CERES GLOBAL

GROWING PROFITABLY

2020 ANNUAL REPORT

TRANSFOR-MATIONAL GROWTH

Since 2015, Ceres has transformed and positioned itself for growth. It has executed on its mission to provide high quality products and supply chain solutions to agricultural and industrial customers through a diversified asset base in North America by selling and exiting non-strategic and underperforming assets, cleaning up and strengthening its balance sheet, and acquiring complementary businesses and assets (e.g., Nature's Organic Grist, LLC, Delmar Commodities LTD., Nicklen Siding grain elevator, etc.). In addition, it has added talent and bench strength needed for short and long-term success.

$582M
REVENUE FY2020

↑33%
YEAR-OVER-YEAR

$27M
GROSS PROFIT FY2020

↑91%
YEAR-OVER-YEAR

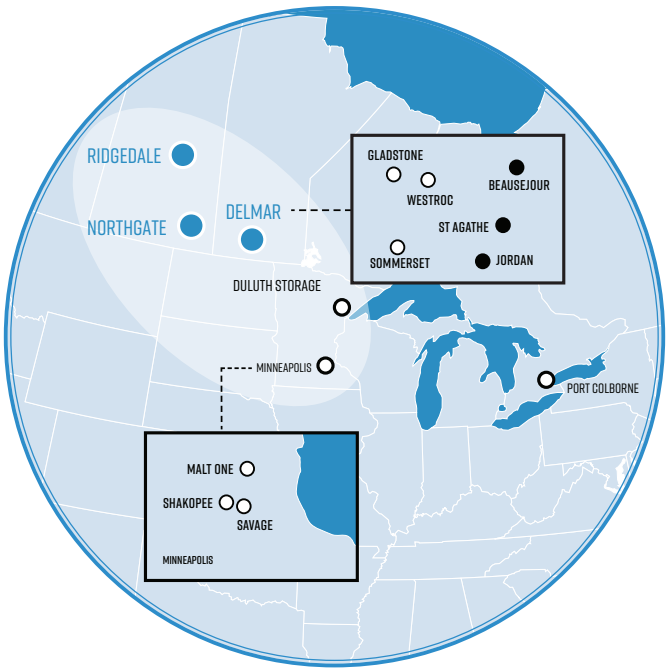
93M
BUSHELS HANDLED & MERCHANDIZED FY2020

↑29%
YEAR-OVER-YEAR

INVESTING IN GROWTH

The expansion of Ceres' grower origination footprint and diversification into new products accelerated in fiscal 2020. Specifically, the acquisition of Delmar Commodities Ltd. provides critical access to core grain origination directly from growers in Southern Manitoba and access to new product-lines and agricultural businesses. This acquisition has enabled Ceres to enter into soybean processing, specialty crop blending and distribution (includes birdfeed), and oilseed and corn seed production, sales and distribution across Western Canada in partnership with two highly specialized seed companies, Sevita International Corporation and Horizon Seeds Canada Inc.

Expanding Footprint Across Key Origination Regions



- Origination Expansion
- Seed & Processing Locations
- Grain & Supply Chain

NORTHGATE COMMODITY LOGISTICS CENTER

Ceres' Northgate terminal is ideally located on 1,300 acres in southeastern Saskatchewan, connected to BNSF's 32,000 mile rail network, including a high-speed/shuttle-certified grain elevator with 2.7 million bushels of storage capacity, a fertilizer warehouse with 26,000 metric tons of storage capacity, an industrial products loading and unloading infrastructure and a natural gas liquid (NGL) transload operation. The NGL operation, which provides truck to train transloading from Canada directly into the U.S., was placed into a 50/50 unincorporated joint operation with Steel Reef Infrastructure Corp. at the beginning of the 2020 fiscal year. The joint operation is now known as Gateway Energy Terminal.

Nicklen Siding, Ridgedale Saskatchewan

ABOUT CERES GLOBAL

Through its network of commodity logistics centers and team of industry experts, Ceres Global merchandizes high-quality North American agricultural commodities and value-added products, and provides reliable supply chain logistics services to agricultural, energy and industrial customers worldwide.

Ceres Global is headquartered in Minneapolis, Minnesota, and, together with its affiliated companies, operates 13 locations across Saskatchewan, Manitoba, Ontario, and Minnesota. These facilities have an aggregate grain and oilseed storage capacity of approximately 31 million bushels.

Ceres Global has a 50% interest in Savage Riverport, LLC, a joint venture with Consolidated Grain and Barge Co.; a 50% interest in Gateway Energy Terminal, a joint operation with Steel Reef Infrastructure Corp.; a 25% interest in Stewart Southern Railway Inc., a short-line railway located in southeast Saskatchewan with a range of 130 kilometers; and a 17% interest in Canterra Seed Holdings Ltd, a Canada-based seed development company.

31M
BUSHEL STORAGE CAPACITY

13
LOCATIONS

~200
EMPLOYEES

CHAIRMAN'S MESSAGE

Fellow Shareholders,

With global food demand continuing to increase, and societal shifts in consumption trends emphasizing plant-based foods, agribusiness continues to evolve and grow. Ceres is well-positioned to meet these evolving and growing needs. During the last several years, we have concentrated on putting into place the people, the processes and strategic plans needed to focus our business on critical areas for growth and profitability. Over fiscal 2020 we saw the results of that work. With profitability increasing, stronger than ever financial results, and increased acquisition activity, I am extremely pleased with the year we have had.

Not only did Ceres achieve profitability for the first time in many years, but we also did so during a time of exceedingly unusual and challenging circumstances. I am exceptionally proud of the team at Ceres for the leadership and dedication they have shown during the COVID-19 pandemic. The company immediately responded by putting in the safety features and processes needed to ensure we had no significant disruption to our operations. The team quickly adapted to the new environment and not only maintained business as usual but continued to execute on our growth strategy. Subsequent to fiscal 2020 year-end, we announced the completion of the acquisition of the Nicklen Siding elevator in Saskatchewan, further extending our reach in a key North American growing region.

