CERES
GLOBAL AG CORP.

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 and nine-month periods ended December 31, 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. and Riverland Agriculture, Ltd. (collectively, "Riverland Ag") represents Ceres' largest investment and are wholly-owned subsidiaries of Ceres. In discussing the interim results of operations, reference will be made to results on a consolidated basis and to results for Riverland Ag separately.

This interim MD&A has been prepared as of February 14, 2014. Unless otherwise indicated, dollar amounts are reported in Canadian dollars ("CAD"). Additional information relating to Ceres, including the Annual Information Form for fiscal 2013, can be obtained on SEDAR at www.sedar.com.

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. 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, including the plans, costs, timing and capital 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 is 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 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 (in no particular order of importance):

- expected movement to more integrated North American grain commodity markets created by changes in the powers of the Canadian Wheat Board;
- continued compliance by Riverland Ag with its loan covenants;
- expected increase in the utilization of Riverland Ag’s facilities;
- the volume and quality of grain held on-farm by producers in North America;
- benefits to be realized by the strategic review of Riverland Ag’s business assets and investments;
- the demand for, and supply of, grains;
- prices for agricultural commodities;
- general financial conditions for Western Canadian and American agricultural producers;
- 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;
- Ceres’ ability to realize the ongoing financing cost benefits from the early repayment in December 2012 of the long-term debt;
- with respect to the Northgate Commodities Logistics Centre (“NCLC”), that the Corporation will receive all required governmental permits and approvals, including reaching satisfactory arrangements with Canadian and U.S. customs authorities;
- the successful negotiation of a rail freight cost structure with Burlington Northern Santa Fe Railway (“BNSF”);
- the successful completion and financing of NCLC;
- the effects of competition;
- no further material change in the regulatory environment in Canada;
- Ceres will successfully transition with respect to the internalization of its management;
- the ability to maintain existing financing on acceptable terms; 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. 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 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. Although 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, there may be other factors that 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.

CAUTIONARY STATEMENT AS TO NON-IFRS FINANCIAL MEASURES

Ceres provides a non-IFRS measure as supplementary information, which management believes is useful to users of this 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 (loss) on sale or impairment of property, plant and equipment. 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 December 31, 2013 and September 30, 2013 and reflects the value at which individual items are carried on Ceres' balance sheet (in millions of Canadian dollars, except total equity attributable per share issued and outstanding):

	December 31, 2013	September 30, 2013
Cash and cash equivalents (note 1)	$ 5.2	$ 10.1
Portfolio investments	$ 0.8	$ 5.1
Accounts receivable and sundry current assets	$ 2.0	$ 0.1
Investment in the SSR (note 2)	$ 3.3	$ 3.0
Investment in land and capitalized costs in NCLC (note 3)	$ 12.8	$ 9.0
Investment in Riverland Ag (note 4)		
Net working capital, net of all debt (note 5)	$ 44.2	$ 45.4
Fixed assets, at net book value (note 6)	$ 66.8	$ 64.7
Investment in Canterra Seeds Holdings, Ltd. ("Canterra") (note 7)	$ 1.6	$ 1.5
Total investment in Riverland Ag	$ 112.6	$ 111.6
Less: All (current) liabilities	$ (7.4)	$ (10.9)
Total equity attributable to Shareholders	$ 129.3	$ 128.0
Number of common shares issued and outstanding	14.2	14.2
Total equity attributable per share issued and outstanding	$ 9.10	$ 9.00

Notes:

1. Cash and cash equivalents exclude cash held by subsidiaries.
2. The SSR is 25 percent owned by Ceres and is accounted for using the equity method.
3. The investment in NCLC represents an investment in approximately 1,300 acres of land in Saskatchewan and North Dakota, plus costs capitalized to ready the site for the development of the logistics hub.
4. Ceres owns 100 percent of Riverland Ag and consolidates the accounts of Riverland Ag in the annual and interim financial statements. In the foregoing 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 (marked to market), 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 51 million bushels of storage space at an average net book value of USD$1.26 per bushel (September 30, 2013: USD$1.18 per bushel).
7. Canterra is 25 percent owned by Riverland Ag and is accounted for using the equity method.

Ceres

Ceres is a company currently focused on two primary businesses:

Grain Storage, Handling and Merchandising - represented by Riverland Ag, a collection of North American commercial grain storage and handling assets; and
Commodity Logistics - represented by (1) the SSR, a short-line rail company based in Southeastern Saskatchewan and by (2) NCLC, the proposed commodities logistics centre at Northgate.

Riverland Ag

Riverland Ag owns and operates ten (10) grain storage, handling and merchandising facilities in the American states of Minnesota, North Dakota, New York and Wisconsin, and the Canadian province of Ontario. Riverland Ag also manages two grain storage and handling facilities in Wyoming on behalf of their customer-owner.

Riverland Ag is focused on cereal grain storage, customer-specific procurement and "process-ready" cleaning of grains such as wheat 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 facilities 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. Going forward, Riverland Ag's strategy is to balance these revenue sources more equitably.

Riverland Ag is primarily focused on the storage, handling and merchandising 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 that Riverland Ag uses to hedge its inventories. For barley and rye, where no futures markets exist, the Company 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, and other North American merchandisers.

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 in the United States has involved corn and soybeans absorbing acreage farther north, at the expense of cereal grain production. The result of this situation, both in the near-term and longer-term, will be an ever-increasing reliance by the U.S. 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, the U.S. 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. However, the recent large harvests in North America and a stagnant ethanol and biofuel mandate may slow down the transition in acreage going forward.

The removal of the Canadian Wheat Board's monopoly on the marketing of Western Canadian wheat should, 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 lower than initially forecasted, we expect them to increase as logistics and customer merchandising improves. Projects such as the planned grain facility in Northgate, SK by Ceres/Riverland Ag will significantly help this movement and provide Riverland Ag with a strong origination platform built on a unique transportation link.

