CERES GLOBAL AG CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") dated September 25, 2018 should be read in conjunction with the audited Consolidated Financial Statements for the year ended June 30, 2018 of Ceres Global Ag Corp. ("Ceres", the "Corporation", "we", "our", and "us"), and the Corporation's audited consolidated financial statements for the year ended June 30, 2017 (the "Annual Consolidated Financial Statements"). Additional information about Ceres filed with Canadian securities regulatory authorities, including the quarterly financial statements and MD&A, and annual report and the Annual Information Form, is available online at www.sedar.com.

Basis of Presentation
Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Unless otherwise indicated, dollar amounts are expressed in United States dollars ("$" and "USD") and references to "CAD" are to Canadian dollars.

Non-IFRS Financial Measures
This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS. These measures include "EBITDA" (Earnings before interest, income tax, depreciation and amortization), "Return on Shareholders' Equity" and "Adjusted Net Income (Loss)", neither of which have a standardized meaning under IFRS. See "Non-IFRS Financial Measures and Reconciliations."

Risks and Forward-Looking Information
The Corporation's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described in "Key Assumptions & Advisories".

This MD&A contains forward-looking information based on the Corporation's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this annual MD&A and the Corporation's other disclosure documents, many of which are beyond the Corporation's control. Users of this information are cautioned that actual results may differ materially. See "Key Assumptions and Advisories" for information on material risk factors and assumptions underlying the Corporation's forward-looking information.

Who We Are

Through our network of commodity logistics centers and team of industry experts, Ceres procures and provides North American agricultural commodities and value-added products, industrial products, fertilizer, energy products and reliable supply chain logistics services to customers worldwide.

Ceres operates six locations, Duluth, MN; Minneapolis, MN; Shakopee, MN; Northgate, Saskatchewan; and Port Colborne, Ontario, and is headquartered in Minneapolis, MN. Our facilities throughout North America have an aggregate grain and oilseed storage capacity of approximately 29.7 million bushels after the formation of Savage Riverport, LLC.

Ceres also has a 50% interest in Savage Riverport LLC, a joint venture with Consolidated Grain and Barge Co. ("CGB"), and a 25% interest in Stewart Southern Railway Inc. ("SSR"), a short-line railway located in southeast Saskatchewan with a range of 130 kilometers, and a 17% interest in Canterra Seed Holdings Ltd (Canterra), a Canadian-based seed development company.

Grain Division

The Corporation's grain division is engaged in grain storage, procurement, and merchandising of specialty grains and oilseeds such as oats, barley, rye, hard red spring wheat, durum wheat, canola and pulses through six grain storage and handling facilities in Minnesota, Saskatchewan and Ontario. Two of the grain storage facilities are located at deep-water ports in the Great Lakes allowing access to vessels, and another facility is located on the Minnesota River with capacity to load barges for shipment down the Mississippi River to export terminals in New Orleans, combining to provide Ceres with efficient access to export and import flows of our core grains and oilseeds to global markets. Approximately 24.8 million bushels of the Corporation's facilities are "regular" for delivery for both spring wheat against the Minneapolis Grain Exchange futures contract and oats against the Chicago Board of Trade futures contract. In addition, spring wheat and oats sourced by the Corporation out of Canada are eligible for delivery against respective futures contracts.

The majority of the grain division's current storage space supports grain trading, arbitrage and merchandising opportunities. Management determines which of the Corporation's facilities is to be employed for the storage or throughput of a particular grain shipment based on the source of the grain shipment, the elevator location relative to the end customers, the cost of logistics to transport the grain, and the availability of space in the intended elevator. In addition, the Corporation stores and handles grain for third-party customers.

Supply Chain Services

Ceres' key asset in its supply chain services division is the Northgate Logistics Center. Ceres owns approximately 1,300 acres of land at Northgate, Saskatchewan, where it has constructed a commodities logistics centre designed to utilize two rail loops, each capable of handling unit trains of up to 120 railcars and ladder tracks capable of handling up to 100 rail cars. The Northgate Logistics Center ("Northgate" or the "NLC") is an approximately CAD $100 million state-of-the-art grain, oil, natural gas liquids and fertilizer terminal and is connected to the Burlington Northern Santa Fe Railway (the "BNSF") with intentions to further build out infrastructure to support handling of other industrial products and equipment.

The Corporation commenced its initial grain operations at Northgate in October 2014 and the elevator was fully operational in May 2016. As part of its grain operations, the Corporation contracts grain and oilseed purchases from Western Canadian producers that are delivered by truck and unloaded at the NLC grain terminal. Ceres has the option of storing the grain on-site, loading it into outbound railcars to end-users, or shipping to the Corporation's other facilities to take advantage of the value and strategic location of its current asset base.

