

Unaudited Interim Condensed Consolidated Financial Statements of



For the three-month and twelve-month periods ended March 31, 2016 and 2015

CERES GLOBAL AG CORP.
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March 31, 2016

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CERES GLOBAL AG CORP.
Interim Condensed Consolidated Balance Sheets
(Unaudited)

	Note	March 31, 2016	March 31, 2015
ASSETS			
Current			
Cash		\$ 6,014,435	\$ 5,136,032
Portfolio investments, at fair value	6	4,385,177	848,163
Due from brokers	5	4,942,225	8,641,335
Unrealized gains on open cash contract (derivatives)	6	5,101,979	9,472,984
Accounts receivable, trade		21,479,777	7,910,824
Inventories, grains		152,160,831	147,940,077
Sales taxes recoverable		95,452	1,137,391
Prepaid expenses and sundry assets		1,673,230	1,410,699
Current assets		195,853,106	182,497,505
Investments in associate(s)		3,858,178	5,619,412
Grain exchange memberships		389,010	379,260
Property, plant and equipment	7	150,245,104	120,450,079
Non-current assets		154,492,292	126,448,751
TOTAL ASSETS		\$ 350,345,398	\$ 308,946,256
LIABILITIES			
Current			
Bank indebtedness	8	\$ 77,316,939	\$ 18,736,400
Current portion of long-term debt	8	2,129,672	-
Accounts payable and accrued liabilities		31,072,962	17,388,202
Repurchase obligations		-	18,635,451
Unrealized losses on open cash contracts (derivatives)	6	4,561,356	2,607,280
Provision for future payments to Front Street Capital		75,000	344,000
Derivative warrant liability	11	96,000	1,719,000
Current liabilities		115,251,929	59,430,333
Long-term debt	8	27,506,091	30,381,310
Deferred income taxes		-	296,971
TOTAL LIABILITIES		142,758,020	90,108,614
SHAREHOLDERS' EQUITY			
Common shares	12	208,626,562	208,884,960
Treasury shares	12	(169,840)	-
Deferred share units	13	626,329	319,820
Contributed surplus	14	9,400,916	9,228,422
Accumulated other comprehensive income		24,598,599	22,179,246
Deficit		(35,495,188)	(21,774,806)
TOTAL SHAREHOLDERS' EQUITY		207,587,378	218,837,642
CONTINGENCIES AND COMMITMENTS			
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 350,345,398	\$ 308,946,256

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

ON BEHALF OF THE BOARD

Signed "Harold Wolkin" Director Signed "Doug Speers" Director

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

For the three-month and twelve-month periods ended March 31

(Unaudited)

