CERES
GLOBAL AG CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") dated May 11, 2016 should be read in conjunction with the March 31, 2016 unaudited interim condensed consolidated financial statements (the "Interim Consolidated Financial Statements") of Ceres Global Ag Corp. ("Ceres", the "Corporation", "we", "our", and "us"), the Corporation's audited consolidated financial statements for the year ended March 31, 2015 (the "Annual Consolidated Financial Statements") and the annual MD&A (the "Annual MD&A"). Additional information about Ceres filed with Canadian securities regulatory authorities, including the quarterly and annual report and the annual information form, is available online at www.sedar.com.

Basis of Presentation

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

Non-IFRS Financial Measures

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

Change in Fiscal Year-End
On February 10, 2016, the Board of Directors approved a change in the fiscal year from July 1 to June 30. As a result of the change, the Corporation will have a fifteen month fiscal period that will be reported in the Corporation's Annual Report for the fiscal-period ending June 30, 2016. In conjunction with the change in fiscal year, Ceres will change its reporting and presentation currency to USD. The Corporation will begin reporting in USD as at and for the three-month period ending September 30, 2016. Ceres believes that these changes will give investors a view of the Corporation's financial performance that better aligns the fiscal year with that of the agricultural crop year.

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

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

1. FINANCIAL AND OPERATING RESULTS

	Three months ended March 31,		Twelve-months ended March 31,	
(in millions except per share)	**2016**	2015	**2016**	2015
Revenues	**$ 119.4**	$ 54.5	**$ 356.2**	$ 192.8
Gross profit	**$ 3.9**	$ (0.2)	**$ (3.1)**	$ 11.7
Income (loss) from operations	**$ 1.3**	$ (2.4)	**$ (13.5)**	$ 1.0
Net income (loss)	**$ 1.2**	$ (3.5)	**$ (13.9)**	$ (1.4)
Common shares outstanding for period	**27.0**	27.1	**27.1**	18.4
Earnings (loss) per share	**$ 0.04**	**$ (0.13)**	**$ (0.51)**	$ (0.08)
As at:				
Total assets			**$ 350.3**	$ 308.9
Total bank indebtedness, current (1)			**$ 77.3**	$ 37.3
Term debt (3)			**$ 29.6**	$ 30.4
Shareholders' equity			**$ 207.6**	$ 218.8
Return on shareholders' equity (2)			**-6.7%**	-0.6%

(1) Includes Bank indebtedness and Repurchase obligations
(2) Non-IFRS measure. See Non-IFRS Financial Measures and Reconciliations section.
(3) Includes current portion of long-term debt

HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2016

- Net income of $1.2 million for the current year quarter compared to a net loss of $3.5 million in the same quarter of prior year.

- In an environment of low commodity prices with suppressed margin opportunities, the Corporation increased gross profit and the volume of company-owned bushels handled compared to the three months ended March 31, 2015.
- Gross profit in the current year quarter was $3.9 million compared to a gross loss of $0.2 million in the same quarter of prior year.
- Increased company-owned bushels handled for the quarter by 3.2 million bushels, handling nearly 8.3 million compared to 5.1 million bushels handled for the quarter ending March 31, 2015, which is attributable to increase in activity at Northgate and increased trading volume.
- Acquired 51,900 shares in conjunction with the normal course issuer bid ("the 2015-2016 NCIB").
- Loaded 774 railcars of grain and oilseed destined for the US, Latin American, and Asian markets out of Northgate as defined below compared to 413 railcars for the same three-month period ending March 31, 2015.
- Renewed and extended the agreement with Elbow River Marketing ("ERM") at Northgate to unload liquefied petroleum gas.
- Loaded 153 railcars of propane on behalf of its third-party customer at Northgate (nil in prior year).
- Commenced initial work relating to the construction of the fertilizer storage warehouse at Northgate in conjunction with the agreement to handle and store fertilizer on behalf of Koch Fertilizer Canada, ULC ("Koch").

WHO WE ARE

While having one reportable segment, the Corporation operates in two business units: (1) grain storage, handling and merchandising unit, and; (2) commodity logistics. Ceres' grain storage, handling, and merchandising unit is anchored by a collection of nine (9) grain storage and handling assets in Minnesota, New York, Saskatchewan and Ontario having aggregate storage capacity of approximately 43 million bushels as at March 31, 2016.The Corporation's Commodity Logistics unit is focused on the development of a commodity logistics centre in Northgate, Saskatchewan. The Northgate Commodities Logistics Centre ("Northgate" or the "NCLC") is a state-of-the-art grain, agriculture services, and oilfield supplies transloading site, which is being developed in conjunction with several potential energy and agricultural input company partners and connected to Burlington Northern Santa Fe Railway (the "BNSF"). Ceres also has a 25% interest in Stewart Southern Railway Inc., a short-line railway with a range of 130 kilometres that operates in Southeastern Saskatchewan.

Grain Division

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

Chicago Board of Trade futures contract. In addition, spring wheat and oats sourced by the Corporation out of Canada are eligible for delivery against the respective futures contract.

The majority of the Ceres grain division's current storage space is utilized to benefit from grain trading, arbitrage and merchandising opportunities. Management determines which of the Corporation's facilities is to be employed for the storage or throughput of a particular grain shipment based on the source of the grain shipment, the elevator location relative to the end customers, the cost of logistics to transport the grain, and the availability of space in the intended elevator. In addition, the Corporation stores and handles grain for third-party customers.