In addition to the grain operations at Northgate, in April 2015, the Corporation entered into an agreement with Elbow River Marketing ("ERM"), a wholly owned subsidiary of Parkland Fuel Corporation, to transload propane at Northgate. This provides a direct link and an added access point for propane to enter the US market.

In November 2015, Ceres entered into an agreement with Koch Fertilizer Canada, ULC for the storage and handling of dry fertilizer products which brings fertilizer shipments to Northgate. At Northgate, Ceres unloads and warehouses fertilizer in a state-of-the art, 26,000-ton fertilizer storage terminal. The fertilizer is loaded out by Ceres into trucks and distributed to Canadian retailers. The fertilizer operation commenced on April 30, 2017.

The Corporation continues to expand products transloaded at the Northgate facility including but not limited to propane, fertilizer, barite, bentonite, solvents, drilling pipe, and magnesium chloride.

1. FINANCIAL AND OPERATING SUMMARY

	For the year ended			
		June 30,		June 30,
(in thousands of USD except shares and income (loss) per share)		**2018**		2017
Revenues		**411,122**		528,478
Gross profit (loss)		**11,670**		7,841
Income (loss) from operations		**(223)**		(1,717)
Net income (loss)		**(556)**		(13,652)
Weighted average common shares outstanding		**27,924,308**		27,538,615
Income (loss) per share - Basic	**$**	**(0.02)**	$	(0.50)
Income (loss) per share - Diluted	**$**	**(0.02)**	$	(0.50)
EBITDA (1)		**4,369**		2,596
As at:				
Total assets		**188,001**		256,282
Total bank indebtedness, current (2)		**10,910**		56,443
Term debt (3)		**9,661**		14,454
Shareholders' equity		**147,497**		148,759
Return on shareholders' equity (1)		**-0.4%**		-9.2%

(1) Non-IFRS measure. See "Non-IFRS Financial Measures and Reconciliations" section.
(2) Includes bank indebtedness and outstanding cheques in excess of cash on hand.
(3) Includes current portion of long-term debt.

HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2018

- Successfully formed Savage Riverport, LLC, a joint venture with Consolidated Grain and Barge Co., generating $8.5 million from the sale of 50% of the Corporation's assets at Savage.
- Gross profit increased $3.8 million or 49% compared to the prior year due to the increases in storage and rental income and logistics and transloading income.

- Logistics and transloading revenue increased 138% compared to the prior year.
- Storage and rental income increased 25% compared to the prior year.
- EBITDA increased $1.8 million or 68% compared to the prior year.
- Operating expenses decreased $1.1 million as a result of increased efficiency due to the sale of the Buffalo and Lakeport, Duluth facilities.
- Cash flow from operations increased $29.7 million or 303% compared to the prior year.

For the Year Ended June 30, 2018 and 2017

Overall Performance

The Corporation's net loss was $556 thousand for the year ended June 30, 2018, compared to a net loss of $13.7 million for the year ended June 30, 2017. Gross profit was $11.7 million for the year ended June 30, 2018, compared to a gross profit of $7.8 million for the year ending June 30,2017. Furthermore, loss from operations was $223 thousand for the year ended June 30, 2018 compared to a $1.7 million loss from operations for the year ended June 30, 2017.

Revenues and Gross Profit

The Corporation's revenue is currently generated by its grain and supply chain division. The revenues are predominantly composed of the sale of grain, storage and rental income, and transloading income. Since a significant portion of revenue is generated through the sale of grain, as a commercial commodities merchandizing business, revenues can vary from year-to-year due to fluctuations of agricultural commodity prices. The Corporation has the flexibility to be opportunistic in its decisions to buy, sell or hold inventory based on market conditions such as grain supply, demand, and grain values.

Total revenue decreased by $117.4 million in the year ended June 30, 2018 compared to the year ended June 30, 2017. The Corporation handled and traded 74.7 million bushels of grain and oilseed sales in fiscal year 2018 compared to 111.1 million bushels for the fiscal year 2017.

The Corporation's grain division is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relation 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. Accordingly, management believes it is more important to focus on changes in gross profit and bushels handled than on changes in revenue dollars.

