MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") dated September 17, 2019 should be read in conjunction with the audited Consolidated Financial Statements for the year ended June 30, 2019 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, 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" 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)", 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 & Advisories" for information on material risk factors and assumptions underlying the Corporation's forward-looking information.

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

Ceres is headquartered in Minneapolis, MN and together with its wholly-owned affiliates, operates 13 locations across Saskatchewan, Manitoba, Ontario, and Minnesota. These facilities have an aggregate grain and oilseed storage capacity of approximately 30.8 million bushels.

Ceres also has a 50% interest in Savage Riverport, LLC, a joint venture with Consolidated Grain and Barge Co., a 50% interest in Gateway Energy Terminal, a joint venture with Steel Reef Infrastructure Corp., a 25% interest in Stewart Southern Railway Inc., a short-line railway located in southeast Saskatchewan with a range of 130 kilometers, and a 17% interest in Canterra Seed Holdings Ltd, a Canada-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 thirteen grain storage and handling facilities in Minnesota, Saskatchewan, Ontario, and Manitoba. 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 ("**Northgate**" or the "**NLC**"). The NLC consists of a commodities logistics centre on approximately 1,300 acres of land at Northgate,

Saskatchewan, 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 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's grain facilities. 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 June 2019, the Corporation established Gateway Energy Terminal, a 50/50 joint venture with Steel Reef Infrastructure Corp. located at Northgate ("**Gateway**"). Gateway began operations on July 1, 2019 and handled the transloading of hydrocarbons at Northgate on an exclusive basis. Ceres' contracts with its existing hydrocarbon transload customers were transferred to Gateway as of July 1, 2019. Gateway's operations at Northgate provide a direct link for hydrocarbons 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, solvents, and magnesium chloride.

1. FINANCIAL AND OPERATING SUMMARY

(in thousands of USD except shares and income (loss) per share)	For the year ended **June 30, 2019**		June 30, 2018	
Revenues	**$**	**438,396**	$	411,122
Gross profit (loss)	**$**	**14,320**	$	11,670
Income (loss) from operations	**$**	**1,289**	$	(223)
Net income (loss)	**$**	**(16,871)**	$	(556)
Weighted average common shares outstanding		**27,934,991**		27,924,308
Diluted weighted average common shares outstanding		**29,029,087**		27,924,308
Income (loss) per share - Basic	**$**	**(0.60)**	$	(0.02)
Income (loss) per share - Diluted	**$**	**(0.58)**	$	(0.02)
EBITDA (1)	**$**	**(4,061)**	$	4,369
As at:				
Total assets	**$**	**212,964**	$	188,001
Total bank indebtedness, current (2)	**$**	**33,694**	$	10,910
Term debt (3)	**$**	**19,608**	$	9,661
Shareholders' equity	**$**	**130,764**	$	147,497
Return on shareholders' equity (1)		**-12.9%**		-0.4%

(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, 2019

- Income from operations increased $1.5 million compared to the previous year.
- Gross margins from the Grain Division increased by $5.0 million, due to the ownership of Nature's Organic Grist ("**NOG**") as well as increased gross margins from core product lines.
- Grain storage and handling revenue decreased by nearly $4 million, due to a drop in barley volumes and the sale of the Savage elevator to Savage Riverport, LLC.
- Non-grain storage and handling revenue increased by over $1 million, due to increased volumes from Natural Gas Liquids ("**NGL**"), fertilizer and industrial products.
- Overall operating and SG&A costs decreased by nearly $1.0 million, due mainly to the sale of the Savage elevator to Savage Riverport, LLC.
- Interest costs increased by $1.4 million, due to higher average inventory in FY 2019 vs. FY 2018 as well as increased outstanding term debt year over year.
- The Corporation increased its term debt from $20 million to $35 million to fund business opportunities, and increased its revolving credit facility from $67.5 million to $80 million to support anticipated increases in volumes.
- Significant progress was made on growth-based initiatives during FY 2019: acquisition of NOG, formation of Gateway, and due diligence activity that resulted in the acquisition of Delmar Commodities Ltd. ("**Delmar**") on August 16, 2019.
- Income from operations for the quarter ended June 30, 2019 increased $0.8 million compared to the same

quarter in the previous year. The increase was due to increases in gross margins from the presence of NOG, core grain product lines and non-grain storage & handling, and a decrease in grain storage and handling revenue; meanwhile, lower operating and SG&A costs were offset by higher interest costs from carrying more inventories.

