



**FERONIA INC.  
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY HIGHLIGHTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017**

**November 29, 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 and nine months ended September 30, 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](http://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 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**

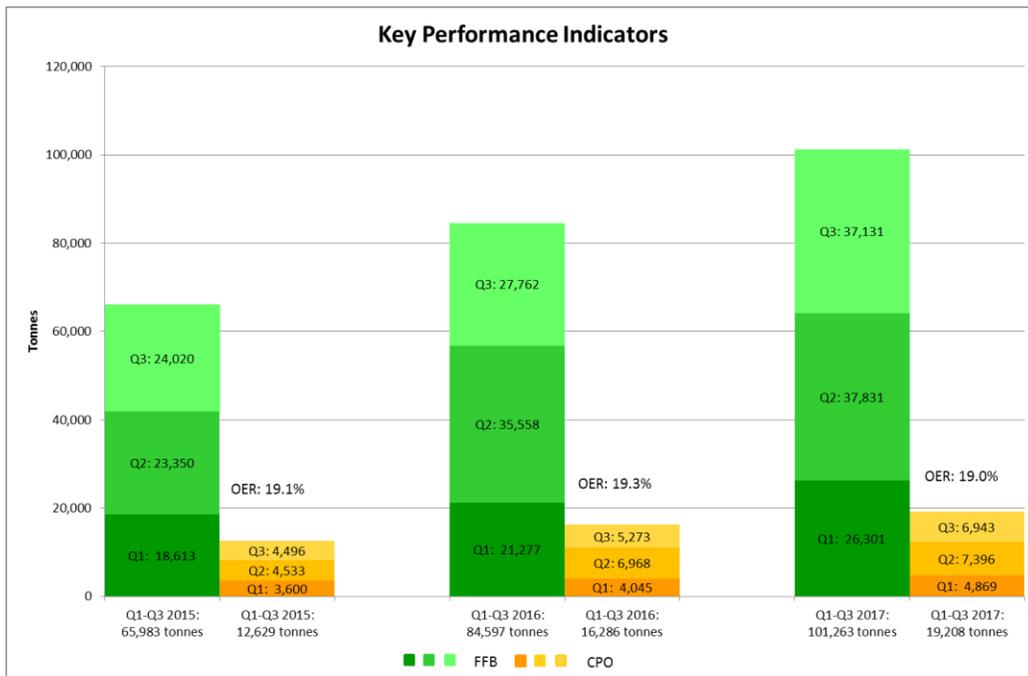
**Q3 and Q1-Q3 2017 Performance Overview**

