fall, further reducing the impact by avoiding peak favourable summer conditions when the outdoors is enjoyed by most neighbours.

Manitoba Sustainable Development has regulations in place that are intended for the very purpose of protecting groundwater and surface water sources. It is a requirement that CSL follow and comply with these regulations, including the annual filing of a manure management plan which will serve to monitor the application of manure to surrounding cropland and provide the government with information pertaining to the levels of nutrients within the soil on an ongoing basis. Configuration of the production facilities will facilitate the collection of surface runoff from the housing and production areas such that these liquids can also be applied to cropland in a controlled and measurable fashion.

In regards to the article provided by the Eyolfson's, this is in regards to hog lagoons. There is no such lagoon planned for the proposed development. All manure will be solid based, being a combination of animal feces and straw bedding which will be composted within the field on which it is to be applied. A runoff collection pond will exist to collect excess precipitation that may runoff from the open pen areas in order to provide a means to control the accumulation and utilization of potentially nutrient enriched water. It is intended to field apply the accumulated liquids on a regular basis throughout the growing season instead of the long term storage which occurs in lagoons for other animal species thus alleviating the concerns expressed.

Item #3 – Concerned Family from the RM of Coldwell

The nearest portion of the proposed development will be approximately ½ mile away from Hatchery Drain along the current drainage pathway. The requirement to intercept any impacted runoff water from the development site which may have come in contact with animal manure will ensure that the potential for any site runoff from reaching Hatchery Drain is virtually non-existent. It is realized that the Hatchery Drain does represent a valuable fish habitat and as such measures will be taken to protect. Manure spreading will be directed to locations further away from the immediate drain area, with these closer parcels used only when absolutely necessary. Keep also in mind that the solid composted manure generated from the proposed operation is more stable, unlike liquid manures in which the nutrients are more mobile. The incorporation of the manure into the soil after application is also beneficial in stabilizing the nutrients within the soil to minimize the potential for runoff. Incorporation after

broadcasting not only reduces runoff potential, but also conserves nutrients within the manure, for this reason incorporation is generally done as soon after application as practical.

Although spreading acres on sections 4-19-5W and 8-19-5W were originally indicated in the spreading agreements from land owners, these lands have not been considered in the available spreading acres as they were deemed inaccessible or unsuitable to receive manure from the facility. As these parcels were not included in the manure application field characteristics table in the site assessment and are not intended to be utilized for manure application, the setback distance from the Marshy Point Wildlife Management Area would be greater than one mile. In our error we also identified this same wildlife management area as the Marshy Point Goose Refuge and therefore the setback distance was indicated to be greater than one mile. However, in light of the boundaries of the refuge area, the setback distance to a wildlife refuge should be indicated as less than one mile. Those acres within the refuge area which are rented crown lands have been in use for agricultural purposes previously and as such should not alter the behavioral pattern of the geese within the refuge as cultivated acres and active pasture would not normally be hospitable to the geese and their nesting areas.

It is apparent that the goose population in the area has been allowed to thrive despite the presence of a sheep facility which has existed for many years prior to the purchase of the site by CSL. As the proposed new development is concentrated around the existing operation, it is not anticipated that the development will have any significant impact short of some disruption during the construction phase. Even then, as the goose concentrations are greatest along the shore and marsh areas to the west, the separation distance of the site from these areas is great enough that this disruption would be minimal.

Application of the manure produced by the operation is intended to be conducted by the staff of CSL. Under these conditions they are not required to have an applicator's license. The farm manager has significant experience with the application requirements of the manure having performed and supervised such application at other CSL operations. Should the situation change where a custom applicator is utilized to apply the manure, licensing of this applicator will be a mandatory requirement of CSL before employing their services.

