MANAGEMENT'S DISCUSSION AND ANALYSIS

This interim management's discussion and analysis ("MD&A") presents management's discussion and analysis of the consolidated financial position of Ceres Global Ag Corp. ("Ceres" or the "Corporation"), the consolidated results of its operations, liquidity and capital resources, business risks and future outlook. This interim MD&A should be read in conjunction with Ceres' interim unaudited condensed consolidated financial statements for the three-month periods ended June 30, 2013 and 2012, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and presented on Schedule A attached to this interim report. Wherever applicable, other comparative figures have also been reported in accordance with IFRS.

Riverland Ag Corp. ("Riverland Ag") is Ceres' largest investment, and is a wholly-owned subsidiary of Ceres. In discussing the results of operations, reference will be made to results on a consolidated basis and to results for Riverland Ag separately.

This MD&A has been prepared as of August 12, 2013. Unless otherwise indicated, dollar amounts are reported in Canadian dollars ("CAD").

FORWARD-LOOKING INFORMATION

This interim 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. The words ''anticipate'', ''expect'', ''believe'', ''may'', "could", ''should'', ''estimate'', "plan", ''project'', "intend", ''outlook'', ''forecast'', "likely", "probably", "going forward" or other similar words are used to identify such forward-looking information. 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 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, expected and future cash flows, costs, planned capital expenditures, anticipated capital projects, construction and completion dates, operating and financial results, critical accounting estimates and the expected financial and operational consequences of future commitments.

All forward-looking statements reflect Ceres' beliefs and assumptions based on information available at the time the statements were made. 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 have been made in connection with the forward-looking statements in this interim MD&A. These assumptions concern, and are not limited to, the following:

- expected movement to more integrated North American grain commodity markets resulting from changes in the powers of the Canadian Wheat Board;
- no further material change in the regulatory environment in Canada;
- continued compliance by Riverland Ag with loan covenants;
- realizing the benefits from the early repayment of long-term debt;
- the ability to maintain existing financing on acceptable terms;
- expected increase in the utilization of the Riverland Ag's facilities;
- the volume and quality of grain held on-farm by producers in North America;
- benefits to be realized by the review of Riverland Ag's business assets;
- the demand for, and the supply of, grains;
- prices for agricultural commodities;
- general financial conditions for Western Canadian and American agricultural producers;
- the effects of competition;
- the market share that will be achieved by the Corporation;
- the extent of customer defaults in connection with credit provided by Riverland Ag;
- the ability of Stewart Southern Railway Inc. ("SSR") to continue its growth trend in grain and oil shipments by rail, without service disruption;
- Riverland Ag's ability to maintain existing customer contracts and relationships;
- that an agreement is reached with the Scoular Company concerning its involvement in the Northgate, Saskatchewan Commodity Logistics Hub;
- the successful completion of the Northgate Commodities Logistics Hub; and
- trends concerning currency exchange and interest rates.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to 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 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 regulatory environment, processes and decisions. 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 information, whether as a result of new information, future events or otherwise, except as required by law.

CAUTIONARY STATEMENT AS TO NON-IFRS FINANCIAL MEASURES

As supplementary information, Ceres provides a non-IFRS measure that management believes is useful to users of this interim MD&A to explain Ceres' financial results. This non-IFRS measure is EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization), which is not a standardized financial measure prescribed by IFRS. However, management believes that most shareholders, creditors, other stakeholders and investment analysts benefit from using this performance measure in analyzing Ceres' results. Ceres also uses this measure internally to monitor the Corporation's performance.

In calculating EBITDA, Ceres also excludes its share of the net income (loss) from investments in associates and the gain or loss on sale or impairment of property, plant and equipment, as applicable. Ceres may calculate EBITDA differently than other companies; therefore, Ceres' EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss, or to other standardized financial measures determined in accordance with IFRS, and is not intended to represent cash flows or results of operations in accordance with IFRS.

OVERVIEWS

The following table represents an analysis of the components of Ceres' equity attributable to shareholders as at June 30, 2013 and reflects the value at which individual items are carried on Ceres' balance sheet (in millions, except Total equity attributable per share issued and outstanding):

Cash and cash equivalents (note 1)	$ 16.2
Portfolio investments	$ 7.1
Other current assets	$ 0.1
Investment in SSR (note 2)	$ 3.1
Investment in land and capitalized costs representing the future Northgate Commodities Logistics Hub ("Northgate") (note 3)	$ 7.0
Investment in Riverland Ag (note 4)	
Net working capital, net of all debt (note 5)	$ 43.7
Fixed assets, at net book value (note 6)	$ 67.6
Investment in Canterra Seeds Holdings, Ltd. ("Canterra") (note 7)	$ 1.6
Total investment in Riverland Ag	$ 113.0
Less: All (Current) Liabilities	$ (3.7)
Total Equity Attributable to Shareholders	$ 142.8
Number of common shares issued and outstanding	14.3
Total Equity Attributable per share issued and outstanding	$ 9.96

Notes:

1. Cash and cash equivalents exclude cash held by subsidiaries.
2. SSR is 25 per cent owned by Ceres and is accounted for using the equity method.
3. The investment in Northgate represents an investment in approximately 1,500 acres of land in Saskatchewan and North Dakota, plus capitalized costs incurred to ready the site for the development of the logistics hub.

4. Ceres owns 100 per cent of Riverland Ag and consolidates the accounts of Riverland Ag in the annual financial statements. In this analysis, the investment in Riverland Ag is accounted for using the equity method.
5. The net working capital of Riverland Ag represents primarily the aggregate of owned inventory (which is marked to market) plus trade accounts receivable and amounts due from brokers, less all bank indebtedness. The aggregate of other current assets is substantially offset by the aggregate of other liabilities.
6. Represents approximately 52 million bushels of storage space at an average net book value of USD$1.22 per bushel.
7. Canterra is 25 per cent owned by Riverland Ag and is accounted for using the equity method.

Ceres

Ceres is an asset management company currently focused in two primary areas:

- **Grain Storage and Handling -** represented by Riverland Ag, a collection of North American commercial grain storage and handling assets, and
- **Commodity Logistics** - represented by SSR, a short-line rail company based in Southeastern Saskatchewan, and Northgate the proposed commodities logistics hub.

