CERES GLOBAL AG CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table of Contents

Financial and Operating Summary……	3
Quarterly Financial Data……	8
Liquidity & Cash Flow……	9
Capital Resources……	10
Accounting Policies and Critical Accounting Estimates……	11
Outlook……	11
Other……	13
Non-IFRS Financial Measures and Reconciliations……	15
Key Assumptions & Advisories……	16

This Management's Discussion and Analysis ("MD&A") dated February 13, 2018 should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements for the three-month and six-month periods ended December 31, 2017 of Ceres Global Ag Corp. ("Ceres", the "Corporation", "we", "our", and "us"), and the Corporation's audited Consolidated Financial Statements for the twelve-month period ended June 30, 2017 (the "Annual Consolidated Financial Statements"). Additional information about Ceres filed with Canadian securities regulatory authorities, including the quarterly financial statements and MD&A, 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. Unless otherwise indicated, dollar amounts are expressed in United States dollars ("$" and "USD") and references to "CAD" and "C$" are to Canadian dollars.

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."

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.

Who We Are

Through our network of commodity logistics centers and team of industry experts, Ceres procures and provides North American agricultural commodities & value added products, industrial products, fertilizer, energy products and reliable supply chain logistics services to customers worldwide.

Ceres operates six locations, Duluth, MN; Minneapolis, MN; Savage, MN; Shakopee, MN; Northgate, Saskatchewan; and Port Colborne, Ontario, and is headquartered in Minneapolis, MN. Our wholly-owned facilities throughout North America have an aggregate grain and oilseed storage capacity of approximately 34.4 million bushels.

Ceres also has a 25% interest in Stewart Southern Railway Inc., a short-line railway located in southeast Saskatchewan with a range of 130 kilometers, and a 17% interest in Canterra Seed Holdings Ltd, a Canadian-based seed development company.

Grain Division

The Corporation's grain division is engaged in grain storage, procurement, and merchandising of specialty grains and oilseeds such as oats, barley, rye, hard red spring wheat, durum wheat, canola and pulses through six grain storage and handling facilities in Minnesota, Saskatchewan and Ontario. Two 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 a tributary of the Mississippi River, allowing access for vessels and barges and enabling the efficient import and export of grains globally. Approximately 29.4 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 respective futures contracts.

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 Logistics Center

Ceres owns approximately 1,300 acres of land at Northgate, Saskatchewan, where it has constructed a commodities logistics centre designed to utilize two rail loops, each capable of handling unit trains of up to 120 railcars. The Northgate Logistics Center ("Northgate" or the "NLC") is an approximately CAD $100 million state-of-the-art grain, oil, natural gas liquids and fertilizer terminal and is connected to the Burlington Northern Santa Fe Railway (the "BNSF") with plans to further build out infrastructure to support handling of other industrial products and equipment.

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. Phase one of the elevator was operational in November 2015 and the elevator was fully operational in May 2016. 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 NLC grain terminal. Ceres has the option of storing the grain on-site, loading it into outbound railcars to end-users, or shipping to the Corporation's other facilities to take advantage of the value and strategic location of its current asset base.

Concurrent with its grain operations at NLC, 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. This provides a direct link and an added access point for propane to enter the US market.

In November 2015, Ceres entered into an agreement with Koch for the storage and handling of dry fertilizer products which brings fertilizer shipments to Northgate. At Northgate, Ceres unloads and warehouses fertilizer in a new, state of the art, 26,000-ton fertilizer storage terminal. The fertilizer is loaded out by Ceres into trucks and distributed to Canadian retailers. The fertilizer operation commenced on April 30, 2017.

