MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") dated November 13, 2018 should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements for the three-month period ended September 30, 2018 of Ceres Global Ag Corp. ("Ceres", the "Corporation", "we", "our", and "us"), and the Corporation's audited Consolidated Financial Statements for the twelve-month period ended June 30, 2018 (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 ("$" and "USD") and references to "CAD" and "C$" 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), "Adjusted net income" and "Return on shareholders' equity", none 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 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.

1. FINANCIAL AND OPERATING SUMMARY

	Three months ended September 30,	
(in thousands of USD except per share)	**2018**	2017
Revenues	**$ 88,432**	$ 130,638
Gross profit (loss)	**$ 4,989**	$ 3,063
Income (loss) from operations	**$ 1,222**	$ 519
Net income (loss)	**$ (7,774)**	$ (806)
Weighted average common shares outstanding	**27,934,991**	27,910,413
Income (loss) per share - Basic	**$ (0.28)**	$ (0.03)
Income (loss) per share - Diluted	**$ (0.28)**	$ (0.03)
As at:		
Total assets	**$ 246,015**	$ 245,740
Total bank indebtedness, current (1)	**$ 58,955**	$ 45,352
Term debt (2)	**$ 9,715**	$ 14,504
Shareholders' equity	**$ 140,868**	$ 151,094
Return on shareholders' equity (3)	**-5.5%**	-0.5%

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

HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018

- Income from operations was $1.2 million for the quarter, which continues the trend of improved earnings for the Corporation.
- Natures Organic Grist, LLC ("NOG") was acquired on July 11, 2018 and was accretive to earnings of the Corporation for the quarter.
- On October 4, 2018, the Corporation entered into a settlement agreement with The Scoular Company ("Scoular") to settle the pending lawsuit filed by Scoular. The Corporation will pay $11.3 million in cash to Scoular and Scoular will release all claims against Ceres relating to the subject matter of the lawsuit.

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 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.

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 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.

In 2014, the Corporation commenced its initial operations at 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. 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.

A portion of the Corporation's grain elevators support 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.

Supply Chain Services Division

The Supply Chain Services Division utilizes the Corporation's facilities to provide logistics services, storage and transloading for commodities and industrial products. Ceres' key asset in its supply chain services division is the Northgate Logistics Center ("NLC"). The NLC sits on approximately 1,300 acres of land in Northgate, Saskatchewan, and is designed to utilize two rail loops, each capable of handling unit trains of up to 120 railcars and three ladder tracks capable of handling up to 245 rail cars. This terminal is capable of handling numerous commodities and is connected to the Burlington Northern Santa Fe Railway (the "BNSF").

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 and Mexican 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, lumber, Oriented Strand Board ("OSB") and magnesium chloride.

Overall Performance

The Corporation's net loss was $7.8 million for the quarter ended September 30, 2018, compared to a net loss of $806 thousand in the same quarter of 2017. The net loss was due to the settlement of the Scoular case, where the Corporation recognized expenses of $9.4 million which was comprised of $8.2 million related to the settlement of the case and $1.2 million related legal fees. Refer to note 18 of the interim condensed consolidated financial statements for more information. Gross profit was $5.0 million for the quarter ended September 30, 2018 compared to a gross profit of $3.1 million in the same quarter of 2017 as a result of higher merchandising margins. Income from operations was $1.2 million for the quarter ended September 30, 2018 compared to income of $519 thousand from operations in the same quarter of 2017.

Revenues and Gross Profit

The Corporation's revenue is currently generated by its grain and supply chain services divisions. 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 quarter-to-quarter 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 $42.2 million, primarily due to a decrease in bushels merchandised in the quarter ended September 30, 2018 compared to the same quarter in 2017. The Corporation handled and traded 18.2 million bushels of grain and oilseed in the first quarter of fiscal year 2018 compared to 27.2 million bushels for the same quarter in fiscal year 2017. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. Management believes it is more important to focus on changes in gross profits and volume handled rather than changes in revenue dollars.

