Unaudited Interim Condensed Consolidated Financial Statements of

CERES
GLOBAL AG CORP.

For the three-month and nine-month periods ended December 31, 2012

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

	Note	December 31, 2012	March 31, 2012
ASSETS			*(Note 17(a))*
Current			
Cash		$ 21,719,236	$ 29,733,963
Portfolio investments owned, at fair value	4	8,044,668	9,873,064
Due from Brokers	5	12,500,290	2,463,520
Derivatives	11(a)	2,284,739	2,955,578
Accounts receivable, trade		13,165,414	9,622,892
Inventories, grains		189,581,670	158,810,128
Income taxes recoverable		832	842,478
Prepaid expenses and sundry assets		711,363	2,140,943
Current assets		**248,008,212**	**216,442,566**
Investments in associates		4,170,748	3,117,903
Intangible assets		298,470	299,250
Investment property	6	3,640,579	2,900,582
Property, plant and equipment	7	67,987,774	69,637,460
Deferred tax assets		3,525,072	-
Non-current assets		**79,622,643**	**75,955,195**
TOTAL ASSETS		**$ 327,630,855**	**$ 292,397,761**
LIABILITIES			
Current			
Bank indebtedness	8	$ 124,748,436	$ 79,439,289
Repurchase obligations	9	53,395,967	-
Accounts payable and accrued liabilities		6,377,557	3,141,089
Derivatives	11(a)	847,795	2,917,960
Management fees payable	13(a)	275,049	267,223
Due to Manager	13(b)	174,526	55,000
Current portion of long-term debt	10(a)	-	4,877,740
Current liabilities		**185,819,330**	**90,698,301**
Long-term debt	10(a)	-	42,959,816
Deferred income taxes		-	2,839,991
Non-current liabilities		**-**	**45,799,807**
TOTAL LIABILITIES		**185,819,330**	**136,498,108**
SHAREHOLDERS' EQUITY			
Common shares	12(c)	138,298,904	140,678,062
Warrants	12(c)	202,384	202,384
Contributed surplus		9,026,038	9,026,038
Currency translation account		(3,558,178)	(3,290,879)
(Deficit) retained earnings		(2,157,623)	9,284,048
TOTAL SHAREHOLDERS' EQUITY		**141,811,525**	**155,899,653**
SUBSEQUENT EVENT	18		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 327,630,855**	**$ 292,397,761**

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

ON BEHALF OF THE BOARD

"Mary Parniak" *Director* ***"Brian Little"*** *Director*

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

For the three-month and nine-month periods ended December 31

(Unaudited)

	Note	3 months 2012	3 months 2011	9 months 2012	9 months 2011
REVENUES		$ 84,574,608	$ 22,639,316	$ 162,650,943	$ 147,291,387
Cost of sales		(86,981,665)	(17,774,638)	(162,565,310)	(132,090,781)
GROSS PROFIT (LOSS)		**(2,407,057)**	**4,864,678**	**85,633**	**15,200,606**
General and administrative expenses		(2,632,582)	(2,338,228)	(7,670,396)	(8,493,632)
INCOME (LOSS) FROM OPERATIONS		(5,039,639)	2,526,450	(7,584,763)	6,706,974
Finance income (loss)	11(a)	(1,135,470)	(2,101,864)	(2,598,576)	(3,925,892)
Finance expenses		(5,574,288)	(1,980,697)	(9,729,387)	(5,093,815)
LOSS BEFORE INCOME TAXES AND UNDERNOTED ITEM		**(11,749,397)**	**(1,556,111)**	**(19,912,726)**	**(2,312,733)**
Income taxes (recovery)		(3,982,342)	372,675	(6,571,043)	778,889
LOSS BEFORE UNDERNOTED ITEM		**(7,767,055)**	**(1,928,786)**	**(13,341,683)**	**(3,091,622)**
Share of net income (loss) in investments in associates		642,043	225,220	1,052,845	(300,028)
NET LOSS FOR THE PERIOD		**(7,125,012)**	**(1,703,566)**	**(12,288,838)**	**(3,391,650)**
Other comprehensive (loss) gain for the period					
(Loss) gain on translation of foreign currency accounts of foreign operations		1,311,356	(3,422,318)	(267,299)	4,711,597
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		**$ (5,813,656)**	**$ (5,125,884)**	**$ (12,556,137)**	**$ 1,319,947**
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE PERIOD		**14,336,399**	**14,941,304**	**14,417,710**	**15,034,167**
EARNINGS (LOSS) PER SHARE					
Basic		**$ (0.50)**	**$ (0.11)**	**$ (0.85)**	**$ (0.23)**
Diluted		**$ (0.50)**	**$ (0.11)**	**$ (0.85)**	**$ (0.23)**
Supplemental disclosure of selected information:					
Depreciation included in Cost of sales		$ 692,451	$ 675,376	$ 2,079,639	$ 1,827,610
Depreciation included in General and administrative expenses		$ 35,201	$ 50,503	$ 106,435	$ 80,184
Amortization of financing costs included in Finance expenses		$ 533,444	$ 210,298	$ 1,017,822	$ 554,881
Personnel costs included in Cost of sales	17(b)	$ 428,249	$ 529,067	$ 1,312,340	$ 1,535,143
Personnel costs included in General and administrative expenses	17(b)	$ 115,259	$ 94,942	$ 365,078	$ 316,382