1. FINANCIAL AND OPERATING SUMMARY

(in thousands of USD except shares and income (loss) per share)	Three months ended December 31		Six months ended December 31	
	2017	2016	**2017**	2016
Revenues	**$ 89,569**	$ 131,838	**$ 220,208**	$ 287,765
Gross profit	**$ 4,283**	$ 2,870	**$ 7,346**	$ 4,741
Income from operations	**$ 1,162**	$ 779	**$ 1,681**	$ 174
Net income (loss)	**$ 224**	$ (153)	**$ (582)**	$ (1,509)
Weighted average common shares outstanding	**27,917,186**	27,303,167	**27,913,799**	27,095,954
Income (loss) per share - Basic	**$ 0.01**	$ (0.01)	**$ (0.02)**	$ (0.06)
Income (loss) per share - Diluted	**$ 0.01**	$ (0.01)	**$ (0.02)**	$ (0.06)
As at:				
Total assets	**$ 220,569**	$ 245,689	**$ 220,569**	$ 245,689
Total bank indebtedness, current (1)	**$ 28,878**	$ 47,163	**$ 28,878**	$ 47,163
Term debt (2)	**$ 11,555**	$ 14,354	**$ 11,555**	$ 14,354
Shareholders' equity	**$ 150,761**	$ 158,367	**$ 150,761**	$ 158,367
Return on shareholders' equity (3)	**0.1%**	-0.1%	**-0.4%**	-1.0%

(1) Includes bank indebtedness and outstanding cheques in excess of cash on hand
(2) Includes current portion of long-term debt.
(3) Non-IFRS measure. See "Non-IFRS Financial Measures and Reconciliations" section.

HIGHLIGHTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

- In an environment of low commodity prices with diminished margin opportunities, the Corporation increased gross profit $1.4 million or 49% compared to the same period in 2016 due to the increase in net trading margin, storage and rental income, and logistics and transloading revenue.
- Logistics and transloading revenue increased 234% compared to the same period in 2016.
- The Corporation increased income from operations $383 thousand compared to the same period in 2016.
- Generated $22.0 million cash flow from operations, 44% increase compared to the same period in 2016.

The Corporation’s revenue is currently generated by its grain and logistics divisions. The revenues are predominantly composed of the sale of grain, storage and rental income, and transloading income. 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.

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 than on changes in revenue dollars.

For the Three Months Ended December 31, 2017 and December 31, 2016

Overall Performance

The Corporation’s net income was $224 thousand for the three months ended December 31, 2017, compared to a net loss of $153 thousand in the same period of 2016 due to an increase in income from operations. Gross profit was $4.3 million for the three months ended December 31, 2017 compared to a gross profit of $2.9 million in the same period of 2016. Income from operations was $1.2 million for the three months ended December 31, 2017 compared to $779 thousand of income from operations in the same period of 2016.

Revenues and Gross Profit

Total revenue decreased by $42.3 million in the three months ended December 31, 2017 compared to the same period in 2016. The Corporation handled and traded 17.0 million bushels of grain and oilseed sales in fiscal year 2017 compared to 24.7 million bushels for the fiscal year 2016. The decrease was primarily driven by fewer international vessel shipments and a concerted effort to focus on higher margin trades during the three months ended December 31, 2017 compared to the same period of 2016.

The table below represents a summary of the components of gross profit for the three months ended December 31, 2017 and 2016:

	Three months ended December 31	
(in thousands of USD)	**2017**	2016
Net trading margin	**$ 5,834**	$ 5,549
Storage and rental income	**2,050**	1,579
Logistics and transloading	**742**	222
Operating expenses included in Cost of sales	**(3,116)**	(3,334)
Depreciation expense included in Cost of sales	**(1,227)**	(1,146)
Gross profit (loss)	**$ 4,283**	$ 2,870

Gross profit increased by $1.4 million in the three months ended December 31, 2017 compared to the same period in 2016. The quarter over quarter increase in gross profit was driven by the increase in net trading margin, storage and rental income, and logistics and transloading revenue.

<u>Net trading margin</u>

Net trading margin increased $285 thousand in the three months ended December 31, 2017 compared to the same period in 2016.

