READY SET **GROW**

CERES GLOBAL AG | FY2016 ANNUAL REPORT

CERES GLOBAL AG CORP.

FY2016

YEAR OF RAMP UP

Over the past year, Ceres has been primarily focused on the build-out of our Northgate Logistics Centre and optimizing the performance of our network of facilities strategically located around the Great Lakes. During a year of ramping up operations, we made significant progress, including naming Robert Day as President and Interim CEO. Additionally, we signed an agreement with Koch Fertilizer Canada to store and handle phosphate fertilizer at Northgate and have commenced construction.

INCREASED REVENUE BY 162% TO

$505.5M

NEW GRAIN ELEVATOR AT NORTHGATE WITH BUSHEL STORAGE CAPACITY OF

2.7M

GREW THE NUMBER OF BUSHELS HANDLED BY 154% TO

57.3M

TOTAL NUMBER OF RAIL CARS LOADED AT NORTHGATE

3,200

FY2017

LOOKING AHEAD

With Northgate fully operational and an established network of facilities in place located around the Great Lakes, we are well positioned to capitalize on growth opportunities and sustain our momentum into FY2017. Our focus this year will be to:

1. **Accelerate Northgate's utilization**
2. **Diversify our commodities mix**
3. **Improve operational efficiencies across our network**
4. **Reach more domestic and international markets through the expansion and diversification of Northgate**

ABOUT CERES GLOBAL AG

Headquartered in Minneapolis, Ceres Global Ag is focused on two primary businesses: a Grain Storage, Handling and Merchandising unit; and a Commodity Logistics unit.

The Company's grain storage, handling, and merchandising unit is anchored by a collection of nine grain storage and handling assets located in Minnesota, New York, Saskatchewan and Ontario. Combined the assets have an aggregate storage capacity of approximately 43 million bushels.

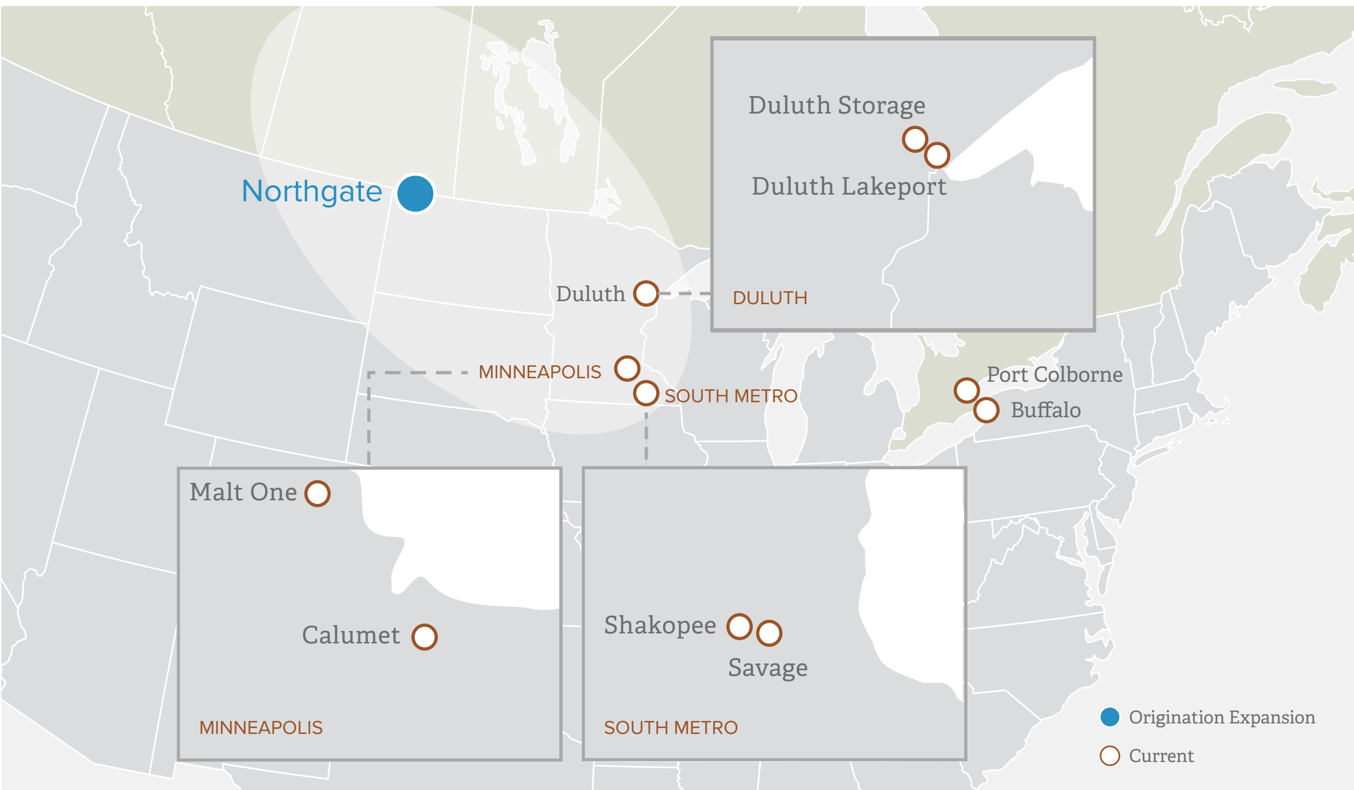
The Ceres Northgate Terminal houses the Commodity Logistics Centre, a state-of-the-art grain, agriculture services and oilfield supplies trans-loading site. It is also connected to the Grain Storage, Handling and Merchandising network through a high-speed elevator with a 2.7M-bushel storage capacity.

ASSETS & CAPABILITIES

Ceres has a network of facilities strategically located around the Great Lakes and in close proximity to sources of grain origination. Our network includes:

NUMBER OF ELEVATORS	BUSHEL CAPACITY
9	**43M**

STRATEGICALLY LOCATED NEAR POINTS OF ORIGINATION



STRATEGIC PARTNERS

To better service our customers and improve the economics of our Northgate facilities, we have established long-term partnerships with leaders in their respective industries:

BNSF Railway

Provides railway access from Northgate to 28 American states, numerous Pacific Gulf ports and Mexico though its 32,000 mile network

Koch Fertilizer Canada

Will provide phosphate fertilizer that famers can backhaul from Northgate

SPOTLIGHT ON NORTHGATE

The Ceres Northgate Terminal is a state-of-the-art grain, agriculture services and oilfield supplies trans-loading site. Northgate's proximity to points of origination allows for cost-effective shipping of high-quality Canadian grains to U.S., Mexican and select Asian markets.

In FY2016, Ceres completed the build-out of Northgate including construction of a high-speed elevator and the commissioning of three steel storage bins with 2.7M bushels of storage capacity. The grain elevator is complemented by:

MULTI-MODAL, MULTI-COMMODITY FACILITY	NEW GRAIN ELEVATOR AT NORTHGATE WITH BUSHEL STORAGE CAPACITY OF	FERTILIZER WAREHOUSE HOLDING (EXPECTED COMPLETION IS Q1 FY2017)	ENERGY TRANSLOADING PER MONTH
1,300 ACRES	**2.7M**	**26,000 TONS**	**150 RAIL CARS**

CHAIRMAN'S MESSAGE

Against a backdrop of low and volatile commodity prices and an unexpected drop in the price of durum wheat, Ceres Global Ag made considerable progress on our long term strategic plan in FY 2016.

Our efforts over the past 15 months were focused in 5 key areas:

1) Developing stronger customer relationships

Over the past year, Ceres has made significant effort to segment the markets we serve, identify key customers within each segment and formalize our relationships for the long term. As a result, Ceres increased sales to US customers and reached new customers in Mexico, Europe and Asia. We also signed new storage and handling agreement in several facilities.

2) Completing our Northgate high-speed grain elevator and building fertilizer and energy opportunities

Northgate is a $100-million state-of-the-art facility that brings together a high-speed grain elevator, two highly-efficient loop tracks capable of handling 120 car units, and trans-loading capabilities for energy products and oilfield supplies. The grain facility was completed on time and on budget in May 2016, and the fertilizer facility is now under construction.

3) Expanding our farmer contacts to ensure efficient and reliable sourcing

In tandem with the build-out of Northgate, we have formed strong relationship with farmers to ensure that supply matches demand. Our origination team at Northgate did an outstanding job in developing these relationships so we could "hit the ground running" once the grain elevator was commissioned in May 2016.

4) Diversifying our commodity mix to maximize profit opportunities

In FY2016, we were able to grow our expertise in handling a variety of crops, namely canola and pulses like lentils and dried peas. This is consistent with our strategy to diversify the commodities we handle and store beyond our core grain commodities.

5) Optimizing our facilities

Through increased origination and stronger customer relationships, Ceres increased volumes and commitments to better utilize capacity of our infra-structure. This lowers costs and in the long term will improve margins. We have idled facilities that are less efficient or that do not fit our longer term strategy.

FY 2016 was not without its challenges. Our financial results were impacted by a number of factors throughout the year, putting pressure on our gross profit, trading margins and net income. Chief among them was the loss of $11.7 million due to the negative impact of durum wheat price declines on our grain inventory at the end of the third quarter. Another pressure on our financial performance was the impact of the volatile changes to the value of the Canadian dollar as a number of our expenses are denominated in U.S. currency.

The company took a number of steps to improve our operational efficiency and reduce our exposure to risk, including optimizing our network of facilities and developing a better balance of commodities in our inventory. As a result, we are more efficient, better hedged against exposure to risk and have more tradable inventory.

Another key development was the orderly management transition that saw Robert Day appointed as President and Interim CEO, succeeding Pat Bracken, who was at the helm during our pivotal transformation into an operating company. On behalf of the Board, I would like to congratulate Bob and thank Pat for his role in shaping our strategy, overseeing the construction of Northgate and introducing new commodities to our operations.

Our goal of achieving acceptable long-term returns for our shareholders remains constant. We realize that much still needs to be done. Looking ahead, we will continue to build on last year's accomplishments. With record crop levels in our supply area, we expect to extend our ability to trade and handle increased volumes of grain in FY 2017, and, with more efficient facilities, we will be in an excellent position to compete in international and domestic marketplaces.

In closing, I would like to thank our employees for the progress we have made, our Board of Directors for their guidance and each of our shareholders for their support as we build a world-class company.

Douglas E. Speers
Chairman of the Board

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("Annual MD&A") dated September 22, 2016 should be read in conjunction with the audited Consolidated Financial Statements for the fifteen-month period ended June 30, 2016 of Ceres Global Ag Corp. ("Ceres", the "Corporation", "we", "our", and "us"), and the Corporation's audited consolidated financial statements for the year ended March 31, 2015 (the "Annual Consolidated Financial Statements"). Additional information about Ceres filed with Canadian securities regulatory authorities, including the quarterly and annual report and the annual information form, is available online at www.sedar.com.

Basis of Presentation

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All information is reported in Canadian dollars ("CAD") unless otherwise specified.

Non-IFRS Financial Measures

This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS. These measures include "EBITDA" (Earnings before interest, income tax, depreciation and amortization) and "Return on shareholders' equity", neither of which have a standardized meaning under IFRS. See "Non-IFRS Financial Measures and Reconciliations."

Change in Fiscal Year-End

On February 10, 2016, the Board of Directors approved a change in the fiscal year end from March 31 to June 30. As a result of the change, the Corporation has a fifteen month fiscal period that is reported in this Annual Report for the fiscal-period ending June 30, 2016. In conjunction with the change in fiscal year, Ceres will change its reporting and presentation currency to USD. The Corporation will begin reporting in USD as at and for the three-month period ending September 30, 2016. Ceres believes that these changes will give investors a view of the Corporation's financial performance that better aligns the fiscal year with that of the agricultural crop year.

Risks and Forward Looking Information
The Corporation's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described in "Key Assumptions & Advisories".

This MD&A contains forward-looking information based on the Corporation's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this MD&A and the Corporation's other disclosure documents, many of which are beyond the Corporation's control. Users of this information are cautioned that actual results may differ materially. See "Key Assumptions and Advisories" for information on material risk factors and assumptions underlying the Corporation's forward-looking information.

1. FINANCIAL AND OPERATING RESULTS

(in millions except per share)	**Fifteen-month period ended June 30, 2016**	Twelve-month period ended March 31, 2015	Twelve-month period ended March 31, 2014	Three months ended June 30, **2016**	Three months ended June 30, 2015
Revenues (1)	**$ 505.5**	$ 192.8	$ 232.4	**$ 149.3**	$ 59.3
Gross profit (loss) (1)	**$ (0.7)**	$ 11.7	$ 4.4	**$ 2.4**	$ 1.9
Income (loss) from operations (1)	**$ (14.0)**	$ 1.0	$ (12.9)	**$ (0.4)**	$ (0.6)
Net income (loss) (1)	**$ (15.8)**	$ (1.4)	$ (19.3)	**$ (1.9)**	$ (1.7)
Common shares outstanding for period	**27.0**	18.4	14.3	**27.0**	27.1
Loss per share - Basic (1)	**$ (0.58)**	$ (0.08)	$ (1.35)	**$ (0.07)**	$ (0.06)
Loss per share - Diluted (1)	**$ (0.58)**	$ (0.08)	$ (1.35)	**$ (0.07)**	$ (0.06)
As at:					
Total assets	**$ 330.2**	$ 308.9	$ 232.2		
Total bank indebtedness, current (2)	**$ 72.0**	$ 37.3	$ 87.6		
Term debt (3)	**$ 29.6**	$ 30.4	$ -		
Shareholders' equity (1)	**$ 204.2**	$ 218.8	$ 134.1		
Return on shareholders' equity (4)	**-7.7%**	-0.6%	-14.4%		

(1) Inclusive of the durum wheat loss of $10.3 million for the fifteen-month period ended June 30, 2016
(2) Includes Bank indebtedness, repurchase obligations and outstanding cheques in excess of cash on hand
(3) Non-IFRS measure. See Non-IFRS Financial Measures and Reconciliations section
(4) Includes current portion of long-term debt

HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2016

- In an environment of low commodity prices with suppressed margin opportunities, the Corporation increased gross profit and the volume of company-owned bushels handled compared to the three months ended June 30, 2015.
- Gross profit of $2.4 million for the quarter-ended June 30, 2016 compared to $1.9 million for the same quarter in 2015.
- Handled approximately 18 million bushels of grain and oilseed during the quarter, compared to 6.7 bushels for the same quarter in 2015.

- Loaded 1,146 railcars of grain, oilseed, and propane, including 13 unit trains, destined for the US, Latin American, and Asian markets out of Northgate as defined below compared to 317 railcars for the quarter-ended June 30, 2015.
- Acquired 116,700 shares in conjunction with its normal course issuer bids compared to 51,900 for the quarter-ended March 31, 2016 (and nil for the quarter-ended June 30, 2015).
- Continued the construction of the fertilizer storage warehouse at Northgate in conjunction with the agreement to handle and store fertilizer on behalf of Koch Fertilizer Canada, ULC ("Koch").