Ceres has recognized that Riverland Ag has been challenged over the past two years with excess storage capacity as market conditions changed and financial players retreated from the futures markets in response to the Dodd-Frank legislation in the United States. As a result, Riverland Ag has sold non-core assets and entered into strategic partnerships with key customers. Going forward, it will continue the process of optimizing its grain elevator capacity and will pursue strategic partnerships and longer-term storage agreements with key cereal grain customers to raise capacity utilization and enhance profitability.

The Stewart Southern Railway ("SSR")

Ceres owns a 25 percent interest in the SSR, a 132 kilometre (82-mile) short-line railway that extends from Richardson, Saskatchewan (just southeast of Regina) to Stoughton, Saskatchewan. The SSR was purchased in 2010 from the Canadian Pacific Railway, with which it has a five-year haulage agreement that runs through the middle of 2015. Historically, the SSR only shipped grain and was being challenged by low local production caused by excessive moisture. With the strong 2013 harvest, sizeable grain volumes have returned to the SSR. In February 2012, the SSR began shipping oil from the Stoughton area and monthly volumes have grown steadily. The Stoughton oil trans-loading facility now has a capacity of over 45,000 barrels per day ("bpd") of production, and has become one of the largest crude oil by rail loading sites in Western Canada.

In addition, the SSR has recently been successful in developing a rail car storage program for shippers, which has broadened its revenue and earnings profile. With this initial level of significant growth absorbed, the SSR will aggressively look for increased shipment opportunities in oil, grain and other commodities.

The Northgate (Saskatchewan) Commodities Logistics Centre ("NCLC")

Ceres owns approximately 1,300 acres of land at Northgate, Saskatchewan and Northgate, North Dakota, where it is planning to construct a new commodity logistics centre that utilizes high-efficiency rail loops, capable of handling unit trains of up to 120 railcars. A grain handling and shipping facility and an oil transloading and shipping facility are expected to be the initial focus, potentially followed by an oil supply logistics centre that will unload in-bound equipment and materials for Saskatchewan's and Western Canada's booming energy sector.

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

Following the completion of a comprehensive strategic review that was launched in September, 2013, Ceres has decided to continue the development of the grain facility at NCLC without the involvement of The Scoular Company ("Scoular"). Accordingly, in January 2014, Ceres terminated its arrangements and ongoing discussions with Scoular with respect to the development and construction by Scoular of a grain facility at NCLC and announced the following plans with respect to NCLC:

- To complete the remaining site preparation and the installation of rail and associated infrastructure for NCLC to allow manifest and unit trains to cross the border into Canada and to facilitate the transloading of agricultural, petroleum and other bulk commodity products. This site preparation and installation is expected to be completed by the summer of 2014;

- To use its 100% owned subsidiary, Riverland Ag, to bring in-house the design and development of the proposed grain facility at NCLC; and

- To spend up to an additional $17.4 million of capital during the 2014 construction season for the planning and design of the grain facility and the planning, design and initial construction of the oil and natural gas liquids transload facilities at NCLC.

As at December 31, 2013, Ceres has incurred $12.6 million of capital costs for the Canadian portion of NCLC, including land acquisition costs, environmental costs, mass grading and site preparation costs and initial rail costs. Ceres proposes to finance the remaining NCLC site development and construction costs with a combination of cash flows from operations, proceeds from the sale of selective non-core assets and bank financing.

The grain facility at NCLC is expected to include a high-speed shuttle grain loading facility to be operated by Riverland Ag and to provide substantial grain origination opportunities and have significant synergies with the remaining Riverland Ag assets. Significant upgrades made by the BNSF to its network on the U.S. side of the border, required to support the NCLC, have neared completion with the rail and bed in place to connect to the Canadian side of the project. Currently, site preparation at NCLC is 75% completed and Ceres has installed 1,150 metres of rail track running north from the Canada-US border into the site. The NCLC continues to be subject to the receipt of remaining governmental permits and approvals, including reaching satisfactory arrangements with Canadian and US customs authorities. While management is working diligently to finalize these arrangements, the timing for initial rail shipments and overall completion of the NCLC transloading project will depend on receipt of these governmental permits and approvals.

RESULTS OF OPERATIONS FOR THE NINE-MONTH PERIOD AND THE QUARTER ENDED DECEMBER 31, 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 important to focus on changes in gross profit than it is to focus on changes in revenue dollars.

For the nine-month period ended December 31, 2013, revenues totalled $198.90 million and gross profit was $0.70 million (2012: revenues totalled $162.65 million and gross profit was $0.09 million). For the nine-month period ended December 31, 2013, the gross profit percentage was 0.35% (2012: 0.05%).

For the quarter ended December 31, 2013 (Q3 2014), revenues were $54.81 million (2012: $84.57 million) and the gross profit was $0.1 million (2012: gross loss of $2.41 million). The gross profit percentage for the quarter ended December 31, 2013 was 0.23 per cent (2012: negative 2.85 per cent).

In Q3 2014, the gross profit percentage and EBITDA amounts for Riverland Ag increased compared to Q3 2013, due to an increase in merchandising gains coupled with a slight increase in carrying charges across certain grains. Although the carrying charge revenues remain lower than historical levels, these were higher than for Q3 2013.

Furthermore, in Q3 2013 Riverland Ag made a strategic decision to deliver a significant amount of inventory in that quarter against December 2012 futures contracts. As a result, the Company incurred a one-time loss of $2.4 million.

In Q3 2014, knowing the scarcity of rail cars and the logistical issues for grain movement throughout much of North America, Riverland Ag made a strategic decision to deliver spring wheat, which resulted in a one-time charge of $0.5 million. As logistical issues continue throughout the early portion of the 2014 calendar year, Riverland will earn storage income on the volume of bushels delivered against the futures contract until those bushels are loaded out of Riverland's facilities. These inventories came off the balance sheet, but the grains remain in our facilities and Riverland Ag is earning full storage income from the owners of those grains without incurring any interest cost. These deliveries are reflected in the net sales figure in Q3 2014, and the reduction in revenues in Q3 2014 compared to Q3 2013 is attributable to the significance of the delivery against futures contract in the same quarter last year.

