CERES
GLOBAL AG CORP.

Next

The province of Saskatchewan is rich in agricultural and natural resources.

The next booming market

Agriculture

The agriculture industry in Saskatchewan is the most diversified industry sector in Canada with $11.1 billion in export sales in 2012. This is an 83% increase from 2007 levels.

Saskatchewan's top three exported agriculture commodities include non-durum wheat, canola seed and canola oil with annual sales of $6 billion.

Oil and gas production

Saskatchewan is Canada's second largest oil producer with ~10% of Canada's reserves for oil and 25% of its gas reserves. There are approximately 8 billion bbl of crude oil resources and 10 tn cubic feet of natural gas resources in Saskatchewan.

The province produces 40,000 bbl/day or more than 20% of total Canadian oil production. From this about 83% is exported.

Energy and natural resources

The province produces more than 8 million tonnes of potash per year. Only about 5% is consumed in Canada, with the remainder being exported.

Saskatchewan is Canada's third-largest coal producer and is also rich in high grade uranium resources. Uranium is processed domestically then exported to international markets.

We are in the process of constructing a new commodity logistics centre on 1,300 acres of land, located on the border between Northgate SK and Northgate ND, effectively linking Saskatchewan's resources to the U.S. Midwest. The Northgate Commodity Logistics Centre ("NCLC," "Northgate") is designed to utilize high-efficiency rail loops, capable of handling unit trains of up to 140 railcars. The site will initially contain a grain handling and shipping facility, followed by the construction of an oil and natural gas supply logistics centre to facilitate exports from Saskatchewan's and Western Canada's energy sector. A frac sand, pipe and cement unloading centre will be added to bring these products in from the United States to service Western Canada's energy industry.

Northgate will connect directly with 32,000-mile BNSF network and is expected to give shippers direct access to customers and markets in 28 American states, including over 45 crude-by-rail destinations, as well as to numerous Pacific and Gulf ports, and to Mexico. Access to many other strategic interior locations in the Eastern U.S. and at Atlantic ports are also available through BNSF's interline rail connections, providing new options to Canadian farmers and oil exporters.

Our next great initiative

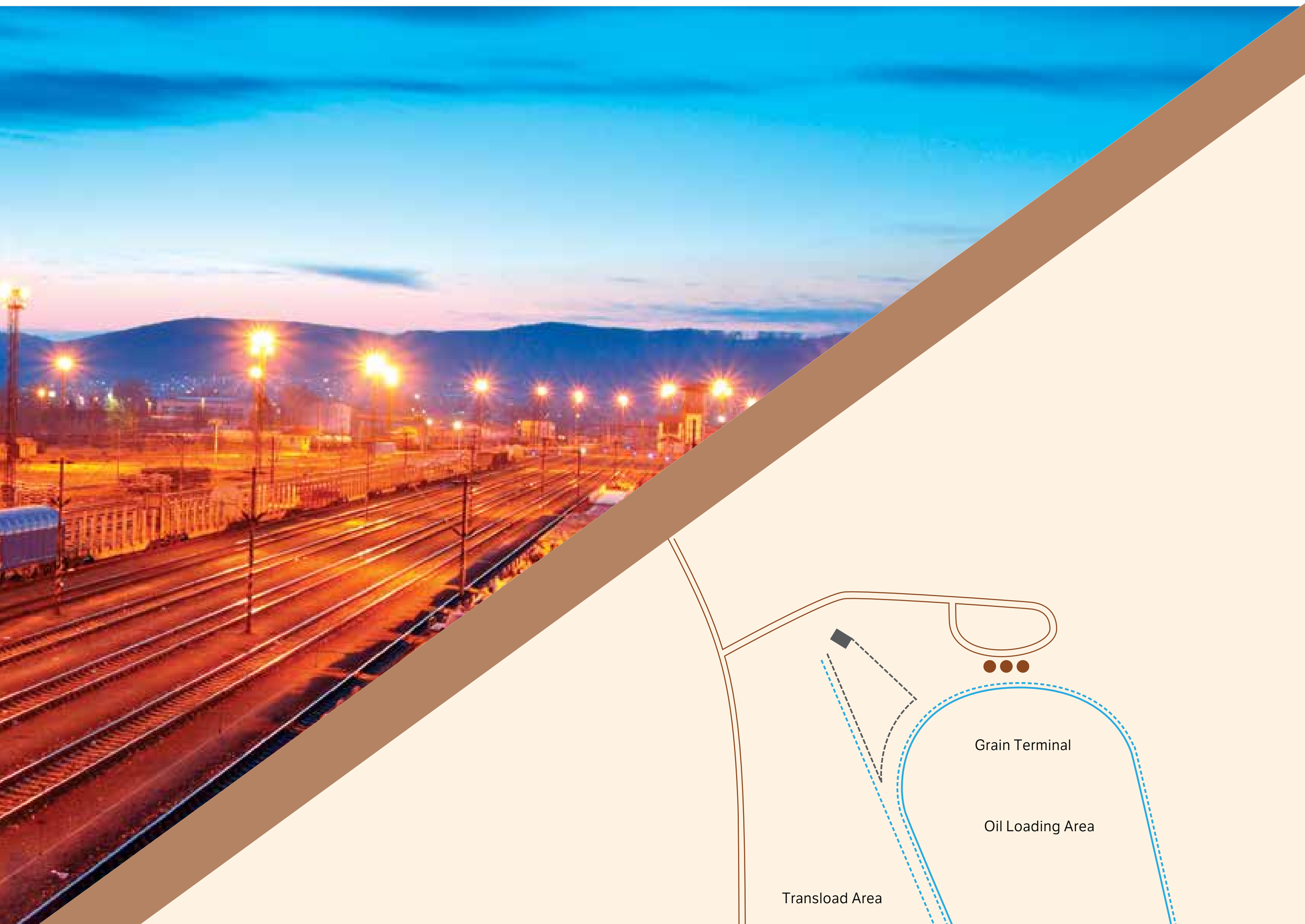
With exports in commodities and natural resources growing, the government has invested a record $4.3 billion in transportation infrastructure since 2008.

Northgate ˇ
provides a key north-south connection between the US and Canada.

Regional rail networks ˇ
show a gap in linking north-south rail routes.

Our Northgate facility

This key north-south transportation link will service the grain commodity and energy sectors.



Northgate Facility Design

The transloading facility will contain 12,500 km of rail line, including an 2.6 km rail loop. The terminal will be able to load 2.2 million bushels of grain onto 120 railcars within a 12-hour period. For NGLs, the facility could potentially serve up to 105 million gallons in annual capacity.

Commodity logistics is already in our blood.

Moving grain and oil commodities is our business. Our 25% ownership stake in Stewart Southern Railway adds depth to our logistics profile.

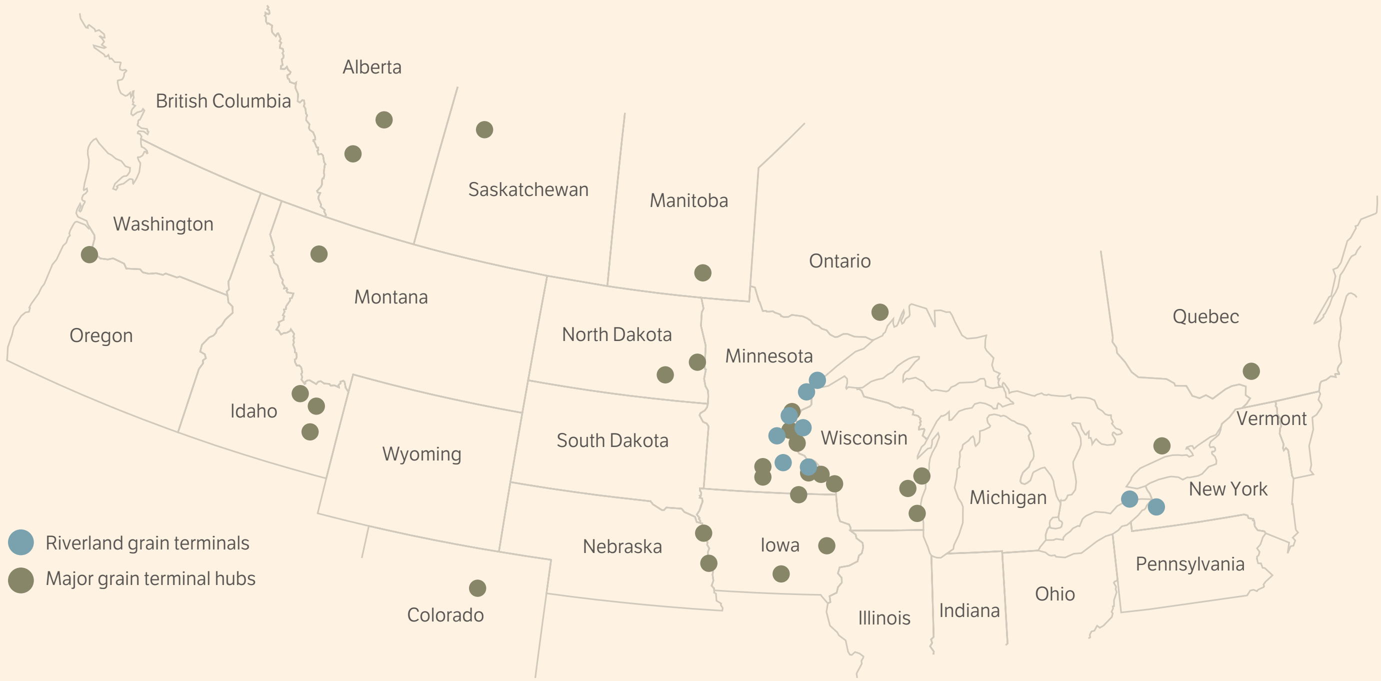
The Stewart Southern Railway ("SSR") is a 132 km short line railway that runs from Richardson, SK to Stoughton, SK. Although traditionally a link for grain transport, the SSR has recently diversified into providing transportation for crude oil production from the Bakken region and has also capitalized on the opportunities from the construction of a direct pipeline into Stoughton from a major regional oil producer. With approximately 18,000 railcars in the 2014 fiscal year, the SSR is aggressively looking for increased shipment opportunities in oil, grain and other commodities.

Our expertise lies in moving grain across the US Midwest and Canada.

Riverland Ag's storage and handling facilities are strategically located – with connections to key trucking routes as well as rail and shipping channels. We see significant synergies between Northgate and Riverland Ag. As planned operators of the Northgate facility, Riverland Ag will be able to capitalize on additional grain origination opportunities direct from Western Canadian farmers, as well as a feeder source to the downstream improvement of Riverland Ag's existing storage assets by lowering grain purchase costs, increasing throughput and inventory turns, and improving capacity utilization.

Leveraging our expertise onto Riverland...

All Along the Grainbelt: Riverland Ag Grain Storage Facilities

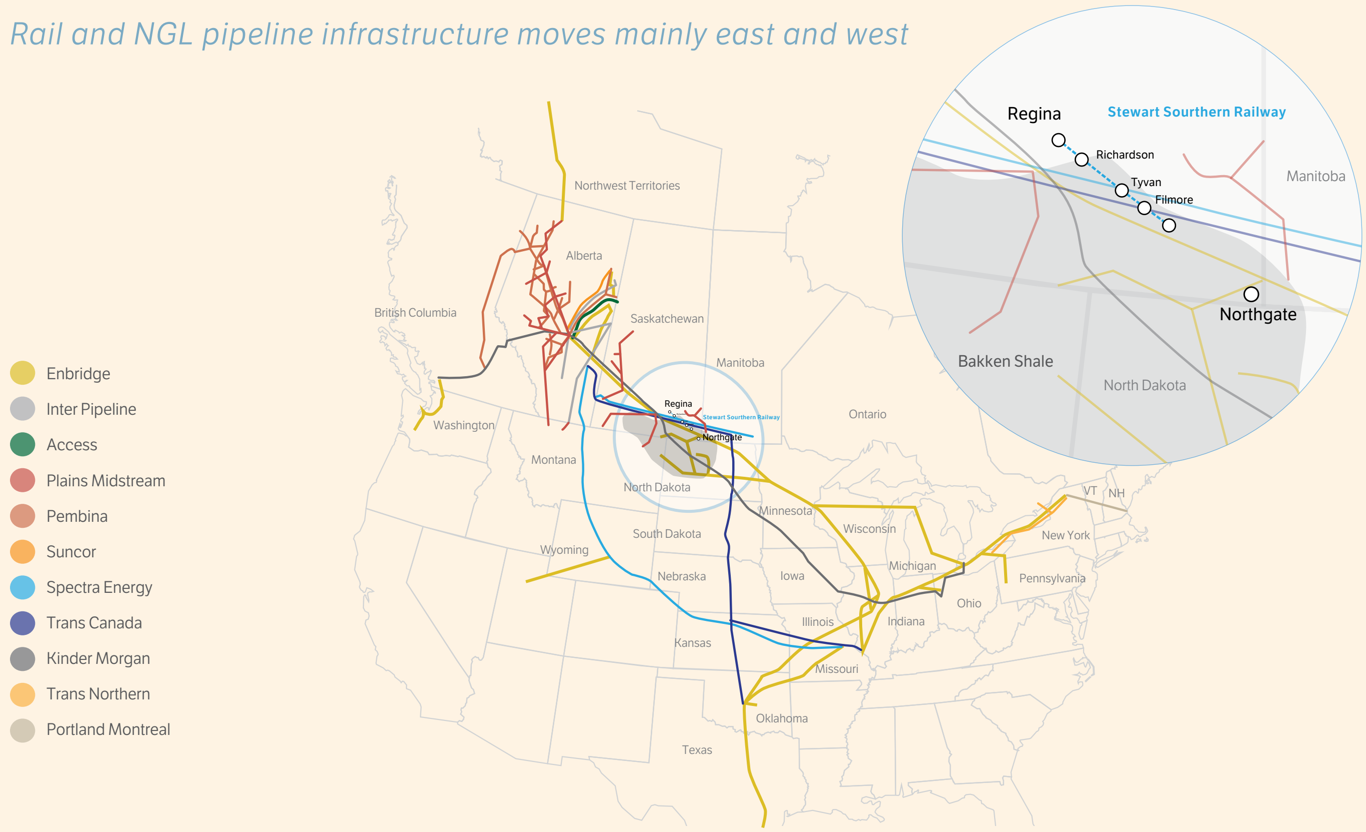


With our positioning in Northgate, we hope to be a significant part of the Bakken expansion story.

In recent years, the production of oil and natural gas liquids ("NGL") in the Bakken Shale has more than doubled to approximately 50 million barrels/day. The build-out of additional pipelines and terminals could see regional production rise more than six-fold by 2018. In Saskatchewan alone, there are approximately 8 billion bbl of crude oil resources and 10 tn cubic feet of natural gas resources.

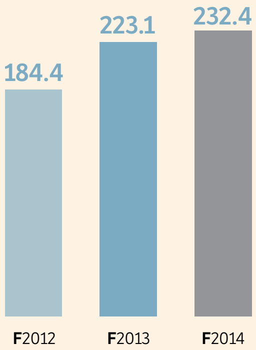
...while capitalizing on regional energy production.

Rail and NGL pipeline infrastructure moves mainly east and west



Segment Highlights

Riverland Ag Revenue

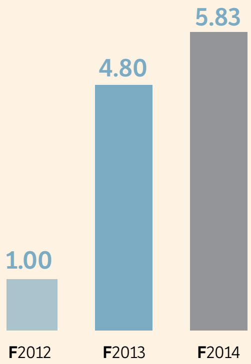


Steady growth to Riverland's top line

13%

Average annual growth in revenue since 2012

SSR EBITDA



Significant improvements to SSR's operating profits

95%

Three-year compound annual growth rate

CERES
GLOBAL AG CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

You are cordially invited to our annual and special meeting (the "Meeting") of shareholders of CERES GLOBAL AG CORP. (the "Corporation"), which will be held on September 29, 2014 at the Omni King Edward Hotel, Belgravia Room, 37 King Street East, Toronto, ON, M5C 1E9.

The specific details of the matters to be put before the Meeting are set forth in the Management Information Circular.

Message from the Chairman

To Our Fellow Shareholders:

I am pleased to report on the many activities and accomplishments of your company during fiscal year 2014.

In the fall of 2013, Ceres Global Ag Corporation saw the appointment of new members to its Board of Directors and the start of the transition to internalizing the management of the company.

As a first step, the new Board undertook a rigorous strategic review of all aspects of the company. It was clear that the largest asset – Riverland Ag Corporation – had strong management and good assets but had too much capacity for the markets it served. Secondly, Riverland had one strategic disadvantage of not being able to source grain directly from farm producers. In other words, it lacked good origination.

