MD&A

Management's Discussion and Analysis

For the Fiscal Year Ended March 31, 2013

Management’s Discussion and Analysis

This annual 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 MD&A should be read in conjunction with Ceres’ annual audited consolidated financial statements for the years ended March 31, 2013 and 2012, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) and presented on Schedule A attached to this annual report.

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 June 6, 2013. Unless otherwise indicated, dollar amounts are reported in Canadian dollars (“CAD”).

FORWARD-LOOKING INFORMATION

This annual MD&A contains information that is “forward-looking information”, “forward-looking statements” and “future oriented financial information” (collectively herein referred to as “forward-looking statements”) within the meaning of applicable securities laws. The words ‘‘anticipate’’, ‘‘expect’’, ‘‘believe’’, ‘‘may’’, “could”, ‘‘should’’, ‘‘estimate’’, “plan”, ‘‘project’’, “intend”, ‘‘outlook’’, ‘‘forecast’’, “likely”, “probably” 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 annual MD&A. These assumptions include, but are not limited to, the following:

- 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 loan covenants;
- 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 supply of, grains;
- agricultural commodity prices;
- 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;
- realizing the benefits from the early repayment of long-term debt;
- 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;
- the effects of competition;
- no further material change in the regulatory environment in Canada;
- 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. 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 annual 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 annual 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 annual 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. 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 March 31, 2013 and reflects the value at which individual items are carried on Ceres' balance sheet (in millions of dollars, except total equity attributable per share outstanding):

Cash and cash equivalents *(note 1)*	$	18.75
Portfolio investments		6.49
Other current assets		0.01
Investment in SSR *(note 2)*		2.83
Investment in land and capitalized costs representing the future Northgate Commodities Logistics Hub ("Northgate") *(note 3)*		4.98
Investment in Riverland Ag *(note 4)*		
Net working capital, net of all debt *(note 5)*		46.00
Fixed assets, at net book value *(note 6)*		66.01
Investment in Canterra Seeds Holdings, Ltd. ("Canterra") *(note 7)*		1.52
Total investment in Riverland Ag		113.53
Less: All (Current) Liabilities		(1.70)
Total Equity Attributable to Shareholders	$	144.89
Total Equity Attributable per share outstanding	$	10.11

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 owned inventory which is marked to market, less all bank indebtedness. The aggregate of other 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 $1.26 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. The Corporation is actively exploring working with physical commodity funds to utilize the Corporation's facilities as a way of enhancing its revenues. Going forward, Riverland Ag's strategy is to balance these revenues sources more equitably.

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. The result of this situation, both in the near-term and longer-term, will be 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 1980s, 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 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.

Construction is planned to commence in the spring of 2013, subject to receipt of all necessary permits and approvals and finalization of agreements with project partners, with initial grain and oil shipments expected later in 2013. The facility will 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.

SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected annual financial information. Details concerning operating results for 2013 are reported throughout this MD&A. Further information related to prior quarterly results may be found in the respective interim or annual financial statements and MD&As.

The following table presents the information in accordance with International Financial Reporting Standards ("IFRS"), in Canadian dollars, being the presentation and functional currency of the Corporation).

in thousands, except per share data		**2013**		2012		2011
Total revenues	**$**	**223,080**	$	184,414	$	147,258
Gross profit	**$**	**2,040**	$	15,955	$	18,327
Net (loss) income	**$**	**(11,485)**	$	(3,806)	$	25,697
Basic and diluted (loss) earnings per share	**$**	**(0.80)**	$	(0.25)	$	1.74
Total assets	**$**	**296,250**	$	292,398	$	310,870
Total non-current financial liabilities (including current portion)	**$**	**–**	$	47,838	$	29,596
Distributions or cash dividends declared per common share	**$**	**–**	$	–	$	–

RESULTS OF OPERATIONS FOR THE YEAR AND THE QUARTER ENDED MARCH 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 year ended March 31, 2013, revenues totalled $223.1 million and gross profit was $2.0 million (2012: revenues totalled $184.4 million and gross profit was $16.0 million). For the year ended March 31, 2013, gross profit percentage was 0.91 per cent (2012: 8.65 per cent). The decrease in gross profit is attributable to lower carrying income due to tightness in the supply of grains caused primarily by the drought this past year and slower than anticipated spring wheat movement from Canada.

