FERONIA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

November 30, 2015

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the quarter ended September 30, 2015 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. Throughout this MD&A, references are made to "gross margin". A description of this non-GAAP financial measure and its limitations are discussed below under "Non-GAAP Financial Measures".

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 also has an arable farming operation which grows and processes rice.

When Feronia acquired 76.17% of the shares of PHC from subsidiaries of Unilever plc on September 3, 2009, the three plantations had suffered from years of underinvestment and considerable disruption caused by conflict in the DRC.

Feronia's initial focus has been on rebuilding the business and resuming production to secure its future and the livelihoods of the thousands of people it directly and indirectly employs. This process has included the rehabilitation of palm oil mills at the Lokutu and the Boteka plantations and the construction of a new palm oil mill at the Yaligimba plantation which commenced production in October 2013. The Company has also rehabilitated the internal road systems, implemented a substantial replanting program, replacing less productive palm trees over 25 years old with new trees, and is in the process of rehabilitating its social infrastructure.

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 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 104 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 ("RSPO") 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.

BUSINESS PERFORMANCE

Oil Palm Plantations: Q3 2015 performance and recent developments

As at September 30, 2015, PHC, being the main operating unit of Feronia, had concessions of 107,892 ha located in the provinces of Equateur and Orientale in the DRC.

PHC accounted for almost 100% of Feronia's revenues in Q3 2015 (Q3 2014: 90%) and almost 100% for the nine months ended September 30, 2015 (nine months ended September 30, 2014: 94%).

The following table shows key data relating to PHC's operations as at and for the nine months ended September 30, 2015:

	Nine months ended September 30, 2015			Total (as at and for the nine months ended September 30)		
	Lokutu	Yaligimba	Boteka	2015	2014	2013[1]
Production						
Fresh Fruit Bunch ('FFB') production (tonnes)	31,018	27,469	7,496	**65,983**	55,214	34,374
Crude Palm Oil ('CPO') produced (tonnes)	5,529	5,628	1,472	**12,692**	9,582	6,371
Oil Extraction Rate ('OER') (%)	17.83	20.49	19.64	**19.23**	18.35	18.53
FFB Yield/Mature Hectare (tonnes)	5.72	7.43	4.20	**6.05**	5.43	5.78
CPO Yield/Mature Hectare (tonnes)	1.02	1.52	0.82	**1.16**	1.00	1.07
Palm Kernel Oil ('PKO') Produced (tonnes)	388	392	-	**781**	662	272

Note:

(1) Yaligimba did not contribute to FFB or CPO production in the three months ended March 31, 2013.

During Q3 2015 the Company produced 24,020 tonnes of FFB and 4,496 tonnes of CPO, representing increases on Q3 2014 production levels of 43.6% and 46.4% respectively. For the nine months ended September 30, 2015, the Company produced 65,983 tonnes of FFB and 12,692 tonnes of CPO, representing increases on the corresponding period in 2014 of 26.4% and 32.5% respectively.

The increases in FFB production can be attributed to:

- improvements in harvesting at Yaligimba when compared with the corresponding periods in 2014, when a backlog in weeding and pruning made accessing and harvesting fruit more difficult; and

- an increase in the number of producing hectares of 1,293 ha to 10,901 ha (2014: 9,608 ha).

The increase in CPO production can be attributed to:

- the increase in FFB processed during Q3 2015; and

- an improvement in oil extraction rates ("OER") during the three and nine months ended September 30, 2015, when compared to the corresponding periods in 2014.

The Company realized an OER for Q3 2015 of 18.7% (Q3 2014: 18.4%) and for the nine months ended September 30, 2015 of 19.2% (nine months ended September 30, 2014: 18.4%) which is largely the result of improvements in operational practices. The installation of the new boiler at Lokutu in 2015 and ongoing improvements in operational practices continue to give the Company confidence that achieving an OER similar to those achieved through best practices in Africa is realistic in the medium term.

The following three factors currently have an impact on overall performance of the plantations:

i) *Young age profile of plantation*
The large percentage of immature palms in our plantations will continue to negatively impact our average yield for the next several years. Normal course maturation of our plantations will result in substantially improving yields over time.

ii) *Processing capacity limitations at the Lokutu mill*
The installation of a new boiler at Lokutu in 2015 will facilitate greater throughput at the mill due to higher steam pressure reducing sterilisation times.

iii) *Nutrient deficiencies at plantations*
Fertilizer, ground limestone, and guano have been applied to correct the deficiencies which, combined with a normal course fertilizer and soil maintenance regime, we anticipate will result in yield improvements in 2016.

The following table shows PHC's plantation profile as at September 30, 2015:

	As at September 30, 2015			Total as at September 30		
	Lokutu	**Yaligimba**	**Boteka**	**2015**	**2014**	**2013**
Plantations (Hectares)						
Immature						
Year 0	-	-	-	**-**	**3,255**	4,448
Year 1	2,400	1,802	437	**4,639**	**5,007**	3,924
Year 2	2,200	2,132	675	**5,007**	**3,924**	2,110
Year 3	1,707	1,447	770	**3,924**	**2,110**	1,027
	6,307	5,381	1,882	**13,570**	**14,296**	11,509
Producing						
4 - 7 Years	2,342	1,815	1,136	**5,293**	**3,941**	3,149
8 – 18 Years	294	418	650	**1,362**	**1,198**	1,515
19 – 25 Years	2,784	1,462	-	**4,246**	**4,469**	5,045
	5,420	3,695	1,786	**10,901**	**9,608**	9,709
Total Planted	11,727	9,076	3,668	**24,471**	**23,904**	21,218

The total number of producing hectares at September 30, 2015 was 10,901 ha (September 30, 2014: 9,608 ha). The net year-on-year increase of 1,293 ha is a result of 2,110 ha of young palms coming into production in Q1 2015 and 817 ha of old palms being removed during that period.