General and Administrative Expenses

For the nine-month period ended December 31, 2013, general and administrative expenses totalled $15.92 million (2012: $7.67 million), representing an increase of $8.25 million for the nine-month period year-to-date compared to the nine-month period ended December 31, 2012. For the nine-month period ended December 31, 2013, general and administrative expenses include the following one-time charges recognized in the quarter ended September 30, 2013 (Q2 2014) and not incurred in Q3 2014:

a) A provision for $5.0 million for the management transition payment due on October 1, 2013 to Front Street Capital;
b) A provision of $1.4 million for contingent additional payments to Front Street Capital totaling up to $2.0 million. Under IFRS, these payments are considered derivative instruments and must be provided for at their fair value. Using certain valuation models, management determined that the fair value of these contingent additional payments to Front Street Capital was $1.4 million;
c) HST of $0.8 million on these provisions for payments to Front Street Capital;
d) Expenses of $0.8 million related to the Special Committee of the Board of Directors and the expenses associated with the negotiation of the early termination of the management agreement; and
e) Continued legal fees and other expenses of $0.8 million related to corporate initiatives concerning the NCLC.

The effect of the foregoing one-time expenses incurred in Q2 2014 were partially offset by some savings in Q3 2014, primarily related to the termination of the management agreement and savings in other expense line items in part due to the recovery of over-provisions for certain expenses (excluding those listed above) in prior quarters.

For Q3 2014, consolidated general and administrative expenses totalled $1.47 million (Q3 2013: $2.63 million), representing a decrease of $1.16 million over Q3 2013. The decrease in general and administrative expenses in Q3 2014 is partially due to the savings related to the termination of the management agreement ($0.82 million), the recovery of certain GST/HST paid that were claimed for refund by Ceres ($0.19 million) and some recoveries due to over-provisions for certain expenses in prior quarters ($0.15 million). On-going general and administrative expenses for Ceres at the corporate level totalled approximately $0.81 million for the quarter.

Finance income (loss)

For the three-month and nine-month periods ended December 31, 2013 and 2012, finance income (loss) includes the following:

	3 months		9 months	
(in thousands of dollars)	2013	2012	2013	2012
Interest and other revenues, net of interest expense on bonds sold short	$ 4.0	$ 20.6	$ 4.0	$ 20.7
Realized loss on sale of investments	(2,974.8)	-	(2,974.8)	-
Realized gain (loss) on currency-hedging transactions	-	(433.7)	(468.9)	285.5
Realized and unrealized gain (loss) on foreign exchange	14.2	6.1	35.0	(2.2)
Change in fair value of investments	1,914.8	(616.3)	513.9	(2,878.4)
	$ (1,041.8)	**$ (1,023.3)**	**$ (2,890.8)**	**$ (2,574.4)**

Investment revenues (interest and other revenues) earned by Ceres on its non-Riverland Ag assets are now insignificant, and reflect the divestiture commencing in June 2010 and continuing thereafter of a significant number of portfolio investments to fund the acquisition in that month of Riverland Ag, its future growth in Riverland Ag and other potential investments in industry-related businesses. Realized losses on the sale of portfolio investments reflect different levels of activity during the respective quarters (during the nine-month period ended December 31, 2012, no portfolio investments were sold; whereas in the quarter ended December 31, 2013, shares of two different portfolio holdings were sold, each for a loss). Variances in realized and unrealized gains and losses for foreign exchange, currency-hedging and the remaining portfolio investments reflect fluctuations in the currency and equity markets.

Finance expenses

For the nine-month periods and the quarters ended December 31, 2013 and 2012, finance expenses all relate to Riverland Ag and include interest on short-term and long-term debt plus the amortization of related financing transaction costs and an early payment penalty on long-term debt. For the nine-month period ended December 31, 2013, finance expenses totalled $3.59 million (2012: $9.73 million). For the quarter ended December 31, 2013 (Q3 2014), finance expenses were $1.26 million (2012: $5.57 million). For the quarters ended September 30, 2013 (Q2 2014), June 30, 2013 (Q1 2014) and March 31, 2013 (Q4 2013), finance expenses were $0.93 million, $1.39 million and $1.9 million, respectively.

The decrease in Finance expenses in Q3 2014 is primarily attributable to the one-time charge in Q3 2013 for the early debt repayment penalty of $2.47 million and the related amortization of the remaining unamortized financing costs of $0.34 million. In addition, the decline in Finance expenses are reflective of a decrease in the total amount of borrowings during the 3-month and 9-month periods ended December 31, 2013 compared to the same periods ended December 31, 2012, which are due to less inventory being owned by Riverland Ag and a decrease in the price of cereal grain relative to Q2 and Q3 2013. As at December 31, 2013, inventories totalled $106.38 million and the aggregate of bank indebtedness and repurchase obligations as at that date was $77.60 million. Comparatively, as at December 31, 2012, inventories totalled $189.58 million and the aggregate of bank indebtedness and repurchase obligations as at that date was $178.14 million.

