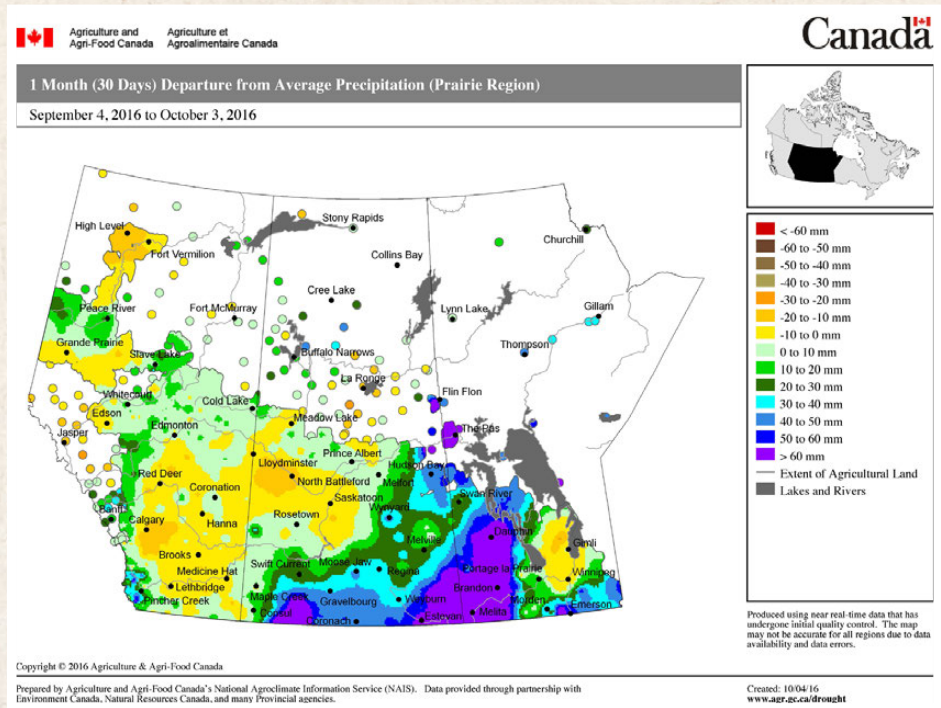


2016 GROWING SEASON IN WESTERN CANADA

The 2016 growing season in Western Canada (Alberta, Saskatchewan and Manitoba) was characterized by cooler than normal temperatures and higher than normal rainfall during the growing and harvest periods. The growing season was ideal for high production volumes but far less than ideal for quality.

The fall period saw a continuation of higher than normal rainfall. October saw early snowfall through large parts of the prairie region. Excessive rain and snow made it difficult in some areas for farmers to harvest. High moisture conditions led to quality deterioration.

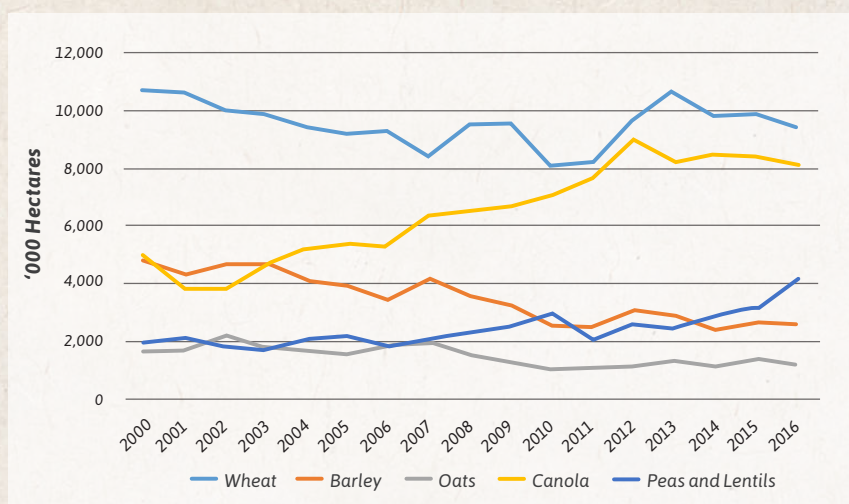


CANADIAN MAJOR CROP SEEDED AREA

2016 production for many crops is near record levels.

Since 2000 there has been a significant increase in canola hectares. Recently this increase has been augmented by growth in pulse crops like peas and lentils. The growth in canola and pulse crops has impacted cereal production, with wheat showing a slight downward trend since 2000 and oats and barley hectares off significantly.

In the last three years hectares seeded for Western Canada's two major crops – canola and wheat – have remained relatively stable. This has also been the period that has seen the most significant expansion in pulse crops.