Until the Company secures additional financing, its replanting programme has been put on hold and nursery stocks are being utilized to replace any young palms from prior years' plantings which are underperforming or have been lost.

The Company has replanted in excess of 16,700 ha since it acquired PHC in 2009. All of the replanting the Company has undertaken has been brownfield in nature, where old palm trees are replaced with new. Feronia has no reliance on deforestation for the future growth of its three plantations and is able to increase its future producing hectares at far lower cost than if it were a greenfield operation.

When Feronia acquired PHC in 2009, approximately 47% of planted hectares were over 19 years old and past their peak producing age. In addition, few trees in the optimal producing age range of eight to 18 years had ever received fertilizer. Both of these factors contribute to the current average yield per hectare, which is lower than industry standards.

The extensive replanting programme over the last five years is beginning to reduce the average age of planted hectares and the Company believes that, with best practice planting and fertilizer regimes and a normalized plantation age profile, it will be able to achieve FFB yields in the longer term closer to those achieved through best practices in Africa.

Since Feronia acquired PHC, its priority has been to maximize production from existing plantings, rehabilitate processing operations, replant at scale and create a platform on which to rebuild the business. Having made considerable progress in these areas, the Company is implementing good practice international standards across its operations and is working with

CDC Group plc ("CDC"), the UK Government's Development Finance Institution, to achieve this objective.

Supported by the $3.6 million ESG Facility (as described below under "Liquidity and Capital Resources"), the Company has an extensive ESAP in place which covers areas including workers' housing, sanitation, schools, medical facilities, health and safety and environmental good practices. The ESAP has been developed as a roadmap to embed community and sustainability at the heart of Feronia's business and this objective is underpinned by an intention to achieve RSPO certification and to operate at ISO 14001 environmental management standards across all three of the Company's palm oil plantations. Whilst there is still considerable work required in order to bring the 104 year old business up to modern standards, the process to achieve this objective is well underway.

An important part of Feronia's ESAP is an Environmental and Social Assessment ("ESA") which is currently underway. The ESA is being undertaken by Digby Wells Environmental ("Digby Wells"), an international environmental and social consultancy with extensive experience throughout Africa and, in particular, the DRC. The ESA commenced in December 2014 and, as at the date of this MD&A, reports are undergoing final review and will be published soon.

The ESA will analyze the positive and negative environmental, cultural and socio-economic impacts and risks associated with the Company's rehabilitation of its 104-year old palm oil business in the DRC, helping guide the implementation of measures to enhance, avoid and minimize such impacts.

The following table shows PHC's operational and social infrastructure as at September 30, 2015:

	As at September 30, 2015				**Total as at December 31**	
	Lokutu	**Yaligimba**	**Boteka**	**Total**	**2014**	**2013**
Palm Nurseries						
Total Hectares	24	20	-	**44**	*50*	50
Seedlings	338,733	105,303	-	**444,036**	*640,562*	844,235
Hectares plantable from seedlings	1,694	527	-	**2,220**	*3,202*	4,221
Palm Oil Mills						
Palm Oil Mills / Oil Produced	1 / CPO & PKO	1 / CPO & PKO	1 / CPO	***3***	*3*	3
Palm Oil Mill Capacity (tonnes/hour)	15	23	10	***48***	*48*	48
Infrastructure						
Operational Roads (Km)	863	643	380	**1,886**	*1,734*	1,670
Employees	-	-	-	**3,848**	*3,713*	3,474
Houses	1,985	1,095	640	**3,720**	*3,720*	3,730
Schools	60	21	13	**94**	*91*	90
Hospitals	2	1	1	**4**	*4*	4
Dispensaries	9	3	5	**17**	*15*	14
Health Centres	2	1	2	**5**	*4*	4

As at September 30, 2015, the Company employed 3,848 permanent staff in its palm oil operations (December 31, 2014: 3,713). A key asset for the Company is its experienced and knowledgeable workforce, which is proving to be a significant advantage in the rehabilitation process, in the operation of its three plantations and has been a major factor in the Company's ability to replant in a cost effective manner.

The Company also has in place a management training programme to develop management capabilities and skills across four areas - agronomy, finance, technical (engineering) and personnel. The predecessor of this programme produced many of the Company's senior executives and many other talented managers working throughout the DRC and overseas. The Company believes this is essential to ensure the development of skills through the organisation and is a key part of the Company's succession planning. The two year programme is open to Congolese nationals under 33 years of age with relevant qualifications and experience. Successful applicants are required to pass a technical examination and interview and are subject to ongoing assessment during the training programme. The 2015 cohort commenced the training programme in July 2015.

The Company owns the Yaligimba Research Station, one of Africa's pre-eminent oil palm seed research and breeding operations. The Yaligimba Research Station supplies PHC with all of the oil palm seeds required for its replanting programme and undertakes research into increasing oil palm yields and optimal fertilizer regimes. The seeds provided by the Yaligimba Research Station are resistant to fusarium wilt, a soil-born fungal disease that is prevalent in Africa. The Yaligimba Research Station also sells both fusarium wilt resistant and non-resistant seed varieties to third party customers.

During Q2 2015, the Company opened one new health centre and one new dispensary at its Boteka plantation. The Company continues to invest in a programme to refurbish and re-equip healthcare facilities across all of its plantations and expand these facilities to improve healthcare services for those living on and around its plantations. Feronia is the only provider of healthcare and services in the areas in which it operates.

