

*Unaudited Interim Condensed Consolidated Financial Statements of*



*For the quarters ended September 30, 2020 and 2019*  
(Expressed in US Dollars)

CERES GLOBAL AG CORP.

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**CERES GLOBAL AG CORP.**  
**Interim Condensed Consolidated Balance Sheets**

<i>(In thousands of USD)</i>	September 30, 2020	June 30, 2020
<b>Assets</b>		
Current assets:		
Cash	\$ 148	\$ 696
Due from brokers (note 4)	2,824	2,666
Unrealized gains on open cash contracts (note 5)	8,770	8,566
Accounts receivable	26,631	31,312
Accounts receivable - related parties (note 15)	313	279
Inventories, grains	95,144	81,058
Prepaid expenses and sundry assets	2,437	1,782
Portfolio investments (note 5)	753	739
Total current assets	137,020	127,098
Investments in associates	6,731	6,702
Property, plant, and equipment (note 6)	116,300	110,620
Intangible assets (note 7)	7,324	7,390
Right of use assets	3,039	3,159
Other assets (note 15)	18	18
Total assets	\$ 270,432	\$ 254,987
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Bank indebtedness (note 8)	\$ 57,819	\$ 31,702
Accounts payable and accrued liabilities	29,236	38,069
Accounts payable - related parties (note 15)	69	25
Unrealized losses on open cash contracts (note 5)	4,794	5,752
Current portion of lease liability	587	572
Total current liabilities	92,505	76,120
Term loan (note 9)	29,777	29,721
Long-term lease liability	2,311	2,442
Deferred tax liability	1,715	1,715
Total liabilities	126,308	109,998
Shareholders' equity:		
Common shares (note 12)	172,374	172,374
Deferred share units (note 14)	1,762	1,684
Contributed surplus	7,219	7,226
Accumulated other comprehensive income (loss)	1,017	1,017
Deficit	(38,248)	(37,312)
Total shareholders' equity	144,124	144,989
Total liabilities and shareholders' equity	\$ 270,432	\$ 254,987

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

ON BEHALF OF THE BOARD

Signed "Gary Mize" Director

Signed "Doug Speers" Director

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

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

Three months ended September 30, 2020 and 2019

<i>(In thousands of USD except shares and loss per share)</i>	2020	2019
Revenues	\$ 172,097	\$ 127,072
Cost of sales	(168,287)	(120,386)
Gross profit	3,810	6,686
General and administrative expenses	(3,768)	(3,655)
Income (loss) from operations	42	3,031
Finance income (loss) (note 10)	53	47
Interest expense (note 11)	(1,040)	(1,363)
Amortization of intangible assets (note 7)	(66)	-
Revaluation of stock appreciation right liability	(69)	65
Income (loss) before income taxes and undernoted items	(1,080)	1,780
Income tax (expense) recovered	115	(62)
Share of net income (loss) of associates	29	40
Net income (loss)	(936)	1,758
Components of comprehensive income (loss):		
Gain (loss) on currency translation adjustment	-	-
Total comprehensive income (loss)	\$ (936)	\$ 1,758
Basic weighted-average number of shares for the period	30,772,845	27,965,468
Diluted weighted-average number of shares for the period	30,772,845	29,167,261
Earnings (loss) per share:		
Basic	\$ (0.03)	\$ 0.06
Diluted	(0.03)	0.06
Supplemental disclosure of selected information:		
Depreciation included in Cost of sales	\$ (1,353)	\$ (1,276)
Amortization of right of use assets included in Cost of sales	(75)	(76)
Depreciation included in General and administrative expenses	(94)	(50)
Amortization of right of use assets included in General and administrative expenses	(70)	(94)
Amortization of financing costs included in Interest expense	(180)	(184)
Personnel costs included in Cost of sales	(2,201)	(1,619)
Personnel costs included in General and administrative expenses	(2,643)	(2,037)

