FERONIA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

November 27, 2013

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, 2013 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.

The Company began segmental reporting in Q2 2013 following the commencement of rice sales by its arable farming operation in the period.

BUSINESS OVERVIEW

Feronia operates large-scale commercial oil palm plantations and has commenced an arable farming operation in the Democratic Republic of the Congo (the "DRC").

The Company, through its subsidiaries, holds concessions on land which is owned by the DRC government and on which its oil palm plantation and farming operations take place. The Company uses modern agricultural practices to operate and develop its oil palm plantations and arable farming.

Feronia believes in the immense agricultural potential of the DRC for high-quality edible oils, oil derivatives and foodstuffs given the suitability of its climate and soil and the availability of a skilled workforce. The Company's management team is comprised of experienced business administrators and 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 jobs and economic growth for local communities.

BUSINESS PERFORMANCE: Oil Palm Plantations

Feronia currently operates oil palm 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.

Since its acquisition of PHC, Feronia has embarked on a program of rehabilitating its oil palm mills, rehabilitating the internal road systems and implementing a substantial replanting program replacing less productive palm trees over 25 years old with new trees, with the objective of increasing the annual production at the plantations. The oil palm mills at the Lokutu and the Boteka plantations have been refurbished and a new palm oil mill at the Yaligimba plantation has now commenced production.

As at September 30, 2013, 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 94.03% of Feronia's revenues in Q3 2013 and 92.69% for the nine months ended September 30, 2013. PHC accounted for 100% of Feronia's revenue for the corresponding periods in 2012.

The following table shows key data relating to PHC's operations as at and for the nine months ending September 30, 2013:

	Nine months ended September 30, 2013			**Total (as at and for the nine months ended September 30)**		
	Lokutu	**Yaligimba**(1)	**Boteka**	**2013**(1)	**2012**(1)	**2011**
Production						
Fruit Production (tonnes)	28,485	-	5,889	**34,374**	30,079	36,362
Oil Produced (tonnes)	5,255	-	1,116	**6,371**	5,444	6,212
Oil Extraction Rate (%)	18.44	-	18.95	**18.53**	18.10	17.08
PKO Produced (tonnes)(2)	272	-	-	**272**	335	-
FFB yield/hectare (tonnes)	6.44	-	3.84	**5.78**	4.76	2.85
FFB yield/hectare (tonnes) (like-for-like)(3)	6.44	-	3.84	**5.78**	4.76	3.79
CPO yield/hectare (tonnes)	1.19	-	0.73	**1.07**	0.86	0.48
CPO yield/hectare (tonnes) (like-for-like)(4)	1.19	-	0.73	**1.07**	0.86	0.68

Notes:

(1) Yaligimba did not contribute to Fresh Fruit Bunches ("FFB") or Crude Palm Oil ("CPO") production in either the nine months ended September 30, 2013 or the nine months ended September 30, 2012.

(2) "PKO" means Palm Kernel Oil.

(3) FFB Yield/Ha like-for-like basis excludes Yaligimba production for 2011.

(4) CPO Yield/Ha like-for-like basis excludes Yaligimba production for 2011.

The following tables show key data relating to PHC's assets and infrastructure as at September 30, 2013.

	As at September 30, 2013			Total as at September 30		
	Lokutu	Yaligimba[1]	Boteka	2013[1]	2012[1]	2011
Plantations (Hectares)						
Immature						
Year 0	1,934	1,873	641	**4,448**	2,786	1,768
Year 1	1,707	1,447	770	**3,924**	2,110	1,027
Year 2	1,065	545	500	**2,110**	1,027	713
Year 3	402	320	305	**1,027**	713	1,443
	5,108	4,185	2,216	**11,509**	6,636	4,951
Producing						
4 - 7 Years	1,136	1,275	738	**3,149**	2,469	1,026
8 – 18 Years	376	561	578	**1,515**	2,273	3,552
19 – 25 Years	2,908	1,921	216	**5,045**	5,471	5,008
Over 25 Years	-	-	-	**-**	-	3,167
	4,420	3,757	1,532	**9,709**[2]	10,213[2]	12,753[2]
Total Planted	9,528	7,942	3,748	**21,218**	16,849	17,704

Notes:

(1) Yaligimba did not contribute to FFB or CPO production in either the nine months ended September 30, 2013 or the nine months ended September 30, 2012.