Storage and rental income

Storage and rental income increased $471 thousand in the three months ended December 31, 2017 compared to the same period in 2016. The Corporation's storage and rental income increase was a result of a higher volume of third-party storage agreements.

Logistics and transloading

The Corporation earns a service fee for handling liquefied petroleum gas ("LPG" or "propane"), industrial products and fertilizer at Northgate. Logistics and transloading revenue increased $520 thousand in the three months ended December 31, 2017 compared to the same period in 2016. The increase was due primarily to fertilizer transloading income, whose shipments began in Q4 fiscal year 2017.

Operating expenses and depreciation

For the three months ended December 31, 2017, operating and depreciation expense included in cost of sales decreased $137 thousand compared to the same period in 2016, as result of the closure and sale of non-strategic assets in Q4 fiscal year 2017 and Q1 fiscal year 2018.

General and Administrative Expenses

General and administrative expenses totaled $3.1 million for the three months ended December 31, 2017 compared to $2.1 million for the same period in 2016 due to increased labor from the buildup of the grain merchandising and finance team and increased in legal expenses related to ongoing litigation.

Finance Income (Loss)

Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation of portfolio investments. For the three months ended December 31, 2017, finance loss totaled $74 thousand compared to finance income of $56 thousand for the same period in 2016. The finance loss increase of $130 thousand was due to foreign exchange losses.

Interest Expense

	Three months ended December 31	
(in thousands of USD)	**2017**	2016
Revolving credit facility	**$ (470)**	$ (448)
Repurchase obligations	**-**	-
Long-term debt	**(248)**	(345)
Amortization of financing costs paid	**(127)**	(172)
Total interest expense	**$ (845)**	$ (965)

The decrease in interest expense for the three months ended December 31, 2017 compared to the same period in 2016 of $120 thousand was due to lower inventory levels and commodity prices.

Share of Net Income (Loss) in Investments in Associates

For the three months ended December 31, 2017, the Corporation incurred a loss in its net share in investments in associates of $83 thousand compared to a loss of $35 thousand for the same period in 2016.

For the Six Months Ended December 31, 2017 and December 31, 2016

Overall Performance

The Corporation's net loss was $582 thousand for the six months ended December 31, 2017, compared to a net loss of $1.5 million in the same period of 2016. The net loss was due primarily to non-cash items, which includes a loss on investments in associates and a loss on the revaluation of non-core portfolio investments, leaving our 17% interest in Canterra as our only core portfolio investment, and litigation costs, offset by an increase in income from operations. Gross profit was $7.3 million for the six months ended December 31, 2017 compared to a gross profit of $4.7 million in the same period of 2016. Income from operations was $1.7 million for the six months ended December 31, 2017 compared to a $174 thousand income from operations in the same period of 2016.

Revenues and Gross Profit

Total revenue decreased by $67.6 million in the six months ended December 31, 2017 compared to the same period in 2016. The Corporation handled and traded 44.2 million bushels of grain and oilseed sales in fiscal year 2017 compared to 59.6 million bushels for the fiscal year 2016. The decrease was primarily driven by fewer international vessel shipments and a concerted effort to focus on higher margin trades during the six months ended December 31, 2017 compared to the same period of 2016.

The table below represents a summary of the components of gross profit for the six months ended December 31, 2017 and 2016:

	Six months ended December 31	
(in thousands of USD)	**2017**	2016
Net trading margin	**$ 10,053**	$ 10,416
Storage and rental income	**4,667**	2,978
Logistics and transloading	**1,446**	446
Operating expenses included in Cost of sales	**(6,365)**	(6,795)
Depreciation expense included in Cost of sales	**(2,455)**	(2,304)
Gross profit (loss)	**$ 7,346**	$ 4,741

Gross profit increased by $2.6 million in the six months ended December 31, 2017 compared to the same period in 2016. The year over year increase in gross profit was driven by the increase in storage and rental income and logistics and transloading revenue.

