CERES
GLOBAL AG CORP.

LETTER TO SHAREHOLDERS
THREE-MONTH AND SIX-MONTH PERIODS ENDED SEPTEMBER 30, 2012

The following is our report to our fellow shareholders on Ceres' results and activities for the three-month and six-month periods ended September 30, 2012.

Highlights for the six-month period and the second quarter ended September 30, 2012 were as follows:

- **EBITDA**: Consolidated - six-month period ended September 30, 2012: loss of $2.55 million (loss of $0.18 per share), quarter ended September 30, 2012: $0.08 million ($0.01 per share); Riverland Ag - six-month period ended September 30, 2012: $1.79 million ($0.12 per share), quarter ended September 30, 2012: $0.66 million ($0.05 per share). Riverland Ag's EBITDA for the current quarter (Q2 2013), compared to the quarter ended June 30, 2012 (Q1 2013), decreased from $1.12 million to $0.66 million, which is attributed to continued depressed carrying charges during the quarter. Consolidated EBITDA in Q2 improved from a loss of $2.63 million in Q1 to earnings of $0.08 million in Q2. This increase in consolidated EBITDA in Q2 reflects primarily the aggregate effect of finance income for Q2 of $0.90 million compared to a finance loss of $2.37 million for Q1. This improvement of $3.27 million is attributable to a gain on currency hedging transactions of $1.75 million in Q2 compared to a loss on currency hedging transactions for Q1 of $1.03 million (a favourable change of $2.78 million), which was enhanced by a quarter-to-quarter decrease in the unrealized loss on portfolio investments in Q2 of $0.83 million. Riverland EBITDA in Q2 decreased by $0.46 million compared to Q1, reflecting a decrease in Gross profit of $0.36 million and a slight increase in General and administrative expenses.
- **Net income (loss)**: Consolidated - six-month period ended September 30, 2012: loss of $5.16 million (loss of $0.36 per share), quarter ended September 30, 2012: loss of $1.13 million (loss of $0.08 per share); Riverland Ag - six-month period ended September 30, 2012: loss of $1.41 million (loss of $0.12 per share), quarter ended September 30, 2012: loss of $0.98 million (loss of $0.05 per share). Consolidated net loss includes the effect of Ceres' share of General and administrative expenses as follows: six-month period ended September 30, 2012: $2.68 million ($0.19 per share), quarter ended September 30, 2012: $1.38 million ($0.10 per share), and consolidated Finance expenses as follows: six-month period ended September 30, 2012: $4.16 million ($0.29 per share), quarter ended September 30, 2012: $2.36 million ($0.16 per share). Comparatively, consolidated Finance expenses for the quarter ended June 30, 2012 totalled $1.80 million ($0.12 per share), and for the quarter ended September 30, 2011 amounted to $1.50 million ($0.10 per share). In addition, the recovery for income taxes on a consolidated basis was $1.50 million for Q2 ($0.10 per share), whereas it was $1.08 million for Q1 ($0.07 per share). The increase in consolidated Finance expenses reflects increased Riverland Ag's short-term borrowings during the 6-month period ended September 30, 2012. Short-term borrowings decreased from $79.44 million as at March 31, 2012 to $64.95 million as at June 30, 2012, but increased to $176.13 million as at September 30,

2012. The changes in short-term borrowings follow primarily the changes in inventory levels during the period. Inventories decreased from $158.81 million as at March 31, 2012 to $139.78 million as at June 30, 2012, but increased to $249.12 million as at September 30, 2012. During the quarter, inventory values increased as a result of the combined effect of increased purchases of inventory quantities (particularly Canadian wheat) and overall higher grain costs.

- **Cash and Portfolio Investments:** Excluding restricted cash, as at September 30, 2012: total of $34.0 million, being $2.37 per share as at that date (June 30, 2012: $35.4 million, $2.45 per share; March 31, 2012: total of $39.6 million, $2.72 per share). The decrease in cash and portfolio investments reflects the effects of the continued repurchase of shares through the Normal Course Issuer Bid, additional investments in property, plant and equipment, and the use of funds to finance certain growth initiatives on which Ceres is working. The restricted cash amount of $6.16 million as at September 30, 2012 represents a deposit with the long-term lender to fund the repayment of principal and interest payments until July 31, 2013.
- **Shareholders' equity per common share**: As at September 30, 2012, consolidated shareholders' equity per common share is $10.29 (June 30, 2012: $10.61; March 31, 2012: $10.69; December 31, 2011: $10.83; September 30, 2011: $11.07; June 30, 2011: $10.58). The decrease during the quarter is attributable to the consolidated net loss of $1.13 million and a currency translation loss of $3.87 million related to the un-hedged portion of Ceres' investment in the net assets of Riverland Ag denominated in U.S. dollars, which is partially offset by discounts totaling $0.4 million realized on shares repurchased in the Normal Course Issuer Bid. This currency translation loss was caused by an increase in the value of the Canadian dollar against the U.S. dollar of approximately 3.43% during Q2.
- **Normal Course Issuer Bid**: On October 13, 2011, Ceres announced a normal course issuer bid commencing on October 17, 2011 with the intention of purchasing up to 1,184,334 shares. For the quarter ended September 30, 2012, Ceres purchased 110,100 shares for a total cost of approximately $0.66 million. The average purchase price during this quarter, under the normal course issuer bid, was $5.99 (quarter ended June 30, 2012, 118,400 shares were purchased for $0.76 million, for an average purchase price of $6.45; quarter ended March 31, 2012: 109,800 shares were purchased for $0.64 million for an average purchase price of $5.78).