Fiscal 2020 was a strong year for Ceres, and as we come to the end of our five-year transformation, we move towards the next phase in our growth and development. I want to thank our Board, the management team and employees as well as you, our shareholders, for your continued support of our Company during these last few years. I look forward to updating you on our progress in 2021.

Sincerely,

Douglas E. Speers
Chairman of the Board
Ceres Global Ag Corp.

MESSAGE FROM THE CEO

At our annual meeting last year, I spoke about seven key goals for Ceres during fiscal 2020:

1. Maintain the trajectory of improved financial results
2. Organically grow and successfully integrate recent investments
3. Acquire all or part of at least one grower origination asset in Western Canada and/or Northern Plains U.S.
4. Identify "bite-sized" efficiency improvements and expansion investment opportunities inside the existing business
5. Build identity preserve (IP) supply chain solutions for strategic customers
6. Proactively collaborate with Steel Reef to accelerate the development of Gateway Energy Terminal
7. Develop and retain talent

I am pleased to share that we have either met or exceeded all of the goals we set in the last twelve months:

- Fiscal 2020 was the first year we have been profitable in many years, and we exceeded our financial objectives for the year.
- The Delmar acquisition was completed, and the team has been successfully integrated into our operations. We have also continued to strengthen this business through a partnership with Sevita International Corporation and Horizon Seeds Canada, Inc. to distribute their soybean and corn seed products in Western Canada, respectively.
- Our geographic expansion has continued with the acquisition of the Nicklen Siding elevator in Saskatchewan after fiscal year-end, further extending our reach into Western Canada.
- We have also continued our meaningful work in IP supply chain solutions with significant progress serving key accounts.
- The development of the non-ag transload business has continued at Northgate, and the Steel Reef joint operation now known as Gateway Energy Terminal began operations as of July 2019.
- We successfully completed the hiring of executive team members and other critical roles in the organization. As we move into our next phase of growth, we are operating at full strength. Additionally, we have retained the talented team at the Nicklen Siding elevator as we work towards integration.

The last twelve months of operations for Ceres has marked tremendous progress on our growth initiatives. We have further expanded in Western Canada, added strategic grain origination assets and continued to create value across our business through organic initiatives. It's important to note that we achieved much of this growth in 2020 against the backdrop of the major shift in our global environment caused by the COVID-19 pandemic. Our vision is to be the most trusted and valued partner to quality-conscious customers, and I believe that during these last six months we have strongly demonstrated that. I am proud of the work our team has done and thank them sincerely for all their hard work.

I look forward to all we accomplish together in 2021.

Sincerely,

Robert Day
President & CEO
Ceres Global Ag Corp.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated September 22, 2020 should be read in conjunction with the audited Consolidated Financial Statements for the year ended June 30, 2020 of Ceres Global Ag Corp. ("Ceres", the "Corporation", "we", "our", and "us"), and the Corporation's audited Consolidated Financial Statements for the year ended June 30, 2019 (the "Annual Consolidated Financial Statements"). Additional information about Ceres filed with Canadian securities regulatory authorities, including the quarterly financial statements and MD&A, and the annual information form, is available online at www.sedar.com.

Basis of Presentation

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

Non-IFRS Financial Measures

This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS. These measures include "EBITDA" (Earnings before interest, income tax, depreciation and amortization), "Adjusted net income" and "Return on shareholders' equity, none of which have a standardized meaning under IFRS. See "Non-IFRS Financial Measures and Reconciliations."

Risks and Forward-Looking Information

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

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

Who We Are

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

Ceres is headquartered in Minneapolis, MN and together with its wholly owned affiliates operates 13 locations across Saskatchewan, Manitoba, Ontario, and Minnesota. These facilities throughout North America have an aggregate grain and oilseed storage capacity of approximately 31 million bushels.

Ceres also has a 50% interest in Savage Riverport LLC, a joint venture with Consolidated Grain and Barge Co., a 50% interest in Gateway Energy Terminal, an unincorporated joint operation with Steel Reef Infrastructure Corp., a 25% interest in Stewart Southern Railway Inc., a short-line railway located in southeast Saskatchewan with a range of 130 kilometers, and a 17% interest in Canterra Seed Holdings Ltd., a Canadian-based seed development company.

Grain Segment

The Corporation's Grain segment is engaged in procurement, storage, handling, trading, and merchandising of commodity and specialty grains and oilseeds such as hard red spring wheat, durum wheat, oats, barley, rye, canola and pulses through our 10 grain storage and handling facilities in Saskatchewan, Manitoba, Ontario, and Minnesota. These facilities are strategically located between where Ceres' core products are grown and sourced and their key customers and markets served. 8 of Ceres' grain storage facilities are located on major rail lines across North America, two are located at deep-water ports on the Great Lakes allowing access to vessels, and another facility is located on the Minnesota River with capacity to load barges for shipment down the Mississippi River to export terminals in New Orleans. These facilities combine to provide Ceres with efficient access to export and import flows of our core grains and oilseeds to North America and global markets. Approximately 25 million bushels of the Corporation's facilities are "regular" for delivery for both spring wheat against the Minneapolis Grain Exchange futures contract and oats against the Chicago Board of Trade futures contract. In addition, spring wheat and oats sourced by the Corporation out of Canada are eligible for delivery against respective futures contracts.

Supply Chain Services Segment

The Supply Chain Services segment utilizes the Corporation's facilities to provide logistics services, storage, and transloading for non-agricultural commodities and industrial products. Ceres efficiently

manages their supply chains and assets to ensure storage and handling capacity and transportation costs are optimized and high quality and value adding products are delivered to key customers and markets served.