The other large asset – the Northgate Commodity Logistics Centre (Northgate) – is strategically located in Southern Saskatchewan in the centre of Western Canada's agricultural production area and also is located in the centre of the Bakken oil field. Additionally Northgate connects directly to the 32,000-mile Burlington Northern Santa Fe rail network, offering north/south service not only to Riverland but also to all markets and ports in the United States and Mexico. Hence this location offered large profit generating possibilities for many products as well as strategic origination of grain for Riverland Ag.

These facts led to the Board's decision to retain the complete ownership and operation of the rail loop and the grain facility at Northgate. In order to facilitate grain shipments as quickly as possible from Northgate to Riverland and potentially to other locations, the Board decided to install a temporary grain transloading facility at Northgate. This will allow grain shipments to take place while the permanent grain storage and shipping facility is being built. We anticipate that Riverland Ag will benefit from grain origination in Canada this coming fall. Consequently, grain volume throughput and enhanced profitability at Riverland will be realized as quickly as possible.

To reduce grain storage capacity, Riverland Ag has divested two grain elevators since the beginning of 2014 for gross proceeds of US $7.6 million. The elevators are located at Manitowac, Wisconsin and at Wahpeton, North Dakota.

These divestments put us on the right path towards improving capacity utilization at Riverland. Going forward, Riverland's management team is focussed on reducing costs and creating additional value from its core assets, while working to improve margins and grow earnings.

With the removal of the Canadian Wheat Board marketing monopoly in Canada, there will be a much larger north/south movement of grain between Canada and the United States and Mexico. Our company is perfectly positioned to take advantage of this flow of products having grain assets on both sides of the border.

I can also report that construction of all our facilities at Northgate is proceeding on schedule and on budget. We anticipate that the horizontal build of the rail loops and the laying of the track will be completed in September and the temporary grain transloader will be operational in October. As I mentioned earlier, we have been developing the plans for larger grain storage and shipping terminal which will accommodate unit trains of approximately 110 cars.

On the energy side, Ceres has a number of opportunities at Northgate and the Board is currently analysing each one for longer term profitability potential.

I am also pleased to report that Ceres arranged a US $20 million bridge loan which will allow us to complete both the horizontal build and the temporary grain transload facility at Northgate. The Special Committee of the Board is exploring alternate ways to raise capital to finance the permanent grain facility as well as other opportunities at Northgate.

Our third largest asset is our 25% interest in the Stewart Southern Railway (SSR), a 132-kilometre (82-mile) short-line railway that extends from Richardson Saskatchewan (just southeast of Regina) to Stoughton, Saskatchewan. The SSR's recent move into transporting of oil by rail car makes our investment more compelling. We anticipate that increased sales at SSR will continue throughout 2015 and beyond given the growth in both regional energy production and continued strong volumes of grain shipments. In combination, our investments in the SSR and in our Northgate project offer unique shipping opportunities for the growing volumes of commodities being exported from Southeastern Saskatchewan and Western Canada.

Earlier this year, the Board of Directors started a world-wide search to find the right person to lead the company into the future. I am pleased to report that Mr. Pat Bracken will be joining our company on September 1, 2014 as President and CEO. Pat has over 30 years of experience in senior management positions in both the agribusiness and energy sectors. Pat replaces Michael Detlefsen who provided leadership as we moved from an external management team to in house management. I want to welcome Pat and also thank Michael for his contribution over the past year.

Pat will be joining our Board of Directors along with Mr. Harold Wolkin. Harold has an extensive background in investment banking and will provide valuable guidance as we examine alternate ways to raise additional capital.

In summary, we have made considerable progress this past year. We have a well-defined strategy, we have rationalized our capacity at Riverland, we have moved quickly to complete the horizontal build of the loop track at Northgate, the temporary grain loading facility is nearing completion, and we have hired an experienced President and CEO and we have expanded our Board of Directors.

I am the first to admit that much remains to be done. Our strategy is to take advantage of the many opportunities that we have and to maximize the value of our investments for our shareholders. We recognize it will take time to realize the benefits of our plan but I am confident that Ceres is well on its way to improved profitability and to growth.

As always we are grateful for the support, diligence, and guidance of our Board of Directors, and, for the understanding and loyalty of our shareholders. I also wish to thank all of our employees for their dedication and hard work as we realize the benefits of the many changes we have implemented. We very much look forward to continuing with our plan.

Sincerely,

Douglas E. Speers
Chairman, Ceres Global Ag Corp.

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, 2014 and 2013, which are prepared in accordance with International Financial Reporting Standards ("IFRS").

Riverland Ag Corp. and Riverland Agriculture, Ltd. (collectively, "Riverland Ag") represent Ceres' largest investment and are wholly-owned subsidiaries of Ceres. In discussing the annual 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 16, 2014. Unless otherwise indicated, all dollar amounts are reported in Canadian dollars ("CAD"). Additional information relating to Ceres, including the Corporation's Annual Information Form for fiscal 2014, can be obtained on SEDAR at www.sedar.com.

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. 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, including the plans, costs, timing and capital requirements for the development of the Northgate Commodities Logistics Centre ("NCLC"), operating and financial results, critical accounting estimates and the expected financial and operational consequences of future commitments.

Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "outlook", "likely", "probably", "going forward", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "may have implications" or similar words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might", or "will be taken", "occur", or "be achieved". 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 are based on the opinions and estimates of management at the date the information is made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. 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 (in no particular order of importance):

- The expected transition towards a more integrated North American grain commodity markets as a result of the deregulation and privatization of the Canadian Wheat Board, which has effectively dismantled the monopoly in marketing wheat crops in Canada enabling farmers to gain more direct access to the open market;
- Volume and quality of grain held on-farm by producers in North America are expected to increase as a result of the opening up of the Canadian grain market;
- No material change in the regulatory environment in Canada and the United States;
- Supply and demand factors as well as the pricing environment for grains and other agricultural commodities;
- Fluctuation of currency and interest rates;
- General financial conditions for Western Canadian and American agricultural producers;
- Market share that will be achieved by the Corporation;
- Riverland Ag's ability to maintain existing customer contracts and relationships;
- Expected increase in the utilization of Riverland Ag's facilities;
- Continued compliance by Riverland Ag with its loan covenants;
- The successful financing and completion of Northgate Commodities Logistics Centre ("NCLC") and all required regulatory permits and approvals;
- The ability of Riverland Ag to successfully plan, design, build and operate the Northgate grain elevator as well as its ability to realize the economic benefits resulting from the synergies with NCLC;
- The successful internalization of Ceres' management, processes and procedures;
- Ceres' ability to obtain financing on acceptable terms;
- The successful negotiation of competitive rail freight agreements with Burlington Northern Santa Fe Railway ("BNSF") at Northgate; and
- The ability of Stewart Southern Railway Inc. ("SSR") to continue its growth in grain and oil shipments by rail, without service disruption.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to Ceres. Many such factors and events are not within the control of 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 the regulatory environment, processes and decisions. Although Ceres has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results that are not anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information.

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 statements or information, whether as a result of new information, change in management's estimates or opinions, future events or otherwise, except as required by law.

CAUTIONARY STATEMENT AS TO NON-IFRS FINANCIAL MEASURES

Ceres provides a non-IFRS measure as supplementary information, which management believes is useful to users of this 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 (net loss) from investments in associates, the gain (loss) on sale of property, plant and equipment and the loss on impairment of assets held for sale. 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 net 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 year ended March, 31, 2014 and March 31, 2013 and reflects the value at which individual items are carried on Ceres' balance sheet (in millions of Canadian dollars, except total equity attributable per share issued and outstanding):

	Notes	Year ended March 31,	
		2014	2013
Cash and cash equivalents	1	$ 6.9	$ 18.8
Portfolio investments		$ 0.8	$ 6.5
Accounts receivable and sundry current assets		$ 1.5	$ 0.1
Investment in the SSR	2	$ 3.5	$ 2.8
Investment in land and capitalized costs in NCLC	3	$ 14.8	$ 5.0
Investment in Riverland Ag	4		
Net working capital, net of assets held for sale and all debt	5	$ 39.9	$ 46.0
Assets held for sale	6	$ 18.2	-
Fixed assets, at net book value	7	$ 50.7	$ 66.0
Investment in Canterra Seeds Holdings, Ltd. ("Canterra")	8	$ 1.2	$ 1.5
Total investment in Riverland Ag		$ 110.0	$ 113.5
Less: All (current) liabilities		$ (3.5)	$ (1.7)
Total equity attributable to Shareholders		$ 134.0	$ 144.9
Number of common shares issued and outstanding (in millions of shares)		14.2	14.3
Total equity attributable per share issued and outstanding		$ 9.44	$ 10.11

Notes:

1. Cash and cash equivalents exclude cash held by subsidiaries.
2. The SSR is 25% owned by Ceres and is accounted for using the equity method.
3. The investment in NCLC represents an investment in approximately 1,300 acres of land in Saskatchewan and North Dakota, plus costs capitalized to date for the purposes of developing the site for the logistics hub.
4. Ceres owns 100% of Riverland Ag and consolidates the accounts of Riverland Ag in the annual and interim financial statements. In the foregoing analysis, the investment in Riverland Ag is accounted for using the equity method.
5. The net working capital of Riverland Ag represents primarily the aggregate of owned inventory (marked to market), trade accounts receivable and amounts due from brokers, less all bank indebtedness. The aggregate of other current assets is substantially offset by the aggregate of other liabilities.
6. Represents land, buildings, silos/elevators, machinery and equipment and other assets held for sale for the Manitowoc, Wisconsin and Savage, Minnesota locations.
7. Represents approximately 51 million bushels of storage space in 2014 (2013 - 52 million).
8. Canterra is 25% owned by Riverland Ag and is accounted for using the equity method.

Ceres Global Ag Corp.

Ceres is a company currently focused on two primary businesses:

1. **Grain Storage, Handling and Merchandising** - represented by Riverland Ag, a collection of North American commercial grain storage and handling assets; and

2. **Commodity Logistics** - represented by (a) the SSR, a short-line rail company based in Southeastern Saskatchewan; and (b) NCLC, the proposed commodities logistics centre at Northgate.

Riverland Ag

Riverland Ag engages in 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 owns and operates ten (10) grain storage and handling facilities in the American states of Minnesota, North Dakota, New York and Wisconsin, and the Canadian province of Ontario (See Subsequent Event). Riverland Ag also manages two facilities in Wyoming on behalf of its customer-owner. 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 the grain storage facilities are located 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, as it provides Riverland Ag with the option of delivering certain grain against futures contracts and enhances overall liquidity.

The majority of Riverland Ag's current storage space is utilized to benefit from grain trading, arbitrage and merchandising opportunities. Management determines which of Riverland Ag's facilities to be employed for the storage or throughput of a particular grain shipment based on the source of the grain shipment, the elevator location relative to the end customer(s), the cost of logistics to transport the grain, and the availability of space in the intended elevator.

Riverland Ag focuses on the storage, handling, trading and merchandising of cereal grains with particular emphasis on wheat, oats, barley and rye. In the case of wheat and oats, there are futures markets which it uses to hedge its inventories. For barley and rye, where no futures markets exist, Riverland Ag stores the grain under contract with end users.

Grains purchased by Riverland Ag are primarily bought from third-party grain companies in the United States and Canada, although Riverland Ag has an ever-expanding direct-to-farmer purchase program that is expected to become increasingly important as the industry consolidates.

Grains are usually sold to grain processing and milling companies along with food and beverage companies and livestock-related businesses, as well as delivered into the futures markets.

The nature and location of Riverland Ag's assets allow it to be flexible in different types of grain markets, but typically Riverland Ag 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 (as further described below. The multiple inversions of the wheat and oats markets have posed significant challenges to Riverland Ag in the past two years. In addition, the Dodd-Frank legislation in the United States significantly reduced futures market activities as financial institutions retreated from the sector. This resulted in an excess in storage capacity at Riverland Ag, with corresponding low capacity utilization rates. Riverland Ag responded to this market development by selling non-core assets and entering into strategic partnerships with key customers. Going forward, management expects to continue the process of optimizing its grain elevator capacity and will likely pursue strategic partnerships and longer-term storage agreements with key cereal grain customers to raise capacity utilization and enhance profitability. With the NCLC project, Riverland Ag also expects to: (i) gain access to key origination markets, such as Western Canada; (ii) implement its direct-from-farmer buying programs to purchase grain at wholesale prices; (iii) attract additional downstream customers which will translate to elevator utilization improvement; and (iv) ultimately improve profit margin.

Historically, Riverland Ag made the majority of its revenues and profits from a 'contango' business model, in which it purchased grain inventories futures, earning a net carry charge that covered the costs of storage and interest, plus a profit margin. During the period from 2010 to early 2012, this strategy was highly profitable, given the large crop surpluses, significant participation in the long futures markets by a variety of financial players and a widening benchmark storage rate. Since that period, the market dynamics have changed substantially, with the financial players dropping out as counterparties in the futures market (driven primarily by provisions of the Dodd-Frank legislation in the United States), several crop years of production rebalancing grain market inventories and the more gradual than expected opening of the North American grain markets with the deregulation of the Canadian Wheat Board, such that the contango business model alone is no longer sufficiently profitable to generate sufficient returns on Riverland Ag's invested capital.

In response to changing grain environment Riverland Ag's Strategy focused on these platforms:

- A merchandising trading deck matching customer demand with supply chain efficiencies
- Maximizing carrying charges in commodities deliverable against futures where we are "regular" for delivery
- Maximizing third-party storage income.

With the deregulation and privatization of the Canadian Wheat Board, management expects this to strengthen Riverland Ag's position in the spring wheat delivery market. NCLC is strategically located to facilitate the southbound grain movement and as such can enhance Riverland Ag's potential profitability.

The Northgate Commodities Logistics Centre ("NCLC") in Saskatchewan

Ceres owns approximately 1,300 acres of land at Northgate, Saskatchewan and Northgate, North Dakota, where it is constructing a new commodity logistics centre that is designed to utilize high-efficiency rail loops, capable of handling unit trains of up to 120 railcars. A grain handling and shipping facility is expected to be the initial focus, followed by an oil and natural gas supply logistics centre to facilitate exports from Saskatchewan's and Western Canada's energy sector, and a frac sand, pipe and cement unloading centre to bring these products in from the United States to service Western Canada's energy drilling industry.

NCLC's direct connection to the 32,000-mile BNSF network is expected to give shippers direct access to customers in 28 American states, to numerous Pacific and Gulf ports, and to Mexico, including over 45 crude-by-rail destinations. Access to many other strategic interior locations in the Eastern U.S. and at Atlantic ports are also available through BNSF's interline rail connections, providing new options to Canadian farmers and oil exporters.

Initially, Ceres intended to partner with a major U.S. based agricultural supply chain company to develop the grain facility at NCLC. Following the completion of a comprehensive strategic review that was launched in September, 2013, Ceres decided to continue the development of the grain facility at NCLC without the involvement of a partner. Accordingly, in January 2014, Ceres terminated its arrangements and ongoing discussions with the proposed partner and announced the following plans with respect to NCLC:

- To complete the remaining site preparation and the installation of rail and associated infrastructure for NCLC to allow manifest and unit trains to cross the border into Canada and to facilitate the transloading of agricultural, petroleum and other bulk commodity products;

- To use its 100% owned subsidiary, Riverland Ag, to bring in-house the design and development of the proposed grain facility at NCLC; and

- To spend up to an additional $15.2 million of capital during the 2014 construction season for the planning and design of the grain facility and the planning, design and initial construction of the oil and natural gas liquids transload facilities at NCLC.

As at March 31, 2014, Ceres has incurred $14.8 million of capital costs (2013 - $5.0 million) for the Canadian portion of NCLC, including land acquisition costs, environmental costs, mass grading and site preparation costs and initial rail costs. Ceres proposes to finance the remaining NCLC site development and construction costs with a combination of cash flows from operations, proceeds from the sale of selected non-core assets debt and equity financing.

The fully-completed grain facility at NCLC is expected to include a 2.2 million bushel high-speed shuttle grain loading facility capable of loading a unit train of 120 railcars within 12 hours to be operated by Riverland Ag and to provide substantial grain origination opportunities and have significant synergies with the remaining Riverland Ag assets. The Northgate elevator is expected to become a significant contributor to Riverland Ag, both as a Canadian-based originator of cereal grains from Western Canada, direct from farmers, and as a feeder to the downstream improvement of Riverland Ag's existing storage assets. Management expects that the Northgate elevator will serve as a powerful catalyst to accelerate the repositioning and turnaround of Riverland Ag, as well as serve as the linchpin of the Northgate Commodity Logistics Centre. At full capacity, management believes that the NCLC will significantly enhance the profitability of Riverland Ag by lowering grain purchase costs, increasing throughput and inventory turns, and improving capacity utilization.

