



## **CERES GLOBAL AG REPORTS FINANCIAL RESULTS FOR THIRD QUARTER 2016**

**TORONTO, ON, (February 10, 2016)** – Ceres Global Ag Corp. (TSX: CRP) (“Ceres” or the “Corporation”) today announced its financial and operational results for the three- and nine-month periods ended December 31, 2015. All amounts are in Canadian currency unless otherwise noted.

“Declining wheat prices and the unprecedented influx of new supply from foreign markets due to the strength of the US dollar significantly impacted our Q3 gross profit and margins,” said Mr. Patrick Bracken, CEO of Ceres Global Ag. “Despite these challenging market conditions, we achieved a number of key milestones relating to the buildout of our Northgate project. Chief among them was the Phase 1 completion of our high-speed elevator, the commissioning of three storage bins with 960,000 bushels of storage capacity and the signing of a partnership agreement with Koch Fertilizer to store and handle fertilizer products at Northgate. This progress provides clear evidence that we are executing on our strategy of building a world-class logistics hub at Northgate.”

### **Financial and Operational Highlights for Q3 FY2016**

- Generated revenue of \$82.3 million, up 18% from Q3 FY 2015.
- Incurred a gross loss of \$10.4 million, largely due to durum wheat losses of \$11.7 million.
- Excluding the durum wheat loss, generated a trading margin of \$0.73 per bushel for all other cereal and oilseed commodities.
- Incurred a net loss of \$13.4 million compared to net income of \$2.3 million for Q3 FY2015.
- Completed Phase 1 construction of the high-speed elevator at the Northgate Commodity Logistics Centre (Northgate) on time and budget. The construction included the commissioning of the three steel storage bins totaling 960,000 bushels of storage capacity, two truck unloading pits and a rail loadout system.
- Loaded two 100-plus rail car shuttle trains out of Northgate.
- Loaded 312 railcars of grain and/or oilseed destined for the U.S. and Latin American markets out of Northgate.
- Loaded 163 railcars of propane on behalf of a third-party customer at Northgate.
- Handled 10.8 million total bushels at the Corporation’s 9 grain facilities, up 13%.
- Entered into an agreement with Koch Fertilizer Canada, ULC (“Koch”) to store and handle dry fertilizer products at Northgate.
- Renewed a USD \$120 million revolving credit facility with Macquarie Bank through December 18, 2016.

**FY 2016 Q3 Financial Results**

<i>In \$CDN millions except per share</i>	<b>Q3 FY 2016</b>	<b>Q3 FY2015</b>	<b>FY2016 YTD</b>	<b>FY2015 YTD</b>
Revenue	\$82.3	\$69.7	\$236.8	\$138.3
Gross profit (loss)	\$(10.4)	\$5.4	\$(7.0)	\$11.9
EBITDA <sup>1</sup>	\$(11,929)	\$3,845	\$(10,620)	\$5,205
Income (loss) from operations	\$(13.1)	\$3.3	\$(14.8)	\$3.5
Net income (loss)	\$(13.4)	\$2.3	\$(15.0)	\$2.1
Earnings (loss) per share basic and fully diluted	\$(0.50)	\$0.13	\$(0.56)	\$0.14

Revenue in Q3 2016 totaled \$82.3 million, up 18% from \$69.7 million for Q3 2015. The revenue growth in Q3 was largely due to a 2.1 million, or 34%, increase in the number of bushels sold. Revenue on a nine-month basis for FY2016 was \$236.8 million, up from \$138.3 million for FY2015, and also driven by an increase in the number of bushels sold.

It is important to understand that Ceres is principally involved in an agricultural commodity-based business in which changes to selling prices generally move in relation to changes to purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that Ceres deals with 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 the number of bushels handled than it is to focus on changes in revenue on dollars.

Ceres incurred a gross loss of \$10.4 million in Q3 2016, down from a gross profit of \$5.4 million for Q3 2015. The gross loss was largely due to wheat trading losses of \$11.7 million incurred during the quarter. While all cereal grains have experienced price declines over the past crop year, which put pressure on Ceres' margins, the gross loss was largely attributable to the negative impact that durum wheat price declines had on the value of the Company's existing grain inventory at quarter end. Ceres incurred a gross loss of \$7.0 million for the nine-month period of FY2016, down from a gross profit of \$11.9 million for the comparable period of FY2015.

Operating and depreciation expenses for Q3 2016 totaled \$5.4 million, up from \$4.5 million for Q3 2015. The growth was due to increased activities at Northgate and the impact of the declining value of the Canadian dollar as the majority of Ceres' operating expenses are translated from US currency. Ceres owns and operates nine facilities, of which seven are located US. Operating and depreciation expenses for the nine-month period of FY2016 totaled \$15.2 million, up from \$12.3 million for FY2015.

General and administrative expenses for Q3 2016 totaled \$2.7 million, up from \$2.1 million for Q3 2015. The expense increase was largely due to the impact the declining value of the Canadian dollar had on operations as the majority of Ceres' expenses are translated from US currency. The expense increase was also attributable to increased staffing levels, particularly due to overall grain trading and origination at Northgate. General and administrative expenses totaled \$7.8 million for the nine-month period of FY 2016 and \$8.4 million for the comparable period in FY2015. The year-over-year decline in expenses for

the nine-month period was attributable to non-capitalized third-party service costs incurred for the build-out of Northgate in FY2015.

Ceres incurred a net loss of \$13.4 million for Q3 2016. This compares to net income of \$2.3 million for Q3 2015. Net loss for the nine-month period of FY2016 was \$15.0 million, down from net income of \$2.1 million for FY2015. The declines were due to factors already discussed, including the durum wheat loss of \$11.7 million.

