CERES
GLOBAL AG CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table of Contents

This Management's Discussion and Analysis ("MD&A") dated February 10, 2016 should be read in conjunction with the December 31, 2015 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 ("IASB"). 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. For example, these measures include "EBITDA" (Earnings before interest, income tax, depreciation and amortization) and "Return on shareholders' equity", which both do not have a standardized meaning under IFRS. See Non-IFRS Financial Measures and Reconciliations.

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 the Key Assumptions & Advisories section of this MD&A.

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 December 31,		Nine-months ended December 31,	
(in millions except per share)	**2015**	2014	**2015**	2014
Revenues	**$ 82.3**	$ 69.7	**$ 236.8**	$ 138.3
Gross profit	**$ (10.4)**	$ 5.4	**$ (7.0)**	$ 11.9
Income (loss) from operations	**$ (13.1)**	$ 3.3	**$ (14.8)**	$ 3.5
Net income (loss)	**$ (13.4)**	$ 2.3	**$ (15.0)**	$ 2.1
Common shares outstanding for period	**27.1**	17.9	**27.1**	15.4
Earnings (loss) per share	**$ (0.50)**	$ 0.13	**$ (0.56)**	$ 0.14
As at:				
Total assets			**$ 371.4**	$ 395.1
Total bank indebtedness, current (1)			**$ 89.1**	$ 117.4
Term debt (3)			**$ 31.6**	$ 28.3
Shareholders' equity			**$ 215.1**	$ 214.1
Return on shareholders' equity (2)			**-7.0%**	1.0%

(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 DECEMBER 31, 2015

- Gross profit (or loss) in the current year quarter was a loss of $10.4 million compared to a gross profit of $5.4 million in the same quarter of prior year. The reduction in gross profit was mostly due to durum wheat losses incurred during the quarter of $11.7 million.
- Completed Phase 1 of construction of the high-speed elevator on October 15, 2015, which included the commission of the receiving driveway, three steel storage bins totaling 960,000 bushels of storage capacity, an office building, and two truck unloading pits.
- Subsequent to completion of Phase 1 and prior to December 31, 2015, Ceres loaded two 100-plus rail car shuttle trains out of Northgate.
- Ceres expanded its commodity portfolio into the oilseed space, originating canola from producers in relatively close proximity to Northgate and selling to end-users throughout North America and the export gateways.
- Continued to successfully execute on its strategy in oats by expanding trade operations and

being a key-supplier in the southeastern region of the United States, supplying animal feed and ingredient wholesalers.

- Loaded 312 railcars of grain and/or oilseed destined for the US and Latin American markets out of Northgate.
- Loaded 163 railcars of propane on behalf of its third-party customer at Northgate.
- Entered into an agreement with Koch Fertilizer Canada, ULC ("Koch") to store and handle dry fertilizer products at Northgate.
- To facilitate the storage and handling of the Koch fertilizer, Ceres signed a contract with Marcus Construction to build a fertilizer storage warehouse at Northgate for approximately USD $9 million.
- Renewed and amended its uncommitted USD $120 million revolving credit facility with Macquarie Bank through December 18, 2016.
- Closed on the sale of Electric Steel, a Minneapolis, Minnesota, grain elevator for USD $1.45 million, which resulted in a gain of $0.3 million.

WHO WE ARE

While having one reportable segment, the Corporation operates in two segments: (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 December 31, 2015. The Corporation also manages two facilities in Wyoming on behalf of its customer-owner.

The Corporation's Commodity Logistics unit is focused on the development of a Commodity Logistics Centre in Northgate, Saskatchewan. The Northgate Commodities Logistics Centre is a state-of-the-art grain, agriculture services and oilfield supplies transloading site, which is being developed in conjunction with several potential energy 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 South-eastern 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, 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 ("NCLC" or "Northgate"), with aggregate storage capacity of approximately 43 million bushels. The Corporation's Grain business also manages two facilities in Wyoming on behalf of their owner, Briess Industries. Four of the grain storage facilities are located at deep-water ports in the Great Lakes and one 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 $94.7 million grain, oil, natural gas liquids ("NGL") terminal and is connected to the BNSF.

The current fiscal year is the first full fiscal year of operations at Northgate. 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. During the nine-month period ending December 31, 2015, the Corporation loaded 1,084 railcars of outbound grain/oilseed shipments out of Northgate (2014: nil). Of that amount, 312 outbound railcars were loaded for the three-month period ending December 31, 2015 (2014: nil).