To take advantage of the current logistics bottleneck and the upcoming harvest, the Corporation expects to install a temporary grain transloading facility over the summer so that grain can be shipped in the fall of 2014, while the permanent elevator is under construction. This temporary facility is expected to be able to load up to 72 grain car loads per week, serviced by the BNSF's manifest local service 2-3 times per week.

Significant upgrades made by the BNSF to its network on the U.S. side of the border, required to support the NCLC, have neared completion with the rail and bed in place, and recently connected to the Canadian side of the project. Currently, site preparation grading at NCLC is 80% completed and Ceres has installed 1,150 metres out of anticipated 12,552 metres of rail track running north from the Canada-U.S. border into the site. Construction of the remaining site infrastructure and rail is expected to continue over the summer, with track completion expected in early fall, 2014. In February 2014, the Corporation received approval from Canadian and US customs authorities on the border crossing with the tracks connected across the border in early May 2014. The timing for initial rail shipments and the overall completion of the NCLC transloading project will depend on the Corporation obtaining appropriate financing.

The Stewart Southern Railway ("SSR")

Ceres owns a 25% interest in the SSR, a 132 kilometre (82-mile) short-line railway that extends from Richardson, Saskatchewan (just southeast of Regina) to Stoughton, Saskatchewan. The SSR was purchased in 2010 from Canadian Pacific Railway, with which the SSR has a five-year haulage agreement that runs through mid-2015.

Historically, the SSR only shipped grain and, in 2010 and 2011, was challenged by low local production caused by excessive moisture. In February 2012, the SSR began shipping oil from the Stoughton area and monthly volumes have grown steadily. The Stoughton oil trans-loading facility now has a capacity of over 45,000 barrels per day ("bpd") of production, and has become one of the largest crude oil by rail loading sites in Western Canada.

In April 2014, Crescent Point Energy opened a direct pipeline connection between its Viewfield storage complex and its Stoughton loading facility, enhancing the flows and reducing volume fluctuations caused by weather and local road bans. In addition, the SSR has recently been successful in developing a rail car storage program for shippers, which has broadened its revenue and earnings profile. Finally, with the strong 2013 harvest, sizeable grain volumes have returned to the SSR. Management expects that the SSR will transport as many as 18,000 railcars in the 2014 fiscal year, up from just over 1,000 in SSR's first year of operation. Having successfully absorbed this initial level of significant growth, the SSR is aggressively looking for increased shipment opportunities in oil, grain and other commodities.

SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected annual financial information in accordance with International Financial Reporting Standards ("IFRS"), in Canadian dollars, being the presentation and functional currency of the Corporation). Details concerning prior quarterly results may be found in the respective interim or annual financial statements and MD&As.

in millions, except per share data		2014		2013		2012
Total revenues	$	232.4	$	223.1	$	184.4
Gross profit	$	4.4	$	2.0	$	16.0
Net loss	$	(19.3)	$	(11.5)	$	(3.8)
Basic and diluted loss per share	$	(1.4)	$	(0.8)	$	(0.3)
Total assets	$	232.2	$	296.2	$	292.4
Total non-current financial liabilities (including current portion)	$	Nil	$	Nil	$	47.8
Distributions or cash dividends declared per common share	$	Nil	$	Nil	$	Nil

Net loss of $19.3 million (2013 – net loss of $11.5) includes a one-time charge of $6.6 million from the termination of the Management Agreement with Front Street Capital.

RESULTS OF OPERATIONS FOR THE YEAR AND THE QUARTER ENDED MARCH 31, 2014

Through Riverland Ag, Ceres is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relation 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.

Revenues and Gross Profit

For the year ended March 31, 2014, revenues totalled $232.4 million (2013 - $223.1 million) and gross profit was $4.4 million (2013 - $2.0 million). For the year ended March 31, 2014, gross profit margin was 1.9% (2013 - 0.9%). The increase in gross profit of $2.4 million is primarily attributable to increased merchandising gains that included appreciation in basis levels across a number of the cereal grains as a result of strong end-user demand that was not being fulfilled due to logistical issues throughout North America.

For the quarter ended March 31, 2014, revenues were $33.5 million (2013 - $60.4 million) and gross profit was $3.7 million (2013 - $2.0 million). Gross profit margin for the period was 11.0% (2013 - 3.2%). The increase in gross profit margin for the quarter, compared to the same quarter in the prior year, is attributable to increased trading margins and the appreciation in the basis of spring wheat coupled with increased storage and rental income. Earnings from operations and the gross profit margin were still lower in this quarter compared to past historical levels due to depressed carrying charges in cereal grains.

For the quarter ended March 31, 2014, the income from operations was $1.4 million (2013 – operating loss of $0.8 million), an increase of $0.6 million compared to the same period last year. This was driven by an increase in merchandising gains along with a slight increase in carrying charges across most of the different varieties of wheat.

General and Administrative Expenses

For the year ended March 31, 2014, general and administrative expenses totalled $17.2 million (2013 - $10.6 million), representing an increase of $6.6 million for the year compared to the year ended March 31, 2013. This increase in general and administrative expenses includes the following one-time charges recognized in the year ended March 31, 2014:

a) The management transition payment of $5.0 million on October 1, 2013 to Front Street Capital;

b) A provision of $1.0 million for contingent future additional payments to Front Street Capital totaling up to $2.0 million; and

c) Expenses of $0.6 million associated with the negotiation of the early termination of the management agreement with Front Street Capital.

In addition, legal, consulting, and other expenses of $1.5 million related to corporate initiatives concerning primarily the NCLC were also charged to general and administrative expenses.

For Q4 2014, consolidated general and administrative expenses totalled $1.3 million (Q4 2013 - $3.0 million), representing a decrease of $1.7 million. For the quarter ended March 31, 2014, on-going general and administrative expenses for Ceres at the corporate level totalled approximately $1.0 million.

Finance Income (Loss)

Finance income (loss) for the years ended March 31, 2014 and 2013 and the three-month periods then ended are summarized as follows:

	3 months		12 months	
(in millions of dollars)	2014	2013	2014	2013
Interest and other revenues	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Realized loss on sale of investments	0.0	(0.0)	(3.0)	(0.0)
Realized loss on currency-hedging transactions	0.0	(0.6)	(0.5)	(0.3)
Realized and unrealized (loss) gain on foreign exchange	(0.0)	0.0	0.0	0.0
Change in fair value of investments	(0.0)	(1.5)	0.5	(4.4)
	$ (0.0)	**$ (2.1)**	**$ (2.9)**	**$ (4.7)**

Realized loss on the sale of non-core investments for the year ended March 31, 2014 was $2.9 million (2013 - $4.7 million) as Ceres sold its holdings in EcoSynthetix Inc. and Potash Ridge Corporation for a loss of $1.7 million and $1.3 million, respectively, consistent with the Corporation's strategic plan to sell non-core assets to fund its NCLC project. The Corporation continues to evaluate the timing of the sale of its one remaining portfolio investment and is expected to make a decision during the coming fiscal year. Changes in realized and unrealized gains and losses for foreign exchange, currency-hedging and fair value of investments reflect fluctuations in the currency and equity markets.

Finance loss for the three months ended March 31, 2014 was $0.03 million (2013 - $2.1 million) as a result of a reduced level of activities and investment holdings.

Finance Expenses

For the years and the quarters ended March 31, 2014 and 2013, finance expenses all related to Riverland Ag and included 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 year ended March 31, 2014, finance expenses totalled $4.7 million (2013 - $11.6 million). For the fourth quarter ended March 31, 2014, finance expenses were $1.1 million (2013 - $1.9 million).

The decreases in finance expenses for the year ended March 31, 2014 and for Q4 2014 reflect:

- The repayment in full on December 17, 2012 of the balance of long-term debt then owing, the one-time charge in that quarter (Q3 2013) for the early debt repayment penalty of $2.5 million and the related amortization of the remaining unamortized financing costs of $0.3 million;
- A decrease in the total amount of borrowings during the year ended March 31, 2014 compared to the year ended March 31, 2013, which is due to a decrease in grain inventories owned throughout the year and a reduction in overall grain prices during the period. As at March 31, 2014, inventories totalled $113.3 million (2013 - $164.8 million) and the aggregate of bank indebtedness and repurchase obligations as at that date was $87.7 million (2013 - $143.5 million); and
- A lower interest rate on the short-term borrowing facility compared to the previous long-term debt facility.

EBITDA

The following table is a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the year ended March 31, 2014 and 2013:

EBITDA *(in millions of dollars)*		12 months, 2014		12 months, 2013	
Periods ended March 31, 2014		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net income (loss) for the period		$ (19.3)	$ (4.9)	$ (11.5)	$ (2.4)
Add (deduct):	finance expenses	4.7	4.7	11.6	11.6
	income taxes expense (recovery)	(1.3)	(1.3)	(2.6)	(2.6)
	depreciation on property, plant and equipment	3.0	3.0	2.9	2.9
EBITDA before gain on sale of property, plant and equipment, loss on impairment of assets held for sale and share of (net income) net loss in associates		(12.9)	1.5	0.5	9.6
Add (deduct):	gain on sale of property, plant and equipment	(0.2)	(0.2)	(9.6)	(9.6)
	loss on impairment of assets held for sale	0.8	0.8	-	-
	share of net (income) loss in associates	(0.5)	0.4	(1.2)	(0.0)
EBITDA		**$ (12.8)**	**$ 2.4**	**$ (10.3)**	**$ (0.1)**

Riverland Ag's EBITDA for the year ending March 31, 2014 was $2.4 million (2013 – ($0.1) million) representing an increase of $2.5 million. This increase in EBITDA is attributable to an increase in trading gains due to basis appreciation in spring wheat coupled with slight reduction in operating costs at the facilities, which are captured in cost of sales.

The consolidated EBITDA loss for the year ended March 31, 2014 was significantly affected by the additional one-time changes to general and administrative expenses totaling $6.6 million as discussed above under "General and Administrative Expenses".

The following table is a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the three-month periods ended March 31, 2014 and 2013:

EBITDA *(in millions of dollars)*		3 months, 2014		3 months, 2013	
Periods ended March 31		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net income (loss) for the period		$ 0.4	$ (0.3)	$ 0.8	$ 3.8
Add (deduct):	finance expenses	1.1	1.1	1.9	1.9
	income taxes expense (recovery)	(0.1)	(0.1)	4.0	4.0
	depreciation on property, plant and equipment	0.8	0.8	0.7	0.7
EBITDA before gain on sale of property, plant and equipment, loss on impairment of assets held for sale and share of (net income) net loss in associates		2.2	1.6	7.4	10.5
Add (deduct):	gain on sale of property, plant and equipment	(0.0)	(0.0)	(9.7)	(9.7)
	loss on impairment of assets held for sale	0.8	0.8	-	-
	share of net (income) loss in associates	0.2	0.4	(0.2)	0.2
EBITDA		**$ 3.1**	**$ 2.7**	**$ (2.5)**	**$ 1.0**

Consolidated net loss includes Finance income (loss) 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, 2014, consolidated net loss includes finance loss of $0.03 million (2013 - $2.1 million). Excluding the effect of the finance loss for the quarter ended March 31, 2014, adjusted consolidated EBITDA would have been income of $3.1 million (2013 - loss of $0.4 million). Fluctuations in this adjusted consolidated EBITDA reflect changes in the equity and currency markets.

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, 2014:

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	2014-03-31	2013-12-31	2013-09-30	2013-06-30	2013-03-31	2012-12-31	2012-09-30	2012-06-30
(in millions except per share)	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenues	$ 33.5	$ 54.8	$ 74.4	$ 69.7	$ 60.4	$ 84.6	$ 35.1	$ 42.9
Gross profit (loss)	$ 3.7	$ 0.1	$ 2.6	$ (2.1)	$ 2.0	$ (2.4)	$ 1.1	$ 1.4
Loss from operations	$ 2.4	$ (1.3)	$ (8.9)	$ (5.0)	$ (1.0)	$ (5.0)	$ (1.5)	$ (1.0)
Net income (loss)	$ 0.4	$ (2.1)	$ (11.7)	$ (5.8)	$ 0.8	$ (7.1)	$ (1.1)	$ (4.0)
Weighted-average number of common shares for the quarter	14.2	14.2	14.3	14.3	14.3	14.3	14.4	14.5
Basic and fully diluted earnings (loss) per share	$ 0.03	$ (0.15)	$ (0.82)	$ (0.41)	$ 0.06	$ (0.50)	$ (0.08)	$ (0.28)
EBITDA, consolidated	$ 3.1	$ (1.6)	$ (10.2)	$ (4.1)	$ (2.5)	$ (5.3)	$ 0.1	$ (2.6)
EBITDA per share, consolidated	$ 0.22	$ (0.12)	$ (0.71)	$ (0.28)	$ (0.17)	$ (0.37)	$ 0.01	$ (0.18)
EBITDA, Riverland Ag	$ 2.7	$ (0.3)	$ 2.3	$ (2.3)	$ 1.0	$ (2.9)	$ 0.7	$ 1.1
EBITDA per share, Riverland Ag	$ 0.19	$ (0.02)	$ 0.16	$ (0.16)	$ 0.07	$ (0.20)	$ 0.05	$ 0.08
Cash and portfolio investments, net of shorts and options, as at reporting date	$ 12.9	$ 7.3	$ 15.9	$ 24.1	$ 26.9	$ 29.8	$ 34.0	$ 35.4
Shareholders' equity, as at reporting date	$ 134.1	$ 129.3	$ 128.0	$ 142.8	$ 144.9	$ 141.8	$ 147.7	$ 153.4
Shareholders' equity per common share, as at reporting date	$ 9.44	$ 9.10	$ 9.00	$ 9.96	$ 10.11	$ 9.89	$ 0.01	$ 0.01

The following comments relate to certain variances reported in selected 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 was attributable to large quantities of certain grains delivered on futures contracts in December 2012. The larger volumes of sales in Q1 2014 and Q2 2014 were attributable to continued selling of grain inventories along with large amounts of spring wheat being delivered in the market. Revenues were lower in Q4 2014 due to less grain bushels sold in the cash market and no bushels delivered against futures contracts.

Gross profit / Income from operations: The increase in gross profit in Q4 2014 was attributable to trading gains driven by basis appreciation in spring wheat along with slight increases in storage and rental income. The increase in gross profit in Q3 2014 compared to Q3 2013 reflects merchandising grains attributable to basis appreciation on certain inventories, coupled with a slight increase in carrying income and the one-time loss of $2.4 million incurred in Q3 2013 on the deliveries of certain grains against December 2012 futures contracts as part of management's strategic decision as discussed in paragraphs above. Gross profit may vary from quarter to quarter depending on gains from trading, carrying income and basis income against changing inventory levels, as discussed above under "Revenues and Gross Profit".

BUSINESS REVIEW – RIVERLAND AG

Riverland Ag is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relation to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in are expected to 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, 2014, revenues totaled $232.4 million (2013 - $223.1 million) and gross profit was $4.4 million (2013 - $2.0 million). Gross profit margin for the year ended March 31, 2014 was 1.9% (2013 - 0.9%).

For the quarter ended March 31, 2014, revenues were $33.5 million (2013 - $60.4 million) and gross profit was $3.7 million (2013 - $2.0 million). The gross profit margin for the quarter ended March 31, 2014 was 11.0% (2013 - 3.2%). The increase in gross profit margin for the quarter, compared to the same quarter in the prior year, was attributable to: (i) trading gains in spring wheat; (ii) increased inventory value during the quarter; and (iii) bushels sold during the quarter at basis levels that were at a premium to their carrying value.

Furthermore, improved results for Riverland Ag in Q4 2014 were driven by four primary factors:

- An increase in the realized and unrealized trading gains in spring wheat, which was driven by an appreciation of the basis levels throughout the fourth quarter;
- A slight increase in storage and rental income, which was due to an increase in the quantity of bushels stored and handled in-and-out of Riverland Ag's facilities during the quarter for third-party storage customers;
- An increase in rail freight trading margin, which consisted of Riverland Ag selling rail certificates of transportation ("COTs") to counterparties at a premium compared to the levels at which the COTs were acquired. This appreciation of COT premiums during the quarter was attributable to the rail gridlock and rail car shortage throughout North America; and
- A reduction in Riverland Ag's operating expense during the quarter, which is captured within cost of sales.

