Consolidated Financial Statements of

CERES GLOBAL

For the years ended June 30, 2020 and 2019
(Expressed in US Dollars)

CERES GLOBAL AG CORP.

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Management’s Responsibility for Financial Reporting

These consolidated financial statements of the Corporation are the responsibility of management. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards (“IFRS”) using information available to September 22, 2020 and management’s best estimates and judgments, where appropriate.

Management has established a system of internal accounting and administrative controls to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly authorized and recorded, and financial records are properly maintained for the preparation of reliable financial statements.

The Board of Directors discharges its responsibility for the consolidated financial statements primarily through its Audit Committee, which comprises members of the Board of Directors. The Audit Committee meets with management and with the external auditors to discuss the results of the audit examination and review the consolidated financial statements of the Corporation. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors. The financial statements have been approved by the Board of Directors and have been audited by Baker Tilly WM LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards. Their Independent Auditor’s Report outlines their responsibilities, the scope of their audit, and their opinion on the accompanying consolidated financial statements. Baker Tilly WM LLP has full and unrestricted access to the Audit Committee.

Robert Day
President and
Chief Executive Officer

Jay Bierley
Vice President and
Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ceres Global Ag Corp.:

Opinion

We have audited the consolidated financial statements of Ceres Global Ag Corp. and its subsidiaries (together the "Group"), which comprise the consolidated balance sheets as at June 30, 2020 and June 30, 2019, and the consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2020 and June 30, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions; and,
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in our audits and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
September 22, 2020

CERES GLOBAL AG CORP.

Consolidated Balance Sheets

(In thousands of USD)		**June 30, 2020**		**June 30, 2019**
Assets				
Current assets:				
Cash	$	696	$	1,889
Due from brokers (note 5)		2,666		2,420
Unrealized gains on open cash contracts (note 7)		8,566		6,171
Accounts receivable		31,312		15,235
Accounts receivable - related parties (note 17)		279		134
Inventories, grains (note 6)		81,058		75,065
Prepaid expenses and sundry assets		1,782		1,659
Portfolio investments (note 7)		739		766
Total current assets		127,098		103,339
Investments in associates (note 8)		6,702		6,871
Property, plant, and equipment (note 9)		110,620		102,004
Intangible assets (note 10)		7,390		300
Right of use assets (note 3)		3,159		—
Other assets		18		450
Total assets	$	254,987	$	212,964
Liabilities and Shareholders’ Equity				
Current liabilities:				
Bank indebtedness (note 11)	$	31,702	$	33,694
Accounts payable and accrued liabilities		38,069		23,944
Accounts payable - related parties (note 17)		25		51
Unrealized losses on open cash contracts (note 7)		5,752		3,435
Contingent consideration - current (note 7)		—		600
Current portion of term loan (note 12)		—		4,894
Current portion of lease liability (note 3)		572		—
Total current liabilities		76,120		66,618
Term loan (note 12)		29,721		14,714
Long-term lease liability (note 3)		2,442		—
Deferred tax liability (note 20)		1,715		—
Contingent consideration - non-current (note 7)		—		868
Total liabilities		109,998		82,200
Shareholders’ equity:				
Common shares (note 15)		172,374		203,358
Deferred share units (note 16)		1,684		1,387
Contributed surplus		7,226		9,475
Accumulated other comprehensive income (loss)		1,017		(22,239)
Deficit		(37,312)		(61,217)
Total shareholders' equity		144,989		130,764
Legal (note 21)		—		—
Total liabilities and shareholders’ equity	$	254,987	$	212,964

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

ON BEHALF OF THE BOARD

Signed "Gary Mize" Director

Signed "Doug Speers" Director

CERES GLOBAL AG CORP.

Consolidated Statements of Comprehensive Income (Loss)

Twelve months ended June 30, 2020 and 2019

(In thousands of USD except shares and loss per share)	2020	2019
Revenues	$ 581,713	$ 438,396
Cost of sales (note 6)	(554,395)	(424,076)
Gross profit	27,318	14,320
General and administrative expenses	(17,703)	(13,031)
Income (loss) from operations	9,615	1,289
Finance income (loss) (note 13)	(80)	(2,068)
Interest expense (note 14)	(5,857)	(4,552)
Amortization of intangible assets (note 10)	(241)	(3,968)
Revaluation of stock appreciation right liability	324	379
Revaluation of contingent consideration (note 7)	917	—
Legal settlement (note 21)	—	(8,228)
Gain (loss) on property, plant and equipment	(23)	696
Income (loss) before income taxes and undernoted items	4,655	(16,452)
Income tax (expense) recovered (note 20)	(150)	4
Share of net income (loss) of associates (note 8)	(168)	(423)
Net income (loss)	4,337	(16,871)
Components of comprehensive income (loss):		
Gain (loss) on currency translation adjustment	—	116
Total comprehensive income (loss)	$ 4,337	$ (16,755)
Basic weighted-average number of shares for the year	30,041,801	27,934,991
Diluted weighted-average number of shares for the year (note 15)	31,822,571	27,934,991
Earnings (loss) per share:		
Basic	$ 0.14	$ (0.60)
Diluted	0.14	(0.60)
Supplemental disclosure of selected information:		
Depreciation included in Cost of sales	$ (4,885)	$ (4,466)
Amortization of right of use assets included in Cost of sales	(292)	—
Depreciation included in General and administrative expenses	(602)	(101)
Amortization of right of use assets included in General and administrative expenses	(351)	—
Amortization of financing costs included in Interest expense	(783)	(681)
Personnel costs included in Cost of sales	(7,964)	(6,091)
Personnel costs included in General and administrative expenses	(11,867)	(7,443)

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

CERES GLOBAL AG CORP.

Consolidated Statements of Cash Flows

Twelve months ended June 30, 2020 and 2019

(In thousands of USD)	**2020**	**2019**
Operating activities:		
Net income (loss)	$ 4,337	$ (16,871)
Adjustments for:		
Depreciation and amortization	5,487	4,567
Amortization of intangible assets	241	3,968
Amortization of right of use assets	643	—
Interest expense	5,857	4,552
Accretion of contingent consideration	49	138
Revaluation of portfolio investments	—	1,885
Revaluation of contingent consideration	(917)	—
Bad debt expense	—	20
Income tax expense	147	172
Loss on property, plant, and equipment	23	(696)
Deferred income tax	3	—
Share-based compensation	591	34
Share of net income (loss) of associates	168	423
Revaluation of foreign denominated accounts	27	(15)
Revaluation of stock appreciation right liability	(324)	(379)
Changes in non-cash working capital accounts:		
Due from brokers	(246)	(497)
Net open cash contracts	(74)	2,072
Accounts receivable	(8,601)	1,610
Accounts receivable - related parties	(145)	(105)
Inventories, grains	(1,898)	(30,602)
Prepaid expenses and sundry assets	263	287
Accounts payable and accrued liabilities	8,350	9,440
Accounts payable - related parties	(26)	15
Current portion of contingent consideration	(600)	—
Current portion of lease liability	(335)	—
Other assets and liabilities	—	(450)
Interest paid	(5,156)	(3,822)
Net cash provided by (used in) operating activities	7,864	(24,254)
Investing activities:		
Disposition of assets held for sale	15	696
Payment to shareholders of Delmar Commodities Ltd.	(10,748)	—
Debt repaid on behalf of shareholders of Delmar Commodities Ltd.	(13,064)	—
Acquisition of Nature's Organic Grist, LLC, net	—	(2,340)
Cash acquired in acquisition of Delmar Commodities Ltd.	80	—
Loan issued to related party	(17)	—
Acquisition of property, plant and equipment	(1,793)	(5,248)
Net cash provided by (used in) investing activities	(25,527)	(6,892)
Financing activities:		
Net proceeds (repayment) of bank indebtedness	(2,000)	23,000
Proceeds from term loan	15,000	20,000
Repayment of term loan	(5,000)	(10,000)
Financing costs paid	(898)	(944)
Private placement, net of share issuance costs	9,491	—
Other financing activities	(123)	—
Net cash provided by (used in) financing activities	16,470	32,056
Effect of exchange rate changes on cash	—	19
Increase (decrease) in cash	(1,193)	929
Cash, beginning of year	1,889	960
Cash, end of year	$ 696	$ 1,889

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

CERES GLOBAL AG CORP.

Consolidated Statements of Changes in Shareholders' Equity

Twelve months ended June 30, 2020 and 2019

(In thousands of USD)	Common shares	Deferred share units	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balances, June 30, 2019	$ 203,358	$ 1,387	$ 9,475	$ (22,239)	$ (61,217)	$ 130,764
Adjustment for change in functional currency (note 4)	(40,572)	(13)	(2,239)	23,256	19,568	—
Issuance of deferred share units	—	310	—	—	—	310
Private placement, net of share issuance costs	9,491	—	—	—	—	9,491
Share-based compensation net of vesting	97	—	(10)	—	—	87
Net income (loss)	—	—	—	—	4,337	4,337
Balances, June 30, 2020	$ 172,374	$ 1,684	$ 7,226	$ 1,017	$ (37,312)	$ 144,989
Balances, June 30, 2018	$ 203,358	$ 801	$ 9,771	$ (22,355)	$ (44,078)	$ 147,497
Issuance of deferred share units	—	318	—	—	—	318
Reclassification of deferred share units	—	268	—	—	(268)	—
Share-based compensation	—	—	(296)	—	—	(296)
Net income (loss)	—	—	—	—	(16,871)	(16,871)
Other comprehensive income						
Foreign currency translation adjustments	—	—	—	116	—	116
Balances, June 30, 2019	$ 203,358	$ 1,387	$ 9,475	$ (22,239)	$ (61,217)	$ 130,764

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

(1) CORPORATE STATUS, REPORTING AND NATURE OF OPERATIONS

Ceres Global Ag Corp. (hereinafter referred to as "Ceres" or the "Corporation") was incorporated on November 1, 2007, as amended on December 6, 2007, under the provisions of the *Business Corporations Act* (Ontario) (the "OBCA"). On April 1, 2013, Ceres Global Ag Corp. amalgamated with Corus Land Holding Corp. and on April 1, 2014, Ceres Global Ag Corp. amalgamated with Riverland Agriculture Ltd. and Ceres Canada Holding Corp. Thereafter, the amalgamated corporations continued operating as Ceres Global Ag Corp. Ceres is a corporation domiciled in Canada, with its head office located in Golden Valley, Minnesota, United States.

