



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

**TORONTO, ON, (May 11, 2016)** – Ceres Global Ag Corp. (TSX: CRP) (“Ceres” or the “Corporation”) today announced its financial and operational results for the three- and 12-month periods ended March 31, 2016. All amounts are in Canadian currency unless otherwise noted.

“Our Q4 results were marked by modest gains to each of our key financial and operating metrics, including gross profit, net income, number of bushels handled and number of rail cars transloaded,” said Mr. Patrick Bracken, CEO of Ceres Global Ag. “This progress is encouraging, and suggests that our strategy of combining grain handling, storage and trading activities with a world-class logistics hub is gaining traction. With the buildout of the grain facility at our Northgate Commodities Logistics Hub now complete, we expect our recent momentum to continue as we head towards the start of the planting season.”

### **Financial and Operational Highlights for Q4 FY2016 compared to Q4 FY2015**

- Generated revenue of \$119.4 million, up 119%.
- Gross profit was \$3.9 million compared to a gross loss of \$208 thousand.
- Net income was \$1.2 million, up from a net loss of \$3.5 million.
- Earnings per share were \$0.04, up from a loss per share of \$0.13.
- Completed the buildout of the grain handling and shipping facility at the Corporation’s flagship Northgate Commodities Logistics Hub.
- Loaded 774 railcars, up 87%, of grains and/or oilseeds out of Northgate, for markets in the U.S., Latin America and Asia.
- Renewed and extended the Corporation’s agreement with Elbow River Marketing to unload liquefied petroleum gas.
- Loaded 153 railcars of propane on behalf of a third-party customer at Northgate.
- Began construction of the fertilizer storage warehouse in support of the agreement signed with Koch Fertilizer Canada, ULC to handle and store fertilizer at Northgate. The availability of fertilizer products at Northgate will make it possible for grain suppliers to improve their transportation costs by back-hauling agriculture inputs to points of origination.

### **Highlights subsequent to Quarter End**

- Announced that it will put three grain storage elevators located in Buffalo (Lakeport), New York, Minneapolis (Calumet) and Duluth (Lakeport), Minnesota out of service as part of a strategic initiative designed to reduce operating costs and better align operations with the Corporation’s long-term plans and focus. The grain elevator closures will take effect with the start of 2016 crop season in July. Ceres expects that the closures will result in an annual reduction of operating expenses of US\$2 to \$2.5 million. Ceres’ Duluth storage facility, which has a capacity of 12.2 million bushels, will remain open and be the primary focus of operations in the area.

### Review of FY 2016 Q4 Financial Results

<i>In \$CDN millions except per share</i>	<b>Q4 FY 2016</b>	<b>Q4 FY2015</b>	<b>FY2016 YTD</b>	<b>FY2015 YTD</b>
Revenue	\$119.4	\$54.5	\$356.2	\$192.8
Gross profit (loss)	\$3.9	\$(0.2)	\$(3.1)	\$11.7
EBITDA <sup>1</sup>	\$2.6	\$(1.5)	\$(8.0)	\$3.7
Income (loss) from operations	\$1.3	\$(2.4)	\$(13.5)	\$1.0
Net income (loss)	\$1.2	\$(3.5)	\$(13.9)	\$(1.4)
Earnings (loss) per share basic and fully diluted	\$0.04	\$(0.13)	\$(0.51)	\$(0.08)

Revenue in Q4 2016 totaled \$119.4 million, up 119% from \$54.5 million for Q3 2015 despite lower grain prices. The revenue growth in Q4 was largely due to an increase in the number of bushels sold by 8.1 million, or 109%, over the comparative period. Revenue on a 12-month basis for FY2016 was \$356.2 million, up from \$192.8 million for FY2015, and also driven by an increase in the number of bushels sold.

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 in dollars.

Ceres generated gross profits of \$3.9 million in Q4 2016, up from a gross loss of \$208 thousand in the comparative period. The year-over-year turnaround was largely due to a \$2.6 million, or 100%, increase in net trading margins stemming from higher carry income, increased inventory quantities and increased track-trading activities. On a 12-month basis, Ceres incurred a gross loss of \$3.1 million in FY2016 compared to gross profits of \$11.7 million for FY2015. The gross profit decline was largely due to durum wheat loss of \$11.7 million incurred in Q3 2016. As disclosed previously, durum wheat prices experienced considerable declines over the past crop year, impacting the value of the Corporation's existing grain inventory at the end of Q3 or December 31, 2015. Durum wheat prices and Ceres' durum wheat inventory value have since stabilized.

