Revised November 24, 2011

FERONIA INC.
(formerly G.T.M. Capital Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dated August 29, 2011 (as amended on November 24, 2011)

For the three and six months ended June 30, 2011

NOTE TO READER:
The unaudited condensed consolidated interim financial report (the "Q2 Financial Report") and management's discussion and analysis of Feronia Inc. for the period ended June 30, 2011 have been revised and refiled to correct an estimated error in the calculation of current period gains in fair value of non-current biological assets. The "Warrant Reserve" table on page 25 of the Q2 Financial Report has also been amended.

FERONIA INC.
(formerly G.T.M. Capital Corporation)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Feronia Inc. ("Feronia" or the "Company") was prepared by management as at August 29, 2011 (as amended on November 24, 2011). Throughout this MD&A, unless otherwise specified, "Feronia", "the Company", "the Group", "we", "us" or "our" refer to Feronia Inc. and its subsidiaries and should be read in conjunction with the unaudited consolidated interim financial statements and accompanying notes for the three months and six months ended June 30, 2011. The results reported herein are presented 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 ("IASB"). Additional information relating to the Company may be found 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, those discussed under "Risk Factors" in the listing application of the Company dated August 27, 2010 (the "Listing Application") and the risk factors discussed under "Risk Factors Affecting Future Results" in the Company's management's discussion and analysis dated May 2, 2011 relating to the audited consolidated financial statements and notes thereto for the year ended December 31, 2010 (the "Annual MD&A"). 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 could 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), termination or non-renewal of concession rights or expropriation of property rights, political instability and bureaucracy, limited operating history, lack of profitability, lack of infrastructure in the Democratic Republic of Congo ("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, business relationships, and two refining factories), 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.

BUSINESS OVERVIEW

Feronia is a large-scale commercial farmland and plantation operator in the DRC. The Company uses modern agricultural practices to operate and develop its palm oil plantations and arable farming business division. Feronia believes in the immense agricultural potential of the DRC for high-quality foodstuffs and edible oils given its ideal climate, excellent soil and highly skilled and experienced workforce. The Company's management team is comprised of senior agriculturalists with extensive experience in managing both plantations and large-scale mechanized farming operations in emerging markets. Feronia is committed to sustainable agriculture, environmental protection and providing support for local communities.

The Group does not report its operations in either a business or geographical segment format as it operates in a single business segment that does not include products and services with significantly differing risks and returns. While there may be dissimilarities with respect to one or several of the factors in the definition of a business segment, the products and services included in the single business segment are expected to be similar with respect to a majority of the factors.

Palm Oil Plantations

Feronia currently operates palm oil plantations in the DRC, having acquired 76.17% of the shares of Plantations et Huileries du Congo S.c.A.R.L ("PHC"), a company incorporated under the laws of the DRC, from subsidiaries of Unilever plc on September 3, 2009. The assets of the Company that are located in the DRC are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations, legislative changes, political uncertainty and currency exchange fluctuations and restrictions.

As at June 30, 2011, PHC, being the main operating unit of Feronia, had concessions of 106,835 ha respectively located in the provinces of Equateur and Orientale in the DRC.

As at June 30, 2011, PHC consisted of the following**:**

(1) 12,753 ha of palm oils in production;

(2) 4,107 ha of immature palms;

(3) 48,159 ha of surveyed plantable reserves;

(4) two working palm oil mills;

(5) a workforce of 3,718 employees including 35 managers; and

(6) supporting infrastructure of roads, houses, offices, hospitals and clinics.

In the quarter, 874 ha of new palms have been planted which increases the immature hectarage from 3,233 ha to 4,107 ha. This is in line with our targeted planting programme for 2011.

Since its acquisition of the shares of PHC, Feronia has embarked on a program of rehabilitation of the palm oil mills and the internal road system, with the objective of increasing production annually at the plantations. The palm oil mills at Lokutu and Boteka plantations have been refurbished and fruit barging operations from Yaligimba are continuing. Fruit production from the plantations is shown in the table below and focuses on the mature palm classification. Due to the delay in barging operations at Yaligimba and therefore fruit evacuation the true yield per hectare is not reflected for this plantation. Whilst the barging operation is a short term facility until the new palm oil mill is completed at Yaligimba the focus is to improve barging efficiencies to maximise the fruit potential not only here but at all sites.

Palm Age (Yrs)	Lokutu (Ha)	Yaligimba (Ha)	Boteka (Ha)
7 to 24			
Production Hectares	6,319	4,343	2,091
Production Tonnes YTD	16,709	3,337	5,264
Yield(tonnes/Ha)	2.64	0.77	2.52

In the second quarter of 2011, PHC produced 2,231 tonnes of Crude Palm Oil ("CPO"), compared with 1,644 tonnes in the second quarter of 2010. In the six months to June 30, 2011, PHC produced 4,295 tonnes of CPO compared with 2,757 tonnes in the six months to June 30, 2010 and approximately 4,952 tonnes in fiscal year 2010.

In the second quarter of 2011, PHC sold 1,550 tonnes of Crude Palm Oil ("CPO") realising an average sales price of US$ 1,041 per metric tonne.

Arable Farmland

Having researched a number of arable farming opportunities in the DRC, Uganda, Zimbabwe and South Africa, the Company's management team identified the large scale production of staple crops, such as rice, as the most attractive project to pursue. The Company's goal with respect to the production of staple crops is to substitute local production for expensive imports in local markets, contributing to the alleviation of Sub-Saharan Africa's reliance on imported food (for example the USDA in "*The World Agricultural Supply and Demand Estimates* (WASDE)" forecasts that 40% of the rice consumed in Sub-Saharan Africa will be imported). In the longer term, the Company's goal is to export staple crops to meet the ever increasing demand from countries such as China and India. Due to its large reserves of fertile arable land and optimal well distributed rainfall, the Company selected the DRC as the most favourable location to establish arable farmland operations.