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

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Cash Flows

Three months ended September 30, 2020 and 2019

<i>(In thousands of USD)</i>	2020	2019
Operating activities:		
Net income (loss)	\$ (936)	\$ 1,758
Adjustments for:		
Depreciation and amortization	1,447	1,326
Amortization of intangible assets	66	-
Amortization of right of use assets	145	170
Interest expense	1,040	1,363
Accretion of contingent consideration	-	21
Revaluation of portfolio investments	-	8
Bad debt recovery	(170)	-
Income tax expense	(115)	62
Share-based compensation	198	90
Share of net income (loss) of associates	(29)	(40)
Revaluation of foreign denominated accounts	(14)	-
Revaluation of stock appreciation right liability	69	(65)
Changes in non-cash working capital accounts:		
Due from brokers	(158)	(53)
Net open cash contracts	(1,162)	3,073
Accounts receivable	5,026	2,759
Accounts receivable - related parties	(34)	(496)
Inventories, grains	(14,086)	(34,974)
Prepaid expenses and sundry assets	(661)	549
Accounts payable and accrued liabilities	(9,016)	20,666
Accounts payable - related parties	44	8
Current portion of contingent consideration	-	(190)
Current portion of lease liability	(141)	(15)
Other assets and liabilities	-	-
Income taxes paid	(60)	-
Interest paid	(630)	(1,145)
Net cash provided by (used in) operating activities	(19,177)	(5,125)
Investing activities:		
Payment to shareholders of Delmar Commodities Ltd.	(329)	(23,790)
Acquisition of property, plant and equipment	(7,042)	(225)
Net cash provided by (used in) investing activities	(7,371)	(24,015)
Financing activities:		
Net proceeds (repayment) of bank indebtedness	26,000	7,350
Proceeds from term loan	-	15,000
Financing costs paid	-	(382)
Private placement, net of share issuance costs	-	9,511
Other financing activities	-	(3)
Net cash provided by (used in) financing activities	26,000	31,476
Effect of exchange rate changes on cash	-	-
Increase (decrease) in cash	26,000	2,336
Cash, beginning of period	696	1,889
Cash, end of period	\$ 148	\$ 4,225

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

**CERES GLOBAL AG CORP.**  
**Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**  
**Three months ended September 30, 2020 and 2019**

<i>(In thousands of USD)</i>	<u>Common shares</u>	<u>Deferred share units</u>	<u>Contributed surplus</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Deficit</u>	<u>Total shareholders' equity</u>
Balances, June 30, 2020	\$ 172,374	\$ 1,684	\$ 7,226	\$ 1,017	\$ (37,312)	\$ 144,989
Issuance of deferred share units	-	78	-	-	-	78
Share-based compensation net of vesting	-	-	(7)	-	-	(7)
Net income (loss)	-	-	-	-	(936)	(936)
Balances, September 30, 2020	<u>\$ 172,374</u>	<u>\$ 1,762</u>	<u>\$ 7,219</u>	<u>\$ 1,017</u>	<u>\$ (38,248)</u>	<u>\$ 144,124</u>
Balances, June 30, 2019	\$ 203,358	\$ 1,387	\$ 9,475	\$ (22,239)	\$ (61,217)	\$ 130,764
Adjustment for change in functional currency	(40,572)	(13)	(2,239)	23,256	19,568	-
Issuance of deferred share units	-	80	-	-	-	80
Private placement, net of share issuance costs	9,511	-	-	-	-	9,511
Share-based compensation	3	-	-	-	-	3
Share based compensation net of vesting	-	-	10	-	-	10
Net income (loss)	-	-	-	-	1,758	1,758
Balances, September 30, 2019	<u>\$ 172,300</u>	<u>\$ 1,454</u>	<u>\$ 7,246</u>	<u>\$ (1,017)</u>	<u>\$ (39,891)</u>	<u>\$ 142,126</u>

