

Unaudited Interim Condensed Consolidated Financial Statements of



For the three-month periods ended June 30, 2015 and 2014

CERES GLOBAL AG CORP.
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June 30, 2015

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

	<u>Note</u>	<u>June 30,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
ASSETS			
Current			
Cash		\$ 3,602,783	\$ 5,136,032
Portfolio investments, at fair value		848,163	848,163
Due from Brokers	5	3,351,846	8,641,335
Derivatives	6	6,279,261	9,472,984
Accounts receivable, trade		19,843,636	7,910,824
Inventories, grains		133,957,369	147,940,077
Sales taxes recoverable		793,751	1,137,391
Assets held for sale	7	1,572,332	-
Prepaid expenses and sundry assets		1,846,756	1,410,699
Current assets		172,095,897	182,497,505
Investments in associates		5,923,219	5,619,412
Grain exchange memberships		370,620	379,260
Property, plant and equipment	8	128,997,361	120,450,079
Non-current assets		135,291,200	126,448,751
TOTAL ASSETS		\$ 307,387,097	\$ 308,946,256
LIABILITIES			
Current			
Bank indebtedness	9	\$ 35,678,935	\$ 18,736,400
Accounts payable and accrued liabilities		22,665,030	17,388,202
Repurchase obligations		-	18,635,451
Derivatives	6	2,460,369	2,607,280
Provision for future payments to Front Street Capital		509,000	344,000
Derivative warrant liability	12(b)	2,555,000	1,719,000
Current liabilities		63,868,334	59,430,333
Long-term debt	9	29,743,741	30,381,310
Deferred income taxes		-	296,971
TOTAL LIABILITIES		93,612,075	90,108,614
SHAREHOLDERS' EQUITY			
Common shares	12(a)	208,857,390	208,884,960
Deferred share units	12(c)	460,973	319,820
Contributed surplus	12(d)	9,275,896	9,228,422
Currency translation account		18,655,733	22,179,246
Deficit		(23,474,970)	(21,774,806)
TOTAL SHAREHOLDERS' EQUITY		213,775,022	218,837,642
CONTINGENCIES AND COMMITMENTS			
	14		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 307,387,097	\$ 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 Loss****For the three-month periods ended June 30***(Unaudited)*

	<u>Note</u>	<u>2015</u>	<u>2014</u>
REVENUES		\$ 59,346,525	\$ 51,457,720
Cost of sales		(57,445,258)	(50,291,660)
GROSS PROFIT (LOSS)		1,901,267	1,166,060
General and administrative expenses		(2,535,750)	(3,410,605)
LOSS FROM OPERATIONS		(634,483)	(2,244,545)
Finance (loss) income	10	(87,017)	(145,434)
Revaluation of derivative warrant liability	12(b)	(836,000)	-
Interest expense	11	(766,511)	(645,660)
LOSS BEFORE INCOME TAXES AND THE UNDERNOTED ITEM		(2,324,011)	(3,035,639)
Income taxes (recovered)		(320,040)	117,092
LOSS BEFORE THE UNDERNOTED ITEM		(2,003,971)	(3,152,731)
Share of net income in investments in associates		303,807	1,047,093
NET LOSS FOR THE PERIOD		(1,700,164)	(2,105,638)
Other comprehensive loss for the period			
Loss on translation of foreign currency accounts of foreign operations		(3,523,513)	(3,956,942)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		\$ (5,223,677)	\$ (6,062,580)
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE PERIOD		27,057,118	14,208,208
LOSS PER SHARE			
Basic		\$ (0.06)	\$ (0.15)
Diluted		\$ (0.06)	\$ (0.15)
Supplemental disclosure of selected information:			
Depreciation included in Cost of sales		\$ 765,541	\$ 531,426
Depreciation included in General and administrative expenses		\$ 12,497	\$ 40,447
Amortization of financing costs included in Finance expenses		\$ 127,798	\$ 147,177
Personnel costs included in Cost of sales		\$ 439,757	\$ 421,012
Personnel costs included in General and administrative expenses		\$ 242,980	\$ 109,587