During 2014, the Company commenced a programme to install fibre boilers at all three of its plantations. The first new boiler arrived at Lokutu in November 2015 and installation has commenced. It is expected to be operational in Q1 2016 and will facilitate a greater throughput at the mill due to higher steam pressure reducing sterilisation times. The new boilers use the fibre by-product of the palm oil production process as fuel which will power turbines to generate electricity. As the Company's production levels increase, it will produce more fibre which will contribute to the Company's ability to meet its power requirements for the mills and other parts of the plantations including hospitals.

In August 2015, Feronia signed an agreement with BioCube Corporation for the purchase, installation & commissioning of a Biocube1 at Yaligimba. The BioCube1 is a compact, affordable biodiesel processor which is engineered to fit within a specially modified 20' sea container. The BioCube can operate on or off-grid and can produce biodiesel within hours of arrival. Feronia's BioCube 1 is now at Yaligimba and due to be operational by the end of the December 2015. The biofuel it will produce will be used by the Company in its vehicles and electricity generators.

The installation of fibre boilers and the BioCube1 are expected to greatly reduce the Company's reliance on expensive and imported fossil fuels and move the Company towards a long term aim of becoming energy independent.

Through the savings generated by reducing the Company's dependence on fossil fuels the Company expects to recoup its investment on new boilers in one to two years and on the BioCube1 in less than one year. Additionally, moving from fossil fuel to free and sustainable fuel sources, such as fibre and the generation of biofuel from its own palm oil will contribute towards the Company's commitment to environmental and sustainability good practice.

BUSINESS PERFORMANCE: Arable Farming

The Company's objective for its arable operation is to supply the growing demand for food in the DRC by producing staple crops locally on an economically compelling basis.

Feronia commenced arable farming operations in the DRC in late 2010 through its subsidiary Feronia PEK sprl ("Feronia Arable"). The Company owns 80% of Feronia Arable, with the remaining 20% held by Plantations et Elevages de Kitomesa sarl ("PEK sarl"), a private DRC company that transferred the concession rights to a 10,000 hectare Bas Congo property to Feronia Arable in exchange for its 20% interest on the basis that the Company would provide the capital investment and services required to farm the concession area. The associated agro-processing is operated through Kimpese Agro Industrie sarl ("KAI"), which is owned 100% by the Company.

The Company has a five tonne per hour rice mill and associated drying facilities which is the only industrial-scale rice mill in the region. These facilities allow the Company to process its own crop and that potentially produced by other local small-holder farmers.

Management believes that the market for domestically produced rice in and around the Bas Congo region of the DRC is considerable and the Company continues to believe in the immense agricultural potential of the DRC. In Q2 2015, the Company entered into an agreement with a partner to undertake a two year feasibility study regarding the future development of the arable business. The partner has extensive domestic and international agricultural experience and is funding the feasibility study.

DISCUSSION OF OPERATIONS – Three months and nine months ended September 30, 2015

Revenue and Gross Margin

(Expressed in thousands of US dollars)	Three months ended September 30			Nine months ended September 30		
	2015	2014	% Change	**2015**	2014	% Change
Revenues						
Oil Palm Plantations	**794**	2,640	(70%)	**6,736**	8,018	(16%)
Arable Farming	**0**	288	(100%)	**14**	507	(97%)
	794	2,928	(73%)	**6,750**	8,526	(21%)
Cost of sales						
Oil Palm Plantations	**1,157**	4,728	(75%)	**7,127**	10,186	(30%)
Arable Farming	**184**	558	(67%)	**920**	1,675	(45%)
	1,341	5,286	(74%)	**8,047**	11,861	(32%)
Gross Profit (Loss)						
Oil Palm Plantations	**(363)**	(2,088)	(83%)	**(391)**	(2,168)	(81%)
Arable Farming	**(184)**	(270)	(31%)	**(906)**	(1,168)	(22%)
	(547)	(2,358)	(77%)	**(1,297)**	(3,336)	(61%)

Total revenues for Q3 2015 were $794,000 a decrease of $2,134,000 or 73% on Q3 2014 revenues of $2,928,000. The decrease can be attributed to:

- CPO sales of $699,000 being 70% lower than the prior year (Q3 2014: $2,328,000). This decrease was due to the volume of CPO sold in Q3 2015 of 1,057 tonnes being 65% lower than in Q3 2014 (Q3 2014: 3,040 tonnes), coupled with a 14% reduction in the average CPO price achieved of $661 per tonne compared to $768 per tonne in Q3 2014; and
- PKO sales of $30,000 in Q3 2015, being 86% lower than the prior year (Q3 2014: $215,000); and
- no arable sales in Q3 2015 (Q3 2014: $288,000) reflecting the reduction in Feronia's arable activities in order to focus on its core production of palm oil.

Total revenues for the nine months ended September 30, 2015 were $6,750,000, a decrease of $1,776,000 or 21% on the nine months ended September 30, 2014 revenues of $8,526,000. The decrease can be attributed to:

- CPO sales of $6,119,000, being 15% lower than the same period in the prior year (Nine months ended September 30,2014: $7,191,000). The decrease was primarily due to the volume of CPO sold in the nine months ended September 30, 2015 of 7,978 tonnes being 12% lower than in the same period in 2014 (nine months ended September 30,2014: 9,039 tonnes), coupled with a 4% reduction in the average CPO price achieved during the period of $767 per tonne compared to $796 per tonne in the same period of 2014;
- a decrease in PKO sales of $296,000 to $385,000 in the nine months ended September 30, 2015, being 43% lower than the prior year (nine months ended September 30, 2014: $681,000); and

- a decrease in arable sales of $493,000 in the nine months ended September 30, 2015 to $14,000 for the period, being 97% lower than the prior year (nine months ended September 30 2014: $507,000).