One of Ceres' key assets in their Supply Chain Services segment is the facility at Northgate. Northgate sits on approximately 1,300 acres of land in Northgate, Saskatchewan, and is designed to utilize two rail loops, each capable of handling unit trains of up to 120 railcars and two ladder tracks capable of handling up to 65 railcars. Northgate is an approximately $75 million state-of-the-art grain, oil, natural gas liquids and fertilizer terminal and is connected to the Burlington Northern Santa Fe Railway (the "BNSF") with intentions to further build out the infrastructure to support handling of other industrial products and equipment.

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

In June 2019, Ceres established Gateway Energy Terminal, a 50/50 unincorporated joint operation with Steel Reef Infrastructure Corp. located at Northgate ("**Gateway**"). Gateway began operations on July 1, 2019 and handles the transloading of hydrocarbons at Northgate on an exclusive basis. Ceres' existing contracts were transferred to Gateway as of July 1, 2019. Gateway's operations at Northgate provide a direct link for hydrocarbons to enter the US market.

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

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

Seed and Processing Segment

The Corporation's Seed and Processing segment was created through the acquisition of Delmar and consists of a soybean crush facility located in a strong soybean producing region with low cost origination driven by export economics, a specialty crops blending/birdfeed production and sales business, and the distribution of seed products in western Canada. Operations of this segment are primarily located in Manitoba, Canada.

On May 25, 2020, Ceres entered into preliminary agreements to partner with two highly specialized seed companies, Sevita International Corporation ("**Sevita**") and Horizon Seeds Canada Inc. ("**Horizon**") to distribute corn and soybean seed products in Western Canada under the trade name "Ceres Global Seeds". A long-term agreement with Sevita was formalized on August 21, 2020, and a long-term agreement with Horizon is expected to be formalized by the end of September 2020. This business and these partners enable Ceres to diversify its agriculture-related businesses in regions that it knows and understands well, and to continue delivering high-quality products and superior value to Ceres' seed dealer and grower network.

1. FINANCIAL AND OPERATING SUMMARY

(in thousands of USD except per share)	Year Ended June 30, 2020	Year Ended June 30, 2019
Revenues	$ 581,713	$ 438,396
Gross profit (loss)	$ 27,318	$ 14,320
Income (loss) from operations	$ 9,615	$ 1,289
Net income (loss)	$ 4,337	$ (16,871)
Weighted average common shares outstanding	30,041,801	27,934,991
Diluted weighted average common shares outstanding	31,822,571	27,934,991
Income (loss) per share - Basic	$ 0.14	$ (0.60)
Income (loss) per share - Diluted	$ 0.14	$ (0.60)
EBITDA (1)	$ 16,906	$ (4,061)
As at:		
Total assets	$ 254,987	$ 212,964
Total bank indebtedness, current	$ 31,702	$ 33,694
Term loan (2)	$ 29,721	$ 19,608
Shareholders' equity	$ 144,989	$ 130,764
Return on shareholders' equity (1)	3.0%	-12.9%

(1) Non-IFRS measures. See Non-IFRS Financial Measures and Reconciliations section.
(2) Includes current portion of term loan.

HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2020

- Revenues increased $143.3 million compared to the prior year primarily due to the acquisition of Delmar in August 2019 which added $69.0 million in incremental revenues along with our base business that increased bushels handled by 12 million bushels over the prior year.

- Gross Profit increased by $13.0 million compared to the prior year primarily due to better grain trading and merchandising margins that increased by $10.1 million over the prior year along with the acquisition of Delmar.

- Income from operations increased $8.3 million compared to the previous year due to higher gross profits in grain trading and merchandising margins and the acquisition of Delmar that were partially offset by higher general and administrative costs and interest expenses associated with the acquisition and financing of Delmar.

- Net income for the year was $4.3 million compared to a net loss of $16.9 million for the year ended June 30, 2019. The increase was primarily related to $8.3 million in improved income from operations over the prior year along with $8.2 million in a legal case that was settled in the prior year.

- EBITDA increased $21.0 million compared to the previous year primarily due to an increase in net income as described above

- The Corporation repaid $5.0 million of its term loan in advance of the November 2020 due date.

For the Year Ended June 30, 2020 and June 30, 2019

Overall Performance

The Corporation's financial performance for the year ended June 30, 2020 significantly improved over the prior year. Net income was $4.3 million for the year ended June 30, 2020, compared to a net loss of $16.9 million for the year ended June 30, 2019. Net income was favorably impacted by a $917 thousand gain on revaluation of contingent consideration and a $324 thousand gain on the revaluation of the stock appreciation right liability. Fiscal year 2019 was negatively impacted by the amortization of intangible assets, the settlement of the Scoular lawsuit, and the write down of portfolio investments. Gross profit was $27.3 million for the year ended June 30, 2020, compared to a gross profit of $14.3 million for the year ending June 30, 2019, a result of higher merchandising margins. Furthermore, income from operations was $9.6 million for the year ended June 30, 2020 compared to a $1.3 million income from operations for the year ended June 30, 2019.

Revenues and Gross Profit

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

Total revenue increased by $143.3 million, primarily due to an increase in bushels merchandised in the year ended June 30, 2020 compared to the year ended June 30, 2019 as well as the addition of Delmar. The Corporation handled and traded 92.5 million bushels of grain and oilseed in fiscal year 2020 compared to 71.6 million bushels for the fiscal year 2019. In agriculture commodity markets, cost of sales generally follow increases or decreases in gross revenues. Management believes it is more important to focus on changes in gross profits and volume handled rather than changes in revenue dollars.