During the quarter, Riverland made progress in rebuilding its inventory positions. However, earning carrying income continued to be a challenge as improvements in the contango structure of the Minneapolis wheat futures contract were offset by reduced contango structure in the Chicago wheat futures contract, while the oat futures market continued to maintain a very narrow carrying income level.

During this quarter, the Canadian Wheat Board's monopoly on wheat and barley sales was eliminated and Riverland Ag began purchasing Canadian wheat for the first time. Canadian wheat is now eligible for delivery against the Minneapolis Spring Wheat Futures contract, which facilitates the integration of the North American market. These Canadian wheat purchases have contributed to the rebuilding inventories during the quarter. The availability of Canadian wheat has created arbitrage opportunities for Riverland Ag's assets. During the quarter, the Minneapolis futures market further strengthened its position as the leading price discovery contract for Canadian hard red spring wheat. With over 30% of the delivery space on this contract, Riverland Ag is in a strong position to benefit from these changes.

A large cereal grain crop was harvested in the northern U.S. plains and western Canada, helping to push the Minneapolis spring wheat futures markets into a contango structure that should be favourable for Riverland Ag's earnings, going forward. The combination of this large crop and the deregulation of the Canadian Wheat Board should represent positive factors in helping Riverland Ag continue to rebuild its inventories. The transition to an open market in Canada has been slower than originally expected, as farmers have been reluctant to move wheat off of the farm in the levels originally anticipated. As a result, we expect to experience a slower than expected build in inventories in the third quarter with spill over into the fourth quarter. This will have the effect of deferring revenues expected in the third quarter to the fourth quarter. We continue to believe that the flow of Canadian grains to the United States will increase over the next few quarters. As one of the largest independent grain companies, with 55 million bushels of storage capacity 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.

Our 25% investment in Stewart Southern Railway ("SSR"), located in the southeastern area of Saskatchewan, continued its strong growth trajectory during the quarter. It achieved record profitability for the quarter with Ceres' 25% ownership interest generating $334,500 of equity earnings during the quarter ($146,600 in Q1). This significant growth is directly attributable to increased shipments of oil. Daily volume of oil shipments averaged over 15,500 barrels per day during the quarter, which is up significantly from the previous quarter, and is expected to continue to increase in coming quarters. Shipments of agricultural commodities also began to increase, as this area returned to significant agricultural production after 2 years of excessive moisture, which drove down production. An expansion to increase the rail capacity of the oil terminal to 40,000 barrels of oil per day is expected to be completed and operational by the end of the next quarter. Ceres' management is also working hard to expand and diversify Ceres' emerging Commodity Logistics Division, with our new initiatives continuing to gain momentum during the quarter.

We feel that despite the challenges in earnings over the past few quarters, the asset value of the Corporation remains strong and is positioned well for the future, especially with regards to structural changes in the North American cereal grain markets.

Outlook

While we are pleased with the growth and results of our Commodity Logistics Division, which includes the SSR and having some other exciting logistics initiatives in development that are gathering momentum, we are disappointed in the results of our Riverland Ag investment. Management believes the large North American cereal grain crop and the deregulation of the Canadian Wheat Board will create substantial market opportunities for Riverland Ag. We are working closely with Riverland Ag's management to maximize the value generated by that company, including initiating a strategic review of certain Riverland Ag assets to determine if they are best managed by Riverland Ag or by others. As the Canadian and U.S. markets become more integrated due to the deregulation of the Canadian Wheat Board and as food security becomes a more critical issue, we continue to believe our storage assets have significant value. Management of Ceres will continue to work to maximize the value of all of our investments.

Gary Selke	Michael Detlefsen	Jason Gould
Chief Executive Officer	*President*	*Chief Financial Officer*

November 9, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Interim Management's Discussion and Analysis ("MD&A") presents management's discussion and analysis of the consolidated financial position of Ceres Global Ag Corp. ("Ceres" or the "Corporation"), the consolidated results of its operations, liquidity and capital resources, business risks and future outlook. This MD&A should be read in conjunction with Ceres' interim unaudited condensed consolidated financial statements for the three-month and six-month periods ended September 30, 2012 and 2011, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and presented on Schedule A attached to this interim report. Wherever applicable, other comparative figures have also been reported in accordance with IFRS.

Ceres has one primary operating subsidiary, Riverland Ag Corp. ("Riverland Ag"). 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 November 9, 2012. Unless otherwise indicated, dollar amounts are reported in Canadian dollars ("CAD").

FORWARD-LOOKING INFORMATION

This interim management discussion and analysis ("MD&A") contains certain statements including, but not limited to, anticipated or prospective financial performance and results of operations of the Corporation. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "*believes*", "*anticipates*", "*plans*", "*intends*", "*will*", "*should*", "*expects*", "*projects*", "*forecasts*" and similar expressions are intended to identify forward-looking information.

Although the Corporation believes it has a reasonable basis for making the forecasts or projections included in this interim MD&A, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the expected performance of the Corporation's operating subsidiaries, expectations concerning commodity and equity securities markets, expectations about interest rates and foreign currency exchange rates, and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in the Corporation's filings with Canadian securities regulatory authorities. The forward-looking information is given as of the date of this interim MD&A, and the Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

CAUTIONARY STATEMENT AS TO NON-IFRS FINANCIAL MEASURES

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

In calculating EBITDA, Ceres also excludes its share of the net income (loss) from investments in associates and the loss on 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

Ceres

Ceres is invested in two primary operating businesses, Riverland Ag, a North American commercial grain storage business and Stewart Southern Railway, which is a short-line rail company based in Southeastern Saskatchewan.