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

CERES GLOBAL AG CORP.
Interim Condensed Consolidated Statements of Cash Flows
For the three-month periods ended June 30
(Unaudited)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		\$ (1,700,164)	\$ (2,105,638)
Adjustments for:			
Depreciation of property, plant and equipment		778,038	571,873
Revaluation of derivative warrant liability		836,000	-
Interest expense		766,511	645,660
Income taxes (recovery)		(320,040)	117,092
Share incentive compensation		47,474	-
Deferred share units issued to Directors and fair value adjustment		224,700	69,298
Share of net income in investments in associates		(303,807)	(1,047,093)
Changes in non-cash working capital accounts	13	14,697,365	36,884,192
Interest paid		(651,210)	(637,644)
Cash flow provided by operating activities		14,374,867	34,497,740
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposition of assets held for sale		-	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		(15,292,602)	(568,110)
Cash flow provided by (used in) provided by investing activities		(15,292,602)	1,326,359
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds (repayment) of bank indebtedness		17,325,000	(27,255,000)
Proceeds from term loan		-	21,323,000
Net repayment of repurchase obligations		(18,635,451)	(15,720,457)
Financing costs paid		-	(479,688)
Share issuance costs		(69,359)	
Deferred share units redeemed		(41,789)	(18,712)
Cash flow used in financing activities		(1,421,599)	(22,150,857)
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		806,085	(81,730)
Increase (decrease) in cash for the period		(1,533,249)	13,591,512
Cash, beginning of period		5,136,032	12,009,400
Cash, end of period		\$ 3,602,783	\$ 25,600,912

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 three-month periods ended June 30, 2015

	<u>Note</u>	<u>Common shares</u>	<u>Deferred share units</u>	<u>Contributed surplus</u>	<u>Currency translation account</u>	<u>Deficit</u>	<u>Total</u>
Balances, April 1, 2015		\$ 208,884,960	\$ 319,820	\$ 9,228,422	\$ 22,179,246	\$ (21,774,806)	\$ 218,837,642
<i>Transactions with Shareholders</i>							
Issuance of Deferred Share Units	12(c)	-	152,768	-	-	-	152,768
Redemption of Deferred Share Units for cash	12(c)	41,789	(41,789)	-	-	-	-
Fair value adjustment of Deferred Share Units		-	30,174	-	-	-	30,174
Share incentive compensation	12(d)	-	-	47,474	-	-	47,474
Issuance costs of common shares, December 4, 2014	12(a)	(69,359)	-	-	-	-	(69,359)
Total transactions with Shareholders		208,857,390	460,973	9,275,896	22,179,246	(21,774,806)	218,998,699
<i>Comprehensive Income</i>							
Other comprehensive loss		-	-	-	(3,523,513)	-	(3,523,513)
Net loss for the period		-	-	-	-	(1,700,164)	(1,700,164)
Total Comprehensive Loss		-	-	-	(3,523,513)	(1,700,164)	(5,223,677)
Balances, June 30, 2015		\$ 208,857,390	\$ 460,973	\$ 9,275,896	\$ 18,655,733	\$ (23,474,970)	\$ 213,775,022
<i>Balances, April 1, 2014</i>							
Balances, April 1, 2014		\$ 137,100,022	\$ 62,500	\$ 9,228,422	\$ 8,072,943	\$ (20,389,430)	134,074,457
<i>Transactions with Shareholders</i>							
Issuance of Deferred Share Units		-	69,813	-	-	-	69,813
Redemption of Deferred Share Units for cash		-	(18,712)	-	-	-	(18,712)
Fair value adjustment of Deferred Share Units		-	(515)	-	-	-	(515)
Total transactions with Shareholders		-	50,586	-	-	-	50,586
<i>Comprehensive Income</i>							
Other comprehensive loss		-	-	-	(3,956,942)	-	(3,956,942)
Net loss for the period		-	-	-	-	(2,105,638)	(2,105,638)
Total Comprehensive Loss		-	-	-	(3,956,942)	(2,105,638)	(6,062,580)
Balances, June 30, 2014		\$ 137,100,022	\$ 113,086	\$ 9,228,422	\$ 4,116,001	\$ (22,495,068)	\$ 128,062,463

CERES GLOBAL AG CORP.

