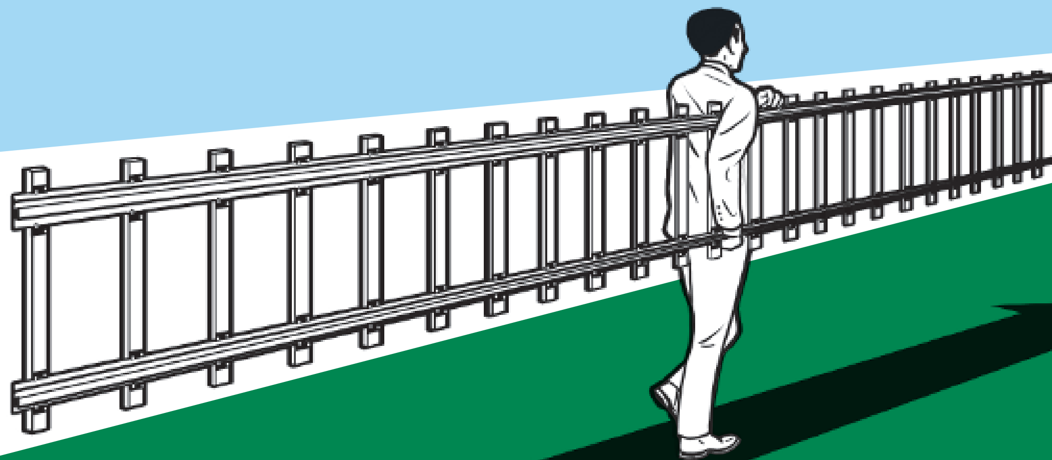
The Track to Growth

Ceres Global Ag Corp. 2013 Annual Report



Ceres Global Ag Corp.

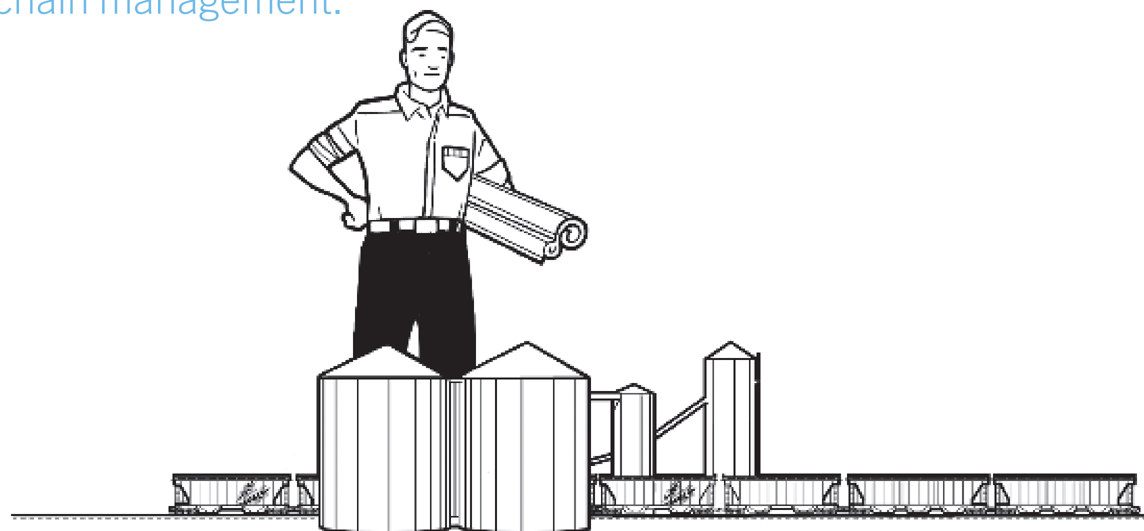
The benefit of Ceres long-term capital is that we can benefit from short-term decision making from sellers of assets where time and strategic attention can be applied. At Ceres our goal is to acquire undervalued assets in the agriculture and related supply chains and through strategic initiatives such as adding scale, optimizing the capital structure bringing in new management and customers, reposition these assets so that they can be monetized for a significant appreciation in value.

Thinking
Short- and Long-haul

Ceres Global Ag is in the business of finding hidden opportunities, purchasing them inexpensively, operating or holding them until the right moment, and harvesting them as productively as possible. While it can sometimes take time to reap the benefits of this strategy, we are confident that patient investors will ultimately be rewarded.

AN ESTABLISHED PLATFORM

At the core of our business is the strong belief that there are significant opportunities for an enterprise that owns strategically located storage facilities that can provide additional services in supply chain management.



Identify opportunities, invest in key areas, and manage to profitability: this is what has driven Ceres' investment strategy.

In 2012, this plan to monetize the asset value we've accumulated started to reap rewards. In September 2010, Riverland Ag acquired a grain handling facility based in Ralston, Wyoming having storage capacity of 2.3 million bushels. This year, Riverland Ag sold that facility for $12.4 million, and established a strategic sourcing relationship with Briess Industries, North America's leading producer of specialty malts and value-added ingredients for the brewing, distilling, food and pet food industries. Under the agreement, Riverland Ag will continue to manage the facility on behalf of Briess Industries for a minimum of three years for a monthly management fee and contingency payment of between $1.125 million and $1.5 million in 2016. The majority of the facility's barley shipments will be to Briess Industries, with the balance being sold to the facility's other existing customers. Briess will assume the majority of the working capital obligations of the facility going forward, and will continue to be an important customer of Riverland Ag's U.S. Upper Midwest facilities. Ceres will recognize a gain on the sale of $9.6 million.

Ceres will continue to focus on strategic sourcing transactions to release the value inherent in our grain storage facilities.

Operational Building Blocks

Several of our facilities are qualified as 'regular for delivery' for certain futures contracts on the Minneapolis and Chicago exchanges.

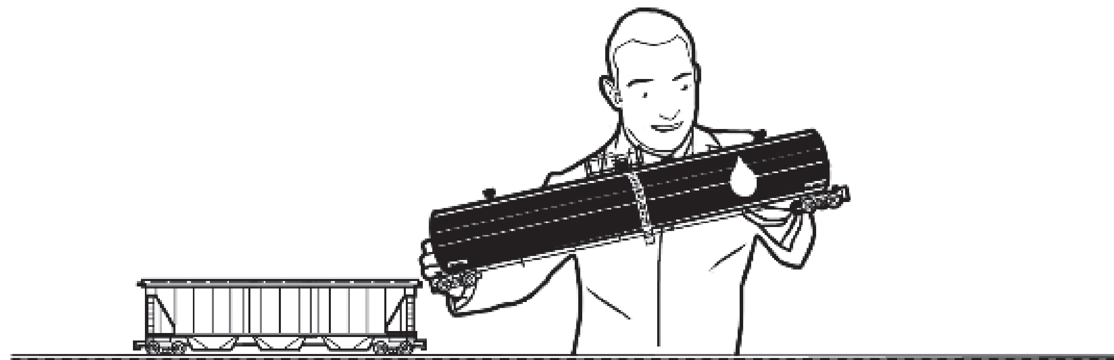
Service Offerings

- Storage and handling at both terminal and selected country locations
- Cleaning and grading
- Blending to consistent ingredient profiles
- Supporting client efforts to develop new seed varieties
- Fostering direct interface between clients and producers
- Deploying and managing lease car fleets
- Off balance sheet financing

● *Riverland Ag Grain Storage Facilities*
● *Major Grain-Processing Facilities*

Strategic moves.

Our investment in rail has delivered significant returns both as a grain origination and oil-by-rail platform.



The Stewart Southern Railway in southeastern Saskatchewan is an 81 mile short line that runs from Regina to Stoughton. In the short term, we saw this investment primarily as a grain-origination strategy for Riverland Ag. We also took the longer view that the value of our investment could be enhanced by an increase in oil shipments by rail, as Stoughton lies within a major producing area in Saskatchewan's Bakken oil play.

In February 2012, this potential was realized when we started shipping approximately 3,000 barrels of oil a day. That movement doubled in March and we now are shipping upwards of 27,000 barrels a day. We also invested in track expansion, which should enable the railway to significantly expand the efficiency and capacity of both oil and grain shipments. Increased rail shipments of oil are being driven by the rapid expansion of shale oil production in Western Canada and by the resulting uptake in the use of spare pipeline capacity; at this point there is little pipeline capacity left and what remains is very expensive. This has led to significant regional oversupply of local oil and a heavy discount for Saskatchewan and North Dakota Bakken oil relative to world market prices. Currently, the oil-by-rail option is growing as producers seek to move oil to market and capture some of the Brent–Bakken pricing differential as well as provide a competitive option to pipelines to keep that pricing in check. Oil-by-rail is currently the only economic alternative to reducing drilling activity, decreasing well output or shutting in wells. Even so, there is limited rail capacity today, primarily because of a shortage of oil railcars. We are encouraged by the fact that rail companies are developing multiple-destination markets with the capacity to unload trains of 100-plus cars, bringing greater efficiency to the market and making rail a competitive, long-term complementary alternative to pipelines. Ceres will continue to support the SSR business, and we are looking for further investments in this area.

Regina
Richardson
34
Stewart
Southern
Railway
35
Tyvan
Filmore
6
Stoughton
Northgate

Following the Flow

Running from Regina to Stoughton, the SSR lies within the Bakken oil formation.

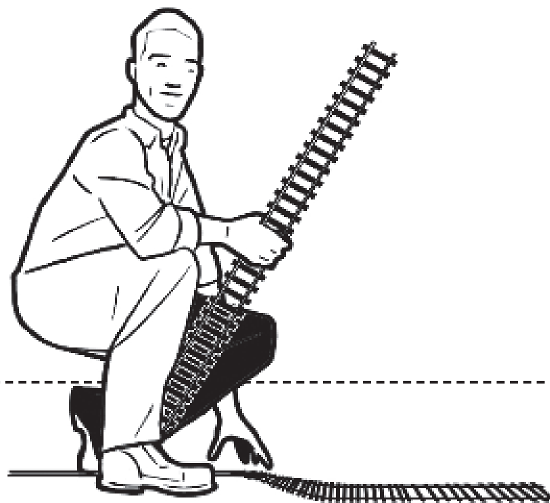
Edmonton
Red Deer
Vancouver
Calgary
Saskatoon
Trail
Lethbridge
Regina
Swift Current
Brandon
Winnipeg
Minot
Thunder Bay
Minneapolis
St. Paul
Toronto

Gaining Traction

Recent track expansion will enable the SSR to significantly expand efficiency and capacity of both oil and grain shipments, as well as open incremental opportunities for other commodities into the Canadian Pacific rail network.

Value down the line.

By adding further dimension to our core businesses, we're on track to pursue exciting new directions.



Our investment in the proposed Northgate Hub promises to generate returns both as an adjunct to our grain operations and in facilitating rail-based transport of oil from an area of the province with constrained pipeline access.

Located on 1,500 acres of land at Northgate, Saskatchewan, the proposed commodity logistics hub will include two high-efficiency rail loops, each capable of handling unit trains of up to 120 railcars. Strategically positioned on the border with North Dakota, this facility creates a gateway to the Burlington Northern Santa Fe Network for Saskatchewan and Western Canada grain, oil and related commodities. One loop will be dedicated to a grain handling and shipping facility, and the other to transloading and shipping oil.

In addition, a logistics centre will unload imported equipment and materials for Saskatchewan's booming resource economy. The connection to BNSF Railway's United States network will give shippers direct access to customers in 28 states, numerous Pacific and Gulf ports, and Mexico, along BNSF's 32,000 mile network, including over 45 crude-by-rail destinations.

Subject to final approvals being received, the proposed Northgate Hub would ultimately be able handle up to 40 million bushels of grain per year and 70,000 barrels of oil per day. This will help significantly ease the bottleneck of getting commodities – especially grain and oil – out of Saskatchewan and will expand the marketing options for area producers.

Transload Area

Grain Terminal

Oil Loading Area

Oil Terminal

Customs Building

Northgate Development

The facility has been designed to handle up to 40 million bushels of grain annually and 70,000 barrels of oil per day.

Connection to BNSF Rail Network and U.S. Markets

BNSF Railway's United States rail network

The connection will give shippers direct access to customers in 28 states, numerous Pacific and Gulf ports, and Mexico along BNSF's 32,000 mile network.

1504
1504
1504

1. Duluth, Minnesota

2 facilities – 16.3 million bushels of space – Rail, Truck and Vessel loading and unloading – Eligible for Delivery for Minneapolis Wheat and Chicago Oats

2. Malt One, Minneapolis

1 facility – 4.6 million bushels of space – Rail and Truck – Eligible for Delivery for Minneapolis Wheat and Chicago Oats

3. Savage, Minnesota

1 facility – 9.3 million bushels of space – Rail, Truck and Mississippi Barge loading – Eligible for Delivery for Minneapolis Wheat and Chicago Oats

4. Stewart Southern Railway, Saskatchewan

81 mile Shortline Railway from Regina to Stoughton, Saskatchewan – Ships primarily oil and grain

To our fellow shareholders

Gary Selke
Chairman & CEO

Michael Detlefsen
President

Jason Gould
CFO

Tom Muir
CTO

Craig Reiners
President & CEO Riverland Ag

2013 was another year of mediocre earnings performance at Ceres, driven primarily by significant operating shortfalls at Riverland Ag. These were caused primarily by a significant underlying shift in the business environment, with the Dodd-Frank legislation causing an exit of financial players from the grain futures markets, significantly reducing the annual carrying charges, and the drought, which eliminated the carry altogether for part of the year as markets inverted. In response, Ceres initiated a strategic review of the business, concluded that the transformation of the business model in a fully-fledged trading company was a 'bridge too far' and hired Barclays Capital to accelerate the harvesting of the intrinsic value of the Riverland assets.

Encouraged by the sale of the Wyoming facilities in the 4th quarter, we are confident that unlocking the value of our investments is the right path for Riverland Ag. During the 4th quarter Riverland Ag sold the Wyoming facilities for $12.4 million to Briess industries and in doing so established a strategic sourcing relationship with a leading producer of specialty malts and value added ingredients for the brewing, distilling, food and pet food industries. With supply/demand challenges on smaller grains caused by the recent drought and cropping pattern changes, we are starting to see processing companies assessing their needs for longer term commitments to supply involving storage and origination strategies. Under the agreement, Riverland Ag will continue to manage the facility on behalf of Briess Industries for a minimum of three years for a monthly management fee of and a contingency payment of between $1.1 million and $1.5 million in 2016. The majority of the facility's barley shipments will be to Briess Industries, with the balance being sold to the facility's other existing customers. Ceres recognized a gain of approximately $9.6 million excluding the impact of the contingency payment.

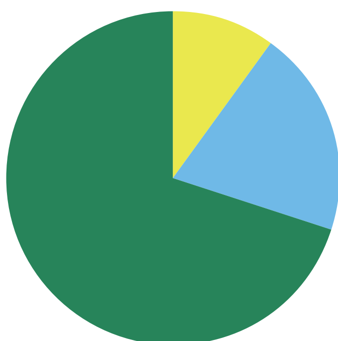
As exemplified by the Wyoming transaction, Riverland Ag is well positioned to benefit from this strategic shift of processing companies and is equally well positioned to benefit from increased North/South flow of grains as a result of the removal of the Canadian Wheat Board marketing monopoly in Canada. Over the course of the next 12 to 18 months, Ceres management and Barclays Capital will work tirelessly to harvest value from the core Riverland Assets, while Riverland Ag's management, under the recently promoted Craig Reiners, stabilizes and then grows earnings, while reducing their volatility.

On the positive side, earnings grew exponentially at the Stewart Southern Railway, driven mostly by the oil-by-rail business, and Ceres announced the expected development of its Northgate commodity logistics site.

During the year, the SSR benefited from being at the forefront of the crude oil-by-rail expansion in Canada. SSR will continue to work with its key customers to continue to grow

Asset Mix

10% Commodities Logistics
20% Cash
70% Grain Storage and Handling



AS WE CONTINUE TO LOOK AHEAD, OUR LONG-TERM STRATEGY IS TO MAXIMIZE THE VALUE OF INVESTMENTS WE'RE MAKING. WE HAVE A TRACK RECORD OF INVESTING IN THE RIGHT ASSETS AT THE RIGHT TIME.

operations, and its recent move into rail car storage is making the SSR an even more compelling option for oil shipments. Our 25% share in the net earnings of SSR in 2013 totaled $1.2 million, which represents a 71% return for 2013 on the original investment, and was driven by strong crude oil-by-rail shipments that averaged 27,000 bpd in the 4th quarter and by improving grain shipments. Expansion was completed at the oil shipping terminal on the SSR, which raised capacity to 45,000 bpd. With expanded drilling activity in the Stoughton draw area, the SSR will look to add new customers down the line in such areas as oil services.

During the 4th quarter, Ceres announced our intention to develop a Logistics Hub on approximately 1,500 acres of land acquired in Northgate, Saskatchewan. The Northgate Hub will act as the direct link to the Burlington Northern Santa Fe Network for Saskatchewan and Western Canada grain, oil and related commodities. As part of this Logistics Hub, Ceres has entered into a Memorandum of Understanding with The Scoular Company, whereby Scoular will own and operate the grain facility and tie it into its extensive network through the United States and globally.

Together, the SSR and our Northgate project offer unique shipping paradigms for the steadily growing commodities being exported from Saskatchewan and Western Canada, as well as import oil drilling supplies and animal feed ingredients from the United States. Recent site preparation is a welcome step forward and we look forward to this project progressing further.

As we continue to look ahead, our long-term strategy is to maximize the value of investments we're making. We have a track record of investing in the right assets at the right time. We've brought new rigour to risk management. We've embarked on new operational directions to increase the value of net assets. We continue to look at innovative ways to integrate those assets into a more cohesive whole, taking advantage of synergies and economies of scale. Every decision we make has been guided by a sound, fiscally responsible management strategy that balances stakeholders' desire for near-term results with the promise of longer-term profitability and gains.

Ceres Global Ag is in the business of finding hidden opportunities, purchasing them inexpensively, operating or holding them until the right moment, and harvesting them as productively as possible. While it can sometimes take time to reap the benefits of this strategy, we are confident that patient investors will ultimately be rewarded. We are grateful for the support, diligence and guidance of our Board of Directors, and for the long-term vision and loyalty of our fellow shareholders. We look forward to continuing on this exciting and rewarding journey.