	Note	3 months		12 months	
		2016	2015	2016	2015
REVENUES	\$	119,395,170	\$ 54,483,671	\$ 356,241,757	\$ 192,765,006
Cost of sales		(115,499,196)	(54,691,802)	(359,365,078)	(181,073,981)
GROSS PROFIT (LOSS)		3,895,974	(208,131)	(3,123,321)	11,691,025
General and administrative expenses		(2,614,861)	(2,221,974)	(10,404,575)	(10,667,873)
INCOME (LOSS) FROM OPERATIONS		1,281,113	(2,430,105)	(13,527,896)	1,023,152
Finance income (loss)	9	175,098	107,446	1,697,387	(188,963)
Revaluation of derivative warrant liability		1,139,000	(75,000)	1,623,000	(75,000)
Gain on sale of property, plant and equipment	7	-	-	272,109	-
Interest expense	10	(1,404,562)	(935,263)	(4,636,488)	(2,906,495)
INCOME (LOSS) BEFORE INCOME TAXES AND UNDERNOTED ITEM		1,190,649	(3,332,922)	(14,571,888)	(2,147,306)
Income taxes (recovery)		8,029	113,787	(309,963)	419,315
INCOME (LOSS) BEFORE UNDERNOTED ITEM		1,182,620	(3,446,709)	(14,261,925)	(2,566,621)
Share of net income (loss) in investments in associates		4,283	(38,508)	407,533	1,181,245
NET INCOME (LOSS) FOR THE PERIOD		1,186,903	(3,485,217)	(13,854,392)	(1,385,376)
Other comprehensive income (loss) for the period					
Net investment hedge -- net income	6(b)	-	-	1,394,732	-
(Loss) gain on translation of foreign currency accounts of foreign operations		(9,871,166)	8,336,971	1,024,621	14,106,303
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$	(8,684,263)	\$ 4,851,754	\$ (11,435,039)	\$ 12,720,927
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE PERIOD		27,046,890	27,050,673	27,054,845	18,360,019
EARNINGS (LOSS) PER SHARE					
Basic	\$	0.04	\$ (0.13)	\$ (0.51)	\$ (0.08)
Diluted	\$	0.04	\$ (0.13)	\$ (0.51)	\$ (0.08)
Supplemental disclosure of selected information:					
Depreciation included in Cost of sales	\$	1,104,898	\$ 760,312	\$ 3,718,503	\$ 2,742,253
Depreciation included in General and administrative expenses	\$	29,362	\$ 13,525	\$ 81,538	\$ 79,470
Amortization of financing costs included in Interest expense	\$	235,617	\$ 295,001	\$ 639,246	\$ 742,445
Personnel costs included in Cost of sales	\$	454,281	\$ 427,924	\$ 1,910,311	\$ 1,663,530
Personnel costs included in General and administrative expenses	\$	232,415	\$ 191,830	\$ 1,102,137	\$ 520,687

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

CERES GLOBAL AG CORP.
Interim Condensed Consolidated Statements of Cash Flows
For the twelve-month periods ended March 31
(Unaudited)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net loss for the period		\$ (13,854,392)	\$ (1,385,376)
Adjustments for:			
Depreciation of property, plant and equipment		3,800,041	2,821,723
Gain on sale of property, plant and equipment		(272,109)	-
Revaluation of derivative warrant liability		(1,623,000)	75,000
Interest expense	10	4,636,488	2,906,495
Income taxes (recovery)		(309,963)	419,315
Share incentive compensation	14	172,494	-
Deferred share units issued to Directors and fair value adjustment		390,087	276,032
Share of net income in investments in associates		(407,534)	(1,181,245)
Revaluation of portfolio investments	9	(1,368,247)	-
Changes in non-cash working capital accounts	15	12,643,702	(24,014,566)
Interest paid		(3,857,261)	(2,471,290)
Income taxes paid		(4,177)	(170,017)
Cash flow used in operating activities		(53,871)	(22,723,929)
CASH FLOWS USED IN 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	7	(35,682,881)	(24,444,302)
Cash flow used in investing activities		(33,750,901)	(22,549,833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds of bank indebtedness		58,351,206	(56,885,000)
Proceeds from term loan		-	29,065,000
Repayment of term loan	8	(1,808,895)	-
Net proceeds (repayment) of repurchase obligations		(19,331,222)	365,329
Financing costs paid	8	(676,089)	(1,933,734)
Proceeds from common shares issued		-	75,000,000
Share issuance costs		(69,359)	(1,571,062)
Deferred share units redeemed	13	(41,789)	(18,712)
Repurchase of common shares under normal course issuer bid	12	(219,595)	-
Cash flow provided by financing activities		36,204,257	44,021,821
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		(1,521,082)	(5,621,427)
Increase (decrease) in cash for the period		878,403	(6,873,368)
Cash, beginning of period		5,136,032	12,009,400
Cash, end of period		\$ 6,014,435	\$ 5,136,032

The accompanying notes are an integral part of these financial statements

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the twelve-month periods ended March 31

(Unaudited)