For the quarter ended March 31, 2013, revenues were $60.4 million (2012: $37.1 million) and gross profit was $2.0 million (2012: $0.8 million). For the quarter ended March 31, 2013, the gross profit percentage was 3.23 per cent (2012: 2.03 per cent). The increase in gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable to increased trading margins on bushels sold during this quarter as Riverland Ag continued to liquidate its oats inventory.

In Q4 2013, the gross profit percentage improved compared to Q3 2013 and Q4 2012, due to realized trading gains during the current quarter. As reported in the previous quarter, earnings from operations and gross profit percentage were still lower in this quarter compared to past historical levels due to depressed carrying charges in cereal grains.

As noted in the previous quarter, in Q3 2013, Riverland management made a strategic decision to deliver a significant amount of inventory against December 2012 futures contracts incurring a one-time loss of $2.4 million. With demand for terminal load out inventories strengthening in Q4 2013, Riverland repurchased much of its inventory that had been delivered in Q3 against futures contracts at parity and merchandised the inventory in Q4 at basis levels that were above parity making up much of that one-time loss of $2.4 million in Q3 2013.

General and Administrative Expenses

For the year ended March 31, 2013, general and administrative expenses totalled $10.6 million (2012: $10.9 million).

For the quarter ended March 31, 2013, general and administrative expenses totalled $3.0 million (quarter ended March 31, 2012: $2.4 million). The increase in general and administrative expenses for Q4 2013 primarily represents an increase of approximately $0.3 million in legal fees in Q4 2013 due to corporate initiatives and responding to a shareholder's request for a special shareholders' meeting.

For the year ended March 31, 2013, general and administrative expenses include Ceres corporate-level costs for management fees of $3.1 million (2012: $3.4 million) and other expenses of $2.5 million (2012: $2.3 million). The decrease in management fees is generally consistent with the decrease in average net asset value (or shareholders' equity) over the year ended March 31, 2013 compared to 2012, on which the management fee is calculated. The increase in other general and administrative expenses of approximately $0.2 million represents some increases in portfolio and corporate transaction costs and in legal fees, partially offset by decreases in audit fees and other professional fees.

Finance income (loss)

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

	3 months		12 months	
(in thousands of dollars)	**2013**	2012	**2013**	2012
Dividend revenues, net of withholding taxes	**$ –**	$ –	**$ –**	$ 21.2
Interest and other revenues, net of interest expense on bonds sold short	**–**	–	**20.7**	3.6
Realized loss on sale of investments	**(14.9)**	(6.1)	**(14.9)**	(5,257.4)
Realized gain (loss) on currency-hedging transactions	**(598.5)**	767.4	**(313.0)**	(541.3)
Realized and unrealized gain on foreign exchange	**15.1**	1.9	**12.9**	99.8
Change in fair value of investments	**(1,491.4)**	1,405.5	**(4,369.8)**	3,916.9
	$ (2,089.7)	$ 2,168.7	**$ (4,664.1)**	$ (1,757.2)

Investment revenues (dividends, 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 investments including SSR and the Northgate Logistics Hub. Realized losses on the sale of investments reflect the currently low level of activity in the portfolio over the past few quarters. 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

There is no debt at the Ceres corporate level. Therefore, for the years ended March 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 three-months ended March 31, 2013, finance expenses included interest on short-term debt and amortization of related financing transaction costs. For the year ended March 31, 2013, finance expenses were $11.6 million (2012: $7.1 million). The increase in finance expenses for the year ended March 31, 2013, is the result of the one-time charge for the early debt repayment penalty of $2.5 million and the related amortization of the remaining unamortized financing costs of $0.3 million plus the effects of an increase in Riverland Ag's short-term borrowings during the year. Short-term borrowings decreased from $79.4 million as at March 31, 2012 to $65.0 million as at June 30, 2012, then increased to $176.1 million as at September 30, 2012 and to $178.1 million as at December 31, 2012 and finally decreased to $143.5 million as at March 31, 2013. The changes in short-term borrowings follow primarily the changes in inventory levels during the year and the repayment of long-term debt during the year ended March 31, 2013. Inventories decreased from $158.8 million as at March 31, 2012 to $139.8 million as at June 30, 2012, then increased to $249.1 million as at September 30, 2012, decreased to $189.6 million as at December 31, 2012, and decreased further to $164.8 million as at March 31, 2013. However, on December 17, 2012, the balance of long-term debt was fully repaid (long-term debt as at March 31, 2012 was $48.3 million, before unamortized financing costs). Funds used to repay long-term debt were provided by the short-term borrowing facilities.