Northgate Commodities Logistics Centre

Ceres owns approximately 1,300 acres of land at Northgate, Saskatchewan, where it is constructing a commodities logistics centre designed to utilize high-efficiency rail loops, capable of handling unit trains of up to 120 railcars. The NCLC will be a $100.6 million grain, oil, natural gas liquids terminal and is connected to the BNSF. This is an increase of $5.9 million from amounts previously disclosed as a result of the Corporation's plans to build out infrastructure to support storing and handling of phosphate-based fertilizer, which is described in further detail within the "Outlook" below.

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

For each three-month period during the twelve months ended March 31, 2016 and 2015, the number of grain or oilseed railcars loaded out loaded out of Northgate are as follows:

(Number of railcars)	**2015/16**	2014/15
Three-month period ended June 30	**159**	-
Three-month period ended September 30	**200**	-
Three-month period ended December 31	**312**	3
Three-month period ended March 31	**774**	413
	1,445	416

Concurrent with its grain operations at NCLC, in the first quarter of twelve month period ended March 31, 2016, the Corporation entered into an agreement with Elbow River Marketing Ltd. ("ERM"), a wholly owned subsidiary of Parkland Fuel Corporation, to transload propane at Northgate. Under this strategic agreement, the Corporation unloads propane from inbound trucks loading it into railcars for shipment into the US market via the BNSF from Northgate, Saskatchewan. This provides a direct link and an added access point for propane to enter the US market.

Similar to the table of railcars presented above, the number of railcars loaded with propane at Northgate for each of the three-month periods during the twelve months ended March 31, 2016 and 2015 are as follows:

(Number of railcars)	**2015/16**	2014/15
Three-month period ended June 30	**158**	-
Three-month period ended September 30	**135**	-
Three-month period ended December 31	**163**	-
Three-month period ended March 31	**153**	-
	609	-

In conjunction with Northgate operations, the Corporation has incurred $3.7 million in operating expenses at the facility for the twelve months ending March 31, 2016 (2015: $0.9 million).

In October 2015, the Corporation, through third-party contractors, completed Phase 1 of the construction of the high-speed elevator, which included the commissioning of the receiving driveway, three steel storage bins totaling 960,000 bushels of storage capacity, an office building, two truck unloading pits, and has the ability to load 120-car shuttle train within 15 hours.

During the three-months ended March 31, 2016, the Corporation, through the same third-party contractor, continued and completed construction of the high-speed elevator in April 2016. While Phase 1 was completed in October 2015, the completion of the final phase of construction included a concrete slipform, the concrete grain bins, and cleaner dust system. The construction was completed within fiscal budget and finished slightly ahead of the May 2016 target date.

As part of the capital investment at Northgate, as at March 31, 2016, the Corporation has property, plant and equipment of approximately $81.1 million (as at March 31, 2015: $49.9 million). This is inclusive of land acquisition costs, environmental costs, mass grading, site preparation, the grain transloader and related equipment, rail track costs, and permanent high-speed inland terminal elevator constructions costs.

Overall Performance

The Corporation recognized net income for the quarter of $1.2 million, compared to a net loss of $3.5 million in the fourth quarter of the prior year. Items affecting the quarter ended March 31, 2016, compared to 2015 included:

- Gross profit which increased $4.1 million compared a gross loss of $0.2 million in the prior year quarter to $3.9 million for the quarter ended March 31, 2016. Increased gross profit was driven by greater net trading margins for the quarter that resulted from enhanced carrying income in the futures market along with an increase in company-owned stocks in-store.
- General and administrative expenses increased $0.4 million for quarter ended March 31, 2016 compared to the same quarter in 2015. Substantially all of the Corporation’s general and administrative expenses are denominated in USD while being reported in CAD. The increase in expenses was predominantly driven by the translation of USD to a weakened CAD in the quarter ended March 31, 2016 compared to 2015. (See “General and Administrative Expenses” below for a further discussion.)
- Revaluation of derivative warrant liability was an unrealized gain for the quarter of $1.1 million compared to an unrealized loss of $75 thousand in the same quarter of prior year. (See “Revaluation of Derivative Warrant Liability” for a further discussion.)
- Interest expense increased $0.5 million from $0.9 million in the quarter ended March 31, 2015 to $1.4 million for the same quarter 2016. All of the Corporation’s interest expense is denominated and incurred in USD. While the weakening of the CAD contributed to an

increase in interest expense, the increase in interest expense was driven by greater borrowings in the current year quarter.

The Corporation recognized a net loss of $13.9 million for the twelve-month period ended March 31, 2016, compared to a net loss of $1.4 million for the same twelve months ended 2015. The decline in net income compared to 2015 is most significantly due to two factors:

- The decline in net trading margins of $15.6 million, going from $21.8 million in the prior year to $6.2 million in 2016. The decline was led by durum wheat losses incurred in the quarter ending December 31, 2015 of $11.7 million that decreased overall trading margins and gross profits. (See “Revenues and Gross Profit” below).
- Operating expenses at Northgate for the twelve-month period, which total $3.7 million in the current year compared to $0.9 million in the prior year as operations commenced in October 2014.

Impact of Foreign Currency

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

Furthermore, the weakened CAD has a similar effect on the Corporation’s balance sheet. Of the Corporation’s $350 million total assets, $254 million are denominated in USD, which as at March 31, 2016, totaled US$196 million. (As at March 31, 2015, the Corporation’s total assets were $309 million, with $249 million denominated in USD, or US$196 million.) The Corporation’s USD denominated assets and liabilities are translated to CAD at the spot rate as at the reporting date. Similar to the translation effect on revenues and expenses, the weakened CAD increases the CAD equivalent of the USD denominated assets and liabilities of the Corporation.

As previously announced, along with changing its fiscal year to July 1 to June 30, the Corporation will change its reporting and presentation currency to USD. This change will be made in conjunction with the Corporation’s change in its fiscal year from March 31 to June 30. The Corporation will commence reporting in USD as at and for the three-month period ending September 30, 2016.