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

CERES GLOBAL AG CORP.
Interim Condensed Consolidated Statements of Cash Flows
For the three-month and nine-month periods ended December 31
(Unaudited)

	Note	3 months		9 months	
		2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			*(Note 17(a))*		*(Note 17(a))*
Net loss for the period		$ (7,125,012)	$ (1,703,566)	$ (12,288,838)	$ (3,391,650)
Adjustments for:					
Amortization of property, plant and equipment		727,652	725,879	2,186,074	1,907,794
Realized gain on sale of investments		-	5,830,349	-	5,251,298
Change in fair value of investments		616,327	(3,272,783)	2,878,396	(2,511,364)
Loss on sale of property, plant and equipment		112,148	-	112,148	-
Finance expense		5,574,288	1,980,697	9,729,387	5,093,815
Income tax expense (recovery)		(3,982,342)	372,675	(6,571,043)	778,889
Share of net (income) loss in investments in associates		(642,043)	(225,220)	(1,052,845)	300,028
		(4,718,982)	3,708,031	(5,006,721)	7,428,810
Changes in non-cash working capital accounts	15	46,217,906	(2,534,536)	(41,905,464)	16,662,327
Interest paid		(4,906,551)	(1,601,097)	(8,377,685)	(4,608,581)
Income taxes recovered (paid)		26,023	37,527	1,029,023	(963,106)
Cash flow provided by (used in) operating activities		**36,618,396**	**(390,075)**	**(54,260,847)**	**18,519,450**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments, investments sold short and options		(800,000)	(1,000,025)	(1,050,000)	(1,000,025)
Proceeds from sale of investments, short sales and option premiums		-	3,473,504	-	7,830,667
Acquisition of investment property	6	(102,990)	(1,088,318)	(739,997)	(1,088,318)
Proceeds from sale of property, plant and equipment		499,550	-	499,550	-
Acquisition of property, plant and equipment	7	(375,698)	(554,572)	(1,319,651)	(13,108,897)
Cash flow provided by (used in) investing activities		**(779,138)**	**830,589**	**(2,610,098)**	**(7,366,573)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from (net repayment of) bank indebtedness		(14,221,400)	(41,280,600)	45,958,600	(22,281,750)
Net proceeds from (net repayment of) repurchase obligations		13,622,809	23,906,438	53,621,379	(13,698,408)
Financing costs paid		(34,398)	(124,681)	(821,753)	(441,329)
Proceeds from issuance of long-term debt		-	21,126,402	-	21,126,402
Repayment of long-term debt		(45,828,028)	(894,514)	(48,360,603)	(2,599,538)
Change in restricted cash		6,157,208	-	-	-
Repurchase of common shares under normal course issuer bid	12(b)	(108,674)	(1,501,378)	(1,531,991)	(3,498,871)
Cash flow provided by (used in) financing activities		**(40,412,483)**	**1,231,667**	**48,865,632**	**(21,393,494)**
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		**158,035**	**281,625**	**(9,414)**	**98,587**
(Decrease) increase in cash for the period		**(4,415,190)**	**1,953,806**	**(8,014,727)**	**(10,142,030)**
Cash, beginning of period		26,134,426	34,741,005	29,733,963	46,836,841
Cash, end of period		**$ 21,719,236**	**$ 36,694,811**	**$ 21,719,236**	**$ 36,694,811**

The accompanying notes are an integral part of these financial statements

CERES GLOBAL AG CORP.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
For the nine-month periods ended December 31
(Unaudited)