Riverland Ag

Riverland Ag owns and operates eleven (11) grain storage and handling facilities in the American states of Minnesota, North Dakota, New York and Wisconsin, and the Canadian province of Ontario. Riverland Ag also manages two facilities in Wyoming on behalf of its customer-owner.

Riverland Ag is focused on cereal grain storage, customer-specific procurement and "process-ready" cleaning of specialty grains such as oats, barley, rye and durum wheat. It offers a comprehensive range of services to its customers to help manage the risks associated with the price, quality, and availability of these critical food grains.

Riverland Ag's facilities are strategically located, with excellent rail, truck and ship transportation logistics and close proximity to major grain-processing facilities in the United States. Many of Riverland Ag's locations are at deep-water ports in the Great Lakes and along the upper Mississippi River, allowing access for lakers and barges, and enabling the efficient global import and export of grains.

The majority of Riverland Ag's facilities are qualified as 'regular for delivery' locations for certain futures contracts on the Minneapolis and Chicago exchanges, allowing Riverland Ag to earn carrying charges against grain stored for delivery to the exchanges by matching deliverable cash inventories with futures contracts. This delivery mechanism helps to mitigate risk for Riverland Ag and it is an important component of its credit facilities.

Currently, the majority of Riverland Ag's storage space is utilized to capture grain arbitrage and merchandising opportunities. The balance is utilized to service third-party storage contracts with leading food and beverage companies, whereby the third-party owns the inventory and pays Riverland Ag for storage and elevation. With the recently completed strategic review, Riverland Ag will develop a more balanced business model incorporating more customer focused merchandising, long-term third party storage contracts, more strategic use of its position in the regular for delivery markets of oats and spring wheat, and limited carrying income participation.

Riverland Ag is primarily focused on the storage and handling of cereal grains with particular emphasis on wheat, oats, barley and rye. In the case of wheat and oats, both of these crops have futures markets which it uses to hedge its inventories. For barley and rye, where no futures markets exist, it primarily stores the grain under contract with end users. Riverland Ag earns revenues in three primary areas:

- Carrying income, when it hedges its owned inventory positions against the futures markets and earns the difference between spot and deferred prices;
- Storage revenue, when it is paid for the use of its space by entities that have inventory deposited in Riverland Ag's delivery facility or by food and beverage companies; and
- Merchandising gains, when owned inventory positions are sold or marked up in value as a result of movements in the market values of those grains above the prices at which it was acquired.

Grains purchased by Riverland are primarily bought from third-party grain companies in the United States and Canada, with certain Riverland locations also procuring directly from farmers. Grains are usually sold to food and beverage companies, livestock related businesses as well as delivered into the futures market.

The nature and position of Riverland Ag's assets allow it to be flexible in different types of grain markets, but typically it has performed best in an environment of strong production, resulting in surplus grains that need to be stored, combined with a futures market in contango.

A trend that has existed for a number of years has involved corn and soybeans absorbing acreage farther north, at the expense of cereal grain production. This situation, both in the near-term and longer-term, will result in an ever increasing reliance on Canada to produce cereal grains. The most dramatic example of this is represented by the production of oats, which until the 1980's, was a significant crop in the United States. However, America now imports the majority of its food quality oats from Canada. Consequently, while nearly all of Riverland Ag's facilities are in the U.S., what occurs in Canada's cereal grain production is very relevant to Riverland Ag.

The recent development of the removal of the Canadian Wheat Board's monopoly on the marketing of Western Canadian wheat will, over time, make Riverland Ag's position in the spring wheat delivery market much stronger as the North American market becomes more integrated. While movements south have been slower than initially forecasted, we expect them to increase as logistics and customer merchandising improves. Projects such as the proposed grain facility in Northgate by the Scoular Company will significantly help this movement.

Stewart Southern Railway

Ceres owns a 25 per cent interest in SSR, which is a 132 kilometre (82-mile) short-line railway that extends from Richardson, Saskatchewan (just southeast of Regina) to Stoughton, Saskatchewan. SSR was purchased from the Canadian Pacific Railway, with which it has haulage agreements. Historically, SSR only shipped grain and was being challenged by low local production caused by high levels of precipitation and flooding. Since February 2012, SSR began shipping oil from the Stoughton area for the first time and monthly volumes have grown steadily. With an expansion completed at the Stoughton oil trans-loading facility at the end of December 2012, the oil loading capacity has increased to over 45,000 barrels per day ("bpd") of production to become one of the largest crude oil by rail loading sites in Western Canada. In addition, SSR has recently been successful in developing a rail car storage program for shippers, which will help broaden its revenue and earnings profile. As SSR absorbs this large growth, it will look for increased shipment opportunities in oil and other products.

Northgate, Saskatchewan Commodities Logistics Hub

Ceres owns 1,500 acres of land at Northgate, Saskatchewan and Northgate, North Dakota, where it intends to construct a new commodity logistics hub including high-efficiency rail loops, capable of handling unit trains of up to 120 railcars. A grain handling and shipping facility and trans-loading and shipping oil will be the initial focus, followed by a logistics centre that will unload in-bound equipment and materials for Saskatchewan's booming resource economy.

The connection to BNSF Railway's network will give shippers direct access to customers in 28 American states, numerous Pacific and Gulf ports, and Mexico along BNSF's 32,000 mile network, including over 45 crude-by-rail destinations. Access to many other strategic interior locations and Atlantic ports are also available through BNSF's rail connections.

Site preparation has commenced. Construction is planned to commence later in 2013, subject to receipt of all necessary permits and approvals and finalization of agreements with project partners. The facility is expected to be built over three years, and has been designed ultimately to handle up to 40 million bushels of grain annually and potentially 70,000 barrels of oil per day. More than 100 construction jobs will be created, and about 30 ongoing jobs once the facility is fully operational.

The Scoular Company ("Scoular"), a major U.S.-based agricultural marketing company, is expected to partner with Ceres on the project. Subject to the finalization of agreements, Scoular will fund, own and operate the grain handling facility. Ceres' grain subsidiary, Riverland Ag, will be a major customer of the grain facility, and will work closely with Scoular on the procurement of certain grains.

RESULTS OF OPERATIONS FOR THE QUARTER ENDED JUNE 30, 2013

Revenues and Gross Profit

Through Riverland Ag, Ceres is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship 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 and a minimal impact on gross profit. Accordingly, management believes it is more relevant to discuss changes in gross profit, as opposed to changes in revenue dollars.