The table below represents a summary of the components of gross profit for the year ended June 30, 2020:

	2020			
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Total
Net trading margin	$ 37,583	$ -	$ -	$ 37,583
Supply Chain Services revenue	-	4,034	-	4,034
Net Seed and Processing margin	-	-	5,545	5,545
Operating expenses included in cost of sales	(9,266)	(2,810)	(2,591)	(14,667)
Depreciation expense included in cost of sales	(3,850)	(1,071)	(256)	(5,177)
Gross profit (loss)	$ 24,467	$ 153	$ 2,698	$ 27,318

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

	2019			
(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Total
Net trading margin	$ 26,163	$ -	$ -	$ 26,163
Supply Chain Services revenue	-	3,530	-	3,530
Net Seed and Processing margin	-	-	-	-
Operating expenses included in cost of sales	(8,129)	(2,778)	-	(10,907)
Depreciation expense included in cost of sales	(3,706)	(760)	-	(4,466)
Gross profit (loss)	$ 14,328	$ (8)	$ -	$ 14,320

Gross profit increased by $13.0 million in the year ended June 30, 2020 compared to the year ended June 30, 2019. The year over year increase in gross profit was driven by an increase in net trading margin as well as the acquisition of Delmar.

Net trading margin

Net trading margin increased by $11.4 million for the year ended June 30, 2020 compared to the year ended June 30, 2019 due to higher trading margins on cereal grains year over year, as well as the acquisition of Delmar and its contribution to the Grain segment.

Supply Chain Services revenue

Supply Chain Service revenue increased by $504 thousand for the year ended June 30, 2020 compared to the year ended June 30, 2019. The Corporation's Supply Chain Service revenue increase was primarily a result of the revenue generated from Gateway, which began operations on July 1, 2019.

Net Seed and Processing margin

Net Seed and Processing margin was $5.5 million for the year ended June 20, 2020. The Corporation's Seed and Processing segment was formed through the acquisition of Delmar, effective August 1, 2019.

Operating expenses and depreciation

For the year ended June 30, 2020, operating and depreciation expense included in cost of sales totaled $19.8 million compared to $15.4 million for the year ended June 30, 2019. The increase of $4.4 million was due to the acquisition of Delmar which increased the operating and depreciation expenses of the Grain and Seed and Processing segments.

General and Administrative Expenses

For the year ended June 30, 2020, general and administrative expenses totaled $17.7 million compared to $13.0 million in the year ended June 30, 2019. The increase in general and administrative expenses is due to the addition of Delmar as well as an increase in the current year incentive accrual as a result of Ceres' year to date profitability.

Finance Loss

For the year ended June 30, 2020, finance loss totaled $80 thousand compared to a finance loss of $2.1 million during the year end June 30, 2019. Finance loss is composed of realized and unrealized gains and losses on foreign exchange transactions and currency hedging transactions along with revaluation gains of portfolio investments. The finance loss decrease of $2.0 million is driven by the recognition of a $1.9 million loss on the revaluation of portfolio investments during the year ended June 30, 2019.

Interest Expense

	Years ended June 30,	
(in thousands of USD except per share)	2020	2019
Interest on bank indebtedness	$ (2,475)	$ (2,448)
Interest on repurchase obligations	-	(152)
Interest on term loan	(2,407)	(1,256)
Interest attributable to leases	(195)	-
Amortization of financing costs paid	(783)	(681)
Interest on other financing obligations	3	(15)
Total interest expense	$ (5,857)	$ (4,552)

For the year ended June 30, 2020, interest expense totaled $5.9 million compared to $4.6 million for the year ended June 30, 2019. While the average borrowings on the revolving line of credit were higher for the year ended June 30, 2020 compared to the prior year, the interest on the working capital borrowings of the revolving credit facility and repurchase obligations were relatively even due to lower interest rates. The term loan interest expense increase of $1.2 million is driven by an increase in the outstanding balance. The term loan was increased to support the Corporation's acquisitions, including Delmar, and growth-based initiatives. See note 12 of the Annual Consolidated Financial Statements for further information on the term loan.

Gain (Loss) on Property, Plant and Equipment

On June 19, 2020 the Corporation sold equipment at the Northgate location and recognized a $23 thousand loss on the sale which is recorded within "Gain (loss) on property, plant and equipment" on the Consolidated Statements of Comprehensive Income (loss), in the Annual Consolidated Financial Statements. On January 10, 2019, the Corporation closed on the sale of its Calumet grain storage facility. The gross proceeds from the sale were $696 thousand. As at June 30, 2018, Calumet was recorded as an asset held for sale with a carrying value of nil. As such, Ceres recorded a gain on the sale, which was recorded within profit or loss as "Gain (loss) on sale of property, plant and equipment".

Amortization of Intangible Assets

Amortization of intangible assets totaled $241 thousand for the year ended June 30, 2020 and $4.0 million for the year ended June 30, 2019. Amortization for fiscal year 2020 was comprised solely of the amortization of intangible assets related to the Delmar acquisition including customer relationships, producer relationships, and trademarks/tradenames. Amortization for fiscal year 2019 was comprised solely of the amortization of grain and organic supply contracts acquired in the Nature's Organic Grist, LLC ("**NOG**") acquisition. The grain contracts were amortized as bushels were delivered on those contracts. The organic supply contract was amortized on a straight-line basis over the life of the contract, which ended in June 2019.

Gain (Loss) on Equity Investment

On April 30, 2018, the Corporation formed Savage Riverport, LLC and transferred the grain elevator and related assets at its Savage, Minnesota facility, which had net book value of $9.3 million as at April 30, 2018, to the newly formed entity. Subsequent to the transaction, Ceres received cash of $8.5 million from Consolidated Grain and Barge Co. in exchange for 50% of the equity in Savage Riverport, LLC, of which, $2.0 million was utilized to pay down the term debt. The sale of the equity in Savage Riverport, LLC net of transaction fees resulted in a gain of $3.7 million. The Corporation has been and will continue to recognize the remaining gain of $3.8 million over the useful life of the contributed assets. For the year ended, June 30, 2020, the Corporation recognized a deferred gain of $347 thousand under share of net income (loss) of associates.