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

**Ceres Global Ag Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**September 30, 2020 and 2019 (Expressed in USD)**

**(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 interim condensed consolidated financial statements of Ceres as at and for the three month periods ended September 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. (“**Ceres Mexico**”). All intercompany transactions and balances have been eliminated. Ceres 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. It operates thirteen grain storage, handling, and merchandising facilities in the state of Minnesota and the provinces of Ontario, Manitoba, and Saskatchewan, which have a combined grain and oilseed storage capacity of 31 million bushels. NOG is a supplier of organic grains, milled flours, and feed products. With the acquisition of Delmar, the Corporation owns and operates a soybean crush facility, a specialty crops blending/birdfeed production facility, and a seed distribution network in western Canada.

**(2) BASIS OF PREPARATION**

**Statement of Compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and with International Accounting Standards (“**IAS**”) 34 – Interim Financial Reporting (“**IAS 34**”). Certain information and disclosures required to be included in notes to the annual consolidated financial statements have been condensed or omitted. Accounting, estimation and valuation policies, have been consistently applied to all periods presented herein, in accordance with IFRS.

These interim condensed consolidated financial statements should be read in conjunction with Ceres’ annual consolidated financial statements for the year ended June 30, 2020. The Corporation’s significant accounting policies are presented in note 3 of those consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the board of directors of the Corporation (the “**Board of Directors**”) on November 11, 2020.

**Functional and presentation currency**

These interim condensed consolidated financial statements are presented in United States Dollars (“**USD**”).

Ceres Global Ag Corp.  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**September 30, 2020 and September 30, 2019 (Expressed in USD)**

**Basis of measurement**

These interim condensed 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) SUMMARY OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS**

The timely preparation of interim condensed 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 interim condensed profit or loss.

**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



Ceres Global Ag Corp.  
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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 brokers, 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.

*Asset Acquisitions*

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.

Ceres Global Ag Corp.  
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**(4) DUE FROM 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:

<i>(in thousands of USD)</i>	September 30, 2020	June 30, 2020
Margin deposits	\$ 3,063	\$ 2,649
Unrealized gains on futures contracts and options, at fair value	533	486
	3,596	3,135
Unrealized losses on futures contracts and options, at fair value	(772)	(469)
	\$ 2,824	\$ 2,666

**(5) FINANCIAL INSTRUMENTS**

**Fair value of financial instruments**

The Corporation’s financial assets and liabilities that are measured at fair value in the Interim Condensed 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 period ended September 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.

Ceres Global Ag Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
September 30, 2020 and September 30, 2019 (Expressed in USD)

<i>(in thousands of USD)</i>	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Cash	\$ 148	\$ -	\$ -	\$ 148
Portfolio investments	-	-	753	753
Due from broker, margin deposits (note 4)	3,063	-	-	3,063
Due from broker, unrealized gains on futures and options (note 4)	533	-	-	533
Unrealized gains on open cash contracts (derivatives)	-	8,770	-	8,770
Due from broker, unrealized losses on futures and options (note 4)	(772)	-	-	(772)
Unrealized losses on open cash contracts (derivatives)	-	(4,794)	-	(4,794)
Stock appreciation right liability included in accounts payable	-	-	(290)	(290)
Balance September 30, 2020	\$ 2,972	\$ 3,976	\$ 463	\$ 7,411

<i>(in thousands of USD)</i>	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Cash	\$ 696	\$ -	\$ -	\$ 696
Portfolio investments	-	-	739	739
Due from broker, margin deposits (note 4)	2,649	-	-	2,649
Due from broker, unrealized gains on futures and options (note 4)	486	-	-	486
Unrealized gains on open cash contracts (derivatives)	-	8,566	-	8,566
Due from broker, unrealized losses on futures and options (note 4)	(469)	-	-	(469)
Unrealized losses on open cash contracts (derivatives)	-	(5,752)	-	(5,752)
Stock appreciation right liability included in accounts payable	-	-	(138)	(138)
Balance June 30, 2020	\$ 3,362	\$ 2,814	\$ 601	\$ 6,777

