

CERES GLOBAL AG CORP.

LETTER TO SHAREHOLDERS FIRST QUARTER ENDED JUNE 30, 2011

We are pleased to report to our fellow shareholders on Ceres' results and activities for the first quarter ended June 30, 2011.

Highlights for the first quarter ended June 30, 2011 were as follows:

- **EBITDA:** Consolidated \$3.5 million (\$0.23 per share); Riverland Ag \$5.3 million (\$0.35 per share);
- **Net income:** Consolidated \$345,000 (\$0.02 per share); Riverland Ag \$2.2 million (\$0.14 per share). Consolidated net income for the quarter includes Ceres' share of General and administrative expenses of \$1.4 million, and a Finance loss of \$453,000;
- **Cash and Portfolio Investments:** As at June 30, 2011, total of \$60.9 million (\$4.02 per share);
- **Shareholders' equity per common share:** as at June 30, 2011, Shareholders' equity per common share was \$10.58;
- **Strategic Initiatives:** 2.3 million bushel expansion of the Malt One facility in Minneapolis was substantially completed; purchase of a 4.5 million bushel facility in Wisconsin was negotiated (and closed in July 2011);
- **Financing:** Riverland Ag's committed revolving line of credit was increased from USD\$115 million to USD\$180 million; and,
- **Management:** Mr. Craig Reiners was appointed Chief Operating Officer of Riverland Ag.

In the 2011 Annual Report, we reported in some detail on the purchase of Riverland Ag Corp., which transformed Ceres from an investment company to an operating company. Ceres has now owned Riverland Ag for a full four quarters. We are pleased with the financial results, operational improvements and strategic initiatives that have been achieved over this period. Over the last four full quarters, Riverland Ag's aggregate EBITDA was \$20.1 million, representing \$1.32 per Ceres common share, and its aggregate net income was \$8.5 million, representing \$0.56 per Ceres common share.

The grain industry continues to evolve. The Canadian Government recently announced its intention to end the Canadian Wheat Board's marketing monopoly on wheat and barley effective August 2012. In August, the Minneapolis Grain exchange announced that it has removed the U.S. origin condition for wheat delivered against its Hard Red Spring Wheat contract, effective no later than the May 2013 contract. We remain focused on investing in infrastructure assets at critical points in the agricultural value chain, such as strategically-located grain elevators, key logistics links and selected further processing operations, to capitalize on opportunities as the industry continues to evolve.

Outlook

Looking ahead for the remainder of our fiscal year ending March 31, 2012, Riverland Ag will continue to make operational improvements, bring its new capacity fully into operation, capitalize on margin opportunities presented in the cereal grain markets, and pursue opportunities to expand capacity. At Ceres, management will continue to monetize Ceres' remaining portfolio investments and continue to invest in business opportunities related to Riverland Ag.

Gary Selke
Chief Executive Officer

Michael Detlefsen
President

Jason Gould
Chief Financial Officer

September 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Interim Management's Discussion and Analysis ("MD&A") presents management's discussion and analysis of the consolidated financial position of Ceres Global Ag Corp. ("Ceres" or the "Corporation"), the consolidated results of its operations, liquidity and capital resources, business risks and future outlook. This MD&A should be read in conjunction with Ceres' interim unaudited condensed consolidated financial statements for the three-month period ended June 30, 2011, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and presented on Schedule A attached to this interim report, and the audited annual financial statements for the year ended March 31, 2011, which were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Comparative figures as at March 31, 2011 and as at April 1, 2010, and for the quarter ended June 30, 2010, have been restated for IFRS and for post-acquisition fair value adjustments reflected in the annual consolidated financial statements for the year ended March 31, 2011, as applicable. Wherever applicable, other comparative figures have also been restated for IFRS.

Ceres has one primary operating subsidiary, Riverland Ag Corp. ("Riverland Ag"). In discussing the results of operations, reference will be made to results on a consolidated basis and to results for Riverland Ag separately.

This MD&A has been prepared as of September 6, 2011. Unless otherwise indicated, dollar amounts are reported in Canadian dollars ("CAD").

IFRS

The interim condensed consolidated financial statements of the Corporation for the quarter ended June 30, 2011 are the Corporation's first interim condensed consolidated financial statements under IFRS, and include the accounts of Ceres and Riverland Ag. Comparative figures as at March 31, 2011 and as at April 1, 2010, and for the quarter ended June 30, 2010, have been restated for IFRS and for post-acquisition fair value adjustments reflected in the annual consolidated financial statements for the year ended March 31, 2011, as applicable. Comparative figures for June 30, 2010 include the accounts of Ceres for the quarter then ended and the post-acquisition accounts of Riverland Ag for the period from June 11, 2010 to June 30, 2010 (the "post-acquisition period"). Wherever applicable, other comparative figures have also been restated for IFRS.

FORWARD-LOOKING INFORMATION

This interim management discussion and analysis ("MD&A") contains certain statements including, but not limited to, anticipated or prospective financial performance and results of operations of the Corporation. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking information. Without limiting the foregoing, the words "*believes*", "*anticipates*", "*plans*", "*intends*", "*will*", "*should*", "*expects*", "*projects*", and similar expressions are intended to identify forward-looking information.

Although the Corporation believes it has a reasonable basis for making the forecasts or projections included in this interim MD&A, readers are cautioned not to place undue reliance on

such forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the expected performance of the Corporation's operating subsidiaries, expectations concerning commodity and equity securities markets, expectations about interest rates and foreign currency exchange rates, and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in the Corporation's filings with Canadian securities regulatory authorities. The forward-looking information is given as of the date of this interim MD&A, and the Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

CAUTIONARY STATEMENT AS TO NON-IFRS FINANCIAL MEASURES

Ceres provides a non-IFRS measure as supplementary information, which management believes is useful to users of this MD&A to explain Ceres' financial results. This non-IFRS measure is EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization), which is not a standardized financial measure prescribed by IFRS. However, management believes that most of its shareholders, creditors, other stakeholders and investment analysts benefit from using this performance measure in analyzing Ceres' results. Ceres also uses this measure internally to monitor the Corporation's performance.