EBITDA

The following tables are a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the three-month and nine-month periods ended December 31, 2013 and 2012:

EBITDA *(in thousands of dollars)*		3 months, 2013		9 months, 2013	
Periods ended December 31, 2013		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net loss for the period		$ (2,132.8)	$ (1,170.8)	$ (19,660.6)	$ (4,668.8)
Add (deduct):	finance expenses	1,262.5	1,262.5	3,586.5	3,586.5
	income taxes recovery	(1,014.6)	(1,014.6)	(1,218.8)	(1,218.8)
	gain on sale of property, plant and equipment	(19.6)	(19.6)	(196.4)	(196.4)
	share of net income in associates	(481.1)	(54.1)	(620.1)	(27.9)
	depreciation on property, plant and equipment	744.5	744.5	2,210.7	2,210.7
		$ (1,641.1)	**$ (252.1)**	**$ (15,898.7)**	**$ (314.7)**

EBITDA *(in thousands of dollars)*		3 months, 2013		3 months, 2012	
Periods ended December 31		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net (loss) income for the period		$ (2,132.8)	$ (1,170.8)	$ (7,125.0)	$ (4,833.5)
Add (deduct):	finance expenses	1,262.5	1,262.5	5,574.3	5,574.3
	income taxes recovery	(1,014.6)	(1,014.6)	(3,982.3)	(3,982.3)
	loss on sale of property, plant and equipment	(19.6)	(19.6)	112.1	112.1
	share of net (income) loss in associates	(481.1)	(54.1)	(642.0)	(345.6)
	depreciation on property, plant and equipment	744.5	744.5	727.6	727.6
		$ (1,641.1)	**$ (252.1)**	**$ (5,335.3)**	**$ (2,747.4)**

On a quarter-by-quarter basis, consolidated net loss is affected by the amount of finance income (loss) recognized in the accounts, which consists primarily of realized losses on the sale of portfolio investments, realized gains and losses on currency-hedging transactions, realized and unrealized gains and losses on foreign exchange and the unrealized gains and losses in the fair value of portfolio investments. For the quarter ended December 31, 2013, consolidated net loss includes finance loss of $1.04 million (2012: finance loss of $1.02 million). Excluding the effect of the finance loss for the quarter ended December 31, 2013, adjusted consolidated EBITDA would have been a loss of $0.60 million (2012: consolidated EBITDA would have been a loss of $4.32 million). Fluctuations in this adjusted consolidated EBITDA reflect primarily the changes in the equity and currency markets.

The decrease in the EBITDA loss for Riverland Ag for the quarter ended December 31, 2013 (Q3 2014) over the EBITDA loss for the quarter ended December 31, 2012 (Q3 2013) is $2.49 million. This improvement is primarily the result of an increase of $2.53 million in gross profit and a greater gross profit margin. The increase in gross profit for Q3 2014 compared to Q3 2013 reflects merchandising grains attributable to basis appreciation on certain inventories coupled with a slight increase in carrying income compared to Q3 2013 and the one-time loss of $2.4

million on the deliveries of certain grains against December 2012 futures contracts as part of management's strategic decision as discussed in paragraphs above.

SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for each of the last eight (8) fiscal quarters ended December 31, 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	2013-12-31	2013-09-30	2013-06-30	2013-03-31	2012-12-31	2012-09-30	2012-06-30	2012-03-31
	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Revenues	$ 54,813	$ 74,378	$ 69,713	$ 60,429	$ 84,575	$ 35,132	$ 42,944	$ 37,123
Gross profit (loss)	$ 126	$ 2,631	$ (2,057)	$ 1,954	$ (2,407)	$ 1,066	$ 1,426	$ 755
Loss from operations	$ (1,344)	$ (8,901)	$ (4,974)	$ (1,017)	$ (5,040)	$ (1,550)	$ (996)	$ (1,663)
Net income (loss)	$ (2,133)	$ (11,688)	$ (5,840)	$ 804	$ (7,125)	$ (1,133)	$ (4,031)	$ (414)
Weighted-average number of common shares for the quarter	14,210	14,290	14,335	14,335	14,336	14,406	14,512	14,640
Basic and fully diluted earnings (loss) per share	$ (0.15)	$ (0.82)	$ (0.41)	$ 0.06	$ (0.50)	$ (0.08)	$ (0.28)	$ (0.02)
EBITDA, consolidated	$ (1,641)	$ (10,207)	$ (4,050)	$ (2,459)	$ (5,335)	$ 78	$ (2,627)	$ 1,223
EBITDA per share, consolidated	$ (0.12)	$ (0.71)	$ (0.28)	$ (0.17)	$ (0.37)	$ 0.01	$ (0.18)	$ 0.08
EBITDA, Riverland Ag	$ (252)	$ 2,254	$ (2,316)	$ 1,007	$ (2,850)	$ 663	$ 1,122	$ 269
EBITDA per share, Riverland Ag	$ (0.02)	$ 0.16	$ (0.16)	$ 0.07	$ (0.20)	$ 0.05	$ 0.08	$ 0.02
Cash and portfolio investments, net of shorts and options, as at reporting date	$ 7,316	$ 15,930	$ 24,113	$ 26,932	$ 29,764	$ 33,995	$ 35,436	$ 39,607
Shareholders' equity, as at reporting date	$ 129,327	$ 128,041	$ 142,830	$ 144,881	$ 141,812	$ 147,734	$ 153,400	$ 155,900
Shareholders' equity per common share, as at reporting date	$ 9.10	$ 9.00	$ 9.96	$ 10.11	$ 9.89	$ 10.29	$ 10.61	$ 10.69

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 might be caught by having to make unexpected delivery sales in certain inverted markets. The large decrease in sales in Q3 2014 compared to Q3 2013 is attributable to large quantities of certain grains delivered on futures contracts in December 2012. The larger sales volumes in Q1 2014 and Q2 2014 was attributable to continued selling of grain inventories along with large amounts of spring wheat being delivered in the market. However, net sales in Q3 2014 are above historically normal levels as a result of delivery against certain futures contract during the quarter.

Gross profit / Income from operations: The increase in gross profit for the quarter ended Q3 2014 compared to Q3 2013 reflects merchandising grains attributable to basis appreciation on certain inventories coupled with a slight increase in carrying income compared to Q3 2012 and the one-time loss of $2.4 million incurred in Q3 2013 on the deliveries of certain grains against December 2012 futures contracts as part of management's strategic decision as discussed in paragraphs above. Gross profit may vary from quarter to quarter depending on gains from trading, carrying income and basis income against changing inventory levels, as discussed above under "Revenues and Gross Profit".