(2) During the years ended December 31, 2010 and 2011, the Company classified palms aged 4 to 30 years as mature and producing. Going forward, management has elected to classify palms aged 4 to 25 years as mature and producing, resulting in a reduction in the number of producing hectares. In the normal course, management expects to replant palms at age 25 and believes this new classification criteria facilitates comparisons to other plantation operations.

	As at September 30, 2013			Total as at September 30		
	Lokutu	Yaligimba[1]	Boteka	2013[1]	2012[1]	2011
Palm Nurseries						
Total Hectares	21	20	6	**47**	37	26
Seedlings	348,830	559,003	98,564	**1,006,397**	1,139,772	579,073
Hectares plantable from seedlings	1,938	3,106	553	**5,577**	6,306	3,201
Palm Oil Mills						
No. of Palm Oil Mills / Oil Produced	1 / CPO & PKO	Under Construction[1]	1 / CPO	**2**	2	2
Palm Oil Mill Capacity (tonnes/hour)	15	Under Construction[1]	10	**25**	25	25

Notes:

(1) Commenced production of CPO at new Yaligimba palm oil mill on October 17, 2013.

	As at September 30, 2013			Total as at September 30		
	Lokutu	Yaligimba[(1)]	Boteka	2013[(1)]	2012[(1)]	2011
Infrastructure						
Operational Roads (Km)	731	688	363	**1,782**	1,476	1,292
Employees	-	-	-	**3,489**	3,524	3,639
Houses	1,988	1,095	698	**3,781**	3,725	3,854
Schools	60	21	13	**94**	89	83
Hospitals	2	1	1	**4**	4	4
Dispensaries	7	3	3	**13**	13	13
Health Centres	2	1	1	**4**	4	4

The Company also 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.

Recent Developments in the Oil Palm Operations

As previously reported, harvesting at the Yaligimba plantation was suspended at the beginning of Q1 2012 when the short-term strategy to barge fruit from the Yaligimba plantation to the Lokutu plantation was proven to be uneconomical. As a result, Yaligimba did not contribute to Fresh Fruit Bunches ("FFB") or Crude Palm Oil ("CPO") production in either the nine months ended September 30, 2013 or the nine months ended September 30, 2012.

On October 17, 2013, the Company announced that the production of CPO at the Yaligimba palm oil mill had commenced and that it could resume harvesting 3,757 ha of producing palms. Commencing production at Yaligimba was a major milestone for the Company and follows a tremendous amount of hard work and dedication by the Company's staff and its contractors and support from its shareholders. The Yaligimba mill has an initial capacity to process 105,000 tonnes of FFB per year. A Phase 2 expansion is scheduled to commence in 2016 which is expected to provide sufficient capacity at Yaligimba to process the plantation's production though to 2021.

For the first time since it acquired PHC in 2009, Feronia now has fully operational palm oil mills at each of its three plantations with current combined capacity to process 220,000 tonnes of FFB per year. Going forward, the Yaligimba plantation is expected to achieve operating results similar to Lokutu on a per hectare basis (see "Forward-Looking Statements" below) and will be a major contributor to the Company. The surrounding communities should also benefit substantially from the new mill and related commercial activity it brings, as the previous mill did for more than half a century.

The total number of producing hectares (excluding Yaligimba) at September 30, 2013 was 5,952 ha (September 30, 2012: 6,310 ha). The year-on-year reduction of 358 ha is a result of 651 ha of palms over 25 years old being removed and 293 ha of young palms coming into production.

Total fruit production for Q3 2013 was 9,280 tonnes, 30% higher than the 7,161 tonnes produced during the corresponding period in 2012.

Total fruit production for the nine months ended September 30, 2013 was 34,374 tonnes, 14% higher than the 30,079 tonnes produced in the nine months ended September 30, 2012.