WHO WE ARE

While having one reportable segment, the Corporation operates in two business units: (1) grain storage, handling and merchandising unit, and; (2) commodity logistics. Ceres' grain storage, handling, and merchandising unit is anchored by a collection of nine (9) grain storage and handling assets in Minnesota, New York, Saskatchewan and Ontario having aggregate storage capacity of approximately 43 million bushels as at June 30, 2016, including 5.4 million bushels of idled capacity. The Corporation's Commodity Logistics unit is focused on the development of a commodity logistics centre in Northgate, Saskatchewan. The Northgate Commodities Logistics Centre ("Northgate" or the "NCLC") is a state-of-the-art grain, agriculture services, and oilfield supplies transloading site, which is being developed in conjunction with several potential energy and agricultural input company partners and connected to Burlington Northern Santa Fe Railway (the "BNSF"). Ceres also has a 25% interest in Stewart Southern Railway Inc., a short-line railway with a range of 130 kilometres that operates in Southeastern Saskatchewan.

Grain Division

The Corporation's grain division is engaged in grain storage, procurement, merchandising of specialty grains and oilseeds such as oats, barley, rye, hard red spring wheat, durum wheat, canola and pulses through nine grain storage and handling facilities in Minnesota, New York, Saskatchewan and Ontario, while also utilizing the grain operating facility at the Northgate Commodity Logistics Centre, with aggregate storage capacity of approximately 43 million bushels. Through March 15, 2016, the Corporation's grain division also managed two facilities in Wyoming on behalf of their owner, Briess Industries Inc. ("Briess"). Four of the grain storage facilities are located at deep-water ports in the Great Lakes, and one is located on the Minnesota River, which is tributary to the Mississippi River, allowing access for vessels and barges and enabling the efficient import and export of grains globally. Approximately 34 million bushels of the Corporation's facilities are "regular" for delivery for both spring wheat against the Minneapolis Grain Exchange futures contract and oats against the Chicago Board of Trade futures contract. In addition, spring wheat and oats sourced by the Corporation out of Canada are eligible for delivery against the respective futures contract.

The majority of the grain division's current storage space is utilized to benefit from grain trading, arbitrage and merchandising opportunities. Management determines which of the Corporation's facilities is 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 customers, the cost of logistics to transport the grain, and the availability of space in the intended elevator. In addition, the Corporation stores and handles grain for third-party customers.

Northgate Commodities Logistics Centre

Ceres owns approximately 1,300 acres of land at Northgate, Saskatchewan, where it is constructing a commodities logistics centre designed to utilize high-efficiency rail loops, capable of handling unit trains of up to 120 railcars. The NCLC will be a $100 million grain, oil, natural gas liquids terminal and is connected to the BNSF with plans to further build out infrastructure to support storing and handling of phosphate-based fertilizer, which is described in further detail within the "Outlook" below.

The Corporation commenced its initial grain operations at Northgate in October 2014, operating the facility with a grain transloader for six months during the year-ended March 31, 2015. Therefore, fiscal year 2016 is the first full year of operations at the site. As part of its grain operations, the Corporation contracts grain and oilseed purchases from western Canadian producers that are delivered by truck and unloaded at the NCLC grain terminal. Ceres has the option of storing the grain on-site or loading it into outbound railcars to customer end-users, or to the Corporation's existing facilities, taking advantage of the value and strategic location of its current asset base.

For the twelve-month period ended June 30, 2016, the number of grain and oilseed railcars loaded out of the Northgate facility increased nearly three-and-a-half times compared to the twelve-month period ended June 30, 2015. For the same twelve-month period in 2016 compared to 2015, the number of propane railcars loaded out has increased nearly five-and-a-half times.

Concurrent with its grain operations at NCLC, in April 2015, the Corporation entered into an agreement with Elbow River Marketing ("ERM"), a wholly owned subsidiary of Parkland Fuel Corporation, to transload propane at Northgate. Under this strategic agreement, the Corporation unloads propane from inbound trucks loading it into railcars for shipment into the US market via the BNSF from Northgate, Saskatchewan. This provides a direct link and an added access point for propane to enter the US market.

In conjunction with Northgate operations, the Corporation has incurred $5.2 million in operating expenses at the facility for the fifteen-month period ended June 30, 2016 (2015: $0.9 million).

During the three-months ended June 30, 2016, the Corporation, through a third-party contractor, completed construction of the high-speed elevator in April 2016. While Phase 1 was completed in October 2015, the completion of the final phase of construction included a concrete slipform, the concrete grain bins, and cleaner dust system. The construction was completed within fiscal budget and finished slightly ahead of the May 2016 target date.

As part of the capital investment at Northgate, as at June 30, 2016, the Corporation has property, plant and equipment of approximately $84 million (as at March 31, 2015: $49.9 million). This is inclusive of land acquisition costs, environmental costs, mass grading, site preparation, the grain transloader and related equipment, rail track costs, and permanent high-speed inland terminal elevator constructions costs.

Overall Performance

The Corporation recognized a net loss for the quarter ended June 30, 2016 of $1.9 million, compared to a net loss of $3.5 million in the fourth quarter of the prior year. Items affecting the quarter ended June 30, 2016, compared to the quarter ended June 30, 2015 included:

- Corporation recognized a net loss of $1.9 million compared to a loss of $1.7 million in 2015.
- Gross profit for the quarter-ended June 30, 2016, totaled $2.4 million compared to $1.9 million for the same quarter ended June 30, 2015. Increased gross profit was driven by greater net trading margins for the quarter that resulted from enhanced carrying income in the futures market along with an increase in company-owned stocks in-store and increased storage and rental income.
- General and administrative expenses totaled $2.8 million compared to $2.5 million for the quarter-ended June 30, 2016. The $0.3 million increase was driven by $0.2 million increase in labor and personnel costs, as the Corporation expanded its grain trading and merchandising group.
  (See "General and Administrative Expenses" below for a further discussion.)
- Interest expense totaled $1.2 million for the quarter-ended June 30, 2016 compared to $0.7 million for the same quarter in 2015. The increase of $0.5 million is a result of greater daily average borrowings on the revolving line of credit during the quarter-ended June 30, 2016 compared to the three-month period ended

June 30, 2015, as funds from the December 2014 Rights Offering were used to pay down the borrowings on the revolving credit facility during the quarter-ended June 30, 2015.

Impact of Foreign Currency

While the financial accounts of the Corporation are reported in CAD, the Corporation incurs and transacts revenues and expenses in CAD and USD. With the exception of revenues earned from transloading propane at Northgate, all of the Corporation's revenues are earned and transacted in USD. Of the Corporation's nine grain elevators, seven incur operating expenses that are denominated in USD. All of the Corporation's grain division general and administrative expenses are incurred in USD, while a significant portion of the Ceres' corporate general and administrative are incurred in USD but recorded in CAD. Thus, all revenues and expenses that are denominated in USD are translated into CAD using the average exchange rates prevailing at the dates of the transactions. As a result, the weakened CAD has increased revenues and expenses.

Furthermore, the weakened CAD has a similar effect on the Corporation's balance sheet. Of the Corporation's $330 million total assets, $230 million are denominated in USD, which as at June 30, 2016, totaled US$178 million. (As at March 31, 2015, the Corporation's total assets were $309 million, with $249 million denominated in USD, or US$196 million.) The Corporation's USD denominated assets and liabilities are translated to CAD at the spot rate as at the reporting date. Similar to the translation effect on revenues and expenses, the weakened CAD increases the CAD equivalent of the USD denominated assets and liabilities of the Corporation.

As previously announced, along with changing its fiscal year-end from March 31 to June 30, the Corporation will change its reporting and presentation currency to USD. The Corporation will commence reporting in USD as at and for the three-month period ending September 30, 2016.

Revenues and Gross Profit

The Corporation's grain division 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. Accordingly, management believes it is more important to focus on changes in gross profit and bushels handled than on changes in revenue dollars.

For the fifteen-months ended June 30, 2016, revenues totaled $505.5 million (for the twelve-months ended March 31, 2015: $192.8). For the fifteen-months ended June 30, 2016, the Corporation sold 57.3 million bushels of grain and oilseed compared to 22.6 million bushels for the twelve-months ended March 31, 2015.

For the quarter ended June 30, 2016, revenues totaled $149.3 million compared to $59.3 million for the quarter ended June 30, 2015, as the Corporation sold 18.7 million bushels of grain and oilseed compared to 5.4 million for the quarter ended June 30, 2015.

The table below represents a summary of the components of gross profit for the fiscal periods ended June 30, 2016 and March 31, 2015 and the three-months ended June 30, 2016 and 2015:

(in millions)	**Fifteen-month period ended June 30, 2016**	Twelve-month period ended March 31, 2015	**Three-month period ended June 30, 2016**	Three-month period ended June 30, 2015
Net trading margin	**$ 11.4**	$ 21.8	**$ 5.2**	$ 4.6
Storage and rental income	**11.1**	6.5	**2.5**	1.8
Logistics and energy transloading	**1.1**	-	**0.4**	0.2
Management service revenue	**2.0**	-	**-**	-
Operating expenses included in Cost of sales	**(21.3)**	(13.9)	**(4.4)**	(3.9)
Depreciation expense included in Cost of sales	**(5.0)**	(2.7)	**(1.3)**	(0.8)
Gross profit (loss)	**$ (0.7)**	$ 11.7	**$ 2.4**	$ 1.9

For the fifteen-months ended June 30, 2016, the Corporation recognized a gross loss of $0.7 million compared to a gross profit of $11.7 million for the twelve-months ended March 31, 2015. The decline in gross profit was primarily driven by a reduction in net trading margin.

<u>Net trading margin</u>
For the fifteen-month period ended June 30, 2016, the Corporation recognized $11.4 million in net trading margin. Excluding the net trading loss of durum in the fifteen-month period ended June 30, 2016 of $10.3 million, and the durum net trading margin of $6.8 million for the twelve-month period ended March 31, 2015, total net trading margins total $21.7 million and $15 million for the fifteen-month and twelve-month period ended June 30, 2016 and 2015, respectively. Consequently, the decline in net trading margin for the fifteen-month period ended June 30, 2016 compared to the twelve-month period ended June 30, 2015, was driven primarily by the reduction in the durum wheat trading margin of $17.1 million from prior year. The durum loss was due to the durum price declines on the Corporation's durum inventories during the quarter ended December 31, 2015. While price volatility is normal in commodity markets, the drop in durum prices through early calendar 2015, through 2015's harvest year, extending through calendar year 2015, was far greater than normal, as the market moved from near $20 per bushel to below $10 per bushel.

The price decline in the durum market was two-fold: (1.) Canada & U.S. supplies were not as tight as forecasted earlier in the year, and; (2.) other durum crops around the world produced high yields and increased global supplies. Since that time the Corporation has implemented a number of measures to better mitigate the risk of a similar event from reoccurring, which include: (a.) lowering the flat-priced volume limit for trading durum; (b.) increased the number of steps and involvement of senior management in the decision-making process around trading durum; (c.) an alternation of the durum business model to focus more on supply chain versus flat priced trading.

Durum aside and excluding the impact of the weakened CAD, the Corporation's net trading margin increased $6.7 million, which was attributable to strong carry income in the futures market along with an increased in trading activity compared to prior year as evidenced by sales bushels totaling 57.3 million compared to 22.6 million for the twelve-months ended March 31, 2015.

During the quarter ended June 30, 2016, the Corporation's total net trading margin totaled $5.2 million compared to $4.6 million for the quarter ended June 30, 2015. The increase in trading margin was most attributable to the expansion of the Corporation's commodity trading portfolio and geographical regions into which the Corporation sold, which included oilseed destined to the Asian market and trading corn into the Latin

American market. While the overall trading margin increased during the quarter ending June 30, 2016 compared June 30, 2015, the margin per bushel was significantly less at $0.27 compared to $0.85. This was due to a significant increase in inventory value of products the Corporation was holding during the quarter ending June 30, 2015 and not due to a difference in trading margins.

Storage and rental income

The Corporation's storage and rental income totaled $11.1 million for the fifteen-months ended June 30, 2016 compared to $6.5 million for the twelve-months ended March 31, 2015. During the fifteen-month period ended June 30, 2016, the Corporation had, on average, more bushels in-store than during the twelve-month period March 31, 2015.

During the quarter-ended June 30, 2016, the Corporation's storage and rental income amounted to $2.5 million while totaling $1.8 million for the quarter-ended June 30, 2015. The increase in storage for the quarter-ended June 30, 2016, was attributable to an increase in the number of bushels stored, and the storage and handling rates for each storage agreement.

Logistics and energy transloading

The Corporation earns a service fee for handling liquefied petroleum gas ("LPG" or "propane") at Northgate. The Corporation earns all of its propane transloading revenue in CAD. Total propane transloading has amounted to approximately $1.1 million for the fifteen-months ended June 30, 2016, while $0.4 million was recognized in the quarter ended June 30, 2016.

Management service revenue

As we disclosed in our MD&A for the twelve- and three-month period ended March 31, 2016, in March 2013, the Corporation sold a grain elevator in Ralston, Wyoming, and a related barley seed plant in Powell, Wyoming, to Briess. As part of the sale, the Corporation agreed to manage the facility for Briess for three years, and to, among other things, contract malting barley with producers on behalf of Briess. If the Corporation met certain annual performance targets based on the number of bushels contracted, Ceres would receive a contingency payment at the end of the three year term of USD $1.5 million. In March 2016, the Corporation earned and recognized the contingency following the completion of the final year's barley contracting for crop year 2016, receiving USD $1.5 million.

Operating expenses and depreciation

A significant majority of the Corporation's operating expenses are incurred in USD, and the Corporation has seven operating facilities in the United States. The impact of the USD-to-CAD fluctuation is significant to operating and depreciation expense. A majority of the operating expenses incurred at the Corporation's Port Colborne, Ontario, and Northgate, Saskatchewan, facilities are incurred in CAD.

For the fifteen-month period ended June 30, 2016, operating and depreciation expenses totaled $26.3 million compared to $16.6 for the twelve-month period ended March 31, 2015. Operating and depreciation expenses from operating Northgate total $5.2 million primarily driven by labor and depreciation expense with the commencement of the grain operations, and the high-speed grain terminal being placed into service and depreciating during the 15 months ended June 30, 2016. Excluding Northgate expenses, total operating and depreciation expenses amounted to $21.1 million. The largest operating expense categories that make up the $21.1 million are labor expenses of $7.7 million, depreciation expense of $3.9 million, property tax of $2.3 million, and utilities expense of $2.2 million.

For the three-month period ending June 30, 2016, total operating and depreciation expense totaled $5.7 million compared to $4.7 million for the same period in 2015. On a CAD basis, much of the increase was driven by operations at Northgate increasing $0.9 million in operating expenses and depreciation compared to the same period in the prior year. The increase in Northgate depreciation expense of $0.4 million is a result of placing the assets from the final phase of construction into service which include a concrete slipform, the concrete grain bins, and cleaner dust system. Excluding Northgate, the operating and depreciation expense is comparable for the quarter ended June 30, 2016 to the quarter ended June 30, 2015.

The table below represents the total number of bushels handled at the Corporation's elevator facilities for the company-owned grains and for grain handled for third-party storage tenants for the fiscal periods ended June 30, 2016 and March 31, 2015 and the three-months ended June 30, 2016 and 2015.