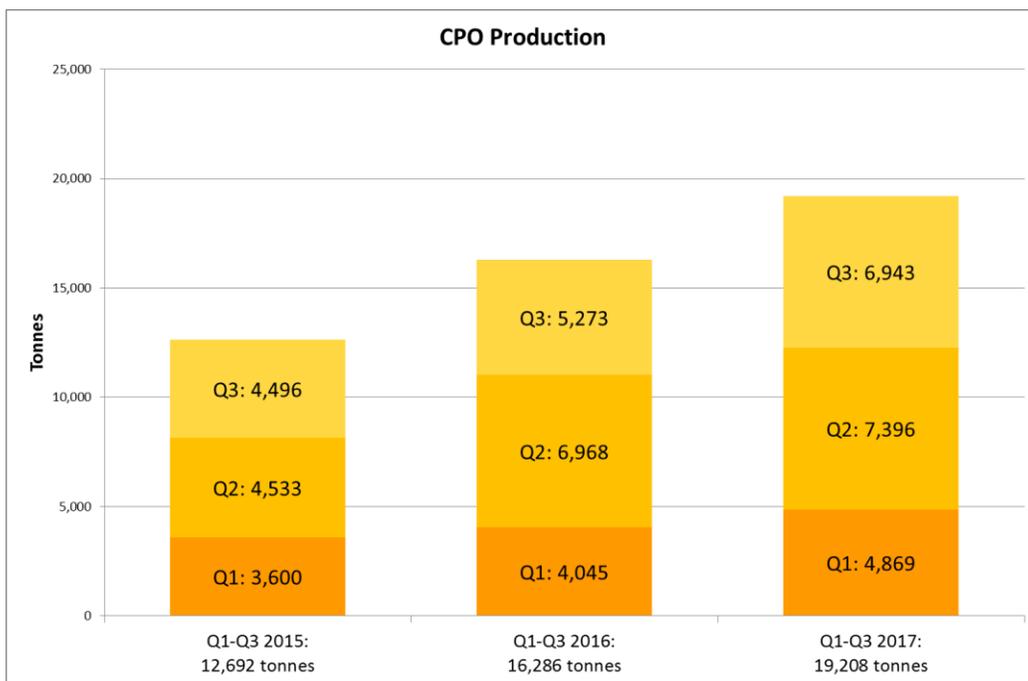
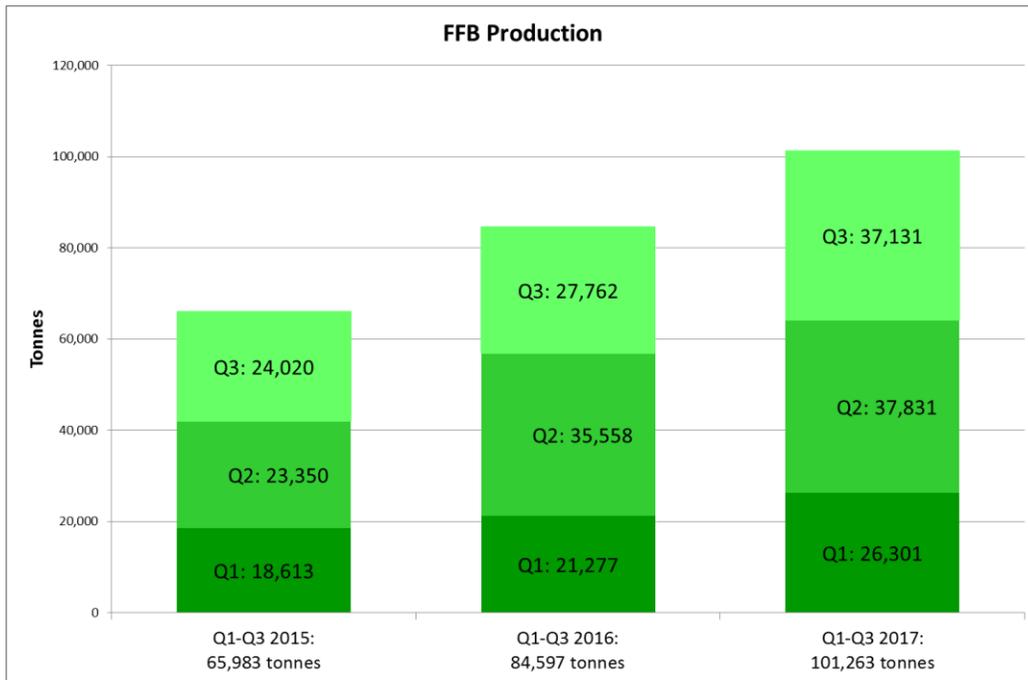
During three months ended September 30, 2017 (“Q3 2017”), the Company achieved a year-on-year increase in Fresh Fruit Bunch (“FFB”) production of 33.8% and a 31.7% increase in CPO production, when compared to the three months ended September 30, 2016 (“Q3 2016”).

For the nine months ended September 30, 2017 (“Q1-Q3 2017”) the Company achieved a year-on-year increase in FFB production of 19.7% and a 17.9% increase in CPO production, compared to the nine months ended September 30, 2016 (“Q1-Q3 2016”).

**Oil Palm Plantations: Q3 2017 and Q1-Q3 2017 performance and recent developments**

The following charts and tables show key data relating to PHC’s operations for Q3 and Q1-Q3 2017:





During Q3 2017, the Company processed 37,131 tonnes of FFB and produced 6,943 tonnes of CPO, representing increases on the production for Q3 2016 of 33.7% and 31.7% respectively.