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2015

(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 36 Toronto Street, Suite 850, Toronto, Ontario, Canada, M5C 2C5.

These interim condensed consolidated financial statements of Ceres as at and for the three month periods ended June 30, 2015 and 2014 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 42 million bushels. Riverland Ag also manages 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 \$133,288 of revenue recognized for the quarter ended June 30, 2015 (2014: nil), all of the Corporation’s revenues for the quarters ended June 30, 2015 and 2014 are generated through grain trading, handling and storage, which total \$59,213,237 (2014: \$51,457,720).

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 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 Directors on August 5, 2015.

Functional and presentation currency

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

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.

CERES GLOBAL AG CORP.

Notes to the Interim Condensed Consolidated Financial Statements

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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 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 are 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

In December 18, 2014, the 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 Company does not expect the amendments to have a material impact on the financial statements.

IFRS 9 – Financial Instruments

In July 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

In May 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, 2017. Application 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.

5. DUE FROM (TO) BROKERS

Due from Brokers for Ceres' portfolio investments represents amounts at the custodian brokers from settled and unsettled trades. Due from Brokers for Riverland Ag for commodity futures and options contracts

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represents margin deposits and open trade equity maintained by a broker 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 Riverland Ag executes its transactions and for which Riverland Ag 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>June 30, 2015</u>	<u>March 31, 2015</u>
Due from Brokers		
Margin deposits	\$ 4,215,969	\$ 6,525,747
Unrealized gains on future contracts and options, at fair value	1,516,061	2,673,417
	<u>5,732,030</u>	<u>9,199,164</u>
Due to Brokers		
Unrealized losses on future contracts and options, at fair value	(2,380,184)	(557,829)
	<u>\$ 3,351,846</u>	<u>\$ 8,641,335</u>

6. 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 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.

<u>June 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Portfolio investments	\$ -	\$ -	\$ 848,163	\$ 848,163
Due from Broker, unrealized gains on futures and options	1,516,061	-	-	1,516,061
Derivative assets	-	6,279,261	-	6,279,261
Due to Broker, unrealized losses on futures and options	(2,380,184)	-	-	(2,380,184)
Derivative liabilities	-	(2,460,369)	-	(2,460,369)
Derivative warrant liabilities	-	(2,555,000)	-	(2,555,000)
Provision for future payments to Front Street Capital	-	(509,000)	-	(509,000)
	<u>\$ (864,123)</u>	<u>\$ 754,892</u>	<u>\$ 848,163</u>	<u>\$ 738,932</u>

CERES GLOBAL AG CORP.

Notes to the Interim Condensed Consolidated Financial Statements

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(Unaudited)

<u>March 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Portfolio investments	\$ -	\$ -	\$ 848,163	\$ 848,163
Due from Broker, unrealized gains on futures and options	2,673,417	-	-	2,673,417
Derivative assets	-	9,472,984	-	9,472,984
Due to Broker, unrealized losses on futures and options	(557,829)	-	-	(557,829)
Derivative liabilities	-	(2,607,280)	-	(2,607,280)
Warrants	-	(1,719,000)	-	(1,719,000)
Provision for future payments to Front Street Capital	-	(344,000)	-	(344,000)
	\$ 2,115,588	\$ 4,803,704	\$ 848,163	\$ 7,766,455

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 June 30, 2015 due to the short-term nature of these instruments. The carrying value of long-term debt approximates fair value as at June 30, 2015.

Fair value measurements hierarchy transfers

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-month period ended June 30, 2015.

7. ASSETS HELD FOR SALE

Ceres is committed to, and has activated, a plan for the immediate sale of its Electric Steel facility located in Minneapolis, Minnesota, to the University of Minnesota. Management expects it is highly probable the facility will be sold in its present condition and has identified a buyer. During the quarter ended June 30, 2015, Ceres revalued the assets held for sale at the lesser of their carrying amount and fair value less costs to sell.

As at June 30, 2015, the major classes of assets held for sale are as follows:

Land	\$ 431,207
Buildings and silos / elevators	966,942
Machinery and equipment	174,183
	<u>\$ 1,572,332</u>

CERES GLOBAL AG CORP.