The table below represents a summary of the components of gross profit for the year ended June 30, 2018 and 2017:

	For the year ended	
(in thousands of USD)	**June 30, 2018**	June 30, 2017
Net trading margin	**$ 18,089**	$ 18,391
Storage and rental income	**8,032**	6,439
Logistics and transloading	**3,090**	1,298
Operating expenses included in Cost of sales	**(12,667)**	(13,792)
Depreciation expense included in Cost of sales	**(4,874)**	(4,495)
Gross profit (loss)	**$ 11,670**	$ 7,841

Gross profit increased by $3.8 million in the year ended June 30, 2018 compared to the year ended June 30, 2017. The year over year increase in gross profit was driven by an increase in storage and rental income as well as an increase in logistics and transloading income.

<u>Net trading margin</u>
Net trading margin decreased by $300 thousand in the year ended June 30, 2018 compared to the year ended June 30, 2017 due to lower trading volumes year over year (2018: 74.7 million bushels, 2017: 111.1 million bushels) offset by higher margins. In fiscal year 2018, the Corporation was selective in their trading opportunities and focused more on higher margins as opposed to larger volumes.

<u>Storage and rental income</u>
Storage and rental income increased $1.6 million in the year ended June 30, 2018 compared to the year ended June 30, 2017. The Corporation's storage and rental income increase was primarily a result of an increase in margin in relation to third-party agreements related to the Corporation's facilities in the United States.

<u>Logistics and transloading</u>
Logistics and transloading revenue increased $1.8 million in the year ended June 30, 2018 compared to the year ended June 30, 2017. The increase was due primarily to fertilizer transloading income, whose shipments began in the fourth quarter of fiscal 2017 as well as an increase of greater than 30% in Natural Gas Liquids ("NGLs") shipped out of Northgate.

<u>Operating expenses and depreciation</u>
For the year ended June 30, 2018, operating and depreciation expense included in cost of sales totaled $17.5 million compared to $18.3 million for the year ended June 30, 2017. The primary reason behind the decrease is due to the sale of the Buffalo and Duluth Lakeport facilities as well as the Corporation's continued efforts to reduce costs. The Buffalo and Duluth Lakeport facilities incurred operating expense in fiscal year 2017 and were sold in early fiscal 2018.

General and Administrative Expenses
For the year ended June 30, 2018, general and administrative expenses totaled $11.9 million compared to $9.6 million in the year ended June 30, 2017. The increase in administration expense was primarily due to efforts to add talent to the Corporation and strengthen its senior management team. The increase is also related to higher legal expenses in connection with the Corporation's preparation for the upcoming Scoular litigation.

Finance Income (Loss)
For the year ended June 30, 2018, finance loss totalled $357 thousand compared to a finance loss of $268 thousand during the year end June 30, 2017. Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains of portfolio investments. The finance loss increase of $89 thousand is primarily due to the revaluation of portfolio investments offset by foreign exchange gains.

Gain (Loss) on Property, Plant and Equipment
During the year ended June 30, 2018, the Corporation recorded an impairment loss related to its Calumet facility (Minneapolis, Minnesota), as the operations have ceased, and the cash flows associated with this specific asset could no longer support its carrying value. Ceres recorded a loss of $236 thousand on the impairment, which is classified within profit or loss as "(Loss) gain on property, plant and equipment".

During the year ended June 30, 2018, the Corporation closed on the sale of the Buffalo and Duluth Lakeport storage facilities. The realized gain on the sale of its Buffalo storage facility of $103 thousand and a loss of $166 thousand on the sale of Duluth Lakeport, for an aggregate loss of $63 thousand, are reported within profit and loss for the twelve months ended June 30, 2018. Both facilities were classified as “Assets held for sale” on the Consolidated Balance Sheet in the June 30, 2017 audited Consolidated Financial Statements, valued at nil, being the lesser of their carrying amount and fair value less costs to sell.

Gain (Loss) on Equity Investment

On April 30, 2018, the Corporation formed Savage Riverport, LLC and transferred the grain elevator and related assets at its Savage, Minnesota facility, which had net book value of $9.3 million as at April 30, 2018, to the newly formed entity. Subsequent to the transaction, Ceres received cash of $8.5 million from Consolidated Grain and Barge in exchange for 50% of the equity in Savage Riverport, LLC, of which, $2.0 million was utilized to pay down the term debt. The sale of the equity in Savage Riverport, LLC net of transaction fees resulted in a gain of $3.7 million. The Corporation will recognize the remaining gain of $3.8 million over the useful life of the contributed assets.