The lower level of Oil Palm Plantation revenues for the three and nine months ended September 30, 2015, along with associated CPO and PKO volumes, are a consequence of the Company being engaged in negotiations with customers during Q3 2015 regarding future sales contracts, during which time the Company built up a stock of CPO. The negotiations proved successful and resulted in a sales contract for 6,393t of CPO being signed with a new refining customer in September 2015, for which the Company received a $3,000,000 deposit, and an increase in the monthly volume to be supplied to an existing customer. The Company recognises sales upon delivery to its customers and, therefore, these sales will be reflected in the Q4 2015 condensed consolidated financial statements.

Cost of sales for Q3 2015 was $1,341,000 (Q3 2014: $5,286,000), a decrease of $3,945,000 or 74%. This was as a result of:

- a 65% decrease in the volume of CPO sold in the quarter of 1,057 tonnes (Q3 2014: 3,040 tonnes);
- a reduction in arable activity resulting in a $299,000 decrease in cost of sales for the quarter; partially offset by
- an increase in plantation salary costs reflecting wage increases implemented from January 1, 2015 following the successful renegotiation of the plantation workers' Collective Agreement with six unions in 2014 (the "Collective Agreement"), and an increase in the number of employees.

Cost of sales for nine months ended September 30, 2015 was $8,047,000 (nine months ended September 30, 2014: $11,861,000), a decrease of $3,814,000 or 32%. This was as a result of:

- a 12% decrease in the volume of CPO sold in 2015 of 7,978 tonnes (nine months ended September 30, 2014: 9,039 tonnes); and
- a reduction in the arable activity resulting in a $624,000 decrease in cost of sales; partly offset by
- an increase in plantation salary costs reflecting wage increases implemented from January 1, 2015 following the successful renegotiation of the Collective Agreement and an increase in the number of employees.

Since 2010, the Company has replanted 16,707 ha of new trees of which 3,137 ha, or 19%, were producing in Q3 2015. As a result of the high percentage of immature and young palms in the Company's plantations, the average yield per hectare is low. This impacts all key operating metrics including cost of goods sold and gross margin. 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 current gross losses. These losses, which are in line with Company expectations, are expected to reverse as the trees mature and 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.

Selling, General and Administrative Costs

(Expressed in thousands of US dollars)	Three months ended September 30			Nine months ended September 30		
	2015	2014	*% Change*	***2015***	*2014*	*% Change*
Selling, general and admin	**3,352**	3,211	*4%*	*9,292*	*8,578*	*8%*
Other losses (gains)	**27**	171	*(84%)*	*18*	*193*	*(91%)*
	3,379	3,382	*0%*	*9,310*	*8,771*	*6%*

Selling, general and administrative ("SG&A") costs for Q3 2015 of $3,352,000 were $141,000 higher than in Q3 2014 (Q3 2014: $3,211,000), an increase of 4%. This was largely as a result of:

- a $389,000 increase in salary cost reflecting wage increases pursuant to the Collective Agreement implemented from January 1, 2015, and an increase in the number of employees; offset by
- a $248,000 reduction in other costs which includes a decrease in professional fees following the successful defence of tax claims in 2014, the decrease in Arable activites in 2015, a reduction in the cost of transporting patients to Kinshasa for treatment following a new hospital opening in Kisangani, and efficiencies achieved through bringing previously out-sourced plantation medical services in-house.

SG&A costs for the nine months ended September 30, 2015 of $9,292,000 (nine months ended September 30, 2014: $8,578,000), an increase of $714,000 or 8%. This was largely as a result of:

- a $1,213,000 increase in salary cost reflecting wage increases pursuant to the Collective Agreement implemented from January 1, 2015, and an increase in the number of employees; partly offset by
- a $186,000 decrease in professional fees; and
- a $312,000 reduction in other costs which includes a reduction in the cost of transporting patients to Kinshasa for treatment following a new hospital opening in Kisangani, and efficiencies achieved through bringing previously out-sourced plantation medical services in-house.

Gain (Loss) on Biological Assets and Planting Costs

(Expressed in thousands of US dollars)	Three months ended September 30			Nine months ended September 30		
	2015	2014	% change	**2015**	2014	% change
Gain (loss) on Biological Assets	**(3,703)**	(1,865)	(99%)	5,166	(5,958)	187%

Under IFRS, the oil palm trees are classified as non-current biological assets and are valued on the basis of discounted cash flows taking into account the assets' expected 25-year economic life, the mature and immature hectares in production, the three-year rolling average price of CPO and a discount rate of 22% (2014: 22%). The Company reviews the discount rate, mature and immature hectares annually. The variable element in the computation at each quarter end is the price of CPO. If the price of CPO increases, the value

of the biological asset will increase and if the price of CPO decreases, the value of the biological asset will decrease.

The three year rolling average price of CPO used at September 30, 2015 was $786 per metric tonne, a decrease of $106 from $892 per metric tonne as at December 31, 2014 and were calculated using CIF Rotterdam reference prices. However, improvement in sales terms achieved during the year eliminated direct selling costs of $150 per metric tonne which more than offset the reduction in the rolling average price of CPO used in the valuation model.