For the Year Ended June 30, 2019 and June 30, 2018

Overall Performance

The Corporation's net loss was $16.9 million for the year ended June 30, 2019, compared to a net loss of $556 thousand for the year ended June 30, 2018. The net loss was due primarily due to the impact of the $8.2 million settlement of the Scoular lawsuit, the amortization of intangible assets $4.0 million, and the write down of the Corporation's Canterra portfolio investment of $1.9 million. Gross profit was $14.3 million for the year ended June 30, 2019, compared to a gross profit of $11.7 million for the year ending June 30, 2018 as a result of higher merchandising margins compared to the prior year. Furthermore, income from operations was $1.3 million for the year ended June 30, 2019 compared to a $223 thousand loss from operations for the year ended June 30, 2018.

Revenues and Gross Profit

Total revenue increased by $27.3 million in the year ended June 30, 2019 compared to the year ended June 30, 2018. The Corporation handled and traded 71.6 million bushels of grain and oilseed sales in fiscal year 2019 compared to 74.7 million bushels for the fiscal year 2018. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. The Corporation believes that changes in gross profits and volume handled are a more accurate reflection of its operational performance than changes in revenue.

The table below represents a summary of the components of gross profit for the year ended June 30, 2019 and 2018:

	2019		
(in thousands of USD)	**Grain**	**Supply Chain Services**	**Total**
Net trading margin	$ 21,392	$ -	$ 21,392
Storage and transloading revenue	-	8,301	8,301
Operating expenses included in Cost of sales	(6,164)	(4,743)	(10,907)
Depreciation expense included in Cost of sales	(3,147)	(1,319)	(4,466)
Gross profit (loss)	$ 12,081	$ 2,239	**$ 14,320**

	2018		
(in thousands of USD)	**Grain**	**Supply Chain Services**	**Total**
Net trading margin	$ 17,936	$ -	$ 17,936
Storage and transloading revenue	-	11,274	11,274
Operating expenses included in Cost of sales	(8,675)	(3,991)	(12,666)
Depreciation expense included in Cost of sales	(3,624)	(1,250)	(4,874)
Gross profit (loss)	$ 5,637	$ 6,033	**$ 11,670**

Gross profit increased by $2.7 million in the year ended June 30, 2019 compared to the year ended June 30, 2018. The year over year increase in gross profit was driven by an increase in net trading margin as well as decreased operating expenses.

<u>Net trading margin</u>
Net trading margin increased by $3.5 million in the year ended June 30, 2019 compared to the year ended June 30, 2018 due to higher trading margins on cereal grains year over year, as well as the addition of NOG.

<u>Storage and transloading revenue</u>
Storage and transloading revenue decreased by $3.0 million in the year ended June 30, 2019 compared to the year ended June 30, 2018. The Corporation's storage and transloading revenue decrease was primarily a result of the reduction in storage revenue generated from its Savage, MN facility, which was contributed to Savage Riverport, LLC on April 30, 2018 and therefore no longer consolidated within operations.

<u>Operating expenses and depreciation</u>
For the year ended June 30, 2019, operating and depreciation expense included in cost of sales totaled $15.4 million compared to $17.5 million for the year ended June 30, 2018. The primary reason behind the decrease is a due to the contribution of the Savage, MN facility to Savage Riverport, LLC.

General and Administrative Expenses
For the year ended June 30, 2019, general and administrative expenses totaled $13.0 million compared to $11.9 million in the year ended June 30, 2018. The increase in general and administrative expenses was primarily due to $0.4 million in legal and due diligence costs related to growth based initiatives, and an increase of $0.6 million of administrative expenses related increased headcount due to acquisitions.