Interest Expense

	For the year ended			
	June 30,		June 30,	
(in thousands of USD)	**2018**		2017	
Revolving credit facility	**$**	**(1,785)**	$	(1,823)
Repurchase obligations		**(37)**		(297)
Long-term debt		**(892)**		(1,163)
Other financing obligations		**(8)**		-
Amortization of financing costs paid		**(450)**		(596)
Total interest expense	**$**	**(3,172)**	$	(3,879)

For the year ended June 30, 2018, interest expense totaled $3.2 million compared to $3.9 million for the year ended June 30, 2017. The decrease in interest expense was due to lower inventory levels on hand throughout the year resulting in lower average borrowings on the revolving credit facility and repurchase obligations. Additionally, the interest expense related to the term debt decreased. This is a result of the two principal payments totaling $5 million in fiscal year 2018.

Share of Net Income (Loss) in Investments in Associates

For the year ended June 30, 2018, the Corporation incurred a loss in its net share in investments in associates of $218 thousand compared to a loss of $237 thousand for the year ended June 30, 2017.

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016
(in thousands of USD except per share)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenues	$ 92,809	$ 98,106	$ 89,569	$ 130,638	$ 112,178	$ 128,534	$ 131,838	$ 155,927
Gross profit	$ 1,925	$ 2,399	$ 4,283	$ 3,063	$ 52	$ 3,048	$ 2,870	$ 1,871
Income (loss) from operations	$ (971)	$ (933)	$ 1,162	$ 519	$ (2,522)	$ 631	$ 779	$ (605)
Net income (loss)	$ 1,829	$ (1,802)	$ 224	$ (806)	$ (4,040)	$ (8,104)	$ (153)	$ (1,356)
Return on shareholders' equity[1]	1.2%	-1.2%	0.1%	-0.5%	-2.7%	-5.4%	-0.1%	-0.9%
Weighted-average number of common shares for the quarter	27,935	27,935	27,917	27,910	27,947	28,030	27,303	26,889
Basic and fully diluted earnings (loss) per share	$ 0.07	$ (0.06)	$ 0.01	$ (0.03)	$ (0.14)	$ (0.29)	$ (0.01)	$ (0.05)
EBITDA[1]	$ 209	$ 302	$ 2,333	$ 1,524	$ (1,720)	$ 1,568	$ 2,002	$ 744
EBITDA per share	$ 0.01	$ 0.01	$ 0.08	$ 0.05	$ (0.06)	$ 0.06	$ 0.07	$ 0.03
Shareholders' equity, as at reporting date	$ 147,497	$ 147,116	$ 150,761	$ 151,094	$ 148,759	$ 150,958	$ 158,367	$ 155,062
Shareholders' equity per common share, as at reporting date	$ 5.00	$ 5.00	$ 5.40	$ 5.41	$ 5.33	$ 5.40	$ 5.64	$ 5.77
Volumes								
Elevator bushels handled	12,495	11,495	14,342	22,874	26,099	16,055	20,021	25,030
Direct ship bushels	1,758	4,797	2,610	4,363	3,580	5,809	4,641	9,912

[1]Non-IFRS measurement. See "Non-IFRS Financial Measures and Reconciliations" section below for further information.

Note: The data in the schedule above has been intentionally rounded to the nearest thousand, and therefore, the quarterly amounts may not sum to the fiscal year-to-date amounts.

Fourth Quarter

Gross profit for the quarter ended June 30, 2018 increased $1.87 million to $1.93 million compared to the same period of the previous year. The increase in gross profit was driven by the Corporation’s focus on executing trades with higher margin opportunity as opposed to high trading volume. Operating and depreciation expense in cost of sales decreased by $700 thousand primarily due the disposal of the Savage elevator for the formation of Savage Riverport, LLC. General and administrative expenses increased $321 thousand for the quarter ended June 30, 2018 compared to the same quarter in prior year due to an increase in legal expenses in connection with the Corporation’s preparation for the upcoming Scoular trial. The Corporation recognized a net income for the quarter ended June 30, 2018 of $1.8 million compared to net loss of $4.0 million in the same quarter of the prior year. In addition to the increased gross profit discussed above, the Corporation recognized a $3.7 million gain in relation to the sale of its equity investment in Savage Riverport, LLC.

3. LIQUIDITY & CASH FLOW

(in thousands of USD)	For the year ended **June 30, 2018**	June 30, 2017
Net Cash Provided by (Used in)		
Operating activities	**$ 44,352**	$ 14,624
Investing activities	**6,797**	(10,947)
Net Cash Provided (Used) Before Financing Activities	**51,149**	3,677
Financing Activities	**(50,776)**	(2,982)
Foreign Exchange Cash Flow Adjustment on Accounts Denominated in a Foreign Currency	**2**	-
Increase (Decrease) in Cash and Cash Equivalents	**$ 375**	$ 695

Operating Activities
Cash provided by operating activities was $44.4 million for the year ended June 30, 2018 compared to $14.6 million in the prior year. The $29.7 million increase in cash provided by operating activities was primarily a result of better operating results and lower inventory levels year over year.