The Company is in the process of establishing a large scale arable farming operation in the DRC. The first farm was established in the western region of the DRC in the third quarter of 2010. On January 10, 2011, the Company announced that it had sown its first crop of edible beans at its arable farming operation in Bas Congo, DRC, which was subsequently trial harvested in March 2011. A crop of rice was planted in March 2011 and a further crop of edible beans was planted in May to provide seed for the main planting schedule.

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 success of the business depends upon the productivity of the oil palm plantations and arable farms, and the ability to realize expected yields. Oil palm plantation and arable farm yields depend on a number of factors, many of which are beyond the Company's control. These include damage by disease, pests and other natural

disasters, and weather, 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.

The Company relies on relationships with 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 our oil palm plantations.

The Company is heavily dependent on the expertise of senior management in relation to their expertise 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.

UPDATE ON USE OF AVAILABLE FUNDS

The following table sets out a comparison of the disclosure regarding the Company's intended use of available funds as set out in the Listing Application, dated August 27, 2010 and the actual use of available funds as at June 30, 2011:

Anticipated Use of Funds	**Estimated Use of Funds Over Next 18 Months (as of the date of the Listing Application)**	**Actual Use of Funds (as at June 30, 2011)**
Rehabilitation of roads and other Infrastructure on oil palm estates	$2,400,000	$**1,294,816**
New planting on oil palm estates	$2,000,000	$**1,246,864**
Rehabilitation and new mill down payment	$3,100,000	$**2,098,474**
Acquisition of IT hardware and software	$200,000	$**191,626**
Purchase of farm machinery and equipment	$800,000	$**864,042**
Land acquisition and clearing	$600,000	$**525,824**
Planting of crops	$600,000	$**539487**
Purchase of grain storage and processing plant	$1,300,000	$**798,475**
Purchase of miscellaneous operational equipment	$800,000	$**476,432**

The Company is currently on target with respect to its anticipated expenses for new planting on oil palm estates and the rehabilitation of the oil palm mills. Most of the other anticipated uses of funds included in the table above are scheduled for fiscal 2011, with operational equipment scheduled to be purchased in fiscal 2012. Other than as disclosed below under "Update on Objectives", there are no variances on uses of funds which have impacted the Company's ability to achieve its business objectives and milestones as outlined in the Listing Application, dated August 27, 2010.

UPDATE ON OBJECTIVES

The following table sets forth the business objectives of the Company for the 2010 and 2011 calendar years as set forth in the Listing Application and the current status of such objectives:

Objectives	**Status**
Oil palm – 2010	
Rehabilitate two oil palm mills, restoring them back to their rated capacity of 10 tonnes of Fresh Fruit Bunches ("FFB") per hour	Completed
Rehabilitate the estate roads and engage additional transport contractors to transport the FFB to the mill for processing	Completed
Rehabilitate the plantations at the Yaligimba estate and have equipment in place to enable FFB from Yaligimba estate, DRC to be transported by barge to Lokutu for processing (with an estimated 4,500 ha of mature plantations being brought back into production)	Completed
Plant an additional 1,000 ha of new oil palms	Completed
Place an order for a new oil palm mill for the Yaligimba estate, DRC	Not completed. The Company has placed an order for a larger mill for the Yaligimba estate in 2011.
Produce approximately 8,500 tonnes of CPO	Not completed due to delay in commencement of rehabilitation activities.
Oil palm – 2011	
Produce approximately 18,000 tonnes of CPO	The Company expects that 10,000 tonnes of CPO and 400 tonnes of PKO will be produced in 2011.
Plant an additional 1,000 ha of new oil palms	Objective has changed and increased to 2,000 ha.
Arable – 2010	
Clear and plant 1,000 ha of rice in Bas Congo, DRC	Not completed. Completion is expected in 2011.
Establish a drying and processing plant to process the crop in Bas Congo, DRC	Not completed. Completion is expected in 2011.

Objectives	**Status**
Arable – 2011	
Harvest, process and sell approximately 4,000 tonnes of rice, 2,400 tonnes of edible beans and 800 tonnes of millet	Completion is expected in 2012 as rice will be sown in Q4, 2011 and harvested in Q1, 2012. Beans to be sown Q1, 2012, harvested in Q2/Q3, 2012 and millet to be sown and harvested in Q3, 2012.
Clear and plant an additional 1,000 ha of land with rice in Bas Congo, DRC to reach total production area of 2,000 ha	Objective has not changed.

DISCUSSION OF OPERATIONS – Second Quarter and six months of 2011

Revenue and Gross Margin

(Expressed in thousands of US dollars)	Three months ended June 30,			Six months ended June 30,		
	2011	2010	%Change	**2011**	2010	%Change
Palm oil	**$ 1,569**	$ 1,081	45%	**$ 2,924**	$ 1,654	77%
Other	**45**	63	-29%	**169**	83	104%
Revenue	**1,614**	1,144	41%	**3,093**	1,737	78%
Cost of operations	**788**	832	-5%	**1,757**	1,432	23%
Gross Margin	**$ 826**	$ 312	165%	**$ 1,336**	$ 305	338%
Gross Margin %	**51%**	27%	n/a	**43%**	18%	n/a