There has been rail gridlock on both sides of the Canadian/U.S. border, in particular on the Canadian side. Accordingly, the transport of harvested crops has been significantly slowed down this year compared to previous periods. This grain logistics gridlock has particularly affected cereal grains and those shippers that normally do not ship in unit trains. This allowed Riverland Ag to hold and to sell its grain inventories at a strong premium relative to the futures price of the grain, which generated merchandising gains. It also widened the basis for many of Riverland Ag's core cereal grains, generating basis gains that were primarily taken into income in the fourth quarter. Basis gains are generally higher in Q3 and Q4 as the harvest season creates a logistic bottleneck which will be restored to normal in Q1 and Q2 typical of the seasonality of the grain business,

With the privatization of the Canadian Wheat Board, Canada continues to transition into an open market for wheat and barley. However, this transition has been slower than originally expected, as farmers have been reluctant to move wheat off the farm in the quantities originally anticipated in the past. The current rail logistics gridlock and the railcar shortage throughout North America, and particularly in Canada, further aggravates and delays the process. Management believes this makes Ceres' proposed grain facility at NCLC as an origination strategy very attractive as it is expected to facilitate alleviating congestion with a unique rail opportunity with BNSF.

Despite a stronger than normal harvest throughout Canada and the Dakotas and some movement of wheat throughout the Dakotas early in the harvest year, the movement of wheat in North America has faced rail logistics challenges. The supply of railcars is not meeting the demand of wheat that needs to be moved. This has contributed to the delay of the movement of this year's harvested wheat and other North American grains. While this delay has contributed to some lost opportunity, Riverland Ag has capitalized on the logistical gridlock by (1) capturing margins on trading COTs, as noted above; and (2) capturing significant basis gains on increased prices for spring wheat inventories on hand.

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 markets.

BUSINESS REVIEW – The Stewart Southern Railway Inc. ("SSR")

Ceres has a 25% investment in the SSR, which is a short-line railway operating in southeastern Saskatchewan. The SSR continued its impressive movement of oil and transported an average of approximately 28,000 barrels of oil per day for the quarter ended March 31, 2014 compared to 30,000 barrels per day for the quarter ended December 31, 2013 and 24,000 barrels per day for the quarter ended September 30, 2013. The SSR continued to see a meaningful movement of grain shipments, shipping 265 grain cars during the quarter.

For the year ended March 31, 2014, Ceres' share of SSR's net income was \$0.8 million (2013 - \$1.2 million). Except for the effect of the one-time non-cash charge in SSR's accounts that was recognized by Ceres' in Q2 2014 (Ceres' share of which was approximately \$0.3 million), the fiscal year figures are generally comparable and continue to show strength in the operations of the SSR. In addition, during the 12-month period ended March 31, 2014, the SSR repaid all of its shareholder loans and declared its first dividend. Ceres' original investment in the SSR in December 2010 was \$1.7 million for its 25 % interest. Since its acquisition, Ceres' investment in the SSR has increased by \$1.8 million, representing an increase of 105.4% over 39 months.

With the benefit of its location in Saskatchewan, and in particular in and around the oil exploration activity around Stoughton, management believes that the SSR is well-positioned to take advantage of significant growth opportunities in agriculture, energy production and energy exploration inputs.

FINANCIAL POSITION AS AT MARCH 31, 2014

Portfolio investments and cash on hand

The following is a summary of the portfolio investments and cash on hand as at March 31, 2014 and 2013:

(in millions of dollars)		2014		2013
Portfolio investments, at fair value	$	0.8	$	6.5
Cash	$	12.0	$	20.4

Portfolio investments

As at March 31, 2014, the percentage of the fair value of the portfolio invested in public companies was nil% (2013 – 62.9%) of the total portfolio, and that of private companies was 100% (2013 - 37.1%). Nonetheless, as at March 31, 2014, 0.6% (2013 – 1.2%) of shareholders' equity was represented by portfolio investments in private companies. As at March 31, 2014, Nil% (2013 – 3.3%) of shareholders' equity was invested in equity instruments of publicly traded companies located in Canada.

Ceres' undertook a strategic review process in 2013 and determined that its portfolio investments were non-core assets and should be liquidated to raise cash that could be better invested in Ceres' core businesses. Thus, during the quarter ended December 31, 2013, Ceres sold its investment in EcoSynthetix Inc. for proceeds of $3.0 million, realizing a loss of $1.7 million, and its investment in Potash Ridge Corporation for proceeds of $0.23 million, realizing a loss of $1.3 million. During the quarter and the year ended March 31, 2013, the only portfolio sale was a small portion of the investment in Potash Ridge Corporation for proceeds of $0.04 million, for which the realized loss was $0.02 million. For the year ended March 31, 2014, the unrealized increase in the fair value of the portfolio investments represented the reversal of previously recognized unrealized losses in the investments in EcoSynthetix Inc. and Potash Ridge Corporation of $1.4 million, partially offset by an increase in the unrealized loss on the investment in Ocean Harvest Technology (Canada) Inc. of $0.8 million.

As part of the Corporation's strategy to manage its risks and minimize its exposure to securities and assets denominated in foreign currencies, the Corporation has from time to time, in the recent past, committed to certain forward foreign exchange contracts. As at March 31, 2014, the Corporation had no commitment to any forward foreign exchange contract (2013 - forward foreign exchange contract for US$30 million, term of 34 days). The Corporation will continue to assess its foreign exchange exposure and may enter into foreign exchange contracts if needed.

Effects of changes in the rate of foreign exchange

As at March 31, 2014, for accounting purposes, Ceres' investment in the net assets of Riverland Ag was US$95.0 million. During the year then ended, the Canadian dollars became weaker against the United States dollars ("USD") by 8.8% (2013 – 1.9%). This change is the primary cause of the gain on translation of foreign currency accounts of foreign operations in the amount of $9.4 million (2013 - $2.0 million) reported as other comprehensive gain in the consolidated statement of comprehensive income (loss) for the year ended March 31, 2014.

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

Furthermore Ceres may commit to a forward foreign exchange contract to manage exposure to changes in the CAD/USD exchange rate. Management monitors changes in foreign exchange rates on an ongoing basis and considers appropriate strategies and actions related to the assets and accounts of Riverland Ag and to Ceres' direct exposure to changes in the USD, as and when the need arises.

Other assets and liabilities

As at March 31, 2014, the consolidated balance sheet reflects changes in the assets and liabilities of the Corporation since March 31, 2013. During the year ended March 31, 2014, total assets decreased by approximately $64.0 million, caused primarily by the following increases (decreases), in millions of dollars:

Cash and portfolio investments	($14.1)
Trade accounts receivables	($ 6.5)
Inventories	($51.4)
Assets held for sale	$18.2
Other current assets	($ 5.0)
Investments in associates	$ 0.3
Investment property	$ 9.8
Property, Plant and equipment	($15.3)

The decrease in trade accounts receivable reflects the decrease in revenues during the quarter ended March 31, 2014. The decrease in inventories reflects primarily the reduction in bushels owned by Riverland Ag, and secondarily the decreases in commodity prices compared to last year. The increase in the assets held for sale reflects the reclassification of property, plant and equipment at the Manitowoc and Savage facilities being actively marketed for sale. The increase in investment property reflects additional development and other costs capitalized to NCLC during the year. The decrease in property, plant and equipment reflects the following factors: (i) the reclassification as assets held for sale of the facilities at Manitowoc; (ii) the disposal of certain assets during the year; (iii) the effects of depreciation expense, all of which are net of the effects of a weaker CAD used to translate accounts of Riverland Ag from USD; and (iv) the cost of acquiring certain assets.

During the year ended March 31, 2014, total liabilities decreased by $53.3 million (35.2%) in the value of total liabilities since March 31, 2013. The decrease in liabilities reflects primarily the reduction of the aggregate of short-term credit facility liabilities, which decreased by $55.8 million. The reduction in credit facility liability balances during the year is attributable primarily to Riverland Ag reducing its inventories by $51.4 million and a reduction in cash and portfolio investment balances of $14.1 million since March 31, 2013.

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 to invest in other agricultural industry-related businesses. As at March 31, 2014, Ceres had $12.0 million (2013 - $20.4 million) of cash available and approximately $0.8 million (2013 - $6.5 million) invested in minority positions in several private companies. Ceres continues to monitor market opportunities and plans to complete the process of liquidating its remaining non-core portfolio investments.

The Corporation's cash requirements include operating costs at the corporate level, funding the growth of Riverland Ag and the build out of NCLC. Cash and portfolio investments, as well as cash flows generated by Riverland Ag's operations and the divestiture of Riverland Ag's non-core assets are available to support the continued growth of Riverland Ag and NCLC. These investment activities may also be supplemented by other alternative financing.

Working Capital

Ceres' working capital, defined as current assets excluding current assets held for sale less current liabilities. At March 31, 2014, working capital of the Corporation was $45.6 million (2013 - $69.4), a decrease of $23.8 million over March 31, 2013. The decrease in working capital is primarily due to:

1. Decrease in bank debt of $44.6 million. Bank indebtedness was $71.7 million on March 31, 2014 (2013 - $116.3 million).
2. Decrease in repurchase obligations of $11.2 million. Repurchase obligation on March 31, 2014 was $15.9 million (2013 - $27.1 million).
3. Decrease in cash and due from brokers of $8.4 million and $7.3 million, respectively.

The above decrease in working capital was offset primarily by:

1. Reduction in inventory for debt repayment. Inventory at March 31, 2014 was $113.3 million (2013 - $164.8 million), a decrease of $51.5 million.
2. Decrease in cash of $8.4 million. Cash balance at March 31, 2014 was $12.0 million (2013 - $20.4 million)
3. Decrease in value of portfolio investment partly as a result of the sale of non-core portfolio investments resulting in proceeds of $3.2 million.
4. Decrease in accounts receivable of $6.4 million. Accounts receivable on March 31, 2014 was $6.8 million (2013 – $13.2 million).

Credit Facility

As at March 31, 2014, Riverland Ag had the following short-term credit facility:

> On March 28, 2014, Riverland Ag entered into a syndicated uncommitted US$120,000,000, 364-day revolving credit agreement, bearing interest at LIBOR plus 2.875% with interest calculated and paid monthly. Amounts under the credit agreement that remain undrawn are not subject to a commitment fee. The credit agreement is subject to borrowing base limitations. The credit facility is secured by predominantly all assets of Riverland Ag, including cash and Riverland Ag's Duluth Storage facility but excluding other property, plant and equipment. Obligations under this facility are guaranteed by Ceres Canada Holding Corp., Ceres U.S. Holding Corp., and Riverland Canada. As at March 31, 2014, the balance payable by Riverland Ag on this uncommitted revolving credit line (excluding the effect of unamortized financing costs) was US$65 million ($71.9 million) (2013 - under the former committed facility described in the following paragraph: US$115 million ($116.8 million)).

Prior to March 28, 2014, Riverland Ag had a syndicated committed facility of up to US$180 million, under a two-year revolving credit agreement, which was also subject to borrowing base limitations and secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. This facility was renewed on July 31, 2012 for an additional two years. Commencing on that date, interest was calculated at LIBOR plus 3.75%, calculated and paid monthly and certain covenants were modified. Prior thereto, borrowings were subject to interest at LIBOR plus 4.00%, calculated and paid monthly.

As at March 31, 2014 and 2013, Riverland Ag was in compliance with all debt covenants concerning its short-term credit facilities.

During the year ended March 31, 2013 (on December 17, 2012), Riverland Ag repaid all of its then outstanding term notes payable to Great Western Bank ("GWB"). The amount of principal then repaid was US$44.6 million ($43.9 million). On repayment, Riverland Ag also paid an early debt repayment penalty of US$2.5 million ($2.5 million) and amortized the full amount of the remaining unamortized financing costs of US$0.3 million ($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 for the year ended March 31, 2013.

Riverland Ag used its short-term credit facility to finance the full repayment of the long-term debt loans payable. For the period from July 31, 2012 to March 27, 2014, the short-term credit facility carried interest at the annual rate of LIBOR plus 3.75%. In the quarter ended March 31, 2013 and throughout the year ended March 31, 2014, Riverland Ag realized 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% to 6.60%). The payback period on the early debt repayment penalty is expected to be approximately 18 months.

Equity Financing

As discussed in the following paragraphs, except for additional warrants issued by Ceres on the acquisition of Riverland Ag, the 2011-2012 NCIB (as defined below), the 2013-2014 NCIB (as defined below) and the Deferred Share Units (as defined below), 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 were exercisable at any time prior to the third anniversary of the closing date of the acquisition at an exercise price of $10.40 each. From the date of their issuance to the date of their expiration on June 11, 2013, no warrants were exercised. On the expiration of these warrants, Ceres allocated the aggregate stated capital value of the warrants of $0.2 million to contributed surplus. As at March 31, 2014 and 2013, no stock options were outstanding. No stock options were granted during the three-month and twelve-month periods ended March 31, 2014 and during the year ended March 31, 2013.

On October 13, 2011, Ceres announced a normal course issuer bid commencing on October 17 ("the 2011-2012 NCIB"). For the period from April 1, 2012 to October 16, 2012, Ceres purchased 246,600 common shares under the 2011-2012 NCIB for an aggregate consideration of $1.6 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 $0.8 million, has been allocated to retained earnings in the year ended March 31, 2013.

On July 9, 2013, Ceres announced a normal course issuer bid commencing on July 11 ("the 2013-2014 NCIB"). For the period from July 11, 2013 to March 31, 2014, Ceres purchased 126,020 common shares under the 2013-2014 NCIB for an aggregate consideration of $1 million. The stated capital value of these repurchased shares was $1.2 million. The excess of the stated capital value of the repurchased shares over the cost thereof, being $0.2 million, has been allocated to retained earnings in the year ended March 31, 2014.

Effective January 1, 2014, Ceres has a directors' Deferred Share Unit Plan, whereby deferred share units ("DSU") are issued to eligible directors, in lieu of cash, for a portion of the directors' fees otherwise payable to directors of Ceres. The fair market value of the DSUs on the date such units are calculated and issued represents the volume-weighted average trading price of Ceres' common shares for the five trading days immediately preceding the date of issuance of the DSUs. Each DSU entitles the director to receive payment after the end of the director's term in the form of common shares of the Corporation. Under the DSU Plan, the aggregate number of common shares issuable by Ceres is limited to 450,000 common shares. Certain insider restrictions and annual dollar limits per eligible director exist. Dividends, if any, otherwise payable on the common shares represented by the DSUs are converted into additional DSUs based on the fair market value as of the date on which any such dividends would be paid. The DSU Plan also provides for the Board to award additional DSUs (referred to in the plan agreement as "Matching DSUs") to an eligible director who has elected to receive DSUs pertaining to his/her "Annual Cash Remuneration" amount (as defined by the DSU Plan). The Corporation intends to settle all DSUs with shares through the issuance of treasury shares. As at March 31, 2014, the number of DSUs issued and outstanding was 8,912.73 units having a weighted fair value of $7.01, for a total recognized value of $0.06 million.

Summary of contractual maturities of financial liabilities

The following are the consolidated contractual maturities of all financial liabilities, including interest payments, as at March 31, 2014:

(in millions of dollars)	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 71.7	$ 71.9	$ 71.9	$ -	$ -	$ -
Repurchase obligations	$ 15.9	$ 15.9	$ 15.9	-	-	-
Accounts payable and accrued liabilities	$ 7.6	$ 7.6	$ 7.6	-	-	-
Derivatives	$ 1.8	$ 1.8	$ 1.8	-	-	-
Provision for future payments to Front Street Capital	$ 1.0	$ 1.0	$ 1.0	-	-	-
	$ 98.0	$ 98.1	$ 98.1	$ -	$ -	$ -

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: (i) prompt settlement of amounts due from brokers; (ii) active management of trade accounts receivable; and (iii) 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

Ceres is focused on expanding its commodity logistics assets and improving the effectiveness of its grain handling and storage assets.

Commodity Logistics

As at March 31, 2014, Ceres had invested approximately $14.8 million for the Canadian portion of NCLC. Management believes an additional investment of approximately $112 million over the next 3 – 5 years, is required for NCLC to reach full capacity including a 2.2 million bushel grain elevator, 72,000 barrels per day of oil capacity and 29,000 gallon per day in natural gas liquids capacity. Within this budget, approximately $35-40 million is required to complete the first phase of the project which would enable the movement of grain, oil and natural gas liquids. The Board has authorized an additional $15.5 million to be spent during the 2014 construction season with additional funds to be considered pending the outcome of the review of financing alternatives by the subcommittee of the Board. Proceeds from the Riverland Ag asset sales, including the completed sale of Manitowoc facility in Wisconsin, will be used to fund a portion of NCLC. A special committee comprised of five directors was formed on May 9, 2014 to explore the financing alternatives to fund the development of NCLC.

Based on the success of its financing strategies, Ceres anticipates the first phase of NCLC construction could be completed in the fall of 2014 and early 2015, enabling the transportation of grain, oil and natural gas liquids.