Investing Activities
During the year ended June 30, 2018, cash provided by investing activities was $6.8 million (which comprised mainly of the formation and sale of 50% of Savage Riverport, LLC) compared to the $10.9 million cash used in investing activities in the prior year. The $17.7 million decrease in cash used by investing activities was primarily due to the completion of asset purchases for the fertilizer facility at Northgate in the prior year.

Financing Activities
During the year ended June 30, 2018, the Corporation had $50.8 million in cash used in financing activities compared to $3.0 million in the prior year. The $47.8 million increase in cash used by financing activities was primarily due to the decrease of borrowings on the revolving line of credit as a result of cash generated from operations as well as lower inventory levels throughout the year.

Available Sources of Liquidity
The Corporation's sources of liquidity as at June 30, 2018 include available funds under its revolving credit facility (the "Credit Facility"). Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Growth capital expenditures in the next year are expected to be funded by cash on hand and borrowing against the Credit Facility. Any additional debt incurred is expected to be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant limits.

In addition, the Credit Facility, as at June 30, 2018 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $30.0 million. As at June 30, 2018 the Corporation's working capital – defined as current assets less current liabilities – totaled $40.4 million. In addition to working capital, the covenants include the maintenance of "consolidated debt" to "consolidated tangible net worth" (as defined in the agreement) of not more than 4.0 to 1.0 and consolidated tangible net worth of not less than $120.0 million. As at June 30, 2018 and June 30, 2017, the Corporation was in compliance with all of the above mentioned financial covenants.

Liquidity risk

As at June 30, 2018 and 2017, the following are the contractual maturities of financial liabilities, excluding interest payments:

(in thousands of USD) June 30, 2018	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 10,910	$ 11,000	$ 11,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	16,574	16,574	16,574	-	-	-
Unrealized losses on open cash contracts	3,323	3,323	3,323	-	-	-
Term debt	9,661	10,000	5,000	5,000	-	-
Operating lease obligations	-	1,213	475	388	350	-
Capital lease obligation(s)	45	52	11	10	31	-

(in thousands of USD) June 30, 2017	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 56,443	$ 56,595	$ 56,595	$ -	$ -	$ -
Accounts payable and accrued liabilities	22,560	22,560	22,560	-	-	-
Unrealized losses on open cash contracts	14,066	14,066	14,066	-	-	-
Term debt	14,454	15,000	3,000	5,000	7,000	-
Operating lease obligations	-	1,652	517	456	679	-

Future expected operational cash flows and sufficient 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: the prompt settlement of amounts due from brokers, 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.

4. CAPITAL RESOURCES

The Corporation utilizes the Credit Facility to finance its grain trading operations, which primarily consist of purchases of grain inventories, financing of accounts receivable, and hedging activities, less accounts payable. Levels of short-term debt fluctuate based on changes in underlying commodity prices, inventories on hand and the timing of grain purchases.

Credit Facility
As disclosed in the Consolidated Financial Statements for the year ended June 30, 2018, on December 28, 2017 the Corporation renewed and amended its uncommitted credit facility to a maximum revolving facility amount of $67.5 million. The agreement is set to expire on December 27, 2018. Borrowings bear an interest rate of overnight LIBOR plus 3.875% per annum, calculated and paid on a monthly basis. The Credit Facility is subject to borrowing base limitations. Amounts under the Credit Facility that remain undrawn are not subject to a commitment fee. The Credit Facility has certain covenants pertaining to the accounts of the Corporation, and as at June 30, 2018, the Corporation was in compliance with all covenants.

Term Loan

In accordance with the Corporation's senior secured term loan facility agreement with Macquarie Bank entered into on December 30, 2014 and subsequently amended, a principal payment of $3.0 million was paid on December 29, 2017 and an additional $2 million was paid on April 30, 2018. The next principal payment is payable on December 28, 2018 for the amount of $5.0 million and the final principal payment is due on December 27, 2019 in the amount of $5.0 million. The term loan has an interest rate of one-month LIBOR plus 5.25%.

Normal Course Issuer Bid

During the year ended June 30, 2018, the Corporation did not qualify to purchase any Shares under any Normal Course Issuer Bid.