Revenues and Gross Profit

The Corporation’s grain division is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relation to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in will have a relatively equal impact on sales and cost of sales. Accordingly, management believes it is more important to focus on changes in gross profit and bushels handled than on changes in revenue dollars.

However, for the twelve-months ended March 31, 2016, revenues totaled $356.2 million compared to $192.8 million for the same twelve months in 2015. This increase is driven by the number of bushels sold in the current year. For the twelve-months ended March 31, 2016, the Corporation sold nearly 39 million bushels compared to 23 million bushels over the same twelve months in 2015.

For the quarter ended March 31, 2016 and 2015, revenues totaled $119.4 million and $54.5 million, respectively. The Corporation recognized greater overall sales dollars due to an increase in the number of bushels sold, which totaled to 15.5 million compared to 7.4 million for the quarter ended March 31, 2015.

The table below represents a summary of the components of gross profit for the quarters and twelve-month periods ended March 31, 2016 and 2015:

	3 months		12 months	
(in millions)	**2016**	2015	**2016**	2015
Net trading margin	**$ 5.2**	$ 2.6	**$ 6.2**	$ 21.8
Storage and rental income	**1.9**	1.5	**8.5**	6.5
Logistics and energy transloading	**0.2**	-	**0.7**	-
Management service revenue	**2.0**	-	**2.0**	-
Operating expenses included in Cost of sales	**(4.3)**	(3.5)	**(16.8)**	(13.9)
Depreciation expense included in Cost of sales	**(1.1)**	(0.8)	**(3.7)**	(2.7)
Gross profit (loss)	**$ 3.9**	$ (0.2)	**$ (3.1)**	$ 11.7

For the twelve-months ended March 31, 2016, the Corporation recognized a gross loss of $3.1 million with a gross profit of $11.7 million for the same twelve months in 2015. The decline in gross profit of $14.8 million is mostly attributable to a decline of $15.5 million in net trading margin.

Net trading margin

During the quarter ended March 31, 2016, the Corporation's net trading margin increased $2.6 million from $2.6 million in the quarter ended March 31, 2015 to $5.2 million in the same quarter in 2016. The increase in trading margin for the quarter was driven by increased carry income in the futures market coupled with increased inventory quantities as a whole compared to 2015. Also contributing to increased net trading margin were trading gains realized on trading grain that did not go through the Corporation's facilities during the quarter ended March 31, 2016, where the Corporation bought grain from country elevators and sold to end-users in North America.

For the twelve month period ended March 31, 2016, the Corporation's trading income totaled $6.2 million, which was a decline of $15.6 million compared to the same twelve months in 2015. The decline was mostly driven by the decline in the durum wheat trading margin of $17.1 million from prior year. Durum aside and excluding the impact of the weakened CAD, the Corporation's net trading margin declined $0.7 million compared to the twelve months ended March 31, 2015. The decline in all of the grain commodities over the 2015 crop year, which impacted current fiscal year 2016, challenged and even minimized margin opportunities across trade flows and supply chains. This has led to lower net trading margins in the Corporation's grain and oilseed commodities for the twelve-month period ending March 31, 2016 compared to the same period in 2015.

Storage and rental income

The Corporation's storage and rental income increased $0.4 million for the three-months ended March 31, 2016 compared to 2015, and $2 million for the twelve month period then ended. Both increases were driven by an increase in the number of bushels held in the Corporation's warehouses that were owned by third-party tenants along with storage agreements at more favorable storage fees to the Corporation compared to prior year.

Logistics and energy transloading
The Corporation earns a base-rate service fee per month along with a set two-tier rate per railcar depending on the number of railcars loaded with unload liquefied petroleum gas ("LPG" or "propane") at Northgate. The Corporation earns all of its propane transloading revenue in CAD. Total propane transloading has amounted to approximately $0.7 million for the twelve-months ending March 31, 2016, while $0.2 million was recognized in the quarter ended March 31, 2016. For the twelve month period ended March 31, 2016, the Corporation loaded 609 railcars (2015: nil), of which 153 were loaded in the three months ended March 31, 2016 (2015: nil).

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

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

For the twelve-month period ending March 31, 2016, operating and depreciation expenses totaled $20.5 million compared to $16.6 million for the prior year. Operating and depreciation expenses from operating Northgate total $3.7 million compared to $0.9 million for the same twelve months in 2015. Excluding Northgate expenses, total operating and depreciation expenses amounted to $16.8 million compared to $15.7 million for the twelve months ended March 31, 2016 and 2015, respectively, which represents an increase of 7%. Adjusting for the decline in the CAD, operating expenses declined approximately $1 million compared to 2015, exclusive of Northgate. Much of this decline is attributable to reductions across various expense categories including: property and general liability insurance; labor incentives; major facility repairs; and significant maintenance.

For the three-month period ending March 31, 2016, total operating and depreciation expense totaled $5.4 million compared to $4.3 million for the same period 2015. On a CAD basis, much of the increase was driven by operations at Northgate increasing $0.7 million in operating expenses and depreciation compared to the same period in the prior year, and the weakening of the CAD. On a comparative USD basis excluding Northgate, the operating and depreciation expense is comparable for the quarter ended March 31, 2016 to the same quarter 2015.