As a result, in Q3 2015, the loss on biological assets was $3,703,000 compared to a loss of $1,865,000 in Q3 2014. In the nine months ended September 30, 2015, the gain on biological asset was $5,166,000 compared to a loss of $5,958,000 in the nine months ended September 30, 2014.

During Q3 2015, $1,108,000 of nursery costs and costs incurred in the replanting and maintenance of immature trees were transferred from 'Assets Under Construction' to 'Non-current Biological Assets' (Q3 2014: $1,009,000). For the nine months to September 30, 2015 the costs were $3,229,000 (nine months ended September 30, 2014: $2,744,000).

Finance Costs and Finance Income

Finance costs for the quarter were $1,449,000 (Q3 2014: $284,000) and for the nine months ended September 30, 2015 were $3,480,000 (nine months ended September 30, 2014: $821,000). The increase in the quarter and in the year to date were largely due to interest and accretion expense on debentures issued during 2015.

Finance income in the Q3 2015 was a charge of $4,667,000 (Q3 2014: nil). This represents a partial unwinding of the year to date income of $6,238,000 reported in Q2 2015. The unwinding in Q3 2015 is a result in the change in valuation assumptions between 30 June and 30 September 2015 relating to embedded derivatives contained within the convertible debentures issued in 2015 and is based on the information available on those dates. Finance income for the nine months ended September 30, 2015 was $1,571,000 (nine months ended September 30, 2014: nil).

Income Taxes Under IFRS

Under IFRS the Company had a fair value loss on non-current biological assets of $3,703,000 for Q3 2015 (Q3 2014 loss: $1,865,000) and a gain of $5,166,000 for the nine months to September 30, 2015 (nine months to September 30, 2014 loss: $5,958,000). This resulted in a released provision for deferred tax of $1,296,000 for Q3 2015 (Q3 2014: released provision of $653,000) and an increase in provision of $1,808,000 for the nine months to September 30, 2015 (nine months to September 30 2014: released provision of $2,085,000). In addition to this, there is a reduction of deferred tax provision of $1,770,000 in Q3 2015 and there is a net deferred tax charge of $67,000 in the nine months ended September 30, 2015 made on the gain in fair value on other financial assets. Deferred tax is calculated at a rate of 35% on the biological gain or loss.

Net Loss

(Expressed in thousands of US dollars)	Three months ended September 30			Nine months ended September 30		
	2015	2014	% change	**2015**	2014	% change
Net (loss)	**(10,802)**	(7,302)	(44%)	(9,521)	(16,929)	48%

Net loss for Q3 2015 was $10,802,000, an increased loss of $3,500,000 compared to the prior year (Q3 2014 loss: $7,302,000). This is the net impact of a reduction in operating losses of $1,813,000 and an increase in tax recovery of $2,356,000, offset by a decrease in finance income of $4,667,000, an increase in the loss on biological assets of $1,838,000 and an increase in finance costs of $1,165,000.

Net loss for the nine months ended September 30, 2015 was $9,521,000, a $7,407,000 improvement compared to the nine months ended September 30, 2014 loss of $16,929,000. This is the net impact of a year on year increase in biological assets of $11,124,000 plus an increase in finance income of $1,571,000 offset by an increase in finance costs of $2,660,000, an increase in tax expense of $4,128,000 largely due to increase in biological asset valuation.

Net Profit (Loss) Attributable to Owners of the Parent

(Expressed in thousands of US dollars)	Three months ended September 30			Nine months ended September 30		
	2015	2014	% change	**2015**	2014	% change
Net (loss)	**(8,850)**	(5,604)	(58%)	(6,704)	(13,031)	49%

The net loss attributable to Feronia for Q3 2015 was $8,850,000 (Q3 2014 Loss: $5,604,000) which is equivalent to $0.16 per share (Q3 2014: $0.10). The net loss attributable to Feronia for the nine months ended September 30, 2015 was $6,704,000 (nine months ended September 30, 2014 Loss: $13,031,000), which is equivalent to $0.12 per share (nine months ended September 30, 2014 loss per share: $0.24).

Net Loss Attributable to Non-controlling Interests

The net loss attributable to non-controlling interests for Q3 2015 was $1,953,000 (Q3 2014 loss: $1,699,000) and for the nine months ended September 30, 2015 was $2,817,000 (nine months ended September 30, 2014 loss: $3,898,000) which represents the share of losses attributable to the 23.83% 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, 2015 compared to December 31, 2014:

(Expressed in thousands of US dollars)	**September 30**	December 31	
	2015	2014	% Change
Total current assets	**13,659**	**8,675**	57%
Total current liabilities	**28,076**	**7,769**	261%
Net current assets	**(14,416)**	**906**	(1,691%)
Total shareholder's equity	**24,707**	**31,925**	(23%)

SUMMARY OF QUARTERLY RESULTS

The following table provides summary financial data for the Company's last eight quarters ended September 30, 2015:

(Expressed in thousands of US dollars, except per share amounts)	**Sep 30 2015**	**Jun 30 2015**	**Mar 31 2015**	**Dec 31 2014**
Revenues	794	3,463	2,493	2,304
Net income (loss) attributable to owners of the parent	(8,850)	(1,354)	3,750	(2,656)
Net income (loss) per share attributable to owners of the parent – Basic	(0.20)	(0.06)	0.08	(0.05)
Net income (loss) per share attributable to owners of the parent – Diluted	(0.20)	(0.06)	0.06	(0.05)
	Sep 30 2014	**Jun 30 2014**	**Mar 31 2014**	**Dec 31 2013**
Revenues	2,928	3,977	1,621	1,012
Net income (loss) attributable to owners of the parent	(5,604)	(3,608)	(3,819)	(2,551)
Net income (loss) per share attributable to owners of the parent – Basic	(0.13)	(0.07)	(0.09)	(0.05)
Net income (loss) per share attributable to owners of the parent – Diluted	(0.13)	(0.07)	(0.09)	(0.05)

Notes:

(1) Information in the above table is presented in accordance with IFRS.