On October 15, 2015, the Corporation, through third-party contractors, completed Phase 1 of the construction of the high-speed elevator. The completion of Phase 1 included the commission 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. Construction of Phase 2 continues, and remains on target, within fiscal budget, to be completed and commissioned in May 2016. As disclosed in Note 17 of the Interim Condensed Consolidated Financial Statements, the Corporation's capital expenditure commitments that are contracted but not yet incurred total $16,581,650, which all relate to the completion of Northgate's high-speed inland grain elevator and other infrastructural build-out plans to facilitate the storage and handling of dry fertilizer products on behalf of Koch Fertilizer Canada, ULC ("Koch").

As part of completion and commission of Phase 1 of the high-speed inland terminal, the Corporation placed in-service $20.4 million of property, plant and equipment in October 2015. This was inclusive of approximately one-half of the contractual value of the construction of the entire grain terminal. In its totality, as at December 31, 2015, Ceres has capital expenditures relating to the Northgate facility of approximately $79.1 million (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.

The Corporation commenced its initial grain operations at NCLC in October 2014, and incurred $0.3 million in operating expenses for the three-month period ended December 31, 2014. For the quarter ended December 31, 2015, total operating expenses at NCLC amounted to $1.0 million. Furthermore, for the nine-month period ended December 31, 2015, total operating expenses for the NCLC site totaled $2.4 million.

Overall Performance

The Corporation recognized a net loss for the third quarter of $13.4 million, compared to net income of $2.3 million in the third quarter of prior year. Items affecting the quarter ended December 31, 2015 compared to 2014 included:

- Gross profit (or loss) in the current year quarter was a loss of $10.4 million compared to a gross profit of $5.4 million in the same quarter of prior year. The reduction in gross profit was mostly due to durum wheat losses incurred during the quarter of $11.7 million. (See Revenues and Gross Profit analysis directly below).
- Operating expenses relating to Northgate amounted to $1.0 million compared to $0.3 million for the same quarter in the prior year.
- General and administrative expenses increased $0.6 million for quarter ended December 31, 2015 compared to the same quarter in 2014. Significantly all of the Corporation's general and administrative expenses are denominated in USD while being reported in CAD. The increase in expenses is predominantly driven by the translation of USD to a weakened CAD. (See General and Administrative Expenses below for a further discussion.)
- Revaluation of derivative warrant liability was an unrealized gain for the quarter of $0.6 million compared to nil in the same quarter of prior year. (See Revaluation of Derivative Warrant Liability for a further discussion.)
- Gain on the sale of property, plant and equipment of $0.3 million relating to the sale of the Electric Steel facility on November 17, 2015.
- Interest expenses increased $0.7 million to $1.5 million for the quarter ended December 31, 2015 compared to the same quarter in 2014. The Corporation's debt, along with the related expense, is denominate in USD. The increase in interest expense is driven by (1) an increase in overall borrowings, and; (2) the translation of a USD expense to a weakened CAD expense.

The Corporation's net loss of $15.0 million for the nine-month period ended December 31, 2015, compared to a net income of $2.1 million in the nine-month period ended December 31, 2014. The decline in net income compared to 2014 is most significantly due to two factors:

- The decline in net trading margins of $18.2 million, going from $19.2 million in the prior year to $1.0 million in 2015. 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 analysis directly below).
- Operating expenses at Northgate for the nine-month period, which total $2.4 million in the current year compared to $0.3 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 amplified revenues and expenses, and specifically, the net loss for the three-month and nine-month periods ended December 31, 2015.

Furthermore, the weakened CAD has a similar effect on the Corporation's balance sheet. Of the Corporation's $371 million total assets, $279 million are denominated in USD, which as at December 31, 2015, totaled US$201 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 amplifies 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 to July 1 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 nine-months ended December 31, 2015 revenues totaled $236.8 million compared to $138.3 million for the same nine months in 2014. This increase is driven by the amount of bushels sold in the current year, which total approximately 23 million compared to 15 million bushels sold for the nine-month period ending December 31, 2014.

For the quarter ended December 31, 2015 and 2014, revenues totaled $82.3 million and $69.7 million, respectively. Despite lower overall grain prices in the current year, the Corporation recognized greater overall sales dollars due to an increase in the bushels sold, which amounted to 8.2 million compared to 6.1 million for the quarter ended December 31, 2014.