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 important to focus on changes in gross profit than it is to focus on changes in revenue dollars.

For the quarter ended December 31, 2013, revenues were $54.81 million (2012: $84.57 million), gross profit was $0.13 million (2012: gross loss of $2.41 million) and the gross profit percentage was 0.23 per cent (2012: negative gross profit percentage was 2.85 per cent). The increase in gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable primarily to increased merchandising gains with greater basis revenue coupled with a slight increase in carrying charges across some of the grains, and the one-time loss of $2.4 million in the same quarter of last year relating to the strategic deliveries of certain grains against December 2012 futures contracts.

Results for Q1, Q2, and Q3 of FYE 2014 are up, in terms of gross revenues and gross profit, compared to the first three quarters of FYE 2013. This is due to enhanced merchandising gains and increased basis revenue along with an increase in carrying income. In addition, market conditions that were present in the first three quarters of FYE 2014 to generate trading gains were not present in the first three quarter of FYE 2013.

As previously reported, the transport of harvested crops has continued to be slow during this year compared to previous periods. There has been rail gridlock on both sides of the Canadian/U.S. border, in particular on the Canadian side. This gridlock has particularly affected smaller grains such as oats that normally do not ship in unit trains size. This contributed to Riverland Ag's ability to sell its grain inventories at a higher price than the futures price of the new crop grain generating merchandising and basis revenue gains. As a result of the spot price being greater than the deferred futures price in oats, the carrying revenue was inverted throughout much of Q1, Q2 and Q3 2014. The inverted commodity prices in the market have been the primary factor for the increase in the level of grain bushels sold and have removed the storage opportunity for grains on Riverland Ag's account, but are increasing the possibility of renting space to processors.

As mentioned in prior quarters, while the lower carrying income market relative to prior periods 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, including an opportunity to act as a supply chain service provider for food and beverage companies. A key component of the operational strategy going forward will be to develop long-term commercial relationships with key customers.

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 had been reluctant to move wheat off the farm in the quantities originally anticipated in the past. In the current environment, when they now want to move grain, the rail logistics gridlock is frustrating this movement. (This underpins the Board and Management's view as to the attractiveness of the proposed grain facility at NCLC as an origination strategy, which will help alleviate congestion with a unique rail paradigm with BNSF.) Despite a stronger than normal harvest throughout Canada and the Dakotas and some movement of wheat throughout the Dakotas early in the harvest year, the movement of wheat in North America has faced rail logistics challenges as the supply of railcars is not meeting the demand of wheat that needs to be moved. This has contributed to the delay of the movement of this year's harvested wheat and other North American grains. While this delay has contributed to lost opportunity for Riverland Ag, the length of the delay has created some favorable selling opportunities to end-users who are in need of supply. As one of the largest independent grain companies, with over 51 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 markets.

BUSINESS REVIEW –The Stewart Southern Railway Inc. ("SSR")

Ceres has a 25% investment in the SSR, which is a short-line railway operating in south-eastern Saskatchewan. The SSR continued its impressive movement of oil and transported an average of approximately 30,000 barrels of oil per day for the quarter ended December 31, 2013, which is up from 24,000 barrels per day in the previous quarter. The SSR continued to see a meaningful movement of grain shipments, shipping a record number of 450 grain cars during the quarter. The primary reason for the increase in profitability of $0.4 million during this quarter over the preceding quarter relates to an adjustment made in that preceding quarter for a one-time non-cash charge. For the nine-month period ended December 31, 2013 Ceres' share of SSR's net income was $0.59 million (2012: $0.78 million). Except for the effect of the one-time non-cash charge in SSR's accounts that was recognized by Ceres' in Q2 2014 (Ceres' share of which was approximately $0.26 million), the year-to-date figures are comparable and continue to show strength in the operations of the SSR. In addition, the SSR repaid all of its shareholder loans during the quarter and declared its first dividend. With the benefit of its location in Saskatchewan, and in particular in and around the oil exploration activity around Stoughton, the SSR is well positioned to take advantage of significant growth opportunities in agriculture, energy production and energy exploration inputs.

FINANCIAL POSITION AS AT DECEMBER 31, 2013

Portfolio investments and cash on hand

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

(in thousands)	December 31, 2013	March 31, 2013
Portfolio investments, at fair value	$ 848.2	$ 6,488.3
Cash	$ 6,467.5	$ 20,443.8

Portfolio investments

As at December 31, 2013, the percentage of the fair value of the portfolio invested in public companies was nil% of the total portfolio, and in private companies was 100% (March 31, 2013: public companies: 62.89% of the total portfolio; private companies: 37.11%). Nonetheless, as at December 31, 2013, 0.66% of shareholders' equity is represented by portfolio investments in private companies (March 31, 2013: 1.17%). As at December 31, 2013, nil% of shareholders' equity was invested in equity instruments of publicly traded companies located in Canada (March 31, 2013: 3.32%).

Ceres' strategic review process determined that its portfolio investments were non-core assets and should be liquidated to raise cash that could be better invested in Ceres' core businesses. Thus, during the three-month and nine-month periods ended December 31, 2013, Ceres sold its investment in EcoSynthetix Inc. for proceeds of $2.96 million, realizing a loss of $1.66 million, and its investment in Potash Ridge Corporation for proceeds of $0.23 million, realizing a loss of $1.31 million. During the comparable three-month and nine-month periods ended December 31, 2012, no portfolio holdings were sold. Furthermore, in the quarter ended December 31, 2013, the unrealized gain in portfolio investments of $1.91 million represents the reversal of the previously recognized decreases in value in EcoSynthetix ($0.70 million) and Potash Ridge ($1.21 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 December 31, 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 December 31, 2013, for accounting purposes, Ceres' investment in the net assets of Riverland Ag in United Stated dollars ("USD") was USD$100.89 million. During this quarter, the CAD became weaker against the USD by 3.23 percent. This change is the cause of the Gain on translation of foreign currency accounts of foreign operations in the amount of CAD$3.50 million reported as other comprehensive gain in the interim condensed consolidated statement of comprehensive income (loss) for the quarter ended December 31, 2013 (quarter ended December 31, 2012: gain on translation of foreign currency accounts of $1.31 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 or loss of Ceres for a reporting period.