For the quarter ended March 31, 2013, finance expenses were $1.9 million (2012: $2.1 million). Lower finance expenses for the quarter are due to realized savings resulting from the use of short-term borrowing facilities, for which Riverland Ag is paying a lower rate of interest compared to rates related to long-term debt that was paid off in the previous quarter. During the quarter, company owned inventory quantity declined slightly along with general decline in overall grain prices from December 31, 2012.

EBITDA

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

EBITDA *(in thousands of dollars)*	3 months, 2013		12 months, 2013	
Periods ended March 31, 2013	Consolidated	Riverland Ag	Consolidated	Riverland Ag
Net income (loss) for the period	$ 803.7	$ 3,849.5	$ (11,485.1)	$ (2,395.9)
Add (deduct): finance expenses	1,890.8	1,890.8	11,620.2	11,620.2
income taxes expense (recovery)	3,999.8	3,999.8	(2,571.3)	(2,571.3)
depreciation on property, plant and equipment	735.5	735.5	2,921.6	2,921.6
EBITDA before gain on sale of property, plant and equipment, and share of net (income) loss in associates	7,429.8	10,475.6	485.4	9,574.6
Add (deduct): gain on sale of property, plant and equipment	(9,710.4)	(9,710.4)	(9,598.3)	(9,598.3)
share of net (income) loss in associates	(178.7)	241.8	(1,231.6)	(33.4)
EBITDA	$ (2,459.3)	$ 1,007.0	$ (10,344.5)	$ (57.1)

EBITDA *(in thousands of dollars)*	3 months, 2013		3 months, 2012	
Periods ended March 31	Consolidated	Riverland Ag	Consolidated	Riverland Ag
Net income (loss) for the period	$ 803.7	$ 3,849.5	$ (414.1)	$ (1,378.7)
Add (deduct): finance expenses	1,890.8	1,890.8	2,051.0	2,051.0
income taxes expense (recovery)	3,999.8	3,999.8	(1,391.6)	(1,391.6)
depreciation on property, plant and equipment	735.5	735.5	717.5	717.5
EBITDA before gain on sale of property, plant and equipment, and share of net (income) loss in associates	7,429.8	10,475.6	962.8	(1.8)
Add (deduct): gain on sale of property, plant and equipment	(9,710.4)	(9,710.4)	146.1	146.1
share of net (income) loss in associates	(178.7)	241.8	114.5	125.0
EBITDA	$ (2,459.3)	$ 1,007.0	$ 1,223.4	$ 269.3

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 March 31, 2013, consolidated net loss includes finance loss of $2.1 million (quarter ended March 31, 2012: finance income of $2.2 million). Excluding the effect of the finance loss for the quarter ended March 31, 2013, adjusted consolidated EBITDA would have been a loss of $0.4 million (quarter ended March 31, 2012: consolidated EBITDA would have been a loss of $0.9 million). Fluctuations in this adjusted consolidated EBITDA reflect changes in the equity and currency markets.

The increase in EBITDA for Riverland Ag for the quarter ended March 31, 2013 over EBITDA for the quarter ended March 31, 2012 is $0.7 million. The increase is attributable primarily to an increase in gross profit from $1.4 million for the quarter ended March 31, 2012 to $2.0 million for the quarter ended March 31, 2013, which is attributable to the realized gains on grain sales during the quarter.

SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for each of the last eight (8) fiscal quarters ended March 31, 2013:

Reporting dates	**3 months 2013-03-31**	**3 months 2012-12-31**	**3 months 2012-09-30**	**3 months 2012-06-30**	3 months 2012-03-31	3 months 2011-12-31	3 months 2011-09-30	3 months 2011-06-30
(in thousands, except per share amounts)	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenues	**$ 60,429**	**$ 84,575**	**$ 35,132**	**$ 42,944**	$ 37,123	$ 22,639	$ 35,044	$ 89,609
Gross profit (loss)	**$ 1,954**	**$ (2,407)**	**$ 1,066**	**$ 1,426**	$ 755	$ 4,865	$ 4,147	$ 6,189
Income (loss) from operations	**$ (1,017)**	**$ (5,040)**	**$ (1,550)**	**$ (996)**	$ (1,663)	$ 2,526	$ 748	$ 3,432
Net income (loss)	**$ 804**	**$ (7,125)**	**$ (1,133)**	**$ (4,031)**	$ (414)	$ (1,704)	$ (2,033)	$ 345
Weighted-average number of common shares for the quarter	**14,335**	**14,336**	**14,406**	**14,512**	14,640	14,941	15,047	15,174
Basic and fully diluted earnings (loss) per share	**$ 0.06**	**$ (0.50)**	**$ (0.08)**	**$ (0.28)**	$ (0.02)	$ (0.11)	$ (0.14)	$ 0.02
EBITDA, consolidated	**$ (2,459)**	**$ (5,335)**	**$ 78**	**$ (2,627)**	$ 1,223	$ 1,150	$ 2	$ 3,536
EBITDA per share, consolidated	**$ (0.17)**	**$ (0.37)**	**$ 0.01**	**$ (0.18)**	$ 0.08	$ 0.08	$ –	$ 0.23
EBITDA, Riverland Ag	**$ 1,007**	**$ (2,850)**	**$ 663**	**$ 1,122**	$ 269	$ 4,508	$ 3,266	$ 4,924
EBITDA per share, Riverland Ag	**$ 0.07**	**$ (0.20)**	**$ 0.05**	**$ 0.08**	$ 0.02	$ 0.30	$ 0.22	$ 0.35
Cash and portfolio investments, net of shorts and options, as at reporting date	**$ 26,932**	**$ 29,764**	**$ 33,995**	**$ 35,436**	$ 39,607	$ 45,176	$ 48,253	$ 60,855
Shareholders' equity, as at reporting date	**$ 144,881**	**$ 141,812**	**$ 147,734**	**$ 153,400**	$ 155,900	$ 159,615	$ 165,792	$ 159,962
Shareholders' equity per common share, as at reporting date	**$ 10.11**	**$ 9.89**	**$ 10.29**	**$ 10.61**	$ 10.69	$ 10.83	$ 11.07	$ 10.58

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 large increase in sales in Q3 2013 is attributable to large quantities of certain grains delivered on futures contracts in December 2012 and in Q1 2012 were attributable to large amounts of spring wheat being delivered in the market during that quarter. Revenues remained higher than past quarters during the fourth quarter as Riverland Ag sold large quantities of oats into the cash market.

Gross profit and Income from operations: The drop in gross profit that occurred in the first three quarters of the year ended March 31, 2013 is the result of reduced carrying income in combination with basis income against a lower inventory level, and the one-time loss on the strategic deliveries of certain grains against December 2012 futures contracts and the effect of the basis depreciation on certain inventories.

BUSINESS REVIEW – RIVERLAND AG INVESTMENT

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 year ended March 31, 2013, revenues totalled $223.1 million and gross profit was $2.0 million compared to $184.4 million in revenues and gross profit of $16.0 million for the year ended March 31, 2012. The gross profit percentage for the year ended March 31, 2013 was 0.91 per cent compared to 8.65 per cent for 2012.

For the quarter ended March 31, 2013, revenues were $60.4 million (2012: $37.1 million) and gross profit was $2.0 million (2012: $0.8 million). The gross profit percentage for the quarter ended March 31, 2013 was 3.23 per cent (2012: 2.03 per cent). The increase in the gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable primarily to realized gains on bushels sold during the quarter at basis levels at a premium to their carrying value.

The results for Q4 2013 strengthened due to the one-time gain on the sale of Riverland's Ralston, Wyoming, facility along with increased terminal demand for grain from the end-users. While the gross profit decreased throughout the first three quarters, the increase in Q4 2013 was driven by events in the marketplace that allowed Riverland to realize trading gains on grain sales at basis levels above the price of acquisition of the grain during the quarter. Results from operations relating to carrying charge income in Q4 2013 continued to be relatively depressed with continued decreased carrying charges on inventory quantities that are reduced from December 31, 2012 and March 31, 2012.

Furthermore, the disappointing results from operations in 2013 were primarily driven by the reduced supply of cereal grains in North America, a drought throughout much of the United States, and minimal selling from Canadian spring wheat producers, who have left significant quantities of wheat still on the farms. The drought during the 2012 crop year led to lower supplies of corn, a primary feed ingredient, which significantly increased in price. As a result, commodity markets saw increased prices across all other commodities as various types of wheat were used as a feed substitute to corn. The higher prices and lower supplies led to carrying charges being significantly reduced to levels approaching zero, along with strong basis levels for the physical product.

