FERONIA INC.
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED MARCH 31, 2017

May 30, 2017

This Management's Discussion and Analysis ("MD&A") has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the three months ended March 31, 2017 of Feronia Inc. ("Feronia" or the "Company").

Throughout this MD&A, unless otherwise specified, "Feronia", the "Company", "we", "us" or "our" refer to Feronia Inc. and its subsidiaries. All amounts are expressed in U.S. dollars ($) unless otherwise stated and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Additional information relating to the Company may be found at www.sedar.com

BUSINESS OVERVIEW

Feronia is an agribusiness operating in the Democratic Republic of the Congo (the "DRC").

At the heart of Feronia lies a long established palm oil business, Plantations et Huileries du Congo S.A ("PHC"), a company incorporated under the laws of the DRC, which has three remotely located plantations; Lokutu, Yaligimba and Boteka. Feronia acquired PHC from Unilever in 2009 and owns 83.37% of PHC's shares, with the remaining 16.63% owned by the DRC government through its Ministry of Portfolio.

Since acquiring PHC, Feronia has been focussed on rebuilding the business and creating a profitable and financially sustainable business which will provide a secure future for the thousands of people it directly and indirectly employs. This process has included the rehabilitation of palm oil mills at the Lokutu and Boteka plantations, the construction of a new palm oil mill at the Yaligimba plantation which commenced production in October 2013 and extensive replanting.

Feronia's plantations produce crude palm oil ("CPO") and palm kernel oil ("PKO"). CPO is part of the staple and traditional diet of the Congolese and, with Feronia's products being sold locally in the DRC, the Company is well placed to help decrease reliance on imports and increase food security and quality in the DRC.

Feronia prides itself on being the guardian of its 106 year-old palm oil business and its employees, communities, and environment. It has made a long term commitment to improve the living and working environment of its employees and their communities and is committed to sustainable agriculture, environmental protection and community inclusion.

Feronia has in place an Environmental and Social Action Plan ("ESAP") which is focused on implementing environmental and social best practice and improving social infrastructure.

Feronia is working towards certification by the Roundtable for Sustainable Palm Oil and is implementing IFC/World Bank standards for environmental and social sustainability. Feronia's oil palm replanting programme is brownfield in nature – replacing old palms with new – and has no reliance on deforestation.

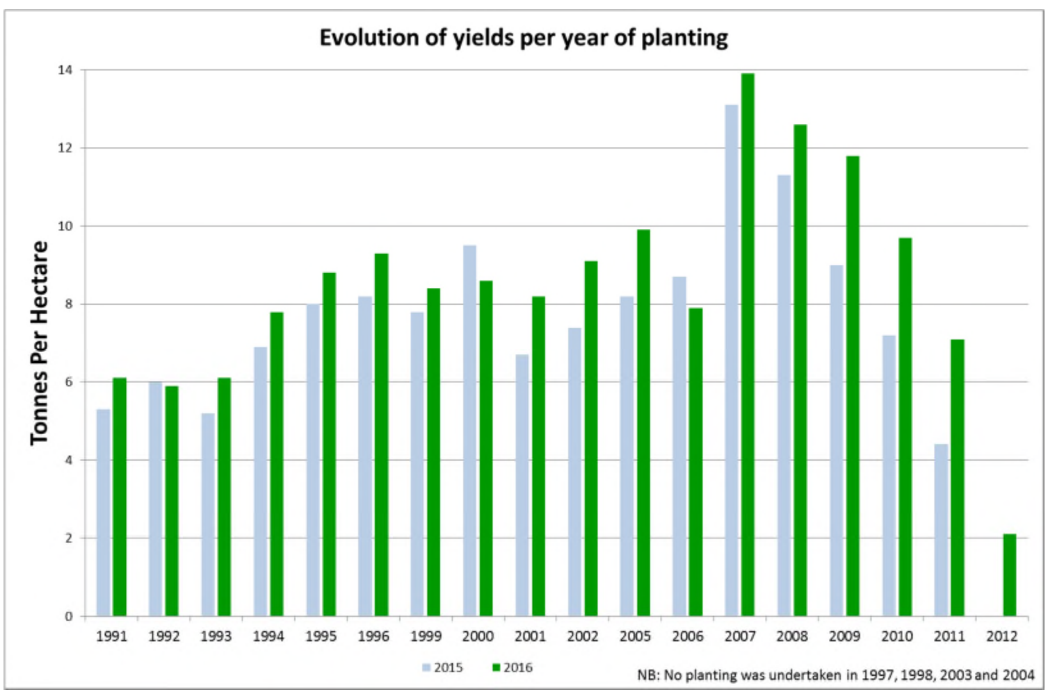
Feronia previously had an arable farming operation which grew and processed rice. The Company has discontinued the arable farming operations and is disposing of its assets.