(Bushels in millions)	**Fifteen-month period ended June 30, 2016**	Twelve-month period ended March 31, 2015	**Three-month period ended June 30, 2016**	Three-month period ended June 30, 2015
Total bushels handled	**55.8**	37.9	**18.7**	6.7

The following table represents the net trading margins per bushel relative to company-owned bushels handled; storage and rental income per bushel of third-party owned inventory handled; along with the operating and depreciation expenses per bushel for all bushels handled for the fifteen-month and twelve-months ended June 30, 2016 and March 31, 2015, respectively, along with the three-month periods ended June 30, 2016 and 2015.

(Dollars per bushel handled)	**Fifteen-month period ended June 30, 2016**	Twelve-month period ended March 31, 2015	**Three-month period ended June 30, 2016**	Three-month period ended June 30, 2015
Average gross profit before undernoted expenses	**$ 0.40**	$ 0.75	**$ 0.41**	$ 0.96
Operating and depreciation expense	**(0.47)**	(0.44)	**(0.30)**	(0.70)
Gross profit (loss) per bushel handled	**$ (0.07)**	$ 0.31	**$ 0.11**	$ 0.26

* Exclusive of management service and logistics and energy transloading revenues

Gross profit analysis for the fifteen-month period ended June 30, 2016

Gross profit per bushel handled was a loss of 7-cents per bushel compared to a profit of 3-cents per bushel for the twelve-months ended March 31, 2015. The decline was driven by a reduction in net trading margin per bushel handled of company-owned grain, which was predominantly driven by the trading losses the Corporation experienced in durum during the fifteen-month period ended June 30, 2016. Excluding the durum wheat net trading margin (loss) per bushel handled for the fifteen-month ended June 30, 2016 and the twelve-month period ended March 31, 2015, net trading margins totaled $0.84 compared to $1.07, respectively for the two periods.

Furthermore, the Corporation's storage and rental income per bushel handled increased in the fifteen-months ended June 30, 2016 compared the twelve-months ended March 31, 2015. The favorable change is attributable to: (1) a decline in third-party bushels handled compared to the twelve-months ended March 31, 2015; (2) having more third-party storage bushels held in-store on average throughout the fifteen-months ended June 30, 2016 compared to the twelve-months ended March 31, 2015; (3) at more favorable storage and handling rates as per the third-party storage contracts. The slight increase in operating and depreciation expense is predominantly driven by operating expenses incurred at Northgate.

Gross profit analysis for the three-month period ended June 30, 2016

Gross profit per bushel handled for the three-month period ended June 30, 2016 was 11-cents compared to 26-cents for the same period in 2015. The reduction in gross profit per bushel handled was driven by a decline in the net trading margin per bushel handled and storage and rental income per bushels handled. The decline was predominantly driven by a three-fold increase in the amount of third-party bushels handled while storage and rental income increase less than double. Operating and depreciation expense per bushel handled declined to 30-cents for the three-months ended June 30, 2016 compared to 70-cents for the same three months in 2015. While total bushels handled increased nearly 3-fold from the three-months ended June 30, 2015 to 2016, expense only increased just over 1.5-times due to a portion of these costs being fixed.

General and Administrative Expenses

General and administrative expense is composed of three components: corporate level administrative expenses, administrative expenses associated with operating the grain division (exclusive of those expenses incurred at grain facilities, which are captured in cost of sales and are a reduction to gross profit as described above), and the revaluation of the provision for future payments to Front Street Capital. In addition, the corporate administrative expenses are inclusive of non-grain business growth initiatives.

The following table sets out the components of the Corporation's consolidated general and administrative expenses for the fiscal periods ended June 30, 2016 and March 31, 2015 and the three-months ended June 30, 2016 and 2015:

(in millions)	**Fifteen-month period ended June 30, 2016**	Twelve-month period ended March 31, 2015	**Three-month period ended June 30, 2016**	Three-month period ended June 30, 2015
Corporate administration	**$ 5.8**	$ 6.1	**$ 1.3**	$ 1.1
Grain Division administration	**7.6**	5.2	**1.5**	1.2
Revaluation of provision of Front Street Capital	**(0.2)**	(0.6)	**-**	0.2
Total general and administrative expense	**$ 13.2**	$ 10.7	**$ 2.8**	$ 2.5

For the fifteen-month period ended June 30, 2016, general and administrative expenses totaled $13.2 million compared to $10.7 million in the twelve-month period ended March 31, 2015.

Corporate administrative expenses declined due to a reduction in spending. In the previous year, the corporation incurred expenses in connection with the finalization and build-out of Northgate prior to commencing operations there, in addition to expenses indirectly associated with the corporations rights offering (the "Rights Offering"), which were not direct costs relating to share issuance. In the twelve-month period ended March 31, 2015, the Corporation incurred non-capitalized consulting and third-party service costs associated with Northgate, including legal fees and licensing, and site services, while those expenses were nominal in the fifteen-month period ended June 30, 2016.

The grain division's administrative expenses for the fifteen-month period ended June 30, 2016 totaled $7.6 million. The largest administrative expense categories that make up the $7.6 million are labor expenses of $5.2 million, accounting and legal services of $0.5 and travel expenses of $0.4 million. The increase in grain division administrative expenses is primarily driven by labor and personnel costs, as the Corporation expanded its grain trading and merchandising group and grain settlements team, and added an internal human resources manager.

The magnitude of the revaluation in the provision for future payments due to Front Street Capital is predominantly due to the inverse correlation between the liability and the Corporation's stock price. During the twelve-month period ending March 31, 2015, the stock price declined at a greater rate compared to the fifteen-month period ended June 30, 2016. This led to a reduction in the unrealized gain due to revaluation of the provision for the fifteen-month period ended June 30, 2016 compared to the twelve-month period ended March 31, 2015.

General and administrative expense increased $0.3 million for the three-month period ending March 31, 2016 compared to 2015. The increase was driven by $0.2 million increase in labor and personnel costs, as the Corporation expanded its grain trading and merchandising group. Additionally, the Corporation incurred increased legal expenses related to the legal dispute brought against the Corporation as we reported and disclosed within footnote 21 in the Annual Financial Statements.

Finance Income

For the fifteen-month period ended June 30, 2016, finance income totalled $1.6 million compared to finance loss of $189 thousand during the twelve-month period end March 31, 2015. For the quarter ended June 30, 2016, the Corporation incurred a finance loss of $130 thousand, which represented a $43 thousand increase compared to the finance loss of $87 for the quarter ended June 30, 2015. Finance income is composed of realized and unrealized losses on foreign exchange transactions and currency hedging transactions along with revaluation gains of portfolio investments.

For the fifteen-month period ended June 30, 2016, the increase compared to the twelve-month period ended March 31, 2015 is attributable to the revaluation of the Corporations investment in Canterra Seeds Holdings, Ltd. ("Canterra" or "the Investee") as we previously reported for the quarter ended September 30, 2015. Until September 30, 2015, the Corporation held a 25% equity interest in Canterra that had a carrying value of $2,168,767. This investment, accounted for using the equity method, was classified on the Consolidated Balance Sheet as "Investments in associates". During the quarter ended September 30, 2015, the Investee issued additional common equity shares, resulting in the dilution of the Corporation's equity interest to 17%. As such, the Corporation no longer had significant influence over the financial and operating policies of the Investee. Therefore, during the fifteen-month period ended June 30, 2016, Ceres reclassified its investment to portfolio investments and recorded it at fair value, recognizing a gain of $1,368,247 classified within the Consolidated Statement of Comprehensive Income as "Finance income".

Revaluation of Derivative Warrant Liability

As described in Note 15 of the Consolidated Financial Statements for the fifteen-month period ended June 30, 2016 and twelve-month period ended March 31, 2015, in connection with the completion of the Rights Offering, on December 4, 2014, Ceres issued an aggregate of 2,083,334 warrants to the stand-by purchasers. The warrants issued were conditional upon approval at the Corporation's annual general meeting ("AGM"), which was obtained at the AGM on August 6, 2015. Furthermore, the stand-by warrants were issued at a fixed exercise price of $5.84 and are each exercisable into one common share of the Corporation. The warrants have an expiry date 24 months after issuance, or December 4, 2016.

In the event that the warrants are being exercised prior to the occurrence of a change of control of the Corporation, but after a transaction that will cause a change of control has been publicly announced, in lieu of exercising the warrants, the holders of warrants can elect a cashless exercise to receive common shares equal to: the difference between the ten-day VWAP of the Corporation's stock price and $5.84; multiplied by the number of common shares in respect of which the election is made; divided by the ten-day VWAP of the Corporation's stock price. If a warrant holder exercises this option, there will be variability in the number of shares issued per warrant.

In accordance with IFRS, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in the fair value recognized in the statement of operations and comprehensive loss at each period end. If the warrants are exercised and converted to common shares, or are extinguished upon the expiration of the outstanding warrants, it will not result in the outlay of any cash by the Corporation.

As at June 30, 2016, the fair value of the Warrants is estimated using the Black-Scholes pricing model with the following assumptions: an average risk free interest rate of 0.52%; an average expected volatility factor of 15.68%; an expected dividend yield of nil; and expected remaining life of 0.43 years. The fair value of the stand-by warrants as at June 30, 2016, was estimated at $136,000 (as at March 31, 2015: $1,719,000).

Revaluation of derivative warrant liability was an unrealized gain of $1.6 million for the fifteen-month period ended June 30, 2016 compared to an unrealized loss of $75 thousand for the twelve-month period ended March 31, 2015. For the quarter ended June 30, 2016, the revaluation of derivative warrant liability was an unrealized loss of $40 thousand compared to an unrealized loss of $836 thousand for the quarter ended June 30, 2015.

An unrealized gain or loss for a particular period is directly related to the change in the fair value, which is primarily driven by the remaining life of the warrants at the revaluation date. For the fifteen-month period from April 1, 2015 to June 30, 2016, the unrealized gain of $1.6 million is attributable to the decrease in the life of the warrants from 1.68 years remaining at March 31, 2015, to 0.43 years at June 30, 2016. Additionally, for the fifteen-month period from April 1, 2015 to June 30, 2016, our stock price decreased from $6.00 at March 31, 2015 to $5.35 at June 30, 2016, which also decreased the fair value.

As the unrealized gain or loss for a particular period is inversely related to the change in the stock price for the respective period, the $0.40 increase in the stock price for the three-month period from March 31, 2016 to June 30, 2016 resulted in an unrealized loss for the quarter.

Interest Expense

(in thousands)	**Fifteen-month period ended June 30, 2016**	Twelve-month period ended March 31, 2015	**Three-month period ended June 30, 2016**	Three-month period ended June 30, 2015
Interest on revolving credit facility	**$ (2,682.7)**	$ (1,761.2)	**$ (581.4)**	$ (201.8)
Interest on repurchase obligations	**(234.5)**	(137.5)	**-**	(15.1)
Long-term debt	**(2,215.8)**	(402.4)	**(438.5)**	(423.3)
Amortization of financing costs paid	**(860.4)**	(742.4)	**(221.2)**	(127.8)
Interest income and other interest expense	**115.8**	137.0	**-**	1.5
Total general and administrative expense	**$ (5,877.6)**	$ (2,906.5)	**$ (1,241.1)**	$ (766.5)

For the fifteen-months ended June 30, 2016, interest expense totaled $5.9 million and $2.9 million for the twelve-month period ended March 31, 2015. Interest expense for the fifteen months ended June 30, 2016 included fifteen months of interest on the term loan that was obtained during the prior fiscal year on December 30, 2014[1]. The Corporation's daily average borrowings on the revolving line of credit was $51.4 million during the fifteen months ended June 30, 2016.

For the quarter ended June 30, 2016, interest expense totaled $1.2 million compared to $767 thousand for the quarter ended June 30, 2015. The increase was driven by the interest on the revolving credit facility, which increased $379.6 for three months ended June 30, 2016 compared to the same three months in 2015. The average daily borrowings for the quarter ended June 30, 2016 increased from $21.7 million USD to $55.8 million USD for the quarters ended June 30, 2015 and June 30, 2016, respectively, as funds from the December 2014 Rights

[1] While the Corporation's corporate term debt was obtained on December 30, 2014, prior to this date, and commencing on June 27, 2014, the Corporation had obtained a bridge loan from Macquarie Bank in the amount of US$20 million. Since the bridge loan was directly used to fund the initial build-out at Northgate, the related interest expense was capitalized as financing costs to property, plant and equipment.

Offering were used to pay down the borrowings on the revolving credit facility during the quarter-ended June 30, 2015.

Income Taxes

Income taxes for the fifteen-month period ended June 30, 2016 amounted to a recovery of $0.3 million compared to an expense of $0.4 million for the twelve months ended March 31, 2015. The expense in the prior year related to current income taxes incurred while the recovery in 2016 relates to deferred income taxes. Income taxes expense for the quarter ended June 30, 2016 totalled $25 thousand compared to a recovery of $320 thousand for the quarter ended June 30, 2015.

Share of Net Income (Loss) in Investments in Associates

For the fifteen months ended June 30, 2016, the Corporation's share of net income in its investment in associates was $0.3 million compared to $1.2 million for the twelve-month period ended March 31, 2015. For the quarter ended June 30, 2016, the Corporation's share of a net loss in its investment in associates was $41 thousand compared to net income of $304 thousand for the quarter ended June 30, 2015.

For the fifteen-months ended June 30, 2016, the decline is primarily driven by prior year's recognition of equity share of income in Canterra of $0.9 million. As disclosed above, upon dilution due to the Investee issuing additional common equity shares and Ceres no longer having significant influence over the financial and operating policies of the Investee, Ceres records its investments in Canterra at fair value as classified on the Consolidated Balance Sheet within "Portfolio investments". Any change in the fair value is recorded in Finance income within the Consolidated Statement of Comprehensive Loss.

In the three-month period ended June 30, 2015, the Corporation recognized a gain in its net share in investments in associates of $304 thousand: $315 thousand related to a gain associated with Canterra, and a loss of $11 thousand recognized in Ceres' portion of net income earned by SSR. For the three months ended March 31, 2016, the Corporation's share of a net loss of $41 thousand related to the Stewart Southern Railway Inc. The decline in the share of net income (loss) in investment in associates was driven by a decline SSR's profitability.

Other Comprehensive income (loss) for the period

Net investment hedge – net income

During the fifteen-month period ended June 30, 2016, the Corporation hedged a portion of its investment in a US subsidiary through US dollars futures contracts, which mitigated the foreign currency risk arising from the subsidiary's net assets. The Corporation settled the USD futures hedge and realized a gain of $1.4 million (2015: nil), which has been recognized in other comprehensive income.

Gain (loss) on translation of foreign currency accounts of foreign operations

Gains and losses pertaining to translation of foreign operations relate to net assets of USD functional currency operations, which are translated into CAD using the rate at the reporting date, while related net income (or loss) is translated using the average rate for the period.

For the fifteen-month period ended June 30, 2016, the Corporation recognized a net loss on translation of foreign accounts totaling $37 thousand, compared to a gain of $14.1 million for the twelve-month period ended March 31, 2015.

The Corporation will generally recognize a gain on translation of foreign currency accounts when the spot rate from USD to CAD as at the balance sheet date is weaker than the average exchange rate for the period. When the spot rate at the balance sheet rate is stronger than the average rate, a loss is recognized.