	Note	Common shares	Treasury Shares	Deferred share units	Contributed surplus	Accumulated other comprehensive income	Deficit
Balances, April 1, 2015		\$ 208,884,960	\$ -	\$ 319,820	\$ 9,228,422	\$ 22,179,246	\$ (21,774,806)
Transactions with Shareholders							
Issuance of Deferred Share Units	13	-	-	488,000	-	-	-
Redemption of Deferred Share Units for cash	13	41,789	-	(41,789)	-	-	-
Fair value adjustment of Deferred Share Units		-	-	(139,702)	-	-	-
Share incentive compensation	14	-	-	-	172,494	-	-
Issuance costs of common shares, December 4, 2014	12	(69,359)	-	-	-	-	-
Repurchases under normal course issuer bid	12	(230,828)	(169,840)	-	-	-	134,010
Total transactions with Shareholders		208,626,562	(169,840)	626,329	9,400,916	22,179,246	(21,640,796)
Comprehensive Income (Loss)							
Other comprehensive gain		-	-	-	-	1,024,621	-
Net investment hedge - net income		-	-	-	-	1,394,732	-
Net loss for the period		-	-	-	-	-	(13,854,392)
Total Comprehensive Income (Loss)		-	-	-	-	2,419,353	(13,854,392)
Balances, March 31, 2016		\$ 208,626,562	\$ (169,840)	\$ 626,329	\$ 9,400,916	\$ 24,598,599	\$ (35,495,188)
Balances, April 1, 2014							
Balances, April 1, 2014		\$ 137,100,022	\$ -	\$ 62,500	\$ 9,228,422	\$ 8,072,943	\$ (20,389,430)
Transactions with Shareholders							
Issuance of Deferred Share Units		-	-	260,859	-	-	-
Redemption of Deferred Share Units for cash		-	-	(18,717)	-	-	-
Fair value adjustment of Deferred Share Units		-	-	15,178	-	-	-
Issuance of common shares, December 4, 2014	12	73,428,938	-	-	-	-	-
Warrants, conditionally issued December 4, 2014, classified as a liability	12	(1,644,000)	-	-	-	-	-
Total transactions with Shareholders		208,884,960	-	319,820	9,228,422	8,072,943	(20,389,430)
Comprehensive Income							
Other comprehensive gain		-	-	-	-	14,106,303	-
Net income for the period		-	-	-	-	-	(1,385,376)
Total Comprehensive Income		-	-	-	-	14,106,303	(1,385,376)
Balances, March 31, 2015		\$ 208,884,960	\$ -	\$ 319,820	\$ 9,228,422	\$ 22,179,246	\$ (21,774,806)

CERES GLOBAL AG CORP.

Notes to the Interim Condensed Consolidated Financial Statements

March 31, 2016

(Unaudited)

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 interim condensed consolidated financial statements of Ceres as at and for the three and twelve-month periods ended March 31, 2016 and 2015 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 managed two (2) facilities in Wyoming on behalf of its customer-owner.

The Corporation has one reportable segment while having 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 \$701,486 of revenue recognized for the twelve-month period ended March 31, 2016 (2015: nil), all of the Corporation’s revenues for the twelve-month periods ended March 31, 2016 and 2015 are generated through grain trading, handling and storage, which total \$355,540,271 (2015: \$192,765,006).

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and with International Accounting Standards (“IAS”) 34 – *Interim Financial Reporting* (“IAS 34”). Certain information and disclosures normally required to be included in notes to annual consolidated financial statements have been condensed or omitted. Accounting, estimation and valuation policies have been consistently applied to all periods presented herein, in accordance with IFRS.

These interim condensed consolidated financial statements were authorized for issue by the board of the directors of the Corporation (the “Board of Directors”) on May 11, 2016.

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. As a result of the change, the Corporation will have a fifteen month fiscal year which will be reported in the Corporation’s annual report for the fiscal-year ending June 30, 2016. In conjunction with the change in fiscal year, Ceres will change its reporting and presentation currency to U.S. dollars (“USD”). The Corporation will begin reporting in USD as at and for the three-month period ending September 30, 2016.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars (“CAD”), which is the Corporation’s functional currency.