OPERATIONS - BUSINESS PERFORMANCE

Q1 2017 Performance Overview

The three months ended March 31, 2017 ("Q1 2017") was a quarter which met the Company's expectations across all key metrics and, operationally, posed no surprises.

During the quarter, the Company achieved a year-on-year increase on the three months ended March 31, 2016 ("Q1 2016") in Fresh Fruit Bunch ("FFB") production of 23.6% and a 20.4% increase in crude palm oil ("CPO") production. These increases were expected and largely driven by the increasing FFB yields per hectare achieved from young trees planted since 2010. The trees are now benefiting from a regular fertiliser regime and are responding well. This process began in 2016 and it is worth noting that the full impact of fertilizer application does not typically materializing for up to 36 months. The following chart illustrates the positive progress in this regard:



Whilst the Company experienced a reduction in the oil extraction rate ("OER") for the quarter when compared to Q1 2016, this was an expected and temporary trade off against restricting processing throughput during the commissioning of the new boiler at Lokutu. The new boiler was commissioned in April 2017 and production data as at the date of this MD&A

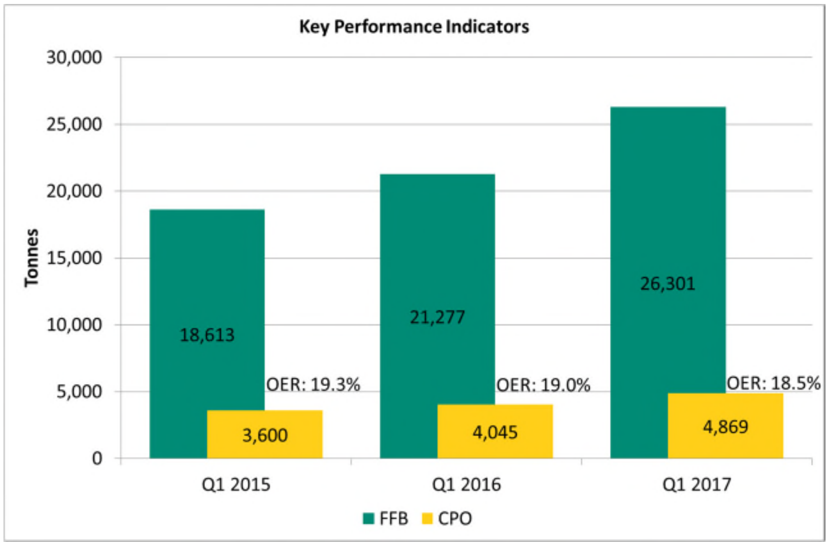
suggests that the new boiler is already having a very positive impact on OER which will be reflected in the Company's Q2 2017 reporting.

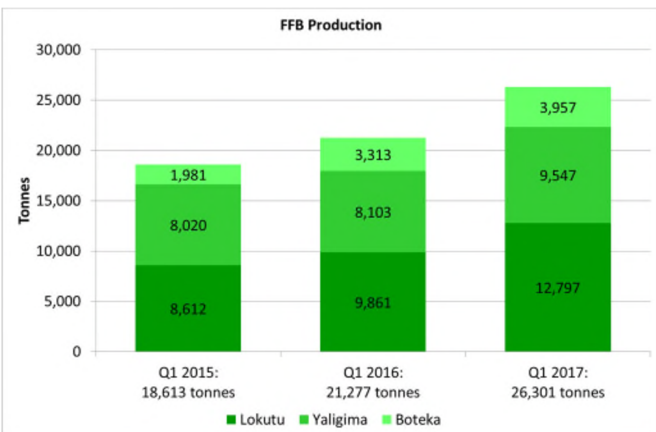
During Q1 2017, a period of contract negotiation with our customers for the sale of our remaining 2017 CPO production delayed sales which had an impact on Q1 2017 revenue. We now have contracts in place at terms Management believes are beneficial to all parties and the negotiation process was an important part of fostering partnerships which allow for more efficient competition against imports.