The table below represents a summary of the components of gross profit for the quarters and nine-month periods ended December 31, 2015 and 2014:

	3 months		9 months	
(in millions)	**2015**	2014	**2015**	2014
Net trading margin (loss)	**$ (7.7)**	$ 8.5	**$ 1.0**	$ 19.2
Storage and rental income	**2.5**	1.4	**6.7**	5.0
Logistics and energy transloading	**0.2**	-	**0.5**	-
Operating expenses included in Cost of sales	**(4.4)**	(3.8)	**(12.6)**	(10.3)
Depreciation expense included in Cost of sales	**(1.0)**	(0.7)	**(2.6)**	(2.0)
Gross profit (loss)	**$ (10.4)**	$ 5.4	**$ (7.0)**	$ 11.9
Gross profit (loss) in USD	**$ (7.8)**	$ 4.8	**$ (5.3)**	$ 10.8

For the nine-months ended December 31, 2015, the Corporation recognized a gross loss of $7.0 million compared with a gross profit of $11.9 million for the same nine months in 2014. The decline in gross profit of $18.9 million is mostly attributable to a decline of $18.2 million in net trading margin. Net trading margins, which, for the first two quarters yielded trading gains of $4.5 million and $4.2 million, respectively, and preceded a loss of $7.7 million for the third quarter of 2015.

<u>Net trading margin</u>

During the quarter ended December 31, 2015, the Corporation incurred a durum wheat loss of $11.7 million. The durum loss, which offset much of the net trading gains across the other grain and oilseed commodities, was due to the negative impact that durum wheat price declines had on the value of the Corporation's existing grain inventory at December 31, 2015. The durum loss has no reflection on the quality of inventory being stored. All cereal grains have experienced cash price declines. While the Corporation hedges its price risk against futures contracts, the decline in all of the grain commodities over this past crop year has 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 nine-month and three-month periods ending December 31, 2015 compared to the same periods in 2014.

<u>Storage and rental income</u>

The Corporation's storage and rental income increased $1.7 million from $5.0 million to $6.7 million for the nine months ended December 31, 2015. The Corporation earns all of its storage and rental income in USD. The additional income is the result of an increase in storage and handling rates charged to third-party customers compared to the prior year, while also replacing third-party storage contracts that existed in the prior year at more favorable storage and handling rates. The CAD declined 17% relative to the USD during the same nine month period; as a result, $1.1 million of the $1.7 million increase is attributable to the decline in the CAD as earnings are earned in USD and translated into CAD.

Storage and rental income for the quarter ended December 31, 2015 increased $1.1 million from $1.4 million to $2.5 million. Compared to the same three month period in 2014, the CAD weakened 18% in 2015. Therefore, adjusted to a comparative currency rate, as all storage and rental income was earned in USD, storage and rental income for the quarter increased $0.7 million, or approximately 50% compared to prior year. Similar to the nine-month period, this was the result of renewed third-party storage agreements that were at increased storage and handling rates compared to prior periods while adding new third-party tenants, replacing prior tenants, and higher rates.

<u>Logistics and energy transloading</u>

As previously disclosed, in April 2015, Ceres entered into an agreement with Elbow River Marketing ("ERM"), to unload liquefied petroleum gas ("LPG") from inbound trucks and load LPG into railcars for shipment into the US market via the BNSF from Northgate, Saskatchewan. The Corporation earns a base-rate service fee per month along with a set two-tier rate per railcar depending on the number of cars loaded. The Corporation earns all of its propane transloading revenue in CAD. Total propane transloading has amounted to approximately $0.5 million for the nine-months ending December 31, 2015, while $0.2 million was recognized in the quarter ended December 21, 2015. For the nine month period ended December 31, 2015, the Corporation loaded 456 railcars (2014: nil), of which 163 were loaded in the three months ended December 31, 2015 (2014: nil).