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

(Bushels in millions)	3 Months		12 Months	
	2016	2015	**2016**	2015
Company-owned bushels handled	**8.29**	5.10	**26.44**	19.64
Third-party bushels handled	**1.10**	2.27	**10.59**	18.27
Total bushels handled	**9.39**	7.37	**37.03**	37.91

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

(Dollars per bushel handled)	3 months		12 months	
	2016	2015	**2016**	2015
Net trading margin	**$ 0.63**	$ 0.51	**$ 0.23**	$ 1.11
Storage and rental income	**1.73**	0.66	**0.80**	0.36
Average gross profit before undernoted expenses	**0.76**	0.55	**0.39**	0.75
Operating and depreciation expense	**(0.58)**	(0.58)	**(0.55)**	(0.44)
Gross profit (loss) per bushel handled	**$ 0.18**	$ (0.03)	**$ (0.16)**	$ 0.31

* Exclusive of management service and logistics and energy transloading revenues recognized during the three- and twelve-month periods ending March 31, 2016.

Gross profit analysis for the twelve-month period ending March 31, 2016

Gross profit per bushel handled declined from $0.31 for the twelve months ending March 31, 2015 to a loss of $0.16 for 2016. The decline was driven by the net trading margin per bushel handled loss of $1.21 for the quarter ended December 31, 2015. Excluding the one-time loss in the quarter-ended December 31, 2015 and the related durum bushels handled within that period, the Corporation's net trading margin totaled $17.9 million on 25.5 million bushels handled, or a trading margin per bushel handled of $0.70. Aside from durum, this is attributable to the stable price commodity environment with limited price volatility that has challenged margin opportunities within the commodity trade flows.

Furthermore, the Corporation's margin on storage and rental income has increased $0.44 per bushel. The favorable change is attributable to a decline in third-party bushels handled compared to 2015 while more third-party storage bushels were held in-store throughout 2016 compared to 2015.

The increase in operating and depreciation expense is predominantly driven by operating expenses incurred at Northgate. The balance of the increase is predominantly driven by the increased expense per bushel handled at Northgate.

Gross profit analysis for the three-month period ending March 31, 2016

The Corporation handled over 1.1 million additional bushels in the quarter ended March 31, 2016 compared to 2015, which was attributable to increased trading volume in the current year compared to prior year. Further, net trading margins per bushels handled increased nearly $0.12, or approximately 24%, which was driven most significantly by a decline in the CAD as it weakened 15% compared to the same period 2015.

Storage and rental income increased $1.07 per bushel. The Corporation handled approximately 50% less third-party grain in the quarter compared to the same period 2015, while storage and rental income increased on more quantity stored on behalf of third-party storage tenants at more favorable storage rates.

Operating and depreciation expenses for the quarter decreased slightly from the same quarter in 2015. While the Corporation's operating expenses increased over $1 million, the number of bushels handled increased over 2 million.

General and Administrative Expenses

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

The following table sets out the components of the Corporation's consolidated general and administrative expenses for the quarter and twelve-month periods ended March 31, 2016 and 2015:

	3 months		12 months	
(in millions)	**2016**	2015	**2016**	2015
Corporate administration	**$ 1.5**	$ 1.2	**$ 4.8**	$ 6.1
Grain Division administration	**1.3**	1.2	**5.9**	5.2
Revaluation of provision of Front Street Capital	**(0.2)**	(0.2)	**(0.3)**	(0.6)
Total general and administrative expense	**$ 2.6**	$ 2.2	**$ 10.4**	$ 10.7
Total general and administrative expense in USD	**$ 1.9**	$ 1.8	**$ 8.0**	$ 9.4

For the twelve-months ended March 31, 2016, general and administrative expenses totaled $10.4 million compared to $10.7 million in the same twelve months in 2015. The reduction of $0.3 million was driven by a decline of $1.3 million in the corporate administrative expenses that were partially offset by an increase in the grain division's general and administrative expenses of $0.7 million.

Corporate administrative expenses declined due to a reduction in spending. In the previous year, the corporation incurred expenses in connection with the finalization and build-out of Northgate prior to commencing operations there, in addition to expenses indirectly associated with the corporations rights offering (the "Rights Offering"), which were not direct costs relating to share issuance. In the prior twelve-month period, the Corporation incurred non-capitalized consulting and third-party service costs associated with Northgate, including legal fees and licensing, and site services. No such expenses were incurred in the current year.

Offsetting the decline of corporate administrative expenses was the increase of $0.7 million in grain division expenses. All of the grain division's administrative expenses are incurred and recorded in USD, but translated and reported in CAD at the average exchange rate for each month. While the grain division's expenses increased $0.7 million for the twelve-month period compared to the prior year, approximately $0.5 million is attributable to decline in the CAD versus the USD. The balance of the increase was driven by labor and personnel costs, as the Corporation began to expand its grain trading and merchandising group in fiscal Q1 of the current fiscal year.

The magnitude of the revaluation in the provision for future payments due to Front Street Capital is predominantly due to the inverse correlation between the liability and the Corporation's stock price. During the twelve-month period ending March 31, 2015, the stock price declined at a greater rate (as a result of the Rights Offering on December 4, 2014) compared to the same twelve-month period ended March 31, 2016. This led to a reduction in the unrealized gain due to revaluation of the provision for the twelve-month period compared to the prior year.

General and administrative expense increased $0.4 million for the three-month period ending March 31, 2016 compared to 2015. The increase is attributable to increased legal expenses related to the Corporation's legal disputes brought against the Corporation as we reported and disclosed within footnote 17 of the Interim Condensed Consolidated Financial Statements.

Finance Income

For the twelve-month period ended March 31, 2016, finance income totalled $1.7 million compared to finance loss of $189 thousand in the same period last year. For the quarter ended March 31, 2016, finance income totaled $175 thousand, which represented a $68 thousand increase compared to the finance income of $107 thousand in the same period last year. Finance income is composed of realized and unrealized losses on foreign exchange transactions and currency hedging transactions along with revaluation gains of portfolio investments.