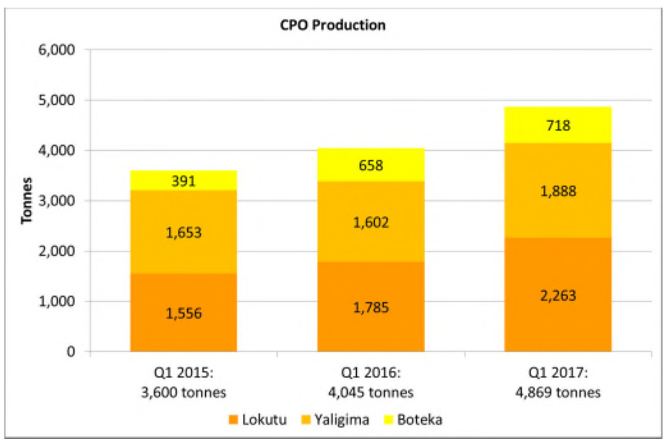
Overall, Q1 2017 was a quarter where significant progress was made on many fronts.

Oil Palm Plantations: Q1 2017 performance and recent developments

The following charts and table show key data relating to PHC's operations for Q1 2017:

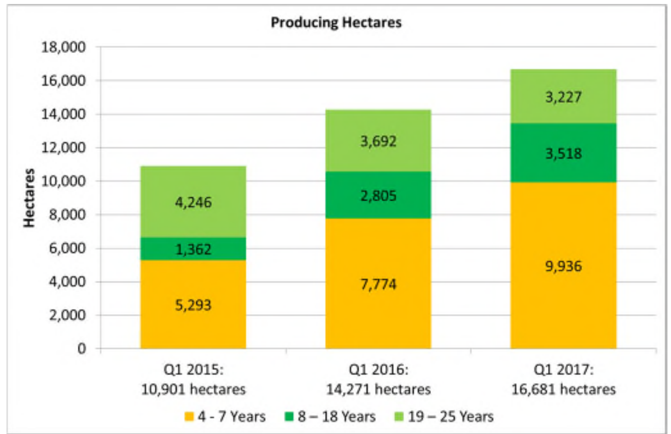






During Q1 2017 the Company processed 26,301 tonnes of FFB and produced 4,869 tonnes of CPO, representing increases on the production for Q1 2016 of 23.6% and 20.4% respectively.

	Q1 2017	Q1 2016	Q1 2015
FFB Production (Tonnes)	**26,301**	21,277	18,613
Producing Hectares	**16,681**	14,271	10,901
FFB Per Producing Hectare (Tonnes)	**1.58**	1.49	1.71



These increases can be attributed to a 2,410 ha increase in the number of producing hectares to 16,681 ha in Q1 2017 (Q1 2016: 14,271 ha) and a 6% increase in the FFB yield per producing hectare. This is partially offset by temporary restrictions in OER and fruit processing due to the deteriorating condition of the old Lokutu boiler and a fuel shortage for the Yaligimba boiler during Q1 2017, both of which have now been resolved.

As the Company elects to not harvest fruit which it cannot physically process, reported yield per hectare figures represented here are lower than the actual amounts produced by the trees.

Average yields per hectare are also further skewed by:

1) 9,936 ha of trees, representing 56.6% of producing hectares, being low yielding, young mature trees in the age range 4 – 7 years old; and
2) nutrient deficiencies at Boteka where fertilizer and ground limestone have been applied to correct the deficiencies and, combined with a normal course fertilizer and soil maintenance regime, are anticipated to result in yield improvements in the medium term.

As young trees mature over the short term, average yields per hectare are expected to increase accordingly and move towards those achieved elsewhere in Africa.