Revenues for the second quarter of 2011 increased 41%, or $500,000, to $1,614,000 compared to $1,144,000 for the second quarter of 2010. In the six months to June 30, 2011 revenues increased by 78%, or $1,356,000 to $3,093,000 compared to $1,737,000 for the six months to June 30, 2010. The 41% increase in the quarter, 78% increase for the six months was driven by increases in our palm oil segment of $488,000 and $1,270,00 in the quarter to June 30 and six months to June respectively, and other revenue of $86,000 in the six months to June 30. Other revenue consists of cocoa sales, rental income and sales of farm produce. In the core palm oil segment, second quarter of 2011 revenues improved by 45%, or $488,000, to $1,569,000 compared to the second quarter of 2010 and for the six months to June 30, 2011, revenues increased by 77% or $1,270,000, to $2,924,000 compared to the six months ended June 30, 2010. The overall increase in revenues was driven by higher tonnage sold and an increase in the price per tonne of palm oil. In the second quarter of 2011, production of CPO was 2,231 tonnes compared to 1,644 tonnes in the second quarter of 2010. Gross margin improved to 43% in the six months to June 30, 2011 compared to 18% for the same period in 2010 due in part to costs which are spread out over a higher quantity produced and due to higher sales.

The following table provides a summary of Palm Fruit production and CPO:

	Three months ended June 30			Six months ended June 30		
Palm Fruit Production	**2011**	2010	% Change	**2011**	2010	% Change
Total Tonnes	**11,921**	9,864	21%	**23,832**	16,660	43%
Crude Palm Oil (CPO)						
Total Tonnes	**2,231**	1,644	36%	**4,295**	2,757	56%
Oil Extraction rate	**18.7%**	16.7%		**18.0%**	16.6%	

In the second quarter of 2011, 11,921 tonnes of palm fruit produced 2,231 tonnes of CPO, resulting in an oil extraction rate (OER) of 18.7%, compared to 9,864 tonnes of palm fruit producing 1,644 tonnes of CPO with an OER of 16.7% in the second quarter of 2010. In the six months to June 30, 2011, 23,832 tonnes of palm fruit

produced 4,295 tonnes of CPO, resulting in an OER of 18.0% compared to 16,660 tonnes of palm fruit producing 2,757 tonnes of CPO with an OER of 16.6% for the six months ended June 30, 2010. As additional hectares commence production, FFB production is increased, and harvesting practices are improved, further improvement in OER's and oil production are anticipated.

Operating Expenses

(Expressed in thousands of US dollars)	Three months ended June 30,			Six months ended June 30,		
	2011	2010	%Change	**2011**	2010	%Change
Gain on biological assets	**$(3,910)**	$ (493)	693%	**$(5,964)**	$(1,779)	235%
Planting costs		443	-100%		450	-100%
General and operating	**1,639**	1,038	58%	**3,465**	2,258	53%
Professional fees	**1,036**	164	532%	**1,904**	331	475%
Share based payments	**74**	157	-53%	**210**	708	-70%
Other gains and losses	**(42)**	(140)	-70%	**1**	(224)	-100%
Operating Expenses	**(1,203)**	1,169	-203%	**(384)**	1,744	-122%
Less:						
Gain on biological assets	**3,910**	493	693%	**5,964**	1,779	235%
Share based payments	**(74)**	(157)	-53%	**(210)**	(708)	-70%
Amortization	**(42)**	(30)	40%	**(70)**	(60)	17%
Operating Expenses	**$ 2,591**	$ 1,475	76%	**$ 5,300**	$ 2,755	92%

Operating expenses for the second quarter of 2011 were $2,591,000, an increase of $1,116,000, or 76%, compared to the second quarter of 2010 and were $5,300,000, an increase of $2,545,000 or 92% compared to the six months to June 30, 2010. The increase in the second quarter and first six months of 2011 was primarily as a result of an increase in general and operating expense of $601,000 and $1,207,00 respectively and professional fees of $872,000 and $1,572,000 respectively. General and operating expenses comprise of management costs of $302,000, due to management being paid as regular employees rather than as consultants as was the practice in the first half of 2010, arable subsidiary expenses of $96,000, which did not exist in Q1 2010; an increase in PHC salaries of $110,000 and two termination payments totaling $552,000. Termination payments comprise of a charge of $338,000 in the three months to June 30, 2011 to the Chief Executive Officer and $213,300 in the three months to March 31, 2011 to the Chief Financial Officer. Professional fees were higher due to the extensive use of outside accountants and lawyers for the production of 2010 year-end and 2011 first quarter financials, and the costs associated with the equity issuance.

The current period gains in fair value of the non-current biological assets in the condensed consolidated interim statements of comprehensive income (loss) for the three and six months ended June 30, 2011 have been reduced by $691,340 from $4,601,246 and $6,654,946 respectively as originally stated to correct an estimated error discovered in the subsequent quarter while updating the same. The corresponding income tax reduction at a rate of 40% is $276,536 from $1,021,328 and $1,850,021, respectively.

Operating expenses and other items

General and operating expenses

(Expressed in thousands of US dollars)	Three months ended June 30,			Six months ended June 30,		
	2011	2010	%Change	**2011**	2010	%Change
General and operating expenses	$ 1,639	$ 1,038	58%	$ 3,465	$ 2,258	54%

General and operating expenses for the three months and six months ended June 30, 2011 were $1,639,000 and $3,465,000 respectively, an increase of $601,000 and $1,207,000 respectively, or 58% and 54%, compared to the corresponding periods in 2010. General and operating expenses include salaries to management of $302,000 compared to consulting costs as was the practice in the first quarter of 2010, arable subsidiary expenses of $96,000, which did not exist in Q1 2010; an increase in PHC salaries of $110,000 and two termination payments totaling $552,000. Termination payments comprise of a charge of $338,000 in the three months to June 30, 2011 to the Chief Executive Officer and $213,300 in the three months to March 31, 2011 to the Chief Financial Officer.