MD&A

Management's Discussion and Analysis

For the Fiscal Year Ended March 31, 2013

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Management’s Discussion and Analysis

This annual management’s discussion and analysis (“MD&A”) presents management’s discussion and analysis of the consolidated financial position of Ceres Global Ag Corp. (“Ceres” or the “Corporation”), the consolidated results of its operations, liquidity and capital resources, business risks and future outlook. This MD&A should be read in conjunction with Ceres’ annual audited consolidated financial statements for the years ended March 31, 2013 and 2012, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) and presented on Schedule A attached to this annual report.

Riverland Ag Corp. (“Riverland Ag”) is Ceres’ largest investment, and is a wholly-owned subsidiary of Ceres. In discussing the results of operations, reference will be made to results on a consolidated basis and to results for Riverland Ag separately.

This MD&A has been prepared as of June 6, 2013. Unless otherwise indicated, dollar amounts are reported in Canadian dollars (“CAD”).

FORWARD-LOOKING INFORMATION

This annual MD&A contains information that is “forward-looking information”, “forward-looking statements” and “future oriented financial information” (collectively herein referred to as “forward-looking statements”) within the meaning of applicable securities laws. The words ‘‘anticipate’’, ‘‘expect’’, ‘‘believe’’, ‘‘may’’, “could”, ‘‘should’’, ‘‘estimate’’, “plan”, ‘‘project’’, “intend”, ‘‘outlook’’, ‘‘forecast’’, “likely”, “probably” or other similar words are used to identify such forward-looking information. Forward-looking statements in this document are intended to provide Ceres’ shareholders and potential investors with information regarding Ceres and its subsidiaries, including Management’s assessment of future financial and operational plans and outlook for Ceres and its subsidiaries. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, expectations or projections about the future, strategies and goals for growth, expected and future cash flows, costs, planned capital expenditures, anticipated capital projects, construction and completion dates, operating and financial results, critical accounting estimates and the expected financial and operational consequences of future commitments.

All forward-looking statements reflect Ceres’ beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. All of the Corporation’s forward-looking statements are qualified by the assumptions that are stated or inherent therein, including the assumptions listed below. Although Ceres believes these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements.

Key assumptions have been made in connection with the forward-looking statements in this annual MD&A. These assumptions include, but are not limited to, the following:

- expected movement to more integrated North American grain commodity markets created by changes in the powers of the Canadian Wheat Board;
- continued compliance by Riverland Ag with loan covenants;
- expected increase in the utilization of the Riverland Ag’s facilities;
- the volume and quality of grain held on-farm by producers in North America;
- benefits to be realized by the review of Riverland Ag’s business assets;
- the demand for, and supply of, grains;
- agricultural commodity prices;
- general financial conditions for Western Canadian and American agricultural producers;

- the market share that will be achieved by the Corporation;
- the extent of customer defaults in connection with credit provided by Riverland Ag;
- the ability of Stewart Southern Railway Inc. ("SSR") to continue its growth trend in grain and oil shipments by rail, without service disruption;
- Riverland Ag's ability to maintain existing customer contracts and relationships;
- realizing the benefits from the early repayment of long-term debt;
- that an agreement is reached with the Scoular Company concerning its involvement in the Northgate, Saskatchewan Commodity Logistics Hub;
- the successful completion of the Northgate Commodities Logistics Hub;
- the effects of competition;
- no further material change in the regulatory environment in Canada;
- the ability to maintain existing financing on acceptable terms; and
- trends concerning currency exchange and interest rates.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to Ceres. Factors that could cause actual results or events to differ materially from current expectations include, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in agricultural, food processing and feed sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Ceres to successfully implement strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Corporation's assets, the availability and price of commodities and regulatory environment, processes and decisions. By its nature, forward-looking information is subject to various risks and uncertainties, including those risks discussed in other sections of this annual MD&A and in other filings and communications, any of which could cause Ceres' actual results and experience to differ materially from the anticipated results or published expectations. Additional information on these and other factors is available in the reports filed by Ceres with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this annual MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Ceres undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

CAUTIONARY STATEMENT AS TO NON-IFRS FINANCIAL MEASURES

As supplementary information, Ceres provides a non-IFRS measure that management believes is useful to users of this annual MD&A to explain Ceres' financial results. This non-IFRS measure is EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization), which is not a standardized financial measure prescribed by IFRS. However, management believes that most shareholders, creditors, other stakeholders and investment analysts benefit from using this performance measure in analyzing Ceres' results. Ceres also uses this measure internally to monitor the Corporation's performance.

In calculating EBITDA, Ceres also excludes its share of the net income (loss) from investments in associates and the gain or loss on sale or impairment of property, plant and equipment. Ceres may calculate EBITDA differently than other companies; therefore, Ceres' EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss, or to other standardized financial measures determined in accordance with IFRS, and is not intended to represent cash flows or results of operations in accordance with IFRS.

OVERVIEWS

The following table represents an analysis of the components of Ceres' equity attributable to shareholders as at March 31, 2013 and reflects the value at which individual items are carried on Ceres' balance sheet (in millions of dollars, except total equity attributable per share outstanding):

Cash and cash equivalents *(note 1)*	$	18.75
Portfolio investments		6.49
Other current assets		0.01
Investment in SSR *(note 2)*		2.83
Investment in land and capitalized costs representing the future Northgate Commodities Logistics Hub ("Northgate") *(note 3)*		4.98
Investment in Riverland Ag *(note 4)*		
Net working capital, net of all debt *(note 5)*		46.00
Fixed assets, at net book value *(note 6)*		66.01
Investment in Canterra Seeds Holdings, Ltd. ("Canterra") *(note 7)*		1.52
Total investment in Riverland Ag		113.53
Less: All (Current) Liabilities		(1.70)
Total Equity Attributable to Shareholders	$	144.89
Total Equity Attributable per share outstanding	$	10.11

Notes:

1. Cash and cash equivalents exclude cash held by subsidiaries.
2. SSR is 25 per cent owned by Ceres and is accounted for using the equity method.
3. The investment in Northgate represents an investment in approximately 1,500 acres of land in Saskatchewan and North Dakota, plus capitalized costs incurred to ready the site for the development of the logistics hub.
4. Ceres owns 100 per cent of Riverland Ag and consolidates the accounts of Riverland Ag in the annual financial statements. In this analysis, the investment in Riverland Ag is accounted for using the equity method.
5. The net working capital of Riverland Ag represents primarily the owned inventory which is marked to market, less all bank indebtedness. The aggregate of other assets is substantially offset by the aggregate of other liabilities.
6. Represents approximately 52 million bushels of storage space at an average net book value of $1.26 per bushel.
7. Canterra is 25 per cent owned by Riverland Ag and is accounted for using the equity method.

Ceres

Ceres is an asset management company currently focused in two primary areas:

- Grain Storage and Handling – represented by Riverland Ag, a collection of North American commercial grain storage and handling assets; and
- Commodity Logistics – represented by SSR, a short-line rail company based in Southeastern Saskatchewan, and Northgate, the proposed commodities logistics hub.

Riverland Ag

Riverland Ag owns and operates eleven (11) grain storage and handling facilities in the American states of Minnesota, North Dakota, New York and Wisconsin, and the Canadian province of Ontario. Riverland Ag also manages two facilities in Wyoming on behalf of its customer-owner.

Riverland Ag is focused on cereal grain storage, customer-specific procurement and "process-ready" cleaning of specialty grains such as oats, barley, rye and durum wheat. It offers a comprehensive range of services to its customers to help manage the risks associated with the price, quality, and availability of these critical food grains.

Riverland Ag's facilities are strategically located, with excellent rail, truck and ship transportation logistics and close proximity to major grain-processing facilities in the United States. Many of Riverland Ag's locations are at deep-water ports in the Great Lakes and along the upper Mississippi River, allowing access for lakers and barges, and enabling the efficient global import and export of grains.

The majority of Riverland Ag's facilities are qualified as 'regular for delivery' locations for certain futures contracts on the Minneapolis and Chicago exchanges, allowing Riverland Ag to earn carrying charges against grain stored for delivery to the exchanges by matching deliverable cash inventories with futures contracts. This delivery mechanism helps to mitigate risk for Riverland Ag and it is an important component of its credit facilities.

Currently, the majority of Riverland Ag's storage space is utilized to capture grain arbitrage and merchandising opportunities. The balance is utilized to service third-party storage contracts with leading food and beverage companies, whereby the third-party owns the inventory and pays Riverland Ag for storage and elevation. The Corporation is actively exploring working with physical commodity funds to utilize the Corporation's facilities as a way of enhancing its revenues. Going forward, Riverland Ag's strategy is to balance these revenues sources more equitably.

Riverland Ag is primarily focused on the storage and handling of cereal grains with particular emphasis on wheat, oats, barley and rye. In the case of wheat and oats, both of these crops have futures markets which it uses to hedge its inventories. For barley and rye, where no futures markets exist, it primarily stores the grain under contract with end users. Riverland Ag earns revenues in three primary areas:

- Carrying income, when it hedges its owned inventory positions against the futures markets and earns the difference between spot and deferred prices;
- Storage revenue, when it is paid for the use of its space by entities that have inventory deposited in Riverland Ag's delivery facility or by food and beverage companies; and
- Merchandising gains, when owned inventory positions are sold or marked up in value as a result of movements in the market values of those grains above the prices at which it was acquired.

Grains purchased by Riverland are primarily bought from third-party grain companies in the United States and Canada, with certain Riverland locations also procuring directly from farmers. Grains are usually sold to food and beverage companies, livestock related businesses, as well as delivered into the futures market.

The nature and position of Riverland Ag's assets allow it to be flexible in different types of grain markets, but typically it has performed best in an environment of strong production, resulting in surplus grains that need to be stored, combined with a futures market in contango.

A trend that has existed for a number of years has involved corn and soybeans absorbing acreage farther north, at the expense of cereal grain production. The result of this situation, both in the near-term and longer-term, will be an ever increasing reliance on Canada to produce cereal grains. The most dramatic example of this is represented by the production of oats, which until the 1980s, was a significant crop in the United States. However, America now imports the majority of its food quality oats from Canada. Consequently, while nearly all of Riverland Ag's facilities are in the U.S., what occurs in Canada's cereal grain production is very relevant to Riverland Ag.

The recent development of the removal of the Canadian Wheat Board's monopoly on the marketing of Western Canadian wheat will, over time, make Riverland Ag's position in the spring wheat delivery market much stronger as the North American market becomes more integrated. While movements south have been slower than initially forecasted, we expect them to increase as logistics and customer merchandising improves. Projects such as the proposed grain facility in Northgate by the Scoular Company will significantly help this movement.

Stewart Southern Railway

Ceres owns a 25 per cent interest in SSR, which is a 132 kilometre (82-mile) short-line railway that extends from Richardson, Saskatchewan (just southeast of Regina) to Stoughton, Saskatchewan. SSR was purchased from the Canadian Pacific Railway, with which it has haulage agreements. Historically, SSR only shipped grain and was being challenged by low local production caused by high levels of precipitation and flooding. Since February 2012, SSR began shipping oil from the Stoughton area for the first time and monthly volumes have grown steadily. With an expansion completed at the Stoughton oil trans-loading facility at the end of December 2012, the oil loading capacity has increased to over 45,000 bpd of production to become one of the largest crude oil by rail loading sites in Western Canada. In addition, SSR has recently been successful in developing a rail car storage program for shippers, which will help broaden its revenue and earnings profile. As SSR absorbs this large growth, it will look for increased shipment opportunities in oil and other products.

Northgate, Saskatchewan Commodities Logistics Hub

Ceres owns 1,500 acres of land at Northgate, Saskatchewan and Northgate, North Dakota, where it intends to construct a new commodity logistics hub including high-efficiency rail loops, capable of handling unit trains of up to 120 railcars. A grain handling and shipping facility and trans-loading and shipping oil will be the initial focus, followed by a logistics centre that will unload in-bound equipment and materials for Saskatchewan's booming resource economy.

The connection to BNSF Railway's network will give shippers direct access to customers in 28 American states, numerous Pacific and Gulf ports, and Mexico, along BNSF's 32,000 mile network, including over 45 crude-by-rail destinations. Access to many other strategic interior locations and Atlantic ports are also available through BNSF's rail connections.

Construction is planned to commence in the spring of 2013, subject to receipt of all necessary permits and approvals and finalization of agreements with project partners, with initial grain and oil shipments expected later in 2013. The facility will be built over three years, and has been designed ultimately to handle up to 40 million bushels of grain annually and potentially 70,000 barrels of oil per day. More than 100 construction jobs will be created, and about 30 ongoing jobs once the facility is fully operational.

The Scoular Company ("Scoular"), a major U.S.-based agricultural marketing company, is expected to partner with Ceres on the project. Subject to the finalization of agreements, Scoular will fund, own and operate the grain handling facility. Ceres' grain subsidiary, Riverland Ag, will be a major customer of the grain facility, and will work closely with Scoular on the procurement of certain grains.

SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected annual financial information. Details concerning operating results for 2013 are reported throughout this MD&A. Further information related to prior quarterly results may be found in the respective interim or annual financial statements and MD&As.

The following table presents the information in accordance with International Financial Reporting Standards ("IFRS"), in Canadian dollars, being the presentation and functional currency of the Corporation).

in thousands, except per share data		**2013**		2012		2011
Total revenues	**$**	**223,080**	$	184,414	$	147,258
Gross profit	**$**	**2,040**	$	15,955	$	18,327
Net (loss) income	**$**	**(11,485)**	$	(3,806)	$	25,697
Basic and diluted (loss) earnings per share	**$**	**(0.80)**	$	(0.25)	$	1.74
Total assets	**$**	**296,250**	$	292,398	$	310,870
Total non-current financial liabilities (including current portion)	**$**	**–**	$	47,838	$	29,596
Distributions or cash dividends declared per common share	**$**	**–**	$	–	$	–

RESULTS OF OPERATIONS FOR THE YEAR AND THE QUARTER ENDED MARCH 31, 2013

Revenues and Gross Profit

Through Riverland Ag, Ceres is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in will have a relatively equal impact on sales and cost of sales and a minimal impact on gross profit. Accordingly, management believes it is more important to focus on changes in gross profit than it is to focus on changes in revenue dollars.

For the year ended March 31, 2013, revenues totalled $223.1 million and gross profit was $2.0 million (2012: revenues totalled $184.4 million and gross profit was $16.0 million). For the year ended March 31, 2013, gross profit percentage was 0.91 per cent (2012: 8.65 per cent). The decrease in gross profit is attributable to lower carrying income due to tightness in the supply of grains caused primarily by the drought this past year and slower than anticipated spring wheat movement from Canada.

For the quarter ended March 31, 2013, revenues were $60.4 million (2012: $37.1 million) and gross profit was $2.0 million (2012: $0.8 million). For the quarter ended March 31, 2013, the gross profit percentage was 3.23 per cent (2012: 2.03 per cent). The increase in gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable to increased trading margins on bushels sold during this quarter as Riverland Ag continued to liquidate its oats inventory.

In Q4 2013, the gross profit percentage improved compared to Q3 2013 and Q4 2012, due to realized trading gains during the current quarter. As reported in the previous quarter, earnings from operations and gross profit percentage were still lower in this quarter compared to past historical levels due to depressed carrying charges in cereal grains.

As noted in the previous quarter, in Q3 2013, Riverland management made a strategic decision to deliver a significant amount of inventory against December 2012 futures contracts incurring a one-time loss of $2.4 million. With demand for terminal load out inventories strengthening in Q4 2013, Riverland repurchased much of its inventory that had been delivered in Q3 against futures contracts at parity and merchandised the inventory in Q4 at basis levels that were above parity making up much of that one-time loss of $2.4 million in Q3 2013.

General and Administrative Expenses

For the year ended March 31, 2013, general and administrative expenses totalled $10.6 million (2012: $10.9 million).

For the quarter ended March 31, 2013, general and administrative expenses totalled $3.0 million (quarter ended March 31, 2012: $2.4 million). The increase in general and administrative expenses for Q4 2013 primarily represents an increase of approximately $0.3 million in legal fees in Q4 2013 due to corporate initiatives and responding to a shareholder's request for a special shareholders' meeting.

For the year ended March 31, 2013, general and administrative expenses include Ceres corporate-level costs for management fees of $3.1 million (2012: $3.4 million) and other expenses of $2.5 million (2012: $2.3 million). The decrease in management fees is generally consistent with the decrease in average net asset value (or shareholders' equity) over the year ended March 31, 2013 compared to 2012, on which the management fee is calculated. The increase in other general and administrative expenses of approximately $0.2 million represents some increases in portfolio and corporate transaction costs and in legal fees, partially offset by decreases in audit fees and other professional fees.

Finance income (loss)

For the years ended March 31, 2013 and 2012 and the three-month periods then ended, finance income (loss) includes the following:

	3 months		12 months	
(in thousands of dollars)	**2013**	2012	**2013**	2012
Dividend revenues, net of withholding taxes	**$ –**	$ –	**$ –**	$ 21.2
Interest and other revenues, net of interest expense on bonds sold short	–	–	**20.7**	3.6
Realized loss on sale of investments	**(14.9)**	(6.1)	**(14.9)**	(5,257.4)
Realized gain (loss) on currency-hedging transactions	**(598.5)**	767.4	**(313.0)**	(541.3)
Realized and unrealized gain on foreign exchange	**15.1**	1.9	**12.9**	99.8
Change in fair value of investments	**(1,491.4)**	1,405.5	**(4,369.8)**	3,916.9
	$ (2,089.7)	$ 2,168.7	**$ (4,664.1)**	$ (1,757.2)

Investment revenues (dividends, interest and other revenues) earned by Ceres on its non-Riverland Ag assets are now insignificant, and reflect the divestiture commencing in June 2010 and continuing thereafter of a significant number of portfolio investments to fund the acquisition in that month of Riverland Ag, its future growth in Riverland Ag and other investments including SSR and the Northgate Logistics Hub. Realized losses on the sale of investments reflect the currently low level of activity in the portfolio over the past few quarters. Variances in realized and unrealized gains and losses for foreign exchange, currency-hedging and the remaining portfolio investments reflect fluctuations in the currency and equity markets.