	Note	Common shares	Warrants	Contributed surplus	Cumulative translation account	Retained earnings (deficit)	Total
Balances, April 1, 2012		**$ 140,678,062**	**$ 202,384**	**$ 9,026,038**	**$ (3,290,879)**	**$ 9,284,048**	**$ 155,899,653**
Changes in nine-month period ended December 31, 2012							
Repurchases under normal course issuer bid	12(b)	(2,379,158)	-	-	-	847,167	(1,531,991)
Other comprehensive loss		-	-	-	(267,299)	-	(267,299)
Net loss for the period		-	-	-	-	(12,288,838)	(12,288,838)
Balances, December 31, 2012		**$ 138,298,904**	**$ 202,384**	**$ 9,026,038**	**$ (3,558,178)**	**$ (2,157,623)**	**$ 141,811,525**
Balances, April 1, 2011		**$ 146,947,393**	**$ 202,384**	**$ 9,026,038**	**$ (5,786,261)**	**$ 10,954,155**	**$ 161,343,709**
Changes in nine-month period ended December 31, 2011							
Repurchases under normal course issuer bid	12(b)	(5,209,998)	-	-	-	1,711,127	(3,498,871)
Other comprehensive income		-	-	-	4,711,597	-	4,711,597
Net loss for the period		-	-	-	-	(3,391,650)	(3,391,650)
Balances, December 31, 2011		**$ 141,737,395**	**$ 202,384**	**$ 9,026,038**	**$ (1,074,664)**	**$ 9,273,632**	**$ 159,164,785**

The accompanying notes are an integral part of these financial statements

1. CORPORATE STATUS, REPORTING ENTITY AND NATURE OF OPERATIONS

Ceres Global Ag Corp. (hereinafter referred to as "Ceres" or the "Corporation") was incorporated on November 1, 2007, as amended on December 6, 2007, under the provisions of the *Business Corporations Act* (Ontario). Ceres is a corporation domiciled in Canada, and the address of its registered office is 33 Yonge Street, Suite 600, Toronto, Ontario, Canada, M5E 1G4. These interim condensed consolidated financial statements of Ceres as at and for the three-month and nine-month periods ended December 31, 2012 include the accounts of Ceres and its six wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

Riverland Ag is an agricultural grain supply ingredient company that currently owns and operates fourteen storage and handling facilities in the American states of Minnesota, North Dakota, Wyoming, New York, Wisconsin and the Canadian province of Ontario.

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with IAS 34 *Interim Financial Reporting* ("IAS 34"). Certain information and disclosures normally required to be included in notes to annual consolidated financial statements have been condensed or omitted. Accounting, estimation and valuation policies have been consistently applied to all periods presented herein, in accordance with IFRS.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on February 11, 2013.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional currency.

Basis of measurement

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value; and
- Inventories are measured at fair value less costs to sell.

Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim condensed consolidated financial statements

These interim condensed consolidated financial statements should be read in conjunction with Ceres' audited consolidated financial statements for the year ended March 31, 2012. The Corporation's significant accounting policies were presented in Note 3 of those audited financial statements.

4. PORTFOLIO INVESTMENTS

	December 31, 2012	March 31, 2012
Total fair value	$ 8,044,668	$ 9,873,064
Total cost	$ 13,450,857	$ 12,387,501

5. DUE FROM (TO) BROKERS

Due from Broker for Ceres' portfolio investments represents amounts at the custodian brokers from settled and unsettled trades. Due from Broker for Riverland Ag for commodity futures and options contracts represents margin deposits and open trade equity maintained by a broker in connection with such contracts.

6. INVESTMENT PROPERTY

Investment property is stated at cost. 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. As at December 31, 2012, management has determined that the fair value of investment property approximates cost, on the basis that investment property was acquired recently and there are no significant conditions that would indicate that fair value varies materially from cost. As at the date of preparation of these interim condensed consolidated financial statements, Ceres has not engaged an independent valuator to determine the fair value of investment property.

The changes to the investment property for the nine-month period ended December 31, 2012 and the year ended March 31, 2012, are as follows:

	December 31, 2012	March 31, 2012
Investment property, cost as at beginning of period	$ 2,900,582	$ -
Additions	739,997	2,900,582
Investment property, cost as at end of period	$ 3,640,579	$ 2,900,582

7. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2012	March 31, 2012
Buildings and silos/elevators	$ 62,910,540	$ 62,883,609
Machinery and equipment	3,489,753	3,380,918
Furniture, fixtures, office equipment, computer software, and other property, plant and equipment	2,077,136	1,664,782
Land	5,865,340	5,796,412
	74,342,769	73,725,721
Less: accumulated depreciation	(6,354,995)	(4,088,261)
	$ 67,987,774	**$ 69,637,460**

For the nine-month period ended December 31, 2012, additions to property, plant and equipment totalled $1,319,651 (2011: $13,108,897). For the quarter ended December 31, 2012, additions to property, plant and equipment totalled $375,698 (2011: $554,572).