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 nine-month period ending December 31, 2015, operating and depreciation expenses totaled $15.2 million compared to $12.3 million for the prior year. Operating and depreciation expenses from operating Northgate total $2.4 million compared to $0.3 million for the nine months ended December 31, 2014. Excluding Northgate expenses, total operating and depreciation expenses totaled $12.8 million compared to $12.0 million in 2015 and 2014, which represents a 7% increase. Adjusting for the decline in the CAD, operating expenses declined approximately $1.7 million compared to 2014, 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 December 31, 2015, total operating and depreciation expense totaled $5.4 million compared to $4.5 million for the same period 2014. 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. Northgate operations aside, much of the decline at the US facilities related to slight declines in operating expenses at many of the facilities, including the divestiture and elimination of fixed costs associated with the Electric Steel facility in Minneapolis, Minnesota.

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 nine-month periods ended December 31, 2015 and 2014:

	3 Months		9 Months	
(Bushels in millions)	**2015**	2014	**2015**	2014
Company-owned bushels handled	**6.40**	6.35	**18.16**	14.53
Third-party bushels handled	**4.44**	3.26	**9.49**	16.00
Total bushels handled	**10.84**	9.61	**27.65**	30.53

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 nine-month periods ended December 31, 2015 and 2014.

	3 months		9 months	
(Dollars per bushel handled)	**2015**	2014	**2015**	2014
Net trading margin (loss)	**$ (1.20)**	$ 1.34	**$ 0.06**	$ 1.32
Storage and rental income	**0.56**	0.43	**0.71**	0.31
Average gross profit (loss) before undernoted expenses	**(0.46)**	1.02	**0.30**	0.79
Operating and depreciation expense	**(0.50)**	(0.46)	**(0.55)**	(0.40)
Gross profit (loss) per bushel handled	**$ (0.96)**	$ 0.56	**$ (0.25)**	$ 0.39

Gross profit analysis for the nine-month period ending December 31, 2015

Gross profit per bushel declined 64-cents to a gross loss of 25-cents. Similar to the decline in net description of gross profit above, the decline in the gross profit per bushel handled was driven by a $1.26 reduction in net trading margins per bushel handled. Although the Corporation has increased the amount of bushels handled over the nine-month period compared to the same period in prior year, net trading margins have declined. Aside from durum, this is attributable to the historically low price commodity environment, as noted above, which has challenged margin opportunities within the commodity trade flow. In addition, excluding durum losses and bushels handled for the nine-months, the Corporation recognized a net trading margin on bushels handled of 85-cents.

Furthermore, the Corporation's margin on storage and rental income has increased 40-cents per bushel. Aside from the weakened CAD which accounts for 13-cents of the 40-cent increase, the favorable change is attributable to the Corporation renewing various third-party storage and handling agreements at higher rates, while replacing previous storage tenants with new third-parties at a more favorable rate structure.

While approximately 6-cents of the 15-cent per bushel increase in operating and depreciation expense is attributable to the decline in the CAD, the balance of the increase is predominantly driven by the increased expense per bushel handled at Northgate. For the nine-month period operating and depreciation expense at Northgate totaled nearly 70-cents per bushel (2014: nil[1]).

Gross profit analysis for the three-month period ending December 31, 2015

While handling nearly the same quantity of company-owned bushels, net trading margins per bushel handled declined $2.54 to a net trading margin loss of $1.20. This was driven by the $7.7 million net trading margin loss for the quarter, which, as discussed above, was due to the Corporation's durum loss for the quarter of $11.7 million. Exclusive of the trading margin loss per durum bushel handled, the Corporation recognized a trading margin of 73-cents per bushel among all other cereal and oilseed commodities traded and handled during the three-month period ending December 31, 2015.

[1]Total operating expenses at Northgate for the prior year through December 31, 2014 totaled $0.3 million, the Corporation did not begin handling bushels until January 2015.

Storage and rental income increased 13-cents per bushel, and resulted from similar factors as the increase for the nine-months ending December 31, 2015, as the Corporation's fee structure on storage and bushels handled increased from the same quarter a year ago. Operating and depreciation expenses for the quarter increased 4-cents from a year ago. Much of the overall increase was driven by the weakened CAD dollar and its impact on US facilities' operating expenses that are translated from USD and reported in CAD, as the CAD declined 18%. As a result, 10-cents of the increase was driven by the weakened CAD.