Finance expenses

There is no debt at the Ceres corporate level. Therefore, for the years ended March 31, 2013 and 2012, finance expenses all relate to Riverland Ag and include interest on short-term and long-term debt plus the amortization of related financing transaction costs and an early payment penalty on long-term debt. For the three-months ended March 31, 2013, finance expenses included interest on short-term debt and amortization of related financing transaction costs. For the year ended March 31, 2013, finance expenses were $11.6 million (2012: $7.1 million). The increase in finance expenses for the year ended March 31, 2013, is the result of the one-time charge for the early debt repayment penalty of $2.5 million and the related amortization of the remaining unamortized financing costs of $0.3 million plus the effects of an increase in Riverland Ag's short-term borrowings during the year. Short-term borrowings decreased from $79.4 million as at March 31, 2012 to $65.0 million as at June 30, 2012, then increased to $176.1 million as at September 30, 2012 and to $178.1 million as at December 31, 2012 and finally decreased to $143.5 million as at March 31, 2013. The changes in short-term borrowings follow primarily the changes in inventory levels during the year and the repayment of long-term debt during the year ended March 31, 2013. Inventories decreased from $158.8 million as at March 31, 2012 to $139.8 million as at June 30, 2012, then increased to $249.1 million as at September 30, 2012, decreased to $189.6 million as at December 31, 2012, and decreased further to $164.8 million as at March 31, 2013. However, on December 17, 2012, the balance of long-term debt was fully repaid (long-term debt as at March 31, 2012 was $48.3 million, before unamortized financing costs). Funds used to repay long-term debt were provided by the short-term borrowing facilities.

For the quarter ended March 31, 2013, finance expenses were $1.9 million (2012: $2.1 million). Lower finance expenses for the quarter are due to realized savings resulting from the use of short-term borrowing facilities, for which Riverland Ag is paying a lower rate of interest compared to rates related to long-term debt that was paid off in the previous quarter. During the quarter, company owned inventory quantity declined slightly along with general decline in overall grain prices from December 31, 2012.

EBITDA

The following tables are a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the three-month period and the year ended March 31, 2013, and a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the three-month periods ended March 31, 2013 and 2012:

EBITDA *(in thousands of dollars)*	3 months, 2013		12 months, 2013	
Periods ended March 31, 2013	Consolidated	Riverland Ag	Consolidated	Riverland Ag
Net income (loss) for the period	$ 803.7	$ 3,849.5	$ (11,485.1)	$ (2,395.9)
Add (deduct): finance expenses	1,890.8	1,890.8	11,620.2	11,620.2
income taxes expense (recovery)	3,999.8	3,999.8	(2,571.3)	(2,571.3)
depreciation on property, plant and equipment	735.5	735.5	2,921.6	2,921.6
EBITDA before gain on sale of property, plant and equipment, and share of net (income) loss in associates	7,429.8	10,475.6	485.4	9,574.6
Add (deduct): gain on sale of property, plant and equipment	(9,710.4)	(9,710.4)	(9,598.3)	(9,598.3)
share of net (income) loss in associates	(178.7)	241.8	(1,231.6)	(33.4)
EBITDA	$ (2,459.3)	$ 1,007.0	$ (10,344.5)	$ (57.1)

EBITDA *(in thousands of dollars)*	3 months, 2013		3 months, 2012	
Periods ended March 31	Consolidated	Riverland Ag	Consolidated	Riverland Ag
Net income (loss) for the period	$ 803.7	$ 3,849.5	$ (414.1)	$ (1,378.7)
Add (deduct): finance expenses	1,890.8	1,890.8	2,051.0	2,051.0
income taxes expense (recovery)	3,999.8	3,999.8	(1,391.6)	(1,391.6)
depreciation on property, plant and equipment	735.5	735.5	717.5	717.5
EBITDA before gain on sale of property, plant and equipment, and share of net (income) loss in associates	7,429.8	10,475.6	962.8	(1.8)
Add (deduct): gain on sale of property, plant and equipment	(9,710.4)	(9,710.4)	146.1	146.1
share of net (income) loss in associates	(178.7)	241.8	114.5	125.0
EBITDA	$ (2,459.3)	$ 1,007.0	$ 1,223.4	$ 269.3

On a quarter-by-quarter basis, consolidated net loss is affected by the amount of finance income (loss) recognized in the accounts, which consists primarily of realized losses on the sale of portfolio investments, realized gains and losses on currency-hedging transactions, realized and unrealized gains and losses on foreign exchange and the unrealized gains and losses in the fair value of portfolio investments. For the quarter ended March 31, 2013, consolidated net loss includes finance loss of $2.1 million (quarter ended March 31, 2012: finance income of $2.2 million). Excluding the effect of the finance loss for the quarter ended March 31, 2013, adjusted consolidated EBITDA would have been a loss of $0.4 million (quarter ended March 31, 2012: consolidated EBITDA would have been a loss of $0.9 million). Fluctuations in this adjusted consolidated EBITDA reflect changes in the equity and currency markets.

The increase in EBITDA for Riverland Ag for the quarter ended March 31, 2013 over EBITDA for the quarter ended March 31, 2012 is $0.7 million. The increase is attributable primarily to an increase in gross profit from $1.4 million for the quarter ended March 31, 2012 to $2.0 million for the quarter ended March 31, 2013, which is attributable to the realized gains on grain sales during the quarter.

SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for each of the last eight (8) fiscal quarters ended March 31, 2013:

Reporting dates	3 months 2013-03-31	3 months 2012-12-31	3 months 2012-09-30	3 months 2012-06-30	3 months 2012-03-31	3 months 2011-12-31	3 months 2011-09-30	3 months 2011-06-30
(in thousands, except per share amounts)	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenues	**$ 60,429**	**$ 84,575**	**$ 35,132**	**$ 42,944**	$ 37,123	$ 22,639	$ 35,044	$ 89,609
Gross profit (loss)	**$ 1,954**	**$ (2,407)**	**$ 1,066**	**$ 1,426**	$ 755	$ 4,865	$ 4,147	$ 6,189
Income (loss) from operations	**$ (1,017)**	**$ (5,040)**	**$ (1,550)**	**$ (996)**	$ (1,663)	$ 2,526	$ 748	$ 3,432
Net income (loss)	**$ 804**	**$ (7,125)**	**$ (1,133)**	**$ (4,031)**	$ (414)	$ (1,704)	$ (2,033)	$ 345
Weighted-average number of common shares for the quarter	**14,335**	**14,336**	**14,406**	**14,512**	14,640	14,941	15,047	15,174
Basic and fully diluted earnings (loss) per share	**$ 0.06**	**$ (0.50)**	**$ (0.08)**	**$ (0.28)**	$ (0.02)	$ (0.11)	$ (0.14)	$ 0.02
EBITDA, consolidated	**$ (2,459)**	**$ (5,335)**	**$ 78**	**$ (2,627)**	$ 1,223	$ 1,150	$ 2	$ 3,536
EBITDA per share, consolidated	**$ (0.17)**	**$ (0.37)**	**$ 0.01**	**$ (0.18)**	$ 0.08	$ 0.08	$ –	$ 0.23
EBITDA, Riverland Ag	**$ 1,007**	**$ (2,850)**	**$ 663**	**$ 1,122**	$ 269	$ 4,508	$ 3,266	$ 4,924
EBITDA per share, Riverland Ag	**$ 0.07**	**$ (0.20)**	**$ 0.05**	**$ 0.08**	$ 0.02	$ 0.30	$ 0.22	$ 0.35
Cash and portfolio investments, net of shorts and options, as at reporting date	**$ 26,932**	**$ 29,764**	**$ 33,995**	**$ 35,436**	$ 39,607	$ 45,176	$ 48,253	$ 60,855
Shareholders' equity, as at reporting date	**$ 144,881**	**$ 141,812**	**$ 147,734**	**$ 153,400**	$ 155,900	$ 159,615	$ 165,792	$ 159,962
Shareholders' equity per common share, as at reporting date	**$ 10.11**	**$ 9.89**	**$ 10.29**	**$ 10.61**	$ 10.69	$ 10.83	$ 11.07	$ 10.58

The following comments relate to certain variances reported in some of the line items above:

Revenues: As a commercial commodities storage business, revenues may vary from quarter to quarter. The Corporation has the flexibility to be opportunistic in its decision to sell, or may make delivery sales in certain markets. The large increase in sales in Q3 2013 is attributable to large quantities of certain grains delivered on futures contracts in December 2012 and in Q1 2012 were attributable to large amounts of spring wheat being delivered in the market during that quarter. Revenues remained higher than past quarters during the fourth quarter as Riverland Ag sold large quantities of oats into the cash market.

Gross profit and Income from operations: The drop in gross profit that occurred in the first three quarters of the year ended March 31, 2013 is the result of reduced carrying income in combination with basis income against a lower inventory level, and the one-time loss on the strategic deliveries of certain grains against December 2012 futures contracts and the effect of the basis depreciation on certain inventories.

BUSINESS REVIEW – RIVERLAND AG INVESTMENT

Riverland Ag is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in will have a relatively equal impact on sales and cost of sales and a minimal impact on gross profit. Accordingly, management believes it is more important to focus on changes in gross profit than it is to focus on changes in revenue dollars.

For the year ended March 31, 2013, revenues totalled $223.1 million and gross profit was $2.0 million compared to $184.4 million in revenues and gross profit of $16.0 million for the year ended March 31, 2012. The gross profit percentage for the year ended March 31, 2013 was 0.91 per cent compared to 8.65 per cent for 2012.

For the quarter ended March 31, 2013, revenues were $60.4 million (2012: $37.1 million) and gross profit was $2.0 million (2012: $0.8 million). The gross profit percentage for the quarter ended March 31, 2013 was 3.23 per cent (2012: 2.03 per cent). The increase in the gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable primarily to realized gains on bushels sold during the quarter at basis levels at a premium to their carrying value.

The results for Q4 2013 strengthened due to the one-time gain on the sale of Riverland's Ralston, Wyoming, facility along with increased terminal demand for grain from the end-users. While the gross profit decreased throughout the first three quarters, the increase in Q4 2013 was driven by events in the marketplace that allowed Riverland to realize trading gains on grain sales at basis levels above the price of acquisition of the grain during the quarter. Results from operations relating to carrying charge income in Q4 2013 continued to be relatively depressed with continued decreased carrying charges on inventory quantities that are reduced from December 31, 2012 and March 31, 2012.

Furthermore, the disappointing results from operations in 2013 were primarily driven by the reduced supply of cereal grains in North America, a drought throughout much of the United States, and minimal selling from Canadian spring wheat producers, who have left significant quantities of wheat still on the farms. The drought during the 2012 crop year led to lower supplies of corn, a primary feed ingredient, which significantly increased in price. As a result, commodity markets saw increased prices across all other commodities as various types of wheat were used as a feed substitute to corn. The higher prices and lower supplies led to carrying charges being significantly reduced to levels approaching zero, along with strong basis levels for the physical product.

While the lower carrying income market has been negative for the Corporation from an earnings perspective, it has created an opportunity for the assets we own. Management believes the same events that led to challenging operations for the year for Riverland Ag offer future opportunity and potential as a supply chain service provider for food and beverage companies. When Ceres acquired Riverland Ag, it had over 20 million bushels of oats in store, which effectively acted as a "mayday" supply for the end users in oats. However, with overall tightness in the oats market supplies, high basis levels and a negative carrying income environment, the market is no longer rewarding Riverland Ag for having a large oats inventory and the company has continued to liquidate its oats inventory. At the same time, this lack of supply is compelling these customers to change their strategy by forcing them to look at their supply chain and build up one to two years of supply in the event of a poor crop in a future year, in order to maintain stable product availability for their mills. This is similar to what has occurred in the malt barley industry, whereby eighteen months of supply is routinely kept on hand in store. The challenge for many end users in oats is that they do not own large scale storage facilities nor do they have the experience to support these types of operations. As a result, we will shift the service we provide to the oats users from being a primary oats supplier to providing supply chain management services in the form of warehouse storage space for oats that are owned by the millers.

During the year ended March 31, 2013, Riverland Ag increased its revolving line of credit facility to USD$180 million. As at March 31, 2013, Riverland Ag owes USD$115 million on this line of credit (March 31, 2012: USD$80 million). This expanded credit facility provides Riverland Ag with greater liquidity to finance increasing grain inventories and absorb higher grain prices, and supports Riverland Ag's growth in the commercial grain storage industry. Furthermore, this increased facility greatly enhances Riverland Ag's flexibility in pursuing grain opportunities created by changes to the Canadian Wheat Board's powers and the movement to more integrated North American markets. Finally, Riverland Ag used this facility to effectively finance the full repayment of the long-term debt loans payable, which had a balance of $48.28 million as at March 31, 2012 (before unamortized financing costs). Consequently, as at March 31, 2013, Riverland Ag is no longer indebted to Great Western Bank for any long-term loans. In Q4 2013, Riverland Ag began realizing savings resulting from the reduced interest costs related to borrowings on the amount formerly financed by long-term debt (which carried interest ranging from 5.35 per cent to 6.60 per cent). On the early repayment of the long-term debt, Riverland Ag paid a penalty of $2.47 million. It is expected that the payback period on this penalty will be approximately 18 months. With the sale of the Iona, Minnesota facility, coupled with our delivery strategy executed in Q3 FY 2013 and the sale of the Ralston, Wyoming facility, it was determined our capital needs changed and, as a result, it was decided to pay off the term debt facility in Q3 and rely on our operating line facility, and benefit from its lower interest rate.

As previously reported, on July 31, 2012 Riverland Ag renewed the revolving line of credit facility for an additional two years. Commencing thereon, interest is at LIBOR plus 3.75 per cent (formerly at LIBOR plus 4.00 per cent), and certain covenants were modified.

Management continues to identify growth opportunities, in both upstream and downstream segments. On March 15, 2013, the Company entered into a strategic sourcing relationship with Briess Industries Inc. ("Briess"). As part of the strategic sourcing relationship, Briess acquired the Ralston elevator facility and the Powell, Wyoming seed plant for USD$12.4 million. Riverland Ag will manage the facility on behalf of Briess for a minimum of three years. The majority of the facility's barley shipments will be to Briess, with the balance being sold to the facility's other existing customers. Riverland Ag will receive a monthly management fee and a contingency payment of between USD$1.125 million and USD$1.5 million in 2016 subject to certain performance targets being met. Processing of sales to the facilities' other customers will be to the account of Riverland Ag. Briess assumes the working capital obligations of the facility, and will continue to be an important customer of Riverland Ag's U.S. Upper Midwest facilities. On the sale of the two facilities in Q4 2013, Ceres recognized a gain of $9.6 million.

Furthermore, during the year ended March 31, 2013, as previously reported, Riverland Ag entered into a joint agreement with Consolidated Grain and Barge Co. ("CGB"), whereby CGB will rent space and utilize the barge shipping capability of our Savage, Minnesota facility to purchase and ship grain beginning on February 1, 2013. This partnership with CGB validates the position and strength of our assets. We will continue to look to partner with companies such as CGB for handling agreements, which will enhance the diversification of the revenue base for Riverland Ag. In addition, management will continue to optimize its mix of grains to maximize the utilization of its storage space and earnings on grains in storage.

As mentioned in the previous quarter, the transition to an open market in Canada for wheat and barley has been slower than originally expected, as farmers have been reluctant to move wheat off the farm in the quantities originally anticipated. As of April 2013, industry analysts indicate that approximately 50 per cent of last year's Canadian wheat crop is still on the farms waiting to be moved to market. The lack of movement in the 4th quarter of 2013 was attributable to logistical issues that made moving the grain a challenge, principally due to weather conditions throughout Canada and the northern plains of the United States. As snowfall and moisture remain in the Canadian prairie region, early planting indications for spring wheat show that the seeded crop area will be slightly higher than the prior year and on pace with the five-year average. Planting in Canada should force farmer sales, to clear room for the new crop year's harvest. Management believes that the flow of Canadian grain to the United States will increase over the next few quarters. As one of the largest independent grain companies, with over 50 million bushels of storage located in the Upper Lakes and Mississippi River area strategically close to the Canadian border, Riverland Ag is in a unique position to benefit from the structural changes occurring in the North American cereal grain market.

BUSINESS REVIEW – STEWART SOUTHERN RAILWAY INVESTMENT

Ceres has a 25 per cent investment in SSR, which is a short-line railway operating in south-eastern Saskatchewan. SSR continued its strong growth trend during the quarter. For this quarter, SSR earned $1.7 million, resulting in Ceres' 25 per cent ownership interest generating $0.4 million of equity earnings during the quarter, which is an increase from the previous quarter of $0.3 million of equity earnings. Since its acquisition on December 31, 2010, Ceres' return on its original investment has been 64.16 per cent, and for the last three quarters, Ceres' investment in SSR has generated approximately a 59.78 per cent return on its original investment. This result is remarkable, as oil by rail shipments only began a year ago in February 2012. During the quarter, the daily volume of oil shipments averaged approximately 27,000 bpd. The expansion of the Crescent Point Energy oil loading terminal was completed at the end of December 2012 and has a capacity of over 45,000 bpd. At the very end of this quarter, with the expansion completed, oil shipments were averaging over 27,000 bpd and are likely to increase from there over the next calendar year. Shipments of agricultural commodities continued on their pace from the last quarter. Also during the quarter, SSR initiated a rail car storage program that will help broaden its revenue and earnings base. Ceres' original investment in SSR cost $1.7 million for its 25 per cent interest.

FINANCIAL POSITION AS AT MARCH 31, 2013

The following is a summary of the portfolio investments and cash on hand as at March 31, 2013 and 2012:

	2013	2012
Portfolio investments	**$ 6,488,254**	$ 9,873,064
Cash	**$ 20,443,836**	$ 29,733,963

Portfolio investments

As at March 31, 2013, the percentage of the fair value of the portfolio invested in public companies was 62.89 per cent of the total portfolio, and in private companies was 37.11 per cent (2012: public companies: 60.89 per cent of the total portfolio; private companies: 39.11 per cent). Nonetheless, as at March 31, 2013, 1.17 per cent of shareholders' equity is represented by portfolio investments in private companies (2012: 2.47 per cent). As at March 31, 2013, 3.32 per cent of shareholders' equity is invested in equity instruments of a publicly traded companies located in Canada (2012: 3.85 per cent).

During the year ended March 31, 2012, Ceres reduced its legacy public portfolio investments by selling certain positions. Proceeds from the sale of investments were used to fund various strategic investment initiatives and the ongoing Normal Course Issuer Bid. During the year ended March 31, 2013, minimal holdings were sold for a small loss of approximately $15,000; however, Ceres made additional investments in existing shareholdings totalling $1.1 million. During the three-month period and the year ended March 31, 2013, the decrease in fair value of portfolio investments is attributable primarily to losses in value of Ceres' investment in EcoSynthetix Inc. and Windtronics, LLC.

As part of the Corporation's strategy to manage its risks and minimize its exposure associated with owning securities denominated in foreign currencies, the Corporation may commit to certain forward foreign exchange contracts. As at March 31, 2013, the Corporation had a forward foreign exchange contract for USD$30 million, having a term of 34 days (March 31, 2012: forward foreign exchange contract for USD$32.5 million, term of 31 days).