Finance Income (Loss)
For the year ended June 30, 2019, finance loss totaled $2.1 million compared to a finance loss of $357 thousand during the year end June 30, 2018. Finance 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 $1.7 million is driven by the recognition of a $1.9 million loss on the revaluation of portfolio investments during the year ended June 30, 2019.

Interest Expense

	For the year ended	
(in thousands of USD)	**June 30, 2019**	June 30, 2018
Revolving credit facility	$ (2,448)	$ (1,785)
Repurchase obligations	(152)	(37)
Long-term debt	(1,256)	(892)
Other financing obligations	(15)	(8)
Amortization of financing costs paid	(681)	(450)
Total interest expense	**$ (4,552)**	$ (3,172)

For the year ended June 30, 2019, interest expense totaled $4.6 million compared to $3.2 million for the year ended June 30, 2018. The increase in interest expense was due to higher inventory levels on hand throughout the year resulting in higher average borrowings on the revolving credit facility and repurchase obligations. Additionally, on November 15, 2018, the Corporation entered into a $20.0 million term loan agreement with Bixby Bridge Fund IV, LLC ("Bixby Loan"), which was subsequently amended on June 26, 2019. A portion of the proceeds of the Bixby Loan were used to repay all amounts outstanding under the Macquarie Term Loan which included all outstanding interest related to the Macquarie Term Loan.

Gain (Loss) on Property, Plant and Equipment
During the year ended June 30, 2018, the Corporation recorded an impairment related to its Calumet facility (Minneapolis, Minnesota), as the operations had 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 was classified within profit or loss as “Gain (loss) on property, plant and equipment”.

On January 10, 2019, the Corporation closed on the sale of its Calumet grain storage facility. The gross proceeds from the sale were $0.7 million. As at June 30, 2018, Calumet was recorded as an asset held for sale with a carrying value of nil. As such, Ceres recorded a gain on the sale, which was recorded within profit or loss as “Gain (loss) on sale of 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 as “Gain (loss) on property, plant and equipment”.

Amortization of Intangible Assets
Amortization of intangible assets totaled $4.0 million for the year ended June 30, 2019 (nil in 2018) and was comprised solely of the amortization of grain and organic supply contracts acquired in the NOG acquisition. The grain contracts are amortized as bushels are delivered on those contracts. The organic supply contract is amortized on a straight-line basis over the life of the contract, which ended in June 2019.

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.

Share of Net Income (Loss) in Investments in Associates
For the year ended June 30, 2019, the Corporation incurred a loss in its net share in investments in associates of $423 thousand compared to a loss of $218 thousand for the year ended June 30, 2018.

Gain (loss) on currency translation adjustment
Gains and losses pertaining to translation of foreign operations relate to the net assets of CAD functional currency operations (including the Northgate and Port Colborne facilities), which are translated into USD using the rate at the reporting date. Future changes in the USD/CAD exchange rates will result in corresponding other comprehensive income or loss. For example, the Corporation will generally recognize a gain on currency translation when the CAD strengthens against the USD, and the Corporation will generally recognize a loss on currency translation when the CAD weakens against the USD.

For the year ended June 30, 2019, the Corporation recognized a gain on currency translation totaling $116 thousand, compared to a loss of $970 thousand for year ended June 30, 2018. The currency translation adjustment for the year ended June 30, 2019 is a result of the CAD strengthening from $0.7616 USD/CAD at June 30, 2018 to $.7637 USD/CAD at June 30, 2019.