For the quarter ended June 30, 2013, revenues were $69.7 million (2012: $42.9 million) and gross loss was ($2.1 million) (2012: gross profit of $1.4 million). For the quarter ended June 30, 2013, the gross profit percentage was negative 2.95 per cent (2012: 3.32 per cent). The decrease in the gross profit percentage for the quarter is attributable primarily to continued reduced carrying charges, reduced basis revenue and lower trading gains, which are due to significantly lower levels of grain inventories. On a quarter over quarter basis, revenues increased due to an increase in the grain inventory bushels sold.

In Q1 2014, the gross profit percentage and EBITDA amounts deteriorated compared to Q1 2013, due to lower overall inventory levels at our facilities coupled with reduced carrying charges, reduced basis revenue and lower trading gains. During the quarter, Riverland Ag dealt with significantly lower facility utilization and related lower carrying charge revenues by selling grain inventories as we enter into the new crop year with what appears to be strong production and better pricing.

General and Administrative Expenses

For the quarter ended June 30, 2013, general and administrative expenses totalled $2.9 million, which is more than general and administrative expenses for the quarter ended June 30, 2012, which were $2.4 million.

For the quarter ended June 30, 2013, general and administrative expenses include Ceres corporate-level costs for management fees of $778,000 (2012: $804,000) and other general and administrative expenses on a consolidated basis of $2.1 million (2012: $1.6 million). The decrease in management fees is generally consistent with the decrease in average net asset value (or shareholders' equity) over the quarter ended June 30, 2013 compared to 2012, on which the management fee is calculated. Other expenses incurred during this quarter at the Ceres corporate-level include Professional fees of $562,700 (2012: $260,800), Portfolio and corporate transaction costs of $173,800 (2012: $78,400) and other general and administrative expenses totalling $410,200 (2012: $154,300). Professional fees increased by $301,900 due primarily to legal fees related to the Northgate Commodities Logistics Hub investment. Other general and administrative costs were higher due to costs associated with the special shareholders' meeting called by a shareholder.

Finance income (loss)

For the quarters ended June 30, 2013 and 2012, finance income (loss) includes the following:

		2013		2012
Interest and other revenues	$	2	$	115
Realized gain on sale of property, plant and equipment		-		87,926
Realized loss on currency-hedging transactions		(468,891)		(1,030,853)
Realized and unrealized gain on foreign exchange		37,899		10,542
Change in fair value of investments		621,445		(1,432,584)
	$	**190,455**	**$**	**(2,364,854)**

Realized gain on the sale of property, plant and equipment during the quarter ended June 30, 2012 represents a gain realized by Riverland Agriculture Limited on the sale of certain minor equipment. Variances in realized and unrealized gains and losses for foreign exchange, currency-hedging and the remaining portfolio investments reflect the volatility of the currency and equity markets.

Finance expenses

There is no debt at the Ceres corporate level. Therefore, for the quarters ended June 30, 2013 and 2012, finance expenses relate to Riverland Ag and include interest on short-term and long-term debt plus the amortization of related financing transaction costs. For the quarter ended June 30, 2013 (Q1 2014), finance expenses were $1.4 million (quarter ended June 30, 2012: $1.8 million). For the quarter ended March 31, 2013, finance expenses were $1.9 million (quarter ended March 31, 2012: $2.1 million). The reduction in finance expenses in Q1 2014 compared to Q4 2013 and Q1 2013 is attributable to reduced outstanding borrowing, which is driven by lower inventory levels, lower grain commodity prices, and a lower average interest rate on outstanding borrowings.

EBITDA

The following tables are a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the three-month periods ended June 30, 2013 and 2012:

EBITDA *(in thousands of dollars)*		3 months, 2013		3 months, 2012	
Periods ended June 30		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net loss for the period		$ (5,840.0)	$ (4,399.4)	$ (4,030.6)	$ (427.3)
Add (deduct):	finance expenses	1,390.0	1,390.0	1,798.0	1,798.0
	income taxes (recovery)	30.1	30.1	(1,083.8)	(1,083.8)
	share of net (income) loss in associates	(363.2)	(363.2)	(44.1)	102.5
	depreciation on property, plant and equipment	733.0	733.0	732.9	732.9
		$ (4,050.1)	**$ (2,609.5)**	**$ (2,627.4)**	**$ 1,122.4**

For the quarter ended June 30, 2013, consolidated net loss includes finance income of $0.2 million (2012: finance loss was $2.4 million). Excluding the effect of the finance income (loss) for these quarters, consolidated EBITDA would have been a loss of $4.2 million (2012: consolidated EBITDA would have been a loss of $0.2 million).

The decrease in EBITDA for Riverland Ag for the quarter ended June 30, 2013 over EBITDA for the quarter ended June 30, 2012 is $3.7 million; whereas the decrease in consolidated EBITDA adjusted to exclude the effect of finance income (loss) for the quarter ended June 30, 2013 compared to 2012 is $4.0 million. Therefore, the quarter-to-quarter decrease in EBITDA for the quarter ended June 30 is represented primarily by the decrease in gross profit of $3.5 million. The decrease in the gross profit for this quarter is attributable primarily to continued reduced carrying charges, reduced basis revenue and lower trading gains, which are due to lower level of grain inventories

SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for each of the last eight (8) fiscal quarters ended June 30, 2013:

(in thousands, except per share amounts)