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 for the year for Riverland Ag offer future opportunity and potential as a supply chain service provider for food and beverage companies. When Ceres acquired Riverland Ag, it had over 20 million bushels of oats in store, which effectively acted as a "mayday" supply for the end users in oats. However, with overall tightness in the oats market supplies, high basis levels and a negative carrying income environment, the market is no longer rewarding Riverland Ag for having a large oats inventory and the company has continued to liquidate its oats inventory. At the same time, this lack of supply is compelling these customers to change their strategy by forcing them to look at their supply chain and build up one to two years of supply in the event of a poor crop in a future year, in order to maintain stable product availability for their mills. This is similar to what has occurred in the malt barley industry, whereby eighteen months of supply is routinely kept on hand in store. The challenge for many end users in oats is that they do not own large scale storage facilities nor do they have the experience to support these types of operations. As a result, we will shift the service we provide to the oats users from being a primary oats supplier to providing supply chain management services in the form of warehouse storage space for oats that are owned by the millers.

During the year ended March 31, 2013, Riverland Ag increased its revolving line of credit facility to USD$180 million. As at March 31, 2013, Riverland Ag owes USD$115 million on this line of credit (March 31, 2012: USD$80 million). This expanded credit facility provides Riverland Ag with greater liquidity to finance increasing grain inventories and absorb higher grain prices, and supports Riverland Ag's growth in the commercial grain storage industry. Furthermore, this increased facility greatly enhances Riverland Ag's flexibility in pursuing grain opportunities created by changes to the Canadian Wheat Board's powers and the movement to more integrated North American markets. Finally, Riverland Ag used this facility to effectively finance the full repayment of the long-term debt loans payable, which had a balance of $48.28 million as at March 31, 2012 (before unamortized financing costs). Consequently, as at March 31, 2013, Riverland Ag is no longer indebted to Great Western Bank for any long-term loans. 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 ranging from 5.35 per cent to 6.60 per cent). On the early repayment of the long-term debt, Riverland Ag paid a penalty of $2.47 million. It is expected that the payback period on this penalty will be approximately 18 months. With the sale of the Iona, Minnesota facility, coupled with our delivery strategy executed in Q3 FY 2013 and the sale of the Ralston, Wyoming facility, it was determined our capital needs changed and, as a result, it was decided to pay off the term debt facility in Q3 and rely on our operating line facility, and benefit from its lower interest rate.

As previously reported, on July 31, 2012 Riverland Ag renewed the revolving line of credit facility for an additional two years. Commencing thereon, interest is at LIBOR plus 3.75 per cent (formerly at LIBOR plus 4.00 per cent), and certain covenants were modified.

Management continues to identify growth opportunities, in both upstream and downstream segments. On March 15, 2013, the Company entered into a strategic sourcing relationship with Briess Industries Inc. ("Briess"). As part of the strategic sourcing relationship, Briess acquired the Ralston elevator facility and the Powell, Wyoming seed plant for USD$12.4 million. Riverland Ag will manage the facility on behalf of Briess for a minimum of three years. The majority of the facility's barley shipments will be to Briess, with the balance being sold to the facility's other existing customers. Riverland Ag will receive a monthly management fee and a contingency payment of between USD$1.125 million and USD$1.5 million in 2016 subject to certain performance targets being met. Processing of sales to the facilities' other customers will be to the account of Riverland Ag. Briess assumes the working capital obligations of the facility, and will continue to be an important customer of Riverland Ag's U.S. Upper Midwest facilities. On the sale of the two facilities in Q4 2013, Ceres recognized a gain of $9.6 million.

Furthermore, during the year ended March 31, 2013, as previously reported, Riverland Ag entered into a joint agreement with Consolidated Grain and Barge Co. ("CGB"), whereby CGB will rent space and utilize the barge shipping capability of our Savage, Minnesota facility to purchase and ship grain beginning on February 1, 2013. This partnership with CGB validates the position and strength of our assets. We will continue to look to partner with companies such as CGB for handling agreements, which will enhance the diversification of the revenue base for Riverland Ag. In addition, management will continue to optimize its mix of grains to maximize the utilization of its storage space and earnings on grains in storage.

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 of April 2013, industry analysts indicate that approximately 50 per cent of last year's Canadian wheat crop is still on the farms waiting to be moved to market. The lack of movement in the 4th quarter of 2013 was attributable to logistical issues that made moving the grain a challenge, principally due to weather conditions throughout Canada and the northern plains of the United States. As snowfall and moisture remain in the Canadian prairie region, early planting indications for spring wheat show that the seeded crop area will be slightly higher than the prior year and on pace with the five-year average. 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 50 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 INVESTMENT