Palm oil production for Q3 2013 was 1,694 tonnes, 31% higher than the 1,296 tonnes produced in Q3 2012.

Palm oil production for the nine months ended September 30, 2013 was 6,371 tonnes, 17% higher than the 5,444 tonnes produced in the nine months to September 30, 2012.

The improvements in FFB harvest, CPO production and extraction rates in Q3 2013 and the nine months to September 30, 2013 compared with the corresponding periods in 2012 are the result of improvements in plantation management, processes and the Company's roads which all contribute in more efficient harvesting and fruit evacuation, as well as new plantings coming into harvest.

These improvements are further evidenced by the high quality of the oil produced during the year to date with the average Free Fatty Acid ("FFA") content of oil sold in the nine months to September 30, 2013 being 2.40%. CPO with a FFA level of less than 5% is considered of a premium quality and can be used in food production. Low FFA levels are achieved through good harvesting and fruit evacuation practices.

Replanting of oil palms commenced in March 2013 in line with rainfall patterns, with 1,996 ha replanted in Q3 2013 (Q3 2012: 991 ha) with a total of 4,448 ha planted as at September 30 2013 (September 30, 2012: 2,786 ha). This represents the replanting of approximately 711,680 trees in the nine months ended September 30, 2013 (nine months to September 30, 2012: approximately 287,000 trees).

On October 23, 2013, the Company announced that it had surpassed its replanting target for 2013 with 5,002 hectares replanted across the Company's three plantations. This represents more than 800,000 trees being replanted at a rate of approximately 25,000 trees per week. The size of Feronia's workforce was a key factor in delivering on its objective to replant 5,000 ha in 2013. It is a tremendous achievement and testament to the skill and dedication of the Company's staff in the DRC. As at October 31, 2013, Feronia's oil palm nurseries contained 931,402 seedlings and were sufficiently stocked to replant a further 5,000 hectares in 2014.

As at September 30, 2013, the Company employed 3,489 staff in its palm oil operations (September 30, 2012: 3,524), more than would typically be required for a mature palm oil business with production at Feronia's current levels. However, the Company recognises the considerable amount of knowledge and skill held within its workforce and believes it is a tremendous asset. While a large proportion of the workforce is utilised in Feronia's replanting program, a sufficient portion of the workforce has the skillset to be re-allocated to harvesting operations as the Company's producing hectares increase.

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 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 with successful applicants required to pass a technical examination and interview with participants subject to ongoing assessment.

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.

Feronia Arable is entitled to 100% of the farm-gate profits resulting from the operations on the concession, using a farm-gate sales price equal to 65% of the ultimate sales price realized by KAI. KAI is entitled to 100% of the profits derived from processing, storage, transport and sale of the crops.

In 2011, the Company began a program of trial plantings of rice and bean crops in order to establish which seed varieties, nutrients and planting/harvesting regimes will be best suited for large scale, mechanized agriculture in the Bas Congo region of the DRC. These trials incorporated a review in June 2012 by a firm of independent Brazilian agronomists, including an assessment of in-ground rice and bean crops, which confirm the high potential for large-scale food production in the Bas Congo region of the DRC.

Throughout the trial the Company has been identifying and addressing issues with seed stock, nutrients, machinery and the scheduling of planting and harvesting. The Company demonstrated commercial yields from its mechanized harvesting during the most recent harvest undertaken in February, March and April 2013 and believes that the land it is farming will support rice crops with yields at commercial levels.

In 2012, the Company's five tonne per hour rice mill and associated drying facilities were completed and commissioned. It is the only industrial-scale rice mill in the region and allows the Company to process its own crop and that produced by other local small-holder farmers.

Storage of dried paddy rice is currently undertaken using a grain bag storage system which is an acceptable interim solution for storing current volumes and allows the Company to continue to dry and mill crop.