For the fifteen-month period ended June 30, 2016 and twelve month period ended March 31, 2015, the spot rate at which USD denominated assets and liabilities are translated to CAD along with the daily average USD to CAD rates for comparative purposes were as follows:

	Fifteen-month period ended June 30, 2016	Twelve-month period ended March 31, 2015	**Three-month period ended June 30, 2016**	Three-month period ended June 30, 2015
Spot rate at balance sheet	**1.30**	1.27	**1.30**	1.24
Average exchange rate	**1.31**	1.14	**1.29**	1.23

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014	9/30/2014
(in millions except per share)	Q5 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Revenues	$ 149.3	$ 119.4	$ 82.3	$ 95.2	$ 59.3	$ 54.5	$ 69.7	$ 17.1
Gross profit (loss)	$ 2.4	$ 3.9	$ (10.4)	$ 1.5	$ 1.9	$ (0.2)	$ 5.4	$ 5.3
Income (loss) from operations	$ (0.4)	$ 1.3	$ (13.1)	$ (1.1)	$ (0.6)	$ (2.5)	$ 3.3	$ 2.4
Net income (loss)	$ (1.9)	$ 1.2	$ (13.4)	$ 0.1	$ (1.7)	$ (3.5)	$ 2.3	$ 1.9
Return on shareholders' equity	-0.9%	0.6%	-6.2%	0.0%	-0.8%	-1.6%	1.1%	1.4%
Weighted-average number of common shares for the quarter	$ 26.9	$ 27.0	$ 27.1	27.1	27.1	27.1	17.9	14.2
Basic and fully diluted earnings (loss) per share	$ (0.07)	$ 0.04	$ (0.50)	$ 0.00	$ (0.06)	$ (0.13)	$ 0.13	$ 0.13
EBITDA	$ 0.7	$ 2.6	$ (11.9)	$ 1.3	$ -	$ (1.6)	$ 3.8	$ 3.2
EBITDA per share	$ 0.03	$ 0.10	$ (0.44)	$ 0.05	$ -	$ (0.06)	$ 0.21	$ 0.23
Cash and cash equivalents and portfolio investments, at reporting date (1)	$ 4.2	$ 10.4	$ 8.4	$ 67.1	$ 4.4	$ 6.0	$ 86.3	$ 13.7
Shareholders' equity, as at reporting date	$ 204.2	$ 207.6	$ 215.1	$ 224.5	$ 213.8	$ 218.8	$ 214.1	$ 135.0
Shareholders' equity per common share, as at reporting date	$ 7.59	$ 7.68	$ 7.95	$ 8.30	$ 7.90	$ 8.09	$ 7.91	$ 9.50

1) Inclusive of cheques issued in excess of cash on hand

Revenues: The Corporation's revenue is currently generated by its grain division, and revenues are predominantly composed of the sale of grain, storage and rental income, and other operating income that is earned. Since a significant portion of revenue is generated through the sale of grain, as a commercial commodities merchandizing business, revenues can vary from quarter-to-quarter due to fluctuations of agricultural commodity prices. The Corporation has the flexibility to be opportunistic in its decisions to buy, sell or hold inventory based on market conditions such as grain supply, demand, and grain values.

Gross profit (loss) & income (loss) from operations: The Corporation's grain division 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 are expected to have a relatively equal impact on sales and cost of sales. Therefore, management of the company believes it is more important to focus on changes in gross profit and bushels handled rather than changes in revenue dollars. Gross profit may vary from quarter to quarter depending on gains from trading, carrying income, and basis income against changing inventory levels.

3. LIQUIDITY & CASH FLOW

(in thousands)	Fifteen-month period ended June 30, 2016	Twelve-month period ended March 31, 2016
Net Cash Provided by (Used in)		
Operating activities	**$ 7,434**	$ (22,724)
Investing activities	**(39,258)**	(22,550)
Net Cash Used Before Financing Activities	**(31,824)**	(45,274)
Financing Activities	**29,024**	44,022
Foreign Exchange Cash Flow Adjustment on Accounts Denominated in a Foreign Currency	**(2,478)**	(5,621)
Decrease in Cash and Cash Equivalents	**$ (5,278)**	$ (6,873)
Cash and Cash Equivalents (Outstanding cheques)	**$ (143)**	$ 5,136

Operating Activities
Cash provided operating activities was $7.4 million for the fifteen month period ended June 30, 2016, $30.1 greater than the twelve months ending March 31, 2015 predominantly due to the change in non-cash working capital accounts of $44.4 million from a net decrease of $24.0 million for the twelve months ended March 31, 2015, to an increase of $20.4 million for the fifteen months ended June 30, 2016. The change in working capital was partially offset by the increase in net loss of $14.4 million, from a net loss of $1.4 million for the twelve-month period ended March 31, 2015, compared to a net loss of $18.8 million for the fifteen months in ended June 30, 2016.

Investing Activities
The Corporation's primary investing activities are acquisitions of property, plant and equipment. During the fifteen months ended June 30, 2016, cash used in investing activities were $39.3 million, which comprised of additions of property, plant and equipment of $41.2 million, offset by the proceeds of $1.9 million from the sale of the Electric Steel facility. The cash used for investing activities at NCLC totaled $33.5 million of the $41.2 million for the fifteen-month period ended June 30, 2016.

Financing Activities
During the fifteen months ended June 30, 2016, the Corporation had $29.0 million in cash provided by financing activities compared to $44.0 million for twelve months March 31, 2015. The $29.0 million in cash provided by financing activities for the fifteen-month period ended June 30, 2016 consisted primarily of borrowings on the revolving credit facility. The $44.0 million received from financing activities for the twelve months end March 31, 2015, was inclusive of net proceeds of $73.6 million received from the Rights Offering in December 2014, which was used to pay down debt of $56.9M. Additionally, the Corporation received $29.0 million from the term loan credit facility.

Available Sources of Liquidity

The Corporation's sources of liquidity as at June 30, 2016 include available funds under its revolving credit facility (the "Credit Facility"). Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Growth capital expenditures in the next twelve months are expected to be funded by cash on hand and borrowing against the Credit Facility. Any additional debt incurred is expected to be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant limits.

In addition, the Corporation's Credit Facility at June 30, 2016 contains certain covenants, including a covenant that the company maintain minimum working capital of not less than $30 million. As at June 30, 2016 the Corporation's working capital – defined as current assets less current liabilities – totaled $73.6 million. In addition to working capital, the covenants include the maintenance of "consolidated debt" to "consolidated tangible net worth" (as defined in the agreement) of not more than 4.0 to 1.0; consolidated tangible net worth of not less than $160 million; certain limitations on capital expenditures and interest coverage ratio of not less than 1.15. As at June 30, 2016 and March 31, 2015, the Corporation was in compliance with all of the above mentioned financial covenants.

Liquidity risk

As at June 30, 2016 and March 31, 2015, the following are the contractual maturities of financial liabilities, excluding interest payments:

June 30, 2016	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 72,014,760	$ 72,337,860	$ 72,337,860	$ -	$ -	$ -
Accounts payable and accrued liabilities	20,738,687	20,738,687	20,738,687	-	-	-
Repurchase obligations	-	-	-	-	-	-
Derivatives	3,327,501	3,327,501	3,327,501	-	-	-
Provision for future payments to Front Street Capital	95,000	95,000	95,000	-	-	-
Warrants	136,000	136,000	136,000	-	-	-
Long-term debt (Note 10)	29,671,371	30,631,066	2,127,866	6,478,000	22,025,200	-

March 31, 2015	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 18,736,400	$ 18,963,000	$ 18,963,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	17,388,202	17,388,202	17,388,202	-	-	-
Repurchase obligations	18,635,451	18,635,451	18,635,451	-	-	-
Derivatives	2,607,280	2,607,280	2,607,280	-	-	-
Provision for future payments to Front Street Capital	344,000	344,000	344,000	-	-	-
Warrants	1,719,000	1,719,000	1,719,000	-	-	-
Long-term debt	30,381,310	31,605,000	-	3,792,600	27,812,400	-

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.

4. CAPITAL RESOURCES

The Corporation utilizes the Credit Facility to finance its grain trading operations, which primarily consist of purchases of grain inventories, financing of accounts receivable, and hedging activities, less accounts payable. Levels of short-term debt fluctuate based on changes in underlying commodity prices and the timing of grain purchases.

Credit Facility
As disclosed in the Consolidated Financial Statements for the fifteen-month period ended June 30, 2016 and twelve-month period end March 31, 2015, on December 18, 2015, the Corporation renewed and amended its uncommitted US$120 million credit facility, which now expires on December 18, 2016. Borrowings bear an interest rate dependent on the facility utilization level: at any time the utilization level is less than 50%, overnight LIBOR plus 2.875% per annum, and at any time that the utilization level is greater than or equal to 50%, overnight LIBOR plus 2.750% per annum. Interest is calculated and paid on a monthly basis. The Credit Facility subject to borrowing base limitations. Amounts under the Credit Agreement that remain undrawn are not subject to a commitment fee. The Credit Facility has certain covenants pertaining to the accounts of the Corporation, and as at June 30, 2016, the Corporation was in compliance with all covenants.

Prior to the December 18, 2015 amendment, borrowings under the Credit Facility were subject to interest of overnight LIBOR plus 2.875% per annum, with interest calculated and paid monthly.

Term Debt
In addition, as noted in the Annual Consolidated Financial Statements, on June 27, 2014, Ceres entered into a senior secured term loan facility agreement (the "Loan") for US$20 million with Macquarie Bank to finance further development and early stage construction of Northgate.

Subsequent to that, and in conjunction with amending and extending the syndicated uncommitted credit agreement on December 30, 2014, the Corporation entered into a senior secured term loan facility agreement (the "New Loan") for US$25 million with Macquarie Bank. The New Loan is for a term of 5 years with an interest rate of one month LIBOR plus 5.25%. The New Loan extinguished and replaced the previous loan originated on June 27, 2014, which had an initial term maturing on December 29, 2014.

The New Loan is for US$25,000,000 with a term of 5 years, an interest rate of one month LIBOR plus 5.25%. On November 17, 2015, immediately following the closure of the sale of Electric Steel, the Corporation used the net sales proceeds to repay a portion of its outstanding term debt in accordance with the terms of the New Loan. The total amount repaid on the term debt was US$1,357,621 (CAD $1,808,895). The next principal payment on the term loan is payable on December 29, 2016 for the amount of US$1,642,379 with the following principal payments of US$5,000,000 payable on each of December 29, 2017, and December 28, 2018, and US$12,000,000 payable on December 27, 2019. The New Loan has an effective interest rate of 6.21% plus one month LIBOR.

Equity Financing & Rights Offering
On December 4, 2014, the Corporation successfully completed a fully backstopped rights offering. The Rights Offering was fully subscribed at a price of $5.84. The Corporation issued 12,842,465 common shares for aggregate gross proceeds of approximately $75 million. Costs incurred relating to the issuance of shares totaled $1,640,421.

Normal Course Issuer Bid
During the fifteen-month period ended June 30, 2016, the Corporation purchased Shares under normal course issuer bids with the purpose of which was to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the common shares. On June 10, 2015, Ceres announced a normal course issuer bid ("the 2015-2016 NCIB") which commenced on June 12, 2015 and concluded on June 11, 2016. The Corporation renewed the normal course issuer bid ("the 2016-2017 NCIB") commencing on June 12, 2016. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intends to purchase up to a maximum of 1,595,765 of its Common Shares, representing approximately 10 percent of its unrestricted public float as of June 2, 2016, subject to a maximum aggregate purchase price of $5 million pursuant to restrictions under the Corporation's Credit Facility. The 2016-2017 NCIB will conclude on the earlier of the date on which purchases under the 2016-2017 NCIB have been completed and June 11, 2017. Ceres may purchase up to a daily maximum of 2,119 Common Shares under the 2016-2017 NCIB, except for purchases made in accordance with the "block purchase" exception under applicable Toronto Stock Exchange ("TSX") rules and policies.

During the fifteen-month period ended June 30, with purchases commencing period from February 11, 2016, the Corporation purchased a total of 168,600 common shares under its normal course issuer bids for aggregate cash consideration of $852,847. The stated capital value of these repurchased Shares was $1,301,592. The excess of the stated capital value of the repurchased common shares over the cost thereof, being $448,745, was allocated to Retained Earnings in the fifteen-month period ended June 30, 2016.

During the twelve-month period ended March 31, 2015, the Corporation did not purchase any Shares under any Normal Course Issuer Bid.

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued But Not Yet Effective
Refer to Note 3 to the Annual Consolidated Financial Statements for information pertaining to accounting changes effective for the current fiscal year ending June 30, 2016, and information on standards issued but not yet effective.

Critical Accounting Estimates
The discussion and analysis of Ceres' financial condition and results of operations are based upon the Corporation's Consolidated Financial Statements, which have been prepared in accordance with IFRS. Ceres' significant accounting policies and accounting estimates are contained in the Annual Consolidated Financial Statements (see Notes 3 and 4, respectively, for the description of policies or references to notes where such policies are contained). The critical accounting estimates are valuation of investments; valuation of inventories and commodity derivatives; fair value of financial instruments; income taxes and the valuation of warrant obligations; and deferred share units, because they require Ceres to make assumptions about matters that are potentially uncertain at the time the accounting estimate is made and due to the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

6. OUTLOOK

MARKET OUTLOOK

Grain Division
The 2015 cereal grain harvest resulted in high quality spring wheat, oats and durum wheat, which has led North America and the world in an over-supply situation that continued through the first-half of calendar 2016. As a

result of the supply in the market, for the quarter ended June 30, 2016, the Corporation was able to profit by carrying inventory during the quarter, capturing strong carrying charges on inventory hedged in the futures market, as deferred price in the futures market was greater than the nearby futures price. Thus, carrying income earned in the quarter was slightly offset by unrealized mark-to-market losses on premium declines on inventories held in-store.

Early indications of 2016 crop suggests strong yields with quantities that are slightly better than a ten-year average. We anticipate strong supplies to continue in spring wheat, oats and soft red winter wheat, which would perpetuate relatively flat premium levels through the first and potential second quarter of fiscal year 2017 due to static demand along with futures near ten-year lows. While premiums declined during the quarter ended June 30, 2016 and we expect to remain flat, management views favorable upside in the potential and likelihood of premium appreciation.

During the quarter-ended June 30, 2016, the Corporation completed construction of the high-speed elevator in April 2016. The final phase of the construction included the completion of a concrete slipform, the concrete grain bins, and cleaner dust system. The construction was completed within fiscal budget, and finished slightly ahead of the May 2016 target date. The Corporation continued to increase operations at Northgate, loading railcars of grain and/or oilseed at Northgate destined to the United States milling market, Asian and Latin American.

Furthermore, the Corporation continues to execute on its strategy as being a preferred supplier to end-users throughout North America. While Ceres has expanded commodity trading into the oilseed space, originating canola from Canadian producers, and selling to the North American end-users and export gateways, the Corporation has also expanded into the Latin American markets. In addition, subsequent to June 30, 2016, the Corporation expanded its commodity trading portfolio with the addition of peas, lentils and flax, which will be originated at Northgate and exported into the Latin American and Asian markets.

Management expects that a full year of utilization of the high-speed elevator at Northgate, coupled with the expanded commodity trading portfolio and volume trade and customers reached, will contribute positively to the Corporation's net earnings in fiscal 2017.