Professional fees

(Expressed in thousands of US dollars)	Three months ended June 30,			Six months ended June 30,		
	2011	2010	%Change	**2011**	2010	%Change
Professional fees	$ 1,036	$ 164	532%	$ 1,903	$ 331	475%

Professional fees for the three months and six months ended June 30, 2011 were $1,036,000, and $1,903,000 respectively an increase of $872,000, or 513% and $1,572,000, or 475% compared to the corresponding periods in 2010. Professional fees were higher due to the extensive use of outside accountants and lawyers for the production of 2010 year-end and 2011 first quarter financials, and the costs associated with the equity issuance.

Net other operating income (expense)

Net other operating income (expense) for the three months and six months ended June 30, 2011 was $42,000 and ($1,000), compared to income of $140,000 and $224,000 for the corresponding periods of 2010.

Income taxes under IFRS

Under IFRS, the Company has a gain on valuation of biological assets of $3,910,000 and $5,964,000 in the first three months and six months of 2011 and $493,000 and $1,779,000 in the corresponding periods in 2010. As a result of the valuation, there is a net provision of income tax of $745,000 and $1,573,000 in the three months and six months of 2011 compared to $329,000 and $843,000 in the corresponding periods in 2010.

Net Income (Loss)

(Expressed in thousands of US dollars)	Three months ended June 30,			Six months ended June 30,		
	2011	2010	%Change	**2011**	2010	%Change
Net income (loss) attributable to Feronia	$ 1,036	$(1,563)	166%	$ (327)	$(2,913)	89%

Net income (loss) attributable to Feronia for the second quarter and first half of 2011 was $1,036,000 and ($327,000) respectively, or $0.01 and ($0.00) per share respectively, compared to a net loss of ($1,563,000) and ($2,913,000), or ($0.04) and ($0.07) per share, in the second quarter and first half of 2010 respectively. Net income attributable to the minority shareholders for the second quarter of 2011 was $415,000 compared to loss of ($33,000) in the second quarter in 2010.

Net income (loss) attributable to non-controlling interests

Net income attributed to the non-controlling interests for the three months and six months ended June 30, 2011 was $414,000 and $480,000 respectively and represents the non-controlling interests of PHC and Feronia PEK sprl ("PEK") in the losses of Feronia as a result of their 76.13% and 80% holdings, respectively, of the total equity interest in the quarter. The net (loss) income attributed to non-controlling interests for the three months and six months ended June 30, 2010 was ($33,000) and $152,000 respectively and represents the non-controlling interests of PHC and PEK in the losses of Feronia.

Cash used in operating activities

(Expressed in thousands of US dollars)	Three months ended June 30,			Six months ended June 30,		
	2011	2010	%Change	**2011**	2010	%Change
Cash (used in)/from operating activities	$(2,519)	$ 923	-373%	$(4,792)	$ 158	-3133%

Cash used in operating activities in the second quarter and first six months of 2011 was $2,519,000 and $4,792,000 respectively, compared to cash provided by operating activities of $923,000 and $158,000 for the second quarter and first six months of 2010 respectively. The increase of cash used in operating activities in the second quarter of 2011 was as expected and is primarily a result of additional professional fees and working capital impacts related to an increase in inventory to support anticipated higher product shipments in the third and fourth quarters of 2011.

SUMMARY OF QUARTERLY RESULTS

The following table provides summary financial data for our last eight quarters:

(Expressed in thousands of US dollars, except per share amounts)

	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010
Revenues	$ 1,615	$ 1,478	$ 878	$ 1,291
Operating income (loss)	$ 2,029	$ (309)	$ 4,264	$ (3,005)
Net Income (loss)	$ 1,451	$ (1,298)	$ 2,575	$ (2,904)
Operating loss per share - Basic	$ 0.01	$ (0.00)	$ 0.06	$ (0.05)
Operating loss per share - Diluted	$ 0.01	$ (0.00)	$ 0.06	$ (0.05)
Net Income (loss) per share - Basic	$ 0.01	$ (0.01)	$ 0.03	$ (0.05)
Net Income (loss) per share - Diluted	$ 0.01	$ (0.01)	$ 0.03	$ (0.05)

	Jun 30, 2010	Mar 31, 2010	Dec 31, 2009	Sep 30, 2009
Revenues	$ 1,143	$ 593	$ 1,079	$ 360
Operating income (loss)	$ (856)	$ (585)	$ (297)	$ (464)
Net Income (loss)	$ (1,596)	$ (1,164)	$ 633	$(11,023)
Operating loss per share - Basic	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.05)
Operating loss per share - Diluted	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.05)
Net Income (loss) per share - Basic	$ (0.04)	$ (0.03)	$ 0.04	$ (1.10)
Net Income (loss) per share - Diluted	$ (0.04)	$ (0.03)	$ 0.04	$ (1.10)

Information for 2009 is presented in accordance with Canadian GAAP and was not required to be restated to IFRS. 2010 and 2011 figures are presented in accordance with IFRS.

As a result of the implementation of IFRS and the requirement for all quarters in 2010 to be presented in accordance with IFRS, the fourth quarter of 2010 had operating income as there was a gain on valuation of biological assets in the amount of $4,347,000 compared to an operating loss of $367,000 previously reported. In the second and third quarters of 2010, there was a loss due to the valuation of biological assets.

Summary of Quarterly Results: Variations in the net loss for the above periods were affected primarily by the following factors:

• **Revenues**: The business of Feronia has some seasonality. While palm oils produce fruit throughout the year, production follows an annual cycle with the highest production typically around May and the lowest production around October. This annual production cycle has a limited effect on costs, as the only costs that vary directly with production are fuel and transport costs. The arable farming operations are more seasonal, as there are three distinct sowing and harvesting periods per year.