Riverland Ag

Riverland Ag is an agricultural grain supply ingredient business that owns and operates fifteen (15) grain storage and handling facilities in the American states of Minnesota, North Dakota, Wyoming, New York and Wisconsin, and the Canadian province of Ontario.

Riverland Ag is focused on cereal grain storage, customer-specific procurement (including contract growing) 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 importation of grains from global sources.

Several 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 to our 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.

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 the company 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 its 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 locations also procuring directly from farmers. In the case of our Ralston, Wyoming facility, virtually all grain purchased is via direct-contracting with farmers. Grains are usually sold to food and beverage companies, and occasionally are 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 performs 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 in the future, 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 1980's, was a significant crop in the United States. However, America now imports the majority of its food quality oats consumption from Canada. Consequently, while nearly all of Riverland Ag's facilities are in the U.S., what occurs in Canada's cereal grain production industry is very important.

Stewart Southern Railway

Ceres owns a 25% interest in Stewart Southern Railway ("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 has been challenged by low local production caused by high levels of precipitation and flooding over the past two years. Since February 2012, SSR began shipping oil from the Stoughton area for the first time and monthly volumes have grown steadily. SSR is looking at capital investment to support the growth in oil shipping and a return to more normal grain production in the local area.

RESULTS OF OPERATIONS FOR THE SIX-MONTH PERIOD AND THE QUARTER ENDED SEPTEMBER 30, 2012

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 six-month period ended September 30, 2012, revenues totalled $78.08 million and gross profit was $2.49 million (six-month period ended September 30, 2011, revenues totalled $124.65 million and gross profit was $10.34 million). For the six-month period ended September 30, 2012, the gross profit percentage was 3.19% (six-month period ended September 30, 2011, the gross profit percentage was 8.29%).

For the quarter ended September 30, 2012, revenues were $35.13 million (2011: $35.04 million) and gross profit was $1.07 million (2011: $4.15 million). The gross profit percentage for the quarter ended September 30, 2012 was 3.04 per cent (2011: 11.83 per cent). The decrease in the gross profit percentage for the quarter, compared to the prior year, is attributable primarily to reduced trading gains in the current quarter.

In Q2 2013, the gross profit percentage and EBITDA amounts for Riverland Ag deteriorated compared to Q2 2012, due to a combination of reduced trading gains and lower overall inventory levels at our facilities coupled with reduced carrying charges and reduced basis revenue. As reported in the previous quarter, earnings were still lower in this quarter compared to past historical levels, as Riverland Ag dealt with lower carrying charge revenues and the lower facility utilization that was driven by the active delivery against future contracts in the spring wheat market that occurred in Q2 of fiscal 2012. As mentioned in previous quarters, Riverland Ag adopted a plan to strategically rebuild facility utilization, which would gain momentum with the 2012 North American grain harvest. As the current quarter progressed, Riverland Ag successfully began the rebuilding of its inventory with net additions to inventory from the 2012 harvest. It is expected that this growth in net building of inventory levels will continue over the next 2 quarters. During this quarter, revenues decreased from $42.94 million in Q1 2013 to $35.13 million in Q2 2013; however revenues levels for Q2 2013 are consistent with revenue levels for Q2 2012 and lower relative revenue levels are consistent as Riverland Ag is focused on building inventory and customers have more ample supplies that are available from many sources at harvest. During this quarter, the gross profit percentage decreased from 3.32 per cent in Q1 2013 to 3.04 per cent in Q2 2013. Although the gross profit percentage for these past two quarters are relatively stable, the gross profit margins are below some of the historical levels over the prior eight quarters. This reduction in gross profit percentages is attributable to reduced carrying income and basis gains.

General and Administrative Expenses

For the six-month period ended September 30, 2012, general and administrative expenses totalled $5.04 million (2011: $6.16 million), representing a decrease of $1.12 million for the six-month period year-to-date. For the six-month period ended September 30, 2012, general and administrative expenses include Ceres corporate-level costs for management fees of $1.59 million (2011: $1.86 million) and other expenses of $1.10 million (2011: $1.39 million). The decrease in management fees is consistent with the decrease in shareholder’s equity (or net asset value), on which the management fee is calculated. Other expenses incurred at the Ceres corporate-level include Professional fees of $393,900 (2011: $636,400), Portfolio and corporate transaction costs of $183,300 (2011: $275,200) and other general and administrative expenses totalling $518,100 (2011: $483,100). Professional fees decreased due to decreases in audit fees and consulting fees, as the larger scope of the work including Riverland Ag and the conversion to IFRS occurred during the fiscal year ended March 31, 2012. Portfolio and corporate transaction costs for 2012 decreased to reflect lesser corporate transaction activity in 2012. For the six-month period ended September 30, 2012 there was also a decrease of $549,000 in general and administrative expenses for Riverland Ag.

For the quarter ended September 30, 2012, general and administrative expenses totalled $2.62 million, which is less than total general and administrative expenses for the quarter ended September 30, 2011 of $3.40 million. The quarter-over-quarter decrease in general and administrative expenses is $783,000. Of this decrease, $508,000 is attributable to decreases in Ceres corporate-level costs, including management fees (down by $77,200), professional fees (down by $275,800), portfolio and corporate transaction costs (down by $96,800) and other general and administrative expenses (down by $58,000).