(2) The Company does not have any discontinued operations.

The variations in the Company's quarterly results were driven largely by fluctuations in sales volumes and the price of CPO, which impacts revenue, and the valuation of the Company's biological assets and net losses. In October 2013, Yaligimba commenced production which increased revenues and costs. There is also seasonality in fruit production, with peak crop production typically occurring in the second quarter of the year.

CASHFLOWS AND LIQUIDITY

The cash balance at September 30, 2015 was $2,393,000 compared to $793,000 as at December 31, 2014. The increase in the cash balance of $1,600,000 was a result of net cash inflows from financing activities of $16,984,000 and a net cash loss from operations (excluding non-cash items) of $9,476,000, capital expenditure of $5,394,000, a foreign

exchange loss on currency translation of $713,000 and a decrease in working capital of $199,000.

The net cash inflows from financing activities relate to the issue of debentures during Q1, Q2 and Q3 2015 (see below under "Liquidity And Capital Resources").

The cash inflow attributable to the decrease in working capital during the nine months ended September 30, 2015 of $199,000 (nine months ended September 30, 2014: cash outflow of $1,043,000) comprised of a decrease in accounts receivable of $313,000 and an increase in accounts payable of $3,584,000 offset by an increase in prepayments of $1,487,000 and an increase in inventory of $2,209,000.

Investing activities in the nine months ended September 30, 2015 resulted in cash outflows of $5,394,000 (nine months ended September 30, 2014: $3,200,000).

LIQUIDITY AND CAPITAL RESOURCES

The Company recorded net cash outflows in operations and investing activities for the quarter ended September 30, 2015 and it is probable that this will continue for an additional few years as the Company continues to make significant investments in equipment and infrastructure activities necessary to commercialize its products. Feronia's actual funding requirements will vary based on the factors noted above and its relationships with lead customers and strategic partners.

On November 8, 2013, the Company entered into a convertible loan facility with one of its largest shareholder CDC, pursuant to which CDC has made available an unsecured non-revolving term loan (the "ESG Facility") in the maximum amount of US$3.6 million at an annual interest rate of 12% for a term of five years. The funds available under the ESG Facility are required to be used by the Company to support the implementation of an ESAP developed jointly with CDC. The principal under the ESG Facility will be either repaid or converted into common shares on the maturity date and in certain other circumstances at a rate of CDN$2.40 per common share (subject to customary adjustment provisions). Subject to the approval of the TSX Venture Exchange (the "TSXV"), the interest payable under the ESG Facility will be convertible into common shares at a rate equal to the greater of CDN$2.40 and the Discounted Market Price (as defined by the policies of the TSXV) at the time of conversion. As of the date of this MD&A, advances and accrued interest under the ESG Facility total $2,494,388 and, as a result, 1,379,708 common shares are issuable thereunder at current exchange rates and assuming a conversion rate of CDN$2.40.

On January 22, 2015, the Company entered into subscription agreements for a private placement of up to $16.325 million of secured convertible debentures led by CDC. On January 22, 2015, Company issued a tranche of US$7.15 million principal amount debentures (the "January 2015 Debentures").

On June 18, 2015, the Company entered into subscription agreements with CDC and the African Agriculture Fund ("AAF"), through its subsidiary Golden Oil Holdings Limited ("GOHL"), for the private placement of US$9.18 million secured convertible debentures, completing the previously announced private placement of secured convertible debentures. The first tranche of US$8,196,500 principal amount of debentures were issued on June 19, 2015 (the "June 2015 Debentures"), with the second tranche of US$983,500 principal amount of debentures being issued on July 16, 2015 (the "July 2015 Debentures").

Concurrently with the issuance of the June 2015 Debentures, the Company amended the terms of the January 2015 Debentures (the "Amended January 2015 Debentures"). The amendments included: (i) amending the conversion terms, so that the Amended January 2015 Debentures are convertible into common shares rather than units comprised of common shares and warrants (the "Units"); (ii) reducing the conversion price from Cdn.$0.80 per Unit or Cdn.$0.45 per Unit if the Company does not complete a Qualified Debt Financing (as defined in the January 2015 Debentures) to Cdn.$0.25 per common share or Cdn.$0.14 per common share if the Company does not complete an Amended Debt Financing (as defined below); and (ii) deleting the concept of a "Qualified Debt Financing" and replacing it with an "Amended Debt Financing", as described below.

On November 5, 2015, the board of directors resolved to issue up to $17.5 million of secured convertible debentures (the "November 2015 Debentures") with terms substantially the same as those of the convertible debenture financing completed by Feronia in June and July of 2015. On November 9, 2015 the Company entered in to a subscription agreement with CDC for the private placement of $10 million secured convertible debentures and on November 20, 2015 the Company entered in to a subscription agreement with GOH for the private placement of $5 million secured convertible debentures, totalling $15 million. The first tranche of US$10,000,000 principal amount of debentures were issued on November 9, 2015 to CDC and the second tranche of $1.8 million principal amount of debentures were issued on November 27, 2015 to GOHL.