For the twelve-month period, the increase compared to 2015 is attributable to the revaluation of the Corporations investment in Canterra Seeds Holdings, Ltd. ("Canterra" or "the Investee") as we previously reported for the quarter ended September 30, 2015. Until September 30, 2015, the Corporation held a 25% equity interest in Canterra that had a carrying value of $2,168,767. This investment, accounted for using the equity method, was classified on the Consolidated Balance Sheet as "Investments in associates". During the quarter ended September 30, 2015, the Investee issued additional common equity shares, resulting in the dilution of the Corporation's equity interest to 17%. As such, the company no longer had 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 Interim Condensed Consolidated Statement of Comprehensive Income as "Finance income".

Revaluation of Derivative Warrant Liability

As described in Note 11 of the Interim Condensed Consolidated Financial Statements for the three-month and twelve-month period ended March 31, 2016, in connection with the completion of the Rights Offering, on December 4, 2014, Ceres issued an aggregate of 2,083,334 warrants to the stand-by purchasers. The warrants issued were conditional upon approval at the Corporation's annual general meeting ("AGM"), which was obtained at the AGM on August 7, 2015. Furthermore, the stand-by warrants were issued at a fixed exercise price of $5.84 and are each exercisable into one common share of the Corporation. The warrants have an expiry date 24 months after issuance, or December 4, 2016.

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

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

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

Revaluation of derivative warrant liability was an unrealized gain of $1.6 million for the twelve-month period ended March 31, 2016 compared to an unrealized loss of $75 thousand for the same twelve-month period in 2015. For the quarter ended March 31, 2016, the revaluation of derivative warrant liability was an unrealized gain of $1.1 million compared to an unrealized loss of $75 thousand for the same quarter 2015.

An unrealized gain or loss for a particular period is directly related to the change in the remaining life of the warrants at the revaluation date. For the twelve-month period from April 1, 2015 to March 31, 2016, the unrealized gain of $1.6 million is primarily attributable to the decrease in the life of the warrants from 1.68 years remaining at March 31, 2015, to 0.68 years at March 31, 2016.

An unrealized gain or loss for a particular period is inversely related to the change in the stock price for the respective period. For the three-month period from January 1, 2016 to March 31, 2016, our stock price decreased from $6.05 to $4.95, which resulted in an unrealized gain for the quarter.

Interest Expense

(in thousands)	3 months 2016	3 months 2015	12 months 2016	12 months 2015
Interest on revolving credit facility	**$ (611.3)**	$ (288.3)	**$ (2,101.2)**	$ (1,761.2)
Interest on repurchase obligations	**(107.4)**	(35.2)	**(234.6)**	(137.5)
Long-term debt	**(450.3)**	(402.4)	**(1,777.3)**	(402.4)
Amortization of financing costs paid	**(235.6)**	(295.0)	**(639.2)**	(742.4)
Interest income and other interest expense	**-**	85.6	**115.8**	137.0
	$ (1,404.6)	$ (935.3)	**$ (4,636.5)**	$ (2,906.5)

For the twelve-months ended March 31, 2016, interest expense increased nearly $1.7 million from $2.9 million to $4.6 million from 2015 to 2016, respectively. This increase was due to interest expense on term debt, which did not exist during the first three quarters in the prior year[1], along with a weakened CAD, as the Corporation's debt is denominated in USD. While the Corporation's daily average borrowings on the revolving line of credit was slightly less than the prior year, the average USD-to-CAD exchange rates for the twelve-month periods ended March 31, 2015 and 2016, were 1.14 and 1.31, respectively, which led to greater CAD expenses for 2016.

For the quarter ended March 31, 2016, interest expense totaled $1.4 million compared to $935 thousand for the same quarter ended in 2015. The increase was driven the interest on the revolving credit facility, which increased $323 for three months ended March 31, 2016 compared to the same three months in 2015. While the daily average borrowings was slightly less on an annual basis, the average daily borrowings for the quarter ended March 31, 2016 increased 85% from $29.4 million USD to $54.4 million for the quarters ended March 31, 2015 and March, 2016, respectively.

Income Taxes

Income taxes for the twelve-month period ended March 31, 2016 amounted to a recovery of $0.3 million compared to an expense of $0.4 million for the same twelve months in 2015. The expense in the prior year related to current income taxes incurred while the recovery in 2016 relates to deferred income taxes. Income taxes expense for the quarter ended March 31, 2016 totalled $8 thousand compared to an expense of nearly $114 thousand for the same quarter in 2015. Expense in both periods relate to current income tax expense incurred.

Share of Net Income (Loss) in Investments in Associates

For the twelve months ended March 31, 2016, the Corporation's share of net income in its investment in associates was $0.4 million compared to $1.2 million for the same twelve-month period in 2015. For the quarter ended March 31, 2016, the Corporation's share of net income in its investment in associates was $4 thousand compared to a net loss of $38 thousand for the same quarter in 2015.

For the twelve-months ended March 31, 2016, the decline in the current year is primarily driven by prior year's recognition of equity share of income in Canterra of $0.7 million. As disclosed above, upon dilution due to the Investee issuing additional common equity shares and Ceres no longer having significant influence over the financial and operating policies of the Investee, Ceres records

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

its investments in Canterra at fair value as classified on the Consolidated Balance Sheet within "Portfolio investments". Any change in the fair value is recorded in Finance income within the Consolidated Statement of Comprehensive Loss.

In the three-month period ended March 31, 2015, the Corporation recognized a loss in its net share in investments in associates of $39 thousand: $139 thousand related to a loss associated with Canterra, and a gain of $168 thousand recognized in Ceres' portion of net income earned by SSR. For the three months ended March 31, 2016, the Corporation's share of net income in associates amounts to $4 thousand, relating to the Stewart Southern Railway Inc. The decline in the share of net income (loss) in investment in associates was driven by a decline SSR's profitability.