Finance income (loss)

For the three-month and six-month periods ended September 30, 2012 and 2011, finance income (loss) includes the following:

	3 months		6 months	
(in thousands of dollars)	2012	2011	2012	2011
Dividend revenues, net of withholding taxes	$ -	$ 3.5	$ -	$ 17.2
Interest and other revenues, net of interest expense on bonds sold short	-	1.7	0.1	3.6
Realized gain on sale of investments	-	-	-	579.1
Realized gain on sale of property, plant and equipment	-	-	87.9	-
Realized gain (loss) on currency-hedging transactions	1,750.1	(1,804.0)	719.2	(1,772.5)
Realized and unrealized (loss) gain on foreign exchange	(18.8)	96.2	(8.3)	110.1
Change in fair value of investments	(829.5)	331.3	(2,262.1)	(761.4)
	$ 901.7	**$ (1,371.2)**	**$ (1,463.1)**	**$ (1,824.0)**

Investment revenues (dividends, interest and other revenues) earned by Ceres on its non-Riverland Ag assets are no longer significant, and reflect the divestiture commencing in June 2010 and continuing thereafter of a significant number of portfolio investments to fund the acquisition in that month of Riverland Ag, its future growth in Riverland Ag and other potential investments in industry-related businesses. Realized gains on the sale of investments reflect different levels of activity during the respective quarters (during the six-month period ended September 30, 2012, no portfolio investments were sold; whereas in the quarter ended June 30, 2011, shares of three different portfolio holdings were sold). Variances in realized and unrealized gains and losses for foreign exchange, currency-hedging and the remaining portfolio investments reflect the volatility of the currency and equity markets.

Finance expenses

For the six-month periods and the quarters ended September 30, 2012 and 2011, 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. For the six-month period ended September 30, 2012, finance expenses totalled $4.16 million (six-month period ended September 30, 2011: 3.11 million). For the quarter ended September 30, 2012 (Q2 2013), finance expenses were $2.36 million (2011: $1.50 million). For the quarters ended June 30, 2012 (Q1 2013) and March 31, 2012 (Q4 2012), finance expenses were $1.8 million and $2.1 million, respectively. The increase in finance expenses in Q2 2013 compared to the prior two quarters reflects the increased level of short-term borrowing in during this quarter. Short-term borrowings decreased from $79.44 million as at March 31, 2012 to $64.95 million as at June 30, 2012, but increased to $176.13 million as at September 30, 2012. The changes in short-term borrowings follow primarily the changes in inventory levels during the period. Inventories decreased from $158.81 million as at March 31, 2012 to $139.78 million as at June 30, 2012, but increased to $249.12 million as at September 30, 2012. During the quarter, inventory values increased as a result of the combined effect of increased purchases of inventory quantities (particularly Canadian wheat) and overall higher grain costs.

EBITDA

The following tables are a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the three-month and six-month periods ended September 30, 2012 and 2011:

EBITDA *(in thousands of dollars)*		3 months, 2012		6 months, 2012	
Periods ended September 30, 2012		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net loss for the period		$ (1,133.2)	$ (984.6)	$ (5,163.8)	$ (1,411.9)
Add (deduct):	finance expenses	2,357.1	2,357.1	4,155.1	4,155.1
	income taxes recovery	(1,504.9)	(1,504.9)	(2,588.7)	(2,588.7)
	share of net (income) loss in associates	(366.8)	70.3	(410.8)	172.8
	depreciation on property, plant and equipment	725.5	725.5	1,458.4	1,458.4
		$ 77.6	**$ 663.2**	**$ (2,549.8)**	**$ 1,785.7**

EBITDA *(in thousands of dollars)*		3 months, 2012		3 months, 2011	
Periods ended September 30		*Consolidated*	*Riverland Ag*	*Consolidated*	*Riverland Ag*
Net (loss) income for the period		$ (1,133.2)	$ (984.6)	$ (2,032.7)	$ 1,260.2
Add (deduct):	finance expenses	2,357.1	2,357.1	1,495.0	1,495.0
	income taxes recovery	(1,504.9)	(1,504.9)	(300.7)	(300.7)
	share of net (income) loss in associates	(366.8)	70.3	215.2	186.0
	depreciation on property, plant and equipment	725.5	725.5	625.6	625.6
		$ 77.6	**$ 663.2**	**$ 2.4**	**$ 3,266.1**

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 gains and 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 September 30, 2012, consolidated net loss includes finance income of $0.90 million (2011: finance loss of $1.37 million). Excluding the effect of the finance income for the quarter ended September 30, 2012, adjusted consolidated EBITDA would have been a loss of $824,000 (2011: consolidated EBITDA would have been $1.37 million). Fluctuations in this adjusted consolidated EBITDA reflect changes in the equity and currency markets.

The decrease in EBITDA for Riverland Ag for the quarter ended September 30, 2012 over EBITDA for the quarter ended September 30, 2011 is $2.60 million. This decrease is primarily the result of a decrease of $3.08 million in gross profit on revenues of substantially the same magnitude for each quarter, net of a decrease in general and administrative expenses of $0.33 million. The decrease in gross profit for the quarter ended September 30, 2012 compared to 2011 reflects reduced trading gains in the current quarter.

SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for each of the last eight (8) fiscal quarters ended September 30, 2012:

(in thousands, except per share amounts)

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	2012-09-30	2012-06-30	2012-03-31	2011-12-31	2011-09-30	2011-06-30	2011-03-31	2010-12-31
	Q2 2013**	Q1 2013**	Q4 2012**	Q3 2012**	Q2 2012**	Q1 2012**	Q4 2011**	Q3 2011**
Revenues	$ 35,132	$ 42,944	$ 37,123	$ 22,639	$ 35,044	$ 89,609	$ 35,647	$ 39,531
Gross profit	$ 1,066	$ 1,426	$ 755	$ 4,865	$ 4,147	$ 6,189	$ 6,318	$ 4,873
Income (loss) from operations	$ (1,550)	$ (996)	$ (1,663)	$ 2,526	$ 748	$ 3,432	$ 3,877	$ 2,684
Net income (loss)	$ (1,133)	$ (4,031)	$ (414)	$ (1,704)	$ (2,033)	$ 345	$ 2,022	$ 4,595
Weighted-average number of common shares for the quarter	14,406	14,512	14,640	14,941	15,047	15,174	15,311	15,345
Basic and fully diluted earnings (loss) per share	$ (0.08)	$ (0.28)	$ (0.02)	$ (0.11)	$ (0.14)	$ 0.02	$ 0.13	$ 0.30
EBITDA, consolidated	$ 78	$ (2,627)	$ 1,223	$ 1,150	$ 2	$ 3,536	$ 4,964	$ 7,626
EBITDA per share, consolidated	$ 0.01	$ (0.18)	$ 0.08	$ 0.08	$ -	$ 0.23	$ 0.32	$ 0.50
EBITDA, Riverland Ag	$ 663	$ 1,122	$ 269	$ 4,508	$ 3,266	$ 4,924	$ 4,924	$ 4,418
EBITDA per share, Riverland Ag	$ 0.05	$ 0.08	$ 0.02	$ 0.30	$ 0.22	$ 0.35	$ 0.32	$ 0.29
Cash and portfolio investments, net of shorts and options, as at reporting date	$ 33,995	$ 35,436	$ 39,607	$ 45,176	$ 48,253	$ 60,855	$ 64,385	$ 63,794
Shareholders' equity, as at reporting date	$ 147,734	$ 153,400	$ 155,900	$ 159,615	$ 165,792	$ 159,962	$ 161,344	$ 162,748
Shareholders' equity per common share, as at reporting date	$ 10.29	$ 10.61	$ 10.69	$ 10.83	$ 11.07	$ 10.58	$ 10.59	$ 10.63

** Amounts are presented in accordance with IFRS. Figures for the four quarters of the fiscal year ended March 31, 2011 have been restated from Canadian GAAP to IFRS.

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

Revenues: As a commercial storage business, revenues may vary from quarter to quarter. The Corporation has the flexibility to be opportunistic in its decision to sell or could be caught by having to make unexpected delivery sales in certain inverted markets. The large increase in sales in the Q1 2012 was attributable to large amounts of spring wheat being delivered in the market.

Gross profit / Income from operations: The drop in gross profit that has occurred in the last three quarters is a combination of reduced carrying income and basis income against a lower inventory level.

BUSINESS REVIEW – RIVERLAND AG

Riverland Ag is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in will have a relatively equal impact on sales and cost of sales and a minimal impact on gross profit. Accordingly, management believes it is more important to focus on changes in gross profit that it is to focus on changes in revenue dollars.

For the quarter ended September 30, 2012, revenues were $35.13 million (2011: $35.04 million), gross profit was $1.07 million (2011: $4.15 million) and the gross profit percentage was 3.04 per cent (2011: 11.83 per cent). The decrease in the gross profit percentage for the quarter, compared to the same quarter in the prior year, is attributable primarily to continued reduced carrying charge income, reduced basis revenue and lower trading gains against overall lower inventory levels. For the two immediately preceding quarters, selected figures are as follows: quarter ended June 30, 2012, revenues were $42.9 million, gross profit was $1.4 million, and the gross profit percentage was 3.32 per cent; quarter ended March 31, 2012, revenues were $37.1 million, gross profit was $0.8 million and the gross profit percentage was 2.03 per cent. Therefore, compared to the two prior quarters, revenues were down due to more focus on buying grain and increasing inventory positions at harvest. Recent gross profit percentage represents the depressed carrying charge environment and reduced trading and merchandising gains.

Compared to operating results for several recent quarters in fiscal 2011 and 2012, the results for Q1 and Q2 FYE 2013 are weak due to the continued reduced carrying charge environment in the quarter and lower relative basis gains against overall lower inventory levels. In addition, market conditions that allowed Riverland Ag to generate trading gains in Q1, Q2 and Q3 of FYE 2012 were not present during Q1 and Q2 of FYE 2013, which lowered financial performance on a comparative basis. In consideration of this weakened environment, management has focused on positioning the business to take advantage of the 2012 harvest and the deregulation of the Canadian Wheat Board, and establish higher facility utilization. During the second quarter, Riverland Ag was able to make progress against this goal of higher facility utilization and, notably, was a buyer of western Canadian wheat for the first time.

As mentioned in past quarters, the Ralston, Wyoming facility, which contracts for grain production with producers in the fall for next summer's production contracted a 40% increase in barley production for the 2012 crop year. The 2012 harvest in this irrigated area of Wyoming has been successfully completed with strong yields and quality. This contracted production is matched with contracted sales to customers in the malting and brewing industry, the benefits of which will materialize later during this fiscal year ending March 31, 2013.

During the year ended March 31, 2012, Riverland Ag increased its revolving line of credit facility to USD$180 million. As at September 30, 2012, Riverland Ag owes USD$140 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 America markets.

As reported in the last quarter's MD&A (Subsequent events), on July 31, 2012 Riverland Ag renewed this 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 have been modified.