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 below lays out the components of the Corporation's consolidated general and administrative expenses for the quarter and nine-month periods ended December 31, 2015 and 2014:

	3 months		9 months	
(in millions)	**2015**	2014	**2015**	2014
Corporate administration	**$ 1.1**	$ 1.2	**$ 3.3**	$ 5.0
Grain Division administration	**1.7**	1.2	**4.6**	3.8
Revaluation of provision of Front Street Capital	**(0.1)**	(0.3)	**(0.1)**	(0.4)
Total general and administrative expense	**$ 2.7**	$ 2.1	**$ 7.8**	$ 8.4
Total general and administrative expense in USD	**$ 2.0**	$ 1.8	**$ 6.1**	$ 7.6

For the nine-months ended December 31, 2015, general and administrative expenses totaled $7.8 million compared to $8.4 million in the same nine months in 2014. The reduction of the $0.6 million was predominantly driven by a decline of $1.7 million in the Corporate administrative expenses that were partially offset by an increase in the Grain Division's general and administrative expenses of $0.8 million.

The decline in the Corporate administrative is driven by expenses associated with the finalization of the build-out at Northgate prior to commencing operations in October 2014 along with the indirect expenses associated with the Rights Offering, which were not direct costs relating to share issuance. In the prior year's nine-month period the Corporation incurred non-capitalized consulting and third-party service costs associated with Northgate, including legal fees and licensing, and site services, all which were not incurred in the current year.

Offsetting the decline of Corporate administrative expenses was the increase of $0.8 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's expenses. While the Grain Division's expenses increased $0.8 million for the nine-month period compared to prior year, approximately $0.6 million is attributable to decline in the CAD versus the USD. The balance of the increase is 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 nine-month period ending December 31, 2014, the stock price declined at a greater rate (as a result of the Rights Offering on December 4, 2014) compared to the same period in 2015. This led to a reduction in the revaluation of the provision for the nine-month period compared to the prior year.

General and administrative expense increased $0.6 million for the three-month period ending December 2015 compared to 2014. The increase is attributable to the Grain Division's increase of $0.5 million in expense compared to the prior year's quarter. While 18% of the 41% increase is due to the weakening in the CAD, the balance of the increase is driven by greater labor and personnel costs, which are due to an added head-count in the current year's quarter compared to prior year.

Finance Income

For the nine-month period ended December 31, 2015, finance income totalled $1.5 million compared to finance loss of $296 thousand in the same period last year. For the quarter ended December 31, 2015, finance income totaled $137 thousand, which represented a $286 thousand increase compared to the finance loss of $149 thousand in the same period last year.

For the nine-month period, the increase compared to 2014 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%, and no longer having a significant influence over the financial and operating policies of the Investee. Therefore, during the nine month period ended December 31, 2015, 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 nine-month period ended December 31, 2015, 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 6, 2016.

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 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.

Revaluation of derivative warrant liability was an unrealized gain of $484 thousand for the nine-month period ended December 31, 2015 compared to nil for the same nine-month period in 2014. For the quarter ended December 31, 2015, the revaluation of derivative warrant liability was an unrealized gain of $622 thousand compared to nil for the same quarter 2014.

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 nine-month period from April 1, 2015 to December 31, 2015, the unrealized gain of $484 thousand is attributable to the decrease in the life of the warrants from 1.68 years remaining at March 31, 2014, to 0.93 years at December 31, 2015.

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 October 1, 2015 to December 31, 2015, our stock price decreased from $6.32 to $6.05, which resulted in an unrealized gain for the quarter.

Interest Expense

	3 months		9 months	
(in thousands)	**2015**	2014	**2015**	2014
Interest on revolving credit facility	**$ 857.9**	$ 663.2	**$ 1,490.0**	$ 1,472.8
Interest on repurchase obligations	**112.0**	36.8	**127.1**	102.4
Long-term debt	**467.9**	-	**1,327.0**	-
Amortization of financing costs paid	**139.4**	153.3	**403.6**	447.4
Interest income and other interest expense	**(60.8)**	(51.2)	**(115.8)**	(51.4)
	$ 1,516.4	$ 802.1	**$ 3,231.9**	$ 1,971.2

For the nine-months ended December 31, 2015, interest expense increased nearly $1.2 million from $2.0 million to $3.2 million from 2014 to 2015, respectively. This increase is due to interest expense on term debt, which did not exist in the prior year[2], 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 less than the prior year, the average USD-to-CAD exchange rates for the nine-month periods ended December 31, 2014 and 2015, were 1.10 and 1.29, respectively, which led to a greater CAD expenses for 2015.