Logistics Division

In November 2015, Ceres entered into an agreement with Koch for the storage and handling of dry fertilizer products at Northgate. Koch will bring 65 - 80 car trains of phosphate-based fertilizer to Northgate, where Ceres will unload and warehouse it in a new state of the art 26,000 ton fertilizer storage terminal. The fertilizer will be loaded out by Ceres into trucks and distributed to Canadian grain fertilizer producers distributors. While the partnership with Koch provides the international fertilizer producer access to the western Canadian market, Ceres views this partnership as a strategic compliment to its existing grain operations at Northgate.

This arrangement will provide the Corporation's grain suppliers at Northgate the ability to backhaul grain, as local grain suppliers would reload their trucks with fertilizer after having unloaded grain and return to their origination. Management anticipates that this will greatly improve transportation economics, and further highlight Northgate as an advantageous pricing gateway. In addition, in December 2015, the Corporation signed a contract with a construction vendor to build the fertilizer storage warehouse. The contract commitment totals USD $9 million, which is based on the minimum guaranteed volume under the agreement with Koch. The Corporation broke-ground, beginning construction in April 2016 with completion targeted for spring 2017.

In addition, the Corporation continues to unload LPG from inbound trucks and loading LPG into railcars for shipment into the US market via the BNSF from Northgate, Saskatchewan. The transloading of LPG has continued grow through the quarter-ended June 30, 2016, as we transloaded a record number of railcars for a fiscal quarter. Management anticipates that the transloading of propane will continue to grow, as the movement of LPG by rail out of Canada into the United States is a new trade flow for the product. As a result, market participants are becoming familiar with the new movement.

In addition, management is exploring opportunities to build out and further develop the NCLC energy transloading business with additional tenant customers, and the potential of handling other types of energy products. The Corporation is pursuing opportunities that further leverage the international port advantages of NCLC with other oilfield and agricultural inputs products. As we continue to assess the value proposition of crude oil handling and transloading, while assessing markets with Canadian and US sources of production that would be tributary to Northgate. In addition, we are working with potential partners to assess their crude oil distribution alternatives.

7. OTHER

CONTROLS ENVIRONMENT

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 June 30, 2016, designed and evaluated the effectiveness of the 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 Controls 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 June 30, 2016, designed and evaluated the effectiveness of ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). The control framework used by the Chief Executive Officer and the Chief Financial Officer to design Ceres' ICFR is the *Risk Management and Governance: Guidance on Control* (COCO Framework) published by The Canadian Institute of Chartered Accountants. There have been no material changes in the Corporation's internal control over financial reporting during the three month period ended June 30, 2016 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Corporation's financial instruments and other instruments, including a discussion of risks and relevant risk sensitivities, can be found in Note 14 of the Annual Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has not engaged in any off-balance sheet arrangements.

RELATED-PARTY TRANSACTIONS

The Corporation's related party transactions can be found in Note 19 of the Annual Consolidated Financial Statements.

SHARES OUTSTANDING

As at September 22, 2016, the issued and outstanding equity securities of the Corporation consisted of 26,886,655 common shares.

CONTINGENCIES AND COMMITMENTS

See Note 21 of the Annual Consolidated Financial Statements for disclosure of the Corporation's contingencies and commitments as at June 30, 2016.

CHANGE IN REPORTING CURRENCY AND YEAR-END

The Corporation has changed its fiscal year-end from March 31 to June 30. In conjunction with the change in fiscal year, Ceres will change its reporting and presentation currency to USD. The Corporation will begin reporting in USD as at and for the three-month period ending September 30, 2016.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

Certain financial measures in this MD&A and discussed below are not prescribed by and have a standardized meaning under IFRS. As such, they are unlikely to be comparable to similar measures presented by other issuers. These non-IFRS financial measures are included because management uses the information to analyze leverage, liquidity, and operating performance.

Earnings Before Interest, Income Taxes, Depreciation and Amortization

The Corporation believes the presentation of EBITDA can provide useful information to investors and shareholders as it provides increased transparency. EBITDA is one metric that is used by management to determine the Corporation's ability to service its debt and finance capital. EBITDA excludes gains and losses on property, plant and equipment and assets held for sale, as these items are considered to be non-reoccurring in nature.

The following table is a reconciliation of EBITDA for Ceres on a consolidated basis for the fifteen-month period ended June 30, 2016, twelve-month period ended March 31, 2015, and quarters ended June 30, 2016 and 2015.

(in thousands)	**Fifteen-month period ended June 30, 2016**	Twelve-month period ended March 31, 2015	**Three-month period ended June 30, 2016**	Three-month period ended June 30, 2015
Net income (loss) for the period	**$ (15,772)**	$ (1,385)	**$ (1,918)**	$ (1,700)
Add/(Deduct):				
Interest Expense	**5,878**	2,906	**1,241**	767
Revaluation of derivative warrant liability	**(1,583)**	75	**40**	836
Gain on sale or property, plant and equipment	**(272)**	-		-
Income taxes (recovered)	**(285)**	419	**25**	(320)
Share of net (income) loss in investments in associates	**(367)**	(1,181)	**40**	(304)
Depreciation on property, plant and equipment	**5,057**	2,821	**1,257**	778
	(7,344)	$ 3,655	**685**	$ 57

Return on Shareholders' Equity

Ceres believes that the return on shareholders' equity can be an effective measure used to evaluate the performance of the business over time. Management uses this metric to analyze performance and set targets. Return on shareholders' equity is the quotient of the net income (loss) for the period and the total shareholders' equity as at the reporting date.

The following table is a calculation of return on shareholders' equity for the fifteen-month period ended June 30, 2016, twelve-month period ended March 31, 2015, and quarters ended June 30, 2016 and 2015.

(in thousands)	**Fifteen-month period ended June 30, 2016**	Twelve-month period ended March 31, 2015	**Three-month period ended June 30, 2016**	Three-month period ended June 30, 2015
Net income (loss) for the period	**$ (15,772)**	$ (1,385)	**$ (1,918)**	$ (1,700)
Total shareholders' equity as at reporting date	**204,184**	218,838	**204,184**	213,775
	-7.7%	-0.6%	**-0.9%**	-0.8%

Total Gross Profit (Loss) and General & Administrative Expenses in USD

As disclosed above, the Corporation earns substantially all of its revenues, and incurs much of its operating expenses, in USD. Similarly, the Corporation incurs much of its general and administrative expenses in USD. As a result, and due to the significant decline in the CAD for the three and fifteen-month periods ended June 30, 2016, compared to the twelve-month period ended March 31, 2015 and three month period ended June 30, 2016, management places an importance in evaluating and analyzing gross profits (losses) and general and administrative expenses in USD.

9. KEY ASSUMPTIONS & ADVISORIES

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, the action against Ceres initiated by the Scoular Company, expected and future cash flows, costs, planned capital expenditures, additional anticipated capital projects, construction and completion dates, including the plans, costs, timing and capital requirements for the development of the 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

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

- 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;
- Adequate and timely service from the railroad companies, and in particular from the Burlington Northern Santa Fe railroad at the NCLC;
- The ability of Ceres to successfully build and operate the Northgate grain elevator;
- The Corporation's ability to successfully defend itself against, or settle, the dispute with The Scoular Company;
- Realization of economic benefits resulting from the synergies with NCLC; and
- The Corporation's ability to maintain existing customer contracts and relationships coupled with its ability to increase its customer portfolio.

The preceding list is not an exhaustive list 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 the 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. 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. However, there may be other factors that might 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 interim 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 interim 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.

Consolidated Financial Statements of

CERES
GLOBAL AG CORP.

For the fifteen-month period ended June 30, 2016 and the twelve-month period ended March 31, 2015

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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 September 22, 2016 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 Professional 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.

Robert Day
President and Interim CEO

Mark Kucala
Chief Financial Officer

KPMG LLP
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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 June 30, 2016 and March 31, 2015, the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the fifteen-month period ended June 30, 2016 and the twelve-month period ended March 31, 2015, 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 June 30, 2016 and March 31, 2015, and its consolidated financial performance and its consolidated cash flows for the fifteen-month period ended June 30, 2016 and the twelve-month period ended March 31, 2015 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

September 22, 2016

Winnipeg, Canada

CERES GLOBAL AG CORP.
Consolidated Balance Sheets

	Note	June 30, 2016	March 31, 2015
ASSETS			
Current			
Cash		$ 937,135	$ 5,136,032
Due from Brokers	6	7,072,446	8,641,335
Unrealized gains on open cash contracts	14(a)	6,615,551	9,472,984
Accounts receivable, trade		17,435,550	7,910,824
Inventories, grains	5	132,950,061	147,940,077
Sales taxes recoverable		169,743	1,137,391
Prepaid expenses and sundry assets		2,455,662	1,410,699
Portfolio investments	14(b)	4,385,177	848,163
Current assets		**172,021,325**	**182,497,505**
Investments in associates	7	3,817,616	5,619,412
Intangible assets		388,680	379,260
Property, plant and equipment	8	153,939,357	120,450,079
Non-current assets		**158,145,653**	**126,448,751**
TOTAL ASSETS		**$ 330,166,978**	**$ 308,946,256**
LIABILITIES			
Current			
Bank indebtedness	9	$ 72,014,760	$ 18,736,400
Current portion of long-term debt	10	2,127,866	-
Accounts payable and accrued liabilities		20,738,687	17,388,202
Repurchase obligations	13	-	18,635,451
Unrealized losses on open cash contracts	14(a)	3,327,501	2,607,280
Provision for future payments to Front Street Capital	17	95,000	344,000
Derivative warrant liabilty	15(c)	136,000	1,719,000
Current liabilities		**98,439,814**	**59,430,333**
Long-term debt	10	27,543,505	30,381,310
Deferred income taxes	18	-	296,971
Non-current liabilities		**27,543,505**	**30,678,281**
TOTAL LIABILITIES		**$ 125,983,319**	**$ 90,108,614**
SHAREHOLDERS' EQUITY			
Common shares	15(e)	$ 207,555,798	$ 208,884,960
Deferred share units	16	762,739	319,820
Contributed surplus		9,426,757	9,228,422
Currency translation account		23,536,873	22,179,246
Deficit		(37,098,508)	(21,774,806)
TOTAL SHAREHOLDERS' EQUITY		**$ 204,183,659**	**$ 218,837,642**
COMMITMENTS	21(b)		
CONTINGENT LIABILITIES	21(a)		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 330,166,978**	**$ 308,946,256**

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

ON BEHALF OF THE BOARD

Signed *"Gary Mize"* *Director* Signed *"Doug Speers"* *Director*

CERES GLOBAL AG CORP.

Consolidated Statements of Comprehensive Income (Loss)

For the fifteen-month period ended June 30, 2016 and twelve-month period ended March 31, 2015

	Note	Fifteen-month period ended June 30, 2016	Twelve-month period ended March 31, 2015
REVENUES		$ 505,519,647	$ 192,765,006
Cost of sales		(506,250,798)	(181,073,981)
GROSS PROFIT (LOSS)		**(731,151)**	**11,691,025**
General and administrative expenses		(13,238,174)	(10,667,873)
INCOME (LOSS) FROM OPERATIONS		(13,969,325)	1,023,152
Finance income (loss)	11	1,567,046	(188,963)
Revaluation of derivative warrant liability	15	1,583,000	(75,000)
Gain on sale of property, plant and equipment		272,109	-
Interest expense	12	(5,877,578)	(2,906,495)
LOSS BEFORE INCOME TAXES AND UNDERNOTED ITEM		**(16,424,748)**	**(2,147,306)**
Income taxes (recovered)	18	(285,330)	419,315
LOSS BEFORE UNDERNOTED ITEM		**(16,139,418)**	**(2,566,621)**
Share of net income in investments in associates	7	366,971	1,181,245
LOSS FOR THE PERIOD		**(15,772,447)**	**(1,385,376)**
Other comprehensive income (loss) for the period			
Net investment hedge - net income	14 (c)	1,394,732	-
(Loss) gain on translation of foreign currency accounts of foreign operations		(37,105)	14,106,303
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**$ (14,414,820)**	**$ 12,720,927**
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE PERIOD		**27,031,968**	**18,360,019**
LOSS PER SHARE			
Basic		**$ (0.58)**	**$ (0.08)**
Diluted		**$ (0.58)**	**$ (0.08)**
Supplemental disclosure of selected information:			
Depreciation included in Cost of sales	8	$ 4,946,950	$ 2,742,253
Depreciation included in General and administrative expenses	8	$ 109,950	$ 79,470
Amortization of financing costs included in Interest expense		$ 860,396	$ 742,445
Personnel costs included in Cost of sales		$ 2,421,886	$ 1,663,530
Personnel costs included in General and administrative expenses		$ 1,336,944	$ 520,687

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

CERES GLOBAL AG CORP.
Consolidated Statements of Cash Flows
For the fifteen-month period ended June 30, 2016 and twelve-month period ended March 31, 2015

	Note	Fifteen-month period end June 30, 2016	Twelve-month period end March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (15,772,447)	$ (1,385,376)
Adjustments for:			
Depreciation of property, plant and equipment	8	5,056,900	2,821,723
Revaluation of derivative warrant liability	15(c)	(1,583,000)	75,000
Share incentive compensation		198,335	-
Revaluation of portfolio investments	11	(1,368,247)	-
Gain on sale of property, plant and equipment		(272,109)	-
Interest expense	12	5,877,578	2,906,495
Income tax expense (recovery)	18	(285,330)	419,315
Deferred share units issued to Directors and fair value adjustment	16	484,708	276,032
Share of net income in investments in associates	7	(366,972)	(1,181,245)
Changes in non-cash working capital accounts	20	20,367,980	(24,014,566)
Interest paid		(4,899,622)	(2,471,290)
Income taxes recovered (paid)		(4,177)	(170,017)
Cash flow provided by (used in) operating activities		**7,433,597**	**(22,723,929)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposition of assets held for sale		1,931,980	6,759,240
Dividend received from associate		-	187,500
Acquisition of, and costs capitalized on, investment property		-	(5,052,271)
Acquisition of property, plant and equipment	8	(41,189,711)	(24,444,302)
Cash flow used in investing activities		**(39,257,731)**	**(22,549,833)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from (repayment of) bank indebtedness	11	51,741,360	(56,885,000)
Net proceeds from (repayment of) term loan	10	(1,808,895)	29,065,000
Net proceeds from (repayment of) repurchase obligations	13	(19,310,584)	365,329
Financing costs paid		(676,090)	(1,933,734)
Proceeds from common shares issued	15(e)	-	75,000,000
Share issuance costs	15(e)	(69,359)	(1,571,062)
Deferred share units redeemed for cash	16	-	(18,712)
Repurchase of common shares under normal course issuer bid	15(b)	(852,847)	-
Cash flow provided by financing activities		**29,023,585**	**44,021,821**
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		**(2,478,208)**	**(5,621,427)**
Decrease in cash for the period		**(5,278,757)**	**(6,873,368)**
Cash, beginning of period		5,136,032	12,009,400
Cash and cash equivalents, end of period		**$ (142,725)**	**$ 5,136,032**
Cash		$ 937,135	$ 5,136,032
Cheques issued in excess of cash on hand	9	(1,079,860)	-
Cash and cash equivalents, end of period		**$ (142,725)**	**$ 5,136,032**

The accompanying notes are an integral part of these financial statements

CERES GLOBAL AG CORP.

