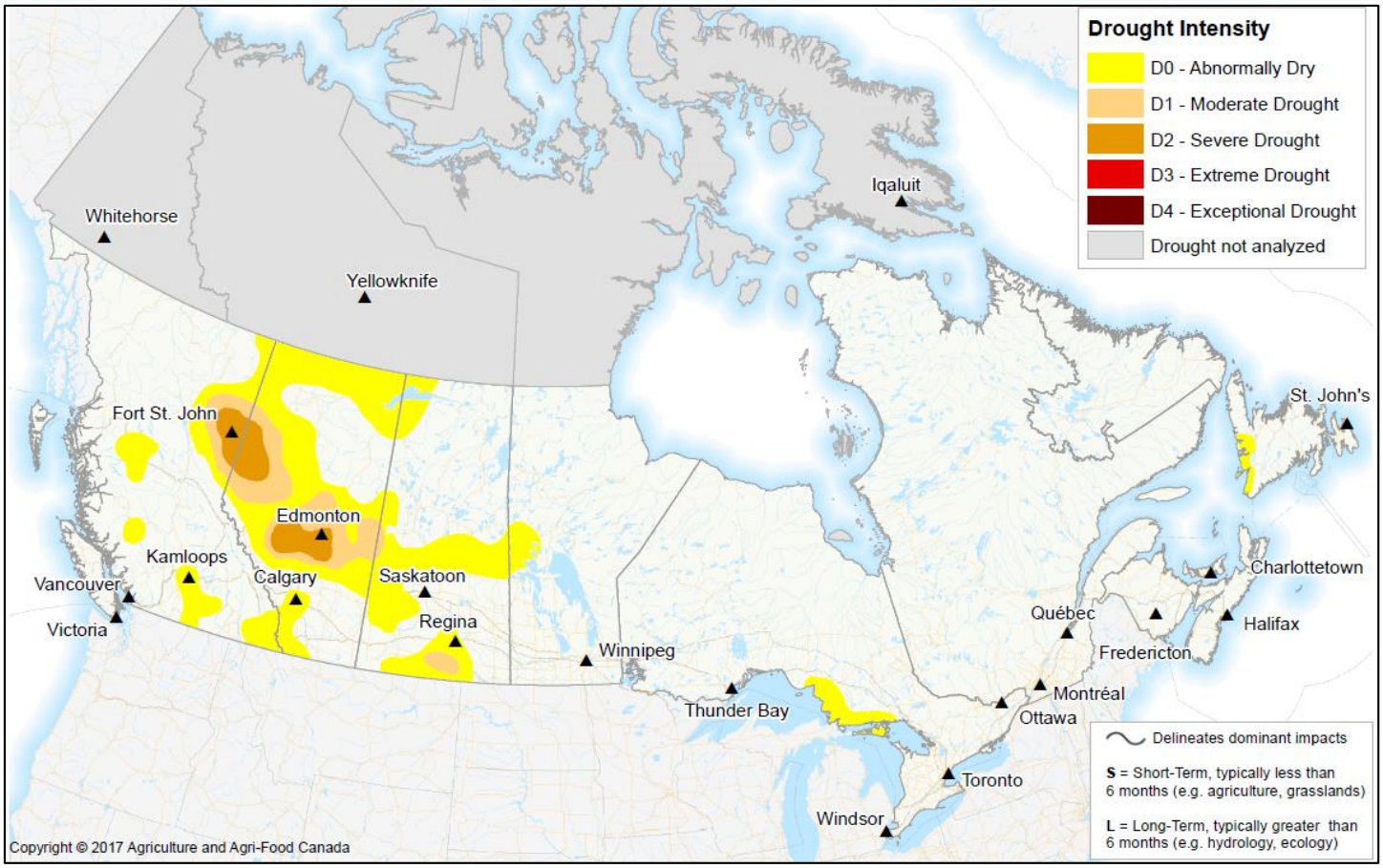
Canadian Drought Monitor

Conditions as of October 31, 2008



Drought concerns persist throughout northern Alberta and a small portion of northern British Columbia as these regions enter the winter season. Above average October precipitation in the southern interior of British Columbia and south central Saskatchewan has resulted in improved situation. Forage and water supplies remain a significant concern throughout the abnormally dry regions of British Columbia, Alberta and southern Saskatchewan. Producers continue to haul forage and water in order to be adequately prepared for the winter season. Dry conditions in north western Ontario improved throughout the month, however dry areas north of Lake Huron continue to expand. Regions east of Ontario continue to receive near normal precipitation with some minor exceptions.

Pacific Region (BC)

Areas of southern British Columbia received above normal precipitation in October resulting in improved conditions throughout much of the region. In direct contrast, large portions of the interior of British Columbia remain relatively dry. Looking at long term accumulations, this area has received between 60-85 percent of normal precipitation over the past 12 months. Previously dry portions of Vancouver Island received above normal precipitation and have been removed from the drought classification this month. Central interior portions around Kamloops, Kelowna, Nelson, and Cranbrook remain below normal over the course of the growing season and into the fall, though these regions continue to improve with near normal precipitation over the last three months. Substantial rainfall in October significantly helped some regions including areas around Kamloops (167% of normal). As such, the D1 classification has been removed from this region. Areas further south and east in the Okanogan and Kootenay regions continue to receive below normal monthly precipitation and have been classified as a D0 (Abnormally dry). Areas in the southeast of the province along the US boarder received near normal precipitation in October.