For the quarter ended December 31, 2015, interest expense totaled $1.5 million compared to $802 thousand for the same quarter ended in 2014. This increase is due to interest expense on term debt, which did not exist in the prior year, along with a slight increase in interest on the revolving credit

[2] 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.

facility, which was primarily due to increased inventory quantities during the quarter ended December 31, 2015, compared to 2014, as well as the weakened CAD.

In addition, during the period, as part of the redemption of an investment in intercompany preferred shares – described in detail below within Financing Activities of the Liquidity & Cash Flow section – the Corporation borrowed $57 million on its revolving line of credit, which was repaid on December 9, 2015. The incremental interest expense on the borrowings associated with the redemption totaled $336 thousand and $502 thousand for the three- and nine-months ended December 31, 2015, respectively.

Income Taxes
Income taxes recovered for the nine-month period ended December 31, 2015 totalled $0.3 million compared to an expense of $0.3 million for the same nine months in 2014. The recovery of $0.3 million relates to deferred taxes recovered during the period. Income taxes expense for the quarter ended December 31, 2015 totalled $9 thousand compared to an expense of less than $19 thousand for the same quarter 2014, which both relate to the recovery of current taxes in the United States at the state level.

Share of Net Income (Loss) in Investments in Associates
For the nine-months ended December 31, 2015, the Corporation's share of net income in its investment in associates was $0.4 million compared to $1.2 million for the same nine-month period in 2014. For the quarter ended December 31, 2015, the Corporation's share of net income in its investment in associates was $0.2 million compared to a net loss of $28 thousand for the same quarter 2014.

For the nine-months ended December 31, 2015, the decline in the current year is primarily driven by prior year's recognition of equity share of income in Canterra of $0.8 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 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 prior year's three-month period ended December 31, 2014, the Corporation recognized a loss in its net share in investments in associates of $29 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 December 31, 2015, the Corporation's share of net income in associates amounts to $153 thousand, which entirely relates to the Stewart Southern Railway Inc.

Net investment hedge – net income
During the period ended December 31, 2015, 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 US dollar futures hedge and realized a gain of $1.4 million (2014: nil), which has been recognized in other comprehensive income.

Gain 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 nine-month period ended December 31, 2015, the Corporation recognized a gain on translation of foreign accounts totaling $9.5 million, compared to $5.8 million for the same period in 2014. For the quarter ended December 31, 2015, Ceres recognized a gain on translation of foreign accounts of nearly $2.6 million, compared to $4.7 million for the same quarter 2014.

The Corporation will generally recognize a gain on translation of foreign currency accounts when the spot rate from USD to CAD as at the balance sheet date is weaker than the average exchange rate for the period. When the spot rate at the balance sheet rate is stronger than the average rate, a loss is recognized.

For the quarter and nine-month period ended December 31, 2015 and 2014, the spot and average USD to CAD rates were as follows:

	3 months		9 months	
	2015	2014	**2015**	2014
Spot rate at balance sheet date	**1.39**	1.16	**1.39**	1.16
Average exchange rate	**1.34**	1.14	**1.29**	1.10

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
(in millions except per share)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Revenues	$ 82.3	$ 95.2	$ 59.3	$ 54.5	$ 69.7	$ 17.1	$ 51.5	$ 33.5
Gross profit (loss)	$ (10.4)	$ 1.5	$ 1.9	$ (0.2)	$ 5.4	$ 5.3	$ 1.2	$ 3.7
Income (loss) from operations	$ (13.1)	$ (1.1)	$ (0.6)	$ (2.5)	$ 3.3	$ 2.4	$ (2.2)	$ 2.4
Net income (loss)	$ (13.4)	$ 0.1	$ (1.7)	$ (3.5)	$ 2.3	$ 1.9	$ (2.1)	$ 0.4
Return on shareholders' equity	-6%	0.0%	-0.8%	-1.6%	1.1%	1.4%	-1.6%	0.3%
Weighted-average number of common shares for the quarter	$ 27.1	27.1	27.1	27.1	17.9	14.2	14.2	14.2
Basic and fully diluted earnings (loss) per share	$ (0.50)	$ 0.00	$ (0.06)	$ (0.13)	$ 0.13	$ 0.13	$ (0.15)	$ 0.03
EBITDA	$ (11.9)	$ 1.3	$ -	$ (1.6)	$ 3.8	$ 3.2	$ (1.8)	$ 3.1
EBITDA per share	$ (0.44)	$ 0.05	$ -	$ (0.06)	$ 0.21	$ 0.23	$ (0.13)	$ 0.22
Cash and portfolio investments, at reporting date	$ 8.4	$ 67.1	$ 4.4	$ 6.0	$ 86.3	$ 13.7	$ 26.4	$ 12.9
Shareholders' equity, as at reporting date	$ 215.1	$ 224.5	$ 213.8	$ 218.8	$ 214.1	$ 135.0	$ 128.1	$ 134.1
Shareholders' equity per common share, as at reporting date	$ 7.95	$ 8.30	$ 7.90	$ 8.09	$ 7.91	$ 9.50	$ 9.01	$ 9.44