Other Comprehensive income (loss) for the period

Net investment hedge – net income

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

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

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

For the twelve-month period ended March 31, 2016, the Corporation recognized a gain on translation of foreign accounts totaling $1.0 million, compared to $14.1 million for the same period in 2015. For the quarter ended March 31, 2016, Ceres recognized a loss on translation of foreign accounts of nearly $9.9 million, compared to a gain of $8.3 million for the same quarter in 2015.

All revenues and expenses that are denominated in USD are translated into CAD using the average exchange rates prevailing at the dates of the transactions. While the daily average USD to CAD exchange rate for the twelve months ended was approximately CAD$1.31 to USD$1.00, the average exchange rate at which revenues and expenses were incurred at the prevailing date of the transactions is approximately $1.29. Consequently, since the spot rate at the balance sheet date is weaker than the average rate ($1.30 versus $1.29) the Corporation has recognized a gain for the twelve month period of approximately $1 million.

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

	3 months		12 months	
	2016	2015	**2016**	2015
Spot rate at balance sheet date	**1.30**	1.27	**1.30**	1.27
Average exchange rate	**1.37**	1.24	**1.31**	1.14

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
(in millions except per share)	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenues	119.4	$ 82.3	$ 95.2	$ 59.3	$ 54.5	$ 69.7	$ 17.1	$ 51.5
Gross profit (loss)	3.9	$ (10.4)	$ 1.5	$ 1.9	$ (0.2)	$ 5.4	$ 5.3	$ 1.2
Income (loss) from operations	1.3	$ (13.1)	$ (1.1)	$ (0.6)	$ (2.5)	$ 3.3	$ 2.4	$ (2.2)
Net income (loss)	1.2	$ (13.4)	$ 0.1	$ (1.7)	$ (3.5)	$ 2.3	$ 1.9	$ (2.1)
Return on shareholders' equity	1%	-6%	0.0%	-0.8%	-1.6%	1.1%	1.4%	-1.6%
Weighted-average number of common shares for the quarter	$ 27.0	$ 27.1	27.1	27.1	27.1	17.9	14.2	14.2
Basic and fully diluted earnings (loss) per share	$ 0.04	$ (0.50)	$ 0.00	$ (0.06)	$ (0.13)	$ 0.13	$ 0.13	$ (0.15)
EBITDA	2.6	$ (11.9)	$ 1.3	$ -	$ (1.5)	$ 3.8	$ 3.2	$ (1.8)
EBITDA per share	$ 0.10	$ (0.44)	$ 0.05	$ -	$ (0.06)	$ 0.21	$ 0.23	$ (0.13)
Cash and portfolio investments, at reporting date	10.4	$ 8.4	$ 67.1	$ 4.4	$ 6.0	$ 86.3	$ 13.7	$ 26.4
Shareholders' equity, as at reporting date	207.6	$ 215.1	$ 224.5	$ 213.8	$ 218.8	$ 214.1	$ 135.0	$ 128.1
Shareholders' equity per common share, as at reporting date	$ 7.68	$ 7.95	$ 8.30	$ 7.90	$ 8.09	$ 7.91	$ 9.50	$ 9.01

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

Gross profit (loss) & income (loss) from operations: The Corporation's grain division is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relation to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities are expected to have a relatively equal impact on sales and cost of sales. Therefore, management of the company believes it is more important to focus on changes in gross profit and bushels handled rather than changes in revenue dollars. Gross profit may vary from quarter to quarter depending on gains from trading, carrying income, and basis income against changing inventory levels.

3. LIQUIDITY & CASH FLOW

(in thousands)	Twelve months ended March 31 2016	2015
Net Cash Used in		
Operating activities	**$ (54)**	$ (22,724)
Investing activities	**(33,751)**	(22,550)
Net Cash Used Before Financing Activities	**(33,805)**	(45,274)
Financing Activities	**36,204**	44,022
Foreign Exchange Cash Flow Adjustment on Accounts Denominated in a Foreign Currency	**(1,521)**	(5,621)
Increase (Decrease) in Cash and Cash Equivalents	**$ 878**	$ (6,873)
Cash and Cash Equivalents	**$ 6,014**	$ 5,136

Operating Activities

Cash used in operating activities was $22.7 million less in the twelve months ending March 31, 2016 than the twelve months ended March 31, 2015 predominantly due to the change in non-cash working capital accounts of $36.7 million from a net decrease of $24.0 million for the twelve months ended March 31, 2015, to an increase of $12.6 million for the twelve months ended 2016. The change in working capital was partially offset by the decrease in net loss of $12.5 million, from a net loss of $1.3 million for the twelve-month period ended March 31, 2015, compared to a net loss of $13.9 million for the same twelve months in 2016.

Investing Activities

The Corporation's primary investing activities are acquisitions of property, plant and equipment. During the twelve months ended March 31, 2016, cash used in investing activities were $33.8 million, which comprised of additions of property, plant and equipment of $35.7 million, offset by the proceeds of $1.9 million from the sale of the Electric Steel facility. The cash used for investing activities at NCLC totaled $33.5 million of the $35.7 million for the twelve-month period ended March 31, 2016.

Financing Activities

During the twelve months ended March 31, 2016, the Corporation had a net increase of $36.2 million in cash provided by financing activities compared to $44.0 million for the same twelve months in 2015. The $36.2 million in cash provided by financing activities for the twelve-month period ended March 31, 2016 consisted primarily of borrowings to fund an increase in inventory quantities and capital expenditures over the period. The $44.0 million received from financing activities for the twelve months end March 31, 2015, was inclusive of net proceeds of $73.6 million received from the Rights Offering in December 2014, which was used to pay down debt of $56.9M. Additionally, the Corporation received $29.0 million from the term loan credit facility.