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

	2018		
(in thousands of USD)	**Grain**	**Supply Chain Services**	**Total**
Net trading margin	$ 6,479	$ -	$ 6,479
Storage and transloading revenue	-	2,430	2,430
Operating expenses included in Cost of sales	(1,871)	(942)	(2,813)
Depreciation expense included in Cost of sales	(809)	(298)	(1,107)
Gross profit (loss)	$ 3,799	$ 1,190	$ 4,989

	2017		
(in thousands of USD)	**Grain**	**Supply Chain Services**	**Total**
Net trading margin	$ 4,211	$ -	$ 4,211
Storage and transloading revenue	-	3,327	3,327
Operating expenses included in Cost of sales	(1,941)	(1,306)	(3,247)
Depreciation expense included in Cost of sales	(842)	(386)	(1,228)
Gross profit (loss)	$ 1,428	$ 1,635	$ 3,063

Gross profit increased by $1.9 million in the quarter ended September 30, 2018 compared to the same quarter in 2017. The quarter over quarter increase in gross profit was driven by a decrease in operating expenses as well as higher margins.

Net trading margin
Net trading margin increased $1.5 million in the quarter ended September 30, 2018 compared to the same quarter in 2017 due to higher margins on cereal grains quarter over quarter.

Storage and transloading revenue
Storage and transloading revenue decreased $897 thousand in the quarter ended September 30, 2018 compared to the same quarter in 2017. The Corporation's storage and transloading revenue decrease was primarily a result of the reduction in storage revenue generated from the Savage facility, which was contributed to Savage Riverport, LLC on April 30, 2018.

Operating expenses and depreciation
For the quarter ended September 30, 2018, operating and depreciation expense included in cost of sales decreased $555 thousand compared to the same quarter in 2017, also a result of the disposal of the Savage facility that was incurred during the quarter ended September 30, 2017 but was contributed to Savage Riverport, LLC on April 30, 2018.

General and Administrative Expenses
General and administrative expenses totaled $3.8 million for the quarter ended September 30, 2018 compared to $2.5 million for the same quarter in 2017. The $1.3 million increase in general and administrative expenses is due to an increase in legal fees attributable to the Scoular case. For the quarter ended September 30, 2018, the total expenses related to the Scoular legal fees were $1.2 million compared to $276 thousand during the same quarter in 2017.

Finance Income (Loss)
Finance income (loss) is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation of portfolio investments. For the quarter ended September 30, 2018, finance income totaled $40 thousand compared to finance loss of $246 thousand for the same quarter in 2017. Two factors contributed to the decease in finance loss of $285 thousand. The Corporation recognized a $486 thousand loss on the revaluation of portfolio investments in the quarter ended September 30, 2017 compared to nil in the same quarter 2018. This was offset by a decrease in the gain recognized on foreign exchange and currency hedging transactions of $200 thousand.

Interest Expense

(in thousands of USD)	Three months ended September 30, 2018	2017
Interest on revolving credit facility	**$ (396)**	$ (520)
Interest on repurchase obligations	**-**	(37)
Interest on term debt	**(186)**	(246)
Amortization of financing costs paid	**(99)**	(127)
Interest income and other interest expense	**(5)**	-
Total interest expense	**$ (686)**	$ (930)

For the quarter ended September 30, 2018, interest expense decreased $274 thousand compared to the same period in 2017. The decrease of $124 thousand related to interest on the credit facility is driven by lower average daily borrowings during the quarter ended September 30, 2018 compared to the same quarter in 2017. The term debt interest expense decrease of $60 thousand is driven by the lower outstanding principal balance of $10 million during the quarter ended September 30, 2018 compared to $15 million during the quarter ended September 30, 2017.

Share of Net Income (Loss) in Investments in Associates

For the quarter ended September 30, 2018, the Corporation incurred a loss in its net share in investments in associates of $94 thousand compared to a loss of $84 thousand for the same period in 2017.