Source: Statistics Canada

Wheat remains the largest seeded crop in Canada at over 9 million hectares. This is down by over 1 million hectares from 15 years ago.

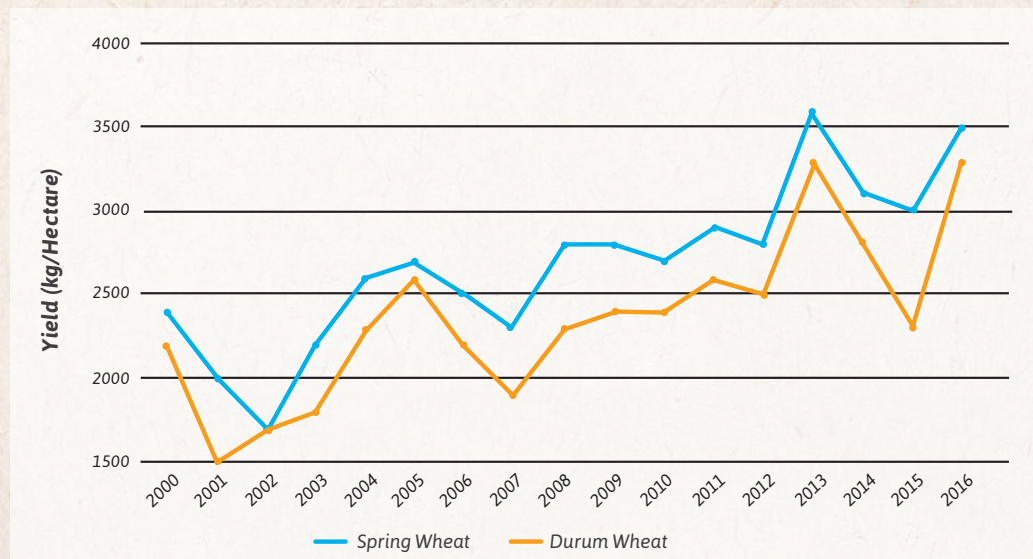
2016 GROWING SEASON IN WESTERN CANADA

TOTAL WHEAT SEEDING AREA (MILLION HECTARES)

	2013	2014	2015	2016
Total Wheat	10.5	9.6	9.8	9.4
Spring Wheat	7.7	7.0	6.9	6.3
Durum	2.0	1.9	2.4	2.5
Winter Wheat	0.8	0.7	0.5	0.7

Source: Statistics Canada

WHEAT YIELDS ON THE PRAIRIES



Source: Statistics Canada

Growing conditions in 2016 were wet and cool on the Canadian Prairies. Yields for both spring wheat and durum were strong, increasing from 2015. Yields for both spring wheat and durum are above the long term average. The 2016 yield for Canadian spring wheat is estimated to be about 3.5 tonnes per hectare compared to the average since 2000 of 2.7 tonnes per hectare. The 2016 yield for Canadian durum is estimated to be 3.3 tonnes per hectare, versus the average since 2000 of 2.3 tonnes per hectare.



2016 GROWING SEASON IN WESTERN CANADA

CANADIAN MAJOR CROP PRODUCTION (MILLION TONNES)

	2013	2014	2015	2016*
All Wheat	37.5	29.4	28.0	31.7
Canola	18.6	16.4	18.4	18.4
Barley	10.2	7.1	8.2	8.9
Oats	3.9	3.0	3.4	3.2
Corn	14.1	11.5	13.6	13.2
Soybeans	5.4	6.0	6.4	6.5
Dry Peas	3.9	3.8	3.2	4.8
Lentils	2.3	2.0	2.5	3.3
Flaxseed	0.7	0.9	0.9	0.6
Total	96.6	80.1	84.6	90.6

Source: Statistics Canada
*Estimated as of December 2016

It is significant to note the increase in pulse crop production. Pulse crops like peas and lentils have been giving producers a high return and, therefore, we are seeing increased hectares going into these crops. Wheat and durum are competing for cropland.