These consolidated financial statements of Ceres as at and for the years ended June 30, 2020 and 2019 include the accounts of Ceres and its wholly owned subsidiaries Ceres U.S. Holding Corp. (Delaware), Riverland Ag Corp. (Delaware) ("**Riverland Ag**"), Nature's Organic Grist LLC ("**NOG**"), Delmar Commodities Ltd. ("**Delmar**"), and Ceres Global Ag Corp. Mexico S.A. DE C.V. All intercompany transactions and balances have been eliminated.

Ceres is engaged in the procurement, storage, handling, trading, and merchandising of commodity and specialty grains and oilseeds; providing logistic services, storage, and transloading for commodities and industrial products; and processing soybeans for meal and oil distribution, blending and producing specialty crops into birdfeed products, and distributing seed products in western Canada. Ceres operates twelve grain storage and handling facilities in the state of Minnesota and the provinces of Ontario, Manitoba, and Saskatchewan, with a combined grain and oilseed storage capacity of 31 million bushels.

(2) BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The accounting, estimation and valuation policies, as described below, have been consistently applied to all periods presented herein except as discussed in notes 3 and 4, for the adoption of IFRS16 and change in functional currency, in accordance with IFRS.

These consolidated financial statements were authorized for issue by the board of directors of the Corporation (the "**Board of Directors**") on September 22, 2020.

Functional and presentation currency

These consolidated financial statements are presented in United States Dollars ("USD"). As of July 1, 2019, the Corporation's functional currency is USD, refer to note 4 for additional information regarding the change in functional currency.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the following material items in the balance sheet:

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

(3) SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition, net sales and cost of sales

The Corporation's grain revenue transactions consist of a single performance obligation to transfer promised goods. The Corporation recognizes revenue when it has fulfilled a performance obligation, which is typically when the grain is shipped from the Ceres facility. In accordance with IFRS 15, the Corporation follows a policy of recognizing sales revenue at the time of delivery of the product and when all the following have occurred: a sales agreement is in place, title and risk of loss have passed, pricing is fixed or determinable, and collection is reasonably assured. Grain storage, rental, seed and processing and other operating income are recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented gross in Revenues and Cost of sales.

Other direct and indirect costs associated with inventory and storage, including payroll and benefits of elevator employees, depreciation of buildings, silos and elevators, utilities and other similar costs are classified within Cost of sales. Income and expenses are recorded on an accrual basis. Investment transactions are recognized on the trade date. Dividend revenues are recognized on the ex-dividend date. Interest is recognized as earned using the effective interest method. Realized gains and losses from the sale of investments are calculated using the average cost method. The change over a reporting period of the difference between the fair value and the cost of portfolio investments is recognized as a revaluation of portfolio investments in Finance income (loss) in profit or loss.

Investments in associates and joint arrangements

A joint venture is a contractual arrangement pursuant to which the Corporation and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Joint arrangements are classified as joint ventures or joint operations, reflecting the Corporation's underlying contractual rights and obligations pursuant to the joint arrangement. For joint arrangements that are classified as joint operations, the Corporation recognizes its share of the assets, liabilities, revenues and expenses of the joint operations. The Corporation has determined that its investment in the "Gateway Energy Terminal" is a joint operation.

Joint arrangements classified as joint ventures are accounted for using the equity method, whereby the Corporation recognizes its share of income or loss and other comprehensive income or loss of the joint arrangement in its own operations or comprehensive income or loss, as applicable. The Corporation has determined that its investment in "Savage Riverport" meets the definition of a joint venture arrangement and consequently, it is accounting for its interest in "Savage Riverport" using the equity method.

The Corporation assesses, at each reporting date, whether there is objective evidence that its interest in a joint venture arrangement is impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of the joint venture arrangement is written down to its estimated recoverable amount, with any difference charged to profit or loss.

Transaction costs

Portfolio transaction costs include brokerage commissions incurred in the purchase and sale of portfolio securities in which Ceres invests. Corporate transaction costs include costs directly attributable to the acquisition of subsidiaries and the investments in associates. All such costs are expensed in the period incurred and classified as General and administrative expenses in profit or loss.

Transaction costs related to the issuance of equity instruments of the Corporation or its subsidiaries are accounted for as a reduction of the stated capital of the equity securities issued. Transaction costs related to the issuance of debt instruments of the Corporation or its subsidiaries are considered in the determination of amortized cost. Transaction costs related to bank indebtedness are amortized using the straight-line method over the term of the financing arrangement, while transaction costs for long-term debt are amortized using the effective interest method.

Classification and measurement of financial instruments

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Corporation’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Corporation’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial asset, or both.

Purchases or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date.

Financial liabilities

Financial liabilities are classified, at initial recognition, as subsequently measured at amortized cost, FVTPL, or FVOCI. All financial liabilities are recognized initially at fair value and, in the case of instruments subsequently measured at amortized cost, net of directly attributable transaction costs.

Contingent liabilities include contingent consideration in connection with the Corporation’s acquisitions, which represent earn-out payments and are recognized at fair value on the acquisition date and remeasured each reporting period with subsequent adjustments recognized in General and Administrative Expenses in profit or loss. Contingent consideration is valued using significant Level 3 inputs, that are not observable in the market pursuant to fair value measurement accounting. While the

Corporation believes the estimates and assumptions are reasonable, there is significant judgment and uncertainty involved. The following table shows the classification under IFRS 9:

Financial assets/liabilities	**Classification IFRS 9**
Cash	FVTPL
Due from brokers	FVTPL
Unrealized gains/losses on open cash contracts	FVTPL
Accounts receivable	Amortized cost
Accounts receivable - related parties	Amortized cost
Portfolio investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Accounts payable - related parties	Amortized cost
Share-based payment accruals, included in accounts payable	FVTPL
Bank indebtedness	Amortized cost
Term loan	Amortized cost
Contingent consideration	FVTPL

Valuation of investments

As at a reporting date, the fair value of financial instruments traded in active markets (primarily equity securities of public companies and related derivative instruments, if any) is based on the bid price for investments held by the Corporation, and on the asking price for investments sold short, if any. The fair value of financial instruments not traded in an active market (including but not limited to: securities in private companies, warrants and restricted securities) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and makes assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Recognition of investments

Purchases and sales of investments are recognized on the trade date, being the date on which the Corporation commits to purchase or sell an investment. Investments cease to be recognized when the rights to receive cash flows from the investments have expired or the Corporation has transferred substantially all risks and rewards of ownership.

Derivative contracts

Ceres may purchase forward contracts to act as an economic hedge. As at a reporting date, forward contracts are valued based on the difference between the forward contract rate and the forward bid rate. Unrealized gains and losses, if any, on these forward contracts used to hedge assets and liabilities are presented separately on the Consolidated Balance Sheet and included in profit or loss as a component of Cost of sales.

Fair value measurements

The Corporation uses a valuation hierarchy as a framework for disclosing fair values, based on the inputs to measure the fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities including exchange-traded derivative contracts that can be assessed at measurement date;

Level 2 – inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs are unobservable inputs based on the Corporation's own assumptions used to measure assets and liabilities at fair value.

Foreign currency transactions

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. As at a reporting date, assets and liabilities denominated in a foreign currency are translated into USD, as follows:

- Foreign currency monetary items are translated using the spot exchange rate in effect at the reporting date, and;
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate(s) in effect as at the date(s) on which fair value was determined.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation as at a reporting date of assets and liabilities denominated in foreign currencies are reflected in profit or loss. Translation gains or losses on securities included in the investment portfolio of the Corporation are recognized as Finance income (loss) in profit or loss.

Foreign currency translation of Canadian dollar functional currency entities

In the comparative period, fiscal year 2019, assets and liabilities of Canadian dollar functional entities were translated into U.S. dollars at exchange rates in effect at the Consolidated Balance Sheet date, with the resulting translation adjustments directly recorded as a component of Accumulated other comprehensive income (loss) on the Consolidated Balance Sheet. Income and expense accounts were translated at the average exchange rates for the month, which are deemed to approximate the exchange rate when the income and expense is recognized. Gains and losses from re-measurement of monetary assets and liabilities that were denominated in currencies other than the respective functional currencies are included in the profit and loss as a component of Finance income (loss).

Finance income (loss)

Finance income (loss) pertains to revenues, gains and losses related to the investing activities of the Corporation, and includes:

- Dividend revenues, if any, from portfolio investments;
- Realized gains (losses) on portfolio investments;

- Realized and unrealized gains (losses) on foreign exchange; and
- Unrealized increase (decrease) in fair value of portfolio investments.

Interest expense

Interest expense represents the aggregate of interest expense on borrowings and the amortization of financing transaction costs.

Inventories

Inventories of agricultural grain, and oilseed commodities are stated at fair value less costs to sell. Fair value is primarily determined from market prices quoted on public commodity exchanges, adjusted for expected freight costs to normal delivery points and a price premium or discount to cover local supply and demand factors as estimated by management. Changes in the fair value less costs to sell of inventories of agricultural grain commodities are recognized in profit or loss as and when they occur, and such changes are included as a component of Cost of sales.

Raw material and finished goods inventories for the soybean crush, specialty crops, birdfeed production, and seed distribution are stated at the lower of average cost, determined on a specific identification basis, and net realizable value, being the estimated selling price less estimated cost of completion of the finished goods.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate. Costs are capitalized only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment and depreciated accordingly. The carrying amount of a replaced component is derecognized.

Repairs and maintenance costs are expensed as incurred.

Property, plant and equipment are reviewed for impairment at the end of each reporting period to assess whether there is any indication of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated as the higher of fair value less costs of disposal and value in use.

For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Land is not depreciated. Depreciation on the other assets is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, silos/elevators, and improvements	15 – 31 years
Machinery and equipment	7 – 15 years
Furniture, fixtures, office equipment, and other assets	3 – 7 years

Gains and losses on disposals of property, plant and equipment are determined by comparing the disposal proceeds with the carrying amount of the asset and are included in profit or loss as gain (loss) on property, plant and equipment.

Repurchase obligations

The Corporation periodically enters into sale/repurchase agreements whereby the Corporation receives cash in exchange for selling inventory to a commodity trading financial institution and the Corporation agrees to repurchase the inventory from the financial institution at a fixed rate on a future date. The Corporation accounts for these as product financing arrangements and, accordingly, these transactions are treated as borrowings and commodity inventory in the Corporation's consolidated financial statements and no sales and purchases are reported in the consolidated financial statements.

Income taxes

Income tax expense (recovered) comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to a business combination, or to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as at the reporting date. Deferred tax assets and liabilities are offset to the extent that they relate to income taxes levied on the same taxable entity by the same taxation authority.