As at December 31, 2015, Ceres had working capital of \$86.5 million and access to unused credit facilities totaling \$97.8 million. These compare to working capital of \$76.3 million and access to unused credit facilities of \$45.6 million at the end of September 30, 2015. In Q3, Ceres renewed and amended its USD \$120 million credit facility with Macquarie through December 18, 2016.

Ceres' working capital and cash totals were impacted by investments totaling \$31.2 million made towards the acquisition of property, plant and equipment, primarily for the build-up of Northgate. The investment total was partially offset by the proceeds of \$1.9 million from the sale of the Electric Steel facility located in Minnesota.

Ceres 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 12 months will be funded by cash on hand and borrowing against the credit facility. Any additional debt incurred will be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant limits.

## **Outlook**

"We are bullish about our prospects as we head into the 2016 crop year given our recent progress," said Mr. Bracken. "Within our Grain Division, the ongoing buildout of Northgate, the increased utilization of the terminal assets in our network and our customer focus will keep our business on the right track in a challenging commodity environment. We see many opportunities for continued growth as we enter the new planting season that will provide significant momentum for our core grain business."

Mr. Bracken added, "We are experiencing similar momentum in the Logistics side of our business given our strategic agreements with Koch Fertilizer, Elbow River Marketing and BNSF Railway. Beginning in the spring of 2016 we will start construction of a fertilizer facility at Northgate which is scheduled to be completed in the spring of 2017. Through our agreement with Koch, we will receive shipments of 80 car trains of phosphate fertilizer to Northgate that we will unload and warehouse in our state-of-the-art storage terminal. This will make it easier for grain suppliers to backhaul the fertilizer to points of origination after unloading their grain supply. We believe that this arrangement will improve transportation economics and strengthen Northgate's ability to attract grain suppliers.

"We also expect to capitalize on growing demand for liquefied petroleum gas by continuing to unload it from inbound trucks into railcars for shipment into the US from Northgate. Our experience to date provides a roadmap for us to expand into other oilfield and agricultural input products."

Ceres also announced that it will change its fiscal year reporting period from April 1 to March 31 to July 1 to June 30, effective with the start of FY 2017. The change is designed to make Ceres' reporting of its financial results consistent with industry norms and the traditional crop season. Effective with the start of Fiscal Year 2017, July 1, 2016, Ceres will also begin reporting its results in US dollars.

### **Conference Call Details**

Ceres will hold a conference call to discuss its third quarter 2016 financial and operational results on Thursday, February 11, 2016 at 10:00 a.m. ET. Patrick Bracken, Ceres' President and CEO, and Mark Kucala, Ceres' CFO, will co-chair the conference call.

All interested parties can join the conference call by dialing 1-888-231-8191 or 647-427-7450, conference ID: 20541628. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until Thursday, February 25, 2016 at midnight, ET. To access the archived conference call, please dial 1-855-859-2056 and enter the encore code 20541628.

A live audio webcast of the conference call will be available at:

<http://event.on24.com/r.htm?e=1116726&s=1&k=AEA504B194BCFAB6D181B510FD1073F1>

Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. An archived replay of the webcast will be available for 90 days.

### **Non-IFRS Financial Measures**

<sup>1</sup>EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is not a standardized financial measure prescribed by IFRS; however, 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.

In calculating EBITDA, Ceres excludes its share of the net income (loss) from investments in associates and the gain (loss) on sale or impairment of property, plant and equipment. Ceres may calculate EBITDA differently than other companies; therefore, Ceres' EBITDA may not be comparable to similar measures presented by other issuers.

Investors are cautioned that EBITDA should not be construed as alternatives to net income or loss, or to other standardized financial measures determined in accordance with IFRS, and are not intended to represent cash flows or results of operations in accordance with IFRS.

### **About Ceres Global Ag Corp. (ceresglobalagcorp.com)**

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

Ceres' Grain Storage unit is a collection of nine grain storage and handling assets in Minnesota, New York, Saskatchewan and Ontario having aggregate storage capacity of approximately 43 million bushels as at December 31, 2015.

Ceres' Commodity Logistics unit is focused on the development of a Commodity Logistics Centre in Northgate, SK. The Northgate Commodities Logistics Centre is a state-of-the-art grain, agriculture services and oilfield supplies transloading site, which is being developed in conjunction with several potential energy company partners and connected to BNSF Railway.

Ceres also has a 25% interest in Stewart Southern Railway Inc., a short-line railway with a range of 130 kilometres that operates in South-eastern Saskatchewan.

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*Cautionary Notice: This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation and United States securities laws. Forward-looking information may include, but is not limited to, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, including the plans, costs, timing and capital for the development of the Northgate Commodities Logistics Centre, expectations or projections about the future, strategies and goals for growth, expected and future cash flows, costs, planned capital expenditures, regulatory change, general economic political and market conditions anticipated capital projects, construction and completion dates, operating and financial results, critical accounting estimates, the expected financial and operational consequences of future commitments. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "may have implications" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is 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 information. Key assumptions upon which such forward-looking information is based are listed in the "Forward-Looking Information" section of the interim MD&A for the year and quarter ended March 31, 2015. Many such assumptions are based on factors and events that are not within the control of Ceres and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking information include, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in agricultural, food processing and feed sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Ceres to successfully implement strategic initiatives and whether such strategic initiatives will yield the expected benefits, the ability of Ceres to successfully defend the claim by The Scoular Company, the operating performance of the Corporation's assets, the availability and price of commodities and regulatory environment, processes and decisions. Although Ceres has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results that are not anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Ceres undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.*

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