**Ceres Global Ag Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**September 30, 2020 and September 30, 2019 (Expressed in USD)**

Reconciliation of Level 3 fair values:

<i>(in thousands of USD)</i>	Portfolio Investments
Balance at June 30, 2020	\$ 739
Unrealized foreign exchange gain	14
Balance at September 30, 2020	\$ 753

<i>(in thousands of USD)</i>	Stock Appreciation Right Liability
Balance at June 30, 2020	\$ (139)
Revaluation of stock appreciation right liability	(68)
Grants	(38)
Vestitures	(43)
Unrealized foreign exchange loss	(2)
Balance at September 30, 2020	\$ (290)

**Management of financial instruments risks**

In the normal course of business, the Corporation is exposed to various financial instrument 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 September 30, 2020, the Corporation's market risk pertaining to portfolio investments was potentially affected by changes in actual market prices. As at September 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 period ended September 30, 2020 if the fair value of each of the portfolio investments as at September 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.

**Ceres Global Ag Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**September 30, 2020 and September 30, 2019 (Expressed in USD)**

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

<i>(in thousands of USD except income per share)</i>	Increase (decrease) in net income	Increase (decrease) in income per share
10% increase in fair value of portfolio investments	\$ 75	\$ -
10% decrease in fair value of portfolio investments	\$ (75)	\$ -

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 period ended September 30, 2020 if the fair value of each of the open cash contracts as at September 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 period ending September 30, 2020 would be as follows:

<i>(in thousands of USD except income per share)</i>	Increase (decrease) in net income	Increase (decrease) in income per share
5% increase in bid/ask prices of commodities	\$ 1,638	\$ 0.05
5% decrease in bid/ask prices of commodities	\$ (1,638)	\$ (0.05)

Interest rate risk

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



**Ceres Global Ag Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**September 30, 2020 and September 30, 2019 (Expressed in USD)**

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 September 30, 2020 and June 30, 2020, the allowance for doubtful accounts was \$640 thousand and \$820 thousand, respectively.

The Corporation had no customers that individually represented more than 10% of total revenue for the period ended September 30, 2020. For the period ended September 30, 2019, the Corporation had one customer that individually represented more than 10% of total revenue, comprising of 11% 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.

**Ceres Global Ag Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**September 30, 2020 and September 30, 2019 (Expressed in USD)**

Liquidity risk

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

September 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	\$ 57,819	\$ 58,000	\$ 58,000	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	29,236	29,236	29,236	-	-	-
Accounts payable - related parties	69	69	69	-	-	-
Unrealized losses on open cash contracts	4,794	4,794	4,794	-	-	-
Term loan	29,777	30,000	-	5,000	25,000	-
Lease commitments	2,898	3,727	748	591	777	1,611
	<u>\$ 124,593</u>	<u>\$ 125,826</u>	<u>\$ 92,847</u>	<u>\$ 5,591</u>	<u>\$ 25,777</u>	<u>\$ 1,611</u>

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	29,721	30,000	-	5,000	25,000	-
Lease commitments	3,014	3,985	738	753	816	1,678
	<u>\$ 108,283</u>	<u>\$ 109,831</u>	<u>\$ 76,584</u>	<u>\$ 5,753</u>	<u>\$ 25,816</u>	<u>\$ 1,678</u>

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.



**Ceres Global Ag Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**September 30, 2020 and September 30, 2019 (Expressed in USD)**

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

<i>(in thousands of USD)</i>	Net asset (liability) exposure
Canadian dollars	\$ 1,710

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

<i>(in thousands of USD except income per share)</i>	Increase (decrease) in net income	Increase (decrease) in income per share
CAD 5% Stronger	\$ (68)	\$ -
CAD 5% Weaker	\$ 61	\$ -

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 Interim Condensed 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 September 30, 2020 due to the short-term nature of these instruments. The carrying value of the term loan approximates fair value as at September 30, 2020 based on current market rates for similar instruments.