During the year ended March 31, 2012, Riverland Ag also modified a secured term loan agreement and entered into a 10-year term loan agreement in the amount of USD$40.5 million. As part of that modification, Riverland Ag repaid the remaining principal on its existing secured term loan balance owing of USD$19.2 million, and negotiated a reduction in the annual interest rate from 6.25 per cent to 5.35 per cent. As at September 30, 2012, Riverland Ag owes USD$37.46 million on this long-term loan, including USD$2.03 million due to be repaid on or before March 31, 2013.

Management continues to identify growth opportunities, in both upstream and downstream segments. 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.

The Canadian Wheat Board's monopoly on wheat and barley sales has been eliminated during this quarter. While still in its infancy, Riverland Ag has made and will continue to make purchases of Canadian wheat and barley, which are a key component to its rebuilding of inventories going forward. The combination of expected large supplies from this year's harvest and high prices caused by the drought in the U.S. corn and soybean growing areas is creating an ideal environment for Riverland to acquire grain at attractive levels. As mentioned in the previous quarter, the Minneapolis Spring Wheat futures market has seen rapidly expanding volumes and open interest as the market factors in Canadian supplies and the trade uses this futures contract to hedge its spring wheat positions. This has continued in the current quarter. With over 30% of the delivery space on the Minneapolis Spring Wheat futures market, Riverland Ag is in a strong position to benefit from these changes. Management continues to believe that there will be increased movement of Canadian grains to the United States for U.S. domestic consumption and to utilize the American grain export infrastructure. This should increase the demand for storage space in the United States, and Riverland Ag could play a role in meeting this demand.

BUSINESS REVIEW - STEWART SOUTHERN RAILWAY

Ceres has a 25% investment in Stewart Southern Railway ("SSR", held separately from Riverland Ag), which is a short-line railway operating in south-eastern Saskatchewan. SSR continued its strong growth trend during the quarter. It achieved record profitability for the quarter with Ceres' 25% ownership interest generating $334,500 of equity earnings ($146,600 in Q1). This significant growth is directly attributable to increased shipments of oil. Daily volume of oil shipments averaged over 15,500 barrels per day during the quarter, which is up significantly from the previous quarter, and is expected to continue to increase in coming quarters. Shipments of agricultural commodities also began to increase, as this area returned to significant agricultural production after 2 years of excessive moisture, which drove down production. An expansion to increase the rail capacity of the oil terminal to 40,000 barrels of oil per day is expected to be completed and operational by the end of the next quarter. Ceres' management is also working hard to expand and diversify Ceres' emerging Commodity Logistics Division, with our new initiatives continuing to gain momentum during the quarter.

FINANCIAL POSITION AS AT SEPTEMBER 30, 2012

The following is a summary of the portfolio investments and cash on hand as at September 30, 2012 and March 31, 2012:

	September 30, 2012	March 31, 2012
Portfolio investments owned (long), at fair value	$ 7,860,995	$ 9,873,064
Cash	$ 26,134,426	$ 29,733,963

Portfolio investments

As at September 30, 2012, the percentage of the fair value of the portfolio invested in public companies was 56.59 per cent of the total portfolio, and in private companies was 43.41 per cent (March 31, 2012: public companies: 60.89 per cent of the total portfolio; private companies: 39.11 per cent). Nonetheless, as at September 30, 2012, 3.01 per cent of shareholders' equity is represented by portfolio investments in private companies (March 31, 2012: 2.48 per cent). As at September 30, 2012, 2.31 per cent of shareholders' equity is invested in equity instruments of a publicly traded company located in Canada (March 31, 2012: 3.86 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 on-going Normal Course Issuer Bid. During the six-month period ended September 30, 2012, no portfolio holdings were sold. In addition, during the three-month and six-month periods ended September 30, 2012, the decrease in fair value of portfolio investments is attributable primarily to a loss in value of Ceres' investment in EcoSynthetix Inc.

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 September 30, 2012, the Corporation had a forward foreign exchange contract for USD$32.2 million, having a term of 33 days (March 31, 2012: forward foreign exchange contract for USD$32.49 million, term of 31 days).

Effects of changes in the rate of foreign exchange

As at September 30, 2012, for accounting purposes, Ceres' investment in the net assets of Riverland Ag Corp. is USD$107.89 million. During this quarter, the CAD became stronger against the USD by 3.43 per cent. This change is the cause of the Loss on translation of foreign currency accounts of foreign operations in the amount of CAD$3.87 million reported as other comprehensive loss in the interim condensed consolidated statement of comprehensive income (loss) for the quarter ended September 30, 2012.

Riverland Ag Corp.'s reporting and functional currency is the USD. Riverland Ag Corp. has no assets or liabilities denominated in currencies other than USD. Therefore, it is not directly exposed to currency risk in its normal operations. Currency risk related to the accounts of

Riverland Ag Corp. relates primarily to the translation of its USD accounts into CAD for the purposes of the consolidated financial reporting of the Corporation. Adjustments related to the translation of Riverland Ag Corp.'s USD assets and liabilities are included as other comprehensive income (loss) and have no effect on the determination of consolidated net income of Ceres for a reporting period.

Furthermore, as reported in Note 10(b) of these interim condensed consolidated financial statements (Financial instruments – management of financial instruments risk, currency risk), and as mentioned above in the portfolio investments discussion, as at September 30, 2012, Ceres has a forward foreign exchange contract for USD$32.2 million having a term of 33 days. Management monitors changes in foreign exchange rates on an on-going basis and considers appropriate strategies and actions related to the accounts of Riverland Ag Corp. and to the Ceres' direct exposure to changes in the USD, as and when the need arises.