A deferred tax asset is recognized for unused tax losses and tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Earnings (loss) per Share

Earnings (loss) per Share ("EPS") is reported for basic and diluted net income (loss). Basic EPS is calculated by dividing net income (loss) for the reporting period by the weighted-average number of common shares outstanding during the reporting period. Diluted EPS is calculated by adjusting net income (loss) and the weighted-average number of common shares outstanding for the effects, if any, of all potentially dilutive common shares, resulting from the exercise of options or the redemption of Deferred Share Units outstanding as at the end of a reporting period. The effect of the potential issuance of common shares related to the redemption of Deferred Share Units or exercise of options on diluted EPS has been presented as it is dilutive in a period of profit.

Equity

Common shares

Common shares, deferred share units, and certain warrants are classified as equity. Incremental costs directly attributable to the issue of common shares and warrants are recognized as a deduction from equity, net of the effects of income taxes, if any.

Contributed surplus

The value of warrants issued that have expired is recognized as contributed surplus, net of the effects of income taxes, if any.

Repurchase of common shares

When common shares recognized as equity are repurchased, the amount of the consideration paid (which may include directly attributable transaction costs) is recognized as a deduction from equity, net of the effects of income taxes, if any. The portion of the consideration paid that represents the value of the stated capital of the shares repurchased is deducted from the carrying amount of common shares. Any difference between the total consideration paid and the stated capital amount of the shares repurchased is added to (or deducted from) retained earnings (deficit), as applicable.

Share-based payments

Deferred Share Unit

The Corporation has established a Directors' Deferred Share Unit Plan (the "DSU Plan"), which became effective on March 10, 2014 and is an equity-settled share-based payment plan. Under the DSU Plan, a director who is not an employee of the Corporation or any affiliate (including any non-executive Chair of the Board) is an Eligible Director. Any Eligible Director may elect to receive some or all of the Annual Cash Remuneration amount (as defined in the DSU Plan) for that Director in the form of Deferred Share Units ("DSUs"). DSUs are settled by the issuance of common shares on the Entitlement Date (as defined under the DSU Plan), which is a date after the end of a director's term of service with the Board.

As at the dates on which DSUs are issued under the Plan, the Corporation recognizes as an expense the portion of the Directors' fees issued in the form of DSUs issued to the Director, which are issued at fair value, and the Corporation increases shareholders' equity by an equal amount.

Stock Options

Stock options are equity-settled share-based payment transactions. The Corporation follows the fair value method to measure stock option awards it grants to certain officers, key employees and consultants of the Corporation and its subsidiaries. The fair value of stock options on the date the options are granted is determined by the Black Scholes option pricing model with assumptions for risk-free interest rate, dividend yield, volatility of the expected market price of the Corporation's common shares and expected life of the options. The number of stock option awards expected to vest are estimated using a forfeiture rate based on historical experience and future expectations, as applicable. Expected annual volatility is estimated using historical volatility. Compensation is amortized to earnings over the vesting period of the related options. The Corporation uses graded or accelerated amortization, which specifies that each vesting tranche must be accounted for as a separate arrangement with a unique fair value measurement. Each vesting tranche is subsequently amortized separately and in parallel from the grant date.

Stock Appreciation Rights

Stock Appreciation Rights ("SARs") may be granted to officers, certain employees and consultants of the Corporation on such terms and conditions determined by the Board of Directors (the "Board"). Stand Alone SARs are cash-settled share-based payment transactions and are measured at the fair value of the liability as at the date the Stand-Alone SARs are vested. At the end of each reporting period, the Corporation re-measures the fair value of the liability for such Stand-Alone SARs, and any changes in fair value of that liability is recognized in profit or loss for the period. Tandem SARs are granted with stock options. Tandem SARs may be settled by the payment or the delivery of cash or common shares, as may be determined by the Board. Any portion of Tandem SARs to be settled for cash is measured using the measurement standards described for Stand-Alone SARs. The portion, if any, of the Tandem SARs to be settled by the issuance of common shares is measured using the measurement standards that apply to stock options awards, as described in the preceding paragraph.

Option-pricing models require the use of highly subjective estimates and assumptions; including the expected share price volatility. Changes in the underlying assumptions can materially affect fair value estimates. Therefore, existing models do not necessarily provide reliable measurement of the fair value of the Corporation's share-based payments.

Restricted Stock Units

Restricted Stock Units ("RSUs") may be granted to officers, certain employees and consultants of the Corporation on such terms and conditions determined by the Board of Directors (the "Board"). RSUs are equity-settled share-based payment transactions. In accordance with IFRS 2, stock-based compensation expense for RSUs is measured based on the fair value (determined by the five-day VWAP) of the Corporation's common stock on the grant date. Each reporting period, the Corporation assesses the probability that vesting will be achieved and records the expense ratably throughout the vesting period.

Recently adopted accounting standards

IFRS 16 – Leases

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2019, the IASB issued, IFRS 16, Leases, ("**IFRS 16**") to replace IAS 17, Leases. The new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors to increase transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities on the balance sheet. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts based on whether there is an identified asset controlled by the customer. Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and right-of-use assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). Lease liabilities will be reduced over the term of the lease by allocating lease payments to a reduction in liability and an expense recognized in finance costs. Right-of-use assets will be amortized over the term of the lease or the useful life of the asset if a purchase option is reasonably certain to be exercised.

The Corporation has adopted IFRS 16 from July 1, 2019 and has elected to use the modified retrospective approach and did not restate prior periods. The Corporation's classes of assets include land, buildings, vehicles, and equipment leases. The details of the changes in accounting policy are discussed below.

To determine whether a contract contains a lease, the Corporation applies the new definition of a lease under IFRS 16, namely if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which transactions are leases and thus applied IFRS 16 only to leases that were previously identified as leases prior to adoption of IFRS 16.

The Corporation leases assets including buildings, machinery and equipment, vehicles and other office equipment. Previously under IAS 17, the Corporation classified leases as operating or finance leases based on whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Corporation recognizes right-of-use assets and lease liabilities for all leases except where the Corporation has elected to use the practical expedient to not recognize right-of use assets and lease liabilities for low-value assets or short-term leases under one year that are not expected to renew. The Corporation recognizes lease payments for low-value assets and short-term leases as an expense over the lease term.

For leases previously classified as finance leases, at initial application the Corporation recognized the lease liabilities at cost, being the present value of the remaining lease payments, discounted using the Corporations incremental borrowing rate. The associated right of use assets were measured at the lease liability amount at July 1, 2019 resulting in no adjustment to the opening balance of deficit.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments, adjusted for lease prepayments and lease incentives, discounted using the interest rate implicit in the lease, or if not readily determinable, the incremental borrowing rate of the Corporation. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Corporation recognized right-of-use assets on the balance sheet as follows:

(in thousands of USD)	Land and Buildings	Machinery and Equipment	Office Equipment	Total Right of Use Assets
Balance at June 30, 2019 (1)	$ -	$ 28	$ -	$ 28
Balance at July 1, 2019	2,628	1,081	58	3,767
Additions and modifications during the period	21	21	(6)	36
Amortization during the period	(413)	(208)	(23)	(644)
Balance as at June 30, 2020	$ 2,236	$ 894	$ 29	$ 3,159

(1) Finance leases recorded in Property, plant, and equipment as at June 30, 2019.

The Corporation has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options, which significantly affects the amount of lease liability and right-of-use assets recognized. The Corporation has used judgment in determining the incremental borrowing rate based on the term, security, the lessee entities economic environment, credit rating, level of indebtedness and asset specific adjustments.

The impact on the balance sheet as at July 1, 2019 is as follows:

(in thousands of USD)	Opening Balance July 1, 2019
Current portion of lease liability	$ 525
Long-term lease liability	2,824
Total lease liability as at July 1, 2019	$ 3,349

The reconciliation from the operating lease commitment disclosed in the Annual Financial Statements as of June 30, 2019 and the lease liability as at July 1, 2019 is as follows:

(in thousands of USD)	Lease Commitments
Operating lease commitment as at June 30, 2019	$ 3,107
Less: short-term and low value leases	(38)
	3,069
Discounted using the lessee's incremental borrowing rate or rate implicit in the lease	2,705
Add: additional leases identified on adoption of IFRS 16	616
Add: finance lease liabilities recognized as at June 30, 2019 (1)	28
Lease liability recognized as at July 1, 2019	$ 3,349

(1) Finance lease liabilities recorded in Accounts payable and accrued liabilities as at June 30, 2019.

The weighted average incremental borrowing rate as at July 1, 2019 used to discount lease payments, for leases where the rate implicit in the lease was not readily available, was 5.8%.

For the year ended June 30, 2020 the Corporation's outstanding lease commitments were as follows:

(in thousands of USD)		Lease Commitments
Lease payments due within:		
1 year	$	738
2 years		753
3-5 years		816
6 or more years		1,678
Contractual lease cash flow		3,985
Interest attributed to lease payments		(971)
Carrying value of lease liability as of June 30, 2020	$	3,014

For the twelve months ended June 30, 2020, the Corporation recognized $644 thousand as depreciation on the right-of-use assets within Cost of sales and General and administrative expense. The Corporation also recognized $195 thousand as interest cost on lease liabilities within Finance expense during the twelve months ended June 30, 2020.

(4) SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The timely preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The following summarizes the accounting judgments, estimates and assumptions management considers significant:

Summary of Significant Accounting Judgments

Business combinations

Judgment is used in determining whether a transaction is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss recognized in profit or loss.

Functional Currency

Ceres Global Ag Corp. has changed its functional currency from Canadian dollars (CAD) to USD effective July 1, 2019. The change in functional currency is due to an increase in financings denominated in USD. All assets and liabilities were already translated into USD at the spot rate on the date of the change, $0.7637, as the Corporation was already using the presentation currency of USD. Therefore, the only impact of the change in functional currency on the balance sheet is to shareholders' equity. Items in the Statement of Changes in Shareholders' Equity previously translated at historical rates, have now been translated using the spot rate at the date of the change. These changes have been accounted for prospectively in accordance with IFRS.

Summary of Significant Accounting Estimates

Inventories and Commodity Derivatives

To reduce price risk caused by market fluctuations, the Corporation generally follows a policy of using exchange traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. The Corporation will also use exchange traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies can be significantly impacted by factors such as the volatility of the relationship between the value of exchange traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets.

Derivative instruments, including futures contracts, forward commitments, options and other similar types of contracts and commitments based on commodity derivatives, are carried at their fair value. Management determines fair value based on exchange quoted prices and in the case of its forward purchase and sale contracts, estimated fair value is adjusted for differences in local markets. While the Corporation considers its commodity contracts to be effective economic hedges, the Corporation does not designate or account for its commodity contracts as hedges. Realized and unrealized gains and losses in the value of commodity contracts and grain inventories are recognized in cost of sales. Unrealized gains and losses on these derivative contracts are included in due from broker, and Unrealized gains (losses) on open cash contracts on the consolidated Balance Sheet.