**Ceres Global Ag Corp.**  
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**(6) PROPERTY, PLANT, AND EQUIPMENT**

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

(in thousands of USD)	Land	Buildings, Silos & Elevators	Machinery & equipment	Office equipment & other assets	Construction in progress	Totals
<b>Cost</b>						
June 30, 2020	\$ 21,483	\$ 79,362	\$ 29,746	\$ 4,438	\$ 1,261	\$ 136,290
Additions	-	-	-	-	868	868
Placed in service	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Assets acquired	314	1,027	4,918	-	-	6,259
September 30, 2020	\$ 21,797	\$ 80,389	\$ 34,664	\$ 4,438	\$ 2,129	\$ 143,417
<b>Accumulated depreciation</b>						
June 30, 2020	\$ -	\$ (15,671)	\$ (7,490)	\$ (2,509)	\$ -	\$ (25,670)
Depreciation	-	(743)	(591)	(113)	-	(1,447)
Disposals	-	-	-	-	-	-
September 30, 2020	\$ -	\$ (16,414)	\$ (8,081)	\$ (2,622)	\$ -	\$ (27,117)
<b>Carrying amount</b>						
June 30, 2020	\$ 21,483	\$ 63,691	\$ 22,256	\$ 1,929	\$ 1,261	\$ 110,620
September 30, 2020	\$ 21,797	\$ 63,975	\$ 26,583	\$ 1,816	\$ 2,129	\$ 116,300

There were \$271 thousand of property, plant and equipment additions that have been accrued but not yet paid as at September 30, 2020 compared to \$186 thousand as at June 30, 2020.

On September 1, 2020, Ceres acquired the Nicklen Facility. The property, plant, and equipment acquired totaled \$6.3 million.

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**(7) INTANGIBLE ASSETS**

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

<i>(in thousands of USD)</i>	Trademarks, tradename, customer/ producer relationships	Goodwill	Other intangible assets	Total
<b>Intangible assets</b>				
June 30, 2020	\$ 6,595	\$ 4,704	\$ 300	\$ 11,599
Additions	-	-	-	-
Disposals	-	-	-	-
September 30, 2020	<u>\$ 6,595</u>	<u>\$ 4,704</u>	<u>\$ 300</u>	<u>\$ 11,599</u>
<b>Accumulated amortization</b>				
June 30, 2020	\$ (4,209)	\$ -	\$ -	\$ (4,209)
Amortization	(66)	-	-	(66)
September 30, 2020	<u>\$ (4,275)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,275)</u>
<b>Carrying amount</b>				
June 30, 2020	<u>\$ 2,386</u>	<u>\$ 4,704</u>	<u>\$ 300</u>	<u>\$ 7,390</u>
September 30, 2020	<u>\$ 2,320</u>	<u>\$ 4,704</u>	<u>\$ 300</u>	<u>\$ 7,324</u>

Trademarks, tradename, and customer/producer relationships were acquired as part of the purchase of Delmar. These assets are amortized on a straight-line basis over 10 years.

**(8) 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%

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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 September 30, 2020, the Corporation was in compliance with all covenants.

As at September 30, 2020 and June 30, 2020, the Corporation had \$37.7 million and \$ 44.3 million in availability, respectively, on its revolving credit facility.

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

<i>(in thousands of USD)</i>	September 30, 2020	June 30, 2020
Revolving line of credit	\$ 58,000	\$ 32,000
Unamortized financing costs	(181)	(298)
Bank indebtedness	<u>\$ 57,819</u>	<u>\$ 31,702</u>

**(9) 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.

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<i>(in thousands of USD)</i>	September 30, 2020	June 30, 2020
Current portion of term loan	\$ -	\$ -
Less current portion of unamortized financing costs	-	-
Current portion of term loan	-	-
Long-term portion of term loan	30,000	30,000
Less long-term portion of unamortized financing costs	(223)	(279)
Long-term loan	29,777	29,721
Total	\$ 29,777	\$ 29,721

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.