In calculating EBITDA, Ceres also excludes its share of the net income or loss from investments in associates. Ceres may calculate EBITDA differently than other companies; therefore, Ceres' EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss, or to other standardized financial measures determined in accordance with IFRS, and is not intended to represent cash flows or results of operations in accordance with IFRS.

OVERVIEW

Riverland Ag was purchased by Ceres on June 11, 2010 for \$70.2 million. The transaction transitioned Ceres from an investment company to an operating company. Subsequent to the purchase, Ceres has been selling its portfolio investments to generate cash for investment in the growth of Riverland Ag and related businesses. As more fully discussed in this MD&A, as at June 30, 2011, Ceres had cash of \$47.7 million and remaining portfolio investments of \$13.2 million.

Riverland Ag is an agricultural grain supply ingredient business that owns and operates fifteen (15) grain storage and handling facilities in the American states of Minnesota, North Dakota, Wyoming, New York and Wisconsin, and the Canadian province of Ontario.

Riverland Ag is focused on cereal grain storage, customer-specific procurement (including contract growing) and "process-ready" cleaning of specialty grains such as oats, barley, rye and durum wheat. It offers a comprehensive range of services to its customers to help manage the risks associated with the price, quality, and availability of these critical food grains.

Riverland Ag's facilities are strategically located, with excellent rail, truck and ship transportation logistics and close proximity to major grain-processing facilities in the United States. Many of Riverland Ag's locations are at deep-water ports in the Great Lakes and along the upper

Mississippi River, allowing access for lakers and barges, and enabling the efficient importation of grains from global sources.

Several of Riverland Ag's facilities are qualified as 'regular for delivery' locations for certain futures contracts on the Minneapolis and Chicago exchanges, allowing Riverland Ag to earn carrying charges against grain stored for delivery to the exchanges by matching deliverable cash inventories with futures contracts.

Currently, the majority of Riverland Ag's storage space is utilized to capture grain arbitrage and merchandising opportunities. The balance is utilized to service third party storage contracts with leading food and beverage companies where the third-party owns the inventory and pays Riverland Ag for storage and elevation.

RESULTS OF OPERATIONS FOR THE QUARTER ENDED JUNE 30, 2011

Revenue and Gross Profit

Through Riverland Ag, Ceres is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in will have a relatively equal impact on sales and cost of sales and a minimal impact on gross profit. Accordingly, management believes it is more important to focus on changes in gross profit than it is to focus on changes in revenue dollars.

For the quarter ended June 30, 2011, revenues were \$89,608,570 (2010: \$17,931,878) and gross profit was \$6,188,599 (2010: \$1,120,862). Comparative revenue and gross profit figures for 2010 include only nineteen days of results for Riverland Ag.

General and Administrative Expenses

For the quarter ended June 30, 2011, general and administrative expenses totalled \$2,756,125 (2010: \$1,256,642). Comparative figures for 2010 include nineteen days of results for Riverland Ag. Accordingly, the quarter-over-quarter increase primarily reflects the inclusion of Riverland Ag expenses for a full quarter.

Included in general and administrative expenses are Ceres corporate-level costs for management fees of \$995,336 (2010: \$614,182) and other expenses of \$362,257 (2010: \$474,924). The quarter-over-quarter increase in management fees is consistent with the increase in shareholder's equity (or net asset value), on which the management fee is calculated. Other expenses incurred at the Ceres corporate-level include Professional fees of \$123,117 (2010: \$78,534), Portfolio and corporate transaction costs of \$73,398 (2010: \$227,958) and other general and administrative expenses totalling \$165,742 (2010: \$168,432).

Finance income (loss)

For the quarters ended June 30, 2011 and 2010, finance income (loss) includes the following:

	<u>2011</u>	<u>2010</u>
Dividend revenues, net of withholding taxes of \$2,414 (2010: \$75,558)	\$ 13,681	\$ 285,503
Interest and other revenues, net of interest expense on bonds sold short	1,859	8,183
Realized gain (loss) on sale of investments	579,051	(5,339,378)
Realized gain (loss) on currency-hedging transactions	31,465	(708,912)
Realized and unrealized gain on foreign exchange	13,843	985,451
Change in fair value of investments	(1,092,727)	(11,022,184)
	\$ (452,828)	\$ (15,791,337)

For the quarter ended June 30, 2011, Ceres earned investment revenues (dividends, interest and other revenues) totalling \$15,540 on its non-Riverland Ag assets (2010: \$293,686). The quarter-over-quarter decrease in Ceres' investment revenues reflects the divestiture during the quarter ended June 30, 2010 of a significant number of portfolio investments to fund the acquisition of Riverland Ag, its future growth in Riverland Ag and other potential investments in related businesses. Variances in realized and unrealized gains and losses reflect the volatility of the equity and currency markets.

Finance expenses

For the quarter ended June 30, 2011, finance expenses include interest on short-term and long-term debt plus the amortization of related financing transaction costs. The quarter-over-quarter increase reflects the inclusion of Riverland Ag finance expenses for a full quarter.

Gain on acquisition of subsidiaries

The gain on acquisition of subsidiaries for the quarter ended June 30, 2010 has been restated to conform to IFRS, and is described in detail in note 5 (Business Combinations) to the interim condensed consolidated financial statements for the quarter ended June 30, 2011.

EBITDA

Ceres' EBITDA for the quarter ended June 30, 2011 was \$3.5 million (2010: \$7.2 million). Comparative EBITDA for 2010 includes only nineteen days of operating results for Riverland Ag, and includes a gain on the acquisition of subsidiaries of \$23.0 million recognized by Ceres in that quarter. Comparative figures for the quarter ended June 30, 2010 also reflect the results of a greater degree of activity concerning portfolio investments.