Consolidated Statements of Changes in Shareholders' Equity

For the fifteen-month period ended June 30, 2016 and twelve-month period ended March 31, 2015

	Note	Common shares	Deferred share units	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balances, April 1, 2015		**$ 208,884,960**	**$ 319,820**	**$ 9,228,422**	**$ 22,179,246**	**$ (21,774,806)**	**$ 218,837,642**
Transactions with Shareholders							
Issuance of Deferred Share Units	16	-	576,936	-	-	-	576,936
Redemption of Deferred Share Units for common shares	16	41,789	(41,789)	-	-	-	-
Fair value adjustment of Deferred Share Units		-	(92,228)	-	-	-	(92,228)
Share incentive compensation	15(d)	-	-	198,335	-	-	198,335
Issuance costs of common shares	15(e)	(69,359)	-	-	-	-	(69,359)
Repurchases under normal course issuer bid	15(b)	(1,301,592)	-	-	-	448,745	(852,847)
Total transactions with Shareholders		**207,555,798**	**762,739**	**9,426,757**	**22,179,246**	**(21,326,061)**	**218,598,479**
Comprehensive Income (Loss)							
Other comprehensive loss		-	-	-	(37,105)	-	(37,105)
Net investment hedge - net income		-	-	-	1,394,732	-	1,394,732
Net loss for the period		-	-	-	-	(15,772,447)	(15,772,447)
Total Comprehensive Income (Loss)		-	-	-	1,357,627	(15,772,447)	(14,414,820)
Balances, June 30, 2016		**$ 207,555,798**	**$ 762,739**	**$ 9,426,757**	**$ 23,536,873**	**$ (37,098,508)**	**$ 204,183,659**
Balances, April 1, 2014		**$ 137,100,022**	**$ 62,500**	**$ 9,228,422**	**$ 8,072,943**	**$ (20,389,430)**	**134,074,457**
Transactions with Shareholders							
Issuance of Deferred Share Units		-	260,859	-	-	-	260,859
Redemption of Deferred Share Units for cash		-	(18,717)	-	-	-	(18,717)
Fair value adjustment of Deferred Share Units		-	15,178	-	-	-	15,178
Issuance of common shares, December 4, 2014		73,428,938	-	-	-	-	73,428,938
Warrants, conditionally issued December 4, 2014, classified as a liability	15(c)	(1,644,000)	-	-	-	-	(1,644,000)
Total transactions with Shareholders		208,884,960	319,820	9,228,422	8,072,943	(20,389,430)	206,116,715
Comprehensive Income (Loss)							
Other comprehensive income		-	-	-	14,106,303	-	14,106,303
Net loss for the period		-	-	-	-	(1,385,376)	(1,385,376)
Total Comprehensive Income (Loss)		-	-	-	14,106,303	(1,385,376)	12,720,927
Balances, March 31, 2015		**$ 208,884,960**	**$ 319,820**	**$ 9,228,422**	**$ 22,179,246**	**$ (21,774,806)**	**$ 218,837,642**

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. In addition, on April 1, 2014, Ceres Global Ag Corp. amalgamated with Riverland Agriculture Ltd. and Ceres Canada Holding Corp. Thereafter, the amalgamated corporations continued operating as Ceres Global Ag Corp. Ceres is a corporation domiciled in Canada, with its head office located at 1660 South Highway 100, Suite 350, St. Louis Park, Minnesota, United States, 55416.

These consolidated financial statements of Ceres as at and for the fifteen-month period ended June 30, 2016 include the accounts of Ceres and its wholly owned subsidiaries Ceres U.S. Holding Corp. and Riverland Ag Corp. ("Riverland Ag"). All intercompany transactions and balances have been eliminated. In combination with Riverland Ag, the Corporation is an agricultural cereal grain storage, customer-specific procurement and supply ingredient company that owns and operates nine (9) grain storage, handling and merchandising facilities in the states of Minnesota and New York, and the provinces of Ontario and Saskatchewan, with a combined licensed capacity of 43 million bushels. Riverland Ag also manages two (2) facilities in Wyoming on behalf of its customer-owner.

All of the Corporation's revenues for the fifteen-month period ended June 30, 2016 and twelve-month period ended March 31, 2015, are generated by Riverland Ag in the United States and Canada, which represents the Corporation's only reportable segment. The one reportable segment consists of two operating segments: (1) grain trading, handling and storage, and; (2) logistics, which includes transloading non-grain commodities on behalf of third-party customers. With the exception of $1,479,832 of revenue recognized for the fifteen-month period ended June 30, 2016 (2015: nil), all of the Corporation's revenues are comprised of grain trading, handling and storage, which total $504,039,815 for the fifteen-month period ended June 30, 2016 (2015: $192,765,006).

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 were authorized for issue by the Audit Committee of the Board of Directors on September 22, 2016.

Change in fiscal year-end

On February 10, 2016, the Board of Directors approved a change in the fiscal year from April 1 to March 31 to July 1 to June 30. Accordingly, for the 2016 fiscal reporting year, the Corporation is reporting consolidated financial statements for the fifteen-month period ended June 30, 2016, with comparative figures for the twelve month period ended March 31, 2015, and consequently the results shown are not fully comparable. The reason for this change is to better align the Corporation's year-end with the agricultural crop year.

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 of agricultural commodities are measured at fair value less costs to sell.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition, net sales and cost of sales

The Corporation 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.

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% of the voting power of another entity.

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. If the recoverable amount of the investments is determined to be less than the carrying amount, an impairment write-down is recorded based on the excess of the carrying amount over management's estimate of the recoverable amount.

Transaction costs

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

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 Bank indebtedness are amortized using the straight-line method over the term of the financing arrangement while transaction costs for Long-term debt is amortized using the effective interest method.

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 and repurchase obligations. These financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Thereafter, these financial liabilities are measured at amortized cost using the effective interest method.

Equity
Common shares and unconditional warrants
Common shares and certain 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.

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 (Loss) 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 (Loss) as realized gain (loss) on currency hedging transactions.

To reduce price risk caused by market fluctuations, the Corporation 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. The Corporation 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 (Loss) 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 uses a valuation hierarchy as a framework for disclosing fair values, based on the inputs to measure the fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities including exchange-traded derivative contracts that can be assessed at measurement date;

Level 2 – inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable inputs for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs are unobservable inputs based on the Corporation's own assumptions used to measure assets and liabilities at fair value (i.e. inputs are unobservable).

Foreign currency translation, transactions of Canadian dollar functional currency entities

Foreign currency transactions are translated into 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 (Loss). 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 (Loss) and classified with the change in fair value of investments.

Foreign currency translation, non-CAD functional currency entities

Foreign operating entities 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.

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.

Interest expenses

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

Inventories

Inventories represent agricultural grain and oilseed commodities and are stated at fair value less costs to sell. 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 recognized in profit or loss as and when they occur, and such changes are included as a component of cost of sales.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment and depreciated accordingly. The carrying amount of a replaced component is derecognized.

Repairs and maintenance costs are expensed as incurred.

Property, plant and equipment are reviewed for impairment at the end of each reporting period to assess whether there is any indication of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated as the higher of fair value less costs of disposal and value in use.

Land is not depreciated. Depreciation on the other assets is provided for on a straight-line basis over the estimated useful lives of assets as follows:

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

For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Gains and losses on disposals of property, plant and equipment are determined by comparing the disposal proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of income.

Repurchase obligations

The Corporation periodically enters into sale/repurchase agreements whereby the Corporation receives cash in exchange for selling inventory to a commodity trading financial institution and the Corporation agrees to repurchase the inventory from financial institution at a fixed rate on a future date. The Corporation accounts for these as product financing arrangements, and accordingly, these transactions are treated as borrowings and commodity inventory in the Company's consolidated financial statements and no sales and purchases are reported in the consolidated financial statements.

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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Loss per Share

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.

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 issued under the Plan, the Corporation recognizes as an expense the portion of the Directors' fees issued in the form of DSUs issued to the Director, which are issued at fair value, and the Corporation 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.

Stock Appreciation Rights

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 any changes in fair value of that liability is recognized in profit or loss for the period. Tandem SARs are granted with stock 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.

Future changes in accounting standards

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Corporation's interim consolidated financial statements are listed below. This listing of standards and interpretations issued includes those that the Corporation reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

IAS 1 – Presentation of Financial Statements
On December 18, 2014, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports. The amendments to IAS 1 will be effective for annual periods beginning on or after January 1, 2016. The Corporation does not expect the amendments to have a material impact on the financial statements.

IFRS 9 – Financial Instruments
On July 24, 2014, the IASB issued the final version of IFRS 9, which replaces *IAS 39 – Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The new standard introduces requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and the fair value of an entity's own debt. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Ceres has not yet determined the impact of this standard on the Corporation's consolidated financial statements and has not decided whether to early adopt this standard.

IFRS 15 – Revenue from Contracts with Customers
On May 28, 2014, the IASB issued IFRS 15, which provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more relevant disclosures. IFRS 15 supersedes *IAS 18 – Revenue*, *IAS 11 – Construction Contracts* and a number of revenue-related interpretations and applies to annual reporting periods beginning on or after January 1, 2018. Application of the standard is mandatory for all IFRS reporters and early adoption is permitted. Ceres has not yet determined the impact of this standard on the Corporation's consolidated financial statements and has not decided whether to early adopt this standard.

IFRS 16 – Leases
On January 13, 2016, the IASB issued IFRS 16 *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The new standard is effective for annual periods beginning on or after January 1, 2019. The Corporation intends to adopt IFRS 16 in its financial statements for its annual period beginning on July 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

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. Actual results may differ from estimates. Estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. 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.

Inventories and Commodity Derivatives

To reduce price risk caused by market fluctuations, the Corporation 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. The Corporation will 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 impacted 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 instruments, including futures contracts, forward commitments, options and other similar types of contracts and commitments based on commodity derivatives, are carried at their fair value. The estimated fair value of the commodity derivative contracts that require the receipt or posting of cash collateral is recorded on a net basis (offset against cash collateral posted or received, also known as margin deposits) within commodity derivative assets or liabilities. 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. While the Corporation considers its commodity contracts to be effective economic hedges, the Corporation does not designate or account for its commodity contracts as hedges. Realized and unrealized gains and losses in the value of commodity contracts and grain inventories are recognized in earnings immediately in cost of sales in the accompanying Statement of Comprehensive Loss. Unrealized gains and losses on these derivative contracts are included in due from broker, derivative asset and liabilities on the accompanying consolidated balance sheets.

Estimates and assumptions are required in determination of fair values of commodity inventories, particularly for those commodities where exchange-traded prices are not available. For these inventories, management assesses the available quote market prices and applied judgment in determining the effect local market conditions on those.

5. INVENTORIES

As at June 30, 2016 and March 31, 2015, the Corporation held $132,950,061 and $147,940,077 of inventories at fair value less costs to sell, respectively. For the fifteen-month period ended June 30, 2016, inventories recognized as an expense through cost of sales totaled $386,572,723 and $191,026,575 for the year ended March 31, 2015. Furthermore, as at March 31, 2015, the carrying amount of inventories pledged as security against the Corporation's repurchase obligations totaled $18,692,777.

6. DUE FROM (TO) BROKERS

Due from Brokers is composed of commodity futures and options contracts and margin deposits in the form of cash 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 the Company executes its transactions and for which it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

As at June 30, 2016 and March 31, 2015, the amounts due from Brokers represent the following:

		June 30, 2016		March 31, 2015
Due from Brokers				
Margin deposits	$	**7,066,022**	$	6,525,747
Unrealized gains on future contracts and options, at fair value		**166,508**		2,673,417
		7,232,530		9,199,164
Due to Brokers				
Unrealized losses on future contracts and options, at fair value		**(160,084)**		(557,829)
	$	**7,072,446**	$	8,641,335

7. INVESTMENT IN ASSOCIATES

		June 30, 2016		March 31, 2015
Canterra Seeds Holdings, Ltd., common shares	$	**-**	$	1,854,207
Stewart Southern Railway Inc., common shares		**3,817,616**		3,765,205
	$	**3,817,616**	$	5,619,412

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

As at March 31, 2015, Ceres held a 25% equity interest in Canterra, a Canadian company. 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, as at March 31, 2015, had a 25% voting right on Canterra's Board of Directors. Due to these factors, Ceres did not control Canterra, and accounted for its investment in Canterra using the equity method, which had a carrying value of $1,854,207 and was classified on the Consolidated Balance Sheet as "Investments in associates". During the quarter ended June 30, 2015, the Corporation recorded its portion of Canterra's net income of $314,560. See note 11.

During the fifteen-month period ended June 30, 2016, the Investee issued additional common equity shares, resulting in the dilution of the Corporation's equity interest to 17%. As a result, the Corporation no longer has a significant influence over the financial and operating policies of the Investee. Therefore, Ceres reclassified its investment to portfolio investments and recorded it at fair value, recognizing a gain of $1,368,247 classified within the Statement of Comprehensive Loss as "Finance income".

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

Ceres holds a 25% equity interest in SSR, a Canadian company. Ceres also holds rights to a 25% voting position on SSR's Board of Directors. SSR operates a 132-kilometre (82-mile) short-line railway in southeastern Saskatchewan. Major operating decisions of SSR 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 SSR, and accounts for its investment in SSR using the equity method.

The following table presents summarized financial information for SSR (in thousands of CAD):

	Fifteen-month period ended June 30, 2016	Twelve-month period ended March 31, 2015
Revenues	**$ 5,084**	$ 7,919
Income from continuing operations	**$ 386**	$ 2,716
Net income	**$ 193**	$ 1,970
Current assets	**$ 4,148**	$ 4,789
Non-current assets	**$ 10,879**	$ 11,792
Current liabilities	**$ 269**	$ 2,079
Non-current liabilities	**$ 78**	$ 33

For the period-ended June 30, 2016, the Corporation's consolidated Statement of Comprehensive Income included the Corporation's share in the change of SSR's equity of $52,411 (2015: $492,511). During the period-ended June 30, 2016, the Corporation did not receive a dividend from SSR (2015: $187,500).

