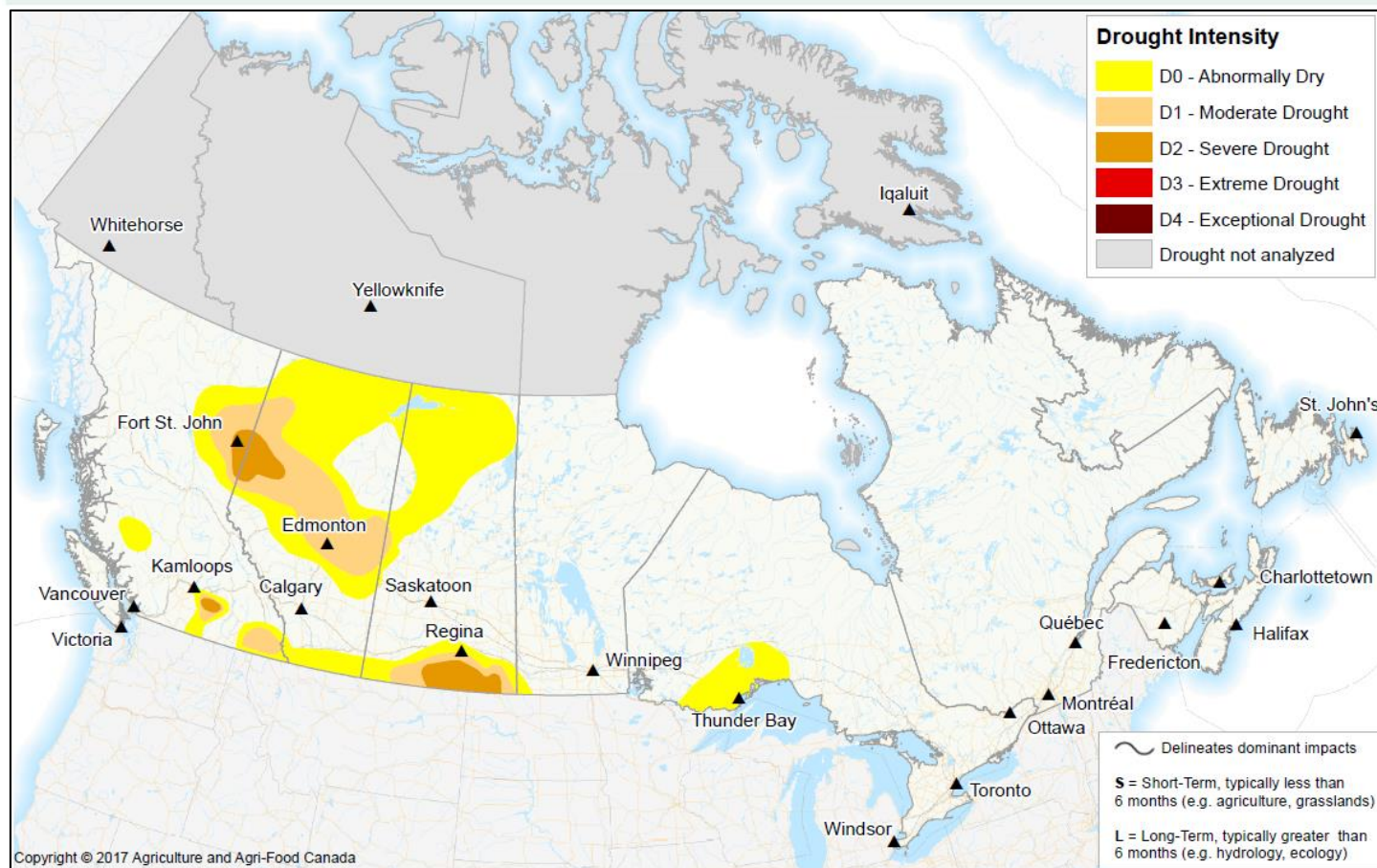


Canadian Drought Monitor

Conditions as of August 31, 2008



Drought concerns remain in the Peace River region of northern Alberta and British Columbia, southern British Columbia and southern Saskatchewan. Conditions have significantly deteriorated in southern Saskatchewan as water shortages have resulted in significant impacts for the cattle industry. Dry conditions are starting to emerge as a concern in Ontario. Portions of southern British Columbia and southern Manitoba experienced significant improvement resulting from above normal precipitation through August. The Atlantic region received considerable rainfall through the month of August, resulting in the alleviation of any potential concerns for drought in the region.

The Peace River region of north western Alberta and north eastern British Columbia improved slightly in August with near normal rainfall. However the rains came too late to improve agricultural conditions this growing season. The dry conditions in the early spring and through

June and July have resulted in poor crop development and forage yields below 50% of the long term average. According to Alberta Agriculture, the western portion of the Peace River region is experiencing drought with an occurrence of less than 1 in 25 years. Water and forage shortages are occurring and producers are being forced to haul water and purchase feed, or significantly reduce their herds. Growing season precipitation (April 1- August 31) is rated at 40-60% of normal, with seasonal deficits of greater than 100mm.

The southern interior of British Columbia (near Kamloops) along with the Kootenay Region of south eastern British Columbia remain very dry, having received between 60-85% normal precipitation over the past 12 months. Seven-day average streamflow remains at 50-80% of normal median streamflow for many rivers in this region. Significant rainfall (up to 60 mm) in the southern Okanagan has resulted in significant improvement of this region which has been changed from a D1 to a D0 and in some areas no classification.

Dry conditions persist over a large portion of central Alberta and a small portion of west central Saskatchewan. Areas south of Edmonton, near Coronation, and by Cold Lake are experiencing drought severity at a 1 in 12 year rate. These conditions have largely remained unchanged for the majority of the growing season, with some regions receiving 60-85% of normal precipitation. Areas between Grande Prairie and Edmonton have an annual deficit of over 200 mm. Low precipitation has resulted in forage shortages, anticipated water shortages and some crop stress.

Much of the northern regions of Alberta and Saskatchewan have seen very dry conditions throughout August which has resulted in an increase of fire danger. This region has been classified as abnormally dry (D0) as a result.

Water shortages are widespread through southern Saskatchewan. A dry fall and winter led to very low runoff this past spring, and even with near normal precipitation throughout much of the growing season, water supply shortages are significant. Forage is also in very short supply due to very poor forage yields. Much of the forage concerns have resulted from previous years of drought, limited soil recharge this spring and spotty rains throughout the region. Cattle producers in this region have been forced to haul water and forage or reduce their herds. The one-year precipitation deficit to September 1, 2008 in much of this region is greater than 100mm or close to 1/3 of their annual precipitation.

For the most part, the southeast portion of Saskatchewan and southwest Manitoba, although having improved significantly from earlier in the year, continue to be classified in a moderate drought (D1) condition with some regions being improved to an abnormally dry (D0) classification. The greatest improvement in this region has occurred in southwest Manitoba, where portions of the region received greater than 150% of normal monthly precipitation (up to 80 mm). Large portions of southeast Saskatchewan remain over 200 mm (50%) below average annual precipitation.

During August, precipitation was slightly below normal throughout much of Ontario. Areas that have been classified in the abnormally dry (D0) category include portions of NW Ontario, in the Thunder Bay region. Other regions of Ontario, including southern regions near Windsor, were very dry as well; however, they have not been rated as abnormally dry conditions at this point. We will continue to monitor conditions in this region closely; if conditions continue to be dry they will be added to the September assessment.

Excessive rainfall through August in much of Atlantic Canada has resulted in saturated fields and very wet conditions. At this time there are no concerns for drought in this region.