Riverland Ag's EBITDA for the quarter ended June 30, 2011 was \$5.3 million (2010: \$1.1 million). The 2010 comparative EBITDA includes only nineteen days of operating results for Riverland Ag for that quarter.

The following is a reconciliation of EBITDA for Ceres on a consolidated basis and for Riverland Ag for the quarter ended June 30, 2011:

EBITDA	<i>Consolidated</i>	<i>Riverland Ag</i>
Net income for the period	\$ 344,602	\$ 2,181,209
Add: finance expenses, including interest and amortization of financing transaction costs	1,618,076	1,618,076
income taxes	706,870	706,870
share of net loss in associates	310,098	283,913
depreciation on property, plant and equipment	556,344	556,344
	\$ 3,535,990	\$ 5,346,412

SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for each of the last eight (8) fiscal quarters ended June 30, 2011:

(in thousands, except per share amounts)

	3 months <u>2011-06-30</u> Q1 2012**	3 months <u>2011-03-31</u> Q4 2011**	3 months <u>2010-12-31</u> Q3 2011**	3 months <u>2010-09-30</u> Q2 2011**	3 months <u>2010-06-30</u> Q1 2011**	3 months <u>2010-03-31</u> Q4 2010*	3 months <u>2009-12-31</u> Q3 2010*	3 months <u>2009-09-30</u> Q2 2010*
Revenues	\$ 89,609	\$ 35,647	\$ 39,531	\$ 54,148	\$ 17,932	\$ 353	\$ 1,236	\$ 825
Gross profit	\$ 6,189	\$ 6,318	\$ 4,895	\$ 5,994	\$ 1,121	\$ -	\$ -	\$ -
Income (loss) from operations	\$ 3,432	\$ 3,877	\$ 2,684	\$ 2,608	\$ (136)	\$ (1,671)	\$ 7	\$ (275)
Net income	\$ 345	\$ 2,022	\$ 4,595	\$ 12,522	\$ 6,559	\$ 3,681	\$ 8,103	\$ 9,376
Weighted-average number of common shares	15,174	15,311	15,345	15,357	13,091	12,462	12,597	12,843
Basic and fully diluted earnings per share	\$ 0.02	\$ 0.13	\$ 0.30	\$ 0.82	\$ 0.50	\$ 0.30	\$ 0.65	\$ 0.73
EBITDA, consolidated	\$ 3,536	\$ 4,964	\$ 7,626	\$ 15,054	\$ 7,215	\$ 3,748	\$ 8,157	\$ 9,417
EBITDA per share, consolidated	\$ 0.23	\$ 0.32	\$ 0.50	\$ 0.98	\$ 0.55	\$ 0.30	\$ 0.65	\$ 0.73
EBITDA, Riverland Ag	\$ 5,346	\$ 4,924	\$ 4,418	\$ 5,457	\$ 1,056	\$ -	\$ -	\$ -
EBITDA per share, Riverland Ag	\$ 0.35	\$ 0.32	\$ 0.29	\$ 0.36	\$ 0.08	\$ -	\$ -	\$ -
Cash and portfolio investments, net of shorts and options, as at reporting date	\$ 60,855	\$ 64,385	\$ 63,794	\$ 64,201	\$ 60,053	\$ 119,594	\$ 121,199	\$ 118,174
Shareholders' equity, as at reporting date	\$ 159,962	\$ 161,344	\$ 162,631	\$ 148,438	\$ 150,501	\$ 124,877	\$ 121,328	\$ 114,776
Shareholders' equity per common share, as at reporting date	\$ 10.58	\$ 10.59	\$ 10.62	\$ 9.67	\$ 9.80	\$ 10.03	\$ 9.73	\$ 9.03

* Amounts have not been restated to IFRS, and are presented in accordance with Canadian GAAP.

** Amounts are presented in accordance with IFRS. Figures for the four quarters of the fiscal year ended March 31, 2011 have been restated from Canadian GAAP to IFRS.

The following comments relate to certain variances reported in some of the line items above:

Revenues: Amounts reported after March 31, 2010 (for Q1, Q2, Q3 and Q4 2011, and Q1 2012) represent post-acquisition revenues earned by Riverland Ag. Revenue figures for quarters prior to April 1, 2010 (Q2, Q3 and Q4 2010) exclude Riverland Ag revenues and reflect only Ceres' investment revenues (dividends and interest) for those quarters. After March 31, 2010, investment revenues earned by Ceres are classified in accordance with IFRS as Finance income (loss).

Income from operations: For Q1 to Q4 2011, income from operations has been restated to reflect the changes effected for the transition to IFRS compared to former Canadian GAAP. The primary changes include:

- The re-classification of finance expenses (interest expense on short-term debt and on long-term debt, and the related amortization of financing transaction costs). Under Canadian GAAP, such costs were included in the determination of Income (loss) from operations. Under IFRS, finance expenses are presented after Income (loss) from operations and are, consequently, excluded from the determination of Income (loss) from operations.
- The adjustment to the gain on acquisition of subsidiaries in Q1 2011 to reflect fair value adjustments to the net identifiable assets acquired in the acquisition of Riverland Ag, which were recognized in the annual consolidated financial statements for the year ended March 31, 2011. These fair value adjustments had not been determined until after the publication of the interim consolidated financial statements for the quarter ended June 30, 2010.

In Q2 2011, income from operations was reduced by the effect of portfolio transaction costs amounting to approximately \$1.1M pertaining to the acquisition of Riverland Ag. The loss from operations for Q4 2010 includes a charge for costs of approximately \$1.0M related to, what was then, the potential acquisition of Riverland Ag.