8. BANK INDEBTEDNESS

Riverland Ag has a revolving credit agreement with a lender based in the United States of America, for a syndicated committed facility of USD$180 million, and secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. The obligation is guaranteed by Riverland Ag and by Ceres Canada Holding Corp., Ceres U.S. Holding Corp., and Riverland Canada. The credit agreement is subject to borrowing base limitations. The agreement may be extended by mutual agreement of Riverland Ag and the lenders prior to the expiration of the agreement.

For the period from April 1, 2012 to July 30, 2012, borrowings were subject to interest at LIBOR plus 4.00 per cent, with interest calculated and paid monthly. Thereafter, and pursuant to the amended and restated agreement, borrowings were subject to interest at LIBOR plus 3.75 per cent, with interest calculated and paid monthly. The credit agreement is subject to certain commitment fees based on a graduated scale depending on the amount of the credit facility that remains undrawn. The commitment fees are payable quarterly in arrears on the average daily undrawn amount.

As described in Note 16 (Management of capital), this credit facility has certain covenants pertaining to the accounts of Riverland Ag. As at December 31, 2012 and March 31, 2012, Riverland Ag was in compliance with all debt covenants.

The following is a summary of the carrying amount of bank indebtedness:

	December 31, 2012		March 31, 2012	
	in USD	in CAD	in USD	in CAD
Revolving line of credit	$ 126,000,000	$ 125,357,400	$ 80,000,000	$ 79,800,000
Unamortized financing costs	(612,086)	(608,964)	(361,615)	(360,711)
	$ 125,387,914	**$ 124,748,436**	**$ 79,638,385**	**$ 79,439,289**

9. REPURCHASE OBLIGATIONS

As at December 31, 2012, Riverland Ag has open repurchase commitments under its product financing arrangement with Macquarie Commodities (USA), Inc. ("MCUSA") to repurchase 6,800,000 bushels of certain grains. Under the product financing arrangement, Riverland Ag sold MCUSA grains under contract and simultaneously entered into contracts to repurchase the grains in the fourth quarter of the fiscal year ending March 31, 2013 ("FYE 2013"). Since Riverland Ag is obligated to repurchase these commodities from MCUSA, it has not recognized these transactions as sales. As at December 31, 2012, the Corporation continues to recognize the inventory owned by Riverland Ag in this regard on its interim consolidated balance sheet and has recorded a liability of USD$53,669,682 at that date (CAD$53,395,967), plus accrued interest payable (March 31, 2012: repurchase obligation of $nil). As at December 31, 2012, the fixed interest rates on the open repurchase commitments range from 4.06 per cent to 4.46 per cent.

10. LONG-TERM DEBT

(a) Terms and conditions of loans, and loan balances

Prior to December 17, 2012, Riverland Ag had a ten-year term loan agreement in the amount of USD$10 million with Great Western Bank ("GWB"), bearing a fixed annual interest rate of 6.60 per cent ("GWB loan #2"), which was repayable in 120 equal monthly principal installments of USD$83,333 plus interest, and a 10-year secured term loan agreement in the amount of USD$40.5 million with GWB, bearing a fixed annual interest rate of 5.35 per cent ("GWB loan #3"), which was repayable in 120 monthly installments requiring a level principal repayment of USD$337,500 plus interest.

On December 17, 2012, Riverland Ag repaid its outstanding notes payable due to GWB. The amount of principal repaid totalled USD$44,616,667 (CAD$43,907,262). On repayment, Riverland Ag also paid a loan prepayment penalty of USD$2,513,098 (CAD$2,473,140). Riverland Ag has also amortized the remaining unamortized financing costs of USD$348,616 (CAD$343,073) related to long-term debt. The prepayment penalty amount and the amortization of the long-term debt financing costs are included in finance expenses.