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	2013-06-30	2013-03-31	2012-12-31	2012-09-30	2012-06-30	2012-03-31	2011-12-31	2011-09-30
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Revenues	$ 69,713	$ 60,429	$ 84,575	$ 35,132	$ 42,944	$ 37,123	$ 22,639	$ 35,044
Gross profit (loss)	$ (2,057)	$ 1,954	$ (2,407)	$ 1,066	$ 1,426	$ 755	$ 4,865	$ 4,147
Income (loss) from operations	$ (4,974)	$ (1,017)	$ (5,040)	$ (1,550)	$ (996)	$ (1,663)	$ 2,526	$ 748
Net income (loss)	$ (5,840)	$ 804	$ (7,125)	$ (1,133)	$ (4,031)	$ (414)	$ (1,704)	$ (2,033)
Weighted-average number of common shares for the quarter	14,335	14,335	14,336	14,406	14,512	14,640	14,941	15,047
Basic and fully diluted earnings (loss) per share	$ (0.41)	$ 0.06	$ (0.50)	$ (0.08)	$ (0.28)	$ (0.02)	$ (0.11)	$ (0.14)
EBITDA, consolidated	$ (4,050)	$ (2,459)	$ (5,335)	$ 78	$ (2,627)	$ 1,223	$ 1,150	$ 2
EBITDA per share, consolidated	$ (0.28)	$ (0.17)	$ (0.37)	$ 0.01	$ (0.18)	$ 0.08	$ 0.08	$ -
EBITDA, Riverland Ag	$ (2,609)	$ 1,007	$ (2,850)	$ 663	$ 1,122	$ 269	$ 4,508	$ 3,266
EBITDA per share, Riverland Ag	$ (0.18)	$ 0.07	$ (0.20)	$ 0.05	$ 0.08	$ 0.02	$ 0.30	$ 0.22
Cash and portfolio investments, net of shorts and options, as at reporting date	$ 24,113	$ 26,932	$ 29,764	$ 33,995	$ 35,436	$ 39,607	$ 45,176	$ 48,253
Shareholders' equity, as at reporting date	$ 142,830	$ 144,881	$ 141,812	$ 147,734	$ 153,400	$ 155,900	$ 159,615	$ 165,792
Shareholders' equity per common share, as at reporting date	$ 9.96	$ 10.11	$ 9.89	$ 10.29	$ 10.61	$ 10.69	$ 10.83	$ 11.07

The following comments relate to certain variances reported in some of the line items above:

Revenues: As a commercial commodities storage business, revenues may vary from quarter to quarter. The Corporation has the flexibility to be opportunistic in its decision to sell, or may make delivery sales in certain markets. The increase in sales in Q1 2014 compared to Q1 2013 is attributable to an increase in the grain inventory bushels sold.

Gross profit / Income from operations: The drop in gross profit is a combination of reduced carrying income and basis income against a lower inventory level.

BUSINESS REVIEW – RIVERLAND AG

Riverland Ag is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship 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 and a minimal impact on gross profit. Accordingly, management believes it is more relevant to discuss changes in gross profit than it is to focus on changes in revenue dollars.

For the quarter ended June 30, 2013, revenues were $69.7 million (2012: $42.9 million) and gross profit was a loss of $2.1 million (2012: $1.4 million). The gross profit percentage for the quarter ended June 30, 2013 was negative 2.95 per cent (2012: positive 3.32 per cent). The decrease in the gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable primarily to continued reduced carrying charge income, reduced basis revenue and lower trading gains against overall lower inventory levels.

For the immediately preceding quarter ended March 31, 2013, revenues were $60.4 million (2012: $37.1 million) and gross profit was $2.0 million. The gross profit percentage for the quarter ended March 31, 2013 was 3.23 per cent. Therefore, compared to the quarter ended March 31, 2013, there is an increase in the amount of revenues, but a reduction in the amount of gross profit and the gross profit percentage.

Compared to operating results for several recent quarters in fiscal 2012 and 2013, the results for Q1 FYE 2014 continue to be weak due to an on-going reduced carrying charge environment in the quarter and lower relative basis gains against overall lower inventory levels. In addition, market events that allowed Riverland Ag to generate trading gains in the Q4 of FYE 2013 were not present during Q1 of FYE 2014 and this is reflected in the operating results on a comparative basis. The weak results in Q1 of FYE 2014 are a result of the carryover of prior year's harvest and the drought throughout much of the United States, which reduced the supply of cereal grains in the United States. During this quarter, as the upcoming crop year's grain has been planted, the market continued to see reduction in supplies for end users. This resulted in Riverland selling its grain inventories at a higher price than the futures price of the new crop grain. As a result of the spot price being greater than the deferred futures price, the carrying revenue has been inverted throughout much of Q1 FYE 2014. The inverted commodity prices in the market have been the primary factor for the increase in the level of grain bushels sold.

As mentioned in prior quarters, while the lower carrying income market has been negative for the Corporation from an earnings perspective, it has created an opportunity for the assets we own. Management believes the same events that led to challenging operations in recent quarters for Riverland Ag offer future opportunity and potential as a supply chain service provider for food and beverage companies. A key part of the operational strategy going forward will be to develop long-term storage relationships with key customers. During this quarter, management has advanced these discussions and hopes to be in a position to announce agreements with customers during the next quarter when visibility on the harvest in terms of quality and quantity is known.

As mentioned in the previous quarter, the transition to an open market in Canada for wheat and barley has been slower than originally expected, as farmers have been reluctant to move wheat off the farm in the quantities originally anticipated. As the 2013 crop year advances, industry analysts are indicating that a significant portion of last year's Canadian wheat crop is still on the farms waiting to be moved to market. With the strong harvest projected for spring wheat, we are starting to see movement in the Dakotas but are still waiting for movement in Canada. As one of the largest independent grain companies, with over 52 million bushels of storage located in the Upper Lakes and Mississippi River area strategically close to the Canadian border, Riverland Ag is in a unique position to benefit from the structural changes occurring in the North American cereal grain market.

BUSINESS REVIEW - STEWART SOUTHERN RAILWAY

Ceres has a 25% investment in Stewart Southern Railway, which is a short-line railway operating in south-eastern Saskatchewan. Despite the poor crops that resulted from heavy moisture last year, this investment is progressing extremely well, driven by the shipments of oil-by-rail that began during Q4 2012 and have continued during the current quarter. The railway averaged approximately 28,000 barrels of oil per day shipped for the quarter ended June 30, 2013, which is down slightly from expectations as significant rain issues faced by the Canadian Pacific Railway in and around Calgary delayed certain shipments. The primary reason for the decline in profitability during the quarter relates to an adjustment made by SSR to its income tax provision.. Given the rapid growth that has taken place over the recent quarters, we are currently analyzing options to make this activity more permanent. EBITDA for the trailing 12 months was approximately $7.0 million, which has been a remarkable success story. With the benefit of its location in Saskatchewan, and in particular in and around Stoughton, growth opportunities are prevalent given the significant oil production and exploration activities.