BUSINESS REVIEW – RIVERLAND AG

Riverland Ag is principally involved in an agricultural commodity-based business, in which changes in selling prices generally move in relationship to changes in purchase prices. Therefore, increases or decreases in prices of the agricultural commodities that the business deals in will have a relatively equal impact on sales and cost of sales and a minimal impact on gross profit. Accordingly, management believes it is more important to focus on changes in gross profit that it is to focus on changes in revenue dollars.

For the first quarter ended June 30, 2011, Riverland Ag had revenues of \$89.6 million, gross profit of \$6.2 million, EBITDA of \$5.3 million and net income of \$2.2 million. This compares to gross revenue of \$17.9 million, gross profit of \$1.12 million, EBITDA of \$1.06 million and net income of \$0.4 million for the 19 days that the business was owned for the first quarter ended June 30, 2010. This also compares to revenues of \$35.6 million, gross profit of \$6.3 million and EBITDA of \$4.9 million in the previous quarter ended March 31, 2011. As a result of active delivery against its future contracts and merchandising opportunities in the quarter ended June 30, 2011, revenues increased and inventory levels declined compared to the quarter ended March 31, 2011. Overall, gross profit and EBITDA were consistent with the levels of the previous quarter ended March 31, 2011.

After the quarter ended June 30, 2011, the two-year revolving line of credit facility in place at Riverland Ag was increased from USD\$115 million to USD\$180 million, and an additional

financial institution was brought to the lenders' syndicate. This expanded credit facility provides Riverland Ag with greater liquidity to finance increasing grain inventories and absorb higher grain prices, and supports Riverland Ag's growth in the commercial grain storage industry.

During the quarter, the construction of a 2.3 million bushel expansion of the Malt One facility located at an Intermodal rail facility in downtown Minneapolis was substantially completed and is now ready to receive the 2011 harvest. With the expansion of this facility and the Wisconsin acquisition made in July 2011, Riverland Ag's commercial storage space totals approximately 55 million bushels, an increase of approximately 25% since Ceres acquired Riverland Ag in June 2010.

Management continues to identify expansion opportunities, both by adding capacity to existing facilities and through potential acquisitions, and is encouraged by the wide array of investment options available to continue to grow the business. In addition, management will continue to optimize its mix of grains to maximize the utilization of its storage space and earnings on the grains in storage.

The grain industry continues to evolve. The Canadian Government recently announced its intention to end the Canadian Wheat Board's marketing monopoly on wheat and barley effective August 2012. In August, the Minneapolis Grain exchange announced that it has removed the U.S. origin condition for wheat delivered against its Hard Red Spring Wheat contract, effective no later than the May 2013 contract. We remain focused on investing in infrastructure assets at critical points in the agricultural value chain, such as strategically-located grain elevators, key logistics links and selected further processing operations, to capitalize on opportunities as the industry continues to evolve.

FINANCIAL POSITION AS AT JUNE 30, 2011

The following is a summary of the portfolio investments and cash on hand as at June 30, 2011 and March 31, 2011:

	June 30, <u>2011</u>	March 31, <u>2011</u>
Portfolio investments owned (long)	\$ 13,180,582	\$ 17,548,589
Cash	\$ 47,674,797	\$ 46,836,841

The decrease in the fair value of the portfolio investments during the quarter ended June 30, 2011 reflects the divestiture of a portion of the portfolio held as at March 31, 2011 and a decrease in the fair value of the remaining portfolio holdings during the quarter.

Portfolio investments

As at June 30, 2011, the percentage of the fair value of the portfolio invested in public companies was 40.10% of the total portfolio, and in private companies was 59.90% (March 31, 2011: public companies: 54.72% of the total portfolio; private companies: 45.28%). Nonetheless, as at June 30, 2011, 4.94% of shareholders' equity is represented by portfolio investments in private companies (March 31, 2011: 4.96%). As at June 30, 2011, 3.30% of shareholders' equity is invested in equity instruments of publicly traded companies located in Canada, the United States of America, Australia and other countries (March 31, 2011: 5.99%).

Included in its holdings of investments in private companies is an investment in EcoSynthetix Inc. On August 4, 2011, EcoSynthetix completed an initial public offering on the Toronto Stock Exchange.

As part of the Corporation's strategy to manage its risks and minimize its exposure associated with owning securities denominated in foreign currencies, the Corporation may commit to certain forward foreign exchange contracts. As at June 30, 2011, the Corporation had a forward foreign exchange contract for USD\$10.88 million, having a maturity date of less than 30 days (March 31, 2011: forward foreign exchange contract for USD\$10.85 million).

Other assets and liabilities

The interim condensed consolidated balance sheet as at June 30, 2011, reflects changes in the assets and liabilities of the Corporation since March 31, 2011. During the quarter ended June 30, 2011, the value of total assets decreased by approximately \$70.7 million, caused primarily by a decrease in inventories of approximately \$72.7 million and an increase in property, plant and equipment of approximately \$2.1 million. The decrease in inventories represents primarily the effects of lower commodity prices and lower inventory quantities on hand, across all grain types, as at June 30, 2011. The increase in property, plant and equipment reflects an investment primarily in the 2.3 million bushel expansion of the Malt One facility in Minneapolis, Minnesota, net of the depreciation for the quarter and the changes in foreign exchange rates used to translate the U.S. dollar accounts of Riverland Ag to Canadian dollars.

During the same quarter, total liabilities decreased by approximately \$69.3 million, primarily reflecting a decrease in bank indebtedness and repurchase obligations in an aggregate amount of approximately \$69.5 million, which primarily reflects the decrease in inventory being financed.

LIQUIDITY AND CAPITAL RESOURCES

With the purchase of Riverland Ag in June 2010, Ceres transitioned from an investment company to an operating company. Following the acquisition, Ceres began an orderly liquidation of its investment portfolio to generate cash to support the growth of Riverland Ag and to invest in other agricultural industry-related businesses. As at June 30, 2011, Ceres had \$47.7 million of cash available for future investment, and approximately \$13.2 million invested in minority positions in several companies (March 31, 2011: \$46.8 million in cash and \$17.5 million invested in minority positions). Ceres will continue to monitor the market for opportunities to liquidate these investments.