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
(in thousands of USD except per share)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenues	$ 88,432	$ 92,809	$ 98,106	$ 89,569	$ 130,638	$ 112,178	$ 128,534	$ 131,838
Gross profit (loss)	$ 4,989	$ 1,925	$ 2,399	$ 4,283	$ 3,063	$ 52	$ 3,048	$ 2,870
Income (loss) from operations	$ 1,222	$ (971)	$ (933)	$ 1,162	$ 519	$ (2,522)	$ 631	$ 779
Net income (loss)	$ (7,774)	$ 1,829	$ (1,802)	$ 224	$ (806)	$ (4,040)	$ (8,104)	$ (153)
Return on shareholders' equity[1]	-5.5%	1.2%	-1.2%	0.1%	-0.5%	-2.7%	-5.4%	-0.1%
Weighted-average number of common shares for the quarter	27,935	27,935	27,935	27,917	27,910	27,947	28,030	27,303
Basic and fully diluted earnings (loss) per share	$ (0.28)	$ 0.07	$ (0.06)	$ 0.01	$ (0.03)	$ (0.14)	$ (0.29)	$ (0.01)
EBITDA[1]	$ (5,843)	$ 3,884	$ 302	$ 2,333	$ 1,524	$ (1,720)	$ 1,568	$ 2,002
EBITDA per share	$ (0.21)	$ 0.14	$ 0.01	$ 0.08	$ 0.05	$ (0.06)	$ 0.06	$ 0.07
Ongoing litigation expenses (Scoular)[1]	$ (9,385)	$ (327)	$ (457)	$ (458)	$ (276)	$ (21)	$ (40)	$ (84)
Shareholders' equity, as at reporting date	$ 140,868	$ 147,497	$ 147,116	$ 150,761	$ 151,094	$ 148,759	$ 150,958	$ 158,367
Shareholders' equity per common share, as at reporting date	$ 5.04	$ 5.00	$ 5.00	$ 5.40	$ 5.41	$ 5.33	$ 5.40	$ 5.64
Volumes (*in thousands of tonnes*)								
Total Product Handled and Traded	495	439	420	456	714	758	533	638

[1]Non-IFRS measurement. See Note 8 below for further information

3. LIQUIDITY & CASH FLOW

(in thousands of USD)	Three months ended September 30, **2018**	2017
Net Cash Provided by (Used in)		
Operating activities	**$ (44,270)**	$ 13,617
Investing activities	**(2,912)**	(1,342)
Net Cash Provided Before Financing Activities	**(47,182)**	12,275
Financing Activities	**48,000**	(13,573)
Foreign Exchange Cash Flow Adjustment on Accounts Denominated in a Foreign Currency	**(5)**	(2)
Increase (Decrease) in Cash and Cash Equivalents	**$ 813**	$ (1,300)

Operating Activities

Cash used in operating activities was $44.3 million for the quarter ended September 30, 2018. The $57.9 million increase in cash used in operating activities was primarily driven by an increase in inventory levels due to harvest.

Investing Activities
During the quarter ended September 30, 2018, cash used in investing activities was $2.9 million. The increase in cash used in investing activities was primarily driven by the acquisition of Natures Organic Grist, LLC.

Financing Activities
During the quarter ended September 30, 2018, the Corporation had $48 million in cash provided by financing activities. The increase of cash provided by financing activities was primarily due to an increase of borrowings on the revolving line of credit.

Available Sources of Liquidity
The Corporation’s sources of liquidity as at September 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, any income tax obligations, and the Scoular litigation settlement. Growth capital expenditures in the next twelve months 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 Corporation’s Credit Facility at September 30, 2018 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $30.0 million. As at September 30, 2018 the Corporation’s working capital – defined as current assets less current liabilities – totaled $40.0 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 September 30, 2018, the Corporation was in compliance with all of the above mentioned financial covenants.

Liquidity risk

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

September 30, 2018 *(in thousands of USD)*	Carrying Amount	Contractual Cash Flows	1 Year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 58,955	$ 59,000	$ 59,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	31,672	31,672	31,672	-	-	-
Accounts payable due to associates	40	40	40			
Unrealized losses on open cash contracts	3,435	3,435	3,435	-	-	-
Long-term debt	9,715	10,000	5,000	5,000	-	-
Contingent consideration	1,330	1,330	550	410	370	-
Operating lease obligations	-	1,085	453	377	255	-
Capital lease obligations	33	38	8	8	22	-

June 30, 2018 *(in thousands of USD)*	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	-	-	-
Accounts payable due to associates	36	36	36			
Unrealized losses on open cash contracts	3,323	3,323	3,323	-	-	-
Long-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	-

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 and the timing of grain purchases.