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 predominant portion of revenue is composed of 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 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)	Nine months ended December 31	
	2015	2014
Net Cash Used in		
Operating activities	**$ (14,753)**	$ (32,787)
Investing activities	**(29,278)**	(19,581)
Net Cash Used Before Financing Activities	**(44,031)**	(52,368)
Financing Activities	**46,338**	125,320
Foreign Exchange Cash Flow Adjustment on Accounts Denominated in a Foreign Currency	**(3,395)**	569
(Decrease) Increase in Cash and Cash Equivalents	**$ (1,088)**	$ 73,521
Cash and Cash Equivalents	**$ 4,048**	$ 85,530

Operating Activities

Cash used in operating activities was $18.0 million less in 2015 predominantly due to the change in non-cash working capital accounts of $35.7 million from a net decrease of $36.6 million for the nine months ended December 31, 2014, to $918 thousand for the same nine months ended 2015. The change in working capital was partially offset by the decrease in net income of $17.1 million, from net income of $2.1 million for the nine-month period ended December 31, 2014, compared to a net loss of $15.0 million for the same nine months in 2015.

Investing Activities

The Corporation's primary investing activities are acquisitions of property, plant and equipment. During the nine months ended December 31, 2015, cash used in investing activities were $29.3 million, which comprised of additions of property, plant and equipment of $31.2 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 $29.3 million of the $31.2 million for the nine-month period ended December 31, 2015.

Financing Activities

During the nine months ended December 31, 2015, the Corporation had a net increase of $46.3 million in cash provided by financing activities compared to $125.3 million for the same nine months in 2014. The decrease in cash provided by financing activities of $79.0 million was largely due to net proceeds of $73.6 million received from the Rights Offering in December 2014 that were not received in 2015. The $46.3 million in cash provided by financing activities for the nine-month period was predominantly due to borrowings to fund an increase in inventory quantities over the period.

Available Sources of Liquidity

The Corporation's sources of liquidity as at December 31, 2015 are cash and cash equivalents and available funds under its revolving credit facility ("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 will be funded by cash on hand and borrowing against the credit facility. Any additional debt incurred will be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant limits.

In addition, the Corporation's credit facilities at December 31, 2015 have certain covenants, including minimum working capital of not less than $30 million. As at December 31, 2015 the Corporation's working capital – defined as current assets less current liabilities – totaled $86.5 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; and consolidated tangible net worth of not less than $160 million. As at December 31 and March 31, 2015, the Corporation was in compliance with all the above mentioned financial covenants.

The following table provides a summary of available cash and unused credit facilities:

(in thousands)	**December 31, 2015**	March 31, 2015
Cash and cash equivalents	**$ 4,048**	$ 5,136
Bank indebtedness	**(68,653)**	(18,736)
Repurchase obligations	**(20,488)**	(18,635)
Unused portion of credit facility	**97,775**	132,741
Unused portion of repurchase obligation	**123,150**	107,785
	$ 135,832	$ 208,291

4. CAPITAL RESOURCES

The Corporation utilizes its revolving 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 nine-month period ended December 31, 2015, 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 agreement is 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 December 31, 2015, 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. This New Loan is for a term of 5 years with an interest rate of one month LIBOR plus 5.25%. This New Loan extinguished and replaced the previous loan originated on June 27, 2014, which had an initial term maturing on December 29, 2014.

The secured term loan facility agreement 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 facility. 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 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.