Through the Manure Management plan and soil testing of the parcels of land, nutrient accumulations in the soil are monitored and reported to the provincial government. If nutrient concentrations become increasing higher than target limits for a specific nutrient, the government will intervene and through regulation limit the amount of manure that can be applied to that which will provide for only enough nutrients to support the current crop year, or in extreme situations not allow any manure application at all until the nutrient levels have been drawn down to acceptable limits. The land owners who have currently signed spreading agreements with CSL, were eager to be able to receive manure from the operation as a replacement to commercial fertilizers. In addition to receiving the manure, many of these individuals will also be supplying feed to the operation as a subsidiary source of income. It is unlikely that these individuals will not renew their spreading agreements given the opportunity this represents, however in the event that this does occur, additional lands are available from other farms in the region that have expressed interest.

In determining the available acres for manure spreading a significant number of acres were excluded due to the fact that it was considered undesirable. Areas known to be subject to frequent inundation, sloughs, inaccessible areas and allowances for the required setback distances have been allowed for in the determination of the available acres. These same lands have been scrutinized by Manitoba Agriculture to ensure they were confident that a suitable spreading acreage was available. Setback distances and buffer zones are determined and enforced by the provincial government and are based on the type of manure being applied (liquid versus solid), the method of application and time of year. The proponent intends to comply with these minimum setbacks in order to maximize environmental protection and avoid conflicts with adjacent land owners.

A large proportion of the water consumed by animals is lost through transpiration and respiration, while the remainder that is not retained within the animal is excreted as urine. This urine will be absorbed within the bedding within the containment areas where it will either further evaporate or be utilized in the decomposition process. Soil conditions and construction practices will be such that an equivalent hydraulic conductivity of 10^{-6} cm/sec as required by the Livestock Manure and Mortalities Management Regulation (LMMMR) is achieved. This will result in a permeability that will not allow liquids to rapidly infiltrate the soil thus preventing any negative impacts. As a consequence of this low permeability the potential for runoff is increased, thus requiring a runoff retention pond to be constructed for the purpose of intercepting any runoff from the animal production area. These liquids will then be applied to cropland in order that any nutrients can be utilized by the plant growth. The presence of excess moisture for sheep production is also detrimental to animal health and therefore a dry bedding layer must be maintained. If the bedding becomes too wet additional bedding is added in the form of straw to increase the liquid handling capability.

A Water Rights License for the operation is required due to the daily consumption being in excess of the threshold limit of 5500 gallons. Administered through the Provincial Government, this licensing process is a means of ensure sustainable quantities of water are available for all users. Currently there are 2 wells on the site, one situated in the original barn and the other situated just north of the existing residence. The current locations are such that runoff would not be anticipated to have an opportunity to impact these wells due both to location as well as the PVC casing housing the wells. It is anticipated that two additional wells will be developed in order to fulfill the needs and provide redundancy in the event one of the wells is not properly functioning. Positioning of the new wells will be outside of the required setback distances (100m) from a confined livestock area as per provincial regulatory requirements.

Hauling of manure and feed will be inevitable and the travel distance will be determined by location. Although closer fields are preferred as the cost of application is lower, fulfilling the requirements with respect to the manure management plan take precedence. The proponent intends to utilize the least obtrusive travel path so as to create the least nuisance to neighbours and other traffic but also to avoid conflicts that may impede the hauling operation. Precautions will be taken to prevent spillage on the roadway, and immediate clean up will occur should an incident occur. Similarly, should damage to the roadways occur due to the traffic either during construction or operation, immediate attention to repair of such damage will also be arranged as illustrated in the past. CSL will assume responsible for the road

maintenance costs during the construction phase so as not to put a burden on local residents nor the municipality. During the construction phase, dust control will likely be provided on those access roads where the impact on neighbouring residents would be excessive. The Municipality has indicated that the municipal road west of the site will be developed running north-south in order to alleviate traffic on Hatchery Road. This new road will enable the majority of the traffic from the proposed operation to be diverted away from Hatchery Road, thus maintaining its' integrity for other local users.