Share of Net Income (Loss) in Investments in Associates

For the year ended June 30, 2020, the Corporation incurred a loss in its net share in investments in associates of $168 thousand compared to a loss of $423 thousand for the year ended June 30, 2019. The decrease in loss in investments in associates is driven by improved results at Savage Riverport, LLC.

2. QUARTERLY FINANCIAL DATA

Reporting dates	3 months 6/30/2020	3 months 3/31/2020	3 months 12/31/2019	3 months 9/30/2019	3 months 6/30/2019	3 months 3/31/2019	3 months 12/31/2018	3 months 9/30/2018
(in thousands of USD except per share)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenues	$ 177,642	$ 120,613	$ 156,866	$ 126,592	$ 134,741	$ 90,594	$ 122,820	$ 90,241
Gross profit (loss)	$ 7,469	$ 4,176	$ 9,213	$ 6,460	$ 2,967	$ 3,223	$ 3,046	$ 5,084
Income (loss) from operations	$ 2,513	$ 115	$ 4,182	$ 2,805	$ (141)	$ 477	$ (364)	$ 1,317
Net income (loss)	$ 527	$ (281)	$ 2,333	$ 1,758	$ (1,858)	$ (1,240)	$ (5,159)	$ (8,614)
Return on shareholders' equity[1]	0.4%	-0.2%	1.6%	1.2%	-1.4%	-0.9%	-3.9%	-6.1%
Basic weighted-average number of common shares for the quarter	30,739	30,739	30,739	27,965	27,935	27,935	27,935	27,935
Dilutive weighted-average number of common shares for the quarter	32,547	32,217	32,220	29,167	27,935	28,122	28,122	27,935
Basic earnings (loss) per share	$ 0.02	$ (0.01)	$ 0.08	$ 0.06	$ (0.07)	$ (0.04)	$ (0.18)	$ (0.31)
Fully diluted earnings (loss) per share	$ 0.02	$ (0.01)	$ 0.07	$ 0.06	$ (0.07)	$ (0.04)	$ (0.18)	$ (0.31)
EBITDA[1]	$ 4,126	$ 2,700	$ 5,666	$ 4,413	$ 1,370	$ 1,543	$ (1,225)	$ (5,748)
EBITDA per share	$ 0.13	$ 0.09	$ 0.18	$ 0.16	$ 0.05	$ 0.06	$ (0.04)	$ (0.21)
Litigation expenses (Scoular)[1]	$ -	$ -	$ -	$ -	$ -	$ (5)	$ (147)	$ (9,385)
Shareholders' equity, as at reporting date	$ 144,989	$ 144,362	$ 144,430	$ 142,126	$ 130,764	$ 131,584	$ 131,628	$ 140,128
Shareholders' equity per common share, as at reporting date	$ 4.72	$ 4.70	$ 4.70	$ 5.08	$ 4.68	$ 4.71	$ 4.71	$ 5.02
Volumes (*in thousands of tonnes*)								
Total Product Handled and Traded	686	550	751	626	574	478	511	495

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

Fourth Quarter

The Corporation recognized net income for the quarter ended June 30, 2020 of $527 thousand compared to a net loss of $1.9 million in the same quarter of the prior year. Improved net income was driven by an increase of $4.5 million in gross profit for the quarter ended June 30, 2020 compared to the same quarter in the previous year. The increase in gross profit was driven by higher grain trading margins of $2.1 million as well as $2.0 million contributed from the newly formed Seed and Processing segment. This was partially offset by $1.8 million in higher general and administrative expenses related to the acquisition of Delmar along with an increase in current year incentive accrual as a result of Ceres' profitability for the year ended June 30, 2020.

In June 2020, the Corporation determined that the revenue and expenses resulting from Gateway Energy Terminal, should be accounted for as a joint operation. This resulted in reclassifying $599 thousand from "Share of net income (loss) of associates" into gross profit for the year ended June 30, 2020.

3. LIQUIDITY & CASH FLOW

(in thousands of USD)	Year ended June 30, 2020	Year ended June 30, 2019
Net cash provided by (used in)		
Operating activities	$ 7,864	$ (24,254)
Investing activities	(25,527)	(6,892)
Net cash provided (used) before financing activities	(17,663)	(31,146)
Financing activities	16,470	32,056
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency	-	19
Increase (decrease) in cash	$ (1,193)	$ 929

Operating Activities

Cash provided in operating activities was $7.9 million for the year ended June 30, 2020 compared to cash flows used by operating activities of $24.3 million in the prior year and was driven by an increase in net income.

Investing Activities

During the year ended June 30, 2020, cash used in investing activities was $25.5 million compared to cash used in investing activities of $6.9 million in the prior year. The increase in cash used in investing activities was primarily driven by the acquisition of Delmar for $23.8 million. During the year ended June 30, 2019, the Corporation used cash in investing activities to acquire NOG for $2.6 million. Additionally, the payment for property, plant, and equipment that had previously been accrued related to Northgate and was reclassed during the second period due to the Scoular lawsuit settlement.

Financing Activities

During the year ended June 30, 2020, the Corporation had $16.5 million in cash provided by financing activities compared to cash used in financing activities of $32.1 million in the prior year. The increase in cash provided by financing activities was due to the additional $15.0 million borrowed on the Bixby Loan, $9.5 million raised from the private placement, and a net repayment on the revolving line of credit of $2.0 million. During the same period in the prior year, the Corporation had borrowings of $23.0 million on the revolving line of credit and increased its term debt by $10.0 million.