Net trading margin

Net trading margin decreased $363 thousand in the six months ended December 31, 2017 compared to the same period in 2016 due to lower spring wheat and oats trading margins year over year.

Storage and rental income

Storage and rental income increased $1.7 million in the six months ended December 31, 2017 compared to the same period in 2016. The Corporation's storage and rental income increase was a result of a higher volume of third-party storage agreements.

Logistics and transloading

The Corporation earns a service fee for handling liquefied petroleum gas ("LPG" or "propane"), industrial products and fertilizer at Northgate. Logistics and transloading revenue increased $1.0 million in the six months ended December 31, 2017 compared to the same period in 2016. The increase was due primarily to fertilizer transloading income, whose shipments began in Q4 fiscal year 2017.

Operating expenses and depreciation

For the six months ended December 31, 2017, operating and depreciation expense included in cost of sales decreased $279 thousand compared to the same period in 2016, as result of the closure and sale of non-strategic assets in Q4 fiscal year 2017 and Q1 fiscal year 2018.

General and Administrative Expenses

General and administrative expenses totaled $5.7 million for the six months ended December 31, 2017 compared to $4.6 million for the same period in 2016 due to increases in labor from the buildup of the grain merchandising and finance team and increases in legal expenses related to ongoing litigation.

Finance Income (Loss)

Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation of portfolio investments. For the six months ended December 31, 2017, finance loss totaled $319 thousand compared to finance loss of $130 thousand for the same period in 2016. The finance loss increase of $189 thousand was due primarily to the revaluation of portfolio investments offset by foreign exchange gains.

Interest Expense

	Six months ended December 31	
(in thousands of USD)	**2017**	2016
Revolving credit facility	**$ (991)**	$ (875)
Repurchase obligations	**(37)**	-
Long-term debt	**(494)**	(700)
Amortization of financing costs paid	**(253)**	(344)
Total interest expense	**$ (1,775)**	$ (1,919)

The decrease in interest expense for the six months ended December 31, 2017 compared to the same period in 2016 of $144 thousand was due to lower inventory levels and commodity prices.

Share of Net Income (Loss) in Investments in Associates

For the six months ended December 31, 2017, the Corporation incurred a loss in its net share in investments in associates of $168 thousand compared to a loss of $102 thousand for the same period in 2016.

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016	6/30/2016	3/31/2016
(in thousands of USD except per share)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q5 2016	Q4 2016
Revenues	$ 89,569	$ 130,638	$ 112,178	$ 128,534	$ 131,838	$ 155,927	$ 115,762	$ 87,292
Gross profit	$ 4,283	$ 3,063	$ 52	$ 3,048	$ 2,870	$ 1,871	$ 1,863	$ 2,821
Income (loss) from operations	$ 1,162	$ 519	$ (2,522)	$ 631	$ 779	$ (605)	$ (335)	$ 917
Net income (loss)	$ 224	$ (806)	$ (4,040)	$ (8,104)	$ (153)	$ (1,356)	$ (1,480)	$ 834
Return on shareholders' equity[1]	0.1%	-0.5%	-2.7%	-5.4%	-0.1%	-0.9%	-0.9%	0.5%
Weighted-average number of common shares for the quarter	27,917	27,910	27,947	28,030	27,303	26,889	26,940	27,047
Basic and fully diluted earnings (loss) per share	$ 0.01	$ (0.03)	$ (0.14)	$ (0.29)	$ (0.01)	$ (0.05)	$ (0.05)	$ 0.03
EBITDA[1]	$ 2,333	$ 1,524	$ (1,720)	$ 1,569	$ 2,002	$ 744	$ 539	$ 1,869
EBITDA per share	$ 0.08	$ 0.05	$ (0.06)	$ 0.06	$ 0.07	$ 0.03	$ 0.02	$ 0.07
Shareholders' equity, as at reporting date	$ 150,761	$ 151,094	$ 148,759	$ 150,958	$ 158,367	$ 155,062	$ 157,598	$ 160,091
Shareholders' equity per common share, as at reporting date	$ 5.40	$ 5.41	$ 5.33	$ 5.40	$ 5.64	$ 5.77	$ 5.86	$ 5.92
Volumes								
Elevator bushels handled	14,342	22,874	26,099	16,055	20,021	25,030	18,726	9,383
Direct ship bushels	2,610	4,363	3,580	5,809	4,641	9,912	9,405	3,207

[1]Non-IFRS measurement. See "Non-IFRS Financial Measures and Reconciliations" section below for further information.