Operating and depreciation expenses for Q4 2016 totaled \$5.4 million, up from \$4.3 million for Q4 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 U.S. currency. Ceres owns and operates nine facilities, of which seven are located in the U.S. Operating and depreciation expenses for the 12-month period of FY2016 totaled \$20.5 million, up from \$16.6 million for FY2015.

General and administrative expenses for Q4 2016 totaled \$2.6 million, up from \$2.2 million for Q4 2015. The 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 U.S. 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 \$10.4 million for the 12-month period of FY 2016 and \$10.7 million for the comparable period in FY2015. The year-over-year decline in expenses for the 12-month period was attributable to non-capitalized third-party service costs incurred for the build-out of Northgate in FY2015.

Net income for Q4 2016 \$1.2 million or earnings per share of \$0.04. These compare to a net loss of \$3.5 million or a loss per share of \$0.14 for comparative period. Net loss for the 12-month period of FY2016 was \$13.9 million or a loss per share of \$0.51. In the 12-month period of FY2015, Ceres incurred a net loss of \$1.4 million or an earnings per share loss of \$0.08. The declines were due to factors already discussed, including the durum wheat loss of \$11.7 million and costs incurred towards the buildout of Northgate.

### Key Operating Metrics

In addition to its financial results, Ceres uses a number of key metrics to determine the success of its operations. These metrics are summarized below.

	Q4 FY 2016	Q4 FY2015	FY2016 YTD	FY2015 YTD
Total bushels handled	9.39 million	7.37 million	37.03 million	37.91 million
Net trading margin per bushel	\$0.63	\$0.51	\$0.23	\$1.11
Gross profit (loss) per bushel	\$0.18	\$(0.03)	\$(0.16)	\$0.31
Railcars of grains loaded at Northgate	774	413	1445	416
Railcars of propane gas trans-loaded at Northgate	153	Nil	609	Nil

### Working Capital and Liquidity

As at March 31, 2016, Ceres had working capital of \$80.6 million and access to unused credit facilities totaling \$77.8 million. These compare to working capital of \$86.5 million and access to unused credit facilities of \$97.8 million at the end of December 31, 2015.

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 very encouraged by our prospects as we head into the planting season," said Mr. Bracken. "Initial forecasts for this year's planting, weather and harvest conditions are promising and suggest strong crop output across many grains that could result in higher demand for our grain handling and storage services."

Mr. Bracken, added, "With the buildout of the Northgate grain facility now completed, our primary focus in the near term will be to increase its utilization. The closure of three of oldest grain elevators should also result in improved efficiencies at all of the terminals in our network and higher margins, particularly within our Grain division.

“Over the longer term, we continue to explore opportunities where we can add commodities for trans-loading at Northgate in addition to propane gas and phosphate fertilizer currently available or scheduled. The addition will strengthen Northgate’s ability to attract grain suppliers given the advantage it provides to them of backhauling agriculture inputs to points of origination after unloading their grain supply. Given Northgate’s strategic location, we believe that other commodity producers will want to take advantage of its strong transportation economics and close proximity to large markets.”

### **Change in reporting periods**

As previously announced, Ceres 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. As a result of these changes, Ceres FY2016 results will include five quarters. Effective with the start of FY 2017, July 1, 2016, Ceres will also begin reporting its results in U.S. dollars.

### **Conference Call Details**

Ceres will hold a conference call to discuss its fourth quarter 2016 financial and operational results on Thursday, May 12, 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 in Ceres’ Q4 financial and operational results can join the conference call by dialing 1-888-231-8191 or 647-427-7450, conference ID: 93035206. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until Thursday, May 28, 2016 at midnight, ET. To access the archived conference call, please dial 1-855-859-2056 and enter the encore code 93035206.

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

<http://event.on24.com/r.htm?e=1174182&s=1&k=81B1C70D4D4BDF17CC23B79EE123EDDD>

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 operates in two business units, one of which is a grain storage, handling, and merchandising unit 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 March 31, 2016.

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.

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.

### **For more information please contact:**

Joe Racanelli  
NATIONAL Equicom  
(416) 586-1943  
[jracanelli@national.ca](mailto:jracanelli@national.ca)

*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 Corporation, 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.*

**For investor relations, please contact:**

Joe Racanelli  
National Equicom  
416.586.1943  
jracanelli@national.ca