Furthermore 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 December 31, 2013, the consolidated balance sheet reflects changes in the assets and liabilities of the Corporation since March 31, 2013. During the nine-month period ended December 31, 2013, the amount of total assets decreased by approximately $76.54 million, caused primarily by the following increases (decreases), in millions of dollars:

cash and portfolio investments	($19.6)
trade accounts receivables	($ 5.1)
inventories	($58.4)
other current assets	($ 2.6)
investment property	$ 7.9
property, plant and equipment	$ 0.8

The decrease in trade accounts receivable reflects the decrease 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 development and other costs capitalized to NCLC. The increase in property, plant and equipment reflects primarily the effects of a weaker Canadian dollar used to translate accounts of Riverland Ag from U.S. dollars that was supplemented by the cost of acquiring certain assets, and is net of the effects of depreciation expense.

During the same period, total liabilities decreased by approximately $61.0 million, being a decrease of 40.29 percent in the value of total liabilities since March 31, 2013. The decrease in liabilities reflects primarily the reduction of the aggregate of short-term credit facility liabilities, which decreased by $65.9 million. The reduction in credit facility liability balances during the period is attributable primarily to Riverland Ag having decreased its inventories by over $58.4 million and a reduction in cash and portfolio investment balances of $19.6 million since March 31, 2013.

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 December 31, 2013, Ceres had $6.5 million of cash available and approximately $0.8 million invested in minority positions in several private companies (March 31, 2013: $20.4 million of cash and approximately $6.5 million invested in minority positions in several public and private companies). Ceres continues to monitor market opportunities and plans to complete the process of liquidating its remaining non-core portfolio investments.

The Corporation's cash requirements include operating costs at the corporate level, funding the growth of Riverland Ag and the build out of NCLC. Cash and portfolio investments, as well as cash flows generated by Riverland Ag's operations, and the divestiture of Riverland Ag's non-core assets are available to support the continued growth of Riverland Ag and NCLC. These investment activities may also be supplemented by debt financing.

As at December 31, 2013, Riverland Ag has the following short-term credit facility:

> 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 percent, calculated and paid monthly and certain covenants were modified. Prior thereto, borrowings were subject to interest at LIBOR plus 4.00 percent, calculated and paid monthly. As at December 31, 2013, the balance payable by Riverland Ag on the committed revolving credit line (excluding the effect of unamortized financing costs) was USD$70 million (CAD$74.45 million) (March 31, 2013: USD$115 million (CAD$116.8 million)).

As at December 31, 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 are included in finance expenses.

Riverland Ag used its short-term credit facility to finance the full repayment of the long-term debt loans payable. The short-term credit facility carries interest at the annual rate of LIBOR plus 3.75 percent. In the quarter ended March 31, 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 percent to 6.60 percent). It is expected the payback period on the early debt repayment penalty will be approximately 18 months.

As discussed in the following paragraphs, except for additional warrants issued by Ceres on the acquisition of Riverland Ag, the 2011-2012 NCIB (as defined below) and the 2013-2014 NCIB (as defined below), 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 were 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 December 31, 2013 and March 31, 2013, no stock options are outstanding. No stock options were granted during the three-month and nine-month periods ended December 31, 2013 and during the year ended March 31, 2013.

On October 13, 2011, Ceres announced a normal course issuer bid ("the 2011-2012 NCIB") commencing on October 17, 2011. For the period from April 1, 2012 to October 16, 2012, Ceres purchased 246,600 Shares under the 2011-2012 NCIB for an aggregate consideration of

$1,531,991. The stated capital value of these repurchased Shares was $2,379,158. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $847,167, has been allocated to Retained Earnings in the nine-month period ended December 31, 2012.

On July 9, 2013, Ceres announced a normal course issuer bid ("the 2013-2014 NCIB") commencing on July 11, 2013. For the period from July 11, 2013 to December 31, 2013, Ceres purchased 126,020 Shares under the 2013-2014 NCIB for an aggregate consideration of $981,362. The stated capital value of these repurchased Shares was $1,215,821. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $234,459, has been allocated to Retained Earnings in the nine-month period ended December 31, 2013.

The following are the consolidated contractual maturities of all financial liabilities, including interest payments, as at December 31, 2013:

	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 74,260,525	$ 74,452,000	$ 74,452,000	$ -	$ -	$ -
Repurchase obligations	3,340,162	3,340,162	3,340,162	-	-	-
Accounts payable and accrued liabilities	10,189,897	10,189,897	10,189,897	-	-	-
Derivatives	800,087	800,087	800,087	-	-	-
Management fees payable	1,582,000	1,582,000	1,582,000	-	-	-
	$ 90,172,671	$ 90,364,146	$ 90,364,146	$ -	$ -	$ -

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

Ceres

During the quarter, the Board and management began a comprehensive strategic review of the assets and investments of Ceres. In January 2014, Ceres decided to terminate its arrangements and ongoing discussions with Scoular with respect to the development and construction of a grain facility at NCLC and to use Riverland Ag to design and develop the proposed grain facility. This decision was based on the expected returns this facility could generate on its own, together with potential synergies with the rest of Riverland Ag's portfolio of assets.

With regards to NCLC, as at December 31, 2013 invested capital by Ceres includes the acquisition of the approximate 1,300 acres of land, environmental costs, mass grading and site development costs and partial rail costs, all of which totals approximately **$**12.6 million for the Canadian portion. Subsequent to quarter end, the Board has authorized an additional $17.4 million of capital (for a total expenditure of $30.0 million inclusive of the $12.6 million already incurred as of December 31, 2013 on the Canadian portion), which is expected to be spent during the 2014 construction season for the planning and design of the grain facility and the planning, design and initial construction of the oil and natural gas liquids transload facilities to be located at NCLC.