Credit Facility

As disclosed in the Interim Condensed Consolidated Financial Statements for the quarter ended September 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 September 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%.

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued but Not Yet Effective

Refer to Note 4 of the Unaudited Interim Condensed Consolidated Financial Statements for information pertaining to accounting changes and information on standards issued but not yet effective for the period ending September 30, 2018.

Critical Accounting Estimates

The discussion and analysis of Ceres' financial condition and results of operations are based upon the Corporation's Interim Condensed 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

During the first quarter of our fiscal year 2019 from July through September, most of our core crops experienced decent weather during the majority of the growing season. For durum and spring wheat, harvest began as expected and quality was generally above average, however, some portions of those crops were negatively impacted by early snow events late in the harvest period, but they appear to have recovered relatively well. Canola & oat crops didn't fare as well as the northern growing areas were more severely affected. Poor quality in areas has diverted some volume to feed markets and in other cases production was reduced due to acreage abandonment. Nonetheless, supply remains abundant both globally and in North America on all crops except oats, with year-end stocks to use estimates near 10-year highs for durum, canola and spring wheat. Prices have been pressured by these abundant supply forecasts relative to demand, and they have been affected indirectly by the weak soybean prices resulting from the Chinese tariffs on US soybeans. Adding to the price pressure has been market speculation that more wheat (both spring and winter) and corn will be planted on soybean acres next year, and this is creating ripples which extend to regional and global price misalignments unlike any seen since the 1980's Russian wheat embargo. The lone exception to this bearish agricultural environment is oats where globally poor production occurred across the Scandinavian countries and Australia, creating potential shortages later this crop year.

Regarding Ceres' business, gross margins in core grain products improved year-over-year, with an increase in volumes marketed through company assets and slightly less bought and sold through 3rd party assets. Northgate continued to source volumes in excess of our annual plan, and we shifted several of our product's space allocations to optimize for better storage good opportunities in both margins carry earnings where possible. A second high quality durum crop provided and volumes, and our volumes with key strategic accounts grew across many of our product lines as well.

Looking forward, we continue to expect solid cash merchandising opportunities across our core products through the second quarter of fiscal year 2019 (October – December). Spring wheat has developed a modest carry that we can take advantage of and the market has experienced more basis volatility recently that is creating opportunities. Durum prices remain very weak, but we expect to leverage our assets in Duluth and Northgate to efficiently supply our key customers while earning decent margins. Oats have lost their futures carry, however, flat prices have been strong and are creating opportunities. And organic volumes and margins through Natures Organic Grist remain consistent with a positive outlook over the next several months. We expect volumes and margins to somewhat slow down January forward as is typical for the winter season while the Great Lakes and upper Mississippi River freeze, but we remain optimistic about our ability to navigate through that seasonality.

Supply Chain Services Division

Volumes from all major product-lines were steady in the first quarter of fiscal year 2019, maintaining the improved performance achieved over the past several quarters. Most notably, Natural Gas Liquids ("NGLs") continued to achieve good results, and better than the first quarter of fiscal year 2018. From Northgate, NGLs are unloaded from trucks onto BNSF railcars for shipment into the US and Mexico. Demand has been strong, and volumes continue to meet expectations. The Corporation expects volumes will slightly decrease in second and third quarters of fiscal year 2019 versus the first quarter, which is typical as local truck demand increases during winter, but overall volume is expected to continue increasing versus the previous year. Autumn fertilizer movement got started in the first quarter and increased into the beginning of the second quarter. Overall fertilizer volumes are expected to increase in fiscal year 2019 versus 2018.