• **Operating expenses**: Operating expenses have increased in the first half of 2011 compared to 2010 primarily due to an increase in expenses in the operating subsidiary, PHC, and an increase in professional fees. The increase in professional fees was due to the Company's reliance on outside consultants with respect to the preparation of year end data.

• **Amortization**: Amortization for the second quarter of 2011 was $42,000 compared to $30,000 in the second quarter of 2010 and for first six months of 2011 was $70,000 compared to $60,000 for the first six months in 2010. Amortization expense is expected to increase in the future as larger areas of plantations become ready for planting and are producing palm fruit.

• **Other operating expenses:** Other operating expenses in 2011 were $1,000, compared to other operating income of $224,000 in 2010.

• **Costs for raising equity:** Certain professional costs incurred in the offering in March 2011 are expensed under GAAP, but are offset against capital under IFRS accounting standards.

CASH FLOWS AND LIQUIDITY

Cash, cash equivalents and short-term investments were $27,883,000 as at June 30, 2011, compared to $8,908,000 at the end of 2010 and $478,000 as at January 1, 2010. The increase in cash balances since June 2010 was as a result of offerings in the third quarter of 2010 and at the end of the first quarter of 2011, offset by a net loss (excluding non-cash items) of $4,237,000, decreases in working capital of $607,000 and capital expenditures of $3,975,000. The above cash outflows in the first quarter of 2011 include total net cash inflows by the Company and its subsidiaries (the "Group") of $27,701,000.

For the six months ended June 30, 2011, working capital requirements resulted in cash outflows of $607,000 compared to cash inflows of $2,267,000 for the corresponding period of 2010. In 2011, net cash outflows of $607,000 were driven by an increase in payables of $1,424,000 an increase in employee incentive liability of $123,000, an increase in prepaid expenses of $1,155,000 and an increase in inventory of $1,140,000, offset by a decrease in receivables of $142,000 to support expected higher product shipments in the second and third quarters of 2011. Working capital inflows of $158,000 for the first half of 2010 were driven by lower receivables of $316,000, higher payables of $2,189,000 and employee incentive liability of $526,000 offset by higher inventory of $511,000 and prepaid expenses of $253,000.

Investing activities resulted in cash outflows of $3,974,000 for the first six months of 2011, compared to cash outflows of $1,403,000 in the first six months of 2010, due to capital spending for manufacturing equipment in order to build production capacity.

Financing activities resulted in cash inflows of $27,701,000 in the first six months of 2011, compared to cash inflows of $4,088,000 in the first six months of 2010. Financing activities in 2011 primarily represent shares issued in March and options exercised of $27,735,000, less interest paid in the six months of $34,000. Financing activities in the first six months of 2010 primarily represent proceeds from loans from a fund managed by a director of $1,000,000 and from a shareholder of $3,399,000.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2011, Feronia had cash, cash equivalents and short-term investments totaling $27,883,000. The Company intends to use the funds to meet net funding requirements for the commercialization of products in our target markets. This includes the rehabilitation of roads and other infrastructure on palm oil estates, new planting on palm oil estates, purchase of farm machinery and equipment, acquisition of land, purchase of grain storage and processing plant, planting of crops, acquisition of IT hardware and software and further development of business systems.

At this stage of our growth, we may record net cash outflows in operations and investing activities for at least the next few years as we continue to make significant investments in equipment and infrastructure activities necessary to commercialize our products. Our actual funding requirements will vary based on the factors noted above, our relationships with our lead customers and strategic partners.

Continuing operations of Feronia are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. There can be no assurance that the Company will be able to continue raising adequate financing or commence profitable operations in the future.

OUTLOOK

The Company is continuing to invest in the rehabilitation of its palm oil plantation business, Feronia PHC. The funding raised through the March 2011 financing is being used to accelerate the replanting programme at Feronia PHC and to construct a new palm oil mill at the Yaligimba estate. The Company had planned to commence construction of a 15 tonne-per-hour capacity palm oil mill at the Yaligimba estate in 2013. Post-financing the Company has embarked on a plan to construct a 60 tonne-per-hour capacity mill at the Yaligimba estate in two phases of 30 tonne-per-hour capacity, commencing in 2011. The majority of costs in the Feronia PHC division are fixed. Management is optimistic that the new plantings and additional processing capacity will allow the company to realize significant economies of scale and greater operating efficiencies leading to higher fruit production, higher oil extraction ratios, higher oil production, and lower per-unit production costs.

The palm oils at our locations in the DRC produce fruit year-round. There is seasonality to the production and the second and fourth quarters typically contribute more to annual production than the first and third quarters.

In 2011 the focus for the Company's arable farming division is to source fertilizers, agricultural lime, seed, sprays, mobile and fixed equipment necessary to operate a highly-mechanized arable farming operation in the Bas Congo province of the DRC. The company has cleared land at its 10,000 hectare property at Lovo, Bas-Congo, DRC; sourced agricultural lime locally, imported fertilizers, imported the required mobile equipment, and is currently training employees on the operation of this equipment.

CONTRACTUAL OBLIGATIONS

At June 30, 2011, Feronia had the following contractual obligations and commercial commitments:

- The Company leases its premises under an agreement, which is classified as an operating lease. The future minimum payments under the lease are payable in the year ending December 31, 2011.

- As at June 30, 2011, there were no other significant changes in our contractual obligations and commercial commitments from those reported in the Annual MD&A.

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or outcome of these actions. Management does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.

RELATED PARTY TRANSACTIONS

Related parties include shareholders with a significant ownership interest in Feronia, together with the subsidiaries and affiliates, the Company's key management personnel, equity-accounted investees and minority interest partners in the DRC.