Other assets and liabilities

As at September 30, 2012, the consolidated balance sheet reflects changes in the assets and liabilities of the Corporation since March 31, 2012. During the six-month period ended September 30, 2012, the amount of total assets increased by approximately $94.01 million, caused primarily by the following increases (decreases), in millions of dollars:

• cash and portfolio investments	($ 5.61)
• restricted cash	$ 6.16
• trade accounts receivables	($ 0.99)
• inventories	$90.31
• other current assets	$ 4.59
• investments in associates	$ 0.41
• property, plant and equipment	($ 0.84)

The decrease in property, plant and equipment reflects (a) some additional investment in existing elevator facilities and machinery, (b) further acquisitions of property, (c) the effects of a weaker U.S. dollar used to translate accounts of Riverland Ag to Canadian dollars, and (d) the effects of depreciation expense.

During the same period, total liabilities increased by approximately $102.17 million, being an increase of 74.85 per cent in the value of total liabilities compared to March 31, 2012. Excluding a decrease of $2.34 million in the deferred income tax liability, total liabilities increased by $104.51 million, or 78.19 per cent. The increase in liabilities reflects primarily the increase of the aggregate of short-term and long-term credit facility liabilities, which increased by $93.60 million, which mirrors the significant increase in inventories.

LIQUIDITY AND CAPITAL RESOURCES

Following Ceres' acquisition of Riverland Ag in June 2010, Ceres began an orderly liquidation of its investment portfolio to generate cash to support the growth of Riverland Ag and to invest in other agricultural industry-related businesses. As at September 30, 2012, Ceres had $26.13 million of cash available for future investment, and approximately $7.86 million invested in minority positions in several companies (March 31, 2012: $29.73 million of cash and approximately $9.87 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. 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 September 30, 2012, Riverland Ag has the following short-term credit facilities:

- A syndicated committed facility of up to USD$180 million, 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 have been modified. Prior thereto, borrowings were subject to interest at LIBOR plus 4.00 per cent, calculated and paid monthly. As at September 30, 2012, the balance payable by Riverland Ag on the committed revolving credit line (excluding the effect of unamortized financing costs) totalled USD$140 million (CAD$137.65 million) (March 31, 2012: the balance payable by Riverland Ag totalled USD$80 million, then being CAD$79.80 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 September 30, 2012, Riverland Ag had a liability of USD$39.88 million (CAD$39.21 million) (March 31, 2012: $nil). As at September 30, 2012, fixed interest rates on the open repurchase commitments ranged from 4.07 per cent to 4.46 per cent.

As at September 30, 2012, Riverland Ag also has the following long-term credit facilities:

- A ten-year term loan agreement in the amount of USD$10.0 million with Great Western Bank, bearing a fixed annual interest rate of 6.60 per cent ("GWB loan #2"). The loan will mature on February 12, 2021, and is also guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. The loan is repayable in 120 equal monthly principal installments of USD$83,333 plus interest. As at September 30, 2012, the balance payable by Riverland Ag on this term loan (excluding the effect of unamortized financing costs) is USD$8.42 million (CAD$8.28 million), of which USD$0.50 million (CAD$0.49 million) is due prior to April 1, 2013 (March 31, 2012: balance payable was USD$8.9 million (CAD$8.9 million), of which USD$1.0 million (CAD$1.0 million) was due prior to April 1, 2013).

- The USD$40.5 million secured term loan agreement with Great Western Bank, which carried a fixed annual interest rate of 5.35, maturing in December 2021. The loan is guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. This loan ("GWB #3") is repayable in 120 equal monthly installments of USD$337,500 plus interest. As at September 30, 2012, the balance payable by Riverland Ag on this term loan (excluding the effect of unamortized financing costs) is USD$37.46 million (CAD$36.83 million), of which USD$2.03 million (CAD$1.99 million) is due prior to April 1, 2013 (March 31, 2012: balance payable was USD$39.5 million (CAD$39.4

million), of which USD$4.05 million (CAD$4.04 million) was due prior to April 1, 2013).

As at September 30, 2012 and March 31, 2012, Riverland Ag was in compliance with debt covenants concerning the short-term credit facilities and the secured term loans.

On August 1, 2012, Riverland Ag opened a restricted cash account with its lender under the long-term facilities, and deposited cash of USD$7.6 million. This amount represents the aggregate of principal and interest payments due until July 31, 2013 on the Company's long-term debt. As at September 30, 2012, the balance on deposit in this restricted cash account is USD$6.26 million (CAD$6.16 million).

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 $202.4 thousand. 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 six-month period ended September 30, 2012 and the year ended March 31, 2012, no Warrants were exercised. As at September 30, 2012 and March 31, 2012, no stock options are outstanding. No stock options were granted during the six-month period ended September 30, 2012 and the year ended March 31, 2012.

On October 7, 2010, Ceres announced a normal course issuer bid (the "2010-2011 NCIB") commencing on October 8, 2010. The 2010-2011 NCIB concluded on the earlier of the date on which purchases under the bid have been completed and October 7, 2011. For the six-month period ended September 30, 2011, Ceres purchased 260,293 Shares under the 2010-2011 NCIB for an aggregate consideration of $1,997,493. The stated capital value of the repurchased Shares was $2,511,265. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $513,772 for the six-month period ended September 30, 2011, was allocated to Retained Earnings.