The Corporation's cash requirements include operating costs at the corporate level and funding the growth of Riverland Ag. Cash and portfolio investments, as well as the cash flow generated by the operations of Riverland Ag, are available to support the continued growth of Riverland Ag.

As at June 30, 2011, Riverland Ag has the following short-term credit facilities:

- A syndicated committed facility of up to USD\$115 million, two-year revolving credit agreement, which is subject to borrowing base limitations and secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. Borrowings bear interest at LIBOR plus 4.00 per cent, calculated and paid monthly. As at June 30, 2011, the balance payable by Riverland Ag on the committed revolving credit line (excluding the effect of unamortized financing costs) totalled USD\$32,000,000 (CAD\$30,858,245) (March 31, 2011: the balance payable by Riverland Ag totalled

USD\$77,500,000, being CAD\$75,367,111). As of June 30, 2011 and March 31, 2011, Riverland Ag was in compliance with all debt covenants. On July 12, 2011, Riverland Ag Corp. executed an amendment to this credit facility, whereby the committed amount was increased from USD\$115 million to USD\$180 million. There were no substantial changes to the terms and conditions concerning this facility and the maturity date of the agreement remains as October 29, 2012.

- A repurchase commitment facility under its product financing arrangement with Macquarie Commodities (USA), Inc. (“MCUSA”). Riverland Ag periodically enters into sale/repurchase agreements, whereby it receives cash in exchange for selling inventory to MCUSA and agrees to repurchase the inventory from MCUSA for a fixed price on a future date. Riverland Ag recognizes these transactions as borrowings and commodity inventory in its accounts, and neither sales nor purchases are recognized in relation to these transactions. As at June 30, 2011, the Corporation has recorded a liability of USD\$12,911,311 at that date (CAD\$12,450,637), plus accrued interest payable (March 31, 2011: liability of USD\$38,596,783 (CAD\$37,534,555), plus accrued interest payable). As at June 30, 2011, the fixed interest rates on the open repurchase commitments range from 4.86 per cent to 4.87 per cent (March 31, 2011: from 4.83 per cent to 5.08 per cent).

As at June 30, 2011, Riverland Ag also has the following long-term credit facilities:

- A USD\$25.0 million secured term loan agreement with Great Western Bank, bearing a fixed annual interest rate of 6.25 per cent (“GWB loan #1”), which matures on August 12, 2014, and is guaranteed by Riverland Ag and the Corporation’s wholly owned subsidiaries. The loan is repayable in 60 equal monthly installments of USD\$208,333 plus interest and a lump-sum payment of USD\$12.5 million due on August 12, 2014. As at June 30, 2011, the balance payable by Riverland Ag on this term loan (excluding the effect of unamortized financing costs) is USD\$20,416,667 (CAD\$19,688,204), of which USD\$2.5 million (CAD\$2.41 million) is due prior to July 1, 2012 (March 31, 2011: balance payable was USD\$21,041,667 (CAD\$20,462,575), of which USD\$2.5 million (CAD\$2.43 million) is due prior to April 1, 2012).
- A ten-year term loan agreement in the amount of USD\$10.0 million with Great Western Bank, bearing a fixed annual interest rate of 6.60 per cent (“GWB loan #2”). The loan will mature on February 12, 2021, and is also guaranteed by Riverland Ag and the Corporation’s wholly owned subsidiaries. The loan is repayable in 120 equal monthly principal installments of USD\$83,333 plus interest. As at June 30, 2011, the balance payable by Riverland Ag on this term loan (excluding the effect of unamortized financing costs) is USD\$9,666,666 (CAD\$9,321,761), of which USD\$1.0M (CAD\$964K) is due prior to June 30, 2012 (March 31, 2011: balance payable was USD\$9,916,667 (CAD\$9,643,748), of which USD\$1.0 million (CAD\$972K) is due prior to April 1, 2012).

On December 21, 2010, the Common Share Purchase Warrants (collectively the “Warrants”) that were issued three years prior to purchasers of Units under the Initial Public Offering and to the agents under an over-allotment option granted thereto, expired and were cancelled. The Corporation allocated the aggregate stated capital value of \$9.0 million related to these expired Warrants to Contributed Surplus. Otherwise, except for additional warrants issued by Ceres on the acquisition of Riverland Ag (as discussed in the following paragraph), there has been no change in the authorized capital of Ceres since March 31, 2008.

On June 11, 2010, and as part of the consideration paid for the acquisition of Riverland Ag, Ceres issued 2,904,889 Common Shares at their quoted price of \$5.99 each for consideration of \$17.4 million, and 150,000 Common Share Purchase Warrants valued at \$1.35 each for consideration of \$202.4 thousand. These Common Share Purchase Warrants are exercisable at any time prior to the third anniversary of the closing date of the Acquisition at an exercise price of \$10.40 each. During the quarter ended June 30, 2011 and the year ended March 31, 2011, no Warrants were exercised. As at June 30, 2011 and March 31, 2011, no stock options are outstanding. No stock options were granted during the quarter ended June 30, 2011 or the year ended March 31, 2011.

On October 7, 2010, Ceres announced a normal course issuer bid (the “2010-2011 NCIB”) commencing on October 8, 2010. The 2010-2011 NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and October 7, 2011. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 1,016,638 of its Shares, representing approximately 10 per cent of its unrestricted public float as at October 4, 2010. Ceres may purchase up to a daily maximum of 3,657 Shares, except where such purchases are made in accordance with the “block purchase” exception under applicable TSX rules and policies. For the quarter ended June 30, 2011, Ceres purchased 105,954 Shares for an aggregate consideration of \$882,000. The stated capital value of the repurchased Shares was \$1.02 million. The excess of the stated capital value of the repurchased Shares over the cost thereof, being \$140,000, was allocated during the quarter ended June 30, 2011 to Retained Earnings (period from October 8, 2010 to March 31, 2011: repurchased 125,938 Shares for aggregate consideration of \$1.0 million; excess of the stated capital value of the repurchased Shares over the cost thereof was \$168,000, which was allocated to Retained Earnings).