Effects of changes in the rate of foreign exchange

As at March 31, 2013, for accounting purposes, Ceres' investment in the net assets of Riverland Ag Corp. is USD$106.6 million. During the year then ended, the Canadian dollar became weaker against the U.S. dollar by 1.85 per cent. This change is the cause of the gain on translation of foreign currency accounts of foreign operations in the amount of CAD$2.0 million reported as other comprehensive gain in the statement of comprehensive income (loss) for the year ended March 31, 2013 (2012: gain on translation of foreign currency accounts of foreign operations was $2.5 million).

Riverland Ag Corp.'s reporting and functional currency is the U.S. dollar Riverland Ag Corp. has no assets or liabilities denominated in currencies other than U.S. dollars. Therefore, it is not directly exposed to currency risk in its normal operations. Currency risk related to the accounts of Riverland Ag Corp. relates primarily to the translation of its U.S. dollar accounts into Canadian dollars for the purposes of Ceres' consolidated financial reporting. Adjustments related to the translation of Riverland Ag Corp.'s U.S. dollar assets and liabilities are included as other comprehensive income (loss) and have no effect on the determination of Ceres' consolidated net income for an interim or annual reporting period.

Furthermore, as reported in Note 13(c) of Ceres' consolidated financial statements for the year ended March 31, 2013 (Financial instruments – management of financial instruments risk, currency risk), and as mentioned above in the portfolio investments discussion, as at March 31, 2013, Ceres has a forward foreign exchange contract for USD$30 million having a term of 34 days. Management monitors changes in foreign exchange rates on an ongoing basis and considers appropriate strategies and actions related to the accounts of Riverland Ag Corp. and to Ceres' direct exposure to changes in the U.S. dollar, as and when the need arises.

Other assets and liabilities

As at March 31, 2013, the consolidated balance sheet reflects changes in the assets and liabilities of the Corporation since March 31, 2012. During the year ended March 31, 2013, total assets increased by approximately $3.8 million, caused primarily by the following increases (decreases), in millions of dollars:

- cash and portfolio investments ($ 12.7)
- trade accounts receivables $ 3.6
- inventories $ 5.9
- other current assets $ 7.3
- investments in associates $ 1.2
- investment property $ 2.1
- property, plant and equipment ($ 3.6)

The decrease in property, plant and equipment reflects (a) additional investment in existing elevator facilities and machinery, (b) the sale of the Iona, Ralston and Powell facilities, (c) the effects of changes in the exchange rate with the U.S. dollar used to translate accounts of Riverland Ag to Canadian dollars, and (d) the effects of depreciation expense.

During the year, total liabilities increased by approximately $14.9 million, being an increase of 10.89 per cent in the value of total liabilities compared to March 31, 2012. Excluding a decrease of $2.63 million in the deferred income tax liability, total liabilities increased by $17.5 million, or 13.10 per cent. The increase in liabilities reflects primarily the increase of the aggregate of short-term credit facility liabilities, which increased by $64.0 million, less the repayment of long-term debt of $47.8 million, for a net increase in balances payable on credit facilities of $16.2 million. This increase in net debt on the credit facilities over the year mirrors increases in accounts receivable, inventories and other current assets.

LIQUIDITY AND CAPITAL RESOURCES

Following Ceres' acquisition of Riverland Ag in June 2010, Ceres began an orderly liquidation of its investment portfolio to generate cash to support the growth of Riverland Ag and invest in other agricultural industry-related businesses. As at March 31, 2013, Ceres had $20.4 million in cash available for future investment, and approximately $6.5 million invested in minority positions in several companies (March 31, 2012: $29.7 million of cash and approximately $9.9 million invested in minority positions in several companies). Ceres continues to monitor market opportunities to liquidate portfolio investments.

The Corporation's cash requirements include operating costs at the corporate level and funding the growth of Riverland Ag and the Northgate Commodity logistics Hub project. Cash and portfolio investments, as well as cash flow generated by Riverland Ag's operations, are available to support the continued growth of Riverland Ag.

As at March 31, 2013, Riverland Ag has the following short-term credit facilities:

- A syndicated committed facility of up to USD$180 million, under a two-year revolving credit agreement, which is subject to borrowing base limitations and secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. On July 31, 2012, Riverland Ag renewed this facility for an additional two years. Commencing thereon, interest is calculated at LIBOR plus 3.75 per cent, calculated and paid monthly and certain covenants were modified. Prior thereto, borrowings were subject to interest at LIBOR plus 4.00 per cent, calculated and paid monthly. As at March 31, 2013, the balance payable by Riverland Ag on the committed revolving credit line (excluding the effect of unamortized financing costs) was USD$115 million (CAD$116.8 million) (March 31, 2012: the balance payable by Riverland Ag was USD$80 million, then being CAD$79.8 million).
- A repurchase commitment facility under its product financing arrangement with Macquarie Commodities (USA), Inc. ("MCUSA"). Riverland Ag may periodically enter into sale/repurchase agreements, whereby it receives cash in exchange for selling inventory to MCUSA and agrees to repurchase the inventory from MCUSA for a fixed price on a future date. Riverland Ag recognizes these transactions as borrowings and commodity inventory in its accounts, and neither sales nor purchases are recognized in relation to these transactions. As at March 31, 2013, Riverland Ag had a repurchase liability of USD$26.7 million (CAD$27.1 million) (March 31, 2012: $nil). As at March 31, 2013, fixed interest rates on the open repurchase commitments ranged from 3.99 per cent to 4.05 per cent.

As at March 31, 2013 and March 31, 2012, Riverland Ag was in compliance with debt covenants concerning the short-term credit facilities.

On December 17, 2012, Riverland Ag repaid all of its then outstanding term notes payable due to Great Western Bank ("GWB"). The amount of principal then repaid was USD$44.6 million (CAD$43.9 million). On repayment, Riverland Ag also paid an early debt repayment penalty of USD$2.5 million (CAD$2.47 million) and amortized the full amount of the remaining unamortized financing costs of USD$0.3 million (CAD$0.3 million) related to long-term debt. The debt repayment penalty amount and the amortization of the long-term debt financing costs are included in finance expenses.

On August 1, 2012, Riverland Ag opened a cash account with GWB and deposited cash of USD$7.6 million, which then represented the aggregate of principal and interest payments due for a twelve-month period ending July 31, 2013 on Riverland Ag's long-term debt. On December 17, 2012, following the repayment of the term loans, GWB released the unused restricted cash amount to Riverland Ag.

Riverland Ag used its short-term credit facility to finance the full repayment of the long-term debt loans payable. In Q4 2013, Riverland Ag began realizing savings resulting from the reduced interest costs related to borrowings on the amount formerly financed by long-term debt (which carried interest at rates ranging from 5.35 per cent to 6.60 per cent). It is expected the payback period on this penalty will be approximately 18 months.

Except for additional warrants issued by Ceres on the acquisition of Riverland Ag (as discussed in the following paragraph), there has been no change in the authorized capital of Ceres since March 31, 2008.

On June 11, 2010, and as part of the consideration paid for the acquisition of Riverland Ag, Ceres issued 2,904,889 Common Shares at their quoted price of $5.99 each for consideration of $17.4 million, and 150,000 Common Share Purchase Warrants valued at $1.35 each for consideration of $0.2 million. These Common Share Purchase Warrants are exercisable at any time prior to the third anniversary of the closing date of the Acquisition at an exercise price of $10.40 each. During the years ended March 31, 2013 and 2012, no Warrants were exercised. As at March 31, 2013 and 2012, no stock options are outstanding. No stock options were granted during the years ended March 31, 2013 and 2012.

On October 7, 2010, Ceres announced a normal course issuer bid ("the 2010–2011 NCIB") commencing on October 8, 2010. For the period from April 1 to October 5, 2011, Ceres purchased 276,021 Shares under the 2010–2011 NCIB for an aggregate consideration of $2.1 million. The stated capital value of the repurchased Shares was $2.7 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $0.6 million for this period has been allocated to Retained Earnings during the year ended March 31, 2012.

On October 13, 2011, Ceres announced a normal course issuer bid ("the 2011–2012 NCIB") commencing on October 17, 2011. For the period from October 17, 2011 to March 31, 2012, Ceres purchased 373,796 Shares under the 2011–2012 NCIB for an aggregate consideration of $2.0 million. The stated capital value of these repurchased Shares was $3.6 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $1.6 million, has been allocated to Retained Earnings during the year ended March 31, 2012.

For the period from April 1, 2012 to October 16, 2012, Ceres purchased 246,600 Shares under the 2011–2012 NCIB for an aggregate consideration of $1.5 million. The stated capital value of these repurchased Shares was $2.4 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $0.9 million, has been allocated to Retained Earnings in the year ended March 31, 2013.

The following are the consolidated contractual maturities of all financial liabilities, including interest payments, as at March 31, 2013:

	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 116,327,864	$ 116,840,000	$ 116,840,000	$ –	$ –	$ –
Repurchase obligations	27,130,501	27,130,501	27,130,501	–	–	–
Accounts payable and accrued liabilities	5,296,033	5,296,033	5,296,033	–	–	–
Derivatives	1,627,645	1,627,645	1,627,645	–	–	–
Income taxes payable	260,539	260,539	260,539	–	–	–
Management fees payable	250,763	250,763	250,763	–	–	–
Due to Manager	268,565	268,565	268,565	–	–	–
	$ 151,161,910	$ 151,674,046	$ 151,674,046	$ –	$ –	$ –

Future expected operational cash flows and sufficient current assets are available to fund the settlement of these obligations in the normal course of business. In addition, the following factors allow for the substantial mitigation of liquidity risk: availability of portfolio investments traded in active exchanges, the prompt settlement of amounts due from brokers, and the active management of trade accounts receivable and the lack of concentration risk related thereto. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

MARKET OUTLOOK AND BUSINESS RISKS

Market Outlook

Riverland Ag Investment

Ceres, in conjunction with Barclays Capital, has completed its strategic review of the assets and operations of Riverland Ag. The following are the key findings and plans going forward:

- Driven by significant recent changes in U.S. based grain markets, specifically the withdrawal of financial players from the futures markets and decreasing stocks of grains, Riverland Ag's model of relying on earning carrying income from grain markets in contango will not yield satisfactory earnings;
- Going forward, Riverland Ag will develop a more balanced business model incorporating more customer-focused merchandising, long-term third party storage contracts, more strategic use of its position in the regular for delivery markets of oats and spring wheat, and limited carrying income participation;
- Certain assets have been identified as being non-core to this strategy or may have higher value to other industry participants than to Riverland Ag; and
- Divisional management at Riverland Ag will be focused on implementing the operational components of this strategy, while Ceres management will continue to work with Barclays to unlock the value of these assets.

Despite the drought that occurred in the U.S. Midwest, cereal grain production in North America this past year was very strong, with the production of wheat increasing in Canada and the United States compared to the prior year. This increased production coupled with the deregulation of the Canadian wheat market as a result of the removal of the Canadian Wheat Board's marketing monopoly creates a more dynamic market for Riverland Ag in which to participate, going forward. Despite this long-term positive trend for Riverland Ag, the Canadian farmer has not moved the grain that was originally expected over the last two quarters, with some analysts estimating that 50 per cent of last year's harvest is still on farm. This grain will have to move as it makes way for the 2013 crop and Riverland Ag is well positioned to take advantage of this movement.

Canadian oat production, which is Riverland Ag's primary sourcing area, was consistent with previous years with a wide range of quality being observed but is facing a similar lack of movement as spring wheat and less favourable crop fundamentals. Reports from industry analysts indicate that seeded crop area for the upcoming crop year will be relatively consistent with prior year yet slightly below the five-year average.

As a result of the opening up of the Canadian wheat market and shifts in the oat market, we generally expect the business to have a more spring wheat focused balance relative to oats. This is driven by an ability to source a much larger spring wheat market, both in terms of quantity and variability in quality, than existed in the past. In consideration of the combination of the removal of the Canadian Wheat Board monopoly and the Minneapolis Grain Exchange ("MGEX") accepting Canadian wheat for delivery against its contracts, Riverland Ag can now originate and hedge Canadian spring wheat in a market that is approximately 1.5 times larger than it was before the departure of the Canadian Wheat Board. The significant increase in the size of the spring wheat tributary to the MGEX wheat futures contract should add to its size and flexibility and, going forward, should make it a more

vibrant arena for hedging. In conjunction with the increase in the geographic foot print of Minneapolis spring wheat, a wider variety of quality will now be available, which should benefit companies with commercial storage.

As mentioned previously, early planting indications for spring wheat show that the seeded crop area will be slightly higher than the prior year and on pace with the five-year average. In addition, continued planting in Canada should force farmer sales in order to clear room for the new crop year's harvest. As one of the largest independent grain companies, with over 50 million bushels of storage located in the Upper Lakes and Mississippi River area strategically close to the Canadian border, Riverland Ag is in a unique position to benefit from the structural changes occurring in the North American cereal grain market. Furthermore, with the removal of the Canadian Wheat Board monopoly, we expect a more integrated North American grain market will develop. As this occurs, we expect new sourcing paradigms to develop based on an increased north–south flow of grain versus the historical east–west flow, such as the Northgate commodities logistics hub that Ceres has announced.

Stewart Southern Railway Investment

SSR should benefit from increased oil shipment, as the expansion in daily capacity to 45,000 bpd was completed in December 2012. The shipper of oil on the line has expressed an interest to move third party barrels of oil through their facility, which should broaden the supply base going forward. Grain shipments have returned with the 2012 harvest and look to continue through the year; however, it is oil shipments that are the key driver of the success and growth of this company. SSR has also initiated a rail car storage program, which in addition to driving additional revenues and earnings, will make it an attractive location for manifest shippers. As SSR management and operations absorb the large growth of the Stoughton oil shipments, they will look to drive growth in new areas.

Northgate Commodities Logistics Hub Investment

The late spring weather has delayed the construction schedule; however, the Corporation will continue to gain approvals and formalize agreements with partners and move the project forward. As reported in the MD&A (Subsequent event) in June 2013, Ceres commenced the site preparation work for this project. Pursuant to an agreement with Scoular concerning this project, Ceres is responsible for 50 per cent of the cost of the site preparation work phase.

Business Risks

Risks related to the portfolio investments
As at March 31, 2013, Ceres' portfolio investments currently consist of publicly traded equities of entities located in Canada, and of equities in private companies located in Canada and the United States of America. As at that date, total investment in non-public issuers represents 1.17 per cent of consolidated shareholders' equity (March 31, 2012: 2.47 per cent of consolidated shareholders' equity). These securities are subject to risks including market price risks, liquidity risk (as to investments in any private companies and restricted shares of public companies), issuer-specific credit risks, and fluctuations in foreign currency exchange rates and in interest rates.

Primary risks related to its operating subsidiary
Ceres' foreign subsidiary, Riverland Ag, operates in US dollars, being its reporting and functional currency. It does not hold assets nor have liabilities denominated in currencies other than US dollars. Therefore, it is not directly exposed to currency risk in its normal operations.

Riverland Ag uses various grain contracts as part of its overall grain-merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counterparty risk associated with non-performance, which may have the potential of creating losses for Riverland Ag. Management has assessed the counterparty risk and believes that no significant losses, if any, would result from non-performance.

Concerning its trade accounts receivable, Riverland Ag regularly evaluates its credit risk to the extent that such receivables may, from time-to-time, be concentrated in certain industries or with significant customers. Riverland minimizes this risk by having a diverse customer base and established credit policies. The aging of Riverland Ag's trade accounts receivable is substantially current. Based on its review and assessment of its trade accounts receivable, management has determined credit risk related to trade accounts receivable is minimal.

Riverland Ag's participation in the grain business makes it subject to market price volatility inherent in agricultural commodities. The nature of Riverland Ag's arbitrage and merchandising business mitigates the effect that short- and near-term price volatility would otherwise have on operating earnings. Interest costs on debt used to finance inventory fluctuates with changes in commodity prices. Riverland Ag typically builds inventory positions that bridge different crop years, which serves to mitigate earnings volatility related to poor or bumper crop years.

Commodity risk is inherent in the nature of Riverland Ag's business, as it enters into commitments involving a degree of speculative risk. To reduce risk that might be caused by commodity market fluctuations, Riverland Ag's risk management policy, with certain exceptions, follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. It would also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies can be significantly influenced by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets.

Liquidity risk relating to Riverland Ag's business has been discussed in the *Liquidity and Capital Resources* section of this report.

Use of derivatives

As described above concerning commodity risk, Riverland Ag generally uses exchange-traded futures and options contracts in managing such risk, and to enhance margins whenever possible. Changes to the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and included in due from broker (March 31, 2013: $11.9 million; March 31, 2012: $2.5 million) and as derivative assets or derivative liabilities, as applicable, in unrealized net gains (losses) on open cash contracts (as at March 31, 2013: unrealized gains of $2.3 million and unrealized losses of $1.6 million; March 31, 2012: unrealized gains of $3.0 million and unrealized losses of $2.9 million).

Ceres may use certain derivative instruments to manage its exposure to fluctuations in foreign currency exchange rates on the portfolio investments. For the year ended March 31, 2013, the realized loss on foreign currency hedging transactions was $0.31 million (2012: loss of $0.5 million). For the quarter ended March 31, 2013, the realized loss on foreign currency hedging transactions was $0.6 million (quarter ended March 31, 2012: gain of $0.8 million). As at March 31, 2013, Ceres recognized an unrealized gain of $10,701 on its only forward foreign currency contract as at that date (2012: $nil).

OUTSTANDING SHARE DATA

As at June 6, 2013 and March 31, 2013, the issued and outstanding equity securities of the Corporation consisted of 14,334,699 Common Shares issued and 150,000 Warrants.

RELATED PARTY TRANSACTIONS

Front Street Capital 2004 and certain affiliates (collectively referred to as "Front Street Capital") are related parties to Ceres by virtue of a management agreement, pursuant to which Front Street Capital provides certain services to Ceres. Chief among those services are:

- Providing management and officers to Ceres, in order to carry out day-to-day responsibilities and strategic direction;
- Providing office facilities to house the Corporation; and
- Providing miscellaneous personnel to perform certain clerical and administrative services for the Corporation.

The management agreement is in place until April 26, 2015, at which time Front Street Capital could be removed with two years written notice.

(a) Management fees and incentive fees

For the year ended March 31, 2013, management fees of $3.1 million were charged to operations and included with general and administrative expenses (2012: $3.4 million). As at March 31, 2013, management fees payable to the Manager amounted to $0.3 million (2012: $0.3 million). For the years ended March 31, 2013 and 2012, the Statements of Comprehensive Income (Loss) reflect no provision for an incentive fee. As at March 31, 2013 and 2012, there was no liability for an incentive fee.