Key Metrics:

Arable	**As at and for the nine months ended September 30**	
	2013	**2012**
Land Available (ha)	10,000	10,000
Land Cleared (ha)	2,000	2,000
Land Prepared (ha)	1,700	1,700
Land Planted (ha)	0	0

Recent Developments in the Arable Operations

In April 2013, the Company commenced selling rice grown on its farm to Bralima, Heineken's wholly-owned DRC subsidiary and Ets Kuku, a food wholesaler. Subsequently, the Company has commenced selling rice to additional counterparties involved in the domestic food market including more food wholesalers. Rice sales for Q3 2013 totalled 189 tonnes of which 173 tonnes were sold to Bralima and 16 tonnes to other counterparties with total revenue for the quarter of $136,000. Total rice sales for the nine months ended September 30, 2013 were 567 tonnes of rice of which 523 tonnes were sold to Bralima and 44 tonnes to other counterparties for total revenue for the period of $415,000.

No trial plantings took place in Q3 2013 as this period corresponds with the dry season in the Bas Congo region of the DRC (where the Company's arable operations are located) which is unsuitable for rain-fed agriculture, the methodology currently utilised by the Company. During Q3 2013 land was prepared for a 200 hectare trial planting of rice which took place in October 2013 shortly before the start of seasonal rains. This crop is expected to be harvested in February 2014, with an additional 200 hectares planted in March for harvest in July.

The Company now has in place a pricing structure whereby the price it charges for rice is determined by the quality of the product sold, specifically, the percentage of broken grains. The prices that the Company is achieving are consistent with earlier estimates and at a significant premium to global rice prices.

Since it commenced the sale of its rice, the Company has experienced considerable interest in its produce and has received order enquiries far in excess of the production levels it can achieve under its current trial planting program. Management believes that the market for domestically produced rice in and around the Bas Congo region of the DRC is considerable. The Company continues to evaluate how to prudently expand its arable farming operations and is also engaged with a number of parties looking to develop strategies to advance arable farming in the region including smallholder engagement programmes.

DISCUSSION OF OPERATIONS – Three and nine months ended September 30, 2013

Revenue and Gross Margin

(Expressed in thousands of US dollars)	Three months ended September 30			Nine months ended September 30		
	2013	2012	% Change	**2013**	2012	% Change
Revenues						
Oil Palm Plantations	**2,146**	2,143	0%	**5,261**	6,101	(14%)
Arable Farming	**136**	-	n/a	**415**	-	n/a
	2,282	2,143	7%	**5,676**	6,101	(7%)
Cost of sales						
Oil Palm Plantations	**2,519**	1,956	29%	**4,921**	4,886	1%
Arable Farming	**801**	556	44%	**1,872**	2,187	(14%)
	3,320	2,512	32%	**6,793**	7,073	(4%)
Gross Profit (Loss)						
Oil Palm Plantations	**(374)**	187	(300%)	**340**	1,215	(72%)
Arable Farming	**(665)**	(556)	(20%)	**(1,458)**	(2,187)	33%
	(1,039)	(369)	(282%)	**(1,118)**	(972)	(15%)
Gross Margin[1]						
Oil Palm Plantations	**(17%)**	9%		**6%**	20%	

Note:

(1) Gross margin is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

Total revenues for Q3 2013 were $2,282,000, a 7% increase on Q3 2012 revenues of $2,143,000 and arose because of:

- Arable farming revenue commencing in Q2 2013 with arable farming revenue for Q3 2013 being $136,000 (Q3 2012: $Nil). Arable farming revenue for the nine months to September 30, 2013 totalled $415,000 (nine months to September 30, 2012: $Nil); and

- Oil palm plantation revenue in Q3 2013 was broadly level with Q3 2012 at $2,146,000 (Q3 2012: $2,143,000). Although the volume of CPO sold in Q3 2013 was up 25% on Q3 2012 at 2,560 tonnes (Q3 2012: 2,046 tonnes), this was offset by a fall in the net CPO price achieved in the quarter from $935 per tonne in Q3 2012 to $771 per tonne in Q3 2013 which was driven by a fall in global CPO prices during the period.