Estimates and assumptions are required in determination of fair values of commodity inventories, particularly for those commodities where exchange-traded prices are not available. For these inventories, management assesses the available quoted market prices and applies judgment in determining the effect of local market conditions.

Valuation of investments

Portfolio investments are measured at FVTPL and may include securities not traded in an active market. The fair value of such securities is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and makes assumptions based on market conditions existing at each reporting date. Valuation techniques may include, without limitation, the use of comparable recent arm's length transactions, discounted cash flow analysis, option-pricing models and other valuation techniques commonly used by market participants.

Current Events

COVID-19

The recent outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, non-essential business closures, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Corporation’s business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision. The length and severity of these developments may have a material impact on the Corporation's financial condition, cash flows or results of our operations in future periods.

(5) DUE FROM (TO) BROKERS

“Due from brokers” represents unrealized gains and losses due from custodian brokers on commodity futures and options contracts in addition to margin deposits in the form of cash that are held by custodian brokers in connection with such contracts. Amounts due from brokers are offset by amounts due to the same brokers, under the terms and conditions of enforceable master netting arrangements in effect with all brokers, through which the Corporation executes its transactions and for which the Corporation intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Amounts due from brokers consist of the following:

(in thousands of USD)	June 30, 2020	June 30, 2019
Margin deposits	$ 2,649	$ 2,127
Unrealized gains on futures contracts and options, at fair value	486	293
	3,135	2,420
Unrealized losses on futures contracts and options, at fair value	(469)	-
	$ 2,666	$ 2,420

(6) INVENTORIES

As at June 30, 2020 and June 30, 2019, the Corporation held inventories of $81.1 million and $75.1 million, respectively. As at June 30, 2020, inventories held at fair value less cost to sell totaled $78.0 million compared to $75.1 million as at June 30, 2019. As at June 30, 2020, inventories held at average cost totaled $3.1 million compared to nil at June 30, 2019. For the year ended June 30, 2020, inventories recognized as an expense through cost of sales totaled $462 million. For the year ended June 30, 2019, inventories recognized as an expense through Cost of sales totaled $371 million.

(7) FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Corporation's financial assets and liabilities that are measured at fair value in the Consolidated Balance Sheets are categorized by level according to the reliability of the inputs used in making the measurements. The Corporation recognizes transfers between fair value measurements hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels in the year ended June 30, 2020.

The following table presents information about the financial assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques used to determine such fair values.

	June 30, 2020			
(in thousands of USD)	Level 1	Level 2	Level 3	Total
Cash	$ 696	$ -	$ -	$ 696
Portfolio investments	-	-	739	739
Due from broker, margin deposits (note 6)	2,649	-	-	2,649
Due from broker, unrealized gains on futures and options (note 6)	486	-	-	486
Unrealized gains on open cash contracts (derivatives)	-	8,566	-	8,566
Due from broker, unrealized losses on futures and options (note 6)	(469)	-	-	(469)
Unrealized losses on open cash contracts (derivatives)	-	(5,752)	-	(5,752)
Contingent consideration	-	-	-	-
Stock appreciation right liability included in accounts payable	-	-	(138)	(138)
Balance as at June 30, 2020	$ 3,362	$ 2,814	$ 601	$ 6,777

	June 30, 2019			
(in thousands of USD)	Level 1	Level 2	Level 3	Total
Cash	$ 1,889	$ -	$ -	$ 1,889
Portfolio investments	-	-	766	766
Due from broker, margin deposits (note 6)	2,127	-	-	2,127
Due from broker, unrealized gains on futures and options (note 6)	293	-	-	293
Unrealized gains on open cash contracts (derivatives)	-	6,171	-	6,171
Due from broker, unrealized losses on futures and options (note 6)	-	-	-	-
Unrealized losses on open cash contracts (derivatives)	-	(3,435)	-	(3,435)
Contingent consideration	-	-	(1,468)	(1,468)
Stock appreciation right liability included in accounts payable	-	-	(289)	(289)
Balance as at June 30, 2019	$ 4,309	$ 2,736	$ (991)	$ 6,054

Reconciliation of Level 3 fair values:

(in thousands of USD)	Portfolio Investments
Balance at June 30, 2019	$ 766
Unrealized foreign exchange loss	(27)
Balance at June 30, 2020	$ 739

(in thousands of USD)	Contingent Consideration
Balance at June 30, 2019	$ (1,468)
Payment of consideration	600
Accretion of contingent consideration	(49)
Revaluation of contingent consideration	917
Balance at June 30, 2020	$ -

During the year ended June 30, 2020, the Corporation determined that the likelihood of meeting the minimum future payout thresholds was less than probable; therefore, the Corporation revalued the contingent consideration and recognized a gain through profit and loss. As at June 30, 2020, the contingent consideration is nil.

(in thousands of USD)		Stock Appreciation Right Liability
Balance at June 30, 2019	$	(289)
Revaluation of stock appreciation right liability		321
Grants		(42)
Exercises		2
Vestitures		(153)
Unrealized foreign exchange gain		22
Balance at June 30, 2020	$	(139)

Management of financial instruments risks

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

Price risk

As at June 30, 2020, the Corporation's market risk pertaining to portfolio investments was potentially affected by changes in actual market prices. As at June 30, 2020, the Corporation's portfolio investments are solely in private companies. Therefore, market factors affecting the value of the portfolio investments are primarily changes in fair value of the investments and the Corporation's ability to liquidate the investments.

Management has determined the effect on the results of operations of the Corporation for the year ended June 30, 2020 if the fair value of each of the portfolio investments as at June 30, 2020 had increased or decreased by 10%, using the fair market value of the portfolio investments as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

The potential effects on the result of operations for the year ending June 30, 2020 would be as follows:

(in thousands of USD except income per share)		Increase (decrease) in net income		Increase (decrease) in income per share
10% increase in fair value of portfolio investments	$	74	$	-
10% decrease in fair value of portfolio investments	$	(74)	$	-

Commodity risk

To reduce price risk caused by market fluctuations, the Corporation generally follows a policy of using exchange-traded futures and options contracts to minimize its net position of merchandisable agricultural commodity inventories and forward cash purchase and sales contracts. The Corporation will also use exchange-traded futures and options contracts as components of merchandising strategies designed to enhance margins. The results of these strategies may be significantly influenced by factors such as the volatility of the relationship between the value of exchange-traded commodities futures contracts and the cash prices of the underlying commodities, and volatility of freight markets. Derivative contracts have not been designated, and are not accounted for, as fair value hedges. Management determines fair value based on exchange-quoted prices, and in the case of its forward purchase and sale contracts, estimated fair value is adjusted for differences in local markets. Realized and unrealized gains and losses in the value of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in profit or loss as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized in earnings and classified on the Consolidated Balance Sheet as Due from Broker, Unrealized gains (losses) on open cash contracts, as applicable.

Management has determined the effect on the results of operations of the Corporation for the year ended June 30, 2020 if the fair value of each of the open cash contracts as at June 30, 2020 had increased or decreased by 5%, using the open cash contracts as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

The potential effects on the result of operations for the year ending June 30, 2020 would be as follows:

(in thousands of USD except income per share)	Increase (decrease) in net income	Increase (decrease) in income per share
5% increase in bid/ask prices of commodities	701	$ 0.02
5% decrease in bid/ask prices of commodities	(701)	$ (0.02)

Interest rate risk

As at June 30, 2020, Ceres had no long or short portfolio positions in any interest-bearing investment securities.

As at June 30, 2020, except for cash on deposit, the amounts of which vary from time-to-time and on which the Corporation earns interest at nominal variable interest rates, the Corporation had no other variable rate interest-bearing financial assets. As at those dates, a notional increase or decrease in interest rates applicable to cash on deposit would not have materially affected interest revenue and the results of operations. Therefore, as at June 30, 2020, the Corporation’s assets are not directly exposed to any significant degree to cash flow interest rate risk due to changes in prevailing market interest rates.

As disclosed in note 11 (Bank Indebtedness), as at June 30, 2020, the Corporation’s 2020 Credit Facility (as defined herein) bears a tiered annual interest based on utilization ranging from 2.875% to 3.125% plus one-week LIBOR. As at June 30, 2020, management has determined the effect on the future results of operations of the Corporation if the variable interest rate component applicable on that date was to increase by 25 basis points (“25 bps”), using the balance of the revolving credit facility payable as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

Furthermore, as at June 30, 2020, the Corporation's Term Loan (note 12) bears interest at an annual rate of 6.00% plus one-month LIBOR. As at June 30, 2020, management has determined the effect on the future results of operations of the Corporation if the variable interest rate component applicable on that date on the term loan was to increase by 25 bps, using the balance of the term loan payable as at that date and the number of shares then issued and outstanding, and with all other variables remaining constant.

On that basis, the potential effects on the results of operations for the year ending June 30, 2020 would be as follows:

(in thousands of USD except income per share)	Decrease in net income	Decrease in income per share
<u>2020 credit facility</u>		
25 bps increase in annual interest rate	$ 81	$ -
<u>Term loan</u>		
25 bps increase in annual interest rate	$ 80	$ -

<u>Credit risk</u>

Credit risk is the risk a counterparty would be unable to pay for amounts due to the Corporation in accordance with the terms and conditions of the debt instruments. As at June 30, 2020, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, and to the extent that open cash contracts for grain commodities have given rise to unrealized gains. The maximum exposure to credit risk on those assets is limited to the carrying value of those assets. The Corporation uses various grain contracts as part of its overall grain merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counter-party risk associated with non-performance, which may have the potential of creating losses. Management has assessed the counter-party risk and believes that insignificant losses, if any, would result from non-performance.

The Corporation regularly evaluates its credit risk concerning its trade accounts receivable to the extent that such receivables may be concentrated with significant customers. The Corporation minimizes this risk by having a diverse customer base and established credit policies. The aging of the Corporation's trade accounts receivable is substantially current. As at June 30, 2020 and June 30, 2019, the allowance for doubtful accounts was $820 thousand and $57 thousand, respectively.

The Corporation had one customer that individually represented more than 10% of total revenue for the year ended June 30, 2020, comprising 11.8% of total revenue. For the year ended June 30, 2019, the Corporation had one customer that individually represented more than 10% of total revenue, comprising of 11.1% of total revenue.

<u>Custody and prime brokerage risk</u>

There are risks involved with dealing with a custodian or broker who settle trades. In certain circumstances, the securities or other assets deposited with the custodian or broker may be exposed to credit risk with respect to those parties. In addition, there may be practical, or timing implications associated with enforcing the Corporation's rights to its assets in the case of the insolvency of any such party. Notwithstanding the foregoing, management has evaluated the risk of loss related to the custodian or brokers and has determined this risk to be insignificant.