Notes to the Interim Condensed Consolidated Financial Statements

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8. PROPERTY, PLANT AND EQUIPMENT

	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Buildings and silos/elevators	\$ 68,529,943	\$ 71,162,646
Machinery and equipment	8,604,987	6,460,963
Furniture, fixtures, computers, office equipment & other assets	2,129,782	1,882,790
Land	30,455,181	29,469,992
Construction in progress	32,158,743	24,016,033
	<u>141,878,636</u>	<u>132,992,424</u>
Less: accumulated depreciation	<u>(12,881,275)</u>	<u>(12,542,345)</u>
	<u>\$ 128,997,361</u>	<u>\$ 120,450,079</u>

As at June 30, 2015, property, plant and equipment accrued but not yet paid totaled \$5,819,405 (as at March 31, 2015: 8,326,721). For the three-month period ended June 30, 2015, acquisitions of property, plant and equipment totaled \$12,785,286 (2014: \$568,110).

As at June 30, 2015, property, plant and equipment relating to the development of NCLC totaled \$62,032,595 (as at March 31, 2015: \$49,958,486), which consisted of \$31,589,081 of construction in progress (as at March 31, 2015: \$22,051,477).

9. CREDIT FACILITY AND FINANCING

The Corporation has an uncommitted US\$120,000,000 credit facility. The short-term obligation, which is due December 29, 2015, is guaranteed by wholly owned subsidiaries of the Corporation. Borrowings bear interest at 2.875% plus overnight LIBOR. Interest is calculated and paid on a monthly basis. Amounts under the credit agreement that remain undrawn are not subject to a commitment. The credit facility has certain covenants pertaining to the accounts of the Corporation, and as at June 30, 2015, the Corporation was in compliance with all debt covenants.

As at June 30 and March 31, 2015, the carrying amount of bank indebtedness is summarized as follows:

	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Revolving line of credit	\$ 35,826,600	\$ 18,963,000
Unamortized financing costs	(147,665)	(226,600)
	<u>\$ 35,678,935</u>	<u>\$ 18,736,400</u>

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In addition, the Corporation has a secured term loan facility agreement for US\$25,000,000 with a term of 5 years with an interest rate of one month LIBOR plus 5.25%. The first principal payment on the New Loan is payable on December 29, 2016 for the amount of US\$3,000,000 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 loan has an effective interest rate of 6.21% plus one month LIBOR.

As at June 30 and March 31, 2015, the carrying amount of the term loan is summarized as follows:

	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Long-term debt	\$ 30,885,000	\$ 31,605,000
Unamortized financing costs	(1,141,259)	(1,223,690)
	<u>\$ 29,743,741</u>	<u>\$ 30,381,310</u>

10. FINANCE LOSS

For the three-months ended June 30:	<u>2015</u>	<u>2014</u>
Realized and unrealized loss on foreign exchange	\$ (155,959)	\$ (145,434)
Realized and unrealized gain on currency hedging	68,942	-
	<u>\$ (87,017)</u>	<u>\$ (145,434)</u>

11. INTEREST EXPENSE

For the three-months ended June 30:	<u>2015</u>	<u>2014</u>
Interest on revolving line of credit	\$ (201,758)	\$ (432,936)
Interest on repurchase obligation	(15,090)	(65,640)
Interest on long-term debt	(423,358)	-
Amortization of financing costs paid	(127,798)	(147,177)
Interest income and other interest expense	1,493	93
	<u>\$ (766,511)</u>	<u>\$ (645,660)</u>

12. SHAREHOLDERS' CAPITAL

As at June 30, 2015, directors and officers of the Corporation, through a controlled entity, beneficially own, directly or indirectly, or exercise control or direction over 40.4% of the outstanding Common shares of the Corporation (compared to 40.3% as at March 31, 2015).