Riverland Ag

As previously reported, Ceres' management and Board of Directors retained Barclays Capital to assist in the review of the assets and operations of Riverland Ag and this work has been incorporated into the overall Board strategic review. Riverland Ag has continued its efforts to develop a balanced business model that, among other things, incorporates customer-focused merchandising, long-term third party storage contracts, and better use of its position in the regular delivery markets of oats and spring wheat. Although there was no new long-term storage agreement during the quarter ended December 31, 2013, there was an increase in Riverland Ag's third-party storage and handling revenue, which is due to grain movement and increased third-party utilization at Riverland Ag's facilities. As previously reported, the non-core Wahpeton, North Dakota elevator was sold during the Q2 FYE 2014 for a gain of $0.2 million.

Ceres recognizes that Riverland Ag has been challenged over the past two years with excess storage capacity as market conditions changed and financial players retreated from the futures markets in response to the Dodd-Frank legislation in the United States. As a result, Riverland Ag has sold non-core assets and entered into strategic partnerships with key customers. As previously reported, the non-core Wahpeton, North Dakota elevator was sold during the Q2 FYE 2014 for a gain of $0.2 million. Going forward, it will continue the process of optimizing its grain elevator capacity and will pursue strategic partnerships and longer-term storage agreements with key cereal grain customers to raise capacity utilization and enhance profitability.

The recent record harvest in North America has created a favourable environment for the assets of Riverland Ag. However, while management remains encouraged by the improved operational performance of Riverland Ag this quarter, it will take a number of quarters before the full impact of the 2013 harvest is reflected in Riverland Ag's financial results. Current rail logistics delays in Western Canada are holding back the movement of crops and management does not expect this to be resolved until at least the spring of 2014.

This year, cereal grain production in North America has been 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, is expected to create a more dynamic market for Riverland Ag, as evidenced by the increased open interest in the MGEX Spring Wheat futures. While there was significant movement of wheat in the Dakotas early in the harvest year, the movement of wheat across North America is hampered by rail logistics challenges, with the supply of railcars insufficient to meet the demand of a bumper crop of wheat. This delay in the movement of the current year's harvest is reducing the profit potential of Riverland Ag and other grain storage and handling companies without access to origination assets.

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 North American grain storage and handling companies, with over 51 million bushels of storage located in the Upper Lakes and Mississippi River area and 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.

In Canada, which is Riverland Ag's primary source of oats, production was slightly better than previous years, with yields that met or slightly exceeded historical norms. However, oat movements out of Canada are slow as spring wheat and other higher-value crops tend to move first. This is creating an inverted market that, in the short-term, eliminates the storage opportunities for Riverland Ag but, over the medium-term, places pressure on processors to build a more reliable supply chain.

Consistent with this, as a result of the opening up of the Canadian wheat market Riverland Ag management expects to significantly expand its wheat merchandising presence. 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 footprint of Minneapolis spring wheat, a wider variety of quality will now be available, which should benefit companies with commercial storage, including Riverland Ag.

The uniqueness of the Northgate, SK location is that it is in the heart of a wheat and oat production region. There is approximately 178 million bushels of Canadian production (wheat, canola, oats, etc.) within 100 miles of Northgate, SK. This location offers access to BNSF's rail system and an ability to buy freight transport, to which no other elevator in Western Canada has access. This site will allow Riverland Ag to market new crops such as canola, which can be shipped to Mexican customers in unit trains using the most efficient single carrier route. It will also allow Riverland Ag to develop a Durum export program through its facility in Duluth and make better use of that facility. It is for these and other reasons that Ceres' Board and management has decided to pursue the Northgate opportunity alone.

Stewart Southern Railway Inc. ("the SSR")

Management expects that the SSR will continue to benefit from increased grain shipments, as the 2013 harvest has been strong across Western Canada and especially in Saskatchewan. In addition, if the WTI/Brent Crude differentials continue to widen as they have recently, crude oil shipments from Stoughton could continue to rise. SSR management is working with key customers to make investments to increase the efficiency of the line, and move larger volumes going forward. Ceres' management intends to expand and diversify Ceres' emerging commodity logistics division, and several initiatives gained momentum during the quarter. Given the strength of operations and the strong cash position generated by the SSR, it is in a strong position to continue to return cash to shareholders.

Business Risks

Primary risks related to NCLC

NCLC is currently under development and construction. The completion of NCLC remains subject to reaching mutually satisfactory agreements with project partners and receipt of all required governmental permits and approvals, including reaching satisfactory arrangements with Canadian and US customs authorities.

In addition, the completion of the NCLC may experience delays and unexpected developments including, without limitation, adverse and inclement weather conditions, adverse environmental and geological conditions, shortage of skilled labour, availability of materials and supplies and financing issues. Any of these issues could give rise to construction delays and construction costs exceeding our expectations.

The foregoing conditions and circumstances could have a material adverse effect on the completion of the project and/or the size and scope of the project and there can be no assurance that the project can be successfully completed or meet our current expectations.

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 business 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 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 also uses 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 Income 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 Broker (December 31, 2013: $6.05 million; March 31, 2013: $11.94 million) and as Derivative assets or Derivative liabilities, as applicable, in unrealized net gains (losses) on open cash contracts (as at December 31, 2013: unrealized gains of $3.48 million and unrealized losses of $0.80 million; March 31, 2013: unrealized gains of $2.31 million and unrealized losses of $1.63 million).

Ceres may use certain derivative instruments to manage its exposure to fluctuations in foreign currency exchange rates on the Portfolio investments. For the nine-month period ended December 31, 2013, the realized loss on foreign currency hedging transactions was $0.47 million (nine-month period ended December 31, 2012: gain of $0.29 million). For the quarter ended December 31, 2013, the realized gain on foreign currency hedging transactions was $nil (quarter ended December 31, 2012: loss of $0.43 million). As at December 31, 2013, there was no unrealized gain or loss on forward foreign currency contract as no such contracts were outstanding as at that date (March 31, 2013: unrealized gain of $0.001 million).