Liquidity risk

As at June 30, 2020 and June 30, 2019, the following are the contractual maturities of financial liabilities, excluding interest payments:

June 30, 2020

(in thousands of USD)	Carrying amount	Contractual Cash Flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 31,702	$ 32,000	$ 32,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	38,069	38,069	38,069	-	-	-
Accounts payable - related parties	25	25	25	-	-	-
Unrealized losses on open cash contracts	5,752	5,752	5,752	-	-	-
Term loan (note 11)	29,721	30,000	-	5,000	25,000	-
Contingent consideration	-	-	-	-	-	-
	$ 105,269	$ 105,846	$ 75,846	$ 5,000	$ 25,000	$ -

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	-	-	-
Accounts payable - related parties	51	51	51	-	-	-
Unrealized losses on open cash contracts	3,435	3,435	3,435	-	-	-
Term loan (note 11)	19,608	20,000	5,000	5,000	10,000	-
Operating lease obligations	-	3,107	608	582	1,072	845
Finance lease obligation(s)(1)	28	32	8	8	16	-
Contingent consideration	1,468	1,600	600	500	500	-
	$ 82,228	$ 86,169	$ 67,646	$ 6,090	$ 11,588	$ 845

(1) Finance lease obligations recorded in Accounts payable and accrued liabilities.

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, and the active management of trade accounts. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

Currency risk

In the normal course of business, Ceres may hold assets or have liabilities denominated in currencies other than USD. Therefore, Ceres is exposed to currency risk, as the value of any monetary assets or liabilities denominated in currencies other than USD will vary due to changes in foreign exchange rates.

As at June 30, 2020, the following is a summary, at fair value, of Ceres' exposure to currency risks on monetary assets and liabilities:

(in thousands of CAD)	Net asset (liability) exposure
Canadian dollars	$ 3,080

The following is a summary of the effect on Ceres' profit or loss for the year ended June 30, 2020 if the USD had become 5% stronger or weaker against the CAD as at June 30, 2020, with all other variables remaining constant, related to monetary assets and liabilities denominated in CAD:

(in thousands of USD except income per share)	Increase (decrease) in net income	Increase (decrease) in income per share
CAD 5% Stronger	$ 43	$ -
CAD 5% Weaker	$ (179)	$ (0.01)

Currency risk for Ceres relates to transactions denominated in a currency other than USD and the translation of its accounts from CAD to the functional currency of USD. Transactional gains and losses on foreign exchange are recorded in "Finance income (loss)" in the Consolidated Statements of Comprehensive Income (Loss).

Other financial instruments

The carrying values of accounts receivable, bank indebtedness, and account payable and accrued liabilities approximate their fair values as at June 30, 2020 due to the short-term nature of these instruments. The carrying value of long-term debt approximates fair value as at June 30, 2020 based on current market rates for similar instruments.

(8) INVESTMENTS IN ASSOCIATES

(in thousands of USD)	June 30, 2020	June 30, 2019
Savage Riverport, LLC., common shares	$ 4,694	$ 4,653
Stewart Southern Railway Inc., common shares	2,008	2,218
	$ 6,702	$ 6,871

(a) *Savage Riverport, LLC ("Savage Riverport")*

Savage Riverport is a joint venture in which the Corporation has joint control and a 50% ownership interest. Savage Riverport was founded by the Corporation and Consolidated Grain and Barge ("**CGB**") on April 30, 2018. The Corporation transferred the grain elevator and related assets at its Savage, Minnesota facility, which had net book value of $9.4 million as at April 30, 2018, to the newly formed entity. Savage Riverport is principally engaged in grain storage and handling services and is based in Savage, MN. Subsequent to the transaction in fiscal year 2018, Ceres received cash of $8.5 million in exchange for 50% of the equity in Savage Riverport, of which, $2.0 million was utilized to pay down term debt. The sale of the equity in Savage Riverport 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.

Ceres holds a 50% equity interest in Savage Riverport. Major operating decisions of Savage Riverport are made by its Board of Directors and Ceres does not have a majority of the board seats.

Due to these factors, Ceres has joint control of Savage Riverport, and accounts for its investment in Savage Riverport using the equity method.

(in thousands of USD)	June 30, 2020	June 30, 2019
Beginning equity investment in joint venture	$ 4,653	$ 4,860
Corporation 50% share of joint venture net income (loss)	(306)	(554)
Amortization of deferred gain	347	347
Ending investment in Savage Riverport	$ 4,694	$ 4,653

Included below is summary balance sheet and profit and loss information of Savage Riverport as at June 30, 2020 and 2019:

(in thousands of USD)	June 30, 2020	June 30, 2019
Current assets	$ 769	$ 457
Non-current assets	15,194	16,070
Total assets	15,963	16,527
Current liabilities	339	391
Non-current liabilities	98	-
Net assets	15,526	16,136
The following amounts have been included in the amounts above: Cash and cash equivalents	$ 368	$ 192

	For the twelve months ended June 30, 2020	June 30, 2019
Revenues	3,292	2,846
Loss from operations	(542)	(1,155)
Net and comprehensive loss	(611)	(1,108)
The following amounts have been included in the amounts above: Depreciation and amortization	$ 1,249	$ 1,187

Included below is a reconciliation of Savage Riverport's equity to the carrying value reported on the Consolidated Balance Sheets as at June 30, 2020 and June 30, 2019:

(in thousands of USD)	June 30, 2020	June 30, 2019
Opening net assets of Savage Riverport	$ 16,136	$ 17,244
Joint venture net loss	(611)	(1,108)
Closing net assets of Savage Riverport	15,525	16,136
Corporation's share of net assets at 50%	7,762	8,068
Deferred gain on disposal of assets	(3,415)	(3,762)
Plus: Amortization of deferred gain	347	347
Investment in Savage Riverport	$ 4,694	$ 4,653

For the year ended June 30, 2020, the Corporation's consolidated profit or loss included the Corporation's share in the net loss of Savage Riverport's equity, after recognition of the amortization of deferred gain, is a net income of $41 thousand compared to a 2019 net loss of $207 thousand. During the years ended June 30, 2020 and 2019, the Corporation did not receive a dividend from Savage Riverport, LLC.

(b) *Investment in Stewart Southern Railway Inc. ("**SSR**")*

Ceres holds a 25% equity interest in SSR, a Canadian private company. Ceres also holds rights to a 25% voting position on SSR's Board of Directors. SSR operates a 132-kilometre (82-mile) short-line railway in southeastern Saskatchewan. Major operating decisions of SSR are made by its Board of Directors and Ceres does not have a majority of the board seats. Due to these factors, Ceres does not control SSR, and accounts for its investment in SSR using the equity method.

(in thousands of USD)	June 30, 2020	June 30, 2019
Revenues	$ 1,589	$ 891
Income (loss) from continuing operations	(256)	(1,153)
Net and comprehensive income (loss)	(840)	(844)
Current assets	477	1,163
Non-current assets	7,125	7,581
Current liabilities	228	301
Non-current liabilities	74	24
Net assets	7,300	8,419

For the year ended June 30, 2020, the Corporation's consolidated profit or loss included the Corporation's share in the net loss of SSR's equity of $210 thousand (2019: net loss of $216 thousand). During the year ended June 30, 2020 and 2019, the Corporation did not receive a dividend from SSR.

Included below is a reconciliation of the Corporation's 25% portion in SSR's equity to the carrying value reported on the Consolidated Balance Sheets as at June 30, 2020 and June 30, 2019:

(in thousands of USD)	June 30, 2020	June 30, 2019
Investee's equity as at reporting date	$ 7,300	$ 8,420
Corporation's 25% portion of SSR equity	1,825	2,105
Goodwill	113	113
Currency translation adjustment	70	-
Carrying value	$ 2,008	$ 2,218

Reconciliation of the Corporation’s share in net income of SSR to carrying value:

(in thousands of USD)	June 30, 2020	June 30, 2019
Investee's equity at beginning of year	$ 2,218	$ 2,429
Ceres' share in SSR net income	(209)	(216)
Currency translation adjustment	(1)	5
Carrying value	$ 2,008	$ 2,218

(9) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised the following at June 30, 2020 and June 30, 2019:

(in thousands of USD)	Land	Buildings, Silos, & Elevators	Machinery & equipment	Office equipment & other assets	Construction in progress	Totals
Cost						
June 30, 2019	$ 20,880	$ 72,539	$ 24,592	$ 4,171	$ 24	$ 122,206
Additions	-	-	-	-	1,979	1,979
Placed in service	-	343	348	34	(742)	(17)
Disposals	-	-	(62)	-	-	(62)
Assets acquired	603	6,480	4,903	233	-	12,219
Reclassification of finance lease	-	-	(35)	-	-	(35)
June 30, 2020	$ 21,483	$ 79,362	$ 29,746	$ 4,438	$ 1,261	$ 136,290
Accumulated depreciation						
June 30, 2019	$ -	$(12,497)	$ (5,645)	$ (2,060)	$ -	$ (20,202)
Depreciation	-	(3,174)	(1,864)	(449)	-	(5,487)
Disposals	-	-	11	-	-	11
Reclassification of finance lease	-	-	8	-	-	- 8
June 30, 2020	$ -	$(15,671)	$ (7,490)	$ (2,509)	$ -	$ (25,670)
Carrying amount						
June 30, 2020	$ 21,483	$ 63,691	$ 22,256	$ 1,929	$ 1,261	$ 110,620

(in thousands of USD)	Land	Buildings, Silos, & Elevators	Machinery & equipment	Office equipment & other assets	Construction in progress	Totals
Cost						
June 30, 2018	$ 20,833	$ 70,682	$ 24,197	$ 3,563	$ 347	$ 119,622
Additions	-	-	-	-	2,381	2,381
Placed in service	-	1,751	334	619	(2,704)	-
Disposals	-	-	-	(17)	-	(17)
Currency translation	47	106	61	6	-	220
June 30, 2019	$ 20,880	$ 72,539	$ 24,592	$ 4,171	$ 24	$ 122,206
Accumulated depreciation						
June 30, 2018	$ -	$ (9,799)	$ (4,040)	$ (1,758)	$ -	$ (15,597)
Depreciation	-	(2,677)	(1,581)	(309)	-	(4,567)
Disposals	-	-	-	7	-	7
Currency translation	-	(21)	(24)	-	-	(45)
June 30, 2019	$ -	$(12,497)	$ (5,645)	$ (2,060)	$ -	$ (20,202)
Carrying amount						
June 30, 2019	$ 20,880	$ 60,042	$ 18,947	$ 2,111	$ 24	$ 102,004

There were $186 thousand of property, plant and equipment additions that have been accrued but not yet paid as at June 30, 2020 compared to nil as at June 30, 2019.