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Basis of measurement

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value; and
- inventories are measured at fair value less costs to sell.

Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements should be read in conjunction with Ceres' audited consolidated financial statements for the fiscal year ended March 31, 2015. The Corporation's significant accounting policies were presented in Note 3 of those audited financial statements.

4. STANDARD ISSUED BUT NOT YET EFFECTIVE

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

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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.

5. DUE FROM BROKERS

“Due from brokers represents” unrealized gains and losses due from custodian brokers on commodity futures and options contracts in addition to margin deposits in the form of cash that are held by custodian brokers 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 Corporation executes its transactions and for which the Corporation intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Amounts due from brokers represent the following:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Margin deposits	\$ 7,087,295	\$ 6,525,747
Unrealized gains on future contracts and options, at fair value	<u>10,167</u>	<u>2,673,417</u>
	<u>7,097,462</u>	<u>9,199,164</u>
Unrealized losses on future contracts and options, at fair value	<u>(2,155,237)</u>	<u>(557,829)</u>
	<u>\$ 4,942,225</u>	<u>\$ 8,641,335</u>

6. FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

The Corporation's financial assets and liabilities that are measured at fair value in the consolidated balance sheets are categorized by level according to the significance of the inputs used in making the measurements. The Corporation recognizes transfers between fair value measurements hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels in the three or twelve-month periods ended March 31, 2016 and 2015.

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Notes to the Interim Condensed Consolidated Financial Statements

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The following table presents information about the financial assets and liabilities measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques used to determine such fair values.

	March 31, 2016			Total
	Level 1	Level 2	Level 3	
Portfolio investments	-	3,537,014	848,163	4,385,177
Due from broker, unrealized gains on futures and options (Note 5)	10,167	-	-	10,167
Unrealized gains on open cash contracts (Derivatives)	-	5,101,979	-	5,101,979
Due from broker, unrealized losses on futures and options (Note 5)	(2,155,237)	-	-	(2,155,237)
Unrealized losses on open cash contracts (Derivatives)	-	(4,561,356)	-	(4,561,356)
Derivative warrant liability	-	(96,000)	-	(96,000)
Provision for future payments to Front Street Capital	-	(75,000)	-	(75,000)
	<u>(2,145,070)</u>	<u>3,906,637</u>	<u>848,163</u>	<u>2,609,730</u>

	March 31, 2015			Total
	Level 1	Level 2	Level 3	
Portfolio investments	-	-	848,163	848,163
Due from broker, unrealized gains on futures and options (Note 5)	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 5)	(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)
	<u>2,115,588</u>	<u>4,802,704</u>	<u>848,163</u>	<u>7,766,455</u>

(b) 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.

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Price risk

As at March 31, 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 March 31, 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. As at March 31, 2016 and March 31, 2015, currency risk concerning the portfolio investments is no longer a significant risk issue, as the value of portfolio investments denominated in a currency other than CAD is not material.

Notwithstanding the foregoing, the following is a summary of the effect on the results of operations of the Corporation for the twelve-month periods ended March 31, 2016 and 2015, if the fair value of each of the portfolio investments as at March 31, 2016 and March 31, 2015 had increased or decreased by 10%, with all other variables remaining constant:

	<u>March 31, 2016</u>		<u>March 31, 2015</u>	
	(Increase) decrease <u>in net loss</u>	(Increase) decrease in loss <u>per share</u>	(Increase) decrease <u>in net loss</u>	(Increase) decrease in loss <u>per share</u>
Change in fair value of investments				
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 for the twelve-month periods ended March 31, 2016 and 2015, if the fair value of each of the open cash contracts as at March 31, 2016 and March 31, 2015 had increased or decreased by 5%, with all other variables remaining constant:

	<u>March 31, 2016</u>		<u>March 31, 2015</u>	
	(Increase) decrease <u>in net loss</u>	(Increase) decrease in loss <u>per share</u>	(Increase) decrease <u>in net loss</u>	(Increase) decrease in loss <u>per share</u>
<u>Change in bid/ask prices of commodities</u>				
5% increase in bid-ask prices	\$ 998,883	\$ 0.04	\$ 193,030	\$ 0.01
5% decrease in bid-ask prices	\$ (998,883)	\$ (0.04)	\$ (193,030)	\$ (0.01)

Interest rate risk

As at March 31, 2016 and March 31, 2015, Ceres has no long or short portfolio positions in any interest-bearing investment securities.

As at March 31, 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

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results of operations. Therefore, as at March 31, 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.

As disclosed in Note 8 (Credit Facility and Financing), as at March 31, 2016 and March 31, 2015, the Corporation's Credit Facility (as defined herein) bears interest at an annual rate of 2.875% plus overnight LIBOR. As at March 31, 2016, management has determined the effect on the future results of operations of the Corporation, if the variable interest rate component applicable on those dates on the revolving credit facility were to increase by 25 basis points ("25 bps") as at those dates respectively, using the balance of the revolving credit facility payable as at those dates, using the number of shares then issued and outstanding, and with all other variables remaining constant.

Furthermore, as at March 31, 2016 and March 31, 2015, the Corporation's term loan bears interest at an annual rate of 5.25% plus one month LIBOR. As at March 31, 2016, 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 term loan were to increase by 25 bps as at those dates respectively, using the balance of the term loan payable as at those dates, using the number of shares then issued and outstanding, and with all other variables remaining constant.

On that basis, the potential effects on the result of operations for the twelve-month periods ending March 31, 2016 and 2015 would be as follows:

	<u>March 31, 2016</u>		<u>March 31, 2015</u>	
	Increase in net loss	Increase in loss per share	Increase in net loss	Increase in loss per share
<u>Change in interest rate on revolving facility</u>				
25 bps increase in annual interest rate	\$ (214,844)	\$ (0.01)	\$ (54,611)	\$ (0.00)
<u>Change in interest rate on term loan</u>				
25 bps increase in annual interest rate	\$ (151,714)	\$ (0.01)	\$ (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.

Currency risk

In the normal course of business, Ceres may hold assets or have liabilities denominated in currencies other than CAD.

Therefore, Ceres is exposed to currency risk, as the value of any assets or liabilities denominated in currencies other than CAD will vary due to changes in foreign exchange rates.

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As at March 31, 2016 and March 31, 2015, the following is a summary, at fair value, of Ceres' exposure to significant currency risks:

<u>Currency</u>	<u>March 31, 2016</u>		<u>March 31, 2015</u>	
	<u>Net asset (liability) exposure*</u>	<u>Net futures contracts (to buy foreign currency)</u>	<u>Net asset (liability) exposure</u>	<u>Net futures contracts (to buy foreign currency)</u>
U.S. dollars	\$ (1,064,318)	\$ -	\$ 840,344	\$ -

*Exposure excludes the effect of future foreign exchange contracts

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

<u>Change in foreign exchange rate</u>	<u>March 31, 2016</u>		<u>March 31, 2015</u>	
	<u>(Increase) decrease in net loss</u>	<u>(Increase) decrease in loss per share</u>	<u>(Increase) decrease in net loss</u>	<u>(Increase) decrease in loss per share</u>
CAD 5% stronger	\$ 72,637	\$ 0.00	\$ (50,589)	\$ (0.00)
CAD 5% weaker	\$ (72,637)	\$ (0.00)	\$ 55,914	\$ 0.00

Currency risk related to the accounts of Ceres' foreign subsidiary, Riverland Ag, relates primarily to the translation of its accounts into CAD for the purposes of the consolidated financial reporting of Ceres. Adjustments related to the translation of foreign currency accounts of a foreign operation are included as other comprehensive income (loss) and have no effect on the determination of net income for the reporting period. Consequently, Ceres has not presented a currency risk sensitivity analysis concerning Riverland Ag.