Long-term debt is summarized as follows:

	December 31, 2012		March 31, 2012	
	in USD	in CAD	in USD	in CAD
GWB loan #2	$ -	$ -	$ 8,916,667	$ 8,894,375
GWB loan #3	-	-	39,487,500	39,388,781
	-	-	48,404,167	48,283,156
Unamortized financing costs	-	-	(446,717)	(445,600)
Net carrying amounts	-	-	47,957,450	47,837,556
Portion due within twelve months	-	-	(5,050,000)	(5,037,375)
Unamortized financing costs on current portion	-	-	160,035	159,635
Current portion, net of unamortized financing costs	-	-	(4,889,965)	(4,877,740)
Long-term portion of term loans payable, net of unamortized financing costs	**$ -**	**$ -**	**$ 43,067,485**	**$ 42,959,816**

10. LONG-TERM DEBT (continued)

(b) Restricted cash – payment reserve account

On August 1, 2012, Riverland Ag opened a cash account with GWB, its lender under the former long-term facility, and deposited cash of USD$7,551,079. This amount then represented the aggregate of principal and interest payments due until July 31, 2013 on Riverland Ag's long-term debt. On December 17, 2012, following the repayment of the term loans due to GWB, the restricted cash amount was released to Riverland Ag by the lender.

11. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

The fair value of financial instruments closely approximates their carrying values.

Derivative assets and Derivative liabilities, which are held for trading and valued at fair value through profit and loss, include the following:

	December 31, 2012	March 31, 2012
Derivative assets		
Unrealized gains on open cash contracts	$ 2,284,739	$ 2,955,578
Derivative liabilities		
Unrealized losses on open cash contracts	$ (847,795)	$ (2,917,960)

For the three-month and nine-month periods ended December 31, 2012 and 2011, finance income (loss) includes the following:

	3 months		9 months	
	2012	2011	2012	2011
Dividend revenues, net of withholding taxes	$ -	$ 4,002	$ -	$ 21,221
Interest and other revenues, net of interest expense on bonds sold short	20,608	61	20,725	3,636
Realized loss on sale of investments	-	(5,830,349)	-	(5,251,298)
Realized loss on sale of property, plant and equipment	(112,148)	-	(24,222)	-
Realized gain (loss) on currency-hedging transactions	(433,720)	463,783	285,497	(1,308,747)
Realized and unrealized (loss) gain on foreign exchange	6,117	(12,144)	(2,180)	97,932
Change in fair value of investments	(616,327)	3,272,783	(2,878,396)	2,511,364
	$ (1,135,470)	**$ (2,101,864)**	**$ (2,598,576)**	**$ (3,925,892)**

11. FINANCIAL INSTRUMENTS (continued)

(b) Management of financial instruments risks

In the normal course of business, the Corporation is exposed to various financial instruments risks, including market risk (consisting of price risk, commodity risk, interest rate risk and currency risk), credit risk, and liquidity risk. The Corporation's overall risk management program seeks to minimize potentially adverse effects of those risks on the Corporation's financial performance. The Corporation may use derivative financial instruments to mitigate certain risk exposures. The Corporation may invest in non-public and public issuers and assets.

Price risk

As at December 31, 2012 and March 31, 2012, the Corporation's market risk pertaining to portfolio investments is potentially affected by two main components, being changes in actual market prices and changes in foreign exchange rates. The Corporation's sensitivity to foreign currency movements is reported below (Currency risk).

Notwithstanding these factors, the following is a summary of the effect on the results of operations of the Corporation, if the bid or ask prices of each of the portfolio investments (including investments owned, short sales and written options) as at December 31, 2012 and March 31, 2012 had increased or decreased by 10 per cent, with all other variables remaining constant:

	December 31, 2012		March 31, 2012	
Change in bid/ask prices of investments	Increase (decrease) in net income	Increase (decrease) in earnings per share	Increase (decrease) in net income	Increase (decrease) in earnings per share
10% increase in bid-ask prices	$ 804,467	$ 0.06	$ 199,850	$ 0.01
10% decrease in bid-ask prices	$ (804,467)	$ (0.06)	$ (199,850)	$ (0.01)

Commodity risk

The following is a summary of the effect on the results of operations of the Corporation, if the fair value of each of the open cash contracts as at December 31, 2012 and March 31, 2012 had increased or decreased by 5 per cent, with all other variables remaining constant:

	December 31, 2012		March 31, 2012	
Change in bid/ask prices of commodities	Increase (decrease) in net income	Increase (decrease) in earnings per share	Increase (decrease) in net income	Increase (decrease) in earnings per share
5% increase in bid-ask prices	$ 521,053	$ 0.04	$ 126,572	$ 0.01
5% decrease in bid-ask prices	$ (521,053)	$ (0.04)	$ (126,572)	$ (0.01)

11. FINANCIAL INSTRUMENTS (continued)

(b) Management of financial instruments risks (continued)