With the existing Lokutu boiler producing lower than optimum steam pressure, the Company opted to sacrifice OER at Lokutu by deliberately reducing sterilisation times so that it could process more FFB. With Lokutu currently producing 49% of the Company's FFB production, this had an impact on the Company's overall production during Q1 2017 with OER of 18.5%, compared with 19.0% in Q1 2016.

With the new boiler at Lokutu being commissioned in April 2017, the Company is already experiencing an increase in its OER which is expected to start being reflected in Q2 2017 reporting. New boilers at Yaligimba and Boteka in Q3 and Q4 2017 respectively, along with ongoing improvements in operational practices at all three plantations, give the Company confidence that it should achieve an OER similar to those achieved through best practices in Africa in the medium term.

The Company views the installation of the new fibre boilers and electricity generating steam turbines at its three palm oil mills as being both strategically and financially important, bringing the following benefits as the boilers and turbines are commissioned:

1) the new boilers will produce higher steam pressure which will allow the FFB sterilization time to be reduced at each mill, thereby providing the ability to process increasing levels of FFB in the coming years;

2) a reduction in fuel costs by utilising fibre, a free by-product of the production process, as fuel and thereby eliminating the need for expensive fossil fuels from both the production process and the generation of electricity; and
3) considerable environmental benefits by dramatically reducing the Company's use of fossil fuels and the use of cleaner, more efficient modern boilers.

The following table shows PHC's plantation profile as at March 31, 2017:

	As at March 31, 2017			**Total as at March 31**		
	Lokutu	**Yaligimba**	**Boteka**	**2017**	**2016**	**2015**
Plantations (Hectares)						
Immature						
Year 0	-	-	-	**-**	-	-
Year 1	-	-	-	**-**	3,032	4,639
Year 2	731	3,032	-	**3,763**	3,739	5,007
Year 3	2,400	902	437	**3,739**	2,875	3,924
	3,131	**3,934**	**437**	**7,502**	9,646	13,570
Producing						
4 - 7 Years	5,374	2,312	2,250	**9,936**	7,774	5,293
8 – 18 Years	1,169	1,368	981	**3,518**	2,805	1,392
19 – 25 Years	2,269	958	-	**3,227**	3,692	4,246
	8,812	**4,638**	**3,231**	**16,681**	14,271	10,901
Total Planted	**11,943**	**8,572**	**3,668**	**24,183**	23,917	24,471

Note: 3,032 ha of trees planted in Yaligimba in 2013 and 2014 were replanted in 2016 with 1.5-2 year old nursery plants. These were duly classified to 2015 plantings when replanted.

The net year-on-year increase in producing hectares between Q1 2016 and Q1 2017 of 2,410 ha is a result of 2,875 ha of young palms coming into production in Q1 2017 and 465 ha of old palms being removed.

Sustainability

Feronia is the largest agro-industrial employer in the DRC with more than 8,000 permanent and temporary employees, all in regions of the country with no other significant source of formal employment and 52 employees in Kinshasa. When the families of these workers are taken into account, Feronia directly supports the livelihoods of an estimated 50,000-70,000 people. The Company adds value to the DRC economy directly through the employment it provides, the taxes that it pays, and the investment it is making in infrastructure in the regions where it operates.

In April 2017, the Company published its first Sustainability Report. The Sustainability Report and more information on Feronia's approach to sustainability can be found on the Company's website at www.feronia.com/sustainability

FINANCIAL PERFORMANCE – Three months ended March 31, 2017

Operating Loss

(Expressed in thousands of US dollars)	Three months ended March 31			
	2017	2016	% Change	$ Change
Revenue	2,147	3,966	(46%)	(1,819)
Cost of sales	(3,041)	(6,325)	(52%)	(3,284)
Gross Loss	(894)	(2,359)	62%	1,465
Expenses				
Selling, general and administrative	(2,260)	(2,409)	(6%)	(149)
Other losses	(1,728)	(167)	932%	1561
Operating loss	(4,882)	(4,936)	(1%)	(54)