During the twelve month period March 31, 2016, the Corporation hedged a portion of its investment in a US subsidiary through USD 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 USD futures hedge and realized a gain of \$1.4 million, which has been recognized in other comprehensive income.

Other financial instruments

The carrying values of cash and cash equivalents, accounts receivable, bank indebtedness, account payable and accrued liabilities approximate their fair values as at March 31, 2016 due to the short-term nature of these instruments. The carrying value of long-term debt approximates fair value as at March 31, 2016.

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7. PROPERTY, PLANT AND EQUIPMENT

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Buildings and silos/elevators	\$ 87,885,991	\$ 71,162,646
Machinery and equipment	14,230,474	6,460,963
Furniture, fixtures, computers, office equipment & other assets	2,648,237	1,882,790
Land	29,229,791	29,469,992
Construction in progress	32,708,421	24,016,033
	<u>166,702,914</u>	<u>132,992,424</u>
Less: accumulated depreciation	<u>(16,457,810)</u>	<u>(12,542,345)</u>
	<u>\$ 150,245,104</u>	<u>\$ 120,450,079</u>

As at March 31, 2016, property, plant and equipment accrued but not yet paid totaled \$6,172,275 (as at March 31, 2015: 8,326,721). For the twelve-month period ended March 31, 2016, acquisitions of property, plant and equipment totaled \$33,528,435 (2015: \$24,444,302).

As at March 31, 2016, property, plant and equipment relating to the development of Northgate Commodity Logistics Centre ("NCLC") total \$81,092,543 (as at March 31, 2015: \$49,958,486), exclusive of accumulated depreciation, and of which \$31,850,202 is classified as construction in progress (as at March 31, 2015: \$22,051,477).

8. CREDIT FACILITY AND FINANCING

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, and as at March 31, 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.

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

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Revolving line of credit	\$ 77,802,000	\$ 18,963,000
Unamortized financing costs	<u>(485,061)</u>	<u>(226,600)</u>
	<u>\$ 77,316,939</u>	<u>\$ 18,736,400</u>

In addition, the Corporation has a secured term loan facility agreement for USD\$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. The total amount repaid on the term debt was USD\$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 USD\$1,642,379 (CAD \$2,129,672) with the following principal payments of USD\$5,000,000 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.

As at March 31, 2016 and 2015, the carrying amount of the term loan is summarized as follows:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Current portion of long-term debt	\$ 2,129,672	\$ -
Long-term debt	28,527,400	31,605,000
Unamortized financing costs	<u>(1,021,309)</u>	<u>(1,223,690)</u>
Total term debt	<u>\$ 29,635,763</u>	<u>\$ 30,381,310</u>

9. FINANCE INCOME (LOSS)

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

	<u>3 months</u>		<u>12 months</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Realized and unrealized loss on foreign exchange	\$ 227,642	\$ 114,113	\$ 92,098	\$ (773,610)
Realized and unrealized gain on currency hedging	(52,544)	11,212	237,042	584,647
Revaluation of portfolio investments	-	-	1,368,247	-
	<u>\$ 175,098</u>	<u>\$ 125,325</u>	<u>\$ 1,697,387</u>	<u>\$ (188,963)</u>

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 \$2,168,767. This investment, accounted for using

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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 the Corporation no longer having a significant influence over the financial and operating policies of the Investee. Therefore, during the twelve month period ended March 31, 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”.