During the year period ended June 30, 2017, the Corporation purchased Shares under normal course issuer bids, the purpose of which was to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the common shares. The Corporation renewed the normal course issuer bid ("the 2016-2017 NCIB") commencing on June 12, 2016. Using the facilities of the Toronto Stock Exchange ("TSX") and in accordance with its rules and policies, Ceres intended to purchase up to a maximum of 1,595,765 of its Common Shares, representing approximately 10% of its unrestricted public float as of June 2, 2016, subject to a maximum aggregate purchase price of CAD $5 million pursuant to restrictions under the Corporation's Credit Facility. Ceres purchased up to a daily maximum of 2,119 Common Shares under the 2016-2017 NCIB, except for purchases made in accordance with the "block purchase" exception under applicable TSX rules and policies. The 2016-2017 NCIB concluded on June 11, 2017.

During the year ended June 30, 2017, the Corporation purchased a total of 257,582 common shares under the normal course issuer bid for aggregate cash consideration of $1.1 million. The stated capital value of these repurchased Shares was $1.9 million. The excess of the stated capital value of the repurchased common shares over the cost thereof, being $826 thousand, was allocated to Deficit in the twelve-month period ended June 30, 2017.

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued but Not Yet Effective

Refer to Note 3 to the Annual Consolidated Financial Statements for information pertaining to accounting changes and information on standards issued but not yet effective for the period ending June 30, 2018.

Critical Accounting Estimates

The discussion and analysis of Ceres' financial condition and results of operations are based upon the Corporation's Consolidated Financial Statements, which have been prepared in accordance with IFRS. Ceres' significant accounting policies and accounting estimates are contained in the Annual Consolidated Financial Statements (see Notes 3 and 4, respectively, for the description of policies or references to notes where such policies are contained). The critical accounting estimates are valuation of investments; valuation of inventories and commodity derivatives; because they require Ceres to make assumptions about matters that are potentially uncertain at the time the accounting estimate is made and due to the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

6. OUTLOOK

Grain Division

The 2018 cereal grain growing season began with good growing conditions along with increased acreage in the western half of the U.S. and Southwestern Canadian growing areas followed by late summer heat and drought.

These conditions created a significant amount of volatility for markets. Initially, prices decreased due to increased acreage and favorable growing conditions, then more recently prices increased as yields have been less than expected due to drought conditions. In addition, uncertainty in foreign policy, particularly in the US, related to tariff implementations has directly impact pricing of cereal grains.

Early indications for the upcoming crop year harvest suggest increased yields for spring wheat and durum and lower forecasted production for oats. There were some bin cleanouts by farmers in June, primarily in wheat and durum, but as prices fell so did sales from farmers. The timing of future sales will depend on whether new production volumes force sales to ramp up as the harvested crops are brought in from the fields.

With trade wars pressuring North American commodities, there have been some negative impacts on cereal grain prices. This is especially evident in the Western growing regions of North America where the bulk of the Corporation's facilities are located. In contrast to the North American price weakness, several European and Australian crops (oats, wheat and canola) have suffered from heat and drought which has reduced supply in those regions. The Corporation will look to take advantage of both the larger storage revenue potential and the increased exports in our core commodities.

In addition, the Corporation continues to focus on its long-term goals which include:

1. Increasing origination volume direct from farmers in the U.S. and Canada;
2. Maximizing volumes and value through and around its network, capitalizing on its asset utility and effectively lowering fixed cost per bushel handled;
3. Investing in its infrastructure to broaden its product portfolio and focus more on pulses and specialty crops, both at Northgate and other locations;
4. Extending its reach to chosen quality conscious customers both in the U.S. and internationally;
5. Hiring talented people who can execute on the above items.

Supply Chain Services Division

Q4 2018 experienced a steady increase in volumes from nearly all products vs Q4 2017, most notably with NGLs which increased more than 30% vs. Q3 and Q4 2017. From Northgate, NGLs are unloaded from trucks onto BNSF railcars for shipment into the US & Mexico. Demand has been strong and volumes continue to exceed expectations. The Corporation expects volumes will maintain these higher levels throughout the rest of the autumn season. Fertilizer movement was modest as Q4 is an off-season time of year. The next surge in volume will happen in late Q1 and into Q2, and volumes are expected to be higher in fiscal year 2019 vs. 2018.