3. LIQUIDITY & CASH FLOW

(in thousands of USD)	Six months ended December 31 **2017**	2016
Net Cash Provided by (Used in)		
Operating activities	**$ 35,569**	$ 20,216
Investing activities	**(1,042)**	(7,518)
Net Cash Provided Before Financing Activities	**34,527**	12,698
Financing Activities	**(30,717)**	(12,502)
Foreign Exchange Cash Flow Adjustment on Accounts Denominated in a Foreign Currency	**(25)**	(185)
Increase in Cash and Cash Equivalents	**$ 3,785**	$ 11

Operating Activities
Cash provided by operating activities was $35.6 million for the six months ended December 31, 2017. The $15.4 million increase in cash provided by operating activities was primarily a result of lower accounts receivable and inventory levels.

Investing Activities
During the six months ended December 31, 2017, cash used in investing activities was $1.0 million, which comprised of additions of property, plant and equipment. The $6.5 million decrease in cash used in investing activities was primarily due to the completion of asset purchases for the fertilizer facility at Northgate in the prior year.

Financing Activities
During the six months ended December 31, 2017, the Corporation had $30.7 million in cash used in financing activities. The $18.2 million increase of cash used in financing activities was primarily due to the decrease of borrowings on the revolving line of credit as a result of cash generated from operations.

Available Sources of Liquidity
The Corporation's sources of liquidity as at December 31, 2017 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 Credit Facility, as at December 31, 2017, contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $30.0 million. As at December 31, 2017 the Corporation's working capital – defined as current assets less current liabilities – totaled $36.2 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 and consolidated tangible net worth of not less than $120.0 million. As at December 31, 2017, the Corporation was in compliance with all of the above mentioned financial covenants.

Liquidity risk

As at December 31, 2017 and June 30, 2017, the following are the contractual maturities of financial liabilities, excluding interest payments:

(in thousands of USD) December 31, 2017	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 28,878	$ 29,013	$ 29,013	$ -	$ -	$ -
Accounts payable and accrued liabilities	27,578	27,578	27,578	-	-	-
Unrealized losses on open cash contracts	1,797	1,797	1,797	-	-	-
Long-term debt	11,555	12,000	5,000	7,000	-	-
Operating lease obligations	-	1,421	519	415	487	-

(in thousands of USD) June 30, 2017	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 56,443	$ 56,595	$ 56,595	$ -	$ -	$ -
Accounts payable and accrued liabilities	22,560	22,560	22,560	-	-	-
Unrealized losses on open cash contracts	14,066	14,066	14,066	-	-	-
Long-term debt	14,454	15,000	3,000	5,000	7,000	-
Operating lease obligations	-	1,652	517	456	679	-

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, inventories on hand and the timing of grain purchases.

Credit Facility

As disclosed in the Interim Condensed Consolidated Financial Statements for the three months and six months ended December 31, 2017, on December 28, 2017 the Corporation renewed and amended its uncommitted credit facility to a maximum revolving facility amount of $67.5 million. The agreement is set to expire on December 27, 2018. Borrowings bear an interest rate of overnight LIBOR plus 3.875% per annum, 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, and as at December 31, 2017, the Corporation was in compliance with all covenants.