Available Sources of Liquidity

The Corporation's sources of liquidity as at June 30, 2020 include available funds under its revolving credit facility (the "**2020 Credit Facility**"). Management believes that cash flow from operations will be adequate to fund operating expenditures, maintenance capital, interest, and any income tax obligations. Growth capital expenditures in the next fiscal year are expected to be funded by cash on hand and borrowing against the 2020 Credit Facility. Any additional debt incurred is expected to be serviced by the anticipated increases in cash flow and will only be borrowed within the Corporation's debt covenant limits.

In addition, the 2020 Credit Facility, as at June 30, 2020 contains certain covenants, including a covenant that the Corporation maintain minimum working capital of not less than $25.0 million. As at June 30, 2020 the Corporation's working capital – defined as current assets less current liabilities – totaled $51.1 million. The covenants also include the maintenance of "consolidated debt" to "consolidated EBITDA" (as defined in the agreement) and consolidated tangible net worth of not less than $120.0 million. As at and for the years ended June 30, 2020 and June 30, 2019, the Corporation was in compliance with all of the above-mentioned financial 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.

Liquidity Risk

As at June 30, 2020 and 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 12)	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 12)	19,608	20,000	5,000	5,000	10,000	-
Operating lease obligation	-	3,107	608	582	1,072	845
Capital lease obligation(s)	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

Future expected operational cash flows and sufficient assets are available to fund the settlement of these obligations in the normal course of business. In addition, the following factors allow for the substantial mitigation of liquidity risk: the prompt settlement of amounts due from brokers, the active management of trade accounts receivable and the lack of concentration risk related thereto. The Corporation's cash flow management activities and the continued likelihood of its operations further minimize liquidity risk.

4. CAPITAL RESOURCES

The Corporation utilizes the 2020 Credit Facility to finance its grain trading operations, which primarily consist of purchases of grain inventories, financing of accounts receivable, and hedging activities, less accounts payable. Levels of short-term debt fluctuate based on changes in underlying commodity prices, inventories on hand and the timing of grain purchases

Credit Facility

As disclosed in the Annual Consolidated Financial Statements for the year ended June 30, 2020, on February 14, 2019, the Corporation entered into a fourth amended and restated credit agreement led by Macquarie Bank Limited, as administrative agent on behalf of a syndicate group of lenders which includes Bank of Montreal and Cooperatieve Rabo Bank U.A. (the "**2019 Credit Facility**"). The 2019 Credit Facility increased the amount of the revolving facility available to Ceres from $67.5 million to $80.0 million, with the potential to access an accordion feature that would provide an additional $20.0 million. The 2019 Credit Facility matured on February 13, 2020. The interest rate under the 2019 Credit Facility reflected a reduction of 50 basis points from Ceres' prior revolving facility and borrowings, bore an annual interest rate of 3.375% plus overnight LIBOR, and interest was calculated and paid on a monthly basis. The 2019 Credit Facility was subject to borrowing base limitations. Amounts under the 2019 Credit Facility that remained undrawn were not subject to a commitment fee.

On February 12, 2020, the Corporation amended the 2019 Credit Facility. The new credit facility (the "**2020 Credit Facility**") increases 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 2020 Credit Facility matures on February 12, 2021.

The interest rate under the 2020 Credit Facility was changed to a tiered annual interest rate based on the utilization and is as follows:

Revolver Facility Utilization	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 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.

Term Loan

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

On August 16, 2019, in conjunction with the acquisition of Delmar, the Corporation amended its term loan with Bixby and increased the amount borrowed from $20.0 million to $35.0 million. The new amended agreement requires a payoff of the loan of $5.0 million in November 2020 and an additional $5.0 million payoff in November 2021. The remaining $25.0 million is due upon maturity in 2022. This loan amendment has an annual interest rate of 6.00% plus one-month LIBOR. In addition to the facilities mentioned above, the Term Loan is also secured by Delmar's assets. On February 28, 2020, $5.0 million in principle, due November 15, 2020, was paid down early on the Bixby Loan. Total outstanding balance at the end of the year was $30 million with the next payment due November 15, 2021.

Prior to the Bixby Loan, the Corporation had a senior secured term loan facility agreement with Macquarie Bank ("**Macquarie Term Loan**") which was entered into on December 30, 2014 and subsequently amended. A principal payment of $3.0 million was paid on December 29, 2017, on April 30, 2018, the Corporation paid an additional principal payment of $2.0 million that was applied against the principal payment due on December 27, 2019. The Macquarie Term Loan had an interest rate of one-month LIBOR plus 5.25%. The outstanding Macquarie Term Loan was paid in full on November 15, 2018 using a portion of the proceeds from the Bixby Loan.

5. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Changes in Accounting Policies and Standards Issued but Not Yet Effective

For the year ended June 30, 2020, there were no changes in accounting policies, and no standards issued but not yet effective. Refer to note 3 of the Annual Consolidated Financial Statements for information pertaining to significant accounting policies for the year ended June 30, 2020.

Critical Accounting Judgements, Estimates, and Assumptions

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

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.

6. OUTLOOK

Grain Segment

There was a significant amount of uncertainty to begin the fiscal fourth quarter (April – June 2020) as COVID-19 was in the early stages of impacting North America and much was not yet understood about its contagiousness and how that might affect the Corporation's business operations. After an initial pause in market activity late in the fiscal third quarter (January – March 2020), the fourth quarter started strong for durum, wheat and oats as retail demand for longer shelf life food products increased and milling companies responded in kind. This resulted in stable volumes, effective utilization of Corporation assets and uninterrupted service to customers throughout the quarter, which was made possible by strict policies and processes implemented to manage risks associated with COVID-19. Later in the quarter, traded volumes decreased as consumer-based demand for some products began to stabilize and inventories from the 2019-2020 harvest year were drawn down to minimal levels.