Management expects that the SSR will continue to benefit from increased grain shipments, as the 2013 harvest has been strong across Western Canada. In addition, if the WTI/Brent Crude differentials continue to widen as they have recently, crude oil shipments from Stoughton could continue to rise. SSR management is working with key customers to make investments to increase the efficiency of the line, and move larger volumes going forward. Given the strength of operations and the strong cash position generated by the SSR, management believes the SSR is in a strong position to continue to return cash to shareholders.

Grain Handling and Storage

The record harvest in North America during 2013, coupled with the deregulation of the Canadian wheat market as a result of the removal of the Canadian Wheat Board's marketing monopoly, has, in management's opinion, created a favourable environment for the assets of Riverland Ag.

While management remains encouraged by the improved operational performance of Riverland Ag this quarter, it will likely take a number of quarters before the full impact of the 2013 harvest is reflected in Riverland Ag's financial results. Current rail logistics delays in Western Canada are holding back the movement of crops and management does not expect this to be resolved until at least the spring of 2014. This delay in the movement of the current year's harvest is reducing the profit potential of Riverland Ag and other grain storage and handling companies without access to origination assets.

Management believes that the deregulation of the Canadian wheat market presents an opportunity for Riverland Ag to significantly expand its wheat merchandising presence. 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 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. Management believes that the significant increase in the size of the spring wheat tributary to the Minneapolis Grain Exchange ("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 footprint of Minneapolis spring wheat, a wider variety of quality is expected to now be available, which should benefit companies with commercial storage, including Riverland Ag.

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 (Loss) 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 at March 31, 2014 for $4.6 million (2013 - $11.9 million) and as derivative assets or derivative liabilities, as applicable, in unrealized net gains (losses) on open cash contracts. As at March 31, 2014, unrealized gains were $3.0 million (2013 - $2.3 million) and unrealized losses were $1.8 million (2013 - $1.6 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, 2014, the realized loss on foreign currency hedging transactions was $0.5 million (2013 - $0.3 million). For the quarter ended March 31, 2014, the realized gain on foreign currency hedging transactions was $Nil (2013 - loss of $0.6 million). As at March 31, 2014, there was no unrealized gain or loss on forward foreign currency contracts as no such contracts were outstanding as at that date (2013 - unrealized gain of $0.01 million).

OUTSTANDING SHARE DATA

As at March 31, 2014 and the date of this MD&A the issued and outstanding equity securities of the Corporation consisted of 14,208,679 common shares.

RELATED PARTY TRANSACTIONS

Front Street Capital 2004 and certain affiliates (collectively referred to as "Front Street Capital") were related parties to Ceres by virtue of a management agreement, pursuant to which Front Street Capital provided certain services to Ceres (the "Management Agreement"). The Management Agreement was terminated on November 30, 2013.

On August 23, 2013, Ceres announced it had entered into a management transition agreement (the "Transition Agreement") with Front Street Capital, which provided, among other things, for the early termination of the Management Agreement. The Transition Agreement was approved by the shareholders at the annual and special meeting held on September 27, 2013. Under the terms of the Transition Agreement:

- The Management Agreement was terminated effective November 30, 2013;
- Monthly management fee payments to Front Street Capital ceased at the end of September 2013;
- On October 1, 2013, Ceres paid Front Street Capital $5.0 million plus HST of $0.65 million;
- Front Street Capital will be paid an additional $1.0 million if the five-day volume-weighted average price of Ceres' common shares on the TSX (the "5-day VWAP") reaches $10.00 within five years, and a further $1.0 million if the 5-day VWAP reaches $11.00. These payments will become immediately payable if there occurs prior to the fifth anniversary of the date of the Transition Agreement either a change in control or a going private transaction (at a price in excess of $7.85 per share);
- Ceres will deposit into an escrow fund 1/20th of any net sale proceeds (being gross sale proceeds in excess of net book value and direct transaction costs) from the sale of any of Ceres' assets, to a maximum amount of $1.0 million and such escrow fund shall be paid to Front Street Capital if the 5-day VWAP does not reach $10.00 within five years;
- Michael Detlefsen was appointed President and Chief Executive Officer, with a mandate to work with an expanded Board of Directors to facilitate a strategic review of Ceres, develop and implement the resulting strategic plan, and develop and implement a new, permanent management structure for Ceres, with the shared goal of a seamless transition and continuity in the business;
- Until November 30, 2013, Front Street Capital continued to provide services and support to Ceres, with no additional management fee payable to Front Street Capital after September 30, 2013; and
- Until March 31, 2014, Front Street Capital continued to provide the services of Jason Gould as Interim Chief Financial Officer.

Management has determined that, as at March 31, 2014, the fair value of the additional payments provided for under the Transition Agreement remained unchanged at $1.0 million. The fair value of each of the additional payments was determined using the binomial options pricing model, with a remaining term to September 30, 2018, using volatility of 35% and a risk-free interest rate of 1.71%. For the year ended March 31, 2014, included in general and administrative expenses was the payment of the management transition amount on October 1, 2013 and a provision in the amount of $1.0 million for the additional payments.

Gary P. Selke is the President and Chief Executive Officer of Front Street Capital. Thomas P. Muir and Michael Detlefsen are the controlling shareholders of Muir Detlefsen & Associates Limited, which was retained by Front Street Capital to provide services to Ceres prior to the termination of the Management Agreement. Accordingly, these individuals have a material interest and therefore may benefit from payments made to Front Street Capital pursuant to the Transition Agreement.

As at March 31, 2014 and 2013, the current liability for management fees payable and other related provisions represents the following:

(in millions of dollars)		2014		2013
Management fees payable and related HST	$	-	$	0.3
Provision for future payments to Front Street Capital		1.0		-
	$	**1.0**	**$**	**0.3**

The basis of the recognition of the provision for the future additional payments is reported in the preceding paragraphs in this section.

(a) Management fees and incentive fees

For the three-month and twelve-month periods ended March 31, 2014 and 2013, management fees and other fees charged to operations and included with general and administrative expenses are as follows:

Management fees and related expenses		3 months				12 months		
(in millions of dollars)		2014		2013		2014		2013
Management fees and related HST (Note 1)	$	(0.2)	$	0.7	$	1.3	$	3.1
Management transition payment (Note 2)	$	(0.7)	$	-	$	5.0	$	-
Provision for future additional payments to Front Street Capital (Note 3)	$	(0.6)	$	-	$	1.0	$	-
	$	**(1.4)**	**$**	**0.7**	**$**	**7.3**	**$**	**3.1**

The amounts reported as recoveries of management fees and related expenses for the quarter ended March 31, 2014 are explained as follows:

1. The recovery of management fees of $0.2 million represents primarily a claim of the GST/HST applicable thereto as Input Tax Credits for the period from April 1, 2013 to September 30, 2013.
2. The recovery of $0.7 million for the management transition payment represents the GST/HST applicable thereto, which were also claimed as Input Tax Credits for the period from April 1, 2013 to September 30, 2013 to be recovered.

3. The reduction of $0.6 million in the provision for future additional payments to Front Street Capital consists of two components:

    i. A reduction of $0.4 million in the estimated fair value of the provision from the original provisional amount of $1.4 million as at September 30, 2013 and December 31, 2013 to the estimated fair value as at March 31, 2014 of $1.0 million; and

    ii. The reversal on March 31, 2014 of the provision for GST/HST of $0.2 million related to the provision of $1.4 million initially recognized as at September 30, 2013, once management determined in Q4 2014 that it was not appropriate in the current circumstances to continue to record a provision for GST/HST on the provisional future payments.

(b) Due to Front Street Capital

As at March 31, 2014, the Corporation had a liability to Front Street Capital in the amount of $Nil million (2013 - $0.3 million).

SIGNIFICANT ACCOUNTING POLICIES

The preparation of Ceres' annual 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 (Loss) 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. Such derivative liabilities include unrealized losses on open cash contracts, which are held-for-trading and classified at fair value through profit or loss, and the Provision for future additional payments to Front Street Capital, which have been 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.

Valuation of investments

Portfolio investments are held for trading, and are measured and reported at fair value. 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 of public companies 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. 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.

Derivative commodity contracts

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. Derivative contracts have not been designated, and are not accounted for, as fair value hedges. Management determines fair value based on exchange-quoted prices, and in the case of its forward purchase and sales contracts, estimated fair value is adjusted for differences in local markets. Realized and unrealized gains and losses in the value 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.

Recognition of Riverland Ag revenues

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 (loss) as an unrealized increase (decrease) in fair value of investments.

Inventories

Inventories represent agricultural grain commodities owned by Riverland Ag, such as oats, spring wheat, barley, corn, and soybeans. Inventories are stated primarily at fair value less costs to sell. Certain other inventories are stated at the lower of cost or market, with cost determined using the average cost method. Fair value is primarily determined from market prices quoted on public commodity exchanges, adjusted for expected freight costs to normal delivery points and a price premium or discount to cover local supply and demand factors as estimated by management. 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.

Assets held for sale

Assets are classified as held for sale when all of the following criteria are met:

- Management commits to a plan to sell a property;
- It is unlikely that the disposal plan will be significantly modified or discontinued;
- The property is available for immediate sale in its present condition;
- Actions required to complete the sale of the property have been initiated;
- Sale of the property is highly probable and management expects the completed sale will occur within one year; and
- The property is actively being marketed for sale at a price that is reasonable given its current market value.

Upon designation as an asset held for sale, the Corporation records the carrying value of each property held for sale at the lesser of its carrying value or its fair value less costs to sell, and depreciation is no longer recognized.

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 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.

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 as at 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.

Share-based payments, Deferred Share Unit Plan

The Corporation has established the DSU Plan, which became effective on March 10, 2014 and is an equity-settled share-based payment plan. Under the DSU Plan, a director who is not an employee of the Corporation or any affiliate and who is a non-executive Chair of the Board is an eligible director. Any eligible director may elect to receive some or all the Annual Cash Remuneration amount (as defined in the DSU Plan) for that director in the form of DSUs. DSUs are settled by the issuance of common shares on the Entitlement Date (as defined under the DSU Plan), which is a date after the end of a director's term of service with the Board.

As at the dates on which DSUs are calculated under the DSU Plan, the Corporation recognizes as an expense the amount of directors' fees for the portion of such fees represented by the fair value of the DSUs issued to the directors, and increases shareholders' equity by an equal amount. The Corporation revalues the DSUs as at the end of each reporting period, based on the volume-weighted-average trading price per common share of the Corporation on the Toronto Stock Exchange during the immediately preceding five (5) trading days. Revaluation adjustments are recognized as an increase or decrease in the expense for Directors' fees during the reporting period, with a corresponding increase or decrease in shareholders' equity.

CHANGES IN ACCOUNTING POLICIES

As a result of new standards having been issued by the International Accounting Standards Board, commencing April 1, 2013, the Corporation adopted the following new accounting policies.

The Corporation adopted IFRS 10 *Consolidated Financial Statements*, as well as the consequential amendments to IAS 28 *Investments in Associates and Joint Ventures*. IFRS 10 provides a single model to be applied in the control analysis for all investees, and defines control as when an investor has power over an investee and has the ability to use its power over the investee to affect the amount of the investor's returns. The effect of the adoption of IFRS 10 on the Corporation's consolidated financial position or results of operations is not material.

The Corporation adopted IFRS 12 *Disclosures of Interests in Other Entities*, which integrates all of the disclosure requirements for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities into a single standard. The required disclosures provide information to evaluate the nature of, and risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial statements. The effect of the adoption of IFRS 12 resulted in additional disclosures in the Corporation's annual consolidated financial statements, including: summarized financial information related to the associates, the amount of Ceres` share of the net income of the associates that Ceres recognized in its annual financial statements, and the amount of dividends, if any, received from the associates in the year, as reflected in Note 9 (Investments in Associates).

The Corporation adopted IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. 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. The effect of the adoption of IFRS 13 is expected to result in certain additional disclosures in the Corporation's annual consolidated financial statements as and where required.

Commencing April 1, 2013, the Corporation adopted the new disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The effective date for the amendments to IFRS 7 is for annual periods beginning on or after January 1, 2013. These amendments are to be applied retrospectively. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial positions; or subject to master netting arrangements or similar arrangements. The effect of the adoption of the new disclosure requirements in IFRS 7 is reflected in Note 6 (Due from (to) Brokers).

CONTINGENT LIABILITY

During the quarter ended March 31, 2014, Ceres terminated its arrangements and ongoing discussions with a potential development partner with respect to the development and construction of a grain facility at NCLC. The termination of discussions with the potential partner may have implications for any amounts to be collected from the potential partner and amounts previously paid to Ceres by the potential partner in respect to its portion of NCLC site preparation costs under a cost-sharing agreement. The recovery and/or reimbursement of such amounts, if any, will be subject to negotiations with the potential partner. As at the date of preparation of these consolidated financial statements, management cannot predict with reasonable certainty the outcome of future negotiations, if any.

On June 12, 2014, the potential partner initiated an action against the Corporation for injunctive relief and unspecified damages relating to the development and construction of a grain facility at the Corporation's NCLC. At the preparation of this MD&A, the Corporation is reviewing the compliant and intends to vigorously defend against this action.

SUBSEQUENT EVENT

On May 23, 2014, the Corporation, through Riverland Ag, closed the sale of the Manitowoc grain storage facility. The gross proceeds from the sale were US$6.2 million. Pursuant to the purchase and sales agreement, Riverland Ag will lease back from the purchaser one million bushels of storage capacity at the Manitowoc grain facility for a three-year term.

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, 2014, 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, 2014, 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 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, 2013 and ended on March 31, 2014, there have been no changes in Ceres' ICFR that have materially affected, or are reasonably likely to materially affect, Ceres' ICFR.

Dated this 16th day of June, 2014

Consolidated Financial Statements of

CERES
GLOBAL AG CORP.

For the years ended March 31, 2014 and 2013

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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 16, 2014 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 *“Michael Detlefsen”*

Michael Detlefsen
Chief Executive Officer

Signed *“Amy Stephenson”*

Amy Stephenson
Chief Financial Officer

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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, 2014 and March 31, 2013, the consolidated statements of comprehensive 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, 2014 and March 31, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants

June 16, 2014

Winnipeg, Canada

CERES GLOBAL AG CORP.
Consolidated Balance Sheets

	Note	March 31, 2014	March 31, 2013
ASSETS			
Current			
Cash		$ 12,009,400	$ 20,443,836
Portfolio investments owned, at fair value	5	848,163	6,488,254
Due from Brokers	6	4,620,007	11,943,310
Derivatives	14(a)	2,965,891	2,311,882
Accounts receivable, trade		6,757,757	13,215,771
Inventories, grains	7	113,320,466	164,750,108
GST - HST recoverable		1,469,543	-
Income taxes recoverable		58,465	-
Assets held for sale	8	18,233,455	-
Prepaid expenses and sundry assets		1,477,376	1,458,362
Current assets		**161,760,523**	**220,611,523**
Investments in associates	9	4,625,667	4,349,467
Intangible assets		331,650	304,800
Investment property	10	14,803,988	4,975,921
Property, plant and equipment	11	50,687,083	66,007,982
Non-current assets		**70,448,388**	**75,638,170**
TOTAL ASSETS		**$ 232,208,911**	**$ 296,249,693**
LIABILITIES			
Current			
Bank indebtedness	12	$ 71,746,950	$ 116,327,864
Accounts payable and accrued liabilities		7,567,634	5,296,033
Repurchase obligations	13	15,941,080	27,130,501
Derivatives	14(a)	1,752,256	1,627,645
Income taxes payable		-	260,539
Management fees payable	17(a)	-	250,763
Due to Manager	17(b)	-	268,565
Provision for future payment to Front Street Capital	17(a)	970,000	-
Current liabilities		**97,977,920**	**151,161,910**
Non-current liability, deferred income taxes	18(a)	**156,534**	**207,272**
TOTAL LIABILITIES		**98,134,454**	**151,369,182**
SHAREHOLDERS' EQUITY			
Common shares	15(e)	137,100,022	138,298,904
Warrants	15(e)	-	202,384
Deferred share units	16	62,500	-
Contributed surplus		9,228,422	9,026,038
Currency translation account		8,072,943	(1,292,904)
Deficit		(20,389,430)	(1,353,911)
TOTAL SHAREHOLDERS' EQUITY		**134,074,457**	**144,880,511**
CONTINGENT LIABILITY	23		
SUBSEQUENT EVENT	24		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 232,208,911**	**$ 296,249,693**

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

ON BEHALF OF THE BOARD

Signed *"James Vanasek"* *Director* Signed *"Doug Speers"* *Director*

CERES GLOBAL AG CORP.