FINANCIAL POSITION AS AT JUNE 30, 2013

The following is a summary of the portfolio investments and cash on hand as at June 30, 2013 and March 31, 2013:

	June 30, 2013	March 31, 2013
Portfolio investments	$ 7,120,400	$ 6,488,254
Cash	$ 16,992,776	$ 20,443,836

Portfolio investments

As at June 30, 2013, the percentage of the fair value of the portfolio invested in public companies was 76.28% of the total portfolio, and in private companies was 23.72% (March 31, 2013: public companies: 62.89% of the total portfolio; private companies: 37.11%). Nonetheless, as at June 30, 2013, 1.18% of shareholders' equity is represented by portfolio investments in private companies (March 31, 2013: 1.17%). As at June 30, 2013, 3.80% of shareholders' equity is invested in equity instruments of publicly traded companies located in Canada (March 31, 2013: 3.32%).

During the quarters ended June 30, 2013 and 2012, no portfolio holdings were sold. In addition, during the quarter ended June 30, 2013, the increase in fair value of portfolio investments of $0.6 million is attributable primarily to a gain in value of Ceres' investment in EcoSynthetix Inc. of $0.9 million and partially offset by a loss in value of its investment in Potash Ridge Corporation of $0.3 million.

As part of the Corporation's strategy to manage its risks and minimize its exposure to securities and assets denominated in foreign currencies, from time to time the Corporation may commit to certain forward foreign exchange contracts. As at June 30, 2013, the Corporation had no commitment to any forward foreign exchange contract (March 31, 2013: forward foreign exchange contract for USD$30 million, term of 34 days).

Effects of changes in the rate of foreign exchange

As at June 30, 2013, for accounting purposes, Ceres' investment in the net assets of Riverland Ag Corp. is USD$102.2 million. During this quarter, the USD became stronger against the CAD by 3.5 per cent. This change is the cause of the Gain on translation of foreign currency accounts of foreign operations in the amount of CAD$3.8 million reported as other comprehensive income in the interim condensed consolidated statement of comprehensive loss for the quarter ended June 30, 2013 (quarter ended June 30, 2012: Gain on translation of foreign currency accounts of foreign operations of CAD$2.3 million).

Riverland Ag Corp.'s reporting and functional currency is the USD. Riverland Ag Corp. has no assets or liabilities denominated in currencies other than USD. Therefore, it is not directly exposed to currency risk in its normal operations. Currency risk related to the accounts of Riverland Ag Corp. relates primarily to the translation of its USD accounts into CAD for the purposes of the consolidated financial reporting of the Corporation. Adjustments related to the translation of Riverland Ag Corp.'s USD assets and liabilities are included as other comprehensive income (loss) and have no effect on the determination of consolidated net income (loss) of Ceres for a reporting period.

Furthermore, as mentioned above in the portfolio investments discussion, Ceres may commit to a forward foreign exchange contract to manage exposure to changes in the CAD/USD exchange rate. Management monitors changes in foreign exchange rates on an on-going basis and considers appropriate strategies and actions related to the assets and accounts of Riverland Ag Corp. and to the Ceres' direct exposure to changes in the USD, as and when the need arises.

Other assets and liabilities

As at June 30, 2013, the consolidated balance sheet reflects changes in the assets and liabilities of the Corporation since March 31, 2013. During the quarter ended June 30, 2013, the value of total assets decreased by approximately $55.4 million, caused primarily by the following increase (decreases), in millions of dollars:

• cash and portfolio investments	($ 2.8)
• trade accounts receivables	$ 7.0
• inventories	($57.4)
• other current assets	($ 6.2)
• investment property	$ 2.0
• property, plant and equipment	$ 1.6

The increase in trade accounts receivable reflects the increase in revenues during this quarter. The decrease in inventories reflects the inverted commodity prices in the market in the quarter and an increase in the level of grain bushels sold. The increase in investment property reflects additional costs capitalized to the land held for development and other future uses. The increase in property, plant and equipment reflects primarily the effects of a stronger U.S. dollar used to translate accounts of Riverland Ag to Canadian dollars, net of depreciation expense.

During the same period, total liabilities decreased by approximately $53.3 million, being a decrease of 35.22 per cent in the value of total liabilities. The decrease in liabilities reflects primarily the reduction of the aggregate of short-term and long-term credit facility liabilities, which decreased by $53.4 million. The reduction in credit facility liability balances during the quarter is attributable primarily to Riverland Ag having decreased its inventories by over $57 million in the period.

LIQUIDITY AND CAPITAL RESOURCES

Following Ceres' acquisition of Riverland Ag in June 2010, Ceres began an orderly liquidation of its investment portfolio to generate cash to support the growth of Riverland Ag and to invest in other agricultural industry-related businesses. As at June 30, 2013, Ceres had $17.0 million of cash available for future investment, and $7.1 million invested in minority positions in several companies (March 31, 2013: $20.4 million of cash and approximately $6.5 million invested in minority positions in several companies). Ceres continues to monitor market opportunities to liquidate portfolio investments.

The Corporation's cash requirements include operating costs at the corporate level and funding growth initiatives. Cash and portfolio investments, as well as cash flow generated by Riverland Ag's operations, are available to support the continued growth of Riverland Ag.

As at June 30, 2013, Riverland Ag has the following short-term credit facilities:

- A syndicated committed facility of up to USD$180 million, under a two-year revolving credit agreement, which is subject to borrowing base limitations and secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. On July 31, 2012, Riverland Ag renewed this facility for an additional two years. Commencing thereon, interest is calculated at LIBOR plus 3.75 per cent, calculated and paid monthly and certain covenants were modified. Prior thereto, borrowings were subject to interest at LIBOR plus 4.00 per cent, calculated and paid monthly. As at June 30, 2013, the balance payable by Riverland Ag on the committed revolving credit line (excluding the effect of unamortized financing costs) was USD$86 million (CAD$90.5 million) (March 31, 2013: USD$115 million, then being CAD$116.8 million).

As at June 30, 2013 and March 31, 2013, Riverland Ag was in compliance with all debt covenants concerning the short-term credit facilities.