Revenues and costs recognized from such transactions reflect the prices and terms of sale and purchase transactions with related parties, which are in accordance with normal trade practices. Related party transactions and balances are as follows:

Transactions with Related Parties

(Expressed in thousands of US dollars)

Name	Position/ Relationship	Purpose of Transaction	Basis	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
James Siggs	CEO	Supply of Services and Expenses	Contract	$ 21	$ 112	$ 43	$ 208
William Dry	COO, Palm Oil	Supply of Services and Expenses	Contract	9	35	12	42
Raymond Batanga	COO	Supply of Services and Expenses	Contract	32	29	64	59
Danesh K. Varma	CFO	Supply of Services and Expenses	Contract	51	0	68	0
Barnabe Kikaya	Director	Rental of building for use as Company headquarters in Kinshasa	Contract	30	33	60	66
George Buse	Non-Executive Director, PHC	Director's Fees	Contract	1	0	3	0
Georgina Cotton	Consultant /CFO	Supply of Services and Expenses	Contract	74	62	88	106
Osaka Capital	Controlled by Spouse of Chairman	Supply of Services and Expenses	Public Relations	47	47	112	80
				$ 265	$ 318	$ 450	$ 561

Balances with Related Parties

(Expressed in thousands of US dollars)

Name	Position/ Relationship	Purpose of Transaction	Basis	As at June 30, 2011	2010
James Siggs	CEO	Supply of Services and Expenses	Contract and expenses	$ 5	$ 9
William Dry	CEO	Supply of Services and Expenses	Contract and expenses	7	9
Raymond Batanga	COO	Supply of Services and Expenses	Contract and expenses	0	0
Danesh K. Varma	CFO	Supply of Services and Expenses	Contract	20	0
Barnabe Kikaya	Director	Rental of building for use as Company headquarters in Kinshasa	Contract	(5)	0
George Buse	Non-Executive Director, PHC	Director's Fees	Expenses		
Georgina Cotton	Consultant /CFO	Supply of Services and Expenses	Contract	0	3
Osaka Capital	Controlled by Spouse of Chairman	Supply of Services and Expenses	Public Relations	0	194
				$ 27	$ 215

At June 30, 2010, the amount of $179,000 was the balance owing of a loan made to the Company by a related party to fund operations prior to raising capital.

SUMMARY OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares, of which 144,901,500 common shares are issued and outstanding as of the date of this MD&A. In addition, the Company has warrants outstanding to purchase up to an aggregate of 51,359,262 common shares, broker warrants outstanding to purchase up to 4,943,191 common shares, and options outstanding to purchase up to 8,251,528 common shares. Assuming the exercise of all of the outstanding warrants, broker warrants and options, an aggregate of 209,455,481 common shares will be issued and outstanding on a fully diluted basis.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
Effective January 1, 2011, Canadian publicly listed entities are required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010. The three month period ended March 31, 2011 is the Company's first reporting period under IFRS.

The Company's IFRS conversion team identified four phases to our conversion: raise awareness; assessment; design; and implementation. We have completed these four phases and are now into a post-implementation phase. Post-implementation will continue in future periods, as outlined below.

The Company's consolidated financial statements for the year ended December 31, 2011 will be the first annual financial statements that comply with IFRS. As 2011 will be the first year of reporting under IFRS, *IFRS 1 First-time Adoption of IFRS* is applicable. In accordance with IFRS 1, Feronia has applied IFRS retrospectively as of January 1, 2010 for comparative purposes, as if IFRS had always been in effect, subject to certain mandatory exceptions and optional exemptions applicable to us, as discussed below.

Senior management and the audit committee have approved the Company's IFRS accounting policies which are presented in our unaudited consolidated condensed financial statements for the three months ended March 31, 2011. However, as IFRS standards are evolving and the International Accounting Standards Board ("IASB") has several projects underway and may issue new accounting standards throughout 2011, the final impact of IFRS on our consolidated financial statements will only be measured once all of the IFRS applicable at the conversion date are known which could also affect the differences currently identified between Canadian GAAP and IFRS.

TRANSITIONAL ELECTIONS (under IFRS 1 First Time Adoption)
The following are the principal accounting policies that the company has adopted under IFRS:

Overall considerations and first time adoption of IFRS
The consolidated financial statements have been prepared using accounting policies specified by those IFRS's that are in effect at June 30, 2011.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

These accounting policies have been used throughout all periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to IFRS.
An overview of standards, amendments and interpretations to IFRS's issued but not yet effective, and which have not been adopted early by the Group are presented below.

Presentation of financial statements
These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements.

In accordance with IFRS 1, the Group presents three statements of financial position in its first IFRS financial statements. In future periods, IAS 1 requires two comparative periods to be presented for the statement of financial position only in certain circumstances, for instance, when a change in accounting policy results in a restatement in prior period.

Going concern
The financial statements have been prepared on a going-concern basis. The directors have conducted a review of projected cash flows from operations, investing and financing, concluding that the Group has sufficient funds projected to carry on its business and its planned investment programme in the medium term. Furthermore, the Group has control over its main cash expenditure, investment in its new plantations, which it can manage according to the resources available.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to June 30, 2011. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Company obtains and exercises control through more than half of the voting rights for all its subsidiaries.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income/(loss) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combinations

Business combinations occurring on or after January 1, 2009 are accounted for using the acquisition method under the revised IFRS 3 Business Combinations (IFRS 3R). The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognizes identifiable assets acquired and liabilities assumed including contingent liabilities, in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in profit or loss immediately.

See note 14 for information on business combinations from January 1, 2010 to present.

Reverse acquisition accounting

Under IFRS 3 “Business Combinations”, the acquisition of Feronia CI (the “legal subsidiary”) by the Company (the “legal parent”) has been accounted for as a reverse acquisition and the consolidated IFRS financial information of the Company is therefore a continuation of the financial information of Feronia Inc.