Impairments

During the years ended June 30, 2020 and 2019, there were no asset impairments recorded.

Disposals

During the year ended June 30, 2020 the Corporation disposed of machinery and equipment in the normal course of operations and recognized a loss on the disposal of $23 thousand, classified within profit or loss as “Gain (loss) on property, plant and equipment.”

On January 10, 2019, Ceres closed on the sale of its Calumet facility in Minneapolis, MN. The Corporation recognized a gain of $696 thousand.

(10) INTANGIBLE ASSETS

Intangible assets are comprised the following at June 30, 2020 and June 30, 2019:

(in thousands of USD)	Trademarks, tradename, customer/ producer relationships	Goodwill	Other intangible assets	Total
Intangible assets				
June 30, 2019	$ 3,968	$ -	$ 300	$ 4,268
Additions	2,627	4,704	-	7,331
Disposals	-	-	-	-
June 30, 2020	$ 6,595	$ 4,704	$ 300	$ 11,599
Accumulated amortization				
June 30, 2019	$ (3,968)	$ -	$ -	$ (3,968)
Amortization	(241)	-	-	(241)
June 30, 2020	$ (4,209)	$ -	$ -	$ (4,209)
Carrying amount				
Balance as at June 30, 2020	$ 2,386	$ 4,704	$ 300	$ 7,390

(in thousands of USD)	Trademarks, tradename, customer/ producer relationships	Goodwill	Other intangible assets	Total
Intangible assets				
June 30, 2018	$ -	$ -	$ 300	$ 300
Additions	3,968	-	-	3,968
Disposals	-	-	-	-
June 30, 2019	$ 3,968	$ -	$ 300	$ 4,268
Accumulated amortization				
June 30, 2018	$ -	$ -	$ -	$ -
Amortization	(3,968)	-	-	(3,968)
June 30, 2019	$ (3,968)	$ -	$ -	$ (3,968)
Carrying amount				
Balance as at June 30, 2019	$ -	$ -	$ 300	$ 300

Other intangible assets consist of customer and producer relationships, as well as tradenames and trademarks acquired as part of the purchase of Delmar. Other intangible assets are amortized on a straight-line basis over 10 years.

(11) BANK INDEBTEDNESS

On February 12, 2020, the Corporation amended the 2019 credit facility agreement led by Macquarie Bank Ltd., as administrative agent on behalf of a syndicate group of lenders which includes Bank of Montreal and Cooperative Rabo Bank U.A. (the "**2019 Credit Facility**"). The amended credit facility (the “**2020 Credit Facility**”) increased the amount of the revolving facility available to Ceres from $80 million to $100 million, with the potential to access an accordion feature that would provide an additional $20 million. The revolving facility matures on February 12, 2021. The interest rate under the 2020 Credit Facility is a tiered annual interest rate based on the utilization as follows:

Revolver Credit Facility	Applicable Margin
< 35%	3.125%
>= 35% to < 70%	3.000%
>= 70%	2.875%

The total interest rate is calculated by adding the applicable margins above plus one-week LIBOR. In the event the one-week LIBOR does not adequately reflect the cost to the lenders, the adjusted base rate shall be a rate equal to the lender’s cost of funding the borrowings. The interest rate is calculated and paid on a monthly basis. The 2020 Credit Facility is subject to borrowing base limitations. Amounts under the agreement that remain undrawn are not subject to a commitment fee. The 2020 Credit Facility has certain covenants pertaining to the accounts of the Corporation, as at June 30, 2020, the Corporation was in compliance with all covenants.

As at June 30, 2020 and June 30, 2019, the Corporation had $44.3 million and $ 16.0 million in availability, respectively, on its revolving credit facility.

As at June 30, 2020 and June 30, 2019, the carrying amount of bank indebtedness is summarized as follows:

(in thousands of USD)	June 30, 2020	June 30, 2019
Revolving line of credit	$ 32,000	$ 34,000
Unamortized financing costs	(298)	(306)
Bank indebtedness	$ 31,702	$ 33,694

(12) TERM LOAN

On November 15, 2018, the Corporation entered into a $20.0 million term loan agreement with Bixby Bridge Fund IV, LLC (the “**Bixby Loan**”). On August 16, 2019, the Bixby Loan was amended in conjunction with the Corporation’s acquisition of Delmar Commodities Ltd. The Bixby Loan was amended to increase the amount of the loan by $15.0 million to a total of $35.0 million. The payment schedule was amended such that the Corporation will pay $5.0 million on November 15, 2020, $5.0 million on November 15, 2021, and the remaining $25.0 million is due on November 15, 2022. On February 28, 2020, the Corporation elected to pay the $5.0 million scheduled payment due November 15, 2020 early. Additionally, the annual interest rate increased to 6.00% plus one-month LIBOR.

In connection with the origination of the Bixby Loan, the Corporation paid transaction costs relating to the loan closure in the amount of $349 thousand during fiscal year 2020 and $454 thousand during fiscal year 2019, which included legal fees and other related borrowing costs. Transaction costs directly attributable to the issuance of the loan are recognized as a reduction in the balance of the loan and are amortized over the term of the loan using the effective interest rate method.

(in thousands of USD)	June 30, 2020	June 30, 2019
Current portion of term loan	$ -	$ 5,000
Less current portion of unamortized financing costs	-	(106)
Current portion of term loan	-	4,894
Long-term portion of term loan	30,000	15,000
Less long-term portion of unamortized financing costs	(279)	(286)
Long term loan	29,721	14,714
Total	$ 29,721	$ 19,608

The Bixby Loan is secured by the following: (i) a security interest in substantially all of the personal property of Ceres; (ii) a charge and mortgage over substantially all of the real property and elevator assets held by Riverland Ag and the real property of Northgate; and (iii) a pledge of substantially all of the equity interests and investment property held by the Corporation.

(13) FINANCE INCOME (LOSS)

The following table presents realized and unrealized gains (losses) on foreign exchange, currency-hedging transactions and the revaluation of portfolio investments for the years ended June 30, 2020 and 2019:

(in thousands of USD)	June 30, 2020	June 30, 2019
Realized and unrealized gain (loss) on foreign exchange	$ (31)	$ (45)
Revaluation of portfolio investments	-	(1,885)
Accretion of contingent consideration	(49)	(138)
Finance income (loss)	$ (80)	$ (2,068)

(14) INTEREST EXPENSE

The following table presents interest expense for the years ended June 30, 2020 and 2019:

(in thousands of USD)	June 30, 2020	June 30, 2019
Interest on bank indebtedness	$ (2,475)	$ (2,448)
Interest on repurchase obligations	-	(152)
Interest on term loan	(2,407)	-
Interest attributable to leases	(195)	-
Amortization of financing costs paid	(783)	(681)
Interest on other financing obligations	3	(15)
Interest expense	$ (5,857)	$ (4,552)

(15) EQUITY

(a) *Authorized*

Unlimited number of voting, participating Common shares, without par value.

(b) *Stock Option and Appreciation Rights*

On March 10, 2014, the Board approved the Ceres Global Ag Corp. Stock Option Plan, later renamed the "Equity Incentive Plan." Participation in the Equity Incentive Plan is available to certain officers, key employees and consultants of the Corporation and its subsidiaries. The purpose of the Equity Incentive Plan is to attract, retain and motivate these parties by providing them with the opportunity, through options, to acquire a proprietary interest in the Corporation and to benefit from its growth.

The Equity Incentive Plan is administered by the Board, which determines (among other things) those officers, key employees and consultants who may be granted awards as Participants and the terms and conditions of any award to any such Participant. The exercise price of the options is fixed by the Board and may be no less than 100% of the Market Price on the effective date of the award of the options, which may be granted for a term not exceeding ten (10) years. The maximum number of common shares reserved for issuance upon the exercise of options cannot exceed 10% of the total number of common shares issued and outstanding less the number of common shares reserved for issuance under the Corporation's Directors Deferred Share Unit Plan (note 15). Restrictions exist as to the number of options that may be granted to Insiders within any one-year period, and as to the number of, and the aggregate fair market value of, the common shares underlying the options that may be granted to any one Participant.

The Equity Incentive Plan also provides for the Board to grant SARs to certain officers, key employees and consultants of the Corporation. Stand-Alone SARs granted under the Plan become vested at such times, in such installments and subject to the terms and conditions of the Equity Incentive Plan (including satisfaction of performance criteria and/or continued employment) as may be determined by the Board. The Base Price for each common share subject to a Stand-Alone SAR may not be less than 100% of the Market Price of a common share on the effective date of the award of such Stand-Alone SAR. Tandem SARs may be granted at or after the effective date of the related award of options, and each Tandem

June 30, 2020 and June 30, 2019 (Expressed in USD)

SAR is subject to the same terms and conditions and denominated in the same currency as the option to which it relates and the additional terms and conditions under the Equity Incentive Plan. Tandem SARs may be exercised only if and to the extent the options related thereto are then vested and exercisable. On exercise of a Tandem SAR, the related option will be cancelled, and the Participant will be entitled to an amount in settlement of such Tandem SAR calculated and, in such form, as provided by the Equity Incentive Plan.

On May 10, 2018 the Board of Directors of the Corporation, authorized an amendment to all issued and outstanding options awards to add a Tandem SAR grant and revised vesting schedule, resulting in an accrued liability and corresponding compensation cost of $99 thousand and a revaluation gain of $24 thousand.

During the year ended June 30, 2020, Ceres granted stock option awards (“options”), which include Tandem SARs, under the Corporation’s stock option plan to certain officers and employees of the Corporation. As at June 30, 2020, the outstanding Tandem SARs are as follows:

	Number of Options	Weighted average exercise price (CAD)	Weighted average remaining contractual term (years)
Outstanding as at June 30, 2018	1,373,337	$ 5.96	3.17
Granted	750,000	3.68	4.26
Exercised	(27,500)	4.49	-
Expired/forfeited	(265,450)	5.16	-
Outstanding as at June 30, 2019	1,830,387	5.17	2.90
Granted	365,500	3.74	4.34
Exercised	(6,250)	4.19	-
Expired/forfeited	(431,821)	5.17	-
Outstanding as at June 30, 2020	1,757,816	$ 4.88	2.40

At the grant date, the fair value of the Options was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions: an average risk-free interest rate of 1.31%; expected volatility of 26.3%; dividend yield of nil; an average expected option life of 3.25 years; and average exercise price of CAD $3.74. The weighted average grant date fair value of the Options granted during the year ended June 30, 2020, is CAD $0.79 and CAD $0.67 for the year ended June 30, 2019. As at June 30, 2020, Options had exercise prices ranging from CAD $2.98 to CAD $6.25 and CAD $3.68 to CAD $6.75 as at June 30, 2019.