Consolidated Statements of Comprehensive Loss

For the years ended March 31

	Note	2014	2013
REVENUES		$232,353,830	$223,079,919
Cost of sales		(227,982,570)	(221,040,333)
GROSS PROFIT		**4,371,260**	**2,039,586**
General and administrative expenses		(17,227,514)	(10,641,561)
LOSS FROM OPERATIONS		(12,856,254)	(8,601,975)
Finance loss	14(b)	(2,918,839)	(4,664,051)
Finance expenses		(4,717,551)	(11,620,188)
Loss on impairment of assets held for sale	8	(763,201)	-
Gain on sale of property, plant and equipment		199,540	9,598,255
LOSS BEFORE INCOME TAXES AND THE UNDERNOTED ITEM		**(21,056,305)**	**(15,287,959)**
Income taxes recovered		(1,322,628)	(2,571,270)
LOSS BEFORE THE UNDERNOTED ITEM		**(19,733,677)**	**(12,716,689)**
Share of net income in investments in associates	9	463,700	1,231,563
NET LOSS FOR THE YEAR		**(19,269,977)**	**(11,485,126)**
Other comprehensive gain for the year			
Gain on translation of foreign currency accounts of foreign operations		9,365,847	1,997,975
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**$ (9,904,130)**	**$ (9,487,151)**
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE YEAR		**14,260,601**	**14,397,241**
LOSS PER SHARE			
Basic		**$ (1.35)**	**$ (0.80)**
Diluted		**$ (1.35)**	**$ (0.80)**
Supplemental disclosure of selected information:			
Depreciation included in Cost of sales		$ 2,843,568	$ 2,777,276
Depreciation included in General and administrative expenses		$ 156,167	$ 144,314
Amortization of financing costs included in Finance expenses		$ 530,988	$ 1,128,219
Personnel costs included in Cost of sales		$ 1,527,417	$ 1,753,086
Personnel costs included in General and administrative expenses		$ 442,982	$ 494,053

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

CERES GLOBAL AG CORP.
Consolidated Statements of Cash Flows
For the years ended March 31

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		$ (19,269,977)	$ (11,485,126)
Adjustments for:			
Depreciation of property, plant and equipment		2,999,735	2,921,590
Realized loss on sale of investments	14(b)	2,974,760	14,931
Unrealized (increase) decrease in fair value of investments	14(b)	(513,896)	4,369,758
Loss on impairment of assets held for sale		763,201	-
Gain on sale of property, plant and equipment		(199,540)	(9,598,255)
Finance expenses		4,717,551	11,620,188
Income taxes recovered	18(a)	(1,322,628)	(2,571,270)
Deferred share units issued to Directors	16	62,500	-
Share of net income in investments in associates		(463,700)	(1,231,563)
		(10,251,994)	(5,959,747)
Changes in non-cash working capital accounts	21	79,030,214	(13,307,434)
Interest paid		(4,634,761)	(10,425,283)
Income taxes recovered		955,867	1,031,289
Cash flow provided by (used in) operating activities		**65,099,326**	**(28,661,175)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments, investments sold short and options		-	(1,050,000)
Proceeds from sale of investments		3,189,928	39,420
Dividend received from associate	9(b)	125,000	-
Repayment of loan receivable from associate		62,500	-
Acquisition of, and costs capitalized on, investment property	10	(9,806,713)	(2,071,720)
Proceeds from sale of property, plant and equipment, net of costs to dispose		1,549,940	12,959,804
Acquisition of property, plant and equipment	11	(2,509,343)	(1,452,058)
Cash flow (used in) provided by investing activities		**(7,388,688)**	**8,425,446**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Net repayment of) net proceeds from bank indebtedness		(52,670,000)	35,045,500
(Net repayment of) net proceeds from repurchase obligations		(12,939,394)	26,737,963
Financing costs paid		(105,340)	(823,562)
Repayment of long-term debt		-	(48,467,092)
Repurchase of common shares under normal course issuer bid	15(b)	(964,424)	(1,531,991)
Cash flow (used in) provided by financing activities		**(66,679,158)**	**10,960,818**
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		**534,084**	**(15,216)**
Decrease in cash for the year		**(8,434,436)**	**(9,290,127)**
Cash, beginning of year		20,443,836	29,733,963
Cash, end of year		**$ 12,009,400**	**$ 20,443,836**

The accompanying notes are an integral part of these financial statements

CERES GLOBAL AG CORP.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended March 31, 2014 and 2013

	Note	Common shares	Warrants	Deferred share units	Contributed surplus	Currency translation account	Retained earnings (deficit)	Total
Balances, April 1, 2013		**$ 138,298,904**	**$ 202,384**	**$ -**	**$ 9,026,038**	**$ (1,292,904)**	**$ (1,353,911)**	**$ 144,880,511**
Changes for the year ended March 31, 2014								
Expiry of warrants, June 11, 2013	15(c)	-	(202,384)	-	202,384	-	-	-
Repurchases under normal course issuer bid	15(b)	(1,198,882)	-	-	-	-	234,458	(964,424)
Issuance of Deferred Share Units	16	-	-	62,500	-	-	-	62,500
Other comprehensive income		-	-	-	-	9,365,847	-	9,365,847
Net loss for the year		-	-	-	-	-	(19,269,977)	(19,269,977)
Balances, March 31, 2014		**$ 137,100,022**	**$ -**	**$ 62,500**	**$ 9,228,422**	**$ 8,072,943**	**$ (20,389,430)**	**$ 134,074,457**
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	15(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**

The accompanying notes are an integral part of these financial statements

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). On April 1, 2013, Ceres Global Ag Corp. amalgamated with Corus Land Holding Corp. Thereafter, the amalgamated corporation continued operating as Ceres Global Ag Corp. Ceres is a corporation domiciled in Canada, and the address of its registered office is 1920 Yonge Street, Suite 200, Toronto, Ontario, Canada, M5S 3E2.

These consolidated financial statements of Ceres as at and for the year ended March 31, 2014 include the accounts of Ceres and its wholly owned subsidiaries Ceres Canada Holding Corp., Riverland Agriculture Limited ("Riverland Canada"), Ceres U.S. Holding 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 cereal grain storage, customer-specific procurement and supply ingredient company that owns and operates ten (10) grain storage, handling and merchandising facilities in the states of Minnesota, New York and Wisconsin, and the province of Ontario, with a combined licensed capacity of 51,000,000 bushels. Riverland Ag also manages two facilities in Wyoming on behalf of its customer-owner (Note 24).

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, 2014 and 2013, were authorized for issue by the Audit Committee of the Board of Directors on June 16, 2014.

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.

2. BASIS OF PREPARATION (continued)

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 percent of the voting power of another entity. Ceres has a 25 percent 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 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 on 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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. Portfolio investments represent non-derivative financial assets classified as held for trading. The Corporation's unrealized gains on open cash contracts are derivative financial assets classified as held for trading.

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 are classified as held for trading and valued at fair value through profit or loss. The provision for future payment to Front Street Capital is also valued at fair value through profit and loss.

Non-derivative financial liabilities of the Corporation include bank indebtedness, accounts payable and accrued liabilities, repurchase obligations, management fees payable, and due to Manager. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of financial instruments (continued)

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 stated capital amount 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. 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 of public companies 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. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Derivative contracts have not been designated, and are not accounted for, as fair value hedges. Management determines fair value based on exchange-quoted prices, and in the case of its forward purchase and sale contracts, estimated fair value is adjusted for differences in local markets. Realized and unrealized gains and losses in the value 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 that can be assessed at the measurement date;
- Level 2 - inputs other than quoted prices included within 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 14(d) (Financial Instruments – Fair value measurements). Changes in valuation methods may result in transfers into or out of an investment's assigned level.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 gains or losses on securities included in the investment portfolio of the Corporation are recognized in Finance income (loss) in the Statement of Comprehensive Income and classified with 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 (Loss) as an unrealized increase (decrease) in fair value of investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Finance income (loss)

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

- Interest revenues on interest-bearing securities and cash balances;
- Dividend revenues, if any, from portfolio investments;
- Realized gains (losses) on sale of portfolio investments;
- Realized gains (losses) on currency-hedging transactions;
- Realized and unrealized gains (losses) on foreign exchange; and
- Unrealized increase (decrease) in fair value of investments.

Depending on the movements of equity and other markets, finance income and losses will vary for each reporting period. Details of Finance income (loss) for the year are presented in Note 14(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. Inventories are stated primarily at fair value less costs to sell. Certain other inventories stated at the lower of cost or market, with cost determined using the average cost method. Fair value is primarily determined from market prices quoted on public commodity exchanges, adjusted for expected freight costs to normal delivery points and a price premium or discount to cover local supply and demand factors as estimated by management. 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.

Assets held for sale

Assets are classified as held for sale when all of the following criteria are met:

- management commits to a plan to sell a property;
- it is unlikely that the disposal plan will be significantly modified or discontinued;
- the property is available for immediate sale in its present condition;
- actions required to complete the sale of the property have been initiated;
- sale of the property is highly probable and management expects the completed sale will occur within one year; and
- the property is actively being marketed for sale at a price that is reasonable given its current market value.

Upon designation as an asset held for sale, the Corporation records the carrying value of each property held for sale at the lesser of its carrying value or its fair value less costs to sell, and depreciation is no longer recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 sale or purchase is 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 as at 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 or the redemption of Deferred Share Units outstanding as at the end of a reporting period. The effect of the potential issuance of common shares related to the redemption of Deferred Share Units on diluted EPS has not been determined, as it is anti-dilutive in a period of loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 20 (Employee Benefit Plan).

Share-based payments

Deferred Share Unit

The Corporation has established a Directors' Deferred Share Unit Plan (the "DSU Plan"), which became effective on March 10, 2014 and is an equity-settled share-based payment plan. Under the DSU Plan, a director who is not an employee of the Corporation or any affiliate and who is a non-executive Chair of the Board is an Eligible Director. Any Eligible Director may elect to receive some or all the Annual Cash Remuneration amount (as defined in the DSU Plan) for that Director in the form of Deferred Share Units ("DSUs"). DSUs are settled by the issuance of common shares on the Entitlement Date (as defined under the DSU Plan), which is a date after the end of a director's term of service with the Board.

As at the dates on which DSUs are calculated under the Plan, the Corporation recognizes as an expense the amount of Directors' fees for the portion of such fees represented by the fair value of the DSUs issued to the Director, and increases shareholders' equity by an equal amount. The Corporation revalues DSUs as at each reporting period-end, based on the volume-weighted average trading price per common share of the Corporation on the Toronto Stock Exchange during the immediately preceding five (5) trading days. Revaluation adjustments are recognized as an increase or decrease in the expense for Directors' fees during the reporting period, with a corresponding increase or decrease in shareholders' equity.

Stock Options

Stock options are equity-settled share-based payment transactions. The Corporation follows the fair value method to measure stock option awards it grants to certain officers, key employees and consultants of the Corporation and its subsidiaries. The fair value of stock options on the date the options are granted is determined by the Black Scholes option pricing model with assumptions for risk-free interest rate, dividend yield, volatility of the expected market price of the Corporation's common shares and an expected life of the options. The number of stock option awards expected to vest are estimated using a forfeiture rate based on historical experience and future expectations, as applicable. Compensation is amortized to earnings over the vesting period of the related option. The Corporation uses graded or accelerated amortization, which specifies that each vesting tranche must be accounted for as a separate arrangement with a unique fair value measurement. Each vesting tranche is subsequently amortized separately and in parallel from the grant date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Stock Appreciation Rights ("SARs")

Stock Appreciation Rights ("SARs") may be granted to officers, certain employees and consultants of the Corporation on such terms and conditions determined by the Board of Directors (the "Board"). Stand-Alone SARs are cash-settled share-based payment transactions and are measured at the fair value of the liability as at the date the Stand-Alone SARs are granted. At the end of each reporting period, the Corporation re-measures the fair value of the liability for such Stand-Alone SARs, and changes in fair value of that liability is recognized in profit or loss for the period. Tandem SARs are granted with options. Tandem SARs shall be settled by the payment or the delivery of cash or common shares, as may be determined by the Board. Any portion of Tandem SARs to be settled for cash shall be measured using the measurement standards described for Stand-Alone SARs. The portion, if any, of the Tandem SARs to be settled by the issuance of common shares shall be measured using the measurement standards that apply to stock options awards, as described in the preceding paragraph.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected share price volatility. Changes in the underlying assumptions can materially affect fair value estimates. Therefore, existing models do not necessarily provide reliable measurement of the fair value of the Corporation's stock options.

Changes in accounting policies

Commencing April 1, 2013, the Corporation adopted IFRS 10 *Consolidated Financial Statements*, as well as the consequential amendments to IAS 28 *Investments in Associates and Joint Ventures*. IFRS 10 provides a single model to be applied in the control analysis for all investees, and defines control as when an investor has power over an investee and has the ability to use its power over the investee to affect the amount of the investor's returns. The effects of the adoption of IFRS 10 and the amendments to IAS 28 on the Corporation's consolidated financial position and results of operations are not material.

Commencing April 1, 2013, the Corporation adopted IFRS 12 *Disclosures of Interests in Other Entities*, which integrates all of the disclosure requirements for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities into a single standard. The required disclosures provide information to evaluate the nature of, and risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial statements. The effect of the adoption of IFRS 12 has resulted in certain additional disclosures in the Corporation's annual consolidated financial statements and such additional disclosures are presented in Note 9 (Investments in Associates).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

Commencing April 1, 2013, the Corporation adopted IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. 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. The effect of the adoption of IFRS 13 has resulted in certain additional disclosures in the Corporation's annual consolidated financial statements, as and where required.

Commencing April 1, 2013, the Corporation adopted the new disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The effective date for the amendments to IFRS 7 is for annual periods beginning on or after January 1, 2013. These amendments are to be applied retrospectively. 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 effect of the adoption of the new disclosure requirements in IFRS 7 is reflected in Note 6 (Due from (to) Brokers).

Future changes in accounting standards

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 evaluating the effects related to the future adoption of IFRS 9. The Corporation does not expect early adopting this new standard.

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 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 are classified as held for trading, and consist of equity securities.

	2014	2013
Total fair value	**$ 848,163**	$ 6,488,254
Total cost	**$ 7,231,818**	$ 13,396,506

As at March 31, 2014, non-publicly traded equity securities, including equity securities of private companies, represent 100 percent (March 31, 2013: 37.11 percent) of the fair value of the portfolio investments. Fair value for securities in private companies has been determined using primarily the market approach for recent and comparable transactions, adjusted by management to consider factors such as illiquidity risk.

6. DUE FROM (TO) BROKERS

Due from Brokers for Ceres' portfolio investments represents amounts at the custodian brokers from settled and unsettled trades.

Due from Brokers 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. Amounts due from Brokers are offset by amounts due to the same Brokers, under the terms and conditions of enforceable master netting arrangements in effect with all brokers, through which Riverland Ag executes its transactions and for which Riverland Ag intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

As at March 31, 2014 and 2013, the amounts due from Brokers represent the following:

	2014	2013
Due from Brokers		
Margin deposits	**$ 4,725,570**	$ 8,264,904
Unrealized gains on future contracts and options, at fair value (Note 14(d))	**55,242**	3,678,406
Due to Brokers	**4,780,812**	11,943,310
Unrealized losses on future contracts and options, at fair value (Note 14(d))	**(160,805)**	-
	$ 4,620,007	$ 11,943,310

7. INVENTORIES

	2014	2013
Inventories, at lower of cost or market	**$ 3,635,976**	$ 7,784,819
Inventories, at fair value (Note 14(d))	**109,684,490**	156,965,289
	$113,320,466	$ 164,750,108

8. ASSETS HELD FOR SALE

During the fourth quarter, Ceres committed to, and activated a plan for the immediate sale of its facilities located at Manitowoc, Wisconsin and Savage, Minnesota. Management expects it is highly probable both facilities will be sold in their present condition before April 1, 2015. On reclassification, Ceres revalued the assets held for sale at the lesser of their carrying amount and fair value less costs to sell, and recognized a loss on impairment of Manitowoc assets held for sale in the amount of $763,201, which is presented separately in the statement of comprehensive loss for 2014. Fair value was determined using the market approach and the respective expected selling prices of the assets held for sale (Note 24).