Included below is a reconciliation of the Corporation's 25% portion in SSR's equity to the carrying value reported on the Consolidated Balance Sheets as at June 30, 2016 and March 31, 2015:

	June 30, 2016	March 31, 2015
Investee's equity as at reporting date	**$ 14,679,127**	$ 14,469,482
Corporation's 25% portion of SSR equity	**$ 3,669,781**	$ 3,617,370
Goodwill	**$ 147,835**	$ 147,835
Carrying value	**$ 3,817,616**	$ 3,765,205

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and silos/elevators	Machinery & equipment	Office equipment & other assets	Totals
June 30, 2016					
Cost					
Balances, April 1, 2015	29,469,992	71,162,646	6,460,964	25,895,822	132,989,424
Asset additions	229,673	31,454,047	24,059,125	(17,194,945)	38,547,900
Disposals	(465,065)	(1,189,183)	(254,000)	-	(1,908,248)
Foreign currency translation adjustments	186,524	1,377,631	115,100	337,023	2,016,278
Balances, June 30, 2016	**29,421,124**	**102,805,141**	**30,381,189**	**9,037,900**	**171,645,354**
Accumulated depreciation					
Balances, April 1, 2015	-	(9,662,854)	(1,219,527)	(1,659,964)	(12,542,345)
Depreciation charged to operations	-	(3,531,894)	(969,739)	(555,267)	(5,056,900)
Disposals	-	146,320	66,141	-	212,461
Foreign currency translation adjustments	-	(686,513)	(12,020)	379,320	(319,213)
Balances, June 30, 2016	**-**	**(13,734,941)**	**(2,135,145)**	**(1,835,911)**	**(17,705,997)**
Carrying amount, June 30, 2016	**$ 29,421,124**	**$ 89,070,200**	**$ 28,246,044**	**$ 7,201,989**	**$ 153,939,357**
March 31, 2015					
Cost					
Balances, April 1, 2014	5,045,257	46,732,781	3,621,399	2,859,009	58,258,446
Asset additions	2,593,946	5,091,401	1,951,816	23,133,860	32,771,023
Reclassification of investment property	19,856,259	-	-	-	19,856,259
Reclassification of assets held for sale	1,103,297	11,732,753	342,626	90,480	13,269,156
Foreign currency translation adjustments	871,233	7,605,711	545,123	(184,527)	8,837,540
Balances, March 31, 2015	**29,469,992**	**71,162,646**	**6,460,964**	**25,898,822**	**132,992,424**
Accumulated depreciation					
Balances, April 1, 2014	-	(5,962,716)	(689,203)	(919,444)	(7,571,363)
Depreciation charged to operations	-	(2,234,761)	(351,219)	(235,743)	(2,821,723)
Reclassification of assets held for sale	-	(1,674,416)	(79,033)	(32,389)	(1,785,838)
Foreign currency translation adjustments	-	209,039	(100,072)	(472,388)	(363,421)
Balances, March 31, 2015	**-**	**(9,662,854)**	**(1,219,527)**	**(1,659,964)**	**(12,542,345)**
Carrying amount, March 31, 2015	**$ 29,469,992**	**$ 61,499,792**	**$ 5,241,437**	**$ 24,238,858**	**$ 120,450,079**

Asset additions during the fifteen months ended June 30, 2016 accrued and not yet paid as at the reporting date totaled $5,684,911 (2015: $8,326,721). In addition, as at June 30, 2016, the Corporation had assets under construction of $4,231,914 (2015: $24,016,033) consisting primarily of the fertilizer storage infrastructure at Northgate.

9. BANK INDEBTEDNESS

On December 18, 2015, the Corporation amended its uncommitted USD$120,000,000 credit facility (the "Credit Facility"), which now expires on December 18, 2016. Borrowings bear an interest rate dependent on the facility utilization level: at any time the utilization level is less than 50%, overnight LIBOR plus 2.875% per annum, and at any time that the utilization level is greater than or equal to 50%, overnight LIBOR plus 2.750% per annum. Interest is calculated and paid on a monthly basis. The Credit Facility is subject to borrowing base limitations. Amounts under the Credit Facility that remain undrawn are not subject to a commitment fee.

The Credit Facility has certain covenants pertaining to the accounts of the Corporation. As at September 30, 2015, the Corporation was unable to fulfill its interest coverage ratio financial covenant as required under its term loan facility agreement. Subsequent to September 30, Ceres received an irrevocable waiver of the covenant violation from its lender, and as a result, the lender could not demand payment of the debt as a result of the breach. As at June 30, 2016, the Corporation was in compliance with all covenants.

Prior to the December 18, 2015 amendment, borrowings under the Credit Facility were subject to interest of overnight LIBOR plus 2.875% per annum, with interest calculated and paid monthly.

As at June 30, 2016 and March 31 2015, the Corporation had $84,214,000 and $132,741,000 in availability, respectively, on its revolving line of credit.

As at June 30, 2016 and March 31, 2015, the carrying amount of bank indebtedness is summarized as follows:

	June 30, 2016	March 31, 2015
Revolving line of credit	**$ 71,258,000**	$ 18,963,000
Unamortized financing costs	**(323,100)**	(226,600)
Cheques issued in excess of cash on hand	**1,079,860**	-
	$ 72,014,760	$ 18,736,400

10. TERM LOAN

On December 30, 2014, the Corporation entered into a senior secured term loan facility agreement for US$25,000,000. This term loan is for a term of 5 years with an interest rate of one month LIBOR plus 5.25%. The first principal payment on the New Loan is payable on December 29, 2016 for the amount of US$1,642,379. On November 17, 2015, immediately following the closure of the sale of the Electric Steel facility, the Corporation used the net sales proceeds to repay a portion of its outstanding term debt. The total amount repaid on the term debt was USD$1,357,621 (CAD $1,808,895). Following the payment on December 29, 2016, the next principal payments of USD$5,000,000 are payable on each of December 29, 2017, and December 28, 2018, and USD$12,000,000 payable on December 27, 2019. The loan has an effective interest rate of 6.21% plus one month LIBOR.

In connection with the origination of the term loan, the Corporation paid transaction costs relating to the loan closure in the amount of $1,278,902, which includes legal fees and other related borrowing costs. Transaction costs directly attributable to the issuance of the term loan are recognized as a reduction in the balance of the loan, and are amortized over the term of the loan using the effective interest rate method.

	June 30, 2016	March 31, 2015
Total term debt	$ 30,631,066	$ 31,605,000
Less current portion of long-term debt	(2,127,866)	-
	28,503,200	$ 31,605,000
Unamortized financing costs	(959,695)	(1,223,690)
Total long-term debt	$ 27,543,505	$ 30,381,310

Both the term loan and the revolving credit agreement disclosed above, are secured by the following: (i) a security interest in substantially all of the personal property of Ceres and its guarantors; (ii) a charge and mortgage over substantially all of the real property and elevator assets held by Riverland Ag, and its guarantors; and (iii) a pledge of substantially all of the equity interests and investment property held by Ceres and each guarantor.

11. FINANCE INCOME (LOSS)

The following table presents realized and unrealized gain (loss) on foreign exchange and the revaluation of portfolio investments for the fifteen-month period ended June 30, 2016 and twelve-month period ended March 31, 2015:

	Fifteen-month period ended June 30, 2016	Twelve-month period ended March 31, 2015
Realized and unrealized loss on foreign exchange	$ (27,759)	$ (773,610)
Realized and unrealized gain on currency-hedging transactions	226,558	584,647
Revaluation of portfolio investments (note 7 (a))	1,368,247	-
	$ 1,567,046	$ (188,963)

As at March 31, 2015, the Corporation held a 25% equity interest in Canterra Seeds Holdings, Ltd. ("Canterra" or "the Investee"), that had a carrying value of $1,854,207. This investment, accounted for using the equity method, was classified on the Consolidated Balance Sheet as "Investments in associates". During the quarter ended September 30, 2015, the Investee issued additional common equity shares, resulting in the dilution of the Corporation's equity interest to 17%, and it no longer having a significant influence over the financial and operating policies of the Investee. Therefore, during the fifteen-month period ended June 30, 2016, Ceres reclassified its investment to portfolio investments and recorded it at fair value, recognizing a gain of $1,368,247 classified within the Statement of Comprehensive Loss as "Finance income". The investment in Canterra totals $3,537,014 as at June 30, 2016, and is classified on the Consolidated Balance Sheet within "Portfolio investments, at fair value" (note 14(b)).

12. INTEREST EXPENSE

The following table presents interest income (expense) for the fifteen-month period June 30, 2016 and twelve-month period ended March 31, 2015:

	Fifteen-month period ended June 30, 2016	Twelve-month period ended March 31, 2015
Interest on revolving line of credit	**$ (2,682,665)**	$ (1,761,120)
Interest on repurchase obligation	**(234,530)**	(137,549)
Long-term debt	**(2,215,816)**	(402,421)
Amortization of financing costs paid	**(860,396)**	(742,445)
Interest income and other interest expense	**115,829**	137,040
	$ (5,877,578)	$ (2,906,495)

13. REPURCHASE OBLIGATIONS

As at March 31, 2015, the Corporation had two open repurchase commitments under its product financing arrangement to repurchase 2,500,000 bushels of certain grains. Under the product financing arrangement, the Corporation sold grain under contract and simultaneously entered into contracts to repurchase the grain during the first quarter of the fifteen-month period ending June 30, 2016. Since the Corporation is obligated to repurchase these commodities, it has not recognized these transactions as sales. As at March 31, 2015, the Corporation recognized the inventory owned by Corporation in this regard on its consolidated balance sheet and has recorded a liability of $18,635,451 plus accrued interest payable. As at March 31, 2015, the fixed interest rate on the open repurchase commitment is at 3.06%.

14. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

The carrying value of financial instruments measured at amortized cost, classified as current assets and current liabilities, such as cash equivalents, trade receivables, and accounts payable and accrued liabilities, approximate fair value due to the short-term maturity of the instruments. The carrying amount of the Corporation's long-term debt is an approximate fair value as it has an interest rate reflective of current market conditions at June 30, 2016.

Unrealized gains and losses on open cash contracts, which are held for trading and valued at fair value through profit and loss, are as follows as at June 30, 2016 and March 31, 2015:

	2016	2015
Derivative assets		
Unrealized gains on open cash contracts	**$ 6,615,551**	$ 9,472,984
Derivative liabilities		
Unrealized losses on open cash contracts	**$ (3,327,501)**	$ (2,607,280)

(b) Portfolio investments

Portfolio investments are classified as held for trading, and consist of equity securities of private companies are as follows as at June 30, 2016 and March 31, 2015

		2016		2015
Total fair value	**$**	**4,385,177**	$	848,163

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 liquidity risk.

(c) Management of financial instruments risks

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

Price risk

As at June 30, 2016 and March 31, 2015, the Corporation's market risk pertaining to portfolio investments was potentially affected by changes in actual market prices. As at June 30, 2016 and March 31, 2015, 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.

The following is a summary of the effect on the results of operations of the Corporation, if the fair value of each of the portfolio investments as at June 30, 2016 and March 31, 2015 had increased or decreased by 10%, with all other variables remaining constant:

	2016				2015			
Change in fair value of investments		**Increase (decrease) in net income**		**Increase (decrease) in earnings per share**		Increase (decrease) in net income		Increase (decrease) in earnings per share
10% increase in fair value	$	438,518	$	0.02	$	84,816	$	0.00
10% decrease in fair value	$	(438,518)	$	(0.02)	$	(84,816)	$	(0.00)

Commodity risk

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 June 30, 2016 and March 31, 2015 had increased or decreased by 5%, with all other variables remaining constant:

Change in bid/ask prices of commodities	**2016** Increase (decrease) in net income	**2016** Increase (decrease) in earnings per share	2015 Increase (decrease) in net income	2015 Increase (decrease) in earnings per share
5% increase in bid-ask prices	$ 215,960	$ 0.01	$ 193,030	$ 0.01
5% decrease in bid-ask prices	$ (215,960)	$ (0.01)	$ (193,030)	$ (0.01)

Interest rate risk

As at June 30, 2016 and March 31, 2015, 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 June 30, 2016 and March 31, 2015, the Corporation's assets are not directly exposed to any significant degree to cash flow interest rate risk due to changes in prevailing market interest rates.

Interest rate risk

As disclosed in Note 9 (Bank Indebtedness) and Note 10 (Term Loan), as at June 30, 2016 and March 31, 2015, the Corporation's revolving credit facility bears interest at an annual rate of 2.875% plus overnight LIBOR along with its term loan bearing an interest 5.25% plus one-month LIBOR. As at June 30, 2016 and March 31, 2015, 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: (1) revolving credit facility; and (2) term loan were to both increase by 25 basis points ("25 bps") as at those dates, respectively. The potential effects on the future result of operations would be as follows:

Change in interest rate on revolving facility	**2016** Increase in net loss	**2016** Increase in loss per share	2015 Increase in net loss	2015 Increase in loss per share
25 bps increase in annual interest rate	$ (22,580)	$ (0.00)	$ (54,611)	$ (0.00)
Change in interest rate on term loan				
25 bps increase in annual interest rate	$ (6,381)	$ (0.00)	$ (149,384)	$ (0.01)

Ceres is not subject to cash flow interest rate risk concerning the repurchase obligations, as these liabilities bear interest at fixed rates.

Credit risk

Credit risk is the risk a counterparty would be unable to pay for amounts due to the Corporation in accordance with the terms and conditions of the debt instruments. As at June 30, 2016 and March 31, 2015, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, and to the extent, open cash contracts for grain commodities that have given rise to unrealized gains. The maximum exposure to credit risk on those assets is limited to the carrying value of those assets. The Corporation 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. Management has assessed the counter-party risk and believes that insignificant losses, if any, would result from non-performance.

The Corporation 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. The Corporation minimizes this risk by having a diverse customer base and established credit policies. The aging of the Corporation's trade accounts receivable is substantially current. Based on its review and assessment of its trade accounts receivable, management has determined that as at June 30, 2016 and March 31, 2015, no allowance for doubtful accounts is warranted.

The Corporation had one customer that individually represented more than 10% of total revenue for the fifteen-month period ended June 30, 2016, comprising 16% of total revenue. For the twelve-month period ended March 31, 2015, no sales were made to any one customer which represented more than 10% of total sales.

Custody and prime brokerage risk

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

Liquidity risk

As at June 30, 2016 and March 31, 2015, the following are the contractual maturities of financial liabilities, excluding interest payments:

June 30, 2016	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 72,014,760	$ 72,337,860	$ 72,337,860	$ -	$ -	$ -
Accounts payable and accrued liabilities	20,738,687	20,738,687	20,738,687	-	-	-
Repurchase obligations	-	-	-	-	-	-
Derivatives	3,327,501	3,327,501	3,327,501	-	-	-
Provision for future payments to Front Street Capital	95,000	95,000	95,000	-	-	-
Warrants	136,000	136,000	136,000	-	-	-
Long-term debt (Note 10)	29,671,371	30,631,066	2,127,866	6,478,000	22,025,200	-

March 31, 2015	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 18,736,400	$ 18,963,000	$ 18,963,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	17,388,202	17,388,202	17,388,202	-	-	-
Repurchase obligations	18,635,451	18,635,451	18,635,451	-	-	-
Derivatives	2,607,280	2,607,280	2,607,280	-	-	-
Provision for future payments to Front Street Capital	344,000	344,000	344,000	-	-	-
Warrants	1,719,000	1,719,000	1,719,000	-	-	-
Long-term debt	30,381,310	31,605,000	-	3,792,600	27,812,400	-

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.

Currency risk

In the normal course of business, Ceres may hold assets or have liabilities denominated in currencies other than Canadian dollars. 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 June 30, 2016 and March 31, 2015, the following is a summary, at fair value, of Ceres' exposure to significant currency risks:

	2016		2015	
Currency	**Net asset exposure***	**Net futures contracts (to buy foreign currency)**	Net asset exposure	Net futures contracts (to buy foreign currency)
U.S. dollars	**$ (950,446)**	**$ -**	$ 840,344	$ -

*Exposure excludes the effect of future foreign exchange contracts

As at June 30, 2016 and March 31, 2015, the Corporation had no commitment to any futures foreign exchange contracts.

The following is a summary of the effect on Ceres' results of operations if the CAD had become 5% stronger or weaker against the USD as at June 30, 2016 and March 31, 2015, with all other variables remaining constant, related to assets and liabilities denominated in foreign currencies:

	2016		2015	
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
C$ 5% stronger	$ (53,853)	$ (0.00)	$ (50,589)	$ (0.00)
C$ 5% weaker	$ 59,522	$ 0.00	$ 55,914	$ 0.00

Currency risk related to the accounts of Ceres' foreign subsidiary 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 and have no effect on the determination of net income for the reporting period.