Ceres has a 25 per cent investment in SSR, which is a short-line railway operating in south-eastern Saskatchewan. SSR continued its strong growth trend during the quarter. For this quarter, SSR earned $1.7 million, resulting in Ceres' 25 per cent ownership interest generating $0.4 million of equity earnings during the quarter, which is an increase from the previous quarter of $0.3 million of equity earnings. Since its acquisition on December 31, 2010, Ceres' return on its original investment has been 64.16 per cent, and for the last three quarters, Ceres' investment in SSR has generated approximately a 59.78 per cent return on its original investment. This result is remarkable, as oil by rail shipments only began a year ago in February 2012. During the quarter, the daily volume of oil shipments averaged approximately 27,000 bpd. The expansion of the Crescent Point Energy oil loading terminal was completed at the end of December 2012 and has a capacity of over 45,000 bpd. At the very end of this quarter, with the expansion completed, oil shipments were averaging over 27,000 bpd and are likely to increase from there over the next calendar year. Shipments of agricultural commodities continued on their pace from the last quarter. Also during the quarter, SSR initiated a rail car storage program that will help broaden its revenue and earnings base. Ceres' original investment in SSR cost $1.7 million for its 25 per cent interest.

FINANCIAL POSITION AS AT MARCH 31, 2013

The following is a summary of the portfolio investments and cash on hand as at March 31, 2013 and 2012:

	2013	2012
Portfolio investments	**$ 6,488,254**	$ 9,873,064
Cash	**$ 20,443,836**	$ 29,733,963

Portfolio investments

As at March 31, 2013, the percentage of the fair value of the portfolio invested in public companies was 62.89 per cent of the total portfolio, and in private companies was 37.11 per cent (2012: public companies: 60.89 per cent of the total portfolio; private companies: 39.11 per cent). Nonetheless, as at March 31, 2013, 1.17 per cent of shareholders' equity is represented by portfolio investments in private companies (2012: 2.47 per cent). As at March 31, 2013, 3.32 per cent of shareholders' equity is invested in equity instruments of a publicly traded companies located in Canada (2012: 3.85 per cent).

During the year ended March 31, 2012, Ceres reduced its legacy public portfolio investments by selling certain positions. Proceeds from the sale of investments were used to fund various strategic investment initiatives and the ongoing Normal Course Issuer Bid. During the year ended March 31, 2013, minimal holdings were sold for a small loss of approximately $15,000; however, Ceres made additional investments in existing shareholdings totalling $1.1 million. During the three-month period and the year ended March 31, 2013, the decrease in fair value of portfolio investments is attributable primarily to losses in value of Ceres' investment in EcoSynthetix Inc. and Windtronics, LLC.

As part of the Corporation's strategy to manage its risks and minimize its exposure associated with owning securities denominated in foreign currencies, the Corporation may commit to certain forward foreign exchange contracts. As at March 31, 2013, the Corporation had a forward foreign exchange contract for USD$30 million, having a term of 34 days (March 31, 2012: forward foreign exchange contract for USD$32.5 million, term of 31 days).

Effects of changes in the rate of foreign exchange

As at March 31, 2013, for accounting purposes, Ceres' investment in the net assets of Riverland Ag Corp. is USD$106.6 million. During the year then ended, the Canadian dollar became weaker against the U.S. dollar by 1.85 per cent. This change is the cause of the gain on translation of foreign currency accounts of foreign operations in the amount of CAD$2.0 million reported as other comprehensive gain in the statement of comprehensive income (loss) for the year ended March 31, 2013 (2012: gain on translation of foreign currency accounts of foreign operations was $2.5 million).

Riverland Ag Corp.'s reporting and functional currency is the U.S. dollar Riverland Ag Corp. has no assets or liabilities denominated in currencies other than U.S. dollars. 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 U.S. dollar accounts into Canadian dollars for the purposes of Ceres' consolidated financial reporting. Adjustments related to the translation of Riverland Ag Corp.'s U.S. dollar assets and liabilities are included as other comprehensive income (loss) and have no effect on the determination of Ceres' consolidated net income for an interim or annual reporting period.

Furthermore, as reported in Note 13(c) of Ceres' consolidated financial statements for the year ended March 31, 2013 (Financial instruments – management of financial instruments risk, currency risk), and as mentioned above in the portfolio investments discussion, as at March 31, 2013, Ceres has a forward foreign exchange contract for USD$30 million having a term of 34 days. Management monitors changes in foreign exchange rates on an ongoing basis and considers appropriate strategies and actions related to the accounts of Riverland Ag Corp. and to Ceres' direct exposure to changes in the U.S. dollar, as and when the need arises.