Total revenue for the nine months ended September 30, 2013 was $5,676,000 a 7% reduction from the same period in 2012 (nine months to September 30, 2012: $6,101,000) and arose because of:

- Oil palm revenues for the nine months ended September 30, 2013 were 14% lower than the same period in 2012 at $5,261,000 (nine months to September 30, 2012: $6,101,000). This reduction is a result of the average net sale price of CPO of $773 per tonne during the nine months to September 30, 2013 being 17% lower than for the same period in 2012 (nine months to September 30, 2012: $932). The effect of this

was partially offset by the volume of CPO sold in the nine months to September 30, 2013 of 6,313 tonnes being a 10% increase on the 5,732 tonnes sold in the corresponding period in 2012. In addition, PKO revenues fell from $402,000 in 2012 to $228,000 in 2013 due to the fall in global prices of 40% year on year.

- Arable farming revenue from the sale of rice commencing during the period.

Oil palm gross margin for Q3 2013 of (17%) (Q3 2012: 9%) was impacted by a reduction in the average net sale price of CPO achieved in the quarter of $164 per tonne resulting in a reduction in revenue of $420,000 in the period. This was driven by a fall in global CPO prices during the period. Costs in Q3 2013 were higher than the same period in 2012 due to increased volumes, an increased charge to unfunded retirement benefits and an increase in allocation of overheads to production costs.

In the nine months ended September 30, 2013, the lower oil palm gross margin of 6% compared to the same period last year of 20% was a direct result of the lower average CPO price in 2013 of $773 per tonne compared to $932 per tonne in 2012.

Gross margin is a non-GAAP financial measure. For further details, see below under "Non-GAAP Financial Measures".

The following table provides a summary of palm fruit production and CPO:

	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	*% Change*	**2013**	2012	*% Change*
Fruit production (tonnes)	**9,280**	7,161	*30%*	**34,374**	30,079	*14%*
Oil produced (tonnes)	**1,694**	1,296	*31%*	**6,371**	5,444	*17%*
Oil extraction rate	**18.25%**	18.10%	-	**18.53%**	18.10%	-
Producing Hectares[1]	**5,952**	6,310	*(6%)*	**5,592**	6,310	*(6%)*
FFB yield/hectare (tonnes)[2]	**1.56**	1.13	-	**6.15**	4.77	-
CPO yield/hectare (tonnes) [2]	**0.28**	0.21	-	**1.14**	0.86	-

Notes:

(1) Excludes producing hectares at Yaligimba.

(2) FFB yield/hectare and CPO yield/hectare basis excludes Yaligimba producing hectares

Selling, General and Administrative Costs

(Expressed in thousands of US dollars)	Three months ended September 30,			Nine months ended September 30,		
	2013	2012	*% Change*	**2013**	2012	*% Change*
Selling, general and admin	**2,388**	2,561	*(7%)*	**7,433**	7,264	*2%*
Other losses	**(77)**	95	*(100%)*	**(95)**	62	*253%*

Selling, general and administrative costs for Q3 2013 of $2,388,000 were $173,000 lower than in Q3 2012 (Q3 2012: $2,561,000), a decrease of 7%. The decrease was predominantly a result of professional fees in Q3 2013 being $173,000 lower than in Q3 2012.

Selling, general and administrative costs for the nine months ended September 30, 2013 of $7,433,000 were $169,000 higher than in the same period in 2012, a 2% increase (nine months to September 30, 2012: $7,264,000). The increase was predominantly a result of an increase of salary and other general and operating expenses of $920,000, offset by a reduction in consultancy, professional fees and share based payment of $751,000.

Gain (Loss) on Biological Assets and Planting Costs

(Expressed in thousands of US dollars)	Three months ended September 30			Nine months ended September 30		
	2013	2012	% change	**2013**	2012	% change
Gain/(Loss) on biological assets	**(306)**	1,103	(128%)	**(100)**	3,885	(103%)

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%. 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 December 31, 2013 was $1,009 per metric tonne, increasing to $1,011 per metric tonne as at September 30, 2013.

For Q3 2013, the loss on biological assets is $306,000 compared to a gain of $1,103,000 for Q3 2012. This reflects a reduction in the rolling average price of CPO of $4 per metric tonne in Q3 2013 compared to an increase in rolling average price of CPO of $26 per metric tonne in Q3 2012.