10. INTEREST EXPENSE

The following table presents interest income (expense) for the three-month and twelve-month periods ended March 31, 2016 and 2015:

	<u>3 months</u>		<u>12 months</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Interest on revolving line of credit	\$ (611,241)	\$ (288,328)	\$ (2,101,231)	\$ (1,761,120)
Interest on repurchase obligation	(107,396)	(35,158)	(234,530)	(137,549)
Interest on term debt	(450,308)	(402,421)	(1,777,310)	(402,421)
Amortization of financing costs paid	(235,617)	(295,001)	(639,246)	(742,445)
Interest income	-	85,645	115,829	137,040
	<u>\$ (1,404,562)</u>	<u>\$ (935,263)</u>	<u>\$ (4,636,488)</u>	<u>\$ (2,906,495)</u>

11. DERIVATIVE WARRANT LIABILITY

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 March 31, 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 0.54%; an average expected volatility factor of 17.04%; an expected dividend yield of nil; and expected remaining life of 0.68 years. The fair

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value of the stand-by warrants as at March 31, 2016, was estimated at \$96,000 (as at March 31, 2015: \$1,719,000).

12. SHAREHOLDERS' CAPITAL

On June 10, 2015, Ceres announced a normal course issuer bid ("the 2015-2016 NCIB") commencing on June 12, 2015. The purpose of the 2015-2016 NCIB is to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Common Share and the market price of the Common Shares. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intends to purchase up to a maximum of 1,614,730 of its Common Shares, representing approximately 10 percent of its unrestricted public float as of June 10, 2015, subject to a maximum aggregate purchase price of \$5 million pursuant to restrictions under the Corporation's Credit Facility. The 2015-2016 NCIB will conclude on the earlier of the date on which purchases under the 2015-2016 NCIB have been completed and June 11, 2016. Ceres may purchase up to a daily maximum of 4,400 Common Shares under the 2015-2016 NCIB, except for purchases made in accordance with the "block purchase" exception under applicable Toronto Stock Exchange ("TSX") rules and policies.

During the quarter ended March 31, 2016, Ceres acquired a total of 51,900 Common Shares under the 2015-2016 NCIB. Of that amount, 29,900 Shares were paid for and canceled for a total consideration of \$156,291. The stated capital value of these repurchased Common Shares was \$230,828. The excess of the stated capital value of the repurchased Common Shares over the cost thereof, being \$74,537, was allocated to "Deficit" in the three months ended March 31, 2016.

The remaining 22,000 Common Shares repurchased were still outstanding as at March 31, 2016, and subsequently canceled in the normal course. These Common Shares are classified as "Treasury shares" on the Interim Condensed Consolidated Balance Sheet until they are canceled. Of the 22,000 Treasury shares 12,600 Common Shares totaling \$63,304, were paid for as at March 31, 2016. The stated capital value of these repurchased Common Shares was \$97,272. The excess of the stated capital value of the repurchased Common Shares over the cost thereof, being \$33,968, was allocated to "Deficit" in the three months ended March 31, 2016.

As at March 31, 2016, the Corporation, through a broker, had acquired, but not yet paid for nor canceled 9,400 Common Shares, which total \$47,063, which is classified on the Interim Condensed Consolidated Balance Sheet within "Accounts payable and accrued liabilities". The stated capital value of these repurchased Common Shares was \$72,568. The excess of the stated capital value of the repurchased Shares over the cost thereof, being \$25,505, was allocated to "Deficit" in the three months ended March 31, 2016.

As at March 31, 2016, directors and officers of the Corporation, through a controlled entity, beneficially own, directly or indirectly, or exercise control or direction over 40.7% of the outstanding Common Shares (compared to 40.3% as at March 31, 2015).

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Authorized capital of Ceres consists of an unlimited number of common shares. Changes to shareholders' capital were as follows:

	Number of shares	Amount
Balances, March 31, 2014	14,208,679	\$ 137,100,022
Adjustment to outstanding common shares	(471)	-
Issuance of common shares, December 31, 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)
Repurchases under normal course issuer bid	(29,900)	(230,828)
Balances, March 31, 2016	27,027,755	\$ 208,626,562

13. DEFERRED SHARE UNITS

The following table summarizes the information related to deferred share units ("DSUs") held by non-executive members of the Board of Directors:

	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
	Number of DSUs	Number of DSUs
Deferred share units, beginning of period	52,813	8,913
Granted	80,245	46,574
Redeemed	(6,982)	(2,674)
Balance, end of period	126,076	52,813

14. STOCK OPTION PLAN

During the twelve months ended March 31, 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.