Under reverse acquisition accounting, the cost of a business combination is deemed to have been incurred by the legal subsidiary in the form of equity instruments issued to the owners of the legal parent.

The assets and liabilities of the legal subsidiary (the “acquirer”) are recognized and measured in the consolidated financial statements at their pre-combination carrying amounts. The assets and liabilities of the legal parent (the “acquiree”) are fair valued at the acquisition date.

The retained earnings and other reserves recognized in the consolidated financial statements should be those of the legal subsidiary immediately before the business combination. The equity structure shown in the consolidated financial statements should reflect the legal parent’s equity structure, including the equity instruments issued by the legal parent to effect the combination.

Foreign currency translation

The consolidated financial statements are presented in United States Dollar ($). The functional currency of the parent undertaking is considered to be Canadian $'s (CDN). The functional currencies of the subsidiaries are as follows:

Subsidiary name	*Country of incorporation*	*Functional currency*
FISL	England and Wales	GBP (£)
Feronia CI	Cayman Islands	USD ($)
PHC.	Democratic Republic of Congo (D.R.C.)	USD ($)
Feronia JCA	Cayman Islands	USD ($)
Feronia PEK	DRC	USD ($)

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period-end exchange rates are recognized in the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than $ (the Group's presentation currency) are translated into $ upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $ at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to the statement of comprehensive income and recognized as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $ at the closing rate.

Segment reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group.

Operating segments are consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, is the board of directors of the Company.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that:

- post-employment benefit expenses
- expenses relating to share-based payments
- research costs relating to new business activities

IFRS 8 only requires disclosure of segment information. The Group does not report its operations in either a business or geographical segment format as it operates in a single business segment that does not include products and services with significantly differing risks and returns. While there may be dissimilarities with respect to one or several of the factors in the definition of a business segment, the products and services included in the single business segment are expected to be similar with respect to a majority of the factors.

Revenue

Revenue represents the invoiced value of crops, livestock and produce sold during the period, excluding sales taxes. Income, other than for crops is recognized at the point of delivery.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding sales tax, rebates, and trade discounts.

Sale of goods are recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met.

Investment income is taken into account by reference to the date on which it is declared payable.

Earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of shares in issue. The weighted average number of shares for the calculation of diluted earnings per share includes dilutive share options under the terms of IAS 33: “Earnings per Share”.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at the end of the period plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. See “business combinations” policy for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. See below for a description of impairment testing procedures.

Property, plant and equipment

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, furniture and other equipment (comprising fittings and furniture) are carried at acquisition cost or manufacturing cost less subsequent depreciation and impairment losses.

Buildings and equipment that are leasehold property are also included in property, plant and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter.

Depreciation is recognized on a straight-line basis to write down the cost or valuation less estimated residual value of property, plant and equipment other than freehold land. The periods generally applicable are:

- Buildings: straight line basis over 33 years
- Materials, furniture and equipment: straight line basis over 3 to 10 years
- Motor vehicles: straight line basis over 4 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within 'other income' or 'other expenses'.

Assets under construction represent property and equipment under construction and are stated at cost. Cost comprises directly attributable costs of acquisition or construction, net of any income received towards the construction in progress. Assets under construction are not depreciated. Completed items are transferred from assets under construction to proper categories of property and equipment when they are ready for their intended use.

Biological assets
Biological gain or loss is measured in accordance with IAS 41 on one significant bearer asset (oil-palm), and immaterial amounts of consumer biological assets (livestock and crops).
Bearer assets, the Group's plantations, are non-current assets.
Consumer biological assets are classified as current assets since the Group generally sells or consumes these assets within one year of the date of financial position.
Plantation
The Group has valued its biological assets on the basis of the discounted net present value of cash flows arising in producing fresh fruit bunches ("f.f.b.") from oil palms. It values its biological assets on the basis of discounted cash flows covering the assets' expected 25-year economic life. Areas are included in the valuation once they are planted.
The valuation assumes that the concessions granted to exploit the land on which the biological assets are planted will be renewed when they expire. No account is taken in the valuation of future replanting. The Group estimates the future sales value of its crop production using the conditions precedent at the period end, namely, a 3 year rolling average. Costs associated with the planting of the Group's estates are shown as planting costs on the face of the income statement.

Deferred tax
Deferred tax is recognized at the relevant local rate on the difference between the cost of biological assets and their carrying value determined under IAS 41.

Leased assets
In accordance with IAS 17 'Leases', the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset.
All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Impairment testing of goodwill, other intangible assets and property, plant and equipment
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Financial instruments
Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other gains and losses'.

<u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

<u>Financial assets at fair value through profit or loss</u>
Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

For the reporting periods under review, the Group has no financial assets which are carried at fair value through profit and loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

For the reporting periods under review, the Group has no held to maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

For the reporting periods under review, the Group has no available-for-sale financial assets.

Financial liabilities

The Group's financial liabilities include accounts payable, accrued liabilities, other financial liabilities, other long-term financial liabilities and provisions.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

Derivative financial instruments

A specific accounting treatment is required for derivatives designated as hedging instruments in cash flow hedge relationships. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. All other derivative financial instruments are accounted for at fair value through profit or loss.

For the reporting periods under review the Group has no derivative financial instruments.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Income taxes
Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes
Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see the judgments and estimates policy below.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity and reserves
Share capital represents the nominal value of shares that have been issued.

Prior to the reverse acquisition the shares of Feronia CI carried a par value of CDN$0.10 per share. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Subsequent to the reverse acquisition there is no par value attributable to the share capital of the Company and therefore the share premium has been reclassified as share capital.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the Company are recorded separately within equity.