**(10) 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 three-month periods ended September 30, 2020 and 2019:

<i>(in thousands of USD)</i>	September 30, 2020	September 30, 2019
Realized and unrealized gain (loss) on foreign exchange	\$ 51	\$ 68
Finance lease interest income	2	-
Accretion of contingent consideration	-	(21)
Finance income (loss)	\$ 53	\$ 47

**(11) INTEREST EXPENSE**

The following table presents interest expense for the three-month periods ended September 30, 2020 and 2019:

<i>(in thousands of USD)</i>	September 30, 2020	September 30, 2019
Interest on bank indebtedness	\$ (346)	\$ (541)
Interest on term loan	(472)	(558)
Interest attributable to leases	(45)	-
Amortization of financing costs paid	(180)	(184)
Interest on other financing obligations	3	(80)
Interest expense	\$ (1,040)	\$ (1,363)

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**(12) EQUITY**

The following is a summary of the changes in the Common shares for the three months ended September 30, 2020:

	<b>Common shares</b>	
	Number of shares	Amount ( <i>in thousands of USD</i> )
Balances, June 30, 2019	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 and September 30, 2020	30,772,845	\$ 172,374

As at September 30, 2020 and June 30, 2020, directors and officers of the Corporation, through a controlled entity, beneficially own, directly or indirectly, or exercise control or direction over 50.7% and 50.6%, respectively, of the outstanding Common shares of the Corporation

**(13) EQUITY INCENTIVE PLAN**

During the three-months ended September 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 September 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, 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
Granted	325,000	3.12	3.25
Exercised	-	-	-
Expired/forfeited	-	-	-
Outstanding as at September 30, 2020	2,082,816	\$ 4.61	2.59

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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 .31%; expected volatility of 31.2%; dividend yield of nil; an average expected option life of 3.25 years; and average exercise price of CAD \$3.12. The weighted average grant date fair value of the Options granted during the quarter ended September 30, 2020, is CAD \$0.70 and CAD \$0.69 for the quarter ended September 30, 2019. As at September 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 September 30, 2019.

The total Option compensation cost included in general and administrative expenses for the three months ended September 30, 2020, amounted to \$73 thousand and \$82 thousand for the three months ended September 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 year ended June 30, 2020, 51,680 of the RSUs vested and were settled. The expense related to RSUs was \$46 thousand for the quarter ended September 30, 2020 and recorded within General and administrative expenses. As at September 30, 2020, there were 206,718 issued and outstanding.

**(14) 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 (the "**Plan**").

Effective March 10, 2014, Ceres has a Directors' Deferred Share Unit Plan, whereby deferred share units ("**DSUs**") 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.

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The following table summarizes the information related to DSUs outstanding:

	<u>Number of DSUs</u>	<u>Amount (in thousands of USD)</u>
DSUs as at June 30, 2019	357,030	\$ 1,387
Units issued	125,328	310
Adjustment for change in functional currency	-	(13)
Balance at June 30, 2020	<u>482,358</u>	<u>1,684</u>
Units issued	33,285	78
Balance at September 30, 2020	<u><u>515,643</u></u>	<u><u>\$ 1,762</u></u>

**(15) 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 three-months ended September 30, 2020 and September 30, 2019:

<i>(in thousands of USD)</i>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Salary and short-term employee and director benefits	\$ 421	\$ 291
Share-based compensation	<u>149</u>	<u>121</u>
	<u><u>\$ 570</u></u>	<u><u>\$ 412</u></u>