Looking forward, large crops and increased demand is expected for the 2020-2021 harvest year as growing conditions in North America have generally been favorable and demand for cereal grains continues to be strong. This is expected to provide the Corporation with opportunities to effectively utilize its asset infrastructure to serve customers in and beyond North America. Meanwhile, with the addition of assets from the 2019 acquisition of Delmar (Manitoba) and the Nicklen Siding elevator from Cargill Limited, (Saskatchewan) in early September 2020, the Corporation is in a better position to provide its end-use customers with quality-specific products and solutions originating directly from growers in Manitoba and Saskatchewan. Overall, cash merchandizing opportunities are expected to remain positive over the 2020-2021 crop year, provided macro events do not negatively impact market activity.

Regarding growth and development, the Corporation recently announced the acquisition of the Nicklen Siding elevator in Saskatchewan, and it continues to work exclusively with a third party in pursuit of a potential agreement that will allow Ceres to continue to increase its origination directly from growers. While COVID-19 has slowed the due diligence process with respect to all potential transactions, Ceres is making steady progress and expects to have more to report in the coming quarters.

Supply Chain Services Segment

Supply Chain Service product-lines were mixed for the quarter. Natural Gas Liquid ("**NGL**") volumes through Gateway Energy suffered as lower crude oil prices globally caused a significant decrease in crude oil and NGL production in Canada. While some of the lost revenue from lower volumes was offset by an increase in demand for railcar storage, overall revenues were lower because of the market

environment. Fertilizer volume came in as expected, and industrial products slightly increased compared to the previous quarter. Overall, gross margins for the segment were slightly lower than expected for the last quarter of Fiscal Year 2020.

Looking forward, NGL volumes are expected to remain lower for the foreseeable future, however, limited volumes plus railcar storage are expected to be enough to generate a contribution margin. Meanwhile, fertilizer and industrial product volumes are expected to steadily increase compared to the last fiscal year and the segment overall is expected to generate positive gross margins.

Seed and Processing Segment

On August 16, 2019 the Corporation announced the closing of the acquisition of Delmar. Delmar was owned by Ceres for 11 months in fiscal year 2020, and overall, the acquisition was accretive. Delmar's grain merchandizing business line has effectively been integrated into the broader merchandizing enterprise of Ceres' Grain segment. Delmar's other three business lines (soybean crush, specialty crop blending/birdfeed production and sales, and production & distribution of Seed products in Western Canada) are less commoditized and more value-added in nature, and now make up the Seed and Processing Segment reporting segment for the Corporation.

Soybean crush margins were lower in 2019-2020 compared to the previous several years, however, they were still attractive relative to other North American soybean crush operations and the business was profitable during the fourth quarter of Fiscal Year 2020. Fortunately, Manitoba and its animal feed businesses did not suffer a meaningful loss in productivity from COVID-19 in the same way those businesses have in the U.S. As a result, soybean meal and soybean oil demand remained strong throughout the quarter. The outlook for the 2021 fiscal year is for demand to remain strong and soybean crush margins to continue to be profitable. To capitalize on the solid fundamentals of this business the Corporation has decided to increase capacity of the soybean crush plant by 50% and it expects to have that completed during the first quarter of the 2022 fiscal year (July – September 2021).

Specialty crop blending, including birdfeed manufacturing, initially suffered as a result of the COVID-19 environment as retail outlets for birdfeed were not available to the public. Since then, demand increased to higher than normal levels as people spend more time in and around their homes. The outlook for the 2021 fiscal year is for demand and margins to remain normal to above normal.

The Seed business performed slightly lower than expected during the quarter due to late returns of corn and soybean seeds, however, it was still profitable for the year. In addition, during the quarter this business went through significant changes. Specifically, Delmar has entered into agreements to partner with two highly specialized seed companies, Sevita and Horizon to distribute corn and soybean seed products in Western Canada. In combination with these new relationships, Delmar will be rebranding its Legend Seeds Canada trade name to "Ceres Global Seeds" and will no longer be distributing Legend Seeds Inc.'s corn or soybean products.

7. OTHER

CONTROLS ENVIRONMENT

Disclosure Controls and Procedures

Ceres maintains appropriate information systems, procedures, and controls to ensure that new information disclosed externally is complete, reliable, and timely. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and

maintaining disclosure controls and procedures ("**DC&P**") and that they have, as at June 30, 2020, designed the DC&P (or have caused such DC&P to be designed under their supervision) to provide reasonable assurance that material information relating to Ceres is made known to them by others, particularly during the period in which Ceres' annual filings are being prepared, and that information required to be disclosed by Ceres in its annual filings, interim filings or other reports filed or submitted by Ceres under applicable securities legislation is recorded, processed, summarized, and reported within the time periods specified in applicable securities legislation.

Internal Controls over Financial Reporting

NI 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for establishing and maintaining internal control over financial reporting ("**ICFR**") and that they have, as at June 30, 2020, designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with International Financial Reporting Standards ("**IFRS**"). The control framework used by the Chief Executive Officer and the Chief Financial Officer to design Ceres' ICFR is the *Risk Management and Governance: Guidance on Control* (COCO Framework) published by CPA Canada. There have been no material changes in the Corporation's internal control over financial reporting during the year ended June 30, 2020 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Corporation's financial instruments and other instruments, including a discussion of risks and relevant risk sensitivities, can be found in note 7 of the Annual Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not currently have any off-balance sheet arrangements.

RELATED-PARTY TRANSACTIONS

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

	For the year ended June 30,	
(in thousands of USD)	2020	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 and 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, 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 Stewart Southern Railway Inc. ("SSR") and has a CAD $25 thousand note due from SSR. The note has an annual interest rate of 1.0%, is due upon demand, and is recorded in "Other assets" as a long-term receivable on Ceres' Annual 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 including VN Capital Fund C, L.P. which subscribed for 2,757,487 shares.