During Q1-Q3 2017, the Company processed 101,263 tonnes of FFB and produced 19,208 tonnes of CPO, representing increases on the production for Q1-Q3 2016 of 19.7% and 17.9% respectively.

With the new boiler at Lokutu becoming operational in April 2017, the Company has begun to see an increase in its oil extraction rate ("OER"). It had previously opted to sacrifice OER at Lokutu by deliberately reducing sterilisation times so that it could process more FFB. The

new Lokutu fibre boiler has removed this constraint and it is expected that, as the new boilers being installed at Yaligimba and Boteka are commissioned in Q4 2017 and Q1 2018 respectively, and ongoing improvements in operational practices are implemented, an OER similar to those achieved through best practices in Africa should be achievable in the medium term.

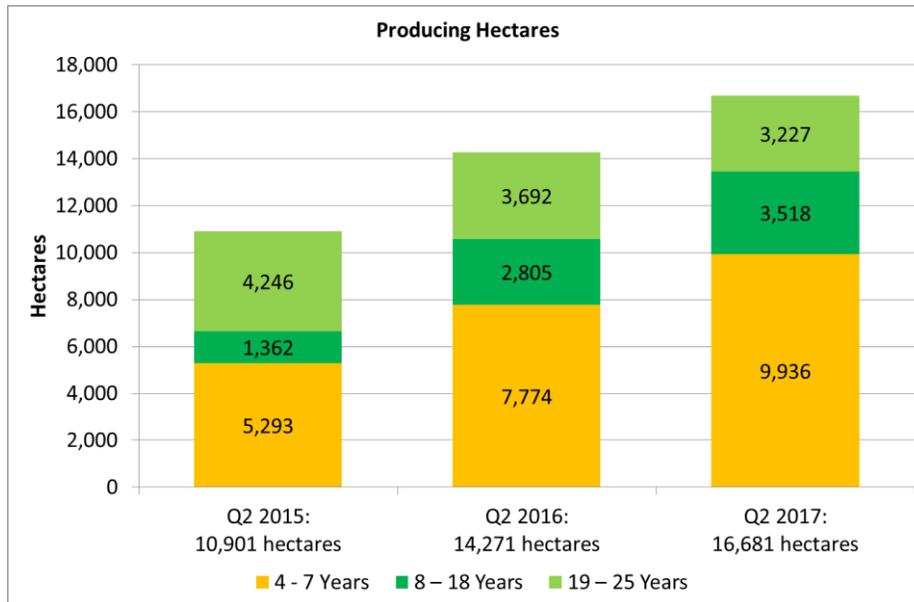
The Company views the installation of the new fibre boilers and electricity generating steam turbines at its three palm oil mills as being both strategically and financially important, bringing the following benefits as the boilers and turbines are commissioned:

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. 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 September 30, 2017:

	<b>Total as at September 30</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Plantations (Hectares)</b>			
Immature			
Year 0	-	-	-
Year 1	4,639	3,032	-
Year 2	5,007	3,739	<b>3,763</b>
Year 3	3,924	2,875	<b>3,739</b>
	<hr/> 13,570	<hr/> 9,646	<hr/> <b>7,502</b>
Producing			
4 - 7 Years	5,293	7,774	<b>9,936</b>
8 - 18 Years	1,392	2,805	<b>3,518</b>
19 - 25 Years	4,246	3,692	<b>3,227</b>
	<hr/> 10,931	<hr/> 14,271	<hr/> <b>16,681</b>
Total Planted	<hr/> 24,501	<hr/> 23,917	<hr/> <b>24,183</b>

The net year-on-year increase in producing hectares between Q3 2016 and Q3 2017 of 2,410 ha is the result of 2,875 ha of young palms coming into production in Q1 2017 and 465 ha of old palms being removed.



Yield per hectare figures are calculated using the volume of FFB processed and are not an indication of the volume of FFB produced by trees. As a result, any processing restrictions, such as those incurred at Lokutu during the first four months of 2017, will have an adverse impact on reported average FFB calculations.