Interest rate risk

As at December 31, 2012 and March 31, 2012, Riverland Ag has a variable rate interest-bearing liability in the form of its revolving credit facility. As disclosed in Note 8 (Bank indebtedness), Riverland Ag's revolving credit facility bears interest at an annual rate of LIBOR plus 3.75 per cent (March 31, 2012: annual rate of LIBOR plus 4.00 per cent). As at December 31, 2012 and March 31, 2012, management has determined the effect on the future results of operations of the Corporation, if the variable interest rate component applicable on those dates on the revolving credit facility were to increase by 25 basis points ("25 bps") as at those dates respectively, using the balance of the revolving credit facility payable as at those dates, using the number of shares then issued and outstanding, and with all other variables remaining constant. On that basis, the potential effects on the future result of operations would be as follows:

	December 31, 2012		March 31, 2012	
Change in interest rate on revolving facility	Decrease in net income	Decrease in earnings per share	Decrease in net income	Decrease in earnings per share
25 bps increase in annual interest rate	$ (313,394)	$ (0.02)	$ (199,500)	$ (0.01)

Credit risk

Credit risk is the risk a counterparty would be unable to pay amounts due to the Corporation in accordance with the terms and conditions of the debt instruments. As at December 31, 2012 and March 31, 2012, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, and to the extent that certain open cash contracts for grain commodities as at those dates gave rise to unrealized gains thereon. The maximum exposure to credit risk on those assets is limited to the carrying value of those assets.

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 counter-party risk associated with non-performance, which may have the potential of creating losses for the Corporation. The Corporation's management has assessed the counter-party risk and believes that insignificant losses, if any, would result from non-performance.

Riverland Ag regularly evaluates its credit risk concerning its trade accounts receivable to the extent that such receivables may 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 are substantially current. Based on its review and assessment of its trade accounts receivable, management of Riverland Ag has determined that no allowance for doubtful accounts is warranted, and management is confident in its ability to collect outstanding trade accounts receivable.

11. FINANCIAL INSTRUMENTS (continued)

(b) Management of financial instruments risks (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments, as at December 31, 2012 and March 31, 2012:

December 31, 2012	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 124,748,436	$ 125,357,400	$ 125,357,400	$ -	$ -	$ -
Repurchase obligations	53,395,967	53,395,967	53,395,967	-	-	-
Accounts payable and accrued liabilities	6,377,557	6,377,557	6,377,557	-	-	-
Derivatives	847,795	847,795	847,795	-	-	-
Management fees payable	275,049	275,049	275,049	-	-	-
Due to Manager	174,526	174,526	174,526	-	-	-
	$ 185,819,330	$ 186,428,294	$ 186,428,294	$ -	$ -	$ -

March 31, 2012	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 79,439,289	$ 79,800,000	$ 79,800,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	3,141,089	3,141,089	3,141,089	-	-	-
Derivatives	2,917,960	2,917,960	2,917,960	-	-	-
Management fees payable	267,223	267,223	267,223	-	-	-
Due to Manager	55,000	55,000	55,000	-	-	-
Long-term debt	47,837,556	61,298,947	7,603,273	7,321,304	20,276,459	26,097,911
	$ 133,658,117	$ 147,480,219	$ 93,784,545	$ 7,321,304	$ 20,276,459	$ 26,097,911

11. FINANCIAL INSTRUMENTS (continued):

(b) Management of financial instruments risks (continued)

Currency risk

In the normal course of business, Ceres may hold assets or have liabilities denominated in currencies other than Canadian dollars (its presentation and functional currency, and referred to in this section as "CAD"). Therefore, Ceres is exposed to currency risk, as the value of any assets or liabilities denominated in currencies other than CAD will vary due to changes in foreign exchange rates.

The following is a summary, at fair value, of Ceres' exposure to currency risks:

	December 31, 2012		March 31, 2012	
Currency	Net asset exposure*	Net forward contracts (to sell foreign currency)	Net asset exposure*	Net forward contracts (to sell foreign currency)
U.S. dollars	$ 2,030,908	$ 30,000,000	$ 2,530,933	$ 32,494,151
Australian dollars	$ 807	$ -	$ 803	$ -

*Exposure excludes the effect of forward foreign exchange contracts.

As at December 31, 2012, Ceres was committed to a forward foreign exchange contract executed on December 31, 2012 and due January 31, 2013, as noted in the preceding table.