Upon conversion, the principal and interest on the Debentures shall first be converted into Canadian dollars at a fixed exchange rate of Cdn.$1.20 per US$1.00. The Canadian dollar equivalent of the principal amount of the Amended January 2015 Debentures, June 2015 Debentures, July 2015 Debentures and November 2015 Debentures (collectively, the "Debentures") is convertible into common shares of the Company at a rate of Cdn.$0.25 per common share. If the Company does not complete an Amended Debt Financing (as defined in the Debentures) prior to December 31, 2015, the conversion price of the Debentures shall be reduced to Cdn.$0.14 per common share.

Interest on the Debentures is 12% per annum, compounded semi-annually, and shall accrue and be payable upon maturity, unless converted earlier. A minimum of one year's interest will accrue on the Amended January 2015 Debentures, regardless of when such debentures are repaid or converted. The interest payable on the June 2015 Debentures, July 2015 Debentures and the November 2015 Debentures will be a minimum of the interest for the fiscal quarter in which the June 2015 Debentures, July 2015 Debentures or November 2015 Debentures are repaid or converted. Notwithstanding the foregoing, the guaranteed interest provisions above shall not apply if the Amended Debt Financing is not completed by December 31, 2015. Upon conversion, the Canadian dollar equivalent of the accrued interest on the Debentures shall, subject to the approval of the TSXV, be convertible into common shares at a per share price equal to the greater of Cdn.$0.25 and the Discounted Market Price (as defined in the policies of the TSXV) at the time of conversion. If the Amended Debt Financing is not completed by December 31, 2015, the interest on the Debentures shall convert at a price equal to the greater of Cdn$0.14 and the Discounted Market Price of the common shares at the time of conversion.

The Debentures will mature and, if not converted, will become due on January 22, 2016, being one year from the issuance date of the January 2015 Debentures. At any time prior to or after maturity, the Debentures may be converted at the option of the holder. The Debentures shall automatically convert in the event that the Company draws down on an

Amended Debt Financing. The Debentures have been secured by way of a pledge by the Company of the outstanding shares of its wholly-owned Cayman Islands subsidiary, Feronia CI Inc.

Each of the subscribers of the Debentures received a 2% placement fee on the amount of the Debentures purchased. Proceeds from the Debentures were, and will be, used for working capital purposes and, in particular, to provide expansion capital for the Company's subsidiaries in the DRC.

As indicated previously, the Company has been seeking financing to meet long term requirements which it is currently in the process of finalising. While these negotiations are in process it is the Board's belief that 2015 debenture holders will not call for repayment on these debentures when they mature on 22 January 2016.

OUTLOOK

The Company's strategy for its palm oil division is to continue to drive value creation through new plantings and increasing yields through the utilisation of best practices, improved harvesting and evacuation, and the application of fertilizer. The Company will also make improvements to its processing capacity and efficiency through further investment in its mills.

In its arable farming division, having demonstrated the demand for its products and having established an effective pricing structure, the Company has entered into an agreement with a partner to undertake a two year feasibility study regarding the future development of the arable business. The partner has extensive domestic and international agricultural experience and is funding the feasibility study.

In summary, the key objectives of the Company for the remainder of 2015 and 2016 are to:

- (i) secure future funding to support the ongoing redevelopment of its palm oil business;
- (ii) complete the installation of the new Lokutu boiler; and
- (iii) improve operational performance and realize efficiencies in the palm oil business through the continued implementation of best practices.

KEY FACTORS AFFECTING THE COMPANY'S BUSINESS

The results of operations of the Company are, and will continue to be, affected by the cyclical nature of agricultural commodity markets. Prices and demand for agricultural commodities have been, and in the future are expected to be, subject to cyclical fluctuations.

The pricing of agricultural commodities is set by global markets which are affected by supply, demand and prevailing global stock levels. The increasing use of vegetable oils for biofuels is also developing a linkage between the price of agricultural products and the price of petroleum. These markets are, in turn, subject to fluctuations due to, among other factors:

- changes in domestic and international economic conditions;
- changes in market prices of commodities;
- interest rates;
- government regulations and policies;
- population growth and changing demographics; and
- seasonal weather cycles (e.g. dry or hot summers, wet or cold winters).

The profitability of the business depends upon the productivity of the oil palm plantations and arable farms, and the ability to realize expected yields while managing costs. Oil palm plantation and arable farm yields depend on a number of factors, many of which are beyond the Company's control. These include weather conditions, damage by disease, pests and other natural disasters, climate and soil conditions. The Company's ability to improve and maintain the yields will depend on these factors, among others, as well as the ability to improve the agronomy. If the Company cannot achieve yields at expected levels, the business, financial condition and results of operations could be materially and adversely affected. See also "Risks and Uncertainties" below for a discussion of the factors which could impact the Company's operations.

The local DRC palm oil market consists of a small number of refining factories located in Kinshasa. In April 2015 the Company signed a sales contract with a leading refiner in Kinshasa whereby it will supply a substantial part of its CPO production over the next two years at prices determined by a pre-agreed formulae based on global CPO prices.

To the Company's knowledge, there has never been a large scale commercial rice planting program in the DRC. While the Company's objective is to establish a large scale arable farming operation in the DRC, with a particular focus on its commercial rice planting program, the Company may be unable to achieve its growth objectives with respect to the arable farming operations.

The Company relies on relationships with national and local governments in the DRC, local land owners, key customers, suppliers and third party service providers for the plantation, farming and trading activities. Feronia relies to a significant extent on third party service providers for day-to-day transport on the Congo River to and from the Company's oil palm plantations.

The Company is heavily dependent on the expertise of senior management in the agricultural sector, research and development in oil palm plantation and farm management practice, agricultural products manufacturing production processes, and the relationships cultivated by them with major customers and others.