On December 17, 2012, Riverland Ag repaid all of its then outstanding term notes payable due to Great Western Bank ("GWB"). The amount of principal then repaid was USD$44.6 million (CAD$43.9 million). On repayment, Riverland Ag also paid an early debt repayment penalty of USD$2.5 million (CAD$2.47 million) and amortized the full amount of the remaining unamortized financing costs of USD$0.3 million (CAD$0.3 million) related to long-term debt. The debt repayment penalty amount and the amortization of the long-term debt financing costs were included in finance expenses during the quarter ended December 31, 2012.

Riverland Ag used its short-term credit facility to finance the full repayment of the long-term debt loans payable. In Q4 2013, Riverland Ag began realizing savings resulting from the reduced interest costs related to borrowings on the amount formerly financed by long-term debt (which carried interest at rates ranging from 5.35 per cent to 6.60 per cent). It is expected the payback period on this penalty will be approximately 18 months.

Except for additional warrants issued by Ceres in June 2010 on the acquisition of Riverland Ag (as discussed in the following paragraph), there has been no change in the authorized capital of Ceres since March 31, 2008.

On June 11, 2010, and as part of the consideration paid for the acquisition of Riverland Ag, Ceres issued 2,904,889 Common Shares at their quoted price of $5.99 each for consideration of $17.4 million, and 150,000 Common Share Purchase Warrants valued at $1.35 each for consideration of $0.2 million. These Common Share Purchase Warrants are exercisable at any time prior to the third anniversary of the closing date of the Acquisition at an exercise price of $10.40 each. From the date of their issuance to the date of their expiration on June 11, 2013, no Warrants were exercised. On the expiration of these Warrants, Ceres allocated the aggregate stated capital value of the Warrants of $0.2 million to Contributed Surplus. As at June 30, 2013 and March 31, 2013, no stock options are outstanding. No stock options were granted during the quarter ended June 30, 2013 and during the year ended March 31, 2013.

On October 13, 2011, Ceres announced a normal course issuer bid ("the 2011-2012 NCIB"), effective for a one-year period that commenced October 17, 2011. For the quarter ended June 30, 2012, Ceres purchased 118,400 Shares under this NCIB for an aggregate consideration of $763,965. The stated capital value of these repurchased Shares was $1,142,304. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $378,339, has been allocated to Retained Earnings in the quarter ended June 30, 2012.

The following are the consolidated contractual maturities of all financial liabilities, including interest payments, as at June 30, 2013:

	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 90,038,229	$ 90,454,800	$ 90,454,800	$ -	$ -	$ -
Accounts payable and accrued liabilities	5,268,962	5,268,962	5,268,962	-	-	-
Derivatives	654,306	654,306	654,306	-	-	-
Income taxes payable	291,271	291,271	291,271	-	-	-
Management fees payable	266,334	266,334	266,334	-	-	-
Due to Manager	1,321,185	1,321,185	1,321,185	-	-	-
	$ 97,840,287	$ 98,256,858	$ 98,256,858	$ -	$ -	$ -

Future expected operational cash flows and sufficient current assets are available to fund the settlement of these obligations in the normal course of business. In addition, the following factors allow for the substantial mitigation of liquidity risk: availability of portfolio investments traded in active exchanges, the prompt settlement of amounts due from brokers, and the active management of trade accounts receivable and the lack of concentration risk related thereto. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

MARKET OUTLOOK AND BUSINESS RISKS

Market Outlook

Riverland Ag Investment

As previously reported, Ceres, in conjunction with Barclays Capital, has completed its strategic review of the assets and operations of Riverland Ag. The following are the key findings and plans going forward:

- Driven by significant recent changes in U.S based grain markets, specifically the withdrawal of financial players from the futures markets and decreasing stocks of grains, Riverland Ag's model of relying on earning carrying income from grain markets in contango will not yield satisfactory earnings;
- Going forward, Riverland Ag will develop a more balanced business model incorporating more customer-focused merchandising, long-term third party storage contracts, more strategic use of its position in the regular for delivery markets of oats and spring wheat, and limited carrying income participation;
- Certain assets have been identified as being non-core to this strategy or may have higher value to other industry participants than to Riverland Ag; and
- Divisional management at Riverland Ag will be focused on implementing the operational components of this strategy, while Ceres management will continue to work with Barclays to unlock the value of these assets.

Despite the drought that occurred in the U.S. Midwest, cereal grain production in North America this past year was very strong, with the production of wheat increasing in Canada and the United States compared to the prior year. This increased production coupled with the deregulation of the Canadian wheat market as a result of the removal of the Canadian Wheat Board's marketing monopoly creates a more dynamic market for Riverland Ag in which to participate, going forward. Despite this long-term positive trend for Riverland Ag, the Canadian farmer has not moved the grain that was originally expected over the last two quarters, with some analysts estimating that 50 per cent of last year's harvest is still on farm. In advance of this year's crop being harvested, we are starting to see movement in the Dakotas and would expect that the Canadian farmer will follow.

As of July 2013, planting indications for spring wheat show that the seeded crop area will be on pace for or even better than historical averages. Planting in Canada should force farmer sales, to clear room for the new crop year's harvest. Management believes that the flow of Canadian grain to the United States will increase over the next few quarters. As one of the largest independent grain companies, with over 52 million bushels of storage located in the Upper Lakes and Mississippi River area strategically close to the Canadian border, Riverland Ag is in a unique position to benefit from the structural changes occurring in the North American cereal grain market.

Canadian oat production, which is Riverland Ag's primary sourcing area, was consistent with previous years with a wide range of quality being observed but is facing a similar lack of movement as spring wheat and less favourable crop fundamentals. As of July 2013, planting indications for oats show strong projected yields that will meet or exceed historical averages throughout Canada.

As previously reported, as a result of the opening up of the Canadian wheat market and shifts in the oat market coupled with the change in strategic direction, we generally expect the business to have a more spring wheat focused balance relative to oats. This is driven by an ability to source a much larger spring wheat market, both in terms of quantity and variability in quality, than existed in the past. In consideration of the combination of the removal of the Canadian Wheat Board monopoly and the Minneapolis Grain Exchange ("MGEX") accepting Canadian wheat for delivery against its contracts, Riverland Ag can now originate and hedge Canadian spring wheat in a market that is approximately 1.5 times larger than it was before the departure of the Canadian Wheat Board. The significant increase in the size of the spring wheat tributary to the MGEX wheat futures contract should add to its size and flexibility and, going forward, should make it a more vibrant arena for hedging. In conjunction with the increase in the geographic foot print of Minneapolis spring wheat, a wider variety of quality will now be available, which should benefit companies with commercial storage.