The following are the consolidated contractual maturities of all financial liabilities, including interest payments, as at June 30, 2011:

	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	\$ 30,380,008	\$ 30,858,245	\$ 30,858,245	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	3,739,619	3,739,619	3,739,619	-	-	-
Repurchase obligations	12,450,637	12,450,637	12,450,637	-	-	-
Derivatives	3,446,761	3,446,761	3,446,761	-	-	-
Management fees payable	418,738	418,738	418,738	-	-	-
Income taxes payable	497,533	497,533	497,533	-	-	-
Long-term debt	28,555,803	35,177,218	5,127,476	4,908,491	19,935,239	5,206,012
	<u>\$ 79,489,099</u>	<u>\$ 86,588,751</u>	<u>\$ 56,539,009</u>	<u>\$ 4,908,491</u>	<u>\$ 19,935,239</u>	<u>\$ 5,206,012</u>

Future expected operational cash flows and sufficient current 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: availability of portfolio investments traded in active exchanges, the prompt settlement of amounts due from brokers, and 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.

BUSINESS RISKS AND OUTLOOK

Business Profile

Until June 11, 2010, Ceres was an actively managed investment company, and accordingly, its principal business risks related to the quality of its investment portfolio. However, since the acquisition of Riverland Ag on that date, the Corporation's business risks are more diverse.

Risks related to the portfolio investments

As at June 30, 2011, Ceres' portfolio investments currently consist of publicly traded equities of entities operating in Canada and the United States of America, and of equities in private companies also located in Canada and the United States of America. As at June 30, 2011, total investment in non-public issuers represents 4.94% of consolidated shareholders' equity (March 31, 2011: 4.96% of shareholders' equity). These securities are subject to risks including market price risks, liquidity risk (as to investments in any private companies), issuer-specific credit risks, and fluctuations in foreign currency exchange rates and in interest rates.

Primary risks related to its operating subsidiary

Ceres' foreign subsidiary, Riverland Ag, operates in US dollars, being its reporting and functional currency. It does not hold assets nor have liabilities denominated in currencies other than US dollars. Therefore, it is not directly exposed to currency risk in its normal operations.

Riverland Ag 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 counterparty risk associated with non-performance, which may have the potential of creating losses for Riverland Ag. Management has assessed the counterparty risk and believes that insignificant losses, if any, would result from non-performance.

Concerning its trade accounts receivable, Riverland Ag regularly evaluates its credit risk to the extent that such receivables may, from time to time, be concentrated in certain industries or with significant customers. Riverland minimizes this risk by having a diverse customer base and established credit policies. The aging of Riverland Ag's trade accounts receivable are substantially current. Based on its review and assessment of its trade accounts receivable, management has determined credit risk related to trade accounts receivable is minimal.

Riverland Ag's participation in the grain business makes it subject to market price volatility inherent in agricultural commodities. The nature of Riverland Ag's arbitrage and merchandising business mitigates against the impact that short- and near-term price volatility would otherwise have on operating earnings. Interest costs on debt used to finance inventory fluctuates with changes in commodity prices. Riverland Ag typically builds inventory positions that bridge different crop years, which serves to mitigate against earnings volatility related to poor or bumper crop years.

Commodity risk is inherent in the nature of Riverland Ag's business, as it enters into commitments involving a degree of speculative risk. To reduce risk that might be caused by commodity market fluctuations, Riverland Ag's risk management policy, with certain exceptions, 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. It would 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 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.

Liquidity risk relating to Riverland Ag's business has been discussed in the *Liquidity and Capital Resources* section of this report.

Use of derivatives

As described above concerning Commodity risk, Riverland Ag generally uses exchange-traded futures and options contracts in managing such risk, and to enhance margins whenever possible. Changes to the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and included in Due from Broker (June 30, 2011: \$13,250,820; March 31, 2011: \$10,192,420) and as Derivative assets or Derivative liabilities, as applicable, in unrealized net gains (losses) on open cash contracts (as at June 30, 2011: unrealized gains of \$2,439,428 and unrealized losses of \$3,446,761; March 31, 2011: unrealized gains of \$1,899,160 and unrealized losses of \$2,468,358).

Ceres may use certain derivative instruments to manage its exposure to fluctuations in foreign currency exchange rates on the Portfolio investments. For the quarter ended June 30, 2011, the realized gain on foreign currency hedging transactions was \$31,465 (quarter ended June 30, 2010: realized loss on foreign currency hedging transactions was \$708,912). As at June 30, 2011 and March 31, 2011, Ceres recognized no unrealized gain or loss on its only forward foreign currency contract as at those dates, as the contracts were executed as at those respective reporting dates.

During the fiscal years ended March 31, 2011 and March 31, 2010, Ceres used written options as part of its strategies to manage its exposure to fluctuations in the market prices of its Portfolio investments owned. In view of the changes in its investment strategies and risk management techniques during the year ended March 31, 2011, Ceres has discontinued this practice. Management does not expect to resume this practice in the foreseeable future. For the quarter ended June 30, 2011, earned premiums on written options totaled \$Nil (quarter ended June 30, 2010: earned premiums totaled \$464,279) and the realized loss on written options exercised was \$Nil (quarter ended June 30, 2010: realized loss of \$395,825).

Earned premiums and the realized losses on written options are included in Finance income (loss) in the Statement of Comprehensive Income and classified with the Realized gain (loss) on sale of investments.

OUTSTANDING SHARE DATA

As at September 6, 2011, the issued and outstanding equity securities of the Corporation consisted of 15,006,950 Common Shares issued and 150,000 Warrants (June 30, 2011: 15,125,162 Common Shares issued and 150,000 Warrants).