The Company is subject to regulations under a variety of national and local laws and regulations in the DRC. Violations of DRC laws or regulations could result in civil and criminal penalties.

As previously reported, on December 24, 2011, the government of the DRC promulgated a new law, "Loi Portant Principes Fondamentaux Relatifs A L'Agriculture" (the "Agriculture Law"), for the stated purposes of developing and modernizing the country's agricultural sector. The Agriculture Law has garnered some controversy with respect to various provisions, including a provision which purports to limit the rights of foreign corporations to farmland in the DRC. Certain agribusinesses in the DRC have raised concerns that this provision may impede existing and new foreign investment in the agricultural sector. In particular, Article 16 of the Agriculture Law appears to impose a requirement that a holder of farmland in the DRC be either a DRC citizen or, in the case of a corporation, that such corporation be incorporated in the DRC and be majority owned by the DRC government and/or by DRC citizens. Currently, Feronia's primary operating subsidiaries, PHC and Feronia Arable are owned 23.83% by the DRC government and 20% by a private DRC corporation, respectively.

The Company has been involved in discussions with various levels of government in the DRC with respect to the proper interpretation of the Agriculture Law and its application to the Company's concessions in the DRC. If the Agriculture Law is interpreted by the DRC government to apply to the existing concession rights held by the Company and the Agriculture Law is not amended, it could have a material and substantial adverse effect on the value of the Company's business and its share price. In such case, Feronia may be required to sell or otherwise dispose of a sufficient interest in its operating subsidiaries so as to ensure that it meets the local ownership requirements contained in this law. There is no assurance that such a sale or disposition would be completed at fair market value or otherwise on acceptable terms to Feronia. See also below under "Forward Looking Statements" and "Risks and Uncertainties" for further information regarding the Agriculture Law. The Agriculture Law came into force on June 24, 2012 and, according to its terms, holders of concessions to agricultural lands had until June 24, 2013 to comply with its provisions.

RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties.

Purchase of services from key management personnel Purchase of services:	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
Board fees *(1)*	61,250	56,250	122,500	172,651
Purchase of consultancy services, and property rental payments *(2)*	-	25,000	-	100,000
	61,250	**81,250**	**122,500**	**272,651**

(1) Board fees paid to non-executive directors
(2) In relation to rental payment for use of a building owned by a former director of the Company for office space and accommodation

Key management compensation
Key management includes the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the directors of the Company. The compensation paid or payable to key management for employee services is as follows:

	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
Salaries and short-term employee benefits	253,847	173,937	497,881	577,194

Change in fair value of share-based payments	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
Change in fair value of share-based payments	2,438	7,474	8,544	21,161

Payables to related parties	Sept 30, 2015	Dec 31, 2014
Board of Directors fees	66,250	125,136
Other Consultancy fees	-	-
Key management compensation	-	91,458
	66,250	216,593

The payables to related parties relate to normal course expenses incurred on behalf of the Company.

SUMMARY OF OUTSTANDING SHARE DATA

As at the date of this MD&A, the authorized share capital of the Company consists of an unlimited number of common shares, of which 55,237,593 common shares are issued and outstanding. In addition, the Company has outstanding:

(i) CDN$5,363,000 principal amount of debentures issued in 2012 which are convertible into 3,064,571 common shares;

(ii) $7,150,000 principal amount of debentures issued on January 22, 2015 which are convertible into 34,320,000 common shares at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share and $726,362 of accrued interest which is convertible into 3,486,536 common shares at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share;

(iii) $8,196,500 principal amount of debentures issued on June 19, 2015 which are convertible into 39,343,200 common shares at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share and $433,827 of accrued interest which is convertible into 2,082,368 common shares, subject to the approval of the TSXV, at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share;

(iv) $983,500 principal amount of debentures issued on July 16, 2015 which are convertible into 4,720,800 common shares at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share and $43,328 of accrued interest which is convertible into 207,974 common shares, subject to the approval of the TSXV, at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share;

(v) $10,000,000 principal amount of debentures issued on November 9, 2015 which are convertible into 48,000,000 common shares at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share and $59,178 of accrued interest which is convertible into 284,055 common shares, subject to the approval of the TSXV, at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share;

(vi) $1,800,000 principal amount of debentures issued on November 27, 2015 which are convertible into 8,640,000 common shares at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share and $1,775 of accrued interest which is convertible into 8,522 common shares, subject to the approval of the TSXV, at a fixed exchange rate and assuming a conversion rate of CDN$0.25 per share;

(vi) advances and accrued interest under the ESG Facility totaling $2,494,388 and, as a result, 1,379,708 common shares are issuable thereunder at current exchange rates and assuming a conversion rate of CDN$2.40; and

(vii) options outstanding to purchase up to 943,761 common shares.

Assuming the exercise or conversion of all of the outstanding debentures, options, warrants and principal amount and interest under the ESG Facility, an aggregate of 193,070,693 common shares will be issued and outstanding on a fully diluted basis.

CHANGES IN ACCOUNTING POLICIES

For information regarding changes in accounting policies including initial adoption, please refer to the sections "Changes In Accounting Policies" in the Company's annual management's discussion and analysis for the year ended December 31, 2014, available at www.sedar.com

NON-GAAP FINANCIAL MEASURES

Gross margin is not a financial measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. The Company's method of calculating gross margin may differ from other methods used. Gross margin is presented in this MD&A as additional information regarding the Company's financial performance. Gross margin has been calculated by deducting cost of sales from revenue.

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, 2014, 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 one major customer, lower productivity at the Company's plantations and arable farming operations, 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.