For the quarter ended March 31, 2013, management fees of $0.7 million were charged to operations and included with general and administrative expenses (2012: $0.7 million).

(b) Due to Manager

As at March 31, 2013, the Corporation had a liability to the Manager in the amount of $268,565 (2012: $55,000), for the repayment of certain operating expenses.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of Ceres' consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from current estimates. Management reviews these estimates periodically and, as adjustments become necessary, they are reported in the Statement of Comprehensive Income in the period in which they become known.

The following significant accounting policies involve the use of estimates.

Financial instruments

Trade accounts receivable are classified as loans and receivables. All other financial assets are held for trading and classified at fair value through profit or loss. Current liabilities and long-term debt are classified as other liabilities, except Derivative liabilities (unrealized losses on open cash contracts), which are held-for-trading and classified at fair value through profit or loss. The carrying value of financial assets classified as current assets and the carrying fair value of financial liabilities classified as current liabilities approximate the fair value thereof given their short-term maturities. The carrying value of long-term debt, before the effect of the unamortized amount of financing transaction costs, is not materially different than the fair value of the principal amount of the loans.

Valuation of investments in private companies

The fair value of financial instruments not traded in an active market (including, but not limited to: over-the-counter derivatives and debentures, and securities in private companies, warrants and restricted securities, among others) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and make assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option-pricing models and other valuation techniques commonly used by market participants.

Derivative commodity contracts

Riverland Ag generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. These derivative contracts have not been designated as fair value hedges and are valued at market price. Changes in the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and classified as due from broker and derivative assets (unrealized gains on open cash contracts) and derivative liabilities (unrealized losses on open cash contracts).

Recognition of Riverland Ag revenues

Riverland Ag recognizes sales revenue at the time of delivery of the product when all of the following have occurred: a sales agreement is in place, title and risk of loss have passed, pricing is fixed or determinable, and collection is reasonably assured. Grain-storage income is recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented in the Statement of Comprehensive Income gross in revenues and cost of sales. Other direct and indirect costs associated with inventory and storage, including payroll and benefits of elevator employees, depreciation of buildings, silos and elevators, utilities and other similar costs are classified in cost of sales.

Inventories

Inventories consist of agricultural grain commodities owned by Riverland Ag, and are stated at fair value less costs to sell. Changes in the fair value less costs to sell of inventories of agricultural grain commodities are recognized in the determination of income for the period, as a component of cost of sales.

Investment property

Investment property is stated using the cost model. Investment property includes land currently held for capital appreciation and not otherwise utilized by Ceres. On initial recognition, investment property is measured at cost, including directly attributable expenditures that are capitalized on the basis it is probable that future economic benefits associated with the expenditure related to the investment property will flow to Ceres and the cost of such expenditure can be measured reliably.

Property, plant, and equipment

Property, plant, and equipment are stated at their fair value as at the date of the Acquisition. Amortization is calculated using the straight-line method over the estimated useful lives of the respective classes of assets, as follows:

Buildings, silos/elevators, and improvements	15 – 31 years
Machinery and equipment	7 – 15 years
Furniture, fixtures, office equipment, computer software and other property, plant and equipment	7 years

Riverland Ag reviews property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the expected fair value of such assets might not be sufficient to support the carrying amount of the assets.

SUBSEQUENT EVENT

On June 3, 2013, Ceres authorized the commencement of site preparation work for the commodity logistics hub planned for Northgate, Saskatchewan, on land currently owned by Ceres. Pursuant to an agreement with Scoular concerning this project, Ceres is responsible for 50 per cent of the cost of the site preparation work phase. Ceres' share of the total cost of the site preparation work is projected to be approximately $3.5 million.

CONTROLS AND PROCEDURES

Disclosure controls and procedures

Ceres maintains appropriate information systems, procedures and controls to ensure that new information disclosed externally is complete, reliable and timely. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and that they have, as at March 31, 2013, designed DC&P (or have caused such DC&P to be designed under their supervision) to provide reasonable assurance that material information relating to Ceres is made known to them by others, particularly during the period in which Ceres' annual filings are being prepared, and that information required to be disclosed by Ceres in its annual filings, interim filings or other reports filed or submitted by Ceres under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

Internal control over financial reporting

NI 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining internal control over financial reporting ("ICFR") and that they have, as at March 31, 2013, designed ICFR (or have caused such ICFR to be designed under their supervision) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). The control framework used by the Chief Executive Officer and the Chief Financial Officer to design Ceres' ICFR is the *Risk Management and Governance: Guidance on Control* (COCO Framework) published by The Canadian Institute of Chartered Accountants. During the period beginning on April 1, 2012 and ended on March 31, 2013, there have been no changes in Ceres' ICFR that have materially affected, or are reasonably likely to materially affect, Ceres' ICFR.

Management's Responsibility for Financial Reporting

These consolidated financial statements of the Corporation are the responsibility of management. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards ("IFRS") using information available to June 6, 2013 and management's best estimates and judgments, where appropriate.

Management has established a system of internal accounting and administrative controls to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly authorized and recorded, and financial records are properly maintained for the preparation of reliable financial statements.

The Board of Directors discharges its responsibility for the consolidated financial statements primarily through its Audit Committee, which comprises members of the Board of Directors. The Audit Committee meets with management and with the external auditors to discuss the results of the audit examination and review the consolidated financial statements of the Corporation. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors. The financial statements have been approved by the Board of Directors and have been audited by KPMG LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards. Their Independent Auditors' Report outlines their responsibilities, the scope of their audit, and their opinion on the accompanying consolidated financial statements. KPMG LLP has full and unrestricted access to the Audit Committee.

Signed *"Gary Selke"*

Gary Selke
Chief Executive Officer

Signed *"Jason Gould"*

Jason Gould
Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Ceres Global Ag Corp.

We have audited the accompanying consolidated financial statements of Ceres Global Ag Corp., which comprise the consolidated balance sheets as at March 31, 2013 and March 31, 2012, the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ceres Global Ag Corp. as at March 31, 2013 and March 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Signed "KPMG LLP"
Chartered Accountants

June 6, 2013
Winnipeg, Canada

Consolidated Balance Sheets

	Note	**March 31, 2013**	March 31, 2012
			(Note 21(a))
ASSETS			
Current			
Cash		**$ 20,443,836**	$ 29,733,963
Portfolio investments owned, at fair value	5	**6,488,254**	9,873,064
Due from brokers	6	**11,943,310**	2,463,520
Derivatives	13(a)	**2,311,882**	2,955,578
Accounts receivable, trade		**13,215,771**	9,622,892
Inventories, grains		**164,750,108**	158,810,128
Income taxes recoverable		**–**	842,478
Prepaid expenses and sundry assets		**1,458,362**	2,140,943
Current assets		**220,611,523**	216,442,566
Investments in associates	7	**4,349,467**	3,117,903
Intangible assets		**304,800**	299,250
Investment property	8	**4,975,921**	2,900,582
Property, plant and equipment	9	**66,007,982**	69,637,460
Non-current assets		**75,638,170**	75,955,195
TOTAL ASSETS		**$ 296,249,693**	$ 292,397,761
LIABILITIES			
Current			
Bank indebtedness	10	**$ 116,327,864**	$ 79,439,289
Accounts payable and accrued liabilities		**5,296,033**	3,141,089
Repurchase obligations	11	**27,130,501**	–
Derivatives	13(a)	**1,627,645**	2,917,960
Income taxes payable		**260,539**	–
Management fees payable	15(a)	**250,763**	267,223
Due to Manager	15(b)	**268,565**	55,000
Current portion of long-term debt	12	**–**	4,877,740
Current liabilities		**151,161,910**	90,698,301
Long-term debt	12	**–**	42,959,816
Deferred income taxes	16(b)	**207,272**	2,839,991
Non-current liabilities		**207,272**	45,799,807
TOTAL LIABILITIES		**151,369,182**	136,498,108
SHAREHOLDERS' EQUITY			
Common shares	14(c)	**138,298,904**	140,678,062
Warrants	14(c)	**202,384**	202,384
Contributed surplus		**9,026,038**	9,026,038
Currency translation account		**(1,292,904)**	(3,290,879)
Retained earnings (deficit)		**(1,353,911)**	9,284,048
TOTAL SHAREHOLDERS' EQUITY		**144,880,511**	155,899,653
SUBSEQUENT EVENT	22		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 296,249,693**	$ 292,397,761

The accompanying notes are an integral part of these financial statements.

On Behalf of the Board

Signed *"Gary Selke"*
Director

Signed *"Mary Parniak"*
Director

Consolidated Statements of Comprehensive Income (Loss)

For the years ended March 31	Note	**2013**	2012
REVENUES		**$ 223,079,919**	$ 184,414,138
Cost of sales		**(221,040,333)**	(168,458,905)
GROSS PROFIT		**2,039,586**	15,955,233
General and administrative expenses		**(10,641,561)**	(10,911,124)
(LOSS) INCOME FROM OPERATIONS		**(8,601,975)**	5,044,109
Finance loss	13(b)	**(4,664,051)**	(1,757,162)
Finance expenses		**(11,620,188)**	(7,144,851)
Loss on impairment of property, plant and equipment		**–**	(146,092)
Gain on sale of property, plant and equipment		**9,598,255**	–
LOSS BEFORE INCOME TAXES AND THE UNDERNOTED ITEM		**(15,287,959)**	(4,003,996)
Income taxes recovered	16(a)	**(2,571,270)**	(612,749)
LOSS BEFORE THE UNDERNOTED ITEM		**(12,716,689)**	(3,391,247)
Share of net income (net loss) in investments in associates		**1,231,563**	(414,509)
NET LOSS FOR THE YEAR		**(11,485,126)**	(3,805,756)
Other comprehensive gain for the year			
Gain on translation of foreign currency accounts of foreign operations		**1,997,975**	2,495,382
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**$ (9,487,151)**	$ (1,310,374)
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE YEAR		**14,397,241**	14,936,272
LOSS PER SHARE			
Basic		**$ (0.80)**	$ (0.25)
Diluted		**$ (0.80)**	$ (0.25)
Supplemental disclosure of selected information:			
Depreciation included in Cost of sales		**$ 2,777,276**	$ 2,492,924
Depreciation included in General and administrative expenses		**$ 144,314**	$ 132,450
Amortization of financing costs included in Finance expenses		**$ 1,128,219**	$ 745,330
Personnel costs included in Cost of sales	21(b)	**$ 1,753,086**	$ 2,026,869
Personnel costs included in General and administrative expenses	21(b)	**$ 494,053**	$ 475,143

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

For the years ended March 31	Note	**2013**	2012
			(Note 21(a))
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		**$ (11,485,126)**	$ (3,805,756)
Adjustments for:			
Depreciation of property, plant and equipment		**2,921,590**	2,625,375
Realized loss on sale of investments	13(b)	**14,931**	5,257,461
Unrealized decrease (increase) in fair value of investments	13(b)	**4,369,758**	(3,916,939)
Loss on impairment of property, plant and equipment		**–**	146,092
Gain on sale of property, plant and equipment		**(9,598,255)**	–
Finance expenses		**11,620,188**	7,144,851
Income taxes recovered	16(a)	**(2,571,270)**	(612,749)
Share of (net income) net loss in investments in associates		**(1,231,563)**	414,509
		(5,959,747)	7,252,844
Changes in non-cash working capital accounts	19	**(13,307,434)**	13,076,003
Interest paid		**(10,425,283)**	(6,658,924)
Income taxes recovered		**1,031,289**	2,115,444
Cash flow (used in) provided by operating activities		**(28,661,175)**	15,785,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments, investments sold short and options		**(1,050,000)**	(1,000,025)
Proceeds from sale of investments, short sales and option premiums		**39,420**	7,837,861
Loan receivable advanced to associate		**–**	(62,500)
Acquisition of investment property and capitalized costs	8	**(2,071,720)**	(2,900,582)
Proceeds from sale of property, plant and equipment, net of costs to dispose		**12,959,804**	–
Acquisition of property, plant and equipment	9	**(1,452,058)**	(13,530,303)
Cash flow provided by (used in) investing activities		**8,425,446**	(9,655,549)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from bank indebtedness		**35,045,500**	2,482,500
Net proceeds from (net repayment of) repurchase obligations		**26,737,963**	(38,326,606)
Financing costs paid		**(823,562)**	(442,532)
Proceeds from issuance of long-term debt		**–**	21,184,002
Repayment of long-term debt		**(48,467,092)**	(3,860,288)
Repurchase of common shares under normal course issuer bid		**(1,531,991)**	(4,133,682)
Cash flow provided by (used in) financing activities		**10,960,818**	(23,096,606)
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		**(15,216)**	(136,090)
Decrease in cash for the year		**(9,290,127)**	(17,102,878)
Cash, beginning of year		**29,733,963**	46,836,841
Cash, end of year		**$ 20,443,836**	$ 29,733,963

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Changes in Shareholders' Equity

For the years ended March 31, 2013 and 2012	Note	Common shares	Warrants	Contributed surplus	Currency translation account	Retained earnings (deficit)	Total
Balances, April 1, 2012		**$ 140,678,062**	**$ 202,384**	**$ 9,026,038**	**$ (3,290,879)**	**$ 9,284,048**	**$ 155,899,653**
Changes for the year ended March 31, 2013							
Repurchases under normal course issuer bid	14(b)	(2,379,158)	–	–	–	847,167	(1,531,991)
Other comprehensive income		–	–	–	1,997,975	–	1,997,975
Net loss for the year		–	–	–	–	(11,485,126)	(11,485,126)
Balances, March 31, 2013		**$ 138,298,904**	**$ 202,384**	**$ 9,026,038**	**$ (1,292,904)**	**$ (1,353,911)**	**$ 144,880,511**
Balances, April 1, 2011		**$ 146,947,393**	**$ 202,384**	**$ 9,026,038**	**$ (5,786,261)**	**$ 10,954,155**	**$ 161,343,709**
Changes for the year ended March 31, 2012							
Repurchases under normal course issuer bid	14(b)	(6,269,331)	–	–	–	2,135,649	(4,133,682)
Other comprehensive income		–	–	–	2,495,382	–	2,495,382
Net loss for the year		–	–	–	–	(3,805,756)	(3,805,756)
Balances, March 31, 2012		**$ 140,678,062**	**$ 202,384**	**$ 9,026,038**	**$ (3,290,879)**	**$ 9,284,048**	**$ 155,899,653**

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements

March 31, 2013 and 2012

1. CORPORATE STATUS, REPORTING ENTITY AND NATURE OF OPERATIONS

Ceres Global Ag Corp. (hereinafter referred to as "Ceres" or the "Corporation") was incorporated on November 1, 2007, as amended on December 6, 2007, under the provisions of the *Business Corporations Act* (Ontario). Ceres is a corporation domiciled in Canada, and the address of its registered office is 33 Yonge Street, Suite 600, Toronto, Ontario, Canada, M5E 1G4. These consolidated financial statements of Ceres as at and for the year ended March 31, 2013 include the accounts of Ceres and its wholly owned subsidiaries Ceres Canada Holdco Corp., Riverland Agriculture Limited ("Riverland Canada"), Ceres U.S. Holdco Corp., Corus Land Holdings Corp. and Riverland Ag Corp. ("Riverland Ag"). All intercompany transactions and balances have been eliminated.

Unless otherwise stated, Riverland Ag and Riverland Canada will be collectively referred to as Riverland Ag. Riverland Ag is an agricultural grain supply ingredient company that owns and operates 11 storage and handling facilities in the states of Minnesota, New York, North Dakota, Wisconsin, and the province of Ontario, with a combined licensed capacity of 52,300,000 bushels.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting, estimation and valuation policies, as described below, have been consistently applied to all periods presented herein.

These consolidated financial statements of Ceres, as at and for the years ended March 31, 2013 and 2012, were authorized for issue by the Audit Committee of the Board of Directors on June 6, 2013.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional currency.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value; and
- Inventories are measured at fair value less costs to sell.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant accounting judgments, estimates and assumptions used by management in preparing these consolidated financial statements are described in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in these consolidated financial statements.

Investments in associates

Associates are entities in which Ceres has significant influence, but has no control, over the financial and operating policies. Significant influence is presumed to exist when the Corporation holds between 20 and 50 per cent of the voting power of another entity. Ceres has a 25 per cent equity ownership interest in two Canadian companies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The Corporation's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Corporation's share of the after-tax net income (or net loss) and of the changes in equity during a reporting period, after adjustments (if any) to align the accounting policies with those of the Corporation, from the date that significant influence commences until the date that significant influence ceases. If the Corporation's accumulated share of net losses in an associate were to exceed the carrying amount of its interest in that associate, the carrying amount of that interest, including any long-term investments, would be reduced to nil and the recognition of further losses would be discontinued except to the extent the Corporation were to have an obligation or were to have made payments on behalf of the associate.

The Corporation reviews its investments in associates for impairment whenever events or changes in business circumstances indicate that the carrying amount of the investments may not be fully recoverable. Evidence of impairment in value might include the absence of an ability to recover the carrying amount of the investments, the inability of the associates to sustain earnings capacity that would justify the carrying amount of the investments, or, where applicable, estimated sales proceeds that are insufficient to recover the carrying amount of the investments. Management's assessment as to impairment in value, if any, is based on its assessment of whether evidence indicates the carrying amount of the investments is recoverable or whether the investees have the ability to sustain earnings capacity that would justify the carrying amount of the investments. If the recoverable amount of the investments is determined to be less than the carrying amount, an impairment write-down is recorded based on the excess of the carrying amount over management's estimate of the recoverable amount.

Transaction costs

Portfolio transaction costs include brokerage commissions incurred in the purchase and sale of portfolio securities in which Ceres invests. Corporate transaction costs include costs directly attributable to the acquisition of subsidiaries and the investments in associates. All such costs are expensed in the period incurred and classified with general and administrative expenses in the Statement of Comprehensive Income.

Transaction costs related to the issuance of equity instruments of the Corporation or its subsidiaries are accounted for as a reduction of the stated capital of the equity securities issued. Transaction costs related to the issuance of debt instruments of the Corporation or its subsidiaries are considered in the determination of amortized cost using the effective interest method for the measurement of non-derivative financial liabilities, and relate to bank indebtedness and long-term debt. Transaction costs related to debt instruments are amortized using the straight-line method over the term of the financing arrangement.