Term Loan

In accordance with the Corporation's senior secured term loan facility agreement with Macquarie Bank entered into on December 30, 2014 and subsequently amended, a principal payment of $3.0 million was paid on December 29, 2017. The next principal payment is payable on December 28, 2018 for the amount of $5.0

million and the final principal payment is due on December 27, 2019 in the amount of $7.0 million. The term loan has an interest rate of one month LIBOR plus 5.25%.

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued But Not Yet Effective

Refer to Note 4 of the Unaudited Interim Condensed Consolidated Financial Statements for information pertaining to accounting changes and information on standards issued but not yet effective for the period ending December 31, 2017.

Critical Accounting Estimates

The discussion and analysis of Ceres' financial condition and results of operations are based upon the Corporation's Interim Condensed 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 and valuation of inventories and commodity derivatives, 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

Grain Division

Across the regional crop areas where our Corporation merchandises grains and oilseeds, volumes continued to move in fairly steady fashion during the October-December quarter following harvest completion. Farmers have been steady sellers of commodities with higher profit margins such as durum and canola, while falling well behind the typical yearly pace for sales in spring wheat and perhaps slightly below in oats both of which saw more limited opportunity to lock in any rallies. Storage space was adequate, and as a result transportation saw limited price spikes from any scarcity versus demand.

Heavy total supplies across most agricultural markets, globally as well as in North America, continue to pressure prices across the board. The heavy speculative selling by the managed money funds has created a near record short position in futures and options, most notably corn and winter wheat. Canadian farmers did manage to see some brief post-harvest rallies in spring wheat and oats, before the broader negative price environment spilled over into the smaller grains/oilseeds, and the currency rates kept their receipts relatively stronger in local currency terms. End-users/consumers feel like they have continued to gradually extend coverage into 2018 but are overall working down their coverage levels from the very high levels seen last fall.

Heading into 2018 for the later parts of our crop year, we expect farmers to continue methodically marketing their remaining crops, selling rallies or selling ratably in the absence of any rallies. Seasonally, there may be upticks in farmer sales regardless of price when annual decisions start getting made in February on planting expectations for the next crop year as some commitments (and payments) for crop inputs will need to be made ahead of spring planting. Across our various core commodities, we've seen generally good consumer forward coverage continue in oats, spring wheat and durum. Oilseeds crush margins, in canola as well as soybeans, have improved from weaker July-December pricing, and so that may be an area with better potential demand from the downstream side. Unless or until prices rally from the lows seen in December, we may also start to see better export demand as global price parities are reasonable at these lower prices.

Consequently, we expect steady, reasonable volumes through the balance of the fiscal year with the typical seasonal decline when spring plantings begin. If the large managed money positions in the agricultural futures markets start covering their short positions and lift prices across the board, whether due to global crop production issues (e.g. South American weather) or weakening US dollar currency rates, we would expect to see better than expected volumes through our system both pre- and post-planting in the spring. As most of our downstream industries (milling in wheat and oats, feed usage surrounding canola and the feed side of oats) seem to be experiencing average to above average profit margins, there will need to be some price incentives maintained to keep planting intentions from declining too quickly although any massive tightening of the heavy supply situations we face is unlikely without a weather event.

Logistics Division

Q2 fiscal year 2018 was similar to Q1 as all current product lines maintained steady volumes with minimal interruption: phosphate, urea, LPG, and other industrial products.

Koch Fertilizer Canada maintained steady movement of phosphate and urea through the NLC 26,000-ton warehouse, whereby product is brought in by rail and loaded out by truck for distribution to retailers who then sell to Canadian farmers. Volumes are expected to increase during the spring planting season.

The Corporation continues to transload LPG from inbound trucks into railcars for shipment into the US & Mexico markets via the BNSF from Northgate, Saskatchewan. As was the case through Q1, US demand has been strong and volumes are exceeding expectations. We expect volumes will remain consistent throughout the rest of fiscal year 2018.