As mentioned previously, early planting indications for spring wheat show that the seeded crop are slightly higher than the prior year and were on target with the five-year average. In addition, crop reports indicate strong yields that are at or slightly better than historical averages. Also, continued planting in Canada should force farmer sales in order to clear room for the new crop year's harvest. As one of the largest independent grain companies, with over 52 million bushels of storage located in the Upper Lakes and Mississippi River area strategically close to the Canadian border, Riverland Ag is in a unique position to benefit from the structural changes occurring in the North American cereal grain market. Furthermore, with the removal of the Canadian Wheat Board monopoly, we expect a more integrated North American grain market will develop. As this occurs, we expect new sourcing paradigms to develop based on an increased north-south flow of grain versus the historical east-west flow, such as the Northgate commodities logistics hub that Ceres has announced.

Stewart Southern Railway Investment

SSR should benefit from increased grain shipments, starting with the 2013 harvest based on the positive western Canadian crop forecasts highlighted above. In addition, it is expected that shipments of oil-by-rail will continue to be strong until at least the end of 2013. SSR management is working with customers to make investments to increase the efficiency of the line, to drive larger volumes going forward.

Northgate Commodities Logistics Hub Investment

The late spring weather has delayed the construction schedule; however, the Corporation will continue to gain approvals and formalize agreements with partners and move the project forward. As reported in June 2013, Ceres commenced the site preparation work for this project. Pursuant to an agreement with Scoular concerning this project, Ceres is responsible for 50 per cent of the cost of the site preparation work phase, estimated to be $3.5 million.

Business Risks

Risks related to the portfolio investments

As at June 30, 2013, Ceres' portfolio investments currently consist of publicly traded equities of entities located in Canada, and of equities in private companies located in Canada and the United States of America. As at that date, total investment in non-public issuers represents 1.18% of consolidated shareholders' equity (March 31, 2013: 1.17% of consolidated shareholders' equity). These securities are subject to risks including market price risks, liquidity risk (as to investments in any private companies and restricted shares of public companies), issuer-specific credit risks, and fluctuations in foreign currency exchange rates and in interest rates.

Primary risks related to its operating subsidiary
Ceres' foreign subsidiary, Riverland Ag, operates in US dollars, being its reporting and functional currency. It does not hold assets nor have liabilities denominated in currencies other than US dollars. Therefore, it is not directly exposed to currency risk in its normal operations.

Riverland Ag uses various grain contracts as part of its overall grain-merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counterparty risk associated with non-performance, which may have the potential of creating losses for Riverland Ag. Management has assessed the counterparty risk and believes that no significant losses, if any, would result from non-performance.

Concerning its trade accounts receivable, Riverland Ag regularly evaluates its credit risk to the extent that such receivables may, from time to time, be concentrated in certain industries or with significant customers. Riverland Ag minimizes this risk by having a diverse customer base and established credit policies. The aging of Riverland Ag's trade accounts receivable is substantially current. Based on its review and assessment of its trade accounts receivable, management has determined credit risk related to trade accounts receivable is minimal.

Riverland Ag's participation in the grain business makes it subject to market price volatility inherent in agricultural commodities. The nature of Riverland Ag's arbitrage and merchandising business mitigates the effect that short- and near-term price volatility would otherwise have on operating earnings. Interest costs on debt used to finance inventory fluctuates with changes in commodity prices. Riverland Ag typically builds inventory positions that bridge different crop years, which serves to mitigate earnings volatility related to poor or bumper crop years.

Commodity risk is inherent in the nature of Riverland Ag's business, as it enters into commitments involving a degree of speculative risk. To reduce risk that might be caused by commodity market fluctuations, Riverland Ag's risk management policy, with certain exceptions, follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. It would also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies can be significantly influenced by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets.

Liquidity risk relating to Riverland Ag's business has been discussed in the *Liquidity and Capital Resources* section of this report.

Use of derivatives
As described above concerning Commodity risk, Riverland Ag generally uses exchange-traded futures and options contracts in managing such risk, and to enhance margins whenever possible. Changes to the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Loss as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and included in Due from Brokers (June 30, 2013: net unrealized gains of $6.7 million; March 31, 2013: net unrealized gains of $11.9 million) and as Derivative assets or Derivative liabilities, as applicable, in unrealized net gains (losses) on open cash contracts (as at June 30, 2013: unrealized gains of $1.5 million and unrealized losses of $0.7 million; March 31, 2013: unrealized gains of $2.3 million and unrealized losses of $1.6 million).

Ceres may use certain derivative instruments to manage its exposure to fluctuations in foreign currency exchange rates on the Portfolio investments. For the quarter ended June 30, 2013, the realized loss on foreign currency hedging transactions was $0.5 million (2012: loss of $1.0 million). As at June 30, 2013, Ceres had no commitment to any forward foreign exchange contract and had no unrealized gain or loss thereon (March 31, 2013: unrealized gain of $11,000).

OUTSTANDING SHARE DATA

As at August 12, 2013, the issued and outstanding equity securities of the Corporation consisted of 14,305,469 Common Shares (June 30, 2013 and March 31, 2013: 14,334,699 Common Shares issued).

RELATED PARTY TRANSACTIONS

Front Street Capital 2004 and certain affiliates (collectively referred to as “Front Street Capital”) are related parties to Ceres by virtue of a management agreement, pursuant to which Front Street Capital provides certain services to Ceres. Chief among those services are:

- Providing management and officers to Ceres, in order to carry out day-to-day responsibilities and strategic direction;
- Providing office facilities to house the Corporation; and
- Providing miscellaneous personnel to perform certain clerical and administrative services for the Corporation.

The management agreement is in place until April 26, 2015, at which time Front Street Capital could be removed with two years written notice. As reported in a press release dated July 24, 2013, the Board is considering alternatives for a negotiated early termination of this agreement with Front Street Capital and the evolution of the Corporation’s corporate structure.

(a) Management fees and incentive fees

For the quarter ended June 30, 2013, management fees charged to operations total $778,328 (2012: $803,672). Management fees are included with General and administrative expenses. As at June 30, 2013, management fees payable to the Manager amounted to $266,334 (March 31, 2013: $250,763). For the quarters ended June 30, 2013 and 2012, the Statements of Comprehensive Loss reflect no provision for an incentive fee. As at June 30, 2013 and March 31, 2013, there was no liability for an incentive fee.