Other assets and liabilities

As at March 31, 2013, the consolidated balance sheet reflects changes in the assets and liabilities of the Corporation since March 31, 2012. During the year ended March 31, 2013, total assets increased by approximately $3.8 million, caused primarily by the following increases (decreases), in millions of dollars:

• cash and portfolio investments	($ 12.7)
• trade accounts receivables	$ 3.6
• inventories	$ 5.9
• other current assets	$ 7.3
• investments in associates	$ 1.2
• investment property	$ 2.1
• property, plant and equipment	($ 3.6)

The decrease in property, plant and equipment reflects (a) additional investment in existing elevator facilities and machinery, (b) the sale of the Iona, Ralston and Powell facilities, (c) the effects of changes in the exchange rate with the U.S. dollar used to translate accounts of Riverland Ag to Canadian dollars, and (d) the effects of depreciation expense.

During the year, total liabilities increased by approximately $14.9 million, being an increase of 10.89 per cent in the value of total liabilities compared to March 31, 2012. Excluding a decrease of $2.63 million in the deferred income tax liability, total liabilities increased by $17.5 million, or 13.10 per cent. The increase in liabilities reflects primarily the increase of the aggregate of short-term credit facility liabilities, which increased by $64.0 million, less the repayment of long-term debt of $47.8 million, for a net increase in balances payable on credit facilities of $16.2 million. This increase in net debt on the credit facilities over the year mirrors increases in accounts receivable, inventories and other current assets.

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 invest in other agricultural industry-related businesses. As at March 31, 2013, Ceres had $20.4 million in cash available for future investment, and approximately $6.5 million invested in minority positions in several companies (March 31, 2012: $29.7 million of cash and approximately $9.9 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 the growth of Riverland Ag and the Northgate Commodity logistics Hub project. 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 March 31, 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 March 31, 2013, the balance payable by Riverland Ag on the committed revolving credit line (excluding the effect of unamortized financing costs) was USD$115 million (CAD$116.8 million) (March 31, 2012: the balance payable by Riverland Ag was USD$80 million, then being CAD$79.8 million).
- A repurchase commitment facility under its product financing arrangement with Macquarie Commodities (USA), Inc. ("MCUSA"). Riverland Ag may periodically enter into sale/repurchase agreements, whereby it receives cash in exchange for selling inventory to MCUSA and agrees to repurchase the inventory from MCUSA for a fixed price on a future date. Riverland Ag recognizes these transactions as borrowings and commodity inventory in its accounts, and neither sales nor purchases are recognized in relation to these transactions. As at March 31, 2013, Riverland Ag had a repurchase liability of USD$26.7 million (CAD$27.1 million) (March 31, 2012: $nil). As at March 31, 2013, fixed interest rates on the open repurchase commitments ranged from 3.99 per cent to 4.05 per cent.

As at March 31, 2013 and March 31, 2012, Riverland Ag was in compliance with 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.

On August 1, 2012, Riverland Ag opened a cash account with GWB and deposited cash of USD$7.6 million, which then represented the aggregate of principal and interest payments due for a twelve-month period ending July 31, 2013 on Riverland Ag's long-term debt. On December 17, 2012, following the repayment of the term loans, GWB released the unused restricted cash amount to Riverland Ag.

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 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. During the years ended March 31, 2013 and 2012, no Warrants were exercised. As at March 31, 2013 and 2012, no stock options are outstanding. No stock options were granted during the years ended March 31, 2013 and 2012.

On October 7, 2010, Ceres announced a normal course issuer bid ("the 2010–2011 NCIB") commencing on October 8, 2010. For the period from April 1 to October 5, 2011, Ceres purchased 276,021 Shares under the 2010–2011 NCIB for an aggregate consideration of $2.1 million. The stated capital value of the repurchased Shares was $2.7 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $0.6 million for this period has been allocated to Retained Earnings during the year ended March 31, 2012.

On October 13, 2011, Ceres announced a normal course issuer bid ("the 2011–2012 NCIB") commencing on October 17, 2011. For the period from October 17, 2011 to March 31, 2012, Ceres purchased 373,796 Shares under the 2011–2012 NCIB for an aggregate consideration of $2.0 million. The stated capital value of these repurchased Shares was $3.6 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $1.6 million, has been allocated to Retained Earnings during the year ended March 31, 2012.

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 $1.5 million. The stated capital value of these repurchased Shares was $2.4 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $0.9 million, has been allocated to Retained Earnings in the year ended March 31, 2013.