The following is a summary of the effect on the results of operations of the Corporation if the CAD had become 5 per cent stronger or weaker against each of the other currencies as at December 31, 2012 and March 31, 2012, with all other variables remaining constant, related to assets and liabilities denominated in foreign currencies and to the forward foreign exchange contracts:

	December 31, 2012		March 31, 2012	
Change in foreign exchange rate	Increase (decrease) in net income	Increase (decrease) in earnings per share	Increase (decrease) in net income	Increase (decrease) in earnings per share
CAD 5% stronger	$ 1,395,783	$ 0.10	$ 1,502,954	$ 0.10
CAD 5% weaker	$ (1,385,650)	$ (0.10)	$ (1,490,274)	$ (0.10)

11. FINANCIAL INSTRUMENTS (continued):

(c) Fair value measurements

The following is a summary of the classification of financial instruments carried at fair value (portfolio investments and derivatives assets and liabilities, and of (options and forward foreign exchange contracts)) using the hierarchy of inputs described in Note 3 (Summary of significant accounting policies – fair value measurements):

December 31, 2012	Level 1	Level 2	Level 3	Totals
Equities, long	$ 4,073,050	$ 797,353	$ 3,174,265	$ 8,044,668
Due from broker, unrealized gains on futures and options	739,509	-	-	739,509
Derivative assets	-	2,284,739	-	2,284,739
Inventories, grains	-	189,233,109	-	189,233,109
Due to broker, unrealized losses on futures and options	(608,064)	-	-	(608,064)
Derivative liabilities	-	(847,795)	-	(847,795)
	$ 4,204,495	$ 191,467,406	$ 3,174,265	$ 198,846,166

The following is a reconciliation of the changes in the equities, long, measured at fair value using unobservable inputs (Level 3), for the nine-month period ended December 31, 2012:

Balance, April 1, 2012	$ 3,861,027
Transfer from Level 3 to Level 2	(1,000,025)
Net purchase	450,000
Change in fair value of Level 3 portfolio investments	(136,737)
	$ 3,174,265

March 31, 2012	Level 1	Level 2	Level 3	Totals
Equities, long	$ 6,012,037	$ -	$ 3,861,027	$ 9,873,064
Derivative assets	-	2,955,578	-	2,955,578
Inventories, grains	-	158,400,586	-	158,400,586
Due to broker, unrealized losses on futures and options	(6,590,043)	-	-	(6,590,043)
Derivative liabilities	-	(2,917,960)	-	(2,917,960)
	$ (578,006)	$ 158,438,204	$ 3,861,027	$ 161,721,225

12. SHARE CAPITAL AND WARRANTS

(a) Authorized

Unlimited number of voting, participating Common Shares, without par value; and 150,000 Common Share Purchase Warrants, expiring on June 11, 2013 and entitling each holder thereof to acquire one Common Share of the Corporation at a price of $10.40 each.

(b) Normal Course Issuer Bids

2010-2011 Normal Course Issuer Bid

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 $2,107,288. The stated capital value of the repurchased Shares was $2,663,006. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $555,718 for this period has been allocated to Retained Earnings during the nine-month period ended December 31, 2011.

2011-2012 Normal Course Issuer Bid

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 to December 31, 2011, Ceres purchased 263,996 Shares under the 2011-2012 NCIB for an aggregate consideration of $1,391,583. The stated capital value of these repurchased Shares was $2,546,992. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $1,155,409, has been allocated to Retained Earnings during the nine-month period ended December 31, 2011.

For the period from April 1, 2012 to December 31, 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.

(c) Issued and outstanding as at December 31, 2012 and March 31, 2012

The following is a summary of the changes in the Common Shares and Warrants during the year ended March 31, 2012 ("FYE 2012") and for the nine-month period ended December 31, 2012 ("FYTD 2013"):

	Common shares			Warrants		
	#		$	#		$
Balances, April 1, 2011	**15,231,116**	**$**	**146,947,393**	**150,000**	**$**	**202,384**
Changes in FYE 2012						
Repurchases under normal course issuer bid	(649,817)		(6,269,331)	-		-
Balances, March 31, 2012	**14,581,299**	**$**	**140,678,062**	**150,000**	**$**	**202,384**
Changes in FYTD 2013						
Repurchases under normal course issuer bid	(246,600)		(2,379,158)	-		-
Balances, December 31, 2012	**14,334,699**	**$**	**138,298,904**	**150,000**	**$**	**202,384**

13. MANAGEMENT FEES AND OTHER EXPENSES

(a) Management fees

For the nine-month period ended December 31, 2012, management fees charged to operations total $2,404,161 (nine-month period ended December 31, 2011: $2,701,537). For the quarter ended December 31, 2012, management fees charged to operations total $817,555 (quarter ended December 31, 2011: $846,091). Management fees are included with General and administrative expenses. As at December 31, 2012, management fees payable to the Manager amounted to $275,049 (March 31, 2012: $267,223).