The share-based payment reserve represents equity-settled share-based employee remuneration until such share options are exercised, forfeited, lapse or expire. At such time that the share options are exercised, forfeited, lapse or expire the accumulated cost of the option is included released to retained earnings.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'retained earnings'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Post-employment benefits and short-term employee benefits

The Group provides post-employment benefits through defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several state plans and insurance plans for individual employees that are considered defined contribution plans. Contributions to the plans are recognized as an expense in the period that relevant employee services are received.

Plans that do not meet the definition of a defined contribution plan are defined benefit plans.

Employee incentive liability

The Company has an employee incentive plan covering substantially all of its employees in the D.R.C. whereby the Group will pay a terminal bonus to all employees on reaching the age of 65, on retirement or on death. The employee incentive plan is unfunded. Employee incentive obligations are determined using the projected benefit method prorated on services and management's best estimate of assumptions as future salary levels or cost escalation will affect the amount of employee future benefits. Net periodic benefit cost, which is included in cost of sales and general and operating expenses on the consolidated statements of operations, represents the cost of benefits earned by employees as services are rendered. The cost reflects management's best estimates of the plans' wage and salary escalation, mortality of members, terminations and the ages at which members will retire. Changes in these assumptions could impact future employee incentive expense and such changes could be material.

Management estimates the employee incentive liability annually with the assistance of independent actuaries. The estimate of its employee incentive liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each period-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Short-term employee benefits, including holiday entitlement, are current liabilities included in 'pension and other employee obligations', measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Provisions, contingent liabilities and contingent assets
Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed quarterly and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized on the acquisition date when there is a present obligation that arises from past events and the fair value can be measured reliably, even if the outflow of economic resources is not probable. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Assets held for sale
Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for its recognition as a completed sale within one year from the date of classification.

There were no gains and losses attributable to the non-current assets disclosed in the income statement in the period and no cash flows attributable to the asset held for sale.

Critical accounting judgements and key sources of estimation
The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have the most significant impact on the carrying amount of assets and liabilities are discussed below.

Valuation of biological assets

The key assumptions underlying the valuation of the biological assets are set out in note 5. These assumptions are reviewed at least annually. Sensitivity analysis on the impact of a variation in the palm-oil price and discount rate used in the valuation is also shown in note 5.

Assets held for sale

The directors review the fair value of the Group's available-for-sale investments to confirm that such assets are recorded at a value that does not exceed the fair value of the asset.

Leases

In applying the classification of leases in IAS 17, management considers its leases of freehold land as well as finance lease arrangements on other items of property, plant and equipment. In some cases, the lease transaction is not always conclusive, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the three jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Impairment

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows as per the policy above. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated statement of financial position at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in the income statement in the subsequent period.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets to the Group. Actual results, however, may vary due to technical obsolescence.

Inventories

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made.

Employee incentive liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations.

Provisions

The Group is currently defending certain lawsuits where the actual outcome may vary from the amount recognized in the financial statements. None of the provisions will be discussed here in further detail so as not to seriously prejudice the Group's position in the related disputes.

Hyperinflationary economic environment

The Government of the D.R.C. continues to build on economic reforms initiated in 2001 aimed at stabilizing the macroeconomic situation and promoting economic growth. Reforms included liberalization of petroleum prices and exchange rates and adoption of disciplined fiscal and monetary policies. These policies have been successful in reducing inflation and supporting the resumption and acceleration of economic growth since 2002. The D.R.C.'s economy grew by 5.6% in 2006, 6.32% in 2007, and 6.15% in 2008. Inflation was reduced from over 501% in 2001 to approximately 27.6% in 2008. As a result of unexpected internal and external economic shocks in 2009, the annual inflation rate stood at 53.44% in 2009. However, inflation was significantly reduced during 2010 and the annualized rate was estimated at less than 10%. On the basis of this significant reduction in inflation in the DRC, management consider it appropriate not to apply IAS 29, Financial reporting in Hyperinflationary Economies.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Standards and interpretations issued but not yet effective include those listed below, but none of them are expected to have a significant impact of the financial statements:

IFRS 9 – 'Financial Instruments'
IFRS 7 – 'Financial Instruments: Disclosures' **-** Amendments enhancing disclosures about transfers of financial assets
IAS 12 – 'Income Taxes' – Limited scope amendment (recovery of underlying assets)
IAS 24 – 'Related Parties' – Revised definition of related parties
Annual Improvements to IFRS 2010
Amendment to IFRIC 14, 'Pre-payments of a Minimum Funding Requirement'
IFRIC 19 – 'Extinguishing financial liabilities with equity instruments'
IFRS 10 – 'Consolidated financial statements'
IFRS 11 – 'Joint Arrangements'
IFRS 12 – 'Disclosure of Interests in Other Entities'

IAS 27 – 'Separate Financial Statements'
IAS 28 – 'Investments in Joint Ventures and Associates'

RISKS & UNCERTAINTIES

There are a number of risk factors that could cause future results to differ materially from those described herein. Readers should carefully consider the risks and uncertainties described under "Risk Factors" in the Listing Application and under "Risk Factors Affecting Future Results" in the Company's management's discussion and analysis dated May 2, 2011 (the **"Annual MD&A"**) relating to the audited consolidated financial statements and notes thereto for the year ended December 31, 2010, which remain substantively unchanged. The risks and uncertainties described in the Listing Application and the Annual MD&A are not the only ones we face. Additional risks and uncertainties, including those that we do not know about now or that we currently deem immaterial, may also adversely affect our business. For a more complete discussion of the risks and uncertainties which apply to our business and our operating results, please see the Listing Application, Annual MD&A and other Company filings available at www.sedar.com.