*Savage Riverport, LLC*

Ceres routinely transacts business directly with Savage Riverport, LLC. Such transactions are in the ordinary course of business and include storage and elevation fees for grain storage, as well as management fees. Related party revenue of \$20 thousand is included in total revenue for the three months ended September 30, 2020 compared to related party revenue of \$20 thousand in the three months ended September 30, 2019. Related party expenses recorded in cost of sales are \$494 thousand for the three months ended September 30, 2020 and \$400 thousand for three months ended September 30, 2019. As at September 30, 2020, the accounts receivable, due from Savage Riverport, LLC totaled \$160 thousand and \$84 thousand as at June 30, 2020. Accounts payable, due to Savage Riverport, LLC totaled \$48 thousand and \$25 thousand as at September 30, 2020 and June 30, 2020, respectively.

*Gateway Energy Terminal*

As at September 30, 2020, the accounts receivable, due from Gateway Energy Terminal, totaled \$153 thousand and \$195 thousand as at June 30, 2020. Related party revenue of \$42 thousand is included in total revenue for the three months ended September 30, 2020 compared to related party revenue of \$111 thousand in the three months ended September 30, 2019.



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*Stewart Southern Railway Inc. (“SSR”)*

As at September 30, 2020 and June 30, 2020, Ceres owned 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, 49.8% 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.

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**(16) SEGMENT REPORTING**

As at September 30, 2020, the Corporation has four reportable segments: Grain, Supply Chain Services, Seed and Processing, and Corporate. As at September 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.

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 three-months ended September 30, 2020:

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate and Eliminations	Total
Revenues	\$ 164,230	\$ 852	\$ 9,217	\$ (2,202)	\$ 172,097
Cost of sales	(160,932)	(839)	(8,646)	2,130	(168,287)
Gross profit	3,298	13	571	(72)	3,810
General and administrative expenses	(837)	-	(263)	(2,668)	(3,768)
Income (loss) from operations	2,461	13	308	(2,740)	42
Finance income (loss)	2	-	-	51	53
Interest expense	(468)	-	1	(573)	(1,040)
Amortization of intangible assets	-	-	-	(66)	(66)
Revaluation of stock appreciation right liability	-	-	-	(69)	(69)
Income (loss) before taxes	1,995	13	309	(3,397)	(1,080)
Income tax (expense) recovered	-	-	-	115	115
Share in net income (loss) from associates	38	-	-	(9)	29
Net income (loss)	\$ 2,033	\$ 13	\$ 309	\$ (3,291)	\$ (936)

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

(in thousands of USD)	Grain	Supply Chain Services	Seed and Processing	Corporate and Eliminations	Total
Revenues	\$ 120,787	\$ 1,118	\$ 5,167	\$ -	\$ 127,072
Cost of sales	(114,713)	(977)	(4,696)	-	(120,386)
Gross profit	6,074	141	471	-	6,686
General and administrative expenses	(1,745)	(12)	(428)	(1,470)	(3,655)
Income (loss) from operations	4,329	129	43	(1,470)	3,031
Finance income (loss)	(18)	-	-	65	47
Interest expense	(668)	-	(35)	(660)	(1,363)
Amortization of intangible assets	-	-	-	-	-
Revaluation of stock appreciation right liability	-	-	-	65	65
Gain (loss) on property, plant, and equipment	-	-	-	-	-
Income (loss) before taxes	3,643	129	8	(2,000)	1,780
Income tax (expense) recovered	(41)	-	-	(21)	(62)
Share in net income (loss) of associates <sup>1</sup>	100	-	-	(60)	40
Net income (loss)	\$ 3,702	\$ 129	\$ 8	\$ (2,081)	\$ 1,758

<sup>1</sup> 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 \$226 thousand from "Share of net income (loss) of associates" into gross profit for the quarter ended September 30, 2019.

**(17) 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 September 30, 2020 and June 30, 2020, the Corporation has no provision for any of these legal claims.