During Q3 2013, $1,058,000 of nursery costs and costs incurred in the replanting and maintenance of mature trees were transferred from 'Assets Under Construction' to 'Non-current Biological Assets'. For the nine months to September 30, 2013, these costs were $2,888,000 (2012: $1,995,000.)

Income Taxes Under IFRS

Under IFRS the Company has a loss on biological assets of $306,000 for Q3 2013 (Q3 2012: gain of $1,103,000) and a loss of $100,000 for the nine months to September 30, 2013 (Q3 2012: gain of $3,885,000). As a result of the valuation there is a release for deferred tax of $107,000 for Q3 2013 (Q2 2012: $247,000) and $35,000 for the nine months to September 30, 2013 (2012: $1,360,000). Deferred tax is calculated at a rate of 35% on the biological gain, a reduction of 5% from the rate applicable in the first nine months of 2012.

Net Loss

(Expressed in thousands of US dollars)	Three months ended September 30			Nine months ended September 30		
	2013	2012	% change	**2013**	2012	% change
Net loss	**3,828**	1,948	97%	**9,284**	5,043	84%

The net loss for Q3 2013 was $3,828,000 (Q3 2012: $1,948,000) which is equivalent to $0.01 per share (Q3 2012: $0.01). For the nine months to September 30, 2013, the net loss was $9,284,000 (nine months to September 30, 2012: $5,043,000) which is equivalent to $0.03 per share (nine months to September 30, 2012: $0.03).

Net Loss Attributable to Non-controlling Interests

The net loss attributable to non-controlling interests for the quarter ended September 30, 2013 was $857,000 (Q3 2012: $107,000) which represents the share of losses attributable to the 23.7% and 20% holdings in PHC and Feronia Arable respectively. The net loss attributable to non-controlling interests for the nine months ended September 30, 2013 was $1,720,000 (nine months ended September 30, 2012: $818,000).

COMPARISON OF FINANCIAL CONDITION

The following table provides a comparison of the Company's financial condition as at September 30, 2013 compared to December 31, 2012:

(Expressed in US dollars)	**September 30**	December 31	
	2013	2012	% Change
Total current assets	**5,579,000**	6,768,000	(18%)
Total current liabilities	**5,986,000**	7,777,000	(23%)
Working capital	**(407,000)**	(1,009,000)	60%
Total shareholder's equity	**27,864,000**	31,860,000	13%

SUMMARY OF QUARTERLY RESULTS

The following table provides summary financial data for the Company's last eight quarters ended September 30, 2013:

(Expressed in thousands of US dollars, except per share amounts)	Sep 30 2013	Jun 30 2013	Mar 31 2013	Dec 31 2012
Revenues	2,282	2,182	1,212	1,029
Net Income (loss) from continuing operations attributable to owners of the parent	(2,970)	(1,988)	(2,606)	(1,655)
Net Income (loss) per share from continuing operations attributable to owners of the parent – Basic	(0.01)	(0.01)	(0.01)	(0.01)
Net Income (loss) per share from continuing operations attributable to owners of the parent - Diluted	(0.01)	(0.01)	(0.01)	(0.01)

(Expressed in thousands of US dollars, except per share amounts)	Sep 30 2012	Jun 30 2012	Mar 31 2012	Dec 31 2011
Revenues	2,143	2,025	1,934	3,011
Net Income (loss) from continuing operations attributable to owners of the parent	(1,842)	19	(2,403)	(4,793)
Net Income (loss) per share from continuing operations attributable to owners of the parent – Basic	(0.01)	0.00	(0.02)	(0.04)
Net Income (loss) per share from continuing operations attributable to owners of the parent - Diluted	(0.01)	0.00	(0.02)	(0.04)

Notes:

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

(2) Information in the above table is presented in accordance with IFRS and in U.S. dollars.

CASHFLOWS AND LIQUIDITY

The cash balance at September 30, 2013 was $463,000 compared to $1,260,000 as at December 31, 2012. The reduction in the cash balance of $797,000 was a result of a net cash loss from operations of $8,163,000, capital expenditure of $5,933,000 and an increase in working capital of $1,008,000 offset by the issue of shares for cash of $14,393,000.