Average yields per hectare are also further skewed by:

1. 9,936 ha of trees, representing 59.6% 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.

## ***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 54 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](http://www.feronia.com/sustainability)

## **FINANCIAL PERFORMANCE – Three and nine months ended September 30, 2017**

### **Operating Profit (Loss)**

**Expressed in thousands of US dollars**

	Three months ended September 30,			Nine months ended September 30,		
	<b>2017</b>	2016	% Change	<b>2017</b>	2016	% Change
<b>Revenue</b>	<b>5,695</b>	4,379	30.0%	<b>13,275</b>	12,135	9.4%
Cost of sales	<b>(4,216)</b>	(4,313)	(2.3%)	<b>(11,525)</b>	(12,944)	(11.0%)
<b>Gross profit (loss)</b>	<b>1,479</b>	66		<b>1,750</b>	(809)	
<b>Expenses</b>						
Selling, general and administrative	<b>(3,393)</b>	(2,295)	47.8%	<b>(8,114)</b>	(6,883)	17.9%
Other income (losses)	<b>695</b>	192	262.0%	<b>871</b>	904	(3.6%)
<b>Operating (loss)</b>	<b>(1,219)</b>	(2,037)		<b>(5,493)</b>	(6,788)	

**Total revenues for Q3 2017** were \$5,695,000, an increase of \$1,316,000 or 30% on revenues for Q3 2016 of \$4,379,000. The increase in revenue can be attributed to:

- CPO sales of \$5,321,000 (Q3 2016: \$4,153,000), made up of:
  - 7,408 tonnes of CPO sold in Q3 2017, being a 31% increase on the volume sold in Q3 2016 (Q3 2016: 5,650 tonnes); and
  - a 2% decrease in the average CPO price achieved in the quarter of \$718 per tonne compared to \$735 per tonne in Q3 2016
- a 179% increase in PKO sales to \$374,000 in Q3 2017 (Q3 2016: \$134,000) representing 7% of total revenue for the quarter.

**Total revenues for Q1-Q3 2017** were \$13,275,000, an increase of \$1,140,000 or 9% on revenues for Q1-Q3 2016 of \$12,135,000. The increase in revenue can be attributed to:

- CPO sales of \$11,909,000 (Q1-Q3 2016: \$11,069,000), made up of:
  - 16,672 tonnes of CPO sold in Q1-Q3 2017, being a 2% increase on the volume sold in Q1-Q3 2016 (Q1-Q3 2016: 16,336 tonnes); and
  - a 6% increase in the average CPO price achieved in the period of \$716 per tonne compared to \$678 per tonne in Q1-Q3 2016
- an 18% increase in PKO sales to \$994,000 in Q1-Q3 2017 (Q1-Q3 2016: \$840,000) representing 8% of total revenue for the period.

**Cost of sales for Q3 2017** were \$4,216,000 (Q3 2016: \$4,313,000), a decrease of \$97,000 or 2%. The decrease was largely due to:

- a 31% increase in volumes of CPO sold; offset by
- a reduction in the cost of production per tonne due to economies of scale starting to be achieved;
- a \$283,000 reduction in the Employee Incentive Liability; and
- a reallocation of \$569,000 of costs to Selling, General and Administrative expenses ("SG&A") in the quarter.

**Cost of sales for Q1-Q3 2017** were \$11,525,000 (Q1-Q3 2016: \$12,944,000), a decrease of \$1,419,000 or 11%. This was largely due to:

- a 1% increase in the volume of CPO sold; offset by

- a reduction in the cost of production per tonne due to economies of scale starting to be achieved;
- a \$447,000 reduction in the Employee Incentive Liability; and
- a reallocation of \$569,000 of costs to SG&A.