Classification of financial instruments

Financial assets

A financial asset is classified at fair value through profit or loss, if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Corporation manages such investments and makes purchase and sale decisions in accordance with the Corporation's documented risk management and investment strategies. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in net income or loss. Non-derivative financial assets classified as held for trading comprise portfolio investments owned. The Corporation has the following derivative financial assets classified as held for trading: unrealized gains on forward foreign exchange contracts and unrealized gains on open cash contracts.

Financial assets having fixed or determinable payments, and which are not quoted in an active market, are defined as loans and receivables. Such assets are initially recognized at fair value plus directly attributable transaction costs, if any. Thereafter, loans and receivables are measured at amortized cost using the effective interest method, less impairment losses, if any. Loans and receivables include: due from brokers, and accounts receivable, trade.

Financial liabilities

Unrealized losses on open cash contracts and unrealized loss on forward foreign exchange contracts are classified as held for trading and are valued at fair value through profit or loss.

The Corporation has the following non-derivative financial liabilities: bank indebtedness, accounts payable and accrued liabilities, repurchase obligations, management fees payable, due to Manager, and long-term debt. These financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Thereafter, these financial liabilities are measured at amortized cost using the effective interest method.

Equity

Common shares and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares and warrants are recognized as a deduction from equity, net of the effects of income taxes, if any.

Contributed surplus

The value of warrants issued that have expired is recognized as contributed surplus, net of the effects of income taxes, if any.

Repurchase of common shares

When common shares recognized as equity are repurchased, the amount of the consideration paid (which may include directly attributable transaction costs) is recognized as a deduction from equity, net of the effects of income taxes, if any. The portion of the consideration paid that represents the value of the stated capital of the shares repurchased is deducted from the carrying amount of common shares. Any difference between the total consideration paid and the portion thereof representing the stated capital of the shares repurchased is added to (or deducted from) retained earnings, as applicable.

Valuation of investments

Portfolio investments are held for trading, and are measured and reported at fair value, and securities and ownership interests over which the Corporation exercises significant influence or control are accounted for using the equity-accounting model or through consolidation, as appropriate.

As at a reporting date, the fair value of financial instruments traded in active markets (primarily equity securities and related derivative instruments, if any) is based on the bid price for investments held by the Corporation, and on the asking price for investments sold short, if any, and for written options, if any. The fair value of financial instruments not traded in an active market (including, but not limited to: securities in private companies, warrants and restricted securities) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and makes assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option-pricing models and other valuation techniques commonly used by market participants.

Recognition of investments

Purchases and sales of investments are recognized on the trade date, being the date on which the Corporation commits to purchase or sell an investment. Investments cease to be recognized when the rights to receive cash flows from the investments have expired or the Corporation has transferred substantially all risks and rewards of ownership.

Derivative contracts

Ceres may purchase forward foreign exchange contracts to act as an economic hedge against assets and liabilities denominated in foreign currencies. As at a reporting date, forward foreign exchange contracts are valued based on the difference between the forward contract rate and the forward bid rate (for currency held). Unrealized gains and losses, if any, on these forward contracts used to hedge foreign currency assets and liabilities are presented separately on the Balance Sheet and included in Derivative assets or Derivative liabilities, as applicable, and are recognized in the Statement of Comprehensive Income as a component of Finance income (loss) and included with the change in fair value of investments. Upon the closing out of these contracts, any gains or losses on foreign exchange are reported in Finance income (loss) in the Statement of Comprehensive Income as realized gain (loss) on currency-hedging transactions.

To reduce price risk caused by market fluctuations, Riverland Ag generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. Riverland Ag will also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies may be significantly influenced by

factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets. These derivative contracts have not been designated as fair value hedges and are valued at market price with changes in fair value recorded in earnings. Changes in the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized in earnings and classified on the Balance Sheet as Due from Broker, Derivative assets or Derivative liabilities, as applicable.

Fair value measurements

The Corporation must use a three-tier hierarchy as a framework for disclosing fair values, based on inputs used to value the Corporation's investments. This hierarchy is summarized as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Details of the fair value measurements are reported in Note 13(d) (Financial Instruments – Fair value measurements). Changes in valuation methods may result in transfers into or out of an investment's assigned level.

Foreign currency translation, transactions and balances of Ceres

Foreign currency transactions are translated into Canadian dollars ("CAD") using the exchange rates prevailing at the dates of the transactions. As at a reporting date, assets and liabilities denominated in a foreign currency are translated into CAD, as follows:

- Foreign currency monetary items are translated using the spot exchange rate in effect at the reporting date; and
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate(s) in effect as at the date(s) on which fair value was determined.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation as at a reporting date of assets and liabilities denominated in foreign currencies are reflected in the Statement of Comprehensive Income. Translation differences on securities included in the investment portfolio of the Corporation are recognized in Finance income (loss) in the Statement of Comprehensive Income and included in the change in fair value of investments.

Foreign currency translation, foreign operations of Riverland Ag

Riverland Ag Corp. is a foreign operation and its functional currency is the U.S. dollar ("USD"). For the preparation of these consolidated financial statements, all assets and liabilities are translated into the presentation currency of Canadian dollars using the foreign exchange rate in effect as at the reporting date with income statement accounts translated using the average exchange rate for the reporting or applicable period. Translation adjustments arising from changes in exchange rates are reported as a component of other comprehensive income and form part of the cumulative translation account in shareholders' equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation account related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

Revenue recognition, net sales and cost of sales

Riverland Ag follows a policy of recognizing sales revenue at the time of delivery of the product and when all of the following have occurred: a sales agreement is in place, title and risk of loss have passed, pricing is fixed or determinable, and collection is reasonably assured. Grain storage, rental and other operating income are recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented gross in revenues and cost of sales. Other direct and indirect costs associated with inventory and storage, including payroll and benefits of elevator employees, depreciation of buildings, silos and elevators, utilities and other similar costs are classified with cost of sales.

Income and expenses are recorded on an accrual basis. Investment transactions are recognized on the trade date. Dividend revenues are recognized on the ex-dividend date. Interest and other revenues are recognized as earned. Realized gains and losses from the sale of investments are calculated using the average cost method. The change over a reporting period of the difference between the fair value and the cost of portfolio investments is recognized in finance income (loss) in the Statement of Comprehensive Income as the change in fair value of investments.

Finance income (loss)

Finance income (loss) pertains to revenues, gains and losses related to the investing activity of the Corporation, and includes the following:

- Interest revenues on funds invested in interest-bearing securities and on cash balances;
- Dividend revenues;
- Realized gains (losses) on sale of investments;
- Realized gains (losses) on currency-hedging transactions;
- Realized and unrealized gains (losses) on foreign exchange; and
- Change in fair value of investments.

Depending on the movements of equity and other markets, finance income and losses will vary from reporting period to reporting period. Details of finance income (loss) for the year are presented in Note 13(b) (Financial Instruments).

Finance expenses

Finance expenses represent the aggregate of interest expense on borrowings and the amortization of financing transaction costs.

Inventories

Inventories represent agricultural grain commodities owned by Riverland Ag, such as oats, spring wheat, barley, corn, and soybeans, which are stated at fair value less costs to sell. Changes in the fair value less costs to sell inventories of agricultural grain commodities are charged to operations as and when they occur, and such changes are included as a component of cost of sales.

Indefinite-life intangible assets

Identifiable intangible assets with indefinite lives are not amortized and are tested annually for impairment of value and whenever events or changes in circumstances indicate the carrying amount of the assets may be impaired. Impairment of identifiable intangible assets with indefinite lives occurs when the fair value of the asset is less than its carrying amount. If impaired, the asset's carrying amount is reduced to its fair value.

Riverland Ag holds indefinite-life exchange membership seats on the Minneapolis Grain Exchange, which provide it with the right to process trades directly with that exchange.

Property, plant, and equipment

Property, plant, and equipment are stated at their fair value as at the date of the Acquisition, plus the cost of property, plant and equipment acquired thereafter, less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and to bringing the asset to a working condition for its intended use.

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses related to the disposition of property, plant and equipment are recognized in the Statement of Comprehensive Income as other income.

Depreciation is determined over the depreciable amount, being the cost of the asset or other amount substituted for cost, less its residual value, if any. Depreciation is recognized in net income and is calculated using the straight-line method over the estimated useful lives of the respective classes of assets as follows:

Buildings, silos/elevators, and improvements	15 – 31 years
Machinery and equipment	7 – 15 years
Furniture, fixtures, office equipment, computer software and other property, plant and equipment	7 years

Depreciation methods, useful lives of the assets and their residual values are reviewed at fiscal year-end and adjusted if appropriate.

Riverland Ag reviews property, plant, and equipment for impairment at each reporting date to determine whether there is any indication of impairment. If such were the case, the recoverable amount of the asset(s) is estimated. The recoverable amount of an asset is the greater of its value in use (using present value calculations based on a pre-tax discount rate reflecting current market assessments of the time value of money and risks specific to the assets) and its fair value less costs to sell.

Repurchase obligations

Riverland Ag periodically enters into sale/repurchase agreements, whereby it receives cash in exchange for selling inventory to Macquarie Commodities (USA), Inc. ("MCUSA") and agrees to repurchase the inventory from MCUSA for a fixed price on a future date.

Riverland Ag recognizes these transactions as borrowings and commodity inventory in its accounts. No sales and purchases are recognized in relation to these transactions.

Income taxes

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset to the extent that they relate to income taxes levied on the same taxable entity by the same taxation authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. A valuation allowance is established, if necessary, to reduce any deferred tax asset to an amount that is probable to be realized.

Earnings (Loss) per Share

Earnings (Loss) per Share ("EPS") is reported for basic and diluted net income (loss). Basic EPS is calculated by dividing net income (loss) for the reporting period by the weighted-average number of common Shares outstanding during the reporting period. Diluted EPS is calculated by adjusting net income (loss) and the weighted-average number of common Shares outstanding for the effects, if any, of all potentially dilutive common Shares, resulting from the exercise of Warrants outstanding as at the end of a reporting period.

Employee benefits, defined contribution plan

A defined contribution plan is a post-employment benefit plan, under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent the Corporation is entitled to a cash refund or a reduction in future payments. Contributions to a defined contribution plan due more than twelve months after the end of the period in which the employees render the service (if any) are discounted to their present value. Riverland Ag has a defined contribution employee benefit plan in the form of a qualified 401(k) profit sharing plan, as described in Note 18 (Employee Benefit Plan).

Future changes in accounting standards

In May 2011, the International Accounting Standards Board ("IASB") issued IFRS 10 *Consolidated Financial Statements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 replaces the guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IAS 27 (2008) survives as IAS 27 (2011) *Separate Financial Statements*, only to carry forward the existing accounting requirements for separate financial statements. IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Corporation intends to adopt IFRS 10 in its consolidated financial statements for the annual period beginning on April 1, 2013. The effects of the adoption of IFRS 10 are not expected to be material.

In May 2011, the IASB issued IFRS 12 *Disclosure of Interests in Other Entities*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it shall apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Corporation intends to adopt IFRS 12 in its consolidated financial statements for the annual period beginning on April 1, 2013. The effects of the adoption of IFRS 12 are not expected to be material.

In May 2011, the IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Corporation intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on April 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

In December 2011, the IASB published *Offsetting Financial Assets and Financial Liabilities* and issued new disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The effective date for the amendments to IAS 32 *Financial Instruments: Presentation* is annual periods beginning on or after January 1, 2014. The effective date for the amendments to IFRS 7 is annual periods beginning on or after January 1, 2013. These amendments are to be applied retrospectively. The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position; or subject to master netting arrangements or similar arrangements. The Corporation intends to adopt these changes retroactively in its financial statements for the annual period beginning on April 1, 2013 or April 1, 2014, as applicable. The extent of the impact of adoption of these changes has not yet been determined.

Effective for annual reporting periods beginning on or after January 1, 2015, the current standard for financial instruments (IAS 39 *Financial Instruments – Recognition and Measurement*) will be replaced by IFRS 9 *Financial Instruments*. The new standard will replace the current multiple classification and measurement models for financial assets and liabilities with a single model having only two classification categories: amortized cost and fair value. The Corporation is currently evaluating the effects related to the future adoption of IFRS 9.

4. SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The timely preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The following summarizes the accounting judgments, estimates and assumptions management considers significant:

Valuation of investments

Portfolio investments are held for trading, are measured and reported at fair value, and may include securities not traded in an active market. The fair value of such securities is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and makes assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option-pricing models and other valuation techniques commonly used by market participants.

Other judgments, estimates and assumptions

Accounts receivable, trade are stated after an evaluation as to their collectability, and when appropriate, providing for an allowance for doubtful accounts.

Inventories consist of agricultural grain commodities owned by Riverland Ag, and are stated at fair value less costs to sell. Estimates may be used in the determination of fair value, and changes in the fair value of inventories of agricultural grain commodities are recognized in the Statement of Comprehensive Income for the period, as a component of Cost of sales.

Depreciation of property, plant and equipment is based on management's estimates of the useful lives of the assets and the residual value at the end of their useful lives.

Estimates are also used when determining the amount of impairment of assets and the likelihood of contingencies.

5. PORTFOLIO INVESTMENTS

Portfolio investments owned are classified as held for trading and consist primarily of equity securities.

	2013	2012
Total fair value	**$ 6,488,254**	$ 9,873,064
Total cost	**$ 13,396,506**	$ 12,387,501

As at March 31, 2013, non-publicly traded securities, including securities of private companies, warrants and restricted securities, represent 37.11 per cent (March 31, 2012: 39.11 per cent) of the fair value of the investments owned.

6. DUE FROM (TO) BROKERS

Due from broker for Ceres' portfolio investments represents amounts at the custodian brokers from settled and unsettled trades. Due from broker for Riverland Ag for commodity futures and options contracts represents margin deposits and open trade equity maintained by a broker in connection with such contracts.

Due to broker for Riverland Ag for commodity futures and options contracts represents the excess of open trade deficiencies on such contracts over the aggregate of minimum collateral requirements on deposit with the broker.

7. INVESTMENTS IN ASSOCIATES

	2013	2012
Canterra Seeds Holdings, Ltd., common shares	**$ 1,522,179**	$ 1,488,742
Stewart Southern Railway Inc., common shares	**2,764,788**	1,566,661
Stewart Southern Railway Inc., loan receivable	**62,500**	62,500
	$ 4,349,467	$ 3,117,903

Riverland Canada holds a 25 per cent interest in Canterra Seeds Holdings, Ltd. ("Canterra"), a Canadian company. Riverland Canada also holds rights to a 25 per cent voting position on the Board of Directors of Canterra.

Ceres holds a 25 per cent interest in Stewart Southern Railway Inc. ("SSR"), also a Canadian company. Ceres also holds rights to one out of four seats on the Board of Directors of SSR.

8. INVESTMENT PROPERTY

Investment property is stated using the cost model. Investment property includes land currently held for capital appreciation and not otherwise utilized by Ceres. On initial recognition, investment property is measured at cost, including directly attributable expenditures that are capitalized on the basis it is probable that future economic benefits associated with the expenditure related to the investment property will flow to Ceres and the cost of such expenditure can be measured reliably. As at March 31, 2013 and 2012, management has determined that the fair value of investment property approximates cost, on the basis that investment property was acquired recently and no significant conditions exist that indicate that the fair value varies materially from cost.

For the years ended March 31, 2013 and 2012, the changes to the investment property are as follows:

	2013	2012
Investment property, cost as at beginning of year	**$ 2,900,582**	$ –
Investment property additions	**830,993**	2,805,669
Costs capitalized	**1,240,727**	94,913
	2,071,720	2,900,582
Foreign currency translation adjustments	**3,619**	–
Investment property, cost as at end of year	**$ 4,975,921**	$ 2,900,582

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and silos/elevators	Machinery & equipment	Furniture, fixtures, computers and office equipment	Totals
March 31, 2013					
Cost					
Balances, April 1, 2012	$ 5,796,412	$ 62,883,609	$ 3,380,918	$ 1,664,782	$ 73,725,721
Assets acquired (reclassifed)	100,065	665,041	577,010	109,942	1,452,058
Disposals	(192,429)	(3,295,038)	(169,781)	(89,210)	(3,746,458)
Loss on impairment	–	–	–	–	–
Foreign currency translation adjustments	106,146	1,353,937	47,673	42,648	1,550,404
Balances, March 31, 2013	**5,810,194**	**61,607,549**	**3,835,820**	**1,728,162**	**72,981,725**
Accumulated depreciation					
Balances, April 1, 2012	–	(3,341,763)	(315,347)	(431,151)	(4,088,261)
Depreciation charged to operations	–	(2,365,610)	(259,672)	(296,308)	(2,921,590)
Disposals	–	320,348	34,910	38,236	393,494
Loss on impairment	–	–	–	–	–
Foreign currency translation adjustments	–	(339,990)	7,603	(24,999)	(357,386)
Balances, March 31, 2013	–	(5,727,015)	(532,506)	(714,222)	(6,973,743)
Net Book Values, March 31, 2013	**$ 5,810,194**	**$ 55,880,534**	**$ 3,303,314**	**$ 1,013,940**	**$ 66,007,982**
March 31, 2012					
Cost					
Balances, April 1, 2011	$ 5,545,211	$ 48,699,392	$ 2,620,251	$ 1,697,077	$ 58,561,931
Assets acquired (reclassifed)	106,827	12,821,193	684,062	(81,779)	13,530,303
Loss on impairment	–	(153,521)	–	–	(153,521)
Foreign currency translation adjustments	144,374	1,516,545	76,605	49,484	1,787,008
Balances, March 31, 2012	**5,796,412**	**62,883,609**	**3,380,918**	**1,664,782**	**73,725,721**
Accumulated depreciation					
Balances, April 1, 2011	–	(1,079,131)	(90,909)	(149,362)	(1,319,402)
Depreciation charged to operations	–	(2,142,014)	(216,815)	(266,545)	(2,625,374)
Loss on impairment	–	7,429	–	–	7,429
Foreign currency translation adjustments	–	(128,047)	(7,623)	(15,244)	(150,914)
Balances, March 31, 2012	–	**(3,341,763)**	**(315,347)**	**(431,151)**	**(4,088,261)**
Net Book Values, March 31, 2012	**$ 5,796,412**	**$ 59,541,846**	**$ 3,065,571**	**$ 1,233,631**	**$ 69,637,460**

10. BANK INDEBTEDNESS

On July 31, 2012, Riverland Ag amended and restated its USD$180 million syndicated committed revolving line of credit dated October 29, 2010. This credit agreement is with a lender based in the United States of America, and is secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. The obligation is guaranteed by Riverland Ag and by Ceres Canada Holding Corp., Ceres U.S. Holding Corp., and Riverland Canada. The credit agreement is subject to borrowing base limitations. The agreement may be extended by mutual agreement of Riverland Ag and the lenders prior to the expiration of the agreement.