8. ASSETS HELD FOR SALE (continued)

The major classes of assets that were reclassified from property, plant and equipment to assets held for sale are as follows:

	Manitowoc	Savage	Totals
Land	$ 118,782	$ 1,093,308	$ 1,212,090
Buildings and silos / elevators	6,830,873	9,973,350	16,804,223
Machinery and equipment	504,838	261,206	766,044
Furniture and fixtures, computers, office equipment and other assets	200,556	51,490	252,046
	$ 7,655,049	$ 11,379,354	$ 19,034,403
Impairment loss on reclassification as assets held for sale	(763,201)	-	(763,201)
Foreign currency translation adjustment	(37,747)	-	(37,747)
	$ 6,854,101	$ 11,379,354	$ 18,233,455

9. INVESTMENTS IN ASSOCIATES

	2014	2013
Canterra Seeds Holdings, Ltd., common shares	**$ 1,165,473**	$ 1,522,179
Stewart Southern Railway Inc., common shares	**3,460,194**	2,764,788
Stewart Southern Railway Inc., loan receivable	**-**	62,500
	$ 4,625,667	$ 4,349,467

(a) Investment in Canterra Seeds Holdings, Ltd. ("Canterra")

Through its subsidiary Riverland Canada, Ceres holds a 25 percent equity interest in Canterra, a Canadian company. Ceres also holds rights to a 25 percent voting position on Canterra's Board of Directors. Canterra purchases, produces, and distributes seed varieties and related technologies to its customers throughout Western Canada and the Great Northern Plains and Pacific North West of the United States. Major operating decisions of Canterra are made by its Board of Directors and Ceres does not have a majority of the board seats. Due to these factors, Ceres does not control Canterra, and accounts for its investment in Canterra using the equity method.

It is Ceres' policy to record changes in Canterra's equity on a quarterly lag. Therefore, for Ceres' year ended March 31, 2014, Ceres recorded its portion of Canterra's change in equity for the twelve months ended December 31, 2013.

9. INVESTMENTS IN ASSOCIATES (continued)

(a) Investment in Canterra Seeds Holdings, Ltd. ("Canterra") (continued)

For the year ended March 31, 2014, Ceres' consolidated statements of comprehensive loss includes Ceres' share of net loss of Canterra in the amount of $356,706 (2013: share of net income of $33,436).

(b) Investment in Stewart Southern Railway Inc. ("SSR")

Ceres holds a 25 percent equity interest in SSR, a Canadian company. Ceres also holds rights to a 25 percent voting position on SSR's Board of Directors. SSR operates a 132-kilometre (82-mile) short-line railway in southeastern Saskatchewan. Its Board of Directors makes major operating decisions of SSR, as Ceres does not have a majority seat on the SSR board. Due to these factors, Ceres does not control SSR, and accounts for its investment in SSR using the equity method.

For Ceres' year-ended March 31, 2014, Ceres recorded its portion of SSR's change in equity for the twelve months ended March 31, 2014. The following table presents summarized financial information for SSR (in thousands of Canadian dollars):

		2014		2013
Revenues	**$**	**10,532**	$	9,198
Income from continuing operations	**$**	**3,311**	$	4,650
Net income	**$**	**3,311**	$	4,650
Current assets	**$**	**4,922**	$	3,248
Non-current assets	**$**	**10,603**	$	8,089
Current liabilities	**$**	**2,255**	$	878
Non-current liabilities	**$**	**20**	$	-

For the year ended March 31, 2014, Ceres' consolidated statements of comprehensive loss includes Ceres' share of net income of SSR in the amount of $820,406 (2013: $1,198,127).

During the year ended March 31, 2014, Ceres received a dividend from SSR of $125,000 (2013: $nil).

10. INVESTMENT PROPERTY (Note 23)

Investment property is stated using the cost model. Investment property represents land located in southeastern Saskatchewan, Canada, and is currently being developed, and is 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, 2014, management has determined that the investment property is in its construction phase. On that basis, as at that date, management cannot reliably measure the fair value of the investment property under construction; however, management expects the fair value of the investment property to be reliably measureable at the completion of the construction phase. Under these circumstances, IAS 40 *Investment Property* requires Ceres to measure the investment property under construction at cost, until either its fair value becomes reliably measureable or construction is complete.

For the years ended March 31, 2014 and 2013, changes to the investment property are as follows:

	2014	2013
Cost, as at beginning of year	**$ 4,975,921**	$ 2,900,582
Investment property additions	**12,397**	830,993
Development and other construction costs capitalized	**9,794,316**	1,240,727
	9,806,713	2,071,720
Foreign currency translation adjustments	**21,354**	3,619
Cost, as at end of year	**$ 14,803,988**	$ 4,975,921

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and silos/elevators	Machinery & equipment	Furniture, fixtures, computers, office equipment & other assets	Totals
March 31, 2014					
Cost					
Balances, April 1, 2013	$ 5,810,194	$ 61,607,549	$ 3,835,820	$ 1,728,162	$ 72,981,725
Assets acquired	-	562,031	524,419	1,422,893	2,509,343
Disposals	(61,622)	(1,478,177)	(119,005)	(56,909)	(1,715,713)
Reclassification of assets held for sale	(1,212,090)	(19,251,988)	(951,023)	(395,622)	(21,810,724)
Foreign currency translation adjustments	508,775	5,293,366	331,188	160,485	6,293,814
Balances, March 31, 2014	**5,045,257**	**46,732,781**	**3,621,399**	**2,859,009**	**58,258,445**
Accumulated depreciation					
Balances, April 1, 2013	-	(5,727,015)	(532,506)	(714,222)	(6,973,743)
Depreciation charged to operations	-	(2,364,350)	(336,452)	(298,937)	(2,999,739)
Disposals	-	276,183	50,940	19,091	346,214
Reclassification of assets held for sale	-	2,447,765	184,979	143,576	2,776,321
Foreign currency translation adjustments	-	(595,299)	(56,164)	(68,952)	(720,415)
Balances, March 31, 2014	**-**	**(5,962,716)**	**(689,203)**	**(919,444)**	**(7,571,362)**
Net Book Values, March 31, 2014	**$ 5,045,257**	**$ 40,770,065**	**$ 2,932,196**	**$ 1,939,565**	**$ 50,687,083**
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	100,065	665,041	577,010	109,942	1,452,058
Disposals	(192,429)	(3,295,038)	(169,781)	(89,210)	(3,746,458)
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
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)**

12. BANK INDEBTEDNESS

On March 28, 2014, Riverland Ag entered into a syndicated uncommitted USD$120,000,000, 364-day revolving credit agreement. Borrowings bear interest at LIBOR plus 2.875 percent, with interest calculated and paid monthly. Amounts under the credit agreement that remain undrawn are not subject to a commitment fee. The credit agreement is subject to borrowing base limitations. The credit facility is secured by assets of Riverland Ag, including cash, inventory, investment property and Riverland's Duluth storage facility but excluding other property, plant and equipment. Obligations under this facility are guaranteed by Ceres Canada Holding Corp., Ceres U.S. Holding Corp., and Riverland Canada.

Prior to March 28, 2014, Riverland Ag had a syndicated committed revolving line of credit pursuant to an agreement amended and restated on July 31, 2012. This credit agreement was secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. Pursuant to this credit agreement, borrowings were subject to interest at LIBOR plus 3.75 percent, with interest calculated and paid monthly. This credit agreement was subject to certain commitment fees based on a graduated scale depending on the amount of the credit facility that remained undrawn. Commitment fees were payable quarterly in arrears on the average daily undrawn amount. The obligation was guaranteed by Riverland Ag and by Ceres Canada Holding Corp., Ceres U.S. Holding Corp., and Riverland Canada. The credit agreement was subject to borrowing base limitations.

As described in Note 22 (Management of capital), Riverland Ag`s credit facility has certain covenants pertaining to the accounts of Riverland Ag. As at March 31, 2014 and 2013, Riverland Ag was in compliance with all debt covenants.

As at March 31, 2014 and 2013, the carrying amount of bank indebtedness is summarized as follows:

	2014 in USD	in CAD	2013 in USD	in CAD
Revolving line of credit	**$ 65,000,000**	**$ 71,857,500**	$ 115,000,000	$ 116,840,000
Unamortized financing costs	**(100,000)**	**(110,550)**	(504,071)	(512,136)
	$ 64,900,000	**$ 71,746,950**	$ 114,495,929	$ 116,327,864

13. REPURCHASE OBLIGATIONS

As at March 31, 2014, Riverland Ag has open repurchase commitments under its product financing arrangement with Macquarie Commodities (USA), Inc. ("MCUSA") to repurchase 1,500,000 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, 2015 ("FYE 2015"). Since Riverland Ag is obligated to repurchase these commodities from MCUSA, it has not recognized these transactions as sales. As at March 31, 2014, 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$14,419,792 (2013: USD$26,703,249) at that date (CAD$15,941,080; 2013: CAD$27,130,501), plus accrued interest payable. As at March 31, 2014, the fixed interest rate on the open repurchase commitment is at 3.08 percent (2013: range from 3.99 percent to 4.05 percent).

14. 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:

	2014	2013
Derivative assets		
Unrealized gain on forward foreign exchange contracts	**$ -**	$ 10,701
Unrealized gains on open cash contracts	**2,965,891**	2,301,181
	$ 2,965,891	$ 2,311,882
Derivative liabilities		
Unrealized losses on open cash contracts	**$ (1,752,256)**	$ (1,627,645)

(b) Finance loss

For the years ended March 31, 2014 and 2013, finance loss includes the following:

	2014	2013
Interest and other revenues	**$ 4,059**	$ 20,726
Realized loss on sale of investments	**(2,974,760)**	(14,931)
Realized loss on currency-hedging transactions	**(468,891)**	(313,003)
Realized and unrealized gain on foreign exchange	**6,857**	12,915
Unrealized increase (decrease) in fair value of investments	**513,896**	(4,369,758)
	$ (2,918,839)	$ (4,664,051)

(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.

14. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

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 maximum risk for financial instruments owned by the Corporation is determined by the fair value thereof. The Corporation's overall market positions are monitored by management and are reviewed quarterly by the Board of Directors.

As at March 31, 2014, the Corporation has invested in equity securities of private companies. As at March 31, 2013, the Corporation had invested in equity securities of companies whose securities are actively traded on recognized public exchanges and in private companies. As at March 31, 2014, the Corporation's portfolio investments in private companies represents 0.36 percent of consolidated total assets (March 31, 2013: 0.57 percent).

The Corporation manages market price risk 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, 2014, 0.63 percent of shareholders' equity is represented by portfolio investments in private companies (March 31, 2013: 1.17 percent). As at March 31, 2014, no portion of shareholders' equity is invested in equity instruments of publicly traded companies located in Canada and the United States of America (March 31, 2013: 3.32 percent).

As at March 31, 2013, the Corporation's market risk pertaining to portfolio investments was potentially affected by two main components, being changes in actual market prices and changes in foreign exchange rates. As at March 31, 2014, the Corporation's portfolio investments are solely in private companies. Therefore, market factors affecting the value of the portfolio investments are primarily changes in fair value of the investments and the Corporation's ability to liquidate the investments. As at March 31, 2014, currency risk is no longer a significant risk issue, as the value of portfolio investments denominated in a currency other than Canadian dollars is nominal.

14. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Price risk (continued)

Notwithstanding the foregoing, 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 as at March 31, 2014 and 2013 had increased or decreased by 10 percent, with all other variables remaining constant:

Change in bid/ask prices of investments	**2014** Increase (decrease) in net income	**2014** Increase (decrease) in earnings per share	2013 Increase (decrease) in net income	2013 Increase (decrease) in earnings per share
10% increase in bid-ask prices	**$ 84,816**	**$ 0.01**	$ 648,825	$ 0.05
10% decrease in bid-ask prices	**$ (84,816)**	**$ (0.01)**	$ (648,825)	$ (0.05)

As at March 31, 2014, the potential increase or decrease in net income attributable to portfolio investments classified as Level 3 is $84,816 (2013: $168,892).

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, 2014 and 2013 had increased or decreased by 5 percent, with all other variables remaining constant:

Change in bid/ask prices of commodities	**2014** Increase (decrease) in net income	**2014** Increase (decrease) in earnings per share	2013 Increase (decrease) in net income	2013 Increase (decrease) in earnings per share
5% increase in bid-ask prices	**$ 21,599**	**$ 0.002**	$ 1,658,491	$ 0.115
5% decrease in bid-ask prices	**$ (21,599)**	**$ (0.002)**	$ (1,658,491)	$ (0.115)

14. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Interest rate risk

As at March 31, 2014 and 2013, Ceres has no long or short portfolio positions in any interest-bearing securities.

As at March 31, 2014 and 2013, 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, 2014 and 2013, 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 disclosed in Note 12 (Bank indebtedness), as at March 31, 2014, Riverland Ag's revolving credit facility bears interest at an annual rate of LIBOR plus 2.875 percent (March 31, 2013: LIBOR plus 3.75 percent). As at March 31, 2014 and 2013, 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:

	2014		2013	
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	**$ (179,644)**	**$ (0.01)**	$ (292,100)	$ (0.02)

Riverland Ag is not subject to cash flow interest rate risk concerning the repurchase obligations, as this liability bears interest at a fixed rate.

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, 2014 and 2013, 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.

14. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Credit risk (continued)

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, 2014 and 2013, 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.

14. FINANCIAL INSTRUMENTS (continued)

(c) Management of financial instruments risks (continued)

Liquidity risk

As at March 31, 2014 and 2013, the following are the contractual maturities of financial liabilities, including interest payments:

2014	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 71,746,950	$ 71,857,500	$ 71,857,500	$ -	$ -	$ -
Accounts payable and accrued liabilities	7,567,634	7,567,634	7,567,634	-	-	-
Repurchase obligations	15,941,080	15,941,080	15,941,080	-	-	-
Derivatives	1,752,256	1,752,256	1,752,256	-	-	-
Provision for future payment to Front Street Capital	970,000	970,000	970,000	-	-	-
	$ 97,977,920	$ 98,088,470	$ 98,088,470	$ -	$ -	$ -

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	$ -	$ -	$ -

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: the prompt settlement of amounts due from brokers, 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.

14. FINANCIAL INSTRUMENTS (continued):

(c) Management of financial instruments risks (continued)

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, 2014 and 2013, the following is a summary, at fair value, of Ceres' exposure to currency risks:

	2014		2013	
Currency	**Net asset exposure***	**Net forward contracts (to sell foreign currency)**	Net asset exposure*	Net forward contracts (to sell foreign currency)
U.S. dollars	**$ 5,175,147**	**$ -**	$ 537,484	$ 30,000,000
Australian dollars	**$ 816**	**$ -**	$ 809	$ -

*Exposure excludes the effect of forward foreign exchange contracts.

As at March 31, 2014, Ceres had no commitment to any forward foreign exchange contract. 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 Ceres' results of operations if the CAD had become 5 percent stronger or weaker against each of the other currencies as at March 31, 2014 and 2013, with all other variables remaining constant, related to assets and liabilities denominated in foreign currencies and to the forward foreign exchange contracts:

	2014		2013	
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	**$ (272,537)**	**$ (0.02)**	$ 1,498,554	$ 0.10
CAD 5% weaker	**$ 301,225**	**$ 0.02**	$ (1,495,812)	$ (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.

14. FINANCIAL INSTRUMENTS (continued):

(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, 2014	Level 1	Level 2	Level 3	Total
Portfolio investments	$ -	$ -	$ 848,163	$ 848,163
Due from Broker, unrealized gains on futures and options (Note 6)	55,242	-	-	55,242
Derivative assets	-	2,965,891	-	2,965,891
Inventories, grains (Note 7)	-	109,684,490	-	109,684,490
Due to Broker, unrealized losses on futures and options (Note 6)	(160,805)	-	-	(160,805)
Derivative liabilities	-	(1,752,256)	-	(1,752,256)
Provision for future payments to Front Street Capital	-	(970,000)	-	(970,000)
	$ (105,563)	$ 109,928,125	$ 848,163	$ 110,670,725

During the year ended March 31, 2014, portfolio investments having a fair value of $718,685 were transferred from Level 2 to Level 1. This transfer occurred when restricted shares acquired by the Corporation were converted into unrestricted common shares (in the normal course of business and following a hold period).

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, 2014:

Balance, April 1, 2013	$ 1,688,919
Transfer from Level 3 to Level 2	-
Net purchase	-
Decrease in fair value of Level 3 portfolio investments	(840,756)
	$ 848,163

The decrease in fair value of Level 3 portfolio investments of $840,756 (2013: decrease of $1,622,083) is included in the determination of net loss for the year and is a component of Finance loss in the Unrealized increase (decrease) in fair value of investments, as reported in Note 14(b).

14. FINANCIAL INSTRUMENTS (continued):

(d) Fair value measurements (continued)

March 31, 2013	Level 1	Level 2	Level 3	Total
Portfolio investments	$ 4,080,650	$ 718,685	$ 1,688,919	$ 6,488,254
Due from Broker, unrealized gains on futures and options (Note 6)	3,678,406	-	-	3,678,406
Derivative assets	-	2,311,882	-	2,311,882
Inventories, grains (Note 7)	-	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 from Level 3 to Level 2	(1,000,025)
Net purchase	450,000
Decrease in fair value of Level 3 portfolio investments	(1,622,083)
	$ 1,688,919

15. SHARE CAPITAL AND WARRANTS

(a) Authorized

Unlimited number of voting, participating Common Shares, without par value.