Available Sources of Liquidity

The Corporation's sources of liquidity as at March 31, 2016 are cash and cash equivalents and available funds under its revolving credit facility (the "Credit Facility"). Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Growth capital expenditures in the next twelve months are expected to be funded by cash on hand and borrowing against the Credit Facility. Any additional debt incurred is expected to be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant limits.

In addition, the Corporation's Credit Facility at March 31, 2016 contain certain covenants, including a covenant that the company maintain minimum working capital of not less than $30 million. As at March 31, 2016 the Corporation's working capital – defined as current assets less current liabilities – totaled $80.6 million. In addition to working capital, the covenants include the maintenance of "consolidated debt" to "consolidated tangible net worth" (as defined in the agreement) of not more than 4.0 to 1.0; consolidated tangible net worth of not less than $160 million; and interest coverage ratio of not less than 1.0. As at March 31, 2016 and 2015, the Corporation was in compliance with all of the above mentioned financial covenants.

4. CAPITAL RESOURCES

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

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

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

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

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

December 29, 2016 for the amount of US$1,642,379 with the following principal payments of US$5,000,000 payable on each of December 29, 2017, and December 28, 2018, and US$12,000,000 payable on December 27, 2019. The New Loan has an effective interest rate of 6.21% plus one month LIBOR.

Equity Financing & Rights Offering

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

Normal Course Issuer Bid

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.

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued But Not Yet Effective

Refer to Note 4 to the Interim Condensed Consolidated Financial Statements for information pertaining to accounting changes effective for the current fiscal year ending March 31, 2016, and information on standards issued but not yet effective.

Critical Accounting Estimates

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

6. OUTLOOK

MARKET OUTLOOK

Grain Division

The 2015 cereal grain harvest resulted in high quality spring wheat, oats and durum wheat, which has led North America and the world in an over-supply situation. There were high levels of end-use stocks held in storage on farm through the United States and Canada as we enter into crop year 2016. Early planting and weather forecasts for the spring and summer of 2016 suggest timely planting, and favorably strong crops across many of the cereal grains. Consequently, management expects that the global supply of cereal grain and oilseeds will remain strong relative to global stocks and end-users demands for upwards of the next two years.

As a result of the supply in the market, for the quarter ended March 31, 2016, the Corporation was able to profit by carrying inventory during the quarter that was previously acquired during 2015 harvest, capturing strong carrying charges in the futures market as deferred price in the futures market was greater than the nearby futures price. Thus, carrying income earned in the quarter was slightly offset by unrealized mark-to-market losses on premium declines on inventories held in-store. Early indications of 2016 planting and anticipated acreage suggests strong crop sizes that would encourage carries in the futures market.

Conversely, the strong supply and high quality crop of 2015 has led to a decline in the premium over the futures price of the value of physical grain. In addition, while premiums have declined and are relatively depressed compared to historical levels, management views favorable upside in the potential and likelihood of premium appreciation in comparison to the risk of limited premium depreciation.

As reported above, subsequent to March 31, 2016, the Corporation completed construction of the high-speed elevator in April 2016. The final phase of the construction included the completion of a concrete slipform, the concrete grain bins, and cleaner dust system. The construction was completed within fiscal budget, and finished slightly ahead of the May 2016 target date. Prior to the completion of the final phase, Phase 1 was completed in October 2015. As disclosed above, for the three-month period ended March 31, 2016, we loaded 774 railcars at Northgate destined to the United States milling market and Latin American markets. In the prior quarter ending December 31, 2015, the Corporation loaded 312 railcars while loading 359 in the prior two quarters cumulatively.

Furthermore, the Corporation continues to execute on its strategy as being a preferred supplier to end-users throughout North America. The three-months ended March 31, 2016 represented the first full fiscal quarter with oat trading operations having been expanded in the southeastern region of the United States in December 2015. The Corporation has entered that market to be a key supplier to animal feed and ingredient wholesalers through the use of terminal elevator storage space in Louisville, Kentucky. In addition, in further executing our strategies, while Ceres has expanded commodity trading into the oilseed space, originating canola from Canadian producers, and selling to the North American end-users and export gateways, the Corporation has also expanded into the Latin American markets. Over the next twelve months, management expects that the Corporation will carry and trade approximately 80 million bushels of grain or oilseed, which is an increase from the twelve months ended March 31, 2015 and 2014 that totaled 60 million bushels and 40 million bushels, respectively.

During the quarter ended March 31, 2016, the Corporation 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 company's long-term plans and focus, while enhancing the utilization of its core, strategic assets. The grain elevator closures will take effect with the start of 2016 crop season in July. Management expects that the closures will result in an annual reduction of operating expenses of US$2 to $2.5 million. The Corporation's Duluth Storage facility, which has a capacity of 12.2 million bushels, will remain operational and be the primary focus of operations in the area.

The high-speed inland grain terminal at Northgate continues to be a critical linchpin to the execution of our key strategic initiatives. Significant progress has been made and continues to be made to reach key gateways into the United States, Latin America and Asia, with the completion of Phase 1 and most recently the completion of the high-speed facility. With the advancement at Northgate, along with greater utilization of the terminal assets in our network and the inherent upside of premium appreciation for the stocks we have on-hand, consistent momentum is expected to yield desirable results entering the 2016 crop year. Considering the current market, in which industry peers are performing significantly below recent history, management believes that the Corporation is positioned to outperform its peers as we enter 2016 planting and eventually harvest of 2016.