The Corporation had previously advised its efforts to explore opportunities to build out and further develop the NLC energy & industrial products transloading business, including the potential to handle other types of energy and industrial products such as crude oil, oil field supplies, construction materials, and industrial parts and equipment. Consistent with these efforts, the Corporation is presently engaged in discussions and analysis with an oil and gas infrastructure company concerning the feasibility of constructing a pipeline to transport crude oil to NLC for movement by rail into the U.S. In addition, through a coordinated effort with BNSF, the Corporation has worked with U.S. Customs & Border Patrol (CBP) to provide the infrastructure and personnel needed to inspect a broad list of products that were previously not approved for import into the U.S. As a result of that effort CBP has approved the following products and efforts are being made to add those to the Corporation's portfolio of supply chain services: dried leguminous vegetables, seeds, crude, alfalfa, butane, LPG, coal, fly ash, lumber, Oriented Strand Board ("OSB"), sodium chloride and sodium phosphate.

With expected increases in volumes from existing products, exploration and ultimately development of liquid energy infrastructure, and a broader portfolio of products now approved for import into the U.S., the

Corporation expects steady growth from the transload and supply chain service business at Northgate, Saskatchewan and will continue to pursue those types of opportunities at other locations as well.

7. OTHER

CONTROLS ENVIRONMENT

Disclosure Controls and Procedures
Ceres maintains appropriate information systems, procedures, and controls to ensure that new information disclosed externally is complete, reliable, and timely. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and that they have, as at June 30, 2018, designed the 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 Controls over Financial Reporting
NI 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining internal control over financial reporting ("ICFR") and that they have, as at June 30, 2018, designed ICFR 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 CPA Canada (formerly The Canadian Institute of Chartered Accountants). There have been no material changes in the Corporation's internal control over financial reporting during the year ended June 30, 2018 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Corporation's financial instruments and other instruments, including a discussion of risks and relevant risk sensitivities, can be found in footnote 8 of the Annual Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

Ceres has operating lease commitments that are not recorded on the balance sheet. Refer to footnote 8 for the schedule for the contractual maturities of operating lease obligations.

RELATED-PARTY TRANSACTIONS

The remuneration of key management personnel of the Corporation, which includes both members of the Board of Directors and leadership team including the President and CEO, CFO and vice presidents, is set out below in aggregate:

(in thousands of USD)	Twelve-months ended **June 30, 2018**	Twelve-months ended June 30, 2017
Employee/director salaries and benefits	**$ 1,266**	$ 1,091
Share-based compensation	**233**	417
	$ 1,499	$ 1,508

Savage Riverport, LLC

Ceres routinely transacts business directly with Savage Riverport, LLC. Such transactions are in the ordinary course of business and include storage and elevation fees for grain storage, as well as management fees. Related party revenue included in total revenue in the Consolidated Statements of Income include $13 thousand and nil for fiscal year 2018 and 2017, respectively. Related party expenses recorded in cost of goods sold are $240 thousand and nil for fiscal year 2018 and 2017, respectively. As at June 30, 2018, the accounts receivable, due from Savage Riverport, LLC totaled $29 thousand and accounts payable, due to Savage Riverport, LLC totaled $36 thousand.

SHARES OUTSTANDING

As at September 25, 2018, the issued and outstanding equity securities of the Corporation consisted of 27,934,991 common shares. In addition, the Corporation has 1,350,462 stock options outstanding with a weighted-average exercise price of C$5.84 per common share and 252,503 deferred share units outstanding.

CONTINGENCIES

See Note 19 of the Annual Consolidated Financial Statements for disclosure of the Corporation's contingencies as at June 30, 2018.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

Certain financial measures in this annual MD&A and discussed below are not prescribed by and do not have a standardized meaning under IFRS. As such, they are unlikely to be comparable to similar measures presented by other issuers. These non-IFRS financial measures are included because management uses the information to analyze leverage, liquidity, and operating performance.

Earnings Before Interest, Income Taxes, Depreciation and Amortization

The Corporation believes the presentation of EBITDA can provide useful information to investors and shareholders as it provides increased transparency. EBITDA is one metric that is used by management to determine the Corporation's ability to service its debt and finance capital. EBITDA excludes gains and losses on property, plant and equipment, assets held for sale, and gains and losses on equity investments as these items are considered to be non-reoccurring in nature.

The following table is a reconciliation of EBITDA for Ceres on a consolidated basis for the year ended June 30, 2018, and the year ended June 30, 2017:

	Twelve-months ended	
(in thousands of USD)	**June 30, 2018**	June 30, 2017
Net income (loss) for the period	**$ (556)**	$ (13,652)
Add/(Deduct):		
Interest Expense	**3,172**	3,879
Revaluation of derivative warrant liability	**-**	(104)
Loss (Gain) on sale or property, plant and equipment	**299**	7,651
Loss (Gain) on equity investment	**(3,675)**	-
Income taxes (recovered)	**(38)**	4
Share of net (income) loss in investments in associates	**218**	237
Depreciation on property, plant and equipment	**4,949**	4,581
	$ 4,369	$ 2,596

Return on Shareholders' Equity

Ceres believes that the return on shareholders' equity can be an effective measure used to evaluate the performance of the business over time. Management uses this metric to analyze performance and set targets. Return on shareholders' equity is the quotient of the net income (loss) for the period and the total shareholders' equity as at the reporting date.