Until November 28, 2011 and for the period from February 27, 2012 to July 30, 2012, interest was at LIBOR plus 4.00 per cent, and was calculated and paid monthly. For the period from November 29, 2011 to February 27, 2012, the lender had agreed to a fixed LIBOR rate of 0.52 per cent on a base line of USD$50 million, with interest due on February 27, 2012. After July 30, 2012, pursuant to the amended and restated agreement, borrowings were subject to interest at LIBOR plus 3.75 per cent, with interest calculated and paid monthly. The credit agreement is subject to certain commitment fees based on a graduated scale depending on the amount of the credit facility that remains undrawn. The commitment fees are payable quarterly in arrears on the average daily undrawn amount.

As described in Note 20 (Management of capital), this credit facility has certain covenants pertaining to the accounts of Riverland Ag. As at March 31, 2013 and 2012, Riverland Ag was in compliance with all debt covenants.

As at March 31, 2013 and 2012, the carrying amount of bank indebtedness is summarized as follows:

	2013		2012	
	in USD	**in CAD**	in USD	in CAD
Revolving line of credit	**$ 115,000,000**	**$ 116,840,000**	$ 80,000,000	$ 79,800,000
Unamortized financing costs	**(504,071)**	**(512,136)**	(361,615)	(360,711)
	$ 114,495,929	**$ 116,327,864**	$ 79,638,385	$ 79,439,289

11. REPURCHASE OBLIGATIONS

As at March 31, 2013, Riverland Ag has open repurchase commitments under its product financing arrangement with Macquarie Commodities (USA), Inc. ("MCUSA") to repurchase 4,000,000 bushels of certain grains. Under the product financing arrangement, Riverland Ag sold MCUSA grains under contract and simultaneously entered into contracts to repurchase the grains during the first quarter of the fiscal year ending March 31, 2014 ("FYE 2014"). Since Riverland Ag is obligated to repurchase these commodities from MCUSA, it has not recognized these transactions as sales. As at March 31, 2013, the Corporation continues to recognize the inventory owned by Riverland Ag in this regard on its consolidated balance sheet and has recorded a liability of USD$26,703,249 at that date (CAD$27,130,501), plus accrued interest payable. As at March 31, 2013, the fixed interest rates on the open repurchase commitments range from 3.99 per cent to 4.05 per cent.

As at March 31, 2012, Riverland Ag had no liability under this product financing arrangement with MCUSA.

12. LONG-TERM DEBT

Prior to December 17, 2012, Riverland Ag had a ten-year term loan agreement in the amount of USD$10 million with Great Western Bank ("GWB"), bearing a fixed annual interest rate of 6.60 per cent ("GWB loan #2"), which was repayable in 120 equal monthly principal installments of USD$83,333 plus interest, and a ten-year secured term loan agreement in the amount of USD$40.5 million with GWB, bearing a fixed annual interest rate of 5.35 per cent ("GWB loan #3"), which was repayable in 120 monthly installments requiring a level principal repayment of USD$337,500 plus interest.

On December 17, 2012, Riverland Ag repaid its outstanding notes payable due to GWB. The amount of principal repaid totalled USD$44,616,667 (CAD$43,907,262). On repayment, Riverland Ag also paid a loan prepayment penalty of USD$2,513,098 (CAD$2,473,140). Riverland Ag has also amortized the remaining unamortized financing costs of USD$348,616 (CAD$343,073) related to long-term debt. The prepayment penalty amount and the amortization of the long-term debt financing costs are included in finance expenses.

As at March 31, 2013 and 2012, the carrying amount of long-term debt is summarized as follows:

	2013		2012	
	in USD	**in CAD**	in USD	in CAD
GWB loan #2	**$ –**	**$ –**	$ 8,916,667	$ 8,894,375
GWB loan #3	–	–	39,487,500	39,388,781
	–	–	48,404,167	48,283,156
Unamortized financing costs	–	–	(446,717)	(445,600)
Net carrying amounts	–	–	47,957,450	47,837,556
Portion due within twelve months	–	–	(5,050,000)	(5,037,375)
Unamortized financing costs on current portion	–	–	160,035	159,635
Current portion, net of unamortized financing costs	–	–	(4,889,965)	(4,877,740)
Long-term portion of term loans payable, net of unamortized financing costs	**$ –**	**$ –**	$ 43,067,485	$ 42,959,816

USD amounts as at a reporting date are translated to CAD using the exchange rate effective as at the reporting date. USD amounts as at a transaction date are translated to CAD using the exchange rate effective on the transaction date.

13. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

The fair value of financial instruments closely approximates their carrying values.

Derivative assets and Derivative liabilities, which are held for trading and valued at fair value through profit and loss, include the following:

	2013	2012
Derivative assets		
Unrealized gain on forward foreign exchange contracts	**$ 10,701**	$ –
Unrealized gains on open cash contracts	**2,301,181**	2,955,578
	$ 2,311,882	$ 2,955,578
Derivative liabilities		
Unrealized losses on open cash contracts	**$ (1,627,645)**	$ (2,917,960)

(b) Finance loss

For the years ended March 31, 2013 and 2012, finance loss includes the following:

	2013	2012
Dividend revenues, net of withholding taxes of $nil (2012: $3,745)	**$ –**	$ 21,221
Interest and other revenues	**20,726**	3,637
Realized loss on sale of investments	**(14,931)**	(5,257,461)
Realized loss on currency-hedging transactions	**(313,003)**	(541,271)
Realized and unrealized gain on foreign exchange	**12,915**	99,773
Unrealized (decrease) increase in fair value of investments	**(4,369,758)**	3,916,939
	$ (4,664,051)	$ (1,757,162)

(c) Management of financial instruments risks

In the normal course of business, the Corporation is exposed to various financial instruments risks, including market risk (consisting of price risk, commodity risk, interest rate risk and currency risk), credit risk, custodian and prime brokerage risks, and liquidity risk. The Corporation's overall risk management program seeks to minimize potentially adverse effects of those risks on the Corporation's financial performance. The Corporation may use derivative financial instruments to mitigate certain risk exposures. The Corporation may invest in non-public and public issuers and assets.

Price risk

The Corporation trades in financial instruments and may take positions in traded, over-the-counter and non-public instruments, which may include derivatives. Within defined limits, the Corporation may buy or sell call or put options and financial futures or other derivatives.

All investments in securities present a risk of loss of capital. The Manager, as identified in Note 15(a), mitigates this risk through a careful selection of securities and other financial instruments, within specified limits. The maximum risk for financial instruments owned by the Corporation is determined by the fair value thereof. From time-to-time, the Corporation has issued written put and call options, although no such options are issued and outstanding as at March 31, 2013 and 2012. Potential losses from written put options could be unlimited. Short sales that the Corporation has made and may make in the future could involve certain risks and other considerations. Potential losses from short sales differ from potential losses from securities owned (long positions), because losses from short sales might be unlimited. The Corporation's overall market positions are monitored on a daily basis by the Manager and are reviewed quarterly by the Board of Directors.

As at March 31, 2013 and 2012, the Corporation has invested in equity securities of companies whose securities are actively traded on recognized public exchanges and in private companies. Equities are susceptible to market price risk arising from uncertainties about future prices of those instruments. As at March 31, 2013, the Corporation's portfolio investments in private companies represents 0.57 per cent of consolidated total assets (March 31, 2012: 1.32 per cent).

Notwithstanding the investment objectives of the Corporation and its investment focus, market price risk is managed through a diversification of the investment portfolio between industry sub-sectors and by avoiding undue industry sub-sector, geographical or investee concentration. As at March 31, 2013, 1.17 per cent of shareholders' equity is represented by portfolio investments in private companies (March 31, 2012: 2.47 per cent). As at March 31, 2013, 3.32 per cent of shareholders' equity is invested in equity instruments of publicly traded companies located in Canada and the United States of America (March 31, 2012: 3.85 per cent).

As at March 31, 2013 and 2012, the Corporation's market risk pertaining to portfolio investments is potentially affected by two main components, being changes in actual market prices and changes in foreign exchange rates. The Corporation's sensitivity to foreign currency movements is reported below (Currency risk).

Notwithstanding these factors, the following is a summary of the effect on the results of operations of the Corporation, if the bid or ask prices of each of the portfolio investments (including investments owned, short sales and written options) as at March 31, 2013 and 2012 had increased or decreased by 10 per cent, with all other variables remaining constant:

	2013		2012	
Change in bid/ask prices of investments	**Increase (decrease) in net income**	**Increase (decrease) in earnings per share**	Increase (decrease) in net income	Increase (decrease) in earnings per share
10% increase in bid-ask prices	**$ 648,825**	**$ 0.05**	$ 199,850	$ 0.01
10% decrease in bid-ask prices	**$ (648,825)**	**$ (0.05)**	$ (199,850)	$ (0.01)

Commodity risk

Commodity risk is the risk of financial loss resulting from changes in commodity prices. Commodity risk is inherent in the nature of Riverland Ag's business, as it enters into commitments involving a degree of speculative risk. To reduce risk caused by commodity market fluctuations, Riverland Ag generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. It would also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies can be significantly influenced by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets.

Notwithstanding these factors, the following is a summary of the effect on the results of operations of the Corporation, if the fair value of each of the open cash contracts as at March 31, 2013 and 2012 had increased or decreased by 5 per cent, with all other variables remaining constant:

	2013		2012	
Change in bid/ask prices of commodities	**Increase (decrease) in net income**	**Increase (decrease) in earnings per share**	Increase (decrease) in net income	Increase (decrease) in earnings per share
5% increase in bid-ask prices	**$ 1,658,491**	**$ 0.12**	$ 126,572	$ 0.01
5% decrease in bid-ask prices	**$ (1,658,491)**	**$ (0.12)**	$ (126,572)	$ (0.01)

Interest rate risk

As at March 31, 2013 and 2012, Ceres has no long or short portfolio positions in any interest-bearing securities.

As at March 31, 2013 and 2012, except for cash on deposit, the amounts of which vary from time-to-time and on which the Corporation earns interest at nominal variable interest rates, the Corporation had no other variable rate interest-bearing securities. As at those dates, a notional increase or decrease in interest rates applicable to cash on deposit would not have materially affected interest revenue and the results of operations. Therefore, as at March 31, 2013 and 2012, the Corporation was not directly exposed to any significant degree to cash flow interest rate risk due to changes in prevailing market interest rates.

As at March 31, 2012 and 2011, Riverland Ag has a variable rate interest-bearing liability in the form of its revolving credit facility. As disclosed in Note 10 (Bank indebtedness), as at March 31, 2013, Riverland Ag's revolving credit facility bears interest at an annual rate of LIBOR plus 3.75 per cent (March 31, 2012: LIBOR plus 4.00 per cent). As at March 31, 2013 and 2012, management has determined the effect on the future results of operations of the Corporation, if the variable interest rate component applicable on those dates on the revolving credit facility were to increase by 25 basis points ("25 bps") as at those dates respectively, using the balance of the revolving credit facility payable as at those dates, using the number of shares then issued and outstanding, and with all other variables remaining constant. On that basis, the potential effects on the future result of operations would be as follows:

	2013		2012	
Change in interest rate on revolving facility	**Increase in net loss**	**Increase in loss per share**	Increase in net loss	Increase in loss per share
25 bps increase in annual interest rate	**$ (292,100)**	**$ (0.02)**	$ (199,500)	$ (0.01)

Riverland Ag is not subject to cash flow interest rate risk concerning the repurchase obligations and long-term debt, as these liabilities bear interest at fixed rates.

Credit risk
Credit risk is the risk a counterparty would be unable to pay amounts due to the Corporation in accordance with the terms and conditions of the debt instruments. As at March 31, 2013 and 2012, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, and to the extent that certain forward foreign exchange contracts on hand and open cash contracts for grain commodities as at those dates gave rise to unrealized gains thereon. The maximum exposure to credit risk on those assets is limited to the carrying value of those assets.

The Corporation mitigates the credit risk concerning forward foreign exchange contracts by entering into such contracts with financially stable and credit-worthy counter-parties. Credit risk arising from the amounts due from broker is described below (Custody and prime brokerage risks). Ceres management assesses credit risk of debt securities, if any, on an on-going basis.

Riverland Ag uses various grain contracts as part of its overall grain merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counter-party risk associated with non-performance, which may have the potential of creating losses for the Corporation. The Corporation's management has assessed the counter-party risk and believes that insignificant losses, if any, would result from non-performance.

Riverland Ag regularly evaluates its credit risk concerning its trade accounts receivable to the extent that such receivables may be concentrated in certain industries or with significant customers. Riverland minimizes this risk by having a diverse customer base and established credit policies. The aging of Riverland Ag's trade accounts receivable are substantially current. Based on its review and assessment of its trade accounts receivable, management of Riverland Ag has determined that as at March 31, 2013 and 2012, no allowance for doubtful accounts is warranted, and management is confident in its ability to collect outstanding trade accounts receivable.

Custody and prime brokerage risk
There are risks involved with dealing with a custodian or broker who settle trades. In certain circumstances, the securities or other assets deposited with the custodian or broker may be exposed to credit risk with respect to those parties. In addition, there may be practical or timing problems associated with enforcing the Corporation's rights to its assets, in the case of the insolvency of any such party. Notwithstanding the foregoing, management has evaluated the risk of loss related to the custodian or brokers and has determined this risk to be insignificant.

Liquidity risk
As at March 31, 2013 and 2012, the following are the contractual maturities of financial liabilities, including interest payments:

2013	**Carrying amount**	**Contractual cash flows**	**1 year**	**2 years**	**3 to 5 years**	**More than 5 years**
Bank indebtedness	**$ 116,327,864**	**$ 116,840,000**	**$ 116,840,000**	**$ –**	**$ –**	**$ –**
Accounts payable and accrued liabilities	**5,296,033**	**5,296,033**	**5,296,033**	**–**	**–**	**–**
Repurchase obligations	**27,130,501**	**27,130,501**	**27,130,501**	**–**	**–**	**–**
Derivatives	**1,627,645**	**1,627,645**	**1,627,645**	**–**	**–**	**–**
Income taxes payable	**260,539**	**260,539**	**260,539**	**–**	**–**	**–**
Management fees payable	**250,763**	**250,763**	**250,763**	**–**	**–**	**–**
Due to Manager	**268,565**	**268,565**	**268,565**	**–**	**–**	**–**
	$ 151,161,910	**$ 151,674,046**	**$ 151,674,046**	**$ –**	**$ –**	**$ –**

2012	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 79,439,289	$ 79,800,000	$ 79,800,000	$ –	$ –	$ –
Accounts payable and accrued liabilities	3,141,089	3,141,089	3,141,089	–	–	–
Derivatives	2,917,960	2,917,960	2,917,960	–	–	–
Management fees payable	267,223	267,223	267,223	–	–	–
Due to Manager	55,000	55,000	55,000	–	–	–
Long-term debt	47,837,556	61,298,947	7,603,273	7,321,304	20,276,459	26,097,911
	$ 133,658,117	$ 147,480,219	$ 93,784,545	$ 7,321,304	$ 20,276,459	$ 26,097,911

Future expected operational cash flows and sufficient assets are available to fund the settlement of these obligations in the normal course of business. In addition, the following factors allow for the substantial mitigation of liquidity risk: availability of portfolio investments traded in active exchanges, the prompt settlement of amounts due from brokers, and the active management of trade accounts receivable and the lack of concentration risk related thereto. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

Currency risk

In the normal course of business, Ceres may hold assets or have liabilities denominated in currencies other than Canadian dollars (its presentation and functional currency, and referred to in this section as "CAD"). Therefore, Ceres is exposed to currency risk, as the value of any assets or liabilities denominated in currencies other than CAD will vary due to changes in foreign exchange rates.

As at March 31, 2013 and 2012, the following is a summary, at fair value, of Ceres' exposure to currency risks:

	2013		2012	
Currency	**Net asset exposure***	**Net forward contracts (to sell foreign currency)**	Net asset exposure*	Net forward contracts (to sell foreign currency)
U.S. dollars	**$ 537,484**	**$ 30,000,000**	$ 2,530,933	$ 32,494,151
Australian dollars	**$ 809**	**$ –**	$ 803	$ –

*Exposure excludes the effect of forward foreign exchange contracts.

As at March 31, 2013, Ceres was committed to a forward foreign exchange contract executed on March 27, 2013 and due April 30, 2013, in the amount noted in the preceding table.

The following is a summary of the effect on the results of operations of the Corporation if the CAD had become 5 per cent stronger or weaker against each of the other currencies as at March 31, 2013 and 2012, with all other variables remaining constant, related to assets and liabilities denominated in foreign currencies and to the forward foreign exchange contracts:

	2013		2012	
Change in foreign exchange rate	**Increase (decrease) in net income**	**Increase (decrease) in earnings per share**	Increase (decrease) in net income	Increase (decrease) in earnings per share
CAD 5% stronger	**$ 1,498,554**	**$ 0.10**	$ 1,502,954	$ 0.10
CAD 5% weaker	**$ (1,495,812)**	**$ (0.10)**	$ (1,490,274)	$ (0.10)

Currency risk related to the accounts of Ceres' foreign subsidiary, Riverland Ag Corp., relates primarily to the translation of its accounts into CAD for the purposes of the consolidated financial reporting of Ceres. Adjustments related to the translation of foreign currency accounts of a foreign operation are included as other comprehensive income (loss) and have no effect on the determination of net income for the reporting period. Consequently, no currency risk sensitivity analysis concerning Riverland Ag Corp. has been presented.

(d) Fair value measurements

The following is a summary of the classification of assets and liabilities carried at fair value, using the hierarchy of inputs described in Note 3 (Summary of significant accounting policies – fair value measurements):

March 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities, long	**$ 4,080,650**	**$ 718,685**	**$ 1,688,919**	**$ 6,488,254**
Due from Broker, unrealized gains on futures and options	**3,678,406**	**–**	**–**	**3,678,406**
Derivative assets	**–**	**2,311,882**	**–**	**2,311,882**
Inventories, grains	**–**	**156,965,289**	**–**	**156,965,289**
Derivative liabilities	**–**	**(1,627,645)**	**–**	**(1,627,645)**
	$ 7,759,056	**$ 158,368,211**	**$ 1,688,919**	**$ 167,816,186**

During the year ended March 31, 2013, there was a transfer from Level 3 to Level 2 for $1,000,025. This transfer reflects the initial public offering of a private company, the investment in which had been previously classified in Level 3, but for which the trading in those shares is restricted as at March 31, 2013.