The Corporation had previously advised of 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 condensates, crude oil, oil field supplies, construction materials, and industrial parts and equipment. Consistent with these efforts, the Corporation is engaged in discussions and analysis with an oil and gas infrastructure company concerning the feasibility of constructing a pipeline to transport liquid hydrocarbons to NLC for movement in Canada to the U.S. by rail and for movement in the U.S. by rail to Canada by pipe. 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, some of which have already been added to the Corporation's portfolio of supply chain services: dried leguminous vegetables, seeds, crude, alfalfa, butane, LPG, coal, fly ash, lumber, 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 September 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 September 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. There have been no material changes in the Corporation's internal control over financial reporting during the quarter ended September 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 Note 6 of the Interim Condensed Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

Ceres has operating lease commitments that are not recorded on the balance sheet. Refer to footnote 6 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:

	Three months ended September 30,	
(in thousands of USD)	**2018**	2017
Employee/director salaries and benefits	**$ 515**	$ 290
Share-based compensation	**(3)**	18
	$ 512	**$ 308**

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 of $20 thousand is included in total revenue in the Consolidated Statements of Net and Comprehensive Income (Loss) for the first quarter of fiscal year 2019. Related party expenses recorded in cost of sales are $360 thousand for the first quarter of fiscal year 2019. As at September 30, 2018, the accounts receivable, due from Savage Riverport, LLC totaled $7 thousand and accounts payable, due to Savage Riverport, LLC totaled $40 thousand. Savage Riverport, LLC was formed on April 30, 2018 and, as such, there were no outstanding balances for the period ended September 30, 2017.

SHARES OUTSTANDING

As at November 13, 2018, the issued and outstanding equity securities of the Corporation consisted of 27,934,991 common shares. In addition, the Corporation has 2,066,137 stock options outstanding with a weighted-average exercise price of C$5.13 per common share and 282,962 deferred share units outstanding.

CONTINGENT LIABILITIES

See Note 16 of the Interim Condensed Consolidated Financial Statements for disclosure of the Corporation’s contingencies as at September 30, 2018.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

Certain financial measures in this 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 and assets held for sale, gains and losses on equity investments as these items are considered to be non-recurring in nature.

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

	Three months ended September 30,			
(in thousands of USD)		**2018**		2017
Net income (loss) for the period	**$**	**(7,774)**	$	(806)
Interest Expense		**686**		930
Loss (Gain) on sale or property, plant and equipment		**-**		63.0
Income taxes (recovered)		**28**		2
Share of net (income) loss in investments in associates		**94**		84
Depreciation on property, plant and equipment		**1,123**		1,250
	$	**(5,843)**	$	1,523

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 quarters ended September 30, 2018 and 2017:

	Three months ended September 30,			
(in thousands of USD)		**2018**		2017
Net income (loss) for the period	**$**	**(7,774)**	$	(806)
Total shareholders' equity as at reporting date	**$**	**140,868**	$	151,094
		-5.5%		-0.5%

Ongoing Litigation Expense (Scoular)

The following table is a calculation of the total ongoing litigation expenses in relation to the Scoular case for the quarters ended September 30, 2018 and 2017:

	Three months ended September 30,			
(in thousands of USD)		**2018**		2017
Legal settlement	**$**	**(8,228)**	$	-
Legal fees		**(1,157)**		(276)
Ongoing litigation expeses	**$**	**(9,385)**	**$**	**(276)**

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. The total legal and settlement expenses incurred for the Scoular case, from inception to settlement, was $12 million. 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 quarters ended September 30, 2018, and September 30, 2017:

(in thousands of USD)	**2018**	2017
Net income (loss)	**$ (7,774)**	$ (806)
Loss (gain) on sale of property, plant and equipment	**-**	63
Ongoing litigation expense (Scoular)	**9,385**	276
Loss (gain) on investments in associates	**94**	84
Revaluation of portfolio investments	**-**	486
Adjusted net income (loss)	**$ 1,705**	$ 103

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD LOOKING INFORMATION

This interim MD&A contains information that is "forward-looking information", "forward-looking statements" and "future oriented financial information" (collectively herein referred to as "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, expectations or projections about the future, strategies and goals for growth, expected and future cash flows, costs, planned capital expenditures, 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 interim 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;
- 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 interim MD&A and in other filings and communications, any of which could cause Ceres' actual results and experience to differ materially from the anticipated results or published expectations. Additional information on these and other factors is available in the reports filed by Ceres with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this interim MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Ceres undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, change in management's estimates or opinions, future events or otherwise, except as required by law.