Total revenues for Q1 2017 were $2,147,000, a decrease of $1,819,000 or 46% on revenues for Q1 2016 of $3,966,000. The decrease in revenue can be attributed to:

- CPO sales of $1,752,000 (Q1 2016: $3,529,000), made up of:
  - 2,422 tonnes of CPO sold in Q1 2017, being a 56% decrease on the volume sold in Q1 2016 (Q1 2016: 5,551 tonnes); partly offset by
  - A 14% increase in the average CPO price achieved in the quarter of $723 per tonne compared to $636 per tonne in Q1 2016
- a 36% decrease in PKO sales to $251,000 in Q1 2017 (Q1 2016: $390,000) representing 12% of total revenue for the quarter.

CPO Sales in Q1 2017 were lower than in Q1 2016 as the Company was in negotiations with its customers during Q1 2017 with regards to the sale of its remaining 2017 production. As a result of these negotiations, the Company now has orders in place for all of its 2017 CPO production which will be converted into sales as its customers take delivery during the remainder of 2017.

Cost of sales for Q1 2017 were $3,041,000 (Q1 2016: $6,325,000), a decrease of $3,284,000 or 52%. The decrease was due to:

- a 56% decrease in the volume of CPO sold; partially offset by
- higher maintenance costs of the old Lokutu boiler.

Selling, general and administrative costs for Q1 2017 of $2,260,000 were $149,000, or 6% lower than in Q1 2016 (Q1 2016: $2,409,000).

Other income/(losses) are largely a result of foreign exchange gains and losses which arose from movements in exchange rates between the U.S. dollar, Congolese Franc and British Pound in the quarter. In Q1 2017, other losses was $1,728,000 (Q1 2016 other losses: $167,000).

Operating Losses for Q1 2017 were $4,882,000 a decrease of $54,000, or 1% on operating losses for Q1 2016 of $4,936,000.

Since 2010, the Company has replanted 16,847 ha of new trees of which 9,936 ha, or 59%, were producing in Q1 2017. These trees are low yielding, young mature trees in the age range of 4 – 7 years. This impacts all key operating metrics including cost of goods sold. The portfolio of immature and young palms is the Company's core asset. Young plants have a negative contribution to operating results and are a key factor in the current low margins. These losses, which are in line with Company expectations, are expected to reverse as the trees mature and their yields increase and as more hectares come into production.

Over time the Company's cost of production on a per tonne basis is expected to decline substantially. Achieving this remains a key objective of the Company.

Finance Income and Costs

(Expressed in thousands of US dollars)	Three months ended March 31		
	2017	2016	% Change
Finance Costs	**(765)**	(1,420)	(46%)
Finance Income	**-**	6,292	(100%)

Finance costs relate to the interest on debentures and the secured term facility ("DFI Debt Facility"). The 46% decrease in costs in Q1 2017 compared to the same period in the prior year is due to the conversion of all of the debentures issued in 2015 and 2016 (the "2015/2016 Debentures") into common shares on April 13, 2016, offset by interest payments of the DFI Debt Facility. Finance income in Q1 2016 reflects the change in the IFRS valuation of warrants and derivatives related to the convertible debentures issued in 2015 and 2016.

Gain (Loss) on Biological Assets and Planting Costs

Under the revised IAS 41, the oil palm trees are no longer classified as biological assets but are valued at cost and amortised over the assets' expected 25-year economic life. The fruit on the tree at the end of each reporting period is, however, treated as a biological asset and subject to valuation with any changes to valuation charged to the income statement.

The quantity of the fruit on the trees is estimated to equate to one week's harvest based on the production of the preceding three months. This is then converted to CPO using the current OER and the value is then calculated by multiplying the quantity of CPO by the average selling price less costs of harvesting and transport to the mill.

The young age profile of trees across the plantations means that yields are currently low and costs of production are therefore higher than the achieved selling price for CPO. As a result no value was attributable to the fruit on the trees.

Net Loss

(Expressed in thousands of US dollars)	Three months ended March 31		
	2017	2016	% change
Net loss	**(5,811)**	(329)	1152%

Net losses for Q1 2017 were $5,811,000 an increase of $5,482,000 compared to the loss in Q1 2016 of $329,000. This is the result of a decrease in operating losses of $54,000, a decrease in finance costs of $655,000, a decrease in income tax expense of $10,000 and a decrease in losses from discontinued operations of $92,000, offset by a decrease in finance income of $6,292,000.