(b) Other expenses

The Corporation is responsible for paying fees and expenses incurred in its operations and administration, except fees and expenses to be borne by the Manager as set out in the Management Agreement. In addition to the Management Fees and Incentive Fees (if any) payable to the Manager, the Corporation shall reimburse the Manager for all expenses it incurs related to its duties (including payments to third parties in that regard) to the extent such expenses were incurred for and on behalf of the Corporation. As at December 31, 2012, the amount of $174,526 was due to the Manager (March 31, 2012: $55,000).

14. RELATED PARTY TRANSACTIONS

(a) Management fees

The amounts charged to operations related to management fees have been reported in Note 13(a) (Management fees and other expenses – management fees).

(b) Key management personnel

The Corporation has defined key management personnel as senior executive officers, as well as the members of the Board of Directors, as they collectively have the authority and responsibility for planning, directing and controlling the activities of the Corporation and its subsidiaries. The following table summarizes total compensation expense for key management personnel for the three-month and nine-month periods ended December 31:

	3 months		9 months	
	2012	2011	2012	2011
Salaries and other compensation, senior executive officers	$ 182,152	$ 236,861	$ 550,754	$ 614,266
Personnel costs, senior executive officers	15,827	24,280	47,855	41,796
Directors' fees	14,662	26,765	84,380	109,392
	$ 212,641	**$ 287,906**	**$ 682,989**	**$ 765,454**

15. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	3 months		9 months	
	2012	2011	2012	2011
(Increase) decrease in due from Broker, commodity futures contracts	$ (3,828,807)	$ 7,488,091	$ (10,085,589)	$ (380,182)
Decrease (increase) in net derivative assets	437,973	(1,204,328)	(1,405,332)	2,731,429
(Increase) decrease in accounts receivable	(4,458,019)	1,177,205	(3,582,633)	4,610,709
Decrease (increase) in inventories	63,132,739	(3,318,841)	(31,317,134)	9,909,775
Decrease (increase) in prepaid expenses	763,793	564,109	1,434,791	(127,269)
(Decrease) increase in accounts payable and accrued liabilities	(10,031,616)	(7,299,811)	2,923,081	(266,252)
Increase (decrease) in management fees payable	45,515	(9,737)	7,826	115,341
Increase in due to Manager	156,328	68,776	119,526	68,776
	$ 46,217,906	**$ (2,534,536)**	**$ (41,905,464)**	**$ 16,662,327**

16. MANAGEMENT OF CAPITAL

Riverland Ag, the operating subsidiary of Ceres, has capital requirements imposed by its lenders. As at December 31, 2012, Riverland Ag is required to comply with the following primary financial covenants and ratios concerning the revolving credit facility (Note 8), including the maintenance of:

(a) the ratio of “consolidated debt” to “consolidated tangible net worth” (as defined by the agreement) of not more than 4.0 to 1.0;
(b) consolidated working capital of not less than USD$30 million; and
(c) consolidated tangible net worth of not less than USD$90 million.

As at December 31, 2012 and March 31, 2012, Riverland Ag was in compliance with debt covenants for the revolving credit facility.

17. COMPARATIVE FIGURES

a) Investment property

As at December 31, 2012, land acquired by certain subsidiaries has been determined to be investment property (Note 6). As at March 31, 2012, such land was included in property, plant and equipment. As such, figures as at March 31, 2012 on the balance sheet and for the three-month and nine-month periods ended December 31, 2011 in the interim condensed consolidated statements of cash flows have been reclassified to reflect this change. These changes have no effect on consolidated net income (loss), consolidated comprehensive income (loss) or consolidated retained earnings (deficit).

17. COMPARATIVE FIGURES (continued)

b) Personnel costs

Comparative figures concerning personnel costs included in Cost of sales and in General and administrative expenses, as previously reported as "Supplemental disclosure of selected information" in the interim condensed consolidated statement of comprehensive income for the nine-month period and the quarter ended December 31, 2011, have been revised for that quarter. Previously reported figures included amounts only for Riverland's contribution to the 401(k) plan for the period. Revised figures also now include other personnel costs also recorded in Cost of sales that were inadvertently omitted. These revisions have no effect on net income for those periods.

18. SUBSEQUENT EVENT

On February 5, 2013, Ceres announced a plan to develop a logistics hub located in Northgate, Saskatchewan on 1,500 acres owned by Ceres. Construction is expected to begin later in calendar 2013, and is expected to be built over a period of three years at a budgeted cost of $90 million. This project is subject to receipt of all necessary permits and approvals, and the finalization of agreements with project partners.