OUTSTANDING SHARE DATA

As at February 14, 2014, the issued and outstanding equity securities of the Corporation consisted of 14,208,679 Common Shares (December 31, 2013: 14,208,679 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 provided certain services to Ceres (the "Management Agreement"). The Management Agreement terminated on November 30, 2013.

On August 23, 2013, Ceres announced it had entered into a Management Transition Agreement (the "Transition Agreement") with Front Street Capital, which provided, among other things, for the early termination of the Management Agreement. The Transition Agreement was approved by the shareholders at the annual and special meeting held on September 27, 2013. Under the terms of the Transition Agreement:

- The Management Agreement terminated effective November 30, 2013;
- Monthly management fee payments to Front Street Capital ceased at the end of September 2013;
- On October 1, 2013, Ceres paid Front Street Capital $5.0 million plus HST of $650,000;
- Front Street Capital will be paid an additional $1.0 million if the five-day volume-weighted average price of Ceres' common shares on the TSX (the "5-day VWAP")

reaches $10.00 within five years, and a further $1.0 million if the 5-day VWAP reaches $11.00. These payments will become immediately payable if there occurs prior the fifth anniversary of the date of the Transition Agreement either a change in control or a going private transaction (at a price in excess of $7.85 per share);

- Ceres will deposit into an escrow fund 1/20th of any net sale proceeds (being gross sale proceeds in excess of net book value and direct transaction costs) from the sale of any of Ceres' assets, to a maximum amount of $1.0 million and such escrow fund shall be paid to Front Street Capital if the 5-day VWAP does not reach $10.00 within five years;

- Michael Detlefsen was appointed President and Chief Executive Officer, with a mandate to work with the expanded Board of Directors to facilitate a strategic review of Ceres, develop and implement the resulting strategic plan, and develop and implement a new, permanent management structure for Ceres, with the shared goal of a seamless transition and continuity in the business;

- Until November 30, 2013, Front Street Capital continued to provide services and support to Ceres, with no additional management fee payable to Front Street Capital after September 30, 2013; and

- Until March 31, 2014, Front Street Capital will continue to provide the services of Jason Gould as Interim Chief Financial Officer.

Management has determined that, as at December 31, 2013, the fair value of the additional payments provided for under the Transition Agreement remains unchanged at $1.40 million. The fair value of each of the additional payments was determined using the binomial options pricing model, with a remaining term to September 30, 2018, using volatility of 50 percent and a risk-free interest rate of 1.95 percent. For the three-month and the nine-month periods ended December 31, 2013, the accounts of the Corporation include the payment of the management transition amount plus related HST on October 1, 2013 and the provision for the additional payments plus related HST at the rate of thirteen percent.

Gary P. Selke is the President and Chief Executive Officer of Front Street Capital. Thomas P. Muir and Michael Detlefsen are the controlling shareholders of Muir Detlefsen & Associates Limited, which was retained by Front Street Capital to provide services to Ceres prior to the termination of the Management Agreement. Accordingly, these individuals have a material interest and therefore may benefit from payments made to Front Street Capital pursuant to the Transition Agreement.

As at December 31, 2013 and March 31, 2013, the current liability for management fees payable represents the following:

	December 31, 2013	March 31, 2013
Management fees payable and related HST	$ -	$ 250,763
Provision for additional payments and related HST	1,582,000	-
	$ 1,582,000	**$ 250,763**

The basis of the recognition of the management transition payments and the provision for the additional payments is reported in the preceding paragraphs in this section.

(a) Management fees and incentive fees

For the three-month and nine-month periods ended December 31, 2013 and 2012, management fees charged to operations and included with general and administrative expenses are as follows:

Management fees and related expenses	3 months		9 months	
	2013	2012	2013	2012
Management fees and related HST	$ (30,828)	$ 817,554	$ 1,512,421	$ 2,404,161
Provision for management transition payment and related HST	-	-	5,650,000	-
Provision for additional payments to the Manager and related HST	-	-	1,582,000	-
	$ (30,828)	**$ 817,554**	**$ 8,744,421**	**$ 2,404,161**

(b) Due to Front Street Capital

As at December 31, 2013, the Corporation had a liability to Front Street Capital in the amount of $nil (March 31, 2013: $268,565).

SIGNIFICANT ACCOUNTING POLICIES

The preparation of Ceres' interim condensed 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. Such derivative liabilities include unrealized losses on open cash contracts, which are held-for-trading and classified at fair value through profit or loss, and the Provision for additional payments to Front Street Capital, which have been 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).

SUBSEQUENT EVENT

As at December 31, 2013, the balance of 'Accounts receivable, other' of $1,437,801 represents an amount recoverable from The Scoular Company ("Scoular") pursuant to an agreement (the "Co-Funding Agreement") between Ceres and Scoular to co-fund the mass grading of the Northgate Commodities Logistics Centre ("NCLC") site. Subsequent to year-end, $878,697 of this amount was collected. As at February 14, 2014, Scoular has advanced a total of $3,899,146 to Ceres under the Co-Funding Agreement.

Subsequent to quarter-end, as discussed under "The Northgate (Saskatchewan) Commodities Logistics Centre" above, Ceres terminated its arrangements and ongoing discussions with Scoular with respect to the development and construction of a grain facility by Scoular at NCLC. The termination of discussions with Scoular may have implications for any amounts to be collected from Scoular and amounts previously paid to Ceres by Scoular in respect of NCLC site preparation costs. The recovery and/or reimbursement of such amounts, if any, will be subject to negotiations with Scoular.

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 December 31, 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 December 31, 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 December 31, 2013, there have been no changes in Ceres' ICFR that has materially affected, or is reasonably likely to materially affect, Ceres' ICFR.

February 14, 2014