The total Option compensation cost included in general and administrative expenses for the year ended June 30, 2019, amounted to $187 thousand and $195 thousand for the year ended June 30, 2019, with the non-cash expense being accrued and classified within contributed surplus in the Consolidated Balance Sheet.

In fiscal year 2020, the Corporation granted 258,398 RSUs with a grant date fair value of $412 thousand. The RSUs vest in five equal annual installments over four years based on the attainment of certain performance measures and the employee's continued service through the vest date. During the fiscal year ended June 30, 2020, 51,680 of the RSUs vested and were settled. The expense related to RSUs was $144 thousand for the year ended June 30, 2020 and recorded within General and administrative expenses. As at June 30, 2020, there were 206,718 issued and outstanding.

(c) *Issued and outstanding as at June 30, 2020 and June 30, 2019*

The following is a summary of the changes in the Common shares for the year ended June 30, 2020 and year ended June 30, 2019:

	Common shares		
	Number of shares	Amount *(in thousands of USD)*	
Balances, June 30, 2019 and 2018	27,934,991	$	203,358
Adjustment for change in functional currency	-		(40,572)
Private placement	2,802,599		9,568
Share issuance costs	-		(77)
Options exercised for common shares	1,250		3
Restricted stock options exercised	34,005		94
Balances, June 30, 2020	30,772,845	$	172,374

(d) *Earnings per share*

The following is a summary of Earnings per share for the years ended June 30, 2020, and June 30, 2019:

	June 30,		
(Net income in thousands of USD)	2020		2019
Net income (loss)	4,337	$	(16,871)
Weighted average number of commons shares (basic)	30,041,801		27,934,991
Dilutive effect of Options	1,380,661		-
Dilutive effect of Deferred share units	400,109		-
Weighted average number of commons shares (diluted)	31,822,571		27,934,991
Basic income (loss) per common share	0.14		(0.60)
Diluted income (loss) per common share	0.14		(0.60)

As at June 30, 2020 and June 30, 2019, directors and officers of the Corporation beneficially own, directly or indirectly, or exercise control or direction over 50.6% and 44.0%, respectively, of the outstanding Common shares of the Corporation.

(16) DEFERRED SHARE UNIT PLAN

Effective September 29, 2016, the Board amended the Directors' Deferred Share Unit Plan to (i) authorize the Board, in its sole discretion, to issue Common Shares to directors in lieu of all or a portion of the annual cash remuneration payable to eligible directors in respect of services provided by such eligible directors to the Corporation, (ii) increase the aggregate number of Common Shares issuable under the plan from 450,000 to 600,000 Common Shares and (iii) rename the plan the Directors' Share and Deferred Share Unit Plan.

Effective March 10, 2014, Ceres has a Directors' Deferred Share Unit Plan, whereby deferred share units ("DSU") are issued to Eligible Directors, in lieu of cash, for a portion of Directors' fees otherwise payable to Directors. The Fair Market Value of the DSUs on the date such units are calculated and issued represents the volume-weighted average trading price of Ceres' common shares for the five trading days immediately preceding the date of issuance of the DSUs. Each DSU entitles the director to receive payment after the end of the director's term in the form of common shares of the Corporation. Under the plan, the aggregate number of common shares issuable by Ceres under this Plan was limited to 450,000 and subsequently amended to 600,000 common shares. Certain insider restrictions and annual dollar limits per Eligible Director exist. Dividends, if any, otherwise payable on the common shares represented by the DSUs are converted into additional DSUs based on the Fair Market Value as of the date on which any such dividends would be paid. The Plan also provides for the Board to award additional DSUs (referred to in the Plan agreement as "Matching DSUs") to an Eligible Director who has elected to receive DSUs pertaining to his/her Annual Cash Remuneration amount (as defined by the Plan).

The Corporation intends to settle all DSUs with shares through the issuance of treasury shares. Compensation expense is included as part of Directors' fees classified with general and administrative expenses and is recognized in the accounts as and when services are rendered to the Corporation.

The following table summarizes the information related to deferred share units ("**DSUs**") outstanding:

	Number of DSUs	Amount *(in thousands of USD)*
DSUs as at June 30, 2018	252,503	$ 801
Units issued	104,527	318
Reclassification of Deferred Share Units	-	268
DSUs as at June 30, 2019	357,030	1,387
Adjustment for change in functional currency	-	(13)
Units issued	125,328	310
Balances, June 30, 2020	482,358	$ 1,684

(17) RELATED PARTY TRANSACTIONS

Key management personnel

Below is 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 for the fiscal years ended:

(in thousands of USD)	June 30, 2020	June 30, 2019
Salary and short-term employee and director benefits	$ 2,004	$ 1,551
Share-based compensation	535	446
	$ 2,539	$ 1,997

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 2020 compared to related party revenue of $80 thousand in fiscal year 2019. Related party expenses recorded in cost of sales are $1.5 million for the fiscal year 2020 and $1.3 million for fiscal year 2019. As at June 30, 2020, the accounts receivable, due from Savage Riverport, LLC totaled $84 thousand ($134 thousand in 2019) and accounts payable, due to Savage Riverport, LLC totaled $25 thousand ($51 thousand in 2019).

Gateway Energy Terminal

As at June 30, 2020, the accounts receivable, due from Gateway Energy Terminal, totaled $195 thousand and nil for the year ending June 30, 2019.

Stewart Southern Railway Inc.

Ceres owns a 25% interest in SSR and has a CAD $25 thousand note due from SSR. The note has an annual interest rate of 1.0% and is recorded in “Other assets” as a long-term receivable on Ceres’ Consolidated Balance Sheet.

Bixby Loan

An affiliate of Bixby Bridge Fund IV, LLC (“**the Lender**”), separate and distinct from the Lender, holds an indirect, minority investment in Ceres. The Bixby Loan was negotiated on arm’s length terms after consideration of other financing alternatives under the supervision of members of the Corporation’s Board of Directors who are independent of the Lender.

Private Placement

On September 30, 2019, the Corporation closed its non-brokered private placement, issuing 2,802,599 common shares. Certain key management personnel and an entity controlled by a director of the Corporation, subscribed for 2,792,599 shares.

(18) BUSINESS COMBINATIONS

Natures' Organic Grist, LLC

On July 11, 2018, the Company acquired 100% of the equity of Natures' Organic Grist, LLC ("NOG"), a supplier of organic grains and ancient grains (including emmer and einkorn), milled flours, and feed products, for consideration as follows:

• Cash consideration $2.8 million paid at closing, with an additional payment of $0.5 million paid one month following the close for working capital acquired; and

• A performance based earn-out of up to $3.2 million based on total NOG performance over a three-year period following closing which was fair valued at $1.3 million using a discounted cash flow model and a probability factor of 50% for each of the three years of the contingent payments and a 10% discount rate ("Contingent Earn-out"). This model is based on forecasted gross margin based on the information available as of the reporting date. The present value of the performance based earn-out is revalued each period. Accretion of contingent consideration recorded in finance income is $0.5 million and $0.2 million for the years ended June 30, 2020 and 2019, respectfully. During the year ended June 30, 2020, the Corporation paid $0.6 million of the Contingent Earn-out. During the year ended June 30, 2020, the Corporation revalued the Contingent Earn-out and recognized a gain of $917 thousand through profit and loss. As at June 30, 2020, the Contingent Earn-out is nil.

(in thousands of USD)	July 11, 2018	
Cash consideration	$	2,800
Working capital		475
Fair value of contingent consideration		1,330
Total consideration	$	4,605

The acquisition of NOG was accounted for as a business combination. The purchase price has been allocated to the assets acquired and liabilities assumed based on their fair values as follows:

(in thousands of USD)	Amounts Recognized as of the Acquisition Date	Measurement Period Adjustments (a)	Amounts Recognized as of June 30, 2019
Cash	$ 936	$ -	$ 936
Accounts Receivable	274	-	274
Inventory	511	-	511
Intangible assets	3,968	(3,968)	-
Open grain contracts	-	731	731
Organic supply contracts	-	3,237	3,237
Total assets acquired	$ 5,689	$ -	$ 5,689
Accounts payable and accrued liabilities	1,084	-	1,084
Total liabilities assumed	$ 1,084	$ -	$ 1,084
Net assets acquired	$ 4,605	$ -	$ 4,605

(a) During the measurement period, the Corporation recorded certain adjustments to the purchase price allocation including the identification of open grain contracts and organic supply contracts.

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. The amortization expense of the intangible assets is as follows:

(in thousands of USD)	Amount
Intangible assets at July 11, 2018	$ 3,968
Amortization of grain contracts	(731)
Amortization of supply contracts	(3,237)
Net intangible assets at June 30, 2019	$ -

Delmar Commodities Ltd.

On August 16, 2019 and effective August 1, 2019, the Corporation closed on the acquisition of 100% of the equity of Delmar, based in Winkler, Manitoba. The purpose of the transaction was to diversify the Corporation's product lines, add strategic origination capabilities for core grain products, and expand the Corporation's geographic footprint in Canada.

Ceres acquired 100% of Delmar's issued and outstanding shares for a purchase price of CAD $15.25 million in cash paid to Delmar's shareholders, and the payoff of approximately CAD $7.3 million in existing term debt and CAD $10.0 million in existing revolver debt.

The acquisition was funded with a combination of existing working capital and additional term debt with the amendment to the Bixby Loan (note 11).

(in thousands of USD)	August 1, 2019
Cash consideration	$ 10,748
Working capital	754
Total cash consideration	11,502
Debt assumed	13,064
Working capital adjustment	(306)
Holdback adjustments	(119)
Total consideration	$ 24,141

The acquisition of Delmar was accounted for as a business combination. The purchase price has been allocated to the assets acquired and liabilities assumed based on their fair values as follows:

(in thousands of USD)	Amounts Recognized as of the Acquisition Date	Measurement Period Adjustments (a)	Amounts Recognized as of June 30, 2020
Cash	$ 80	$ -	$ 80
Accounts Receivable	6,389	(115)	6,274
Income taxes recoverable	1,172	-	1,172
Inventory	3,517	578	4,095
Other current assets	137	-	137
Property, plant, and equipment	-	12,219	12,219
Long-lived assets	17,687	(17,687)	-
Customer relationships	-	1,116	1,116
Producer relationships	-	764	764
Trademarks and tradenames	-	747	747
Goodwill	-	4,704	4,704
Total assets acquired	$ 28,982	$ 2,326	$ 31,308
Current liabilities	4,893	439	5,332
Deferred tax liability	-	1,712	1,712
Long-term debt	91	32	123
Total liabilities assumed	$ 4,984	$ 2,183	$ 7,167
Net assets acquired	$ 23,998	$ 143	$ 24,141

(a) During the measurement period, the Corporation recorded certain adjustments to the purchase price allocation including the identification of customer relationships, producer relationships, trademark and tradenames, and goodwill. The Corporation recognized a deferred tax liability related to the intangible assets acquired.