Net Profit/(Loss) Attributable to Owners of the Parent

The net loss attributable to the Company for Q1 2017 was $4,899,000 (Q1 2016 net profit: $1,403,000) which is equivalent to $0.01 per share (Q1 2016 income per share: $0.03).

Net Profit (loss) Attributable to Non-controlling Interests

The net loss attributable to non-controlling interests for Q1 2017 was $912,000 (Q1 2016 net loss: $1,732,000) which represent the share of losses attributable to the 16.63% and 20% holdings in PHC and Feronia Arable respectively.

COMPARISON OF FINANCIAL CONDITION

The following table provides a comparison of the Company's financial condition as at March 31, 2017 compared to December 31, 2016:

(Expressed in thousands of US dollars)	**March 31**	December 31	
	2017	2016	% Change
Total current assets	**11,553**	10,287	12%
Total current liabilities	**41,293**	31,594	31%
Net current liabilities	**(29,740)**	(21,307)	40%
Total shareholder's equity	**29,015**	34,291	-15%

The changes in financial condition largely reflect the drawdown of the first and second disbursements from the DFI Debt Facility, which occurred on April 13, 2016 and February 11, 2017 respectively.

CASHFLOWS AND LIQUIDITY

The cash balance net of overdraft facility as at March 31, 2017 was $1,833,000 compared to $1,202,000 as at December 31, 2016. The increase in the cash balance of $631,000 was a result of an increase in working capital of $1,122,000, a foreign exchange loss of $320,000, a net cash loss from operations (excluding non-cash items) of $4,398,000 and capital expenditures of $3,530,000, offset by net cash inflows from financing activities of $10,000,000.

The net cash inflows from financing activities relate to the second drawdown of $10 million in Q1 2017 from the DFI Debt Facility of $49 million entered into on December 21, 2015 (see below under "Liquidity and Capital Resources").

The increase in working capital during Q1 2017 of $1,122,000 (decrease in Q1 2016: $2,349,949) is comprised of a decrease in accounts receivable of $488,000, an increase in inventory of $488,000, a decrease in accounts payable of $1,308,000 and a decrease in prepayments of $187,000.

Investing activities in Q1 2017 resulted in cash outflows of $3,530,000 (Q1 2016: $2,979,000).

LIQUIDITY AND CAPITAL RESOURCES

The Company recorded net cash outflows in operations and investing activities for Q1 2017.

On December 21, 2015 PHC entered into the DFI Debt Facility, a secured term facility agreement for up to $49 million with a syndicate of European Development Finance Institutions ("DFIs"). The amount advanced under the DFI Debt Facility is to be repaid semi-annually over a six year period commencing September 2019. The DFI Debt Facility is subject to covenants, pledges and charges typical of a loan facility of this nature and is secured by way of a first ranking security against the assets of PHC and by way of a pledge of the shares of PHC by a Belgian subsidiary of Feronia.

The purpose of the DFI Debt Facility is to finance investment into equipment, replanting, fertilizer and environment, social and governance ("ESG") expenditures required as part of the rehabilitation of PHC's three palm oil plantations in the DRC.

On April 13, 2016, all conditions precedent were satisfied to facilitate a first drawdown of $15 million (the "First Drawdown") from the DFI Debt Facility and on February 11, 2017 all conditions precedent were satisfied to facilitate the second drawdown of $10 million from the DFI Debt Facility(the "Second Drawdown").

At March 31, 2017 the Company had debentures with carrying value of $4,950,816 (December 31, 2016 – $4,869,313) maturing in July 2017 and $23,364,395 of the DFI Debt Facility (December 31, 2016 – $13,315,855) classified as current liabilities, the latter as a result of the breach of the equity solvency ratio which was largely due to the decrease in value of Congolese Franc towards the end of 2016. It is management's view that funds drawn down to date from the DFI Debt Facility will not be sufficient to see the Company through to profitability and future drawdowns are dependent on the Company being able to meet additional conditions precedent. The Company also currently does not have funds to repay the debentures that mature in July 2017. The Company's ability to continue as a going concern, therefore, is dependent on its ability to meet these conditions precedent in order to draw down the remainder of the DFI Debt Facility and obtaining additional working capital from other sources. To improve the Company's working capital position, management has ongoing discussions with its major shareholders and debt providers and is in discussions with potential new investors.

Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These conditions indicate uncertainty that may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

As at the date of this MD&A the Company had 361,894,437 common shares issued and outstanding.

OUTLOOK

The 24% increase in FFB and 20% increase in CPO production in Q1 2017, along with the commissioning of the new Lokutu boiler during April 2017, demonstrate the continued operational progress of the Company.

With production largely driven by the yields achieved by our producing hectares, regular fertilizer application facilitated through the DFI Debt Facility is already generating year-on-year yield increases, especially among young mature trees in the 4 – 7 year age range which have been planted since 2010. With the full effect of fertilizer not typically materializing for up to 36 months after application, and with yields expected to increase as young mature trees grow and move into their prime mature production stage at between 8 and 18 years old, we expect production levels to continue to increase on a year-on-year basis over the coming years.

Driven by the expected increase in production, it is management's expectation that the business will become operationally cash flow positive by the end of 2018 and cash flow positive net of investment in processing capacity to accommodate the expected increase in production a few years thereafter.

Securing the DFI Debt Facility and satisfying the conditions for the First and Second Drawdowns were important developments for the Company. The DFI Debt Facility is in place to finance investment into equipment, replanting, fertilizer and ESG expenditures and, as such, is enabling the Company to drive value creation through the yield gains achieved through the application of fertilizer and an increase in capacity and efficiency in its production process through on-going improvements and investments, such as the new Lokutu boiler.

Further drawdowns of the DFI Debt Facility are dependent upon the Company meeting certain conditions precedent and, although the Company is currently in breach of the DFI Debt Facility's equity solvency ratio, largely due to the decrease in value of Congolese Franc towards the end of 2016, it has not received written notice from the lenders advising that they will accelerate repayment of the DFI Debt Facility. While the DFI Debt Facility is intended to fund PHC through to profitability, Management is looking at securing financing to provide working capital to cover certain corporate costs to ensure it is funded at both an operational and a corporate level through 2017 and beyond.

The key objectives of the Company for 2017 are to:

(i) improve operational performance and realize efficiencies through the continued implementation of best practices, fertilizer application and appropriate capital investment;

(ii) satisfy conditions required to drawdown further disbursements of the DFI Debt Facility;

(iii) secure financing for corporate costs; and

(iv) complete the installation of new boilers at Boteka and Yaligimba.

RISKS AND UNCERTAINTIES

The Company is subject to various business, financial and operational risks that could materially adversely affect the Company's future business, operations and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A. For a more comprehensive discussion of the risks faced by the Company, please refer to the Company's annual management's discussion and analysis for the year ended December 31, 2016, available at www.sedar.com

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Company participates or is seeking to participate and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, the risk factors discussed herein under the section heading "Risks and Uncertainties". Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding expected crop yields, commodity prices, business and operating strategies, and the Company's ability to operate its production facilities and plantations on a profitable basis.

Some of the risks which could affect future results and would cause results to differ materially from those expressed in the forward-looking statements contained herein include: risks related to foreign operations (including various political, economic and other risks and uncertainties), the interpretation and implementation of the Agriculture Law, termination or non-renewal of concession rights or expropriation of property rights, political instability and bureaucracy, limited operating history, lack of profitability, lack of national infrastructure in the DRC, high inflation rates, limited availability of debt financing in the DRC, fluctuations in currency exchange rates, competition from other businesses, reliance on various factors (including local labour, importation of machinery and other key items and business relationships), the Company's reliance on two major customers, lower productivity at the Company's plantations, risks related to the agricultural industry (including adverse weather conditions, shifting weather patterns, and crop failure due to infestations), a shift in commodity trends and demands, vulnerability to fluctuations in the world market, the lack of availability of qualified management personnel and stock market volatility.