In addition, the Corporation continues to explore opportunities to build out and further develop the NLC energy & industrial products transloading business with additional tenant customers and the potential to handle other types of energy and industrial products such as oil field supplies, construction materials, and industrial parts and equipment. Specifically, the Corporation has conducted several test shipments and expects to see volumes increase over the rest of 2018 as a result of that effort. Movement into Canada has been relatively unimpeded, however, issues have surfaced with respect to some products moving into the US due to infrastructure needed for customs to perform proper inspections. The Corporation is making good progress with both US customs and BNSF on a solution.

Lastly, there are several other opportunities the Corporation is looking at to add revenue and fully utilize the rail and road infrastructure at Northgate. Management anticipates one or more of these opportunities to come to fruition during the fiscal year 2018.

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 December 31, 2017, designed 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 December 31, 2017, designed 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 CPA Canada (formerly The Canadian Institute of Chartered Accountants). There have been no material changes in the Corporation's internal control over financial reporting during the three months ended December 31, 2017 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 6 of the Interim Condensed Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2017, the Corporation has engaged in $1.4 million of operating lease obligations related to equipment, storage and office space. See "Liquidity & Cash Flow."

RELATED-PARTY TRANSACTIONS

The remuneration of key management personnel of the Corporation, which includes both members of the Board of Directors and leadership team including the President and CEO, CFO and Vice Presidents, is set out below in aggregate:

	Three months ended December 31		Six months ended December 31	
(in thousands of USD)	**2017**	2016	**2017**	2016
Employee/director salaries and benefits	**$ 228**	$ 280	**$ 519**	$ 536
Share-based compensation	**123**	124	**140**	171
	$ 351	$ 404	**$ 659**	$ 707

SHARES OUTSTANDING

As at February 13, 2018, the issued and outstanding equity securities of the Corporation consisted of 27,934,991 common shares. In addition, the Corporation has 1,397,337 stock options outstanding with a weighted-average exercise price of C$5.95 per common share and 204,333 deferred share units outstanding.

CONTINGENT LIABILITIES

See Note 16 of the Interim Condensed Consolidated Financial Statements for disclosure of the Corporation's contingencies as at December 31, 2017.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

Certain financial measures in this MD&A and discussed below are not prescribed by and do not 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-recurring in nature.

The following table is a reconciliation of EBITDA for Ceres on a consolidated basis for the three and six months ended December 31, 2017 and 2016:

	Three months ended December 31		Six months ended December 31	
(in thousands of USD)	**2017**	2016	**2017**	2016
Net income (loss) for the period	**$ 224**	$ (153)	**$ (582)**	$ (1,509)
Add/(Deduct):				
Interest Expense	**845**	965	**1,775**	1,919
Revaluation of derivative warrant liability	**-**	(1)	**-**	(104)
Loss (Gain) on sale or property, plant and equipment	**-**	-	**63**	-
Income taxes (recovered)	**(64)**	(11)	**(62)**	(8)
Share of net (income) loss in investments in associates	**83**	35	**168**	102
Depreciation on property, plant and equipment	**1,245**	1,168	**2,495**	2,347
	$ 2,333	$ 2,003	**$ 3,857**	$ 2,747

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 three and six months ended December 31, 2017 and 2016:

	Three months ended December 31		Six months ended December 31	
(in thousands of USD)	**2017**	2016	**2017**	2016
Net income (loss) for the period	**$ 224**	$ (153)	**$ (582)**	$ (1,509)
Total shareholders' equity as at reporting date	**$ 150,761**	$ 158,367	**$ 150,761**	$ 158,367
Return on shareholders' equity	**0.1%**	-0.1%	**-0.4%**	-1.0%

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD LOOKING INFORMATION

This interim 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 plans to further develop the NLC, 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 NLC;
- The ability of Ceres to successfully operate Northgate;
- The Corporation’s ability to successfully defend itself against, or settle, the dispute with The Scoular Company and the costs of that dispute;

- Realization of economic benefits resulting from the synergies with NLC; 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 the forward-looking statements herein, which are 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.