(b) Due to Manager

As at June 30, 2013, the amount of $1,321,185 was due to the Manager (March 31, 2013: $268,565).

SIGNIFICANT ACCOUNTING POLICIES

The preparation of Ceres' consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from current estimates. Management reviews these estimates periodically and, as adjustments become necessary, they are reported in the Statement of Comprehensive Income in the period in which they become known.

The following significant accounting policies involve the use of estimates.

Financial instruments
Trade accounts receivable are classified as loans and receivables. All other financial assets are held for trading and classified at fair value through profit or loss. Current liabilities and long-term debt are classified as other liabilities, except Derivative liabilities (unrealized losses on open cash contracts), which are held-for-trading and classified at fair value through profit or loss. The carrying value of financial assets classified as current assets and the carrying fair value of financial liabilities classified as current liabilities approximate the fair value thereof given their short-term maturities. The carrying value of long-term debt, before the effect of the unamortized amount of financing transaction costs, is not materially different than the fair value of the principal amount of the loans.

Valuation of investments in private companies
The fair value of financial instruments not traded in an active market (including, but not limited to: over-the-counter derivatives and debentures, and securities in private companies, warrants and restricted securities, among others) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and make assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option-pricing models and other valuation techniques commonly used by market participants.

Derivative commodity contracts
Riverland Ag generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. These derivative contracts have not been designated as fair value hedges and are valued at market price. Changes in the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and classified as Due from Broker and Derivative assets (Unrealized gains on open cash contracts) and Derivative liabilities (Unrealized losses on open cash contracts).

Recognition of Riverland Ag revenues
Riverland Ag recognizes sales revenue at the time of delivery of the product when all of the following have occurred: a sales agreement is in place, title and risk of loss have passed, pricing is fixed or determinable, and collection is reasonably assured. Grain-storage income is recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented in the Statement of Comprehensive Income gross in Revenues and Cost of sales. Other direct and indirect costs associated with inventory and storage, including payroll and benefits of elevator

employees, depreciation of buildings, silos and elevators, utilities and other similar costs are classified in Cost of sales.

Inventories
Inventories consist of agricultural grain commodities owned by Riverland Ag, and are stated at fair value less costs to sell. Changes in the fair value less costs to sell of inventories of agricultural grain commodities are recognized in the determination of income for the period, as a component of Cost of sales.

Property, plant, and equipment
Property, plant, and equipment are stated at their fair value as at the date of the Acquisition. Amortization is calculated using the straight-line method over the estimated useful lives of the respective classes of assets, as follows:

Buildings, silos/elevators, and improvements	15 – 31 years
Machinery and equipment	7 – 15 years
Furniture, fixtures, office equipment, computer software and other property, plant and equipment	7 years

Riverland Ag reviews property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the expected fair value of such assets might not be sufficient to support the carrying amount of the assets.

CHANGES IN ACCOUNTING POLICIES

Commencing April 1, 2013, the Corporation adopted IFRS 10 Consolidated Financial Statements, as well as the consequential amendments to IAS 28 Investments in Associates and Joint Ventures. IFRS 10 provides a single model to be applied in the control analysis for all investees, and defines control as when an investor has power over an investee and has the ability to use its power over the investee to affect the amount of the investor's returns. The effect of the adoption of IFRS 10 on the Corporation's consolidated financial position or results of operations is not material.

Commencing April 1, 2013, the Corporation adopted IFRS 12 Disclosures of Interests in Other Entities, which integrates all of the disclosure requirements for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities into a single standard. The required disclosures provide information to evaluate the nature of, and risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial statements. The effect of the adoption of IFRS 12 is expected to result in certain additional disclosures in the Corporation's annual consolidated financial statements.

Commencing April 1, 2013, the Corporation adopted IFRS 13 Fair Value Measurement, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. The effect of the adoption of IFRS 13 is expected to result in certain additional disclosures in the Corporation's annual consolidated financial statements.

Commencing April 1, 2013, the Corporation adopted the new disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The effective date for the amendments to IFRS 7 is for annual periods beginning on or after January 1, 2013. These amendments are to be applied retrospectively. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position; or subject to master netting arrangements or similar arrangements. The effect of the adoption of the new disclosure requirements in IFRS 7 is reflected in Note 5 (Due from (to) Brokers).

COMMITMENTS

On June 3, 2013, Ceres authorized the commencement of site preparation work for a commodity logistics hub planned for Northgate, Saskatchewan, on land currently owned by Ceres. Pursuant to an agreement with a partner concerning this project, Ceres is responsible for 50 per cent of the cost of the site preparation work phase. As at June 30, 2013, Ceres' share of the total cost of the site preparation work is projected to be approximately $3.4 million.

SUBSEQUENT EVENT

Normal Course Issuer Bid

On July 9, 2013, Ceres announced a normal course issuer bid ("the 2013-2014 NCIB") commencing on July 11, 2013. The purpose of the 2013-2014 NCIB is to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the Shares. The 2013-2014 NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and July 10, 2014. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 946,963 of its common Shares, representing approximately 10 per cent of its unrestricted public float as at July 5, 2013. Ceres may purchase up to a daily maximum of 2,855 Shares, except where such purchases are made in accordance with the "block purchase" exception under applicable TSX rules and policies. The Shares may be purchased for cancellation via the TSX and may be purchased when the net asset value per Share exceeds its trading price.

For the period from July 11, 2013 to August 11, 2013, Ceres purchased 29,230 Shares under the 2013-2014 NCIB that commenced July 11, 2013, for an aggregate consideration of $216,790. The stated capital value of these repurchased Shares was $282,006. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $65,216, will be allocated to Retained Earnings in the quarter ending September 30, 2013.

CONTROLS AND PROCEDURES

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 June 30, 2013, designed 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 control 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 June 30, 2013, designed ICFR (or have caused such ICFR to be designed under their supervision) 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. During the period beginning on April 1, 2013 and ended on June 30, 2013, there have been no changes in Ceres' ICFR that has materially affected, or is reasonably likely to materially affect, Ceres' ICFR.

August 12, 2013