CERES GLOBAL AG CORP.
Notes to the Interim Condensed Consolidated Financial Statements
June 30, 2015
(Unaudited)

(a) Shareholders' Capital

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)
Balances, June 30, 2015	27,057,655	\$ 208,857,390

(b) Derivative Warrant Liabilities

In connection with the completion of the rights offering, Ceres issued an aggregate of 2,083,334 warrants to the stand-by purchasers, with the issuance being conditional upon approval at the Corporation's annual general meeting to be held in August 2015. In the event that such warrant approvals are not obtained, the Corporation will make a cash payment to the standby purchasers equal to the number of common shares subject to the applicable number of standby warrants multiplied by the amount (if any) by which the then-current market price (basis the five-day volume weighted average price, or "VWAP") of the common shares exceeds the subscription price, provided that the amount shall not be less than 2% nor greater than 4% of such standby purchasers' subscription commitment.

Furthermore, the stand-by warrants issued, subject to shareholder approval, were issued at a fixed 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. The fair value of the stand-by warrants has been estimated at the date of issuance using the Black Scholes pricing model, using the following assumptions: an average risk free interest rate of 0.49%; an average expected volatility factor of 21.53%; an expected dividend yield of nil; and expected life of 2 years from issuance. The fair value of the stand-by warrants at the time of issuance was estimated at \$1,644,000.

In the event that the warrants are being exercised prior to the completion of a change of control of the Corporation, but after such transaction 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 approved at the annual general meeting as described above, the warrants will ultimately be converted to the Corporation's equity (common shares) when the warrants are exercised, or will be extinguished upon the expiration of the outstanding warrants, and will not result in the outlay of any cash by the Corporation.

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(Unaudited)

(c) 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 June 30, 2015	April 1, 2014 to March 31, 2015
	Number of DSUs	Number of DSUs
Deferred share units, beginning of period	52,813	8,913
Granted	22,716	46,574
Redeemed	(6,982)	(2,674)
Balance, end of period	68,547	52,813

(d) Stock Option Plan

During the three months ended June 30, 2015, Ceres granted stock 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.

As at June 30, 2015, the outstanding stock options are as follows:

Expiry Date	Weighted average fair value of the option	Exercise price	Exercisable options outstanding	Number of stock options issued and outstanding
June 2020	1.47	6.75	60,237	301,185

The total share option compensation cost that has been included in general and administrative expenses for the three months ended June 30, 2015 amounted to \$47,474 (three months ended June 30, 2014: nil).

13. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

Three months ended June 30	2015	2014
(Increase) decrease in due from Broker, commodity futures contracts	\$ 5,101,286	\$ (815,705)
Decrease (increase) in net derivative assets	2,895,316	(209,688)
Increase in accounts receivable	(11,734,012)	(5,516,033)
Decrease in inventories	10,630,494	35,904,758
Decrease (increase) in Sales taxes recoverable	343,640	(244,531)
(Increase) decrease in prepaid expenses and sundry assets	(462,825)	200,243
Increase in accounts payable and accrued liabilities	7,758,466	7,613,148
Increase (decrease) in provision for future payments to Front Street Capital	165,000	(48,000)
	\$ 14,697,365	\$ 36,884,192

CERES GLOBAL AG CORP.

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(Unaudited)

14. 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 June 30, 2015, the Corporation has no provision for any contingent liabilities.

During the year ended March 31, 2015, Ceres terminated its arrangements and ongoing discussions with a potential development partner with respect to the development and construction of a grain facility at NCLC. The termination of discussions with the potential partner may have implications for any amounts to be collected from the potential partner and amounts previously paid to Ceres by the potential partner 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, the potential partner initiated an action against the Corporation for injunctive relief and unspecified damages relating to the development and construction of a grain facility at the Corporation's NCLC.

As of the date hereof, the Corporation, based on the advice of its litigation counsel, does not believe that the claims alleged by the former partner have any legal merit, and therefore, the Corporation intends to vigorously defend the lawsuit. Prior to the termination of its relationship with the former partner, 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.

(b) Commitments

Capital expenditures contracted but not yet incurred are as follows:

	June 30, 2015	March 31, 2015
Property, plant and equipment	\$ 15,882,760	\$ 25,383,770

CERES GLOBAL AG CORP.

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(Unaudited)

15. 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:

Three months ended June 30	2015	2014
Salary and short-term employee benefits	377,004	836,384
Share-based compensation	217,598	136,439
Balance, end of period	594,602	972,823