CANADIAN 2016 WHEAT PRODUCTION AND SUPPLY (MILLION TONNES)

	2013	2014	2015	2016*
Total Wheat	37.5	29.4	26.6	31.8
Spring Wheat	27.2	21.3	20.0	20.5
Durum	6.5	5.2	5.4	7.8
Winter Wheat	3.8	2.9	2.2	3.5

Source: Statistics Canada
*Estimated as of December 2016



2016 GROWING SEASON IN WESTERN CANADA

CANADIAN SPRING WHEAT PRODUCTION

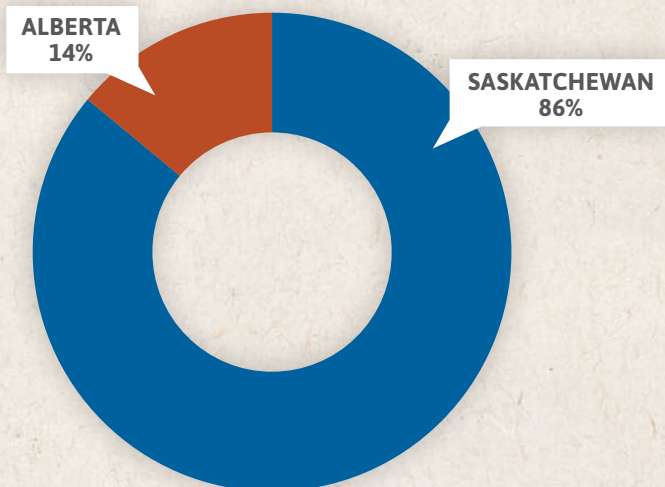
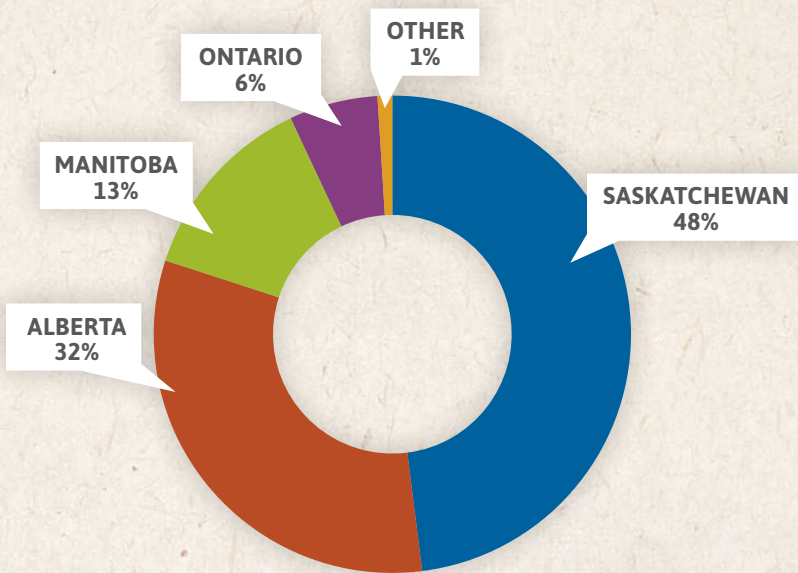
The majority of spring wheat in Canada is produced in the three Prairie provinces – **Manitoba, Saskatchewan and Alberta.**

The province of Saskatchewan produces about 48% of the spring wheat grown in Canada. This is followed by Alberta which produces about 32% and Manitoba which produces about 13%. The next largest producer is the province of Ontario, at about 6%.

CANADIAN DURUM WHEAT PRODUCTION

Virtually all Canadian durum production takes place in **Saskatchewan and Alberta.**

The past year the province of Saskatchewan produced about 86% of Canadian durum wheat while Alberta accounted for the remaining 14%.





2016 GROWING SEASON IN WESTERN CANADA

CANADIAN WHEAT (EXCLUDING DURUM) SUPPLY AND DISPOSITION (MILLION TONNES)

	2013/14	2014/15	2015/16*
Beginning Stocks	4.0	8.7	6.1
Production	31.0	24.2	22.2
Exports and Domestic Disappearance	26.4	26.9	24.3
End Stocks	8.7	6.0	4.0

*Source: Statistics Canada
Estimated

Incoming stocks for Canadian wheat (excluding durum) for the 2016/17 year are at about 4 million tonnes, which is the lowest in Canada for some time. The low Canadian wheat stocks are due to a strong export program from Western Canada over the past year. Harvest delays may have resulted in tight supplies during the early fall period.

CANADIAN DURUM SUPPLY AND DISPOSITION (MILLION TONNES)

	2013/14	2014/15	2015/16*
Beginning Stocks	1.1	1.7	1.0
Production	6.5	5.2	5.4
Exports and Domestic Disappearance	5.9	6.0	5.3
End Stocks	1.7	1.0	1.1

*Source: Statistics Canada
Estimated

Durum stocks at the beginning of the 2015/16 crop year were some of the lowest on record. While the ending stocks for 2015/16 are up slightly, stocks are still at low levels.

Canadian supply has been boosted by strong production in 2016, but the difficult harvest conditions have significantly reduced the available supply of the top grades. Stocks of the higher grades of durum are still expected to be at extremely low levels at the end of the 2016/17 crop year.