SHARES OUTSTANDING

As at September 22, 2020, the issued and outstanding equity securities of the Corporation consisted of 30,772,845 common shares. In addition, the Corporation has 1,757,816 stock options outstanding with a weighted-average exercise price of C$4.88 per common share, 206,718 restricted stock units outstanding, and 482,358 deferred share units outstanding.

CONTINGENCIES

As at June 30, 2020 the Corporation is not aware of any outstanding contingencies.

8. NON-IFRS FINANCIAL MEASURES AND RECONCILIATIONS

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

Earnings Before Interest, Income Taxes, Depreciation and Amortization

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

The following table is a reconciliation of EBITDA for Ceres on a consolidated basis for the years ended June 30, 2020 and June 30, 2019:

(in thousands of USD)	Three months ended June, 30 2020	Three months ended June, 30 2019	Year ended June, 30 2020	Year ended June, 30 2019
Net income (loss) for the period	$ 527	$ (1,958)	$ 4,337	$ (16,871)
Interest expense	1,118	1,066	5,857	4,552
Amortization of intangible assets	241	927	241	3,968
Gain (loss) on sale of property, plant, and equipment	23	-	23	(696)
Income tax (recovered)	148	(9)	150	(4)
Share of net (income) loss in investment in associates[2]	536	141	168	423
Depreciation and amortization	1,533	1,203	6,130	4,567
	$ 4,126	$ 1,370	$ 16,906	$ (4,061)

(1) EBITDA, adjusted for the ongoing litigation expenses noted in the table below, was $16.9 million for the year ended June 30, 2020 compared to $5.5 million for the year ended June 30, 2019. An increase of $11.4 million year over year.

(2) In June 2020, the Corporation determined that the revenue and expenses resulting from Gateway Energy Terminal, should be accounted for as a joint-operation. This resulted in reclassifying $599 thousand from "Share of net income (loss) of associates" into gross profit for the year ended June 30, 2020.

Return on Shareholders' Equity

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

The following table is a calculation of return on shareholders' equity for the years ended June 30, 2020 and June 30, 2019:

(in thousands of USD)	For the year ended June 30, 2020	For the year ended June 30, 2019
Net income (loss) for the year	$ 4,337	$ (16,871)
Total shareholder's equity as at reporting date	144,898	130,764
	3.0%	-12.9%

Litigation Expense (Scoular)

The following table is a calculation of the total litigation expenses in relation to the Scoular case for the years ended June 30, 2020 and 2019:

	For the year ended June 30,	
(in thousands of USD)	2020	2019
Legal settlement	$ -	$ (8,228)
Legal fees	-	(1,309)
Total litigation expense	$ -	$ (9,537)

Adjusted Net Income (Loss)

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

The following table is the adjusted net income (loss) for the years ended June 30, 2020 and June 30, 2019 and the three months ended June 30, 2020 and June 30, 2019:

	Three months ended June, 30		Year ended June, 30	
(in thousands of USD)	2020	2019	2020	2019
Net income (loss) for the period	$ 527	$ (1,958)	$ 4,337	$ (16,871)
Loss (gain) on sale of property plant, and equipment	23	-	23	(696)
Ongoing litigation expense	-	-	-	9,537
Share of net (income) loss in investment in associates	536	141	168	423
Revaluation of portfolio investments	-	-	-	1,885
Write down of bad debt expense	-	6	-	6
	$ 1,086	$ (1,811)	$ 4,528	$ (5,716)

9. KEY ASSUMPTIONS & ADVISORIES

FORWARD-LOOKING STATEMENTS

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

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

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

KEY ASSUMPTIONS

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

- No material change in the regulatory environment in Canada and the United States;
- Supply and demand factors as well as the pricing environment for grains and other agricultural commodities;
- Fluctuation of currency and interest rates;
- General financial conditions for Western Canadian and American agricultural producers;
- Market share that will be achieved by the Corporation;
- Adequate and timely service from the railroads, and in particular from the BNSF at Northgate;
- Realization of economic benefits resulting from the synergies with Northgate;

- The Corporation's ability to maintain existing customer contracts and relationships coupled with its ability to increase its customer portfolio;

- COVID-19 does not significantly impact the Corporation's operations and the markets it serves; and

- The ability of Ceres to successfully integrate and operate Delmar.

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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.

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
2020 credit facility		
25 bps increase in annual interest rate	$ 81	$ -
Term loan		
25 bps increase in annual interest rate	$ 80	$ -

Credit risk

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.

Custody and prime brokerage risk

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

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:

	As at June 30,	
(in thousands of USD)	2020	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.

CORPORATE INFORMATION

SENIOR MANAGEMENT

Robert Day
President and
Chief Executive Officer,
Board Member

Jay Bierley
Vice President and
Chief Financial Officer

Glen Goldman
Vice President,
General Counsel and
Corporate Secretary

Sarah Blomquist
Vice President, Human
Resources and Corporate
Administration

Carlos Paz
Vice President and
Commercial Director

DIRECTORS

Douglas Speers
Independent Director and
Chairman of the Board
and Member of the Human
Resources, Safety and
Environment Committee

Robert Day
Director and Officer,
Member of Nominating,
Government, Risk and
Ethics Committee

Harvey Joel
Independent Director
and Chair of the Human
Resources, Safety and
Environment Committee,
Member of the Audit and
Finance Committee

Gary Mize
Independent Director,
Chair of Audit and Finance
Committee, Chair of the
Nominating, Governance,
Risk and Ethics Committee

James Vanasek
Independent Director
and Member of Audit and
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AGM

Ceres Global Ag Corp.
Annual General Meeting
November 12, 2020 at 11:00 am EST

ceresglobalagcorp.com