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

	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 116,327,864	$ 116,840,000	$ 116,840,000	$ –	$ –	$ –
Repurchase obligations	27,130,501	27,130,501	27,130,501	–	–	–
Accounts payable and accrued liabilities	5,296,033	5,296,033	5,296,033	–	–	–
Derivatives	1,627,645	1,627,645	1,627,645	–	–	–
Income taxes payable	260,539	260,539	260,539	–	–	–
Management fees payable	250,763	250,763	250,763	–	–	–
Due to Manager	268,565	268,565	268,565	–	–	–
	$ 151,161,910	$ 151,674,046	$ 151,674,046	$ –	$ –	$ –

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

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. This grain will have to move as it makes way for the 2013 crop and Riverland Ag is well positioned to take advantage of this movement.

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. Reports from industry analysts indicate that seeded crop area for the upcoming crop year will be relatively consistent with prior year yet slightly below the five-year average.

As a result of the opening up of the Canadian wheat market and shifts in the oat market, 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 area will be slightly higher than the prior year and on pace with the five-year average. In addition, 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 50 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 oil shipment, as the expansion in daily capacity to 45,000 bpd was completed in December 2012. The shipper of oil on the line has expressed an interest to move third party barrels of oil through their facility, which should broaden the supply base going forward. Grain shipments have returned with the 2012 harvest and look to continue through the year; however, it is oil shipments that are the key driver of the success and growth of this company. SSR has also initiated a rail car storage program, which in addition to driving additional revenues and earnings, will make it an attractive location for manifest shippers. As SSR management and operations absorb the large growth of the Stoughton oil shipments, they will look to drive growth in new areas.

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 the MD&A (Subsequent event) 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.

Business Risks

Risks related to the portfolio investments

As at March 31, 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 1.17 per cent of consolidated shareholders' equity (March 31, 2012: 2.47 per cent 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 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 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 (March 31, 2013: $11.9 million; March 31, 2012: $2.5 million) and as derivative assets or derivative liabilities, as applicable, in unrealized net gains (losses) on open cash contracts (as at March 31, 2013: unrealized gains of $2.3 million and unrealized losses of $1.6 million; March 31, 2012: unrealized gains of $3.0 million and unrealized losses of $2.9 million).

Ceres may use certain derivative instruments to manage its exposure to fluctuations in foreign currency exchange rates on the portfolio investments. For the year ended March 31, 2013, the realized loss on foreign currency hedging transactions was $0.31 million (2012: loss of $0.5 million). For the quarter ended March 31, 2013, the realized loss on foreign currency hedging transactions was $0.6 million (quarter ended March 31, 2012: gain of $0.8 million). As at March 31, 2013, Ceres recognized an unrealized gain of $10,701 on its only forward foreign currency contract as at that date (2012: $nil).

OUTSTANDING SHARE DATA

As at June 6, 2013 and March 31, 2013, the issued and outstanding equity securities of the Corporation consisted of 14,334,699 Common Shares issued and 150,000 Warrants.

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.

(a) Management fees and incentive fees

For the year ended March 31, 2013, management fees of $3.1 million were charged to operations and included with general and administrative expenses (2012: $3.4 million). As at March 31, 2013, management fees payable to the Manager amounted to $0.3 million (2012: $0.3 million). For the years ended March 31, 2013 and 2012, the Statements of Comprehensive Income (Loss) reflect no provision for an incentive fee. As at March 31, 2013 and 2012, there was no liability for an incentive fee.

For the quarter ended March 31, 2013, management fees of $0.7 million were charged to operations and included with general and administrative expenses (2012: $0.7 million).

(b) Due to Manager

As at March 31, 2013, the Corporation had a liability to the Manager in the amount of $268,565 (2012: $55,000), for the repayment of certain operating expenses.

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.

Investment property

Investment property is stated using the cost model. Investment property includes land currently held for capital appreciation and not otherwise utilized by Ceres. On initial recognition, investment property is measured at cost, including directly attributable expenditures that are capitalized on the basis it is probable that future economic benefits associated with the expenditure related to the investment property will flow to Ceres and the cost of such expenditure can be measured reliably.

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.

SUBSEQUENT EVENT

On June 3, 2013, Ceres authorized the commencement of site preparation work for the commodity logistics hub planned for Northgate, Saskatchewan, on land currently owned by Ceres. 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. Ceres' share of the total cost of the site preparation work is projected to be approximately $3.5 million.

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 March 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 March 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, 2012 and ended on March 31, 2013, there have been no changes in Ceres' ICFR that have materially affected, or are reasonably likely to materially affect, Ceres' ICFR.