2. QUARTERLY FINANCIAL DATA

	3 months	3 months	3 months	3 months	3 months	3 months	3 months	3 months
Reporting dates	6/30/2019	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
(in thousands of USD except per share)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenues	$ 134,741	$ 90,594	$ 122,820	$ 90,241	$ 92,809	$ 98,106	$ 89,569	$ 130,638
Gross profit (loss)	$ 2,967	$ 3,223	$ 3,046	$ 5,084	$ 1,925	$ 2,399	$ 4,283	$ 3,063
Income (loss) from operations	$ (141)	$ 477	$ (364)	$ 1,317	$ (971)	$ (933)	$ 1,162	$ 519
Net income (loss)	$ (1,858)	$ (1,240)	$ (5,159)	$ (8,515)	$ 1,829	$ (1,802)	$ 224	$ (806)
Return on shareholders' equity[1]	-1.4%	-0.9%	-3.9%	-6.0%	1.2%	-1.2%	0.1%	-0.5%
Basic weighted-average number of common shares for the quarter	27,935	27,935	27,935	27,935	27,935	27,935	27,917	27,910
Dilutive weighted-average number of common shares for the quarter	29,092	28,122	28,122	27,935	27,935	27,935	27,917	27,910
Basic earnings (loss) per share	$ (0.07)	$ (0.04)	$ (0.18)	$ (0.30)	$ 0.07	$ (0.06)	$ 0.01	$ (0.03)
Fully diluted earnings (loss) per share	$ (0.06)	$ (0.04)	$ (0.18)	$ (0.30)	$ 0.07	$ (0.06)	$ 0.01	$ (0.03)
EBITDA[1]	$ 1,370	$ 1,543	$ (1,225)	$ (6,583)	$ 3,884	$ 302	$ 2,333	$ 1,524
EBITDA per share	$ 0.05	$ 0.06	$ (0.04)	$ (0.24)	$ 0.14	$ 0.01	$ 0.08	$ 0.05
Litigation expenses (Scoular)[1]	$ -	$ (5)	$ (147)	$ (9,385)	$ (327)	$ (457)	$ (458)	$ (276)
Shareholders' equity, as at reporting date	$ 130,764	$ 131,584	$ 131,628	$ 140,868	$ 147,497	$ 147,116	$ 150,761	$ 151,094
Shareholders' equity per common share, as at reporting date	$ 4.68	$ 4.71	$ 4.71	$ 5.04	$ 5.00	$ 5.00	$ 5.40	$ 5.41
Volumes (*in thousands of tonnes*)								
Total Product Handled and Traded	574	478	511	495	439	420	456	714

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

Fourth Quarter

Gross profit for the quarter ended June 30, 2019 increased $1.1 million to $3.0 million compared to the same period of the previous year. General and administrative expenses increased $212 thousand for the quarter ended June 30, 2019 compared to the same period in the previous year. The increase in general and administrative expense is driven by increased business development costs incurred with the formation of Gateway and the acquisition of Delmar. The Corporation recognized a net loss for the quarter ended June 30, 2019 of $1.9 million compared to net income of $1.8 million in the same quarter of the prior year. The Corporation recognized a $3.7 million gain in relation to the sale of its equity investment in Savage Riverport, LLC during the year ended June 30, 2018.

3. LIQUIDITY & CASH FLOW

(in thousands of USD)		For the year ended June 30, 2019		June 30, 2018
Net Cash Provided by (Used in)				
Operating activities	$	(24,254)	$	44,352
Investing activities		(6,892)		6,797
Net Cash Provided (Used) Before Financing Activities		(31,146)		51,149
Financing Activities		32,056		(50,776)
Foreign Exchange Cash Flow Adjustment on Accounts Denominated in a Foreign Currency		19		2
Increase (Decrease) in Cash and Cash Equivalents	**$**	**929**	$	375

Operating Activities
Cash used in operating activities was $24.3 million for the year ended June 30, 2019 compared to cash flows provided by operating activities of $44.4 million in the prior year. The $68.7 million decrease in cash provided by operating activities was primarily a result of increased inventory levels over the prior year.

Investing Activities
During the year ended June 30, 2019, cash used in investing activities was $6.9 million compared to cash provided by investing activities of $6.8 million in the prior year. The $13.7 million decrease in cash used by investing activities was primarily due to the purchase of NOG in the current year and the partial sale of Savage Riverport, LLC in the prior year.