(b) Normal Course Issuer Bids

2013-2014 Normal Course Issuer Bid

On July 9, 2013, Ceres announced a normal course issuer bid (“the 2013-2014 NCIB”) commencing on July 11, 2013. The purpose of the 2013-2014 NCIB is 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 2013-2014 NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and July 10, 2014. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 946,963 of its common Shares, representing approximately 10 percent of its unrestricted public float as at July 5, 2013. Ceres may purchase up to a daily maximum of 2,855 Shares, except for purchases made in accordance with the “block purchase” exception under applicable TSX rules and policies. The Shares may be purchased for cancellation via the TSX and may be purchased when the net asset value per Share exceeds its trading price.

15. SHARE CAPITAL AND WARRANTS (continued)

(b) Normal Course Issuer Bids (continued)

2013-2014 Normal Course Issuer Bid (continued)

For the period from July 11, 2013 to October 15, 2013, Ceres purchased 126,020 Shares under the 2013-2014 NCIB for an aggregate consideration of $964,424. The stated capital value of these repurchased Shares was $1,198,882. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $234,458, was allocated to Retained Earnings in the year ended March 31, 2014. The Corporation made no purchases under the 2013-2014 NCIB after October 15, 2013.

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 is 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 will conclude on the earlier of the date on which purchases under the bid have been completed and 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 percent of its unrestricted public float as at October 11, 2011. Ceres may 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 may be purchased for cancellation via the TSX and may be purchased when the net asset value per Share exceeds its trading price.

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, was allocated to Retained Earnings in the year ended March 31, 2013.

(c) Expiry of Common Share Purchase Warrants

On June 11, 2013, the Common Share Purchase Warrants (collectively the "Warrants") that were issued on June 11, 2010 to the vendors of Riverland Ag, expired and were cancelled. The Corporation allocated the aggregate stated capital value of the Warrants of $202,384 to Contributed Surplus.

(d) Stock Options and Stock Appreciation Rights

On March 10, 2014, the Board approved the Ceres Global Ag Corp. Stock Option Plan (the "Options Plan"). The Options Plan is available to certain officers, key employees and consultants of the Corporation and its subsidiaries. The purpose of the Options Plan is to attract, retain and motivate these parties by providing them with the opportunity, through options, to acquire a proprietary interest in the Corporation and to benefit from its growth.

The Options Plan is administered by the Board, which shall determine (among other things) those officers, key employees and consultants who may be granted awards as Participants and the terms and conditions of any award to any such Participant. The Exercise Price of the options shall be fixed by the Board and shall be no less than 100 percent of the Market Price on the effective date of the award of the

15. SHARE CAPITAL AND WARRANTS (continued)

(d) Stock Options and Stock Appreciation Rights (continued)

options, which may be granted for a term not exceeding ten (10) years. The maximum number of common shares reserved for issuance upon the exercise of options cannot exceed 10% of the total number of common shares issued and outstanding less the number of common shares reserved for issuance under the Corporation's Directors Deferred Share Unit Plan (Note 16). Restrictions exist as to the number of options that may be granted to Insiders within any one-year period, and as to the number of, and the aggregate fair market value of, the common shares underlying the options that may be granted to any one Participant.

The Options Plan also provides for the Board to grant Stock Appreciation Rights ("SARs") to certain officers, key employees and consultants of the Corporation. Stand-Alone SARs granted under the Plan shall become vested at such times, in such installments and subject to the terms and conditions of the Options Plan (including satisfaction of Performance Criteria and/or continued employment) as may be determined by the Board. The Base Price for each common share subject to a Stand-Alone SAR shall not be less that 100 percent of the Market Price of a common share on the Effective Date of the award of such Stand-Alone SAR. Tandem SARs may be granted at or after the Effective Date of the related award of options, and each Tandem SAR shall be subject to the same terms and conditions and denominated in the same currency as the option to which it relates and the additional terms and conditions under the Options Plan. Tandem SARs may be exercised only if and to the extent the options related thereto are then vested and exercisable. On exercise of a Tandem SAR, the related option shall be cancelled and the Participant shall be entitled to an amount in settlement of such Tandem SAR calculated and in such form as provided by the Options Plan.

As at March 31, 2014, no stock options or SARs had been awarded.

(e) Issued and outstanding as at March 31, 2014 and 2013

The following is a summary of the changes in the Common Shares and Warrants during the years ended March 31, 2014 ("FYE 2014") and 2013 ("FYE 2013"):

	Common shares		Warrants	
	#	$	#	$
Balances, April 1, 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
Balances, April 1, 2013	**14,334,699**	**138,298,904**	**150,000**	**202,384**
Changes in FYE 2014				
Expiry of Warrants, June 11, 2013	-	-	(150,000)	(202,384)
Repurchases under normal course issuer bid	(126,020)	(1,198,882)	-	-
Balances, March 31, 2014	**14,208,679**	**$ 137,100,022**	**-**	**$ -**

16. DEFERRED SHARE UNIT PLAN

Effective January 1, 2014, Ceres has a Directors' Deferred Share Unit Plan, whereby deferred share units ("DSU") are issued to Eligible Directors, in lieu of cash, for a portion of Directors' fees otherwise payable to Directors. The Fair Market Value of the DSUs on the date such units are calculated and issued represents the volume-weighted average trading price of Ceres' common shares for the five trading days immediately preceding the date of issuance of the DSUs. Each DSU entitles the director to receive payment after the end of the director's term in the form of common shares of the Corporation. Under the plan, the aggregate number of common shares issuable by Ceres under this Plan is limited to 450,000 common shares. Certain insider restrictions and annual dollar limits per Eligible Director exist. Dividends, if any, otherwise payable on the common shares represented by the DSUs are converted into additional DSUs based on the Fair Market Value as of the date on which any such dividends would be paid. The Plan also provides for the Board to award additional DSUs (referred to in the Plan agreement as "Matching DSUs") to an Eligible Director who has elected to receive DSUs pertaining to his/her Annual Cash Remuneration amount (as defined by the Plan).

The Corporation intends to settle all DSUs with shares through the issuance of treasury shares. Compensation expense is included as part of Directors' fees classified with general and administrative expenses, and is recognized in the accounts as and when services are rendered to the Corporation. DSUs outstanding as at a reporting period-end are revalued at the fair market value as at that period and changes in the fair market value are recognized to Directors' fees in the period in which the changes occur.

The following is a summary of the changes in the number of DSUs issued and outstanding for the year ended March 31, 2014.

	2014		2013	
	number of units	**Weighted fair value**	number of units	Weighted fair value
Balance, beginning of year	**-**	**$ -**	-	$ -
Units issued	**8,912.73**	**$ 7.01**	-	$ -
Balance, end of year	**8,912.73**	**$ 7.01**	**-**	**$ -**

17. MANAGEMENT FEES AND OTHER EXPENSES

(a) Management fees and other fees

The following table presents management fee expense charged to the accounts of the Corporation for the years ended March 31, 2014 and 2013:

		2014		2013
Management fees and related HST	**$**	**1,327,357**	$	3,135,745
Management transition payment		**5,000,000**		-
Provision for future payments to Front Street Capital		**970,000**		-
	$	**7,297,357**	$	3,135,745

As at March 31, 2014 and 2013, current liabilities include management fees payable and the provision for future payments to Front Street Capital, as follows:

		2014		2013
Management fees payable and related HST	**$**	**-**	$	250,763
Provision for future payments to Front Street Capital		**970,000**		-
	$	**970,000**	$	250,763

On August 23, 2013, Ceres announced it entered into a Management Transition Agreement (the “Transition Agreement”) with Front Street Capital (the “Manager”), which provided, among other things, for the early termination of the Management Agreement. The Transition Agreement was approved by the shareholders at the annual and special meeting held on September 27, 2013. The Transition Agreement provides for the following:

- The Management Agreement shall be terminated effective November 30, 2013;
- Monthly management fee payments to the Manager will end September 30, 2013;
- On October 1, 2013, Ceres will pay the Manager $5 million plus HST of $650,000;
- The Manager will be paid an additional $1 million if the five-day volume-weighted average price of Ceres’ common shares (the “5-day VWAP”) reaches $10 within five years, and a further $1 million if the 5-day VWAP reaches $11 at any time during that 5-year period;
- The additional payments will become payable immediately if, prior to the fifth anniversary of the date of the Transition Agreement, there occurs either a change in control or a going private transaction for a price in excess of $7.85 per share;
- Ceres shall deposit into an escrow fund five percent of any gross sale proceeds in excess of net book value and direct transaction costs from the sale of any of Ceres’ assets, to a maximum amount of $1 million, and such escrow fund amount shall be paid to the Manager if the 5-day VWAP does not reach $10 within five years;

17. MANAGEMENT FEES AND OTHER EXPENSES (continued)

(a) Management fees and other fees (continued)

- Until November 30, 2013, or such earlier date as Ceres may determine, the Manager will continue to provide existing services and support to the Corporation, including the services of the Chief Financial Officer and the Chief Transaction Officer with no additional management fee payable to the Manager after September 30, 2013; and
- Ceres will continue to be responsible for all other third-party costs and out-of-pocket costs consistent with past practice.

As at March 31, 2014, management has determined the fair value of the potential additional payments provided for under the Transition Agreement is $970,000, and a provision for this amount is reported separately in current liabilities as at that date. The fair value of each additional payment was determined using the binomial options pricing model, with a remaining term to September 30, 2018, using volatility of 35 percent and a risk-free interest rate of 1.71 percent. Management recalculates the fair value of such potential additional payments as at each quarter-end and adjusts the provision recognized in the accounts in the quarter such adjustment would be necessary.

The Corporation negotiated an agreement with the Manager, whereby the Manager continued to provide the management services of the Chief Financial Officer (the "CFO") from December 1, 2013 to March 31, 2014 (the "Term"). The monthly fee for this arrangement was $25,000 plus HST.

(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 payable to the Manager, Ceres 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 Ceres. As at March 31, 2014, the amount due to the Manager was $nil (2013: $268,565).

18. 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:

	2014	2013
Loss before income taxes and share of net income in investments in associates:		
Canada	**$ (15,512,509)**	$ (9,581,994)
United States of America	**(5,543,796)**	(5,705,965)
	$ (21,056,305)	$ (15,287,959)
Combined statutory Canadian federal and Ontario corporate income tax rate	**26.50%**	26.50%
Provision for income taxes recoverable using statutory rate	**$ (5,579,917)**	$ (4,051,309)
Adjusted for the income tax effects of:		
Difference in tax rates applicable to subsidiaries	**(694,637)**	(714,957)
U.S. State taxes, net of U.S. federal benefit	**(527,158)**	(494,361)
Intercompany dividend eliminated on consolidation	**(1,360,853)**	(1,293,554)
Non-deductible portion of capital losses	**455,375**	41,714
Non-deductible portion of unrealized losses on investments (non-taxable portion of unrealized gains on investments)	**(68,091)**	578,993
Changes in unrecognized temporary difference on deferred income tax assets of Ceres and Riverland Ag	**6,540,780**	3,024,063
Other	**(88,127)**	338,141
	4,257,289	1,480,039
Income taxes recovered	**$ (1,322,628)**	$ (2,571,270)

18. INCOME TAXES (continued)

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

Canada	2014	2013
Current	$ **(135,488)**	$ 57,340
Deferred	**50,736**	136,980
	(84,752)	194,320
United States of America - Federal		
Current	**(1,247,356)**	12,769
Deferred	**-**	(2,422,145)
	(1,247,356)	(2,409,376)
United States of America - State		
Current	**9,480**	1,889
Deferred	**-**	(358,103)
	9,480	(356,214)
Income taxes recovered	$ **(1,322,628)**	$ (2,571,270)

(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:

	2014	2013
Deferred income tax assets		
Non-capital and net operating losses carried-forward	$ **27,172,420**	$ 18,306,069
Allowable capital losses carried forward	**1,247,392**	858,595
Deductible portion of unrealized depreciation of investments	**981,910**	983,368
Other temporary deductible differences, net of temporary taxable differences	**3,164,616**	3,924,290
Deferred income tax asset, before unrecognized deferred assets	**32,566,338**	24,072,322
Unrecognized deferred assets	**(17,305,317)**	(10,284,256)
Net deferred income tax asset	**15,261,021**	13,788,066
Deferred income tax liability, property, plant and equipment	**(15,417,555)**	(13,995,338)
Net deferred income tax liability	$ **(156,534)**	$ (207,272)

18. INCOME TAXES (continued)

(c) Tax losses carried forward

(i) Ceres

As at March 31, 2014, Ceres has accumulated non-capital losses in the amount of $38,047,399. 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	7,313,866
2033	6,347,141
2034	11,462,134
	$38,047,399

As at March 31, 2014, Ceres has accumulated capital losses totaling $9,414,282, which are available indefinitely to be applied against capital gains in future taxation years. The potential income tax benefit of the capital losses has not been recognized in the financial statements.

(ii) Riverland Ag

As at March 31, 2014, Riverland Ag has accumulated net operating losses in the amounts noted below in USD, for federal and state income tax purposes. These net operating losses are being carried forward and, unless utilized, will expire in the following taxation years:

Year of expiry	Federal	State
2031	$11,251,698	$14,327,160
2032	6,772,840	6,772,840
2033	7,764,470	7,764,470
2034	13,225,377	13,225,377
	$39,014,385	**$42,089,847**

19. RELATED PARTY TRANSACTIONS

(a) Management fees and other fees

Terms and conditions pertinent to management fees and other fees, and the amounts charged to operations related thereto, have been reported in Note 17(a) (Management fees and other expenses – management fees and other 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, 2014 and 2013.

	2014	2013
Salaries, senior executive officers	**$ 1,188,149**	$ 735,956
Benefits, senior executive officers	**34,859**	63,947
Directors' fees	**445,551**	157,750
	$ 1,668,559	$ 957,653

20. 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 percent of participants' eligible wages. For the year ended March 31, 2014, Riverland Ag's contribution was $164,330 (2013: $177,600).

21. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	2014	2013
Decrease (increase) in due from Broker, commodity futures contracts	**$ 7,980,680**	$ (9,297,603)
Increase in net derivative assets	**(458,109)**	(626,030)
Decrease (increase) in accounts receivable	**7,262,978**	(3,365,006)
Decrease (increase) in inventories	**62,834,829**	(2,951,302)
Increase in GST - HST recoverable	**(1,528,175)**	-
Decrease in prepaid expenses and sundry assets	**97,116**	716,601
Increase in accounts payable and accrued liabilities	**2,390,223**	2,018,801
Decrease in management fees payable	**(250,763)**	(16,460)
Increase in provision for future payment to Front Street Capital	**970,000**	-
(Decrease) increase in due to Manager	**(268,565)**	213,565
	$ 79,030,214	$ (13,307,434)

22. 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 business opportunities that are connected to its core business;
- to provide an appropriate return to shareholders and other stakeholders;
- to use active management strategies related to its development of its core business, 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;

Riverland Ag, the operating subsidiary of Ceres, has capital requirements imposed by its lenders. As at March 31, 2014, Riverland Ag is required to comply with the following primary financial covenants and ratios concerning the revolving credit facility (Note 12, 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, 2014 and 2013, Riverland Ag complies with the debt covenants for the revolving credit facility.

23. CONTINGENT LIABILITY

During the quarter ended March 31, 2014, Ceres terminated its arrangements and ongoing discussions with a potential development partner with respect to the development and construction of a grain facility at the Northgate Commodities Logistics Centre ("NCLC"). The termination of discussions with the potential partner may have implications for any amounts to be collected from the potential partner and amounts previously paid to Ceres by the potential partner in respect to its portion of NCLC site preparation costs under the Cost-Sharing Agreement. The recovery and/or reimbursement of such amounts, if any, will be subject to negotiations with the potential partner.

On June 12, 2014, the potential partner initiated an action against the Corporation for injunctive relief and unspecified damages relating to the development and construction of a grain facility at the Corporation's NCLC. At the preparation of these consolidated financial statements, the Corporation is reviewing the compliant and intends to vigorously defend against this action.

24. SUBSEQUENT EVENT

On May 23, 2014, the Corporation, through Riverland Ag, closed the sale of Manitowoc grain storage facility. The gross proceeds from the sale were USD$6.2 million. At March 31, 2014, the net book value relating to Manitowoc was been written down to an amount equal to the gross proceeds from the sale, as a result, there is no impact on the Statement of Comprehensive Loss. Pursuant to the purchase and sales agreement, Riverland Ag will lease back from the purchaser one million bushels of storage capacity at the Manitowoc grain facility for a three-year term.

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