**Selling, general and administrative costs for Q3 2017** of \$3,393,000 were \$1,098,000, or 48% higher than in Q3 2016 (Q3 2016: \$2,295,000). This was largely due to:

- a reallocation of \$569,000 of costs to SG&A from Cost of Sales in the quarter;
- a \$180,000 reduction in the allocation of overheads to bearer assets;
- an increase in share based payment charges of \$357,000; offset by
- a \$398,000 reduction in Employee Incentive Liability

**Selling, general and administrative costs for Q1-Q3 2017** of \$8,115,000 were \$1,232,000, or 18% higher than in Q1-Q3 2016 (Q1-Q3 2016: \$6,883,000). This was largely due to:

- a reallocation of \$569,000 of costs to SG&A from Cost of Sales in the quarter;
- a \$224,000 reduction in the allocation of overheads to bearer assets;
- an increase in share based payment charges of \$900,000; offset by
- a \$430,000 reduction in Employee Incentive Liability.

**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 Q3 2017, other income was \$695,000 (Q3 2016 other income: \$192,000) and in Q1-Q3 2017 were \$872,000 (Q1-Q3 2016: \$904,000).

**Operating loss for Q3 2017** was \$1,219,000 an decrease of \$818,000, on the operating loss for Q3 2016 of \$2,037,000, and an operating loss of \$5,493,000 for Q1-Q3 2017, a decrease of \$1,295,000, on the Q1-Q3 2016 operating loss (Q1-Q3 2016: \$6,788,000).

Since 2010, the Company has replanted 16,847 ha of new trees of which 9,936 ha, or 59%, were producing in Q2 2017. These trees are currently 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 September 30			Nine months ended September 30		
	2017	2016	% Change	2017	2016	% Change
Finance Costs	(826)	(710)	16.3%	(2,580)	(3,189)	(19.1%)
Finance Income	-	-		-	3,220	

Finance costs relate to the interest on debentures and the secured term facility (“DFI Debt Facility”). The increase in costs in Q3 2017 compared to the same periods in the prior year is due to the an increase in funds drawdown on the DFI Facility. The reduction in costs for Q1-Q3 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 into common shares on April 13, 2016, offset by interest payments on the DFI Debt Facility. Finance income in Q1-Q3 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)*

	<b>Three months ended September 30</b>			<b>Nine months ended September 30</b>		
	<b>2017</b>	<b>2016</b>	<b>% change</b>	<b>2017</b>	<b>2016</b>	<b>% change</b>
Net loss	<b>2,072</b>	2,578	(19.7%)	8,376	7,416	12.9%

Net losses for Q3 2017 were \$2,072,000 a decrease of \$506,000 compared to the loss in Q3 2016 of \$2,578,000. This is the result of an decrease in operating losses of \$818,000, an increase in finance costs of \$116,000, an increase in income tax expense of \$395,000 and a decrease in losses from discontinued operations of \$200,000.

Net losses for Q1-Q3 2017 were \$8,376,000, a increase of \$960,000 compared to the loss in Q1-Q3 2016 of \$7,416,000. This is the result of a decrease in operating losses of \$1,295,000, a decrease in finance costs of \$609,000, a decrease in income tax expense of \$15,000 and a decrease in losses from discontinued operations of \$340,000, offset by a decrease in finance income of \$3,220,000.

### ***Net Loss Attributable to Owners of the Parent***

The net loss attributable to the Company for Q3 2017 was \$1,734,000 (Q3 2016: \$1,912,000) which is equivalent to \$0.005 per share (Q3 2016 loss per share: \$0.006).

The net loss attributable to the Company for Q1-Q3 2017 was \$7,276,000 (Q1-Q3 2016: \$4,152,000) which is equivalent to \$0.020 per share (Q1-Q3 2016 loss per share: \$0.018).

### **Net Profit (loss) Attributable to Non-controlling Interests**

The net loss attributable to non-controlling interests for Q3 2017 was \$338,000 (Q3 2016 net loss: \$667,000) and for Q1-Q3 2017 was \$1,100,000 (Q1-Q3 2016 net loss: \$3,264,000) 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 September 30, 2017 compared to December 31, 2016:

<i>(Expressed in thousands of US dollars)</i>	<b>September 30</b>	December 31	
	<b>2017</b>	2016	% Change
Total current assets	<b>12,671</b>	10,287	23.2%
Total current liabilities	<b>45,599</b>	31,594	44.3%
Net current liabilities	<b>(32,928)</b>	(21,307)	54.5%
Total shareholder's equity	<b>27,476</b>	34,291	(19.9%)

The changes in financial condition largely reflect the drawdown of the First Drawdown, Second Drawdown and Third Drawdown (each as defined below) from the DFI Debt Facility, which occurred on April 13, 2016, February 11, 2017 and June 9, 2017 respectively.