Financing Activities
During the year ended June 30, 2019, the Corporation had $32.1 million in cash provided by financing activities compared to cash used in financing activities of $50.8 million in the prior year. The $82.9 million decrease in cash flows from financing activities was primarily due to the increase of borrowings on the revolving line of credit and term loan as a result of the acquisition of NOG.

Available Sources of Liquidity
The Corporation's sources of liquidity as at June 30, 2019 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 fiscal 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, 2019 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $25.0 million. As at June 30, 2019 the Corporation's working capital – defined as current assets less current liabilities – totaled $36.7 million. In addition to working capital, the covenants include the maintenance of "consolidated debt" to "consolidated EBITDA" (as defined in the agreement) of not more than 5.0 to 1.0 and consolidated tangible net worth of not less than $120.0 million. As at and for the year ended June 30, 2019 and June 30, 2018, the Corporation was in compliance with all of the above mentioned financial covenants.

Liquidity risk

As at June 30, 2019 and 2018, the following are the contractual maturities of financial liabilities, excluding interest payments:

June 30, 2019

(in thousands of USD)	Carrying Amount	Contractual Cash Flows	1 Year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 33,694	$ 34,000	$ 34,000	$ —	$ —	$ —
Accounts payable and accrued liabilities	23,944	23,944	23,944	—	—	—
Unrealized losses on open cash contracts	3,435	3,435	3,435	—	—	—
Long-term debt	19,608	20,000	5,000	5,000	10,000	—
Operating lease obligations	—	3,107	608	582	1,072	845
Capital lease obligation(s)	28	32	8	8	16	—

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	—	—	—
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, inventories on hand and the timing of grain purchases.

Credit Facility

As disclosed in the Consolidated Financial Statements for the year ended June 30, 2019, on February 14, 2019, the Corporation entered into a fourth amended and restated credit agreement led by Macquarie Bank Limited, as administrative agent on behalf of a syndicate group of lenders which includes Bank of Montreal and

Cooperatieve Rabo Bank U.A. (the "**New Credit Facility**"). The New Credit Facility increases the amount of the revolving facility available to Ceres from $67.5 million to $80 million, with the potential to access an accordion feature that would provide an additional $20 million. The New Credit Facility matures on February 13, 2020. The interest rate under the New Credit Facility reflects a reduction of 50 basis points from Ceres' prior revolving facility and borrowings bear an annual interest rate of 3.375% plus overnight LIBOR, and interest is calculated and paid on a monthly basis. The New Credit Facility is subject to borrowing base limitations. Amounts under the New Credit Facility that remain undrawn are not subject to a commitment fee.

Term Loan

On November 15, 2018, the Corporation entered into a $20.0 million term loan agreement with Bixby Bridge Fund IV, LLC ("**Bixby Loan**"), subsequently amended on June 26, 2019. A portion of the proceeds of the Bixby Loan were used to repay all amounts outstanding under the Macquarie Term Loan. The loan is secured primarily by mortgages on Ceres' elevator facilities, including; one in Northgate, SK, one in Duluth, MN and two in Minneapolis, MN. This loan is for a term of 4 years with annual principal payments of $5.0 million due November 15, 2019; November 15, 2020; November 15, 2021; and November 15, 2022. Pursuant to the agreed upon conditions of the Bixby Loan, Ceres may, at its discretion, repay the balance of the loan at any time subject to typical notice requirements. This loan has an annual interest rate of 5.25% plus one-month LIBOR.

Prior to the Bixby Loan, the Corporation had a senior secured term loan facility agreement with Macquarie Bank ("**Macquarie Term Loan**") which was entered into on December 30, 2014 and subsequently amended. A principal payment of $3.0 million was paid on December 29, 2017, on April 30, 2018, the Corporation paid an additional principal payment of $2.0 million that was applied against the principal payment due on December 27, 2019. The Macquarie Term Loan had an interest rate of one-month LIBOR plus 5.25%. As at June 30, 2018, the outstanding principal balance on the Macquarie Term Loan was $10.0 million with a balance of unamortized financing costs of $0.3 million.