The allowance for doubtful accounts at the date of acquisition was $763 thousand.

Goodwill is primarily attributable to the synergies expected to be achieved by reducing costs and increasing margin opportunities from integrating Delmar's business with Ceres' operations after the acquisition. Goodwill is not deductible for tax purposes.

The intangible assets are amortized a straight-line basis over ten years.

During the twelve-month period ended June 30, 2020, the Corporation recorded depreciation expense on the step-up in fair value of property, plant, and equipment of approximately $309 thousand.

Revenue included in the consolidated financial statements for Delmar from the date of acquisition was $69.0 million. Net income included in the consolidated financial statements for Delmar from the date of acquisition was $1.3 million.

(19) SEGMENT REPORTING

As at June 30, 2020, the Corporation has four reportable segments: Grain, Supply Chain Services, Seed and Processing, and Corporate. As at June 30, 2020, the Corporation has three operating segments: Grain, Supply Chain Services, and Seed and Processing. The Corporation's Grain segment is engaged in grain procurement and merchandising of specialty grains and oilseeds such as oats, barley, rye, hard red spring wheat, durum wheat, canola, and pulses. The Supply Chain Services segment utilizes the Corporation's facilities to provide logistics services, storage, and transloading for commodities and industrial products. The Seed and Processing segment is engaged in soybean crush, specialty crops blending, birdfeed production, and seed distribution in western Canada.

During the previous fiscal year, the Corporation had three reportable segments and two operating segments. Therefore, the information below provides the financial information for the year ended June 30, 2019 in the three reporting segments. Management reporting comprises analysis of revenue and gross profit within three distinct operating segments. Corporate oversees and administers the operating segments. The chief operating decision maker focuses on revenues and costs by operating segment, but manages assets and liabilities on a global basis.

The following table presents information about reported segment profit or loss from the Statement of Comprehensive Income (Loss) for the twelve months ended June 30, 2020:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate and Eliminations	Total
Revenues	$ 546,011	$ 4,035	$ 38,457	$ (6,790)	$ 581,713
Cost of sales	(521,545)	(3,881)	(35,759)	6,790	(554,395)
Gross profit	24,466	154	2,698	-	27,318
General and administrative expenses	(8,878)	(122)	(832)	(7,871)	(17,703)
Income (loss) from operations	15,588	32	1,866	(7,871)	9,615
Finance income (loss)	16	-	-	(96)	(80)
Interest expense	(2,995)	-	(40)	(2,822)	(5,857)
Amortization of intangible assets	-	-	-	(241)	(241)
Revaluation of stock appreciation right liability	-	-	-	324	324
Revaluation of contingent consideration	-	-	-	917	917
Gain/loss on property, plant and equipment	-	(23)	-	-	(23)
Income (loss) before taxes	12,609	9	1,826	(9,789)	4,655
Income tax (expense) recovered	-	-	-	(150)	(150)
Share in net income (loss) from associates	41	-	-	(209)	(168)
Net income (loss)	$ 12,650	$ 9	$ 1,826	$ (10,148)	$ 4,337

The following table presents information about reported segment profit or loss from the Statement of Comprehensive Income (Loss) for the twelve months ended June 30, 2019:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate and Eliminations	Total
Revenues	$ 434,866	$ 3,530	$ -	$ -	$ 438,396
Cost of sales	(420,537)	(3,539)	-	-	(424,076)
Gross profit	14,329	(9)	-	-	14,320
General and administrative expenses	(6,230)	(157)	-	(6,644)	(13,031)
Income (loss) from operations	8,099	(166)	-	(6,644)	1,289
Finance income (loss)	-	-	-	(2,068)	(2,068)
Interest expense	(2,877)	-	-	(1,675)	(4,552)
Amortization of intangible asset	(3,968)	-	-	-	(3,968)
Revaluation of stock appreciation right liability	-	-	-	379	379
Legal settlement	-	-	-	(8,228)	(8,228)
Gain (loss) on property, plant, and equipment	-	-	-	696	696
Income (loss) before taxes	1,254	(166)	-	(17,540)	(16,452)
Income tax (expense) recovered	-	-	-	4	4
Share in net income (loss) of associates	(207)	-	-	(216)	(423)
Net income (loss)	$ 1,047	$ (166)	$ -	$ (17,752)	$ (16,871)

(20) INCOME TAXES

(a) Reconciliation of statutory tax provision to the effective tax provision

As the Corporation operates in several tax jurisdictions, its income is subject to taxation at various rates.

The provision for income taxes differs from the amount that would have resulted from applying the Canadian statutory income tax rates to income before income taxes for the following reasons:

	For the years ended June 30,	
(in thousands of USD)	2020	2019
Income (loss) before income taxes and share of net income (loss) of associates:		
Canada	$ (3,352)	$ (7,928)
Mexico	(7)	12
United States of America	8,013	(8,536)
	4,654	(16,452)
Combined statutory Canadian federal and Ontario corporate income tax rate	26.5%	26.5%
Provisions for income taxes payable (recoverable) using using statutory rate	1,233	(4,360)
Adjusted for the income tax effect of:		
Difference in tax rates applicable to subsidiaries	(275)	(171)
U.S. state taxes, net of U.S. federal tax benefit	40	(325)
Non-deductible portion of unrealized losses (non-taxable portion of unrealized gains) on investments	(27)	(282)
Changes in unrecognized temporary difference on deferred income tax assets, net of deferred tax liabilities	(619)	5,129
Foreign exchange and other differences	(202)	5
	(1,083)	4,356
Income tax expense (recovered)	$ 150	$ (4)

The components of the provision for income taxes for the years ended June 30, 2020 and 2019 are as follows:

	For the years ended June 30,	
(in thousands of USD)	2020	2019
Canada		
Current	$ 95	$ -
Deferred	3	-
	98	-
Mexico		
Current	1	-
Deferred	1	(2)
	2	(2)
United States of America - Federal		
Current	-	-
Deferred	-	-
	-	-
United States of America - State		
Current	50	-
Deferred	-	(2)
	50	(2)
Income tax expense (recovered)	$ 150	$ (4)

(b) Deferred income tax asset

The tax effects of temporary differences that give rise to significant elements of the net deferred income tax asset (liability) recognized as at June 30, 2020 and 2019, are as follows:

(in thousands of USD)	As at June 30, 2020	As at June 30, 2019
Deferred tax assets:		
Non-capital and net operating losses carried-forward	$ 31,896	$ 32,661
Amortization of grain and supply contracts	645	902
Interest expense limitation	52	880
Allowable capital losses carried-forward	756	784
Deductible portion of unrealized depreciation of associates	706	732
Share issuance costs	16	2
Other temporary deductible differences, net of temporary taxable differences	1,409	861
	35,480	36,822
Deferred tax liabilities		
Property, plant, and equipment	(10,296)	(9,467)
Taxable portion of unrealized depreciation of associates	(1,071)	(1,172)
Intangible assets, excluding goodwill	(617)	-
	(11,984)	(10,639)
Unrecognized deferred tax assets	(25,211)	(26,183)
Non-current deferred tax liability - net	$ (1,715)	$ -

(c) Tax losses carried forward

(i) Operations in Canada

As at June 30, 2020, the Corporation has accumulated non-capital losses in the amount of CAD $84.4 million relating to its operations in Canada.

The non-capital losses are being carried forward and, unless utilized, will expire in the following taxation years:

(in thousands of CAD)

Year of expiry	Amount in CAD
2031	$ 401
2032	7,335
2033	6,549
2034	13,586
2035	8,198
2036	10,777
2037	7,008
2038	12,070
2039	11,444
2040	7,043
	$ 84,411

As at June 30, 2020, Ceres has accumulated capital losses totaling CAD $7.75 million, which are available indefinitely to be applied against capital gains in future taxation years. The potential income tax benefit of the non-capital and capital losses has not been recognized in the consolidated financial statements.

(ii) Operations in the United States of America

As at June 30, 2020, the Corporation has accumulated net operating losses in the amounts noted below in USD, for federal and state income tax purposes. These net operating losses are being carried forward and, unless utilized, will expire in the following taxation years:

June 30, 2020

(in thousands of USD)	Federal	Minnesota	New York	North Dakota	Wisconsin
2030	$ -	$ -	$ -	$ 345	$ -
2031	-	1,919	-	201	-
2032	2,647	1,725	-	124	-
2033	8,570	6,335	-	68	1,076
2034	12,773	9,210	-	-	1,764
2035	26,591	-	-	-	-
2036	5,310	12,035	622	212	422
2037	3,618	2,072	4	40	41
2038	-	-	-	-	-
2039	276	116	-	3	121
	$ 59,785	$ 33,412	$ 626	$ 993	$ 3,424

(21) LEGAL

The Corporation is involved in various legal claims and legal notices arising in the ordinary course of business. The Corporation believes it has adequately assessed each claim, and the necessity of a provision for such claims. As at June 30, 2020 and June 30, 2019, the Corporation has no provision for any of these legal claims.

During the year ended March 31, 2014, Ceres terminated its arrangements and ongoing discussions with The Scoular Company ("Scoular") as a potential development partner with respect to the development and construction of a grain facility at Northgate Logistics Centre (NLC). Scoular filed a breach of contract claim for injunctive relief and unspecified damages. On October 5, 2018, the Corporation settled the lawsuit for $11.3 million, of which $3.1 million was previously accrued, resulting in the recognition of an $8.2 million expense recorded in profit or loss for the year ended June 30, 2019. As at June 30, 2019, the $11.3 million Scoular settlement was paid in full.

(22) SUBSEQUENT EVENTS

On September 1, 2020, Ceres paid cash consideration to purchase Cargill Limited's grain elevator and associated assets located in Ridgedale, Saskatchewan (the "Nicklen Facility"), including inventory and assumption of certain open grain purchase contracts. The purchase of assets was funded with existing working capital and Ceres hired all of the Nicklen Facility's existing employees as a part of the transaction. The purchase of the Nicklen Facility is a continuation of the Corporation's progress in adding strategic origination capabilities for Ceres' core products while further expanding its geographical footprint.