The following is a reconciliation of the changes in the equities, long, measured at fair value using unobservable inputs (Level 3), for the year ended March 31, 2013:

Balance, April 1, 2012	$ 3,861,027
Transfer out to Level 2	(1,000,025)
Net purchase	450,000
Change in fair value of Level 3 portfolio investments	(1,622,083)
	$ 1,688,919

March 31, 2012	Level 1	Level 2	Level 3	Total
Equities, long	$ 6,012,037	$ –	$ 3,861,027	$ 9,873,064
Derivative assets	–	2,955,578	–	2,955,578
Inventories, grains	–	158,400,586	–	158,400,586
Due to broker, unrealized losses on futures and options	(6,590,043)	–	–	(6,590,043)
Derivative liabilities	–	(2,917,960)	–	(2,917,960)
	$ (578,006)	$ 158,438,204	$ 3,861,027	$ 161,721,225

During the year ended March 31, 2012, there was a transfer from Level 3 to Level 1 for $5,140,659. This transfer reflects the initial public offering of a private company, the investment in which had been previously classified in Level 3.

The following is a reconciliation of the changes in the equities, long, measured at fair value using unobservable inputs (Level 3), for the year ended March 31, 2012:

Balance, April 1, 2011	$ 7,946,060
Transfer out to Level 1	(5,140,659)
Net purchase	1,000,025
Change in fair value of Level 3 portfolio investments	55,601
	$ 3,861,027

14. SHARE CAPITAL AND WARRANTS

(a) Authorized

Unlimited number of voting, participating Common Shares, without par value and 150,000 Common Share Purchase Warrants, expiring on June 11, 2013 and entitling each holder thereof to acquire one Common Share of the Corporation at a price of $10.40 each.

(b) Normal Course Issuer Bids

2010–2011 Normal Course Issuer Bid

On October 7, 2010, Ceres announced a normal course issuer bid ("2010–2011 NCIB") commencing on October 8, 2010. The purpose of the 2010–2011 NCIB was to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the Shares. The 2010–2011 NCIB concluded on October 7, 2011. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 1,016,638 of its common Shares, representing approximately 10 per cent of its unrestricted public float as at October 4, 2010. Ceres was permitted to purchase up to a daily maximum of 3,657 Shares, except where such purchases were made in accordance with the "block purchase" exception under applicable TSX rules and policies. The Shares were purchased for cancellation via the TSX and were purchased when the net asset value per Share exceeded its trading price.

For the period from April 1 to October 5, 2011, Ceres purchased 276,021 Shares under the 2010–2011 NCIB for an aggregate consideration of $2,107,288. The stated capital value of the repurchased Shares was $2,663,006. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $555,718 for this period has been allocated to Retained Earnings during the year ended March 31, 2012.

2011–2012 Normal Course Issuer Bid

On October 13, 2011, Ceres announced a normal course issuer bid ("2011–2012 NCIB") commencing on October 17, 2011. The purpose of the 2011–2012 NCIB was to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the Shares. The 2011–2012 NCIB concluded on October 16, 2012. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 1,184,334 of its common Shares, representing approximately 10 per cent of its unrestricted public float as at October 11, 2011. Ceres was permitted to purchase up to a daily maximum of 3,726 Shares, except for purchases made in accordance with the "block purchase" exception under applicable TSX rules and policies. The Shares were purchased for cancellation via the TSX and were purchased when the net asset value per Share exceeded its trading price.

For the period from October 17, 2011 to March 31, 2012, Ceres purchased 373,796 Shares under the 2011–2012 NCIB for an aggregate consideration of $2,026,394. The stated capital value of these repurchased Shares was $3,606,325. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $1,579,931, has been allocated to Retained Earnings in the year ended March 31, 2012.

For the period from April 1, 2012 to October 16, 2012, Ceres purchased 246,600 Shares under the 2011–2012 NCIB for an aggregate consideration of $1,531,991. The stated capital value of these repurchased Shares was $2,379,158. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $847,167, has been allocated to Retained Earnings in the year ended March 31, 2013.

(c) Issued and outstanding as at March 31, 2013 and 2012

The following is a summary of the changes in the Common Shares and Warrants during the years ended March 31, 2013 ("FYE 2013") and 2012 ("FYE 2012"):

	Common shares		Warrants	
	#	$	#	$
Balances, April 1, 2011	**15,231,116**	**$ 146,947,393**	**150,000**	**$ 202,384**
Changes in FYE 2012				
Repurchases under normal course issuer bid	(649,817)	(6,269,331)	–	–
Balances, March 31, 2012	**14,581,299**	**$ 140,678,062**	**150,000**	**$ 202,384**
Changes in FYE 2013				
Repurchases under normal course issuer bid	(246,600)	(2,379,158)	–	–
Balances, March 31, 2013	**14,334,699**	**$ 138,298,904**	**150,000**	**$ 202,384**

15. MANAGEMENT FEES AND OTHER EXPENSES

(a) Management fees and incentive fees

Pursuant to a management agreement dated December 13, 2007, as amended on April 26, 2010 (the "Management Agreement"), between the Corporation and Front Street Capital 2004 (the "Manager"), the Corporation pays the Manager an annual management fee of 2 per cent of the Net Asset Value (as defined in the Management Agreement) of the Corporation based on the average weekly Net Asset Value of the Corporation, payable monthly in arrears. The Net Asset Value represents the excess of the market value of all assets of the Corporation over all of its liabilities. The Manager and certain affiliates are considered related parties through the provision of management services through the Management Agreement.

In addition to the annual management fees and in respect of each fiscal year, the Corporation is also required to pay to the Manager an annual incentive fee (the "Incentive Fee") equal to: (a) 20 per cent of the amount by which the Adjusted Net Asset Value per Common Share (as defined in the Management Agreement and described in the prospectus dated December 13, 2007) at the end of such fiscal year exceeds the highest year-end Net Asset Value per Common Share ("Highest Year") adjusted pro rata to reflect Warrants exercised since the Highest Year multiplied by (b) the average daily number of Common Shares outstanding during such fiscal year. Notwithstanding the foregoing, no Incentive Fee will be payable with respect to the current fiscal year of the Corporation unless the Adjusted Net Asset Value per Common Share at the end of the current fiscal year exceeds the Net Asset Value per Common Share at the end of the preceding year, adjusted pro rata to reflect Warrants exercised during the current fiscal year, by a minimum of 8 per cent (the "Threshold Rate"). For calculating the Incentive Fee, the Threshold Rate will be pro-rated for any partial fiscal year. The Incentive Fee will be estimated and accrued as at each Valuation Date (being the date on which the Net Asset Value is determined on a weekly basis, as defined in the prospectus) and each reporting date, and any such fee will be paid within 30 business days after each fiscal year-end of the Corporation. As at March 31, 2013 and 2012, no Incentive Fee was payable to the Manager.

For the year ended March 31, 2013, management fees charged to operations total $3,135,745 (2012: $3,383,652) and are included with general and administrative expenses. As at March 31, 2013, management fees payable to the Manager amounted to $250,763 (2012: $267,223).

(b) Other expenses

The Corporation is responsible for paying fees and expenses incurred in its operations and administration, except fees and expenses to be borne by the Manager as set out in the Management Agreement. In addition to the Management Fees and Incentive Fees payable to the Manager, the Corporation shall reimburse the Manager for all expenses it incurs related to its duties (including payments to third parties in that regard) to the extent such expenses were incurred for and on behalf of the Corporation. As at March 31, 2013, the amount of $268,565 was due to the Manager (2012: $55,000).

16. INCOME TAXES

(a) Reconciliation of statutory tax provision to the effective tax provision

As the Corporation operates in several tax jurisdictions, its income is subject to taxation at various rates.

The provision for income taxes differs from the amount that would have resulted from applying the Canadian statutory income tax rates to income before income taxes for the following reasons:

	2013	2012
Income (loss) before income taxes and share of net income (net loss) in investments in associates:		
Canada	**$ (9,581,994)**	$ (7,144,809)
United States of America	**(5,705,965)**	3,140,813
	$ (15,287,959)	$ (4,003,996)
Combined statutory Canadian federal and Ontario corporate income tax rate	**26.50%**	27.75%
Provision for income taxes recoverable using statutory rate	**$ (4,051,309)**	$ (1,111,109)
Adjusted for the income tax effects of:		
Difference in tax rates applicable to subsidiaries	**(714,957)**	(240,647)
U.S. State taxes, net of U.S. federal benefit	**(494,361)**	71,586
Intercompany dividend eliminated on consolidation	**(1,293,554)**	(1,343,575)
Non-deductible portion of capital losses	**41,714**	855,517
Non-deductible portion of unrealized losses on investments (non-taxable portion of unrealized gains on investments)	**578,993**	(543,569)
Future tax rate changes on temporary differences	**–**	343,776
Other	**338,141**	(131,168)
Change in valuation allowance on future income tax assets of Ceres and Riverland Ag Corp.	**3,024,063**	1,486,440
	1,480,039	498,360
Income taxes recovered	**$ (2,571,270)**	$ (612,749)

The components of the provision for income taxes are as follows:

Canada	**2013**	2012
Current	**$ 57,340**	$ (2,203)
Future	**136,980**	14,854
	194,320	12,651
United States of America – Federal		
Current	**12,769**	(2,218,575)
Future	**(2,422,145)**	1,712,269
	(2,409,376)	(506,306)
United States of America – State		
Current	**1,889**	(333,631)
Future	**(358,103)**	214,537
	(356,214)	(119,094)
	$ (2,571,270)	$ (612,749)

(b) Deferred income tax liability

The tax effects of temporary differences that give rise to significant elements of the net deferred income tax liability are as follows:

	2013	2012
Deferred income tax assets		
Non-capital and net operating losses carried forward	**$ 18,306,069**	$ 13,491,388
Allowable capital losses carried forward	**858,595**	816,839
Deductible portion of unrealized depreciation of investments	**983,368**	451,539
Future years' deductions for Share issue costs	**–**	320,005
Other temporary deductible differences, net of temporary taxable differences	**3,924,290**	2,356,452
Deferred income tax asset, before valuation allowance	**24,072,322**	17,436,223
Valuation allowance	**(10,284,256)**	(7,260,213)
Net deferred income tax asset	**13,788,066**	10,760,010
Deferred income tax liability, property, plant and equipment	**(13,995,338)**	(13,016,001)
Net deferred income tax liability	**$ (207,272)**	$ (2,839,991)

(c) Tax losses carried forward

As at March 31, 2013, Ceres has accumulated non-capital losses in the amount of $26,515,281. The non-capital losses are being carried forward and, unless utilized, will expire in the following taxation years:

Year of expiry	Amount
2028	$ 591,209
2029	2,064
2030	6,387,927
2031	5,943,058
2032	7,273,866
2033	6,317,157
	$ 26,515,281

As at March 31, 2013, Riverland Ag has accumulated net operating losses of USD$28,864,470 (CAD$29,326,302). These net operating losses are being carried forward and, unless utilized, will expire in the following taxation years:

Year of expiry	Amount
2031	$ 14,342,188
2032	6,741,992
2033	7,780,290
	$ 28,864,470

As at March 31, 2013, capital losses in the amount of $6,479,961 are available indefinitely to be applied against capital gains of the Corporation in future taxation years. The potential income tax benefit of the capital losses has not been recognized in the financial statements.

17. RELATED PARTY TRANSACTIONS

(a) Management fees and incentive fees

Terms and conditions pertinent to management fees and incentive fees, and the amounts charged to operations related thereto, have been reported in Note 15(a) (Management fees and other expenses – management fees and incentive fees).

(b) Key management personnel

The Corporation has defined key management personnel as senior executive officers, as well as the members of the Board of Directors, as they collectively have the authority and responsibility for planning, directing and controlling the activities of the Corporation and its subsidiaries. The following table summarizes total compensation expense for key management personnel for the years ended March 31, 2013 and 2012.

	2013	2012
Salaries, senior executive officers	**$ 735,956**	$ 1,348,533
Personnel costs, senior executive officers	**63,947**	44,007
Directors' fees	**157,750**	136,157
	$ 957,653	$ 1,528,697

18. EMPLOYEE BENEFIT PLAN

On January 1, 2009, Riverland Ag established a qualified 401(k) profit-sharing plan in the United States of America that covers all of its employees reaching 21 years of age and who have completed two months of service. Riverland Ag employees are permitted to make voluntary contributions under a 401(k) arrangement and Riverland Ag contributes a fully vested safe harbor non-elective matching contribution of 3.00 per cent of participants' eligible wages. For the year ended March 31, 2013, Riverland Ag's contribution was $177,600 (2012: $171,570).

19. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	2013	2012
(Increase) decrease in due from broker, commodity futures contracts	**$ (9,297,603)**	$ 7,955,093
Increase in net derivative assets	**(626,030)**	(618,657)
(Increase) decrease in accounts receivable	**(3,365,006)**	833,796
(Increase) decrease in inventories	**(2,951,302)**	6,905,191
Decrease (increase) in prepaid expenses and sundry assets	**716,601**	(1,382,954)
Increase (decrease) in accounts payable and accrued liabilities	**2,018,801**	(644,597)
Decrease in management fees payable	**(16,460)**	(26,869)
Increase in due to Manager	**213,565**	55,000
	$ (13,307,434)	$ 13,076,003

20. MANAGEMENT OF CAPITAL

Ceres considers financial instruments in the form of Common Shares and Warrants (net of share issue costs) to represent capital. In managing this capital, the objectives of the Corporation are:

- to safeguard the Corporation's ability to continue as a going concern, be flexible and take advantage of opportunities, which might present themselves;
- to provide an appropriate return to shareholders;
- to use active management strategies related to its portfolio of investments, which are intended to enhance the returns of the Corporation and concurrently minimize risk and reduce the risk of loss of capital, through global exposure to agricultural assets involved in the supply and demand chains of the agricultural sector and sector-influenced industries;
- to potentially make future investments in private companies and in public companies where such investments are less liquid than a traditional portfolio equity investment, with the ability to potentially acquire controlling interests, on a global basis in agricultural businesses that exhibit potential for substantial capital appreciation and/or cash flows; and
- from time-to-time, take advantage of international stock market cycles, to obtain a greater degree of geographic diversification for the Corporation's assets or for other investment considerations determined by the Manager.

Riverland Ag, the operating subsidiary of Ceres, has capital requirements imposed by its lenders. As at March 31, 2013, Riverland Ag is required to comply with the following primary financial covenants and ratios concerning the revolving credit facility (Note 10, Bank indebtedness), including the maintenance of:

(a) the ratio of "consolidated debt" to "consolidated tangible net worth" (as defined by the agreement) of not more than 4.0 to 1.0;
(b) consolidated working capital of not less than USD$30 million; and
(c) consolidated tangible net worth of not less than USD$90 million.

As at March 31, 2013 and 2012, Riverland Ag complies with the debt covenants for the revolving credit facility.

21. COMPARATIVE FIGURES

a) Investment property

As at December 31, 2012, land acquired by certain subsidiaries has been determined to be investment property (Note 8). As at March 31, 2012, such land was included in property, plant and equipment. As such, figures as at March 31, 2012 on the balance sheet and the consolidated statement of cash flows have been reclassified to reflect this change. In management's opinion, this presentation provides users with more reliable and relevant information, as this reclassification is to distinguish investment property assets from property, plant and equipment currently used in a productive capacity.

These changes have no effect on consolidated net income (loss), consolidated comprehensive income (loss) or consolidated retained earnings (deficit). No such investment property was acquired prior to April 1, 2011.

b) Personnel costs

Comparative figures concerning personnel costs included in Cost of sales and in General and administrative expenses, as previously reported as "Supplemental disclosure of selected information" in the consolidated statement of comprehensive income for the year ended March 31, 2012, have been revised for that year. Previously reported figures included amounts only for Riverland's contribution to the 401(k) plan for the period. Revised figures also now include other personnel costs also recorded in cost of sales that were inadvertently omitted. These revisions have no effect on net income (loss) for that year.

22. SUBSEQUENT EVENT

On June 3, 2013, Ceres authorized the commencement of site preparation work for a commodity logistics hub planned for Northgate, Saskatchewan, on land currently owned by Ceres. Pursuant to an agreement with a partner concerning this project, Ceres is responsible for 50 per cent of the cost of the site preparation work phase. Ceres' share of the total cost of the site preparation work is projected to be approximately $3.5 million.

Directors

Gary P. Selke

Mr. Selke is the Chairman and Chief Executive Officer of the Corporation. Mr. Selke is a partner, Management Committee Member, President and Chief Executive Officer of Front Street Capital, the Manager of Ceres.

Thomas P. Muir, FCA, FCBV

Mr. Muir is the Chief Transaction Officer of the Corporation. Mr. Muir is also the Co-Managing Director of Muir Detlefsen & Associates Limited, the strategic advisor to Front Street Capital, the Manager of Ceres.

Brian Little [1, 2]

Mr. Little is the principal of W. Brian Little Holdings Inc. Mr. Little recently retired as National Manager of agriculture and agribusiness for the Royal Bank of Canada.

R. John Heimbecker [1, 2]

Mr. Heimbecker is a Vice President of Parrish and Heimbecker Limited, a Canadian based agribusiness company.

Mary F. Parniak [1, 2]

Ms. Parniak is a Corporate Director and formerly Vice President, Finance of ConAgra Foods Canada Inc., a large North American packaged food company.

1 Audit Committee (Chair: Ms. Parniak)
2 Corporate Governance and Nominating Committee (Chair: Mr. Heimbecker)

More complete biographical information on the directors can be found in the Annual Information Form.

Corporate Information

Transfer Agent & Registrar

Canadian Stock Transfer
320 Bay Street
Toronto, Ontario
M5H 4A6

Solicitors

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario
M5L 1A9

Auditors

KPMG LLP
Suite 2000
One Lombard Place
Winnipeg, Manitoba
R3B 0X3

Stock Exchange Listings

Toronto Stock Exchange
Symbol CRP

Annual Meeting

The annual meeting of shareholders of Ceres Global Ag Corp. is scheduled for Friday, September 27, 2013 at 11:00 a.m. at One King Street West, Toronto, Ontario, Canada M5H 1A1.

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Ceres Global Ag Corp.
33 Yonge Street
Suite 600
Toronto, Ontario
Canada
M5E 1G4
1-800-513-2832
ceresglobalagcorp.com