Subsequent to the year ended June 30, 2019, in conjunction with the acquisition of Delmar, the Corporation amended its term loan with Bixby and increased the amount borrowed from $20 million to $35 million. The new amended agreement requires a payoff of the loan of $5 million in November 2020 and an additional $5 million payoff in November 2021. The remaining $25 million is due upon maturity in 2022.

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 year ended June 30, 2019.

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

Market conditions were challenging to start the quarter (April – June 2019) due to extreme flooding and poor railroad performance, but they improved by the end of the period. Faster than expected snow melt and rains in February and March caused extreme flooding in critical areas of the Missouri and Mississippi rivers, which forced class-1 railroads in the west to shut down portions of their main lines and access to many facilities. This caused service issues across the network that did not get resolved until late in the quarter. As a result, many companies in the industry incurred significant costs stemming from the need to buy spot trains in the secondary market to fill customer contracts. The Corporation's merchandizing and logistics teams managed to navigate through these challenges effectively. Gross margins were supported by strong volumes through company-owned assets and higher oat prices caused from tight supply, while sales and shipments of spring wheat and durum maintained a steady pace. In addition, organic products generated positive margins as end of crop year contracts were delivered.

Looking forward, cash merchandizing opportunities across core products are expected to remain steady over the first two quarters of fiscal year 2020 (July – December 2019). In addition to reliable demand from key customers, exports out of the Great Lakes to residual international buyers have picked up and the Corporation looks to benefit from an overall increase in export volumes. Additionally, the spring wheat and durum markets have developed carries due to large ending inventories from the 2018-2019 crop year and higher than expected yields from the upcoming harvest. Recent rains could negatively impact quality in some areas, which could lead to low quality delivery stocks and provide support for wide futures carries. Lastly, organic products merchandized through NOG are expected to remain steady through the current fiscal year and increase into the first quarter of the 2020 fiscal year.

On August 16, 2019 Ceres announced the acquisition of Delmar. While the Corporation expects this acquisition to be accretive for the coming year, it is expecting to realize some initial maintenance and general improvement costs that will limit any meaningful contribution in the first quarter of the 2020 fiscal year (July – September 2019). Beyond the Delmar acquisition, the Corporation announced in its third quarter MD&A that it had entered into a non-binding letter of intent to partner in a venture that would further add to the its grower origination capabilities. The Corporation is presently engaged in due diligence with respect to that potential transaction and will have more to report in the future.

Supply Chain Services Division

Non-Ag product-lines generated solid margins in which propane volumes reached record volume for a quarter and fertilizer increased from the same quarter a year ago. Gross margins for the segment recovered from the third quarter and finished higher than expected for the April – June period. Volumes are expected to maintain these levels into fiscal year 2020.

The Corporation previously announced that it had established the Gateway joint venture with Steel Reef, a mid-stream company targeting strategic infrastructure projects in the Western Canadian Sedimentary Basin and Williston Basin. Gateway handles NGLs and condensates at Northgate for movements by rail connecting Canadian and US markets. The Corporation and Steel Reef have are jointly marketing Gateway's service capabilities and are developing a two-year plan that will evaluate infrastructure development at Northgate.

Ag product supply chain volumes were down as expected in the fourth quarter. Barley makes up the largest percentage of product in this category and volumes are down as malting companies contracted fewer acres over the past two crop years and supply chain needs have scaled back. Meanwhile, the Corporation's agreement with

London Agricultural Commodities, Inc. through its Port Colborne, Ontario facility began on July 1, 2019 and will begin to generate gross margins during the first quarter of fiscal 2020.

With expected increases in volumes from existing products, exploration and ultimately development of liquid energy infrastructure, and continued focus on development of a broader portfolio of products, the Corporation expects steady growth from the supply chain service business at Northgate and across Ceres' terminal network which will help offset the decline in the third-party grain storage agreements.