RELATED PARTY TRANSACTIONS

Front Street Capital 2004 and certain affiliates (collectively referred to as "Front Street Capital") are related parties to Ceres by virtue of a management agreement, pursuant to which Front Street Capital provides certain services to Ceres. Chief among those services are:

- Providing management and officers to Ceres, in order to carry out day-to-day responsibilities and strategic direction;

- Providing office facilities to house the Corporation; and
- Providing miscellaneous personnel to perform certain clerical and administrative services for the Corporation.

The management agreement is in place until April 26, 2015, at which time Front Street Capital could be removed with two years written notice.

(a) Management fees and incentive fees

For the quarter ended June 30, 2011, management fees of \$995,336 were charged to operations and included with general and administrative expenses (quarter ended June 30, 2010: \$614,182). As at June 30, 2011, management fees payable to the Manager amounted to \$418,738 (March 31, 2011: \$294,092; June 30, 2010: \$201,668). For the quarters ended June 30, 2011 and 2010, the Statements of Comprehensive Income reflect no provision for an incentive fee. As at June 30, 2011, March 31, 2011 and June 30, 2010, there was no liability for an incentive fee.

(b) Due to Manager

As at June 30, 2011 and March 31, 2011, the Corporation has no liability to the Manager. As at June 30, 2010, the liability to the Manager was \$71,580, being the amount Ceres owed for certain costs and operating expenses paid by the Manager on its behalf.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of Ceres' consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from current estimates. Management reviews these estimates periodically and, as adjustments become necessary, they are reported in the Statement of Comprehensive Income in the period in which they become known.

The following significant accounting policies involve the use of estimates.

Financial instruments

Trade accounts receivable, dividends, interest and other receivables are classified as loans and receivables. All other financial assets are held for trading and classified at fair value through profit or loss. Current liabilities and long-term debt are classified as other liabilities, except Derivative liabilities (unrealized losses on open cash contracts, unrealized loss on forward foreign exchange contracts, and unearned premium on written options) and investments sold short, which are held-for-trading and classified at fair value through profit or loss. The carrying value of financial assets classified as current assets and the carrying fair value of financial liabilities classified as current liabilities approximate the fair value thereof given their short-term maturities. The carrying value of long-term debt, before the effect of the unamortized amount of financing transaction costs, is not materially different than the fair value of the principal amount of the loans.

Valuation of investments in private companies

The fair value of financial instruments not traded in an active market (including, but not limited to: over-the-counter derivatives and debentures, and securities in private companies, warrants and restricted securities, among others) 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.

Derivative contracts other than written options

Riverland Ag 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. These derivative contracts have not been designated as fair value hedges and are valued at market price. Changes in the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statement of Comprehensive Income as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and classified as Due from Broker and Derivative assets (Unrealized gains on open cash contracts) and Derivative liabilities (Unrealized losses on open cash contracts).

Recognition of Riverland Ag revenues

Riverland Ag recognizes sales revenue at the time of delivery of the product when all of 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 income is recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented in the Statement of Comprehensive Income 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 in Cost of sales.

Inventories

Inventories consist of agricultural grain commodities owned by Riverland Ag, and are stated at fair value less costs to sell. Changes in the fair value less costs to sell of inventories of agricultural grain commodities are recognized in the determination of income for the period, as a component of Cost of sales.

Property, plant, and equipment

Property, plant, and equipment are stated at their fair value as at the date of the Acquisition, which approximates cost. Amortization is calculated using the straight-line method over the estimated useful lives of the respective classes of assets, as follows:

Buildings, silos/elevators, and improvements	15 – 31 years
Machinery and equipment	7 – 15 years
Furniture, fixtures, office equipment, computer software and other property, plant and equipment	7 years

Riverland Ag reviews property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the expected fair value of such assets might not be sufficient to support the carrying amount of the assets.

SUBSEQUENT EVENTS

On July 12, 2011, Riverland Ag Corp. executed an amendment to its revolving line of credit facility, whereby the committed amount available to Riverland Ag was increased from USD\$115 million to USD\$180 million. An additional financial institution joined the lending syndicate. There were no substantial changes to the terms and conditions concerning this facility and the maturity date of the agreement remains as October 29, 2012. Under IFRS, the amendment to this credit facility may be considered an extinguishment of the prior facility. If that were to be the case, the balance of unamortized financing transaction costs related to the prior facility and financing transaction costs related to the amendment will be expensed in the second quarter. A final determination will be made in the second quarter.

On July 29, 2011, Riverland Ag acquired a grain-storage facility in Manitowoc, Wisconsin, having a capacity of 4.5 million bushels. The cost of acquisition was approximately USD\$7.3 million (CAD\$7.0 million).

CHANGES IN ACCOUNTING ESTIMATES

Restatement of gain on acquisition of subsidiaries in the interim condensed consolidated financial statements for the three-month period ended June 30, 2010

The interim condensed consolidated financial statements for the three-month period ended June 30, 2010 have been restated to reflect the final fair value adjustments related to the Acquisition, which were recognized in the annual financial statements for the year ended March 31, 2011. The restatement adjustments to the Statement of Comprehensive Income for the three-month period ended June 30, 2010 include the following:

Adjustments to current and deferred income tax balances	\$ (100,852)
Adjustment to fair value of property, plant and equipment	3,816,346
Adjustment to deferred tax liability related to fair value adjustment on property, plant and equipment	(1,674,909)
Other adjustments, including purchase price adjustments and adjustments to certain opening balances	(301,898)
Total increase in gain on acquisition of subsidiaries, included in net income	1,738,687
Adjustment to translation of foreign currency accounts of foreign operations related to the foregoing	22,168
Total adjustments to comprehensive income	\$ 1,760,855

CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board announced that, on January 1, 2011, IFRS will replace Canadian standards and interpretations as Canadian generally accepted accounting principles (hereinafter referred to as “Canadian GAAP”) for publicly accountable enterprises. Consequently, Ceres adopted IFRS for its fiscal year commencing on April 1, 2011, and has prepared IFRS financial statements for the interim periods and the fiscal year end commencing on that date, with restatement of comparative information.