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As at March 31, 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 March 31, 2016	278,331	\$ 6.71	4.53
Exercisable as at March 31, 2016	64,500	\$ 6.72	4.53

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 twelve months ended March 31, 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 nine months ended March 31, 2016, amounted to \$172,494 (twelve months ended March 31, 2015: nil) with the non-cash expense being accrued and classified within contributed surplus in the Interim Condensed Consolidated Balance Sheet.

15. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

Twelve months ended March 31	<u>2016</u>	<u>2015</u>
Decrease (increase) in due from broker	\$ 3,965,714	\$ (3,022,080)
Decrease (increase) in net derivative assets	6,575,289	(4,929,716)
Increase in accounts receivable	(12,076,070)	(1,455,462)
Increase in inventories	(422,260)	(16,515,546)
Decrease in sales taxes recoverable	1,041,939	332,152
(Increase) decrease in prepaid expenses and sundry assets	(233,698)	219,660
Increase in accounts payable and accrued liabilities	14,061,788	1,982,426
Decrease in provision for future payments to Front Street Capital	(269,000)	(626,000)
	<u>\$ 12,643,702</u>	<u>\$ (24,014,566)</u>

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16. KEY MANAGEMENT COMPENSATION

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:

	3 Months		12Months	
	2016	2015	2016	2015
Salary and short-term employee/director benefits	381,194	424,801	1,507,517	2,111,836
Share-based compensation	1,793	159,644	486,922	494,577
	382,987	584,445	1,994,439	2,606,413

17. CONTINGENCIES AND COMMITMENTS

(a) Legal

The Corporation is involved in various legal claims and legal notices arising in the ordinary course of business. The Corporation believes it has adequately assessed each claim, and the necessity of a provision for such claims. As at March 31, 2016 and 2015, the Corporation has no provision for any contingent liabilities.

During the year ended March 31, 2014, Ceres terminated its arrangements and ongoing discussions with The Scoular Company (“Scoular”) as a potential development partner with respect to the development and construction of a grain facility at NCLC. The termination of discussions with Scoular may have implications for any amounts to be collected from the potential partner and amounts previously paid to Ceres by Scoular in respect to a certain portion of NCLC site preparation costs under a cost-sharing agreement. The recovery and/or reimbursement of such amounts, if any, will be subject to resolution of the claim described below.

During the year ended March 31, 2015, Scoular initiated an action against the Corporation for injunctive relief and unspecified damages relating to the development and construction of a grain facility at NCLC.

As of the date hereof, the Corporation, based on the advice of its litigation counsel, does not believe that the claims alleged by Scoular have any legal merit, and therefore, the Corporation intends to vigorously defend the lawsuit. Prior to the termination of its relationship with Scoular, the counterparty paid \$3,899,146 in costs related to the project. The Corporation does not believe that the counterparty is entitled to any of these costs based on the legal relationship that existed at the time and based on the claims alleged in the counterparty’s complaint. The outcome of this complaint is difficult to assess or quantify. The plaintiff may seek recovery of large or indeterminate amounts, and the magnitude of the potential loss may remain unknown for substantial periods of time. The cost to defend this complaint may be significant. In addition, this complaint, if decided adversely to the Corporation or settled by the Corporation, may result in liability material to the Corporation’s financial statements as a whole or may materially and adversely affect the Corporation’s business, financial position, cash flow and/or results of operations.

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(b) Commitments

Capital expenditures contracted but not yet incurred are as follows:

	March 31, 2016	March 31, 2015
Property, plant and equipment	\$ 14,343,422	\$ 25,383,770