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

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

In addition, while the Corporation continues to unload LPG from inbound trucks loading LPG into railcars for shipment into the US market via the BNSF from Northgate, Saskatchewan, Ceres is in the process of finalizing an extended agreement with ERM. Along with ERM, the Corporation is finalizing the details of new agreement, which would include additional railcar volume to be loaded over an extended term prior to the previous agreements with ERM. We anticipate through the amended and extended agreement with ERM, this business will continue to grow through April, May and June and into the following fiscal year. The movement of LPG by rail out of Canada into the United States is a new trade flow for the product. As a result, market participants are becoming familiar with the new movement.

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

7. OTHER

CONTROLS ENVIRONMENT

Disclosure Controls and Procedures
Ceres maintains appropriate information systems, procedures, and controls to ensure that new information disclosed externally is complete, reliable, and timely. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and that they have, as at December 31, 2015, 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 March 31, 2016, 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 The Canadian Institute of Chartered Accountants. There have been no material changes in the Corporation's internal control over financial reporting during the three month period ended March 31, 2016 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Corporation's financial instruments and other instruments, including a discussion of risks and relevant risk sensitivities, can be found in Note 6 of the Annual Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

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

SHARES OUTSTANDING

As at May 10, 2016, the issued and outstanding equity securities of the Corporation consisted of 26,949,055 common shares.

CONTINGENCIES AND COMMITMENTS

See Note 17 of the Interim Condensed Consolidated Financial Statements for disclosure of the Corporation's contingencies and commitments as at March 31, 2016.

CHANGE IN REPORTING CURRENCY AND YEAR-END

The Corporation will change its fiscal year from July 1 to June 30, beginning July 1, 2016. In conjunction with the change in fiscal year, Ceres will change its reporting and presentation currency to USD. The Corporation will begin reporting in USD as at and for the three-month period ending September 30, 2016.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

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

Earnings Before Interest, Income Taxes, Depreciation and Amortization

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

The following table is a reconciliation of EBITDA for Ceres on a consolidated basis the three and twelve-month periods ended March 31, 2016 and 2015.

	3 months		12 months	
(in thousands)	**2016**	2015	**2016**	2015
Net income (loss) for the period	**$ 1,187**	$ (3,485)	**$ (13,854)**	$ (1,385)
Add/(Deduct):				
Interest Expense	**1,405**	935	**4,636**	2,906
Revaluation of derivative warrant liability	**(1,139)**	75	**(1,623)**	75
Gain on sale or property, plant and equipment	**-**		**(272)**	
Income taxes (recovered)	**8**	114	**(310)**	419
Share of net (income) loss in investments in associates	**(4)**	39	**(408)**	(1,181)
Depreciation on property, plant and equipment	**1,134**	774	**3,800**	2,821
	$ 2,591	$ (1,548)	**$ (8,031)**	$ 3,655

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 quarters and twelve-month periods ended March 31, 2016 and 2015:

	3 months		12 months	
(in thousands)	**2016**	2015	**2016**	2015
Net income (loss) for the period	**$ 1,187**	$ (3,485)	**$ (13,854)**	$ (1,385)
Total shareholders' equity as at reporting date	**207,587**	218,838	**207,587**	218,838
	0.6%	-1.6%	**-6.7%**	-0.6%

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

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

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD LOOKING INFORMATION

This annual MD&A contains information that is "forward-looking information", "forward-looking statements" and "future oriented financial information" (collectively herein referred to as "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, expectations or projections about the future, strategies and goals for growth, the action against Ceres initiated by the Scoular Company, expected and future cash flows, costs, planned capital expenditures, additional anticipated capital projects, construction and completion dates, including the plans, costs, timing and capital requirements for the development of the NCLC, operating and financial results, critical accounting estimates and the expected financial and operational consequences of future commitments.

Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "outlook", "likely", "probably", "going forward", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "may have implications" or similar words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking statements in this document are intended to provide Ceres' shareholders and potential investors with information regarding Ceres and its subsidiaries, including Management's assessment of future financial and operational plans and outlook for Ceres and its subsidiaries.

Forward-looking statements are based on the opinions and estimates of management at the date the information is made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Actual results or events may differ from those predicted in these forward-looking statements. All of the Corporation's forward-looking statements are qualified by the assumptions that are stated or inherent therein, including the assumptions listed below. Although Ceres believes these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements.

KEY ASSUMPTIONS

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

- No material change in the regulatory environment in Canada and the United States;
- Supply and demand factors as well as the pricing environment for grains and other agricultural commodities;
- Fluctuation of currency and interest rates;
- General financial conditions for Western Canadian and American agricultural producers;
- Market share that will be achieved by the Corporation;
- Adequate and timely service from the railroad companies, and in particular from the Burlington Northern Santa Fe railroad at the NCLC;

- The ability of Ceres to successfully build and operate the Northgate grain elevator;
- The Corporation's ability to successfully defend itself against, or settle, the dispute with The Scoular Company;
- Realization of economic benefits resulting from the synergies with NCLC; and
- The Corporation's ability to maintain existing customer contracts and relationships coupled with its ability to increase its customer portfolio.

The preceding list is not an exhaustive list of all possible factors. All factors should be considered carefully when making decisions with respect to Ceres. Many such factors and events are not within the control of Ceres. Factors that could cause actual results or events to differ materially from current expectations include, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in the agricultural, food processing and feed sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Ceres to successfully implement strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Corporation's assets, the availability and price of commodities, and the regulatory environment, processes and decisions. Ceres has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements. However, there may be other factors that might cause actions, events or results that are not anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information.

By its nature, forward-looking information is subject to various risks and uncertainties, including those risks discussed in other sections of this interim MD&A and in other filings and communications, any of which could cause Ceres' actual results and experience to differ materially from the anticipated results or published expectations. Additional information on these and other factors is available in the reports filed by Ceres with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this interim MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Ceres undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, change in management's estimates or opinions, future events or otherwise, except as required by law.