Prairie Region (AB, SK, MB)

Dry conditions continue throughout the Peace River region of northern Alberta and British Columbia, with much of the region receiving less than 10 mm (1/2 inch) of rain representing approximately 30 percent of normal monthly precipitation. For a large area of the Peace River region the growing season precipitation (April 1 to September 30) was rated at 40-60 percent of normal with seasonal deficits of greater than 100mm. The region, with a succession of dry years, continued to feel impacts from drought conditions including poor crop yields and qualities, and water and forage shortages. Yields were significantly down on both annual crops and forages. Livestock producers in parts of the North Peace report dugout levels low with some water shortages occurring. Pumping and hauling options are under consideration, especially for meeting winter watering needs. Forage, however, is available to transport from other regions. Depending on winter snowfall, drought remains a risk for the 2009 season. Some producers have started to reduce their herd size as they head in to the winter season.

Drought conditions continue to intensify and expand over a large portion of central Alberta. Areas south of Edmonton continue to experience drought severity at a 1 in 10 year rate. Dry conditions have persisted in this region for more than a year, with some regions receiving 60 percent of normal precipitation resulting in a 12 month departure from normal of up to 240mm (9.5 inches). At this time, areas between Grande Prairie and south of Edmonton have the highest deficit. Twelve month Standardized Precipitation Index (SPI) values in this region range form -1.6 to <-2.00. These SPI values are fairly consistent throughout the past year with some areas having these values persist well beyond the past 24 months. The October Palmer Drought Index shows areas south of Edmonton to be extremely dry as well, with values ranging between -3.00 and -4.99. Low precipitation has resulted in forage shortages, anticipated water shortages and some crop stress, as well as significant Aspen tree die back. Soil moisture throughout this region is very low at this time. Below normal precipitation was also received in the south western portion of the province resulting in an Abnormally Dry (D0) classification.

Much of the northern regions of Alberta continue to see very dry conditions which have resulted in an increase of fire danger. This region has been classified as Abnormally Dry (D0) as a result. Northern Saskatchewan on the other hand has improved significantly with abundant precipitation throughout October. The only region left classified as Abnormally Dry (D0) is located in the northwest corner of the province.

South central and southeast regions of Saskatchewan continue to receive above normal precipitation resulting in significant improvements in soil moisture. As such, the D1 (Moderate Drought) and D0 (Abnormally Dry) classifications have been reduced in size in these regions. Above normal rain fall through September and October have resulted in improved soil moisture, however, water shortages continue to be widespread throughout the southern regions of Saskatchewan. The region continues to see effects from a dry fall and winter in 2007 and very low runoff last spring. Forage and water supplies continue to be a significant concern throughout this region as producers prepare for the winter season. Cattle producers in this region have been forced to haul water and forage and reduce their herds throughout the year. The Abnormally Dry (D0) region has been expanded west into southwest Saskatchewan as water and forage supplies are extremely low despite near normal precipitation. Areas in the extreme southwest around Swift current and Maple Creek continue to receive adequate rainfall. Southeast portions of Saskatchewan also continue to improve.

Dry conditions in central Saskatchewan and west central Manitoba continued to worsen over the past couple months, resulting in sustained D0 (abnormally Dry) classification. This includes the areas of Prince Albert, Hudson Bay, Swan River, and The Pas, which continue to receive extremely low precipitation for the extended Growing Season and into the fall. Twelve month SPI rates the area at around -1. A small area between Lloydminster and Meadow Lake is also grading low, and showing little improvement. West central regions of the province (areas around Rosetown and Kindersley) continue to be dry with departures from normal of up to 75 mm for the Growing Season. Surface water supplies in this region are also low with most producers currently dealing with shortages or anticipated shortages occurring in the early winter. The area around Swan River remains below normal, and around The Pas and Flin Flon conditions are gradually worsening slightly over the past 2 months. These regions have three month precipitation deficits of up to 100 mm (4 inches) and surface water shortages are anticipated or occurring.

Central Region (ON, QC)

October precipitation was near normal or slightly above normal throughout much of the southern portion of northwest Ontario resulting in the removal of the D0 (Abnormally Dry) classification from areas west of Thunder Bay. Areas east of Thunder Bay that were previously classified as Abnormally Dry (D0) have been expanded to the east. The region bordering Ontario and Quebec along the US border continues to receive below normal precipitation, however at this time the region does not warrant a Dought classification. This region will be closely

monitored and if conditions continue this region will be classified at a D0 or D1 during the next assessment.

Atlantic Region (NS, NB, PE, NL)

Near normal or above normal conditions continue throughout much of Quebec and Atlantic Canada. Saturated agricultural land has caused significant crop loss and increased pests and disease. A small portion of western Newfoundland is showing signs of dry conditions for the past number of months. At this time there is no concern for drought. However based on the drought indices it has been classified as abnormally dry (D0).

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