### **CASHFLOWS AND LIQUIDITY**

The cash balance net of overdraft facility as at September 30, 2017 was \$1,423,000 compared to \$1,202,000 as at December 31, 2016. The increase in the cash balance of \$221,000 was a result of an increase in working capital of \$3,633,000, a net cash loss from operations (excluding non-cash items) of \$5,035,000, a foreign exchange loss of \$729,000 and capital expenditures of \$10,882,000, offset by net cash inflows from financing activities of \$20,500,000.

The net cash inflows from financing activities relate to the Second Drawdown of \$10 million and Third Drawdown of \$10 million in H1 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-Q3 2017 of \$3,634,000 (increase in Q1-Q3 2016: \$1,835,000) is comprised of a decrease in accounts receivable of \$657,000, a decrease in inventory of \$620,000, a decrease in accounts payable of \$2,563,000 and an increase in prepayments of \$2,347,000.

Investing activities in Q1-Q3 2017 resulted in cash outflows of \$10,882,000 (Q1-Q3 2016: \$10,203,000).

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company recorded net cash outflows in operations and investing activities for Q3 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, 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”), on June 9, 2017 all conditions precedent were satisfied to facilitate the third drawdown of \$10 million from the DFI Debt Facility (the “Third Drawdown”) and on September 25, 2017 all conditions precedent were satisfied to facilitate the fourth and final drawdown of \$14 million from the DFI Debt Facility.

On July 19, 2017, the Company obtained the consent by extraordinary resolution of the holders of its 2012 Debentures to certain amendments to the trust indenture entered into between the Company and TSX Trust dated July 24, 2012, as amended and supplemented from time to time. The amendments include reducing the conversion price of the 2012 Debentures to Cdn.\$0.275 per share, extending the maturity date until July 24, 2022 and adding a provision that will further adjust the conversion price and effective rate of interest of the Debentures if a subsequent series of debentures or other debt is issued with more favourable terms on or before December 31, 2017.

At September 30, 2017 the Company had the DFI Debt Facility of \$33,420,488 (December 31, 2016 – \$13,315,855) classified as current liabilities, 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.

On September 25, 2017, the Company entered into a subscription agreement for the private placement (the “Private Placement” ) of \$17.5 million of common shares with Straight KKM 2 Limited at a price of Cdn.\$0.18 per Common Share. The Company closed the first \$9 million tranche on October 16, 2017 and, based on a fixed exchange rate of Cdn.\$1.253 per \$1.00 as set out in the applicable subscription agreement, the Company has issued 62,650,000 Common Shares to KKM pursuant to this first tranche. A \$4 million bridge loan advanced to the Company by two funds managed by the majority shareholder of KKM was applied towards the subscription amount for this first tranche.

It is management’s view that funds drawn down from the DFI Debt Facility and secured through the Private Placement will be sufficient to see the Company through to profitability.

As at the date of this MD&A the Company had 424,547,025 common shares issued and outstanding. Assuming the exercise or conversion of all of the outstanding debentures, options and principal amount and interest under the ESG Facility, an aggregate of 462,015,339 common shares will be issued and outstanding on a fully diluted basis.

## **OUTLOOK**

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 to draw down the full facility 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.

Whilst 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, the Company has received a formal waiver for the breach as at September 30, 2017.

Fully drawing down the DFI Debt Facility and the additional funds secured through a Private Placement of shares in September 2017 ensure the Company is now funded at both an operational and a corporate level through 2017 and beyond.

The key objectives of the Company for the remainder of 2017 and for 2018 are:

- (i) improve operational performance and realize efficiencies through the continued implementation of best practices, fertilizer application and appropriate capital investment;
- (ii) 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](http://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.