The following table is a calculation of return on shareholders' equity for the year ended June 30, 2018, and the year ended June 30, 2017:

	Twelve months ended	
(in thousands of USD)	**June 30, 2018**	June 30, 2017
Net income (loss) for the period	**$ (556)**	$ (13,653)
Total shareholders' equity as at reporting date	**$ 147,497**	$ 148,759

Adjusted Net Income (Loss)

The Corporation believes that the adjusted net income (loss) can be an effective measure used to evaluate its profitability by excluding non-reoccurring items. In calculating adjusted net income, Ceres excludes gain (loss) on sale or impairment of property, plant and equipment, income (loss) from investments in associates, revaluation of warrants, gain (loss) on equity investments, legal expense related to ongoing litigation and one-time write-downs. Ceres may calculate adjusted net income differently than other companies; therefore, Ceres' Adjusted Net Income (Loss) may not be comparable to similar measures presented by other issuers.

The following table is the adjusted net income (loss) for the year ended June 30, 2018, and the year ended June 30, 2017:

	Twelve-months ended	
(in thousands of USD)	**June 30, 2018**	June 30, 2017
Adjusted net income (loss)	**$ (1,438)**	$ (5,123)

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD LOOKING INFORMATION

This annual MD&A contains information that is "forward-looking information", "forward-looking statements" and "future oriented financial information" (collectively herein referred to as "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, expectations or projections about the future, strategies and goals for growth, the action against Ceres initiated by the Scoular Company, expected and future cash flows, costs, planned capital expenditures, additional anticipated capital projects, construction and completion dates, including plans to further develop the NLC, operating and financial results, critical accounting estimates and the expected financial and operational consequences of future commitments.

Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "outlook", "likely", "probably", "going forward", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "may have implications" or similar words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking statements in this document are intended to provide Ceres' shareholders and potential investors with information regarding Ceres and its subsidiaries, including Management's assessment of future financial and operational plans and outlook for Ceres and its subsidiaries.

Forward-looking statements are based on the opinions and estimates of management at the date the information is made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Actual results or events may differ from those predicted in these forward-looking statements. All of the Corporation's forward-looking statements are qualified by the assumptions that are stated or inherent therein, including the assumptions listed below. Although Ceres believes these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements.

KEY ASSUMPTIONS

Key assumptions have been made in connection with the forward-looking statements in this annual MD&A. These assumptions include, but are not limited to, the following:

- No material change in the regulatory environment in Canada and the United States;
- Supply and demand factors as well as the pricing environment for grains and other agricultural commodities;

- Fluctuation of currency and interest rates;
- General financial conditions for Western Canadian and American agricultural producers;
- Market share that will be achieved by the Corporation;
- Adequate and timely service from the railroad companies, and in particular from the Burlington Northern Santa Fe railroad at the NLC;
- The ability of Ceres to successfully operate Northgate;
- The Corporation's ability to successfully defend itself against, or settle, the dispute with The Scoular Company and the costs of that dispute;
- Realization of economic benefits resulting from the synergies with NLC; and
- The Corporation's ability to maintain existing customer contracts and relationships coupled with its ability to increase its customer portfolio.

The preceding list is not an exhaustive list of all possible factors. All factors should be considered carefully when making decisions with respect to Ceres. Many such factors and events are not within the control of Ceres. Factors that could cause actual results or events to differ materially from current expectations include, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in the agricultural, food processing and feed sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Ceres to successfully implement strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Corporation's assets, the availability and price of commodities, and the regulatory environment, processes and decisions. Ceres has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements. However, there may be other factors that might cause actions, events or results that are not anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information.

By its nature, forward-looking information is subject to various risks and uncertainties, including those risks discussed in other sections of this annual MD&A and in other filings and communications, any of which could cause Ceres' actual results and experience to differ materially from the anticipated results or published expectations. Additional information on these and other factors is available in the reports filed by Ceres with Canadian securities regulators. Readers are cautioned not to place undue reliance on the forward-looking statements herein, which are given as of the date of this annual MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Ceres undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, change in management's estimates or opinions, future events or otherwise, except as required by law.