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 buy 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 was of relatively high quality and increased quantities, as we are in a global over-supply situation. Management expects that the global supply of cereal grain and oilseeds will remain strong for the next one-to-two years. With respect to the Corporation's operations for this past quarter, we were able to acquire inventory stocks, taking advantage of its existing terminal asset network and enhancing its utilization. The relatively higher quality crop

resulting from harvest has led to flattened premium values, which has limited margin opportunities throughout the Corporation's cereal grain trading portfolios. However, the increase supply in the cereal grain market has led to carries in the futures market, offsetting a portion of the lower than normal revenues generated from trading. Although there has been carries in the futures market, carrying charges have been suppressed from the high quality protein Spring Wheat crop as the futures market was utilized by market participants to acquire lower protein Spring Wheat.

As reported above, we completed Phase 1 of the construction of the high-speed elevator in October 2015. As part of Phase 1, we commissioned three steel storage bins totaling 960,000 bushels of storage capacity. Construction of Phase 2 continues, and we remain on target, within fiscal budget. Phase 2 is to be completed and commissioned in May 2016. For the three-month period ending December 31, 2015, we loaded 312 railcars at Northgate, with 200 being shuttle trains destined for the US and Latin American markets.

Furthermore, the Corporation continues to execute on its strategy as being a preferred supplier to end-users throughout North America. During the quarter-ended December 31, 2015, we expanded our oat trading operations into the southeastern region of the United States, being a key supplier to animal feed and ingredient wholesalers. In further executing on our strategies, we expanded our commodity trading into the oilseed space, originating canola from Canadian producers, and selling to North American end-users and the export gateways.

The high-speed inland grain terminal at Northgate is critical to the continued execution of our key strategic initiatives. Significant progress has been made to reach key gateways into the United States, Latin America and Asia, with the completion of Phase 1 and impending completion of Phase 2 in May 2016. With advancement at Northgate, along with greater utilization of the terminal assets in our network, consistent momentum is expected to yield desirable results as we enter 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

As announced on November 12, 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, during the quarter ended December 31, 2015, the Corporation signed a contract with construction vendor to build the fertilizer storage warehouse. The contract commitment totals USD $9 million. The Corporation plans to break-ground and begin construction in spring 2016 with completion targeted for spring 2017.

In addition, the Corporation continues to unload liquefied petroleum gas ("LPG") from inbound trucks loading LPG into railcars for shipment into the US market via the BNSF from Northgate, Saskatchewan. We anticipate that this business will continue to grow throughout the second half of this year 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.

We are continuing to renegotiate and extend our current transloading agreement with ERM while exploring opportunities to build out and further develop the NCLC LPG transloading business with additional tenant customers. In addition, the Corporation is pursuing opportunities that further leverage the international port advantages of NCLC with other oilfield and agricultural inputs products.

Furthermore, 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 December 31, 2015, 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 December 31, 2015 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 February 10, 2016, the issued and outstanding equity securities of the Corporation consisted of 27,057,655 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 December 31, 2015.

CHANGE IN REPORTING CURRENCY AND YEAR-END

The Corporation will change its fiscal year to 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 nine-month periods ended December 31, 2015 and 2014.

	3 months		9 months	
(in thousands)	**2015**	2014	**2015**	2014
Net income (loss) for the period	**$(13,439)**	$ 2,293	**$(15,041)**	$ 2,100
Add/(Deduct):				
Interest Expense	**1,516**	802	**3,232**	1,971
Revaluation of derivative warrant liability	**(622)**	-	**(484)**	-
Gain on sale or property, plant and equipment	**(272)**	-	**(272)**	-
Income taxes (recovered)	**9**	19	**(318)**	306
Share of net (income) loss in investments in associates	**(153)**	29	**(403)**	(1,220)
Depreciation on property, plant and equipment	**1,032**	702	**2,666**	2,048
	$(11,929)	$ 3,845	**$(10,620)**	$ 5,205

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 nine-month periods ended December 31, 2015 and 2014:

	3 months		9 months	
(in thousands)	**2015**	2014	**2015**	2014
Net income (loss) for the period	**$(13,439)**	$ 2,293	**$(15,041)**	$ 2,100
Total shareholders' equity as at reporting date	**215,131**	214,099	**215,131**	214,099
	-6.2%	1.1%	**-7.0%**	1.0%

Total Gross Profit (Loss) and General & Administrative Expenses in USD
As disclosed above, the Corporation earns predominantly 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 nine-month periods ended December 31, 2015 compared to 2014, 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 Northgate Commodities Logistics Centre ("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 exhaustive 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.