In order to facilitate the development, trees have been removed to properly accommodate for drainage and establishment of a designated feed storage and preparation area. Upon completion of the development, it is intended to plant shelter belts with intent of not only providing a visual screen but also to minimize the impacts of wind on the distribution of odours but also to lessen the impact on wind and snow entering the production facilities. A planned distribution of shelter belt planting will be developed to accommodate the functional aspects on site along with the regulatory requirements associated with the development.

The Great Pyrenees dogs present on site are intended for the purpose of protecting the herd against predators. As part of this protection, the intent is that they ward potential predators away from the site and on occasion would warrant the dogs going beyond the boundaries of the operation to accomplish this feat. Currently there are 3 dogs on site, and a total of 7 would be anticipated at the completion of the project. CSL is unaware that these dogs have posed a nuisance to the neighbour as their training is regimented to protecting the sheep. Any situations which may arise are to be brought to the attention of the on-site management in order to prevent future reoccurrences.

Current employment at the facility is 11 fulltime positions. With exception of the manager who is trained and familiar with sheep production, the remaining employees are local residents. Upon completion of the expansion it is anticipated that there will be 30 full time positions with the intent to hire locally. Due to the cost and time invested in training these employees it is the desire of CSL to find local people with roots in the community versus hiring part-time or transient workers that are more apt to move around from job to job.

Trades for construction of the facility will be a combination of local and removed trades from other parts of the province. Sigfusson Northern has performed the majority of the excavation and earthworks to facilitate the improvements that have taken place on site since CSL assumed ownership of the site. Although trades for construction of the buildings will likely originate from outside the municipality, there will be significant opportunity for individuals to participate as labourers or sub-contract to the primary contractor who is intimately knowledgeable with the construction of CSL due to their involvement in other similar projects. It has been estimated that approximately ½ to 2/3rds of the project cost will be locally sourced.

The notification of residents within the 3 km radius of the facility is mandated by the Technical Review process. This radius was determined by the committee establishing the guidelines as a suitable distance that a potential operation would have a direct impact on these neighbouring residences. In addition to direct notification by mail of landowners with the 3.0 km radius, a public notice was placed in The

Interlake Spectator and Interlake Enterprise News. It is the responsibility of the Technical Review Committee for the notification and advertisement of the proposal instead of the proponent as a means of ensuring that all individuals are given equal opportunity. The appropriate notifications were provided as per legal obligations.

Item #4 – Paula Olafson

CSL again appreciates the support of the community as expressed by Ms. Olafson. As expressed in her letter, the proposed development in addition to providing CSL an opportunity to tap into a labour force that is considerably under utilize and in an area that is only moderately populated, it also provides the community with the opportunity for employment, considerable investment translating to additional tax revenue and an additional source of income for local producers through the supply of feed and bedding to run the operation.

As indicated the letter, it is inevitable that there will be some inconvenience associated with the existence of such an operation as livestock, feed and manure must all flow from the production area to its end use. CSL is sympathetic with this situation as their staff and their families must also use these same roads and encounter these same impacts. It is for this reason that CSL will continue to work diligently on improving upon its operations to mitigate such impacts and correct or repair the situation where required.

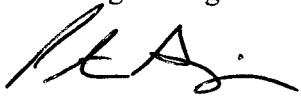
Closing:

The proponent would like to thank those who took the time to express their concerns and give us the opportunity to provide additional insight into the type of operation which is expected to be established. With this information it will be possible to make management decisions that will specifically address those concerns in the immediate community as well as the regulatory requirements. Numerous other sites have been developed within the province and have co-existed with the community in harmony. An invitation is extended to anyone who is interested in touring one of these operations to get a better understanding of the full scope of such an operation and the day to day workings and impacts on its' surroundings. The proponent intends to operate and manage the facility in a professional and responsible manner protecting both the environment and respecting adjacent land owners and the nearby community.

Respectfully Submitted,

South-Man Engineering

Per,


Peter Grieger, P. Eng.