During the fifteen-month period ended June 30, 2016, the Corporation hedged a portion of its investment in a US subsidiary through US dollars futures contracts, which mitigated the foreign currency risk arising from the subsidiary's net assets. During the quarter ended December 31, 2015, the Corporation settled the US dollar futures hedge and realized a gain of $1.4 million, which has been recognized in other comprehensive income.

(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 prescribed by IFRS 13 *Fair Value Measurement:*

	June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Portfolio investments	-	3,537,014	848,163	4,385,177
Due from broker, unrealized gains on futures and options (Note 6)	166,508	-	-	166,508
Unrealized gains on open cash contracts (Derivatives)	-	6,615,551	-	6,615,551
Due to Broker, unrealized losses on futures and options (Note 6)	(160,084)		-	(160,084)
Unrealized losses on open cash contracts (Derivatives)	-	(3,327,501)	-	(3,327,501)
Derivative warrant liability	-	(136,000)	-	(136,000)
Provision for future payments to Front Street Capital	-	(95,000)	-	(95,000)
	6,424	6,594,064	848,163	7,448,651

	March 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Portfolio investments	-	-	848,163	848,163
Due from broker, unrealized gains on futures and options (Note 6)	2,673,417	-	-	2,673,417
Unrealized gains on open cash contracts (Derivatives)	-	9,472,984	-	9,472,984
Due to Broker, unrealized losses on futures and options (Note 6)	(557,829)		-	(557,829)
Unrealized losses on open cash contracts (Derivatives)	-	(2,607,280)	-	(2,607,280)
Derivative warrant liability	-	(1,719,000)	-	(1,719,000)
Provision for future payments to Front Street Capital	-	(344,000)	-	(344,000)
	2,115,588	4,802,704	848,163	7,766,455

15. SHARE CAPITAL AND WARRANTS

(a) Authorized

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

(b) Normal Course Issuer Bids

During the fifteen-month period ended June 30, 2016, the Corporation purchased Shares under normal course issuer bids with the purpose of which was to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the common shares. On June 10, 2015, Ceres announced a normal course issuer bid ("the 2015-2016 NCIB") which commenced on June 12, 2015 and concluded on June 11, 2016. The Corporation renewed the normal course issuer bid ("the 2016-2017 NCIB") commencing on June 12, 2016. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intends to purchase up to a maximum of 1,595,765 of its Common Shares, representing approximately 10 percent of its unrestricted public float as of June 2, 2016, subject to a maximum aggregate purchase price of $5 million pursuant to restrictions under the Corporation's Credit Facility. The 2016-2017 NCIB will conclude on the earlier of the date on which purchases under the 2016-2017 NCIB have been completed and June 11, 2017. Ceres may purchase up to a daily maximum of 2,119 Common Shares under the 2016-2017 NCIB, except for purchases made in accordance with the "block purchase" exception under applicable Toronto Stock Exchange ("TSX") rules and policies.

During the period from February 11, 2016 to June 30, 2016, the Corporation purchased a total of 168,600 common shares under the normal course issuer bids, 2015-2016 NCIB and 2016-2017 NCIB, for aggregate cash consideration of $852,847. The stated capital value of these repurchased Shares was $1,301,592. The excess of the stated capital value of the repurchased common shares over the cost thereof, being $448,745, was allocated to Retained Earnings in the fifteen month period ended June 30, 2016.

During the twelve-month period ended March 31, 2015, the Corporation did not purchase any Shares under any Normal Course Issuer Bid.

(c) Common Share Purchase Warrants

In connection with the completion of the Corporation's rights offering (the "Rights Offering"), on December 4, 2014, Ceres issued an aggregate of 2,083,334 warrants (the "Warrants") to the stand-by purchasers. The Warrants issued were conditional upon approval at the Corporation's annual general meeting ("AGM"), which was obtained at the AGM on August 7, 2015.

Furthermore, the Warrants were issued at a fixed exercise price of $5.84 and are each exercisable into one common share of the Corporation (a "Common Share"). The Warrants have an expiry date of December 4, 2016, being 24 months after issuance. In the event that the Warrants are being exercised prior to the completion of a change of control of the Corporation, but after a transaction that will result in such a change of control has been publicly announced, in lieu of exercising the Warrants, the holders of Warrants can elect a cashless exercise to receive Common Shares equal to: the difference between the ten-day Volume-Weighted Average Price ("VWAP") of the Corporation's stock price and $5.84; multiplied by the number of Common Shares in respect of which the election is made; divided by the ten-day VWAP of the Corporation's stock price. If a Warrant holder exercises this option, there will be variability in the number of shares issued per Warrant.

In accordance with IFRS, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in the fair value recognized in the statement of operations and comprehensive loss at each period end. If the Warrants are exercised and converted to Common Shares, or are extinguished upon the expiration of the outstanding Warrants, it will not result in the outlay of any cash by the Corporation.

As at June 30, 2016, the fair value of the Warrants is estimated using the Black-Scholes pricing model with the following assumptions: an average risk free interest rate of 0.52%; an average expected volatility factor of 15.68%; an expected dividend yield of nil; and expected remaining life of 0.43 years. The fair value of the stand-by warrants as at June 30, 2016, was estimated at $136,000 (as at March 31, 2015: $1,719,000).

(d) Stock Option and 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% of the Market Price on the effective date of the award of the 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% 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 June 30, 2016 and March 31, 2015, no SARs had been awarded.

During the fifteen months ended June 30, 2016, Ceres granted stock options ("options") under the corporation's stock option plan to certain officers and employees of the Corporation. The exercise price is fixed by the Board of Directors at the time of grant; provided that the exercise price shall not be less than fair market value of the common shares.

As at June 30, 2016, the outstanding Options are as follows:

	Number of Options	Weighted-average exercise price ($)	Weighted-average Remaining Contractual Term (Years)
Outstanding as at March 31, 2015	**-**	**$ -**	**-**
Granted	322,500	6.72	
Exercised	-	-	
Expired/forfeited	(44,169)	6.25	
Outstanding as at June 30, 2016	**278,331**	**$ 6.71**	**3.80**
Exercisable as at June 30, 2016	**113,695**	**$ 6.73**	**3.77**

At the grant date, the fair value of the Options is estimated using the Black-Scholes pricing model with the following weighted-average assumptions: an average risk free interest rate of 0.80%; expected volatility of 28.1%; dividend yield of nil; an average expected option life of 3.5 years; and average exercise price of $6.72. The weighted average grant date fair value of the Options granted during the fifteen-month period ended June 30, 2016, is $1.45 (twelve months ended March 31, 2015: nil).

The total Option compensation cost that has been included in general and administrative expenses for the fifteen months ended June 30, 2016, amounted to $198,335 (twelve months ended March 31, 2015: nil) with the non-cash expense being accrued and classified within contributed surplus in the Consolidated Balance Sheet.

(e) Issued and outstanding as at June 30, 2016 and March 31, 2015

The following is a summary of the changes in the Common shares and Warrants for the fifteen-month period ended June 30, 2015 and twelve-month period ended March 31, 2015:

	Common shares	
	Shares	Dollars
Balances, March 31, 2014	**14,208,679**	**$ 137,100,022**
Adjustment to outstanding common shares	(471)	-
Issuance of common shares, December 4, 2014	12,842,465	75,000,000
Share issuance costs	-	(1,571,062)
Warrants, conditionally issued, December 4, 2014, classified as liabilities	-	(1,644,000)
Balances, March 31, 2015	**27,050,673**	**$ 208,884,960**
Redemption of deferred share units	6,982	41,789
Share issuance costs	-	(69,359)
Repurchase under normal course issuer bid	(168,600)	(1,301,592)
Balances, June 30, 2016	**26,889,055**	**$ 207,555,798**

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 fifteen-month period ended June 30, 2016 and twelve-month period ended March 31, 2015:

	15-month period ended June 30, 2016			12-month period ended March 31, 2015		
	number of units		**Fair Market Value**	number of units		Fair Market Value
Balance, beginning of period	**52,813**	**$**	**6.06**	8,913	$	7.01
Units redeemed	**(6,983)**	**$**	**5.98**	(2,674)	$	7.00
Units issued	**96,887**	**$**	**5.34**	46,574	$	6.06
Balance, end of period	**142,717**	**$**	**5.34**	52,813	$	6.06

17. MANAGEMENT FEES

On August 23, 2013, Ceres announced it entered into a Management Transition Agreement (the "Transition Agreement") with Front Street Capital 2004 ("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. The Transition Agreement provided for the following:

- The Management Agreement was terminated effective November 30, 2013;
- Monthly management fee payments to the Front Street Capital ended December 31, 2013;
- On October 1, 2013, Ceres paid Front Street Capital $5 million plus HST of $650,000;
- Front Street Capital 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 the five-year period ending August 23, 2018, 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 5% 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.

As at June 30, 2016, management has determined the fair value of the potential additional payments provided for under the Transition Agreement is $95,000 (March 31, 2015: $344,000). As at June 30, 2016, the fair value of each additional payment was determined using the binomial options pricing model, with a remaining term to August 23, 2018, using volatility of 25% and a risk-free interest rate of 0.52% (twelve-month period ended March 31, 2015: remaining term to August 23, 2018, volatility of 25% and risk-free interest rate of 0.62%). 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. For the fifteen-month period ended June 30, 2016, the Corporation recognized a gain of $249,000 related to the revaluation of the provision for future payments to Front Street Capital (twelve-month period ended March 31, 2015: revaluation gain of $626,000).

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:

		2016	2015
Income (loss) before income taxes and share of net income in investments in associates:			
Canada	$	**8,512,285**	(6,539,794)
United States of America		**(24,937,033)**	4,392,488
	$	**(16,424,748)**	(2,147,306)
Combined statutory Canadian federal and Ontario corporate income tax rate		**26.5%**	26.5%
Provision for income taxes recoverable using statutory rate	$	**(4,352,558)**	(569,036)
Adjusted for the income tax effect of:			
Difference in tax rates applicable to subsidiaries		**(2,807,910)**	551,696
U.S. state taxes, net of U.S. federal benefit		**39,246**	(143,492)
Intercompany dividend eliminated upon consolidations		**-**	(1,885,738)
Non-deductible portion of unrealized losses on investments (non-taxable portion of unrealized gains on investments)		**104,332**	64,594
Changes in unrecognized temporary difference on deferred income tax assets		**7,576,934**	2,850,338
Non-deductible changes in the revaluation of the derivative warrant liability		**(485,480)**	-
Foreign exchange and other differences		**(359,894)**	(449,047)
		4,067,228	988,351
Income tax expense (recovered)	$	**(285,330)**	419,315

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

Canada	2016	2015
Current	$ -	$ 134,142
Deferred	(296,971)	140,437
	(296,971)	274,579
United States of America - Federal		
Current	(5,310)	93,164
Deferred	(20,075)	-
	(25,385)	93,164
United States of America - State		
Current	39,246	51,572
Deferred	(2,220)	-
	37,026	51,572
Income tax expense (recovered)	(285,330)	$ 419,315

(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:

	2016	2015
Deferred tax assets:		
Non-capital and net operating losses carried-forward	$ 47,710,311	29,682,633
Allowable capital losses carried forward	1,026,920	1,026,920
Deductible portion of unrealized depreciation of investments	845,834	845,834
Share issuance costs	217,995	389,640
Other temporary deductible differences, net of temporary taxable differences	-	6,044,365
Accrued interest not deductible until paid	-	861,641
	49,801,060	38,851,033
Deferred tax liabilities:		
Deferred income tax liability, property, plant and equipment	(20,359,490)	(17,845,828)
Taxable portion of unrealized depreciation of investment in associates	(590,261)	(360,345)
Other temporary deductible differences, net of temporary taxable differences	(415,686)	(18,234)
	(21,365,437)	(18,224,407)
Unrecognized deferred tax assts	(28,435,623)	(20,923,597)
Noncurrent deferred tax liabilities, net	$ -	(296,971)

(c) Tax losses carried forward

(i) Canadian operations

As at June 30, 2016, the Corporation has accumulated non-capital losses in the amount of $46,336,292 relating to operations in Canada. The non-capital losses are being carried forward and, unless utilized, will expire in the following taxation years:

Year of expiry	Amount
2031	$ 1,056,126
2032	7,335,493
2033	7,380,692
2034	13,586,280
2035	8,197,795
2036	8,779,906
	$ 46,336,292

As at June 30, 2016, Ceres has accumulated capital losses totaling $7,750,339, 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) Unites States of America operations

As at June 30, 2016, the Corporation 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
2026	$ -	5,248,595
2027	-	1,724,905
2028	-	7,773,863
2029	-	9,210,006
2031	9,596,976	16,022,178
2032	3,686,320	3,369,906
2033	8,570,443	9,999,689
2034	12,772,909	15,648,306
2036	32,141,472	2,034,311
	$ 66,768,120	**71,031,759**

19. RELATED PARTY TRANSACTIONS

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 fifteen-month period ended June 30, 2016 and twelve-month period ended March 31, 2015:

	Fifteen-month period ended June 30, 2016	Twelve-month period end March 31, 2015
Salaries and short-term employee/director benefits	**$ 1,942,441**	$ 2,111,836
Share-based compensation	**644,257**	494,577
	$ 2,586,698	$ 2,606,413

As at June 30, 2016 and March 31, 2015, directors and officers of the Corporation, through a controlled entity, beneficially own, directly or indirectly, or exercise control or direction over 40.7% and 40.3%, respectively, of the outstanding Common shares of the Corporation.

20. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	Fifteen-month period ended June 30, 2016	Twelve-month period ended March 31, 2015
Decrease (increase) in due from Broker	**$ 1,803,344**	$ (3,022,080)
Decrease (increase) in net derivative assets	**3,789,843**	(4,929,716)
Increase in accounts receivable	**(7,988,907)**	(1,455,462)
Decrease (increase) in inventories	**18,871,966**	(16,515,546)
Decrease (increase) in Sales taxes recoverable	**967,648**	332,152
(Increase) decrease in prepaid expenses and sundry assets	**(1,025,848)**	219,660
Increase in accounts payable and accrued liabilities	**4,198,934**	1,982,426
Decrease in provision for future payment to Front Street Capital	**(249,000)**	(626,000)
	$ 20,367,980	$ (24,014,566)

CORPORATE INFORMATION

Senior Management

Robert Day
President and Interim Chief Executive Officer

Mark Kucala
Vice President and Chief Financial Officer

Directors

Douglas Speers
Independent Director, Chairman, and Member of the Human Resources, Safety and Environmental Committee

Patrick Bracken
Member of the Nominating, Governance, Risk and Ethics Committee

Harvey Joel
Independent Director, Chair of the Human Resources Safety and Environmental Committee, Member of the Audit and Finance Committee

Gary Mize
Independent Director, Chair of Audit and Finance Committee, Chair of the Nominating, Governance, Risk and Ethics Committee

James Vanasek
Member of Audit and Finance Committee

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AGM

Ceres Global Ag Corp.
Annual General Meeting
November 10 at 9:00 am
Davies Ward Phillips & Vineberg LLP
155 Wellington West, 40th floor
Toronto, ON M5V 3J7

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