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, 2019, 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, 2019, 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, 2019 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 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, 2019**	Twelve-months ended June 30, 2018
Employee/director salaries and benefits	$ 1,551	$ 1,090
Share-based compensation	446	233
	$ 1,997	$ 1,323

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 $80 thousand is included in total revenue for the fiscal year 2019 compared to related party revenue of $13 thousand in fiscal year 2018. Related party expenses recorded in cost of sales are $1.3 million for the fiscal year 2019 and $240 thousand for fiscal year 2018. As at June 30, 2019, the accounts receivable, due from Savage Riverport, LLC totaled $134 thousand ($29 thousand in 2018) and accounts payable, due to Savage Riverport, LLC totaled $51 thousand ($36 thousand in 2018).

SHARES OUTSTANDING

As at September 17, 2019, the issued and outstanding equity securities of the Corporation consisted of 27,934,991 common shares. In addition, the Corporation has 1,830,387 stock options outstanding with a weighted-average exercise price of C$5.17 per common share and 357,030 deferred share units outstanding.

CONTINGENCIES

See note 20 of the Annual Consolidated Financial Statements for disclosure of the Corporation's contingencies as at June 30, 2019.

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 years ended June 30, 2019 and June 30, 2018 and the three months ended June 30, 2019 and June 30, 2018:

	Three months ended June 30,		Year ended June 30,	
(in thousands of USD)	**2019**	2018	**2019**	2018
Net income (loss) for the period	$ (1,958)	$ 1,829	$ (16,871)	$ (556)
Interest Expense	1,066	630	4,552	3,172
Loss (Gain) on sale or property, plant and equipment	-	236	(696)	299
Loss (Gain) on equity investment	-	(3,675)	-	(3,675)
Income taxes (recovered)	(9)	22	(4)	(38)
Share of net (income) loss in investments in associates	141	6	423	218
Amortization of intangible assets	927	-	3,968	-
Depreciation on property, plant and equipment	1,203	1,162	4,567	4,949
	$ 1,370	$ 210	**$ (4,061)**	$ 4,369

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 years ended June 30, 2019 and June 30, 2018:

(in thousands of USD)	**June 30, 2019**	June 30, 2018
Net income (loss) for the period	$ (16,871)	$ (556)
Total shareholders' equity as at reporting date	$ 130,764	$ 147,497
	-12.9%	-0.4%

Litigation Expense (Scoular)

The following table is a calculation of the total litigation expenses in relation to the Scoular case for the years ended June 30, 2019 and 2018:

(in thousands of USD)	**June 30, 2019**	June 30, 2018
Legal settlement	$ (8,228)	$ -
Legal fees	$ (1,309)	$ (1,518)
Total litigation expense	**$ (9,537)**	**$ (1,518)**

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 years ended June 30, 2019 and June 30, 2018 and the three months ended June 30, 2019 and June 30, 2018:

	Three months ended June 30,		Year ended June 30,	
(in thousands of USD)	**2019**	2018	**2019**	2018
Net income (loss)	$ (1,958)	$ 1,829	$ (16,871)	$ (556)
Loss (gain) on sale of property, plant and equipment	-	236	(696)	299
Ongoing litigation expense (Scoular)	-	327	9,537	1,519
Loss (gain) on equity investments	-	(3,675)	-	(3,675)
Loss (gain) on investments in associates	141	6	423	218
Revaluation of portfolio investments	-	-	1,885	486
One time writedown of bad debt expense	6	-	6	271
Adjusted net income (loss)	**$ (1,811)**	$ (1,277)	**$ (5,716)**	$ (1,438)

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD LOOKING STATEMENTS

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, 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 railroads, and in particular from the BNSF at 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 ability of Ceres to successfully integrate and operate Delmar.

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 statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information.

By their nature, forward-looking statements are subject to various risks and uncertainties, including those risks discussed in other sections of this 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 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.