On October 13, 2011, Ceres announced a normal course issuer bid ("the 2011-2012 NCIB") commencing on October 17, 2011. The 2011-2012 NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and October 16, 2012. For the six-month period ended September 30, 2012, Ceres purchased 228,500 Shares under the 2011-2012 NCIB for an aggregate consideration of $1,423,317. The stated capital value of these repurchased Shares was $2,204,532. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $781,215, has been allocated to Retained Earnings.

The following are the consolidated contractual maturities of all financial liabilities, including interest payments, as at September 30, 2012:

	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 136,922,386	$ 137,648,000	$ 137,648,000	$ -	$ -	$ -
Repurchase obligations	39,208,967	39,208,967	39,208,967	-	-	-
Accounts payable and accrued liabilities	16,003,572	16,003,572	16,003,572	-	-	-
Derivatives	1,044,203	1,044,203	1,044,203	-	-	-
Management fees payable	229,534	229,534	229,534	-	-	-
Income taxes payable	18,198	18,198	18,198	-	-	-
Long-term debt	44,742,262	56,628,081	7,354,168	7,076,242	19,565,463	22,632,208
	$ 238,169,122	$ 250,780,555	$ 201,506,642	$ 7,076,242	$ 19,565,463	$ 22,632,208

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

Despite the drought that occurred in the U.S. Midwest, cereal grain production this past year was very strong in North America, with 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 with the removal of the Canadian Wheat Board's marketing monopoly creates a much more dynamic market for Riverland Ag to participate in, going forward. Canadian oat production, which is Riverland Ag's primary sourcing area, is consistent with previous years with a wide range of quality being observed. As to the opening of the Canadian wheat market, we are currently seeing reluctance of the Canadian farmer to sell grains and as a result we expect to continue to build inventories into the fourth quarter.

As a result of the opening up of the Canadian wheat market, we generally expect the business to be more balanced between spring wheat and 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. The combination of the removal of the CWB 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 CWB. 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 should make it a much more vibrant arena for hedging going forward. 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, with the removal of the CWB monopoly, we expect that 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. Ceres and Riverland Ag management are aggressively identifying these opportunities.

Stewart Southern Railway

SSR should benefit from increased grain shipments, starting with the 2012 harvest based on the positive western Canadian crop forecasts highlighted above. In addition, it is expected that shipments of oil by rail will continue to increase from the level of approximately 13,000 barrels per day achieved in June (up from 4,000 barrels per day in March) to approximately 15,500 barrels per day by the late summer of 2012. Shipments of agricultural commodities could also rise significantly from last year, as the local area looks to have a promising harvest this year, after the disappointments of the past two years due to significant moisture levels. SSR management is working with customers to make investments to increase the efficiency of the line, to drive larger volumes going forward. Ceres' management is also working hard to expand and diversify Ceres' emerging commodity logistics division, and several initiatives gained momentum during the quarter.

Business Risks

Risks related to the portfolio investments

As at September 30, 2012, 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 3.01% of consolidated shareholders' equity (March 31, 2012: 2.48% 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 (September 30, 2012: $8.56 million; March 31, 2012: $2.46 million) and as Derivative assets or Derivative liabilities, as applicable, in unrealized net gains (losses) on open cash contracts (as at September 30, 2012: unrealized gains of $2.89 million and unrealized losses of $1.04 million; March 31, 2012: unrealized gains of $2.96 million and unrealized losses of $2.92 million).

Ceres may use certain derivative instruments to manage its exposure to fluctuations in foreign currency exchange rates on the Portfolio investments. For the six-month period ended September 30, 2012, the realized gain on foreign currency hedging transactions was $0.72 million (six-month period ended September 30, 2011: loss of $1.77 million). For the quarter ended September 30, 2012, the realized gain on foreign currency hedging transactions was $1.75 million (quarter ended September 30, 2011: loss of $1.80 million). As at September 30, 2012 and March 31, 2012, Ceres recognized no unrealized gain or loss on its only forward foreign currency contract as at those dates, as the contracts were executed as at those respective reporting dates.

OUTSTANDING SHARE DATA

As at November 9, 2012, the issued and outstanding equity securities of the Corporation consisted of 14,334,699 Common Shares issued and 150,000 Warrants (September 30, 2012: 14,352,799 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 six-month period ended September 30, 2012, management fees of $1.59 million were charged to operations and included with general and administrative expenses (six-month period ended September 30, 2011: $1.86 million). As at September 30, 2012, management fees payable to the Manager amounted to $0.23 million (March 31, 2012: $0.27 million; September 30, 2011: $0.42 million). For the six-month periods ended September 30, 2012 and 2011, the Statements of Comprehensive Income (Loss) reflect no provision for an incentive fee. As at September 30, 2012, March 31, 2012 and September 30, 2011, there was no liability for an incentive fee.

For the quarter ended September 30, 2012, management fees of $0.78 million were charged to operations and included with general and administrative expenses (quarter ended September 30, 2011: $0.86 million).

(b) Due to Manager

As at September 30, 2012, the Corporation had a liability to the Manager in the amount of $18,198 (March 31, 2012: $55,000).

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.

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

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

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

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

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

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

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

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

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 September 30, 2012, 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 September 30, 2012, 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 September 30, 2012, there have been no changes in Ceres' ICFR that has materially affected, or is reasonably likely to materially affect, Ceres' ICFR.

Gary Selke	Michael Detlefsen	Jason Gould
Chief Executive Officer	*President*	*Chief Financial Officer*

November 9, 2012