Ceres has completed all phases of its project plan and transitioned to IFRS effective April 1, 2011, with comparative information disclosed for 2010. Ceres retrospectively applied all effective IFRS standards and interpretations to determine the opening balance sheet as April 1, 2010. These interim condensed consolidated financial statements for the quarter ended June 30, 2011 are the first interim reporting period under IFRS. The adoption of IFRS has neither changed Ceres’ business strategies, nor has it influenced primary business activities.

First-time adoption of IFRS:

Any adjustments required on transition to IFRS were made retrospectively against retained earnings as at April 1, 2010, which is the date of transition and the date of the first comparative balance sheet presented. “First-Time Adoption of International Financial Reporting Standards” (“IFRS 1”) provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. Management has reviewed these exceptions and exemptions in IFRS 1 and has determined these do not apply to Ceres.

Explanation of transition to IFRS

IAS 32 – Financial Instruments: Presentation

Under IFRS, incremental costs directly related to the issuance of debt instruments (hereinafter referred to as “financing transaction costs”) are applied to the carrying value of non-derivative financial liabilities and considered in the determination of the carrying values of such liabilities using the effective interest method. Under Canadian GAAP, for the annual consolidated financial statements for the year ended March 31, 2011, the Corporation chose to attribute no fair value to the unamortized amount of financing transactions costs as at the date of the Acquisition of Riverland Ag, and expensed all financing transaction costs incurred thereafter.

This change had no effect as at April 1, 2010 as the Acquisition occurred after that date. As at March 31, 2011, the carrying value of non-derivative bank financing (bank indebtedness and long-term debt) was decreased by an aggregate of \$1,082,626. For the year ended March 31, 2011, the Statement of Comprehensive Income reflects the following changes:

Increase in gain on acquisition of subsidiaries for the unamortized amount of financing transaction costs, as at the date of the Acquisition	\$ 674,504
Decrease in portfolio and corporate transactions costs for the financing transaction costs incurred for the period from June 11, 2010 to March 31, 2011	828,480
Amortization of financing transaction costs for the period from June 11, 2010 to March 31, 2011	(361,759)
Increase in net income for the year ended March 31, 2011	1,141,225
Adjustment to translation of foreign currency accounts of foreign operations related to the foregoing	(58,599)
Total increase in comprehensive income	\$ 1,082,626

IAS 1 – Presentation of Financial Statements

IAS 1 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The impact of adopting this IFRS standard resulted in the following changes.

Financial statement titles

Canadian GAAP	IFRS
Consolidated Balance Sheet	Same
Consolidated Statements of Income, Comprehensive Income and Accumulated Other Comprehensive Loss	Consolidated Statements of Comprehensive Income (note that changes in Accumulated Other Comprehensive Income or Loss are presented in the Consolidated Statements of Changes in Shareholders' Equity)
Consolidated Statements of Retained Earnings	Consolidated Statements of Changes in Shareholders' Equity
Consolidated Statements of Cash Flows	Same
Notes to the Consolidated Financial Statements	Same

Nature vs. Function method of reporting expenses

Under IFRS, the Corporation may choose to report revenues and expenses by “nature” or by “function”. When classifying by “nature”, revenues and expenses are aggregated in the Statement of Comprehensive Income according to their nature (for example: sales, interest revenues, depreciation of property, plant and equipment, purchase of inventories, freight costs, employee benefits and advertising) and are not reallocated among the functions within the Corporation. Classification by “function” aggregates revenues and expenses in accordance with the function to which they relate (for example: revenues, cost of sales, general and administrative expenses, finance income (loss) and finance expenses). Under Canadian GAAP, Ceres reported revenues and expenses using a mixture of both, by function for costs of sales, and by nature for all other operating accounts. In order to provide meaningful reporting, Ceres has chosen to report revenues and expenses by function.

In that regard, the following reclassifications were made:

- Grain-trading sales and Storage, rental and other operating income were reclassified as Revenues.
- Dividend revenues, Interest revenues, Realized gain (loss) on sale of investments, Realized gain (loss) on currency-hedging transactions, Realized and unrealized gain (loss) on foreign exchange, and Change in fair value of investments, were reclassified as Finance income (loss).
- Interest on short-term debt and on long-term debt were reclassified to Finance expenses.
- Depreciation of property, plant and equipment for buildings and silos/elevators was reclassified to Cost of sales.
- Depreciation on all other property, plant and equipment was reclassified to General and administrative expenses.

- Management fees and Portfolio and corporate transaction costs have been reclassified to General and administrative expenses.

CONTROLS AND PROCEDURES

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, 2011, designed 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. The Chief Executive Officer and the Chief Financial Officer have evaluated (or have caused to be evaluated under their supervision) the effectiveness of Ceres' DC&P as at June 30, 2011 and have concluded that Ceres' DC&P are operating effectively.

Internal control 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, 2011, designed ICFR (or have caused such ICFR to be designed under their supervision) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. 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 The Canadian Institute of Chartered Accountants. The Chief Executive Officer and the Chief Financial Officer have evaluated (or have caused to be evaluated under their supervision) the effectiveness of Ceres' ICFR as at June 30, 2011 and have concluded that Ceres' ICFR is operating effectively. During the period beginning on April 1, 2011 and ended on June 30, 2011, there have been no changes in Ceres' ICFR that has materially affected, or is reasonably likely to materially affect, Ceres' ICFR.

Gary Selke
Chief Executive Officer
September 7, 2011

Michael Detlefsen
President
September 7, 2011

Jason Gould
Chief Financial Officer
September 7, 2011