The cash outflow attributable to the increase in working capital during the nine months to September 30, 2013 of $1,008,000 (nine months to September 30, 2012: Cash inflow of $2,491,000) comprised of an increase in accounts receivable of $727,000, a decrease in inventory of $677,000, a decrease in accounts payable of $1,399,000 and a decrease in prepayments of $442,000.

Cash inflows from financing activities during Q3 2013 were $Nil (Q3 2012: $6,846,000). Financing activities for the nine months to September 30, 2013 totalled $14,393,000 (nine months to September 30, 2012: $6,886,000).

Investing activities resulted in cash outflows of $5,933,000 for the nine months ended September 30, 2013 (nine months to September 30, 2012: $9,216,000).

Cash Used in Operating Activities

(Expressed in thousands of US dollars)	Nine months ended September 30		
	2013	2012	% change
Cash used in Operating Activities	**9,170**	4,820	90%

LIQUIDITY AND CAPITAL RESOURCES

The Company recorded net cash outflows in operations and investing activities for the 2012 calendar year 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 and November 15, 2013, the Company completed the first and second tranches, respectively, of a private placement financing of Common Shares for aggregate gross proceeds of $25 million. Pursuant to the financing, the Company issued an aggregate of 261,195,050 Common Shares at a price of CDN$0.10 per share. The proceeds are being used by the Company for working capital and capital expenditure purposes.

On November 8, 2013, the Company also entered into a convertible loan facility with CDC Group plc. ("CDC"), pursuant to which CDC will make available an unsecured non-revolving term loan (the "ESG Facility") in the maximum amount of $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 Environmental and Social Action Plan developed jointly with CDC. The principal under the ESG Facility will be convertible into Common Shares on the maturity date and in certain other circumstances at a rate of CDN$0.24 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$0.24 and the Discounted Market Price (as defined in TSXV policy) at the time of conversion.

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. See "Risks and Uncertainties" below.

Major outstanding anticipated capital expenditure cash requirements (other than expenditures for oil palm rehabilitation and planting and the implementation of the Company's ESAP) as at the date of this MD&A relate to work completed on the new oil palm mill at Yaligimba (estimated to be $160,000) but not yet paid.

OUTLOOK

The Company's strategy for its oil palm plantations business continues to be to maximize returns from existing plantings whilst investing in new plantings and the required processing capacity. Having met and surpassed its annual 5,000 hectare replanting target for 2013 in October 2013, the Company is confident that it can continue to meet its replanting objectives. The new Yaligimba palm oil mill commenced production of CPO in October 2013 and now provides the Company with access to an additional 3,757 hectares of mature oil palms for the production of CPO, an increase of 62.1% on the area previously available for commercial production. The Yaligimba mill allows the Company to maximise production from legacy plantings and provides substantial excess processing capacity and expansion potential to accommodate anticipated production from its current aggressive replanting g programme.

The Company has also made progress in establishing commercially viable rice yields at its arable operation, has established a pricing formula, is making sales to a growing number of high quality local counterparties and is experiencing considerable interest in its produce. The Company continues to evaluate how to prudently expand its arable farming operations and is also engaged with a number of parties who are developing strategies to advance arable farming in the region including smallholder engagement programmes.

In summary, the key objectives of the Company for the remainder of 2013 are as follows:

(i) refine FFB harvest and evacuation procedures at Yaligimba to enable FFB production and mill utilisation to be maximised following the resumption of harvesting 3,757 ha of producing palms;

(ii) continue land preparations for 5,000 hectare oil palm replanting programme in 2014; and

(iii) prudently advance arable farming operation.

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 two refining factories located in Kinshasa. A refining factory owned by Marsavco currently purchases the majority of the Company's crude oil production. The Company and its predecessors have been selling crude palm oil and

palm kernel oil to the refinery operated by Marsavco and its predecessors for over 20 years. Pursuant to the terms of a verbal arrangement between the Company and Marsavco, Feronia notifies Marsavco on a monthly basis regarding the product tonnage that will be made available for sale and the applicable price of the product based on the international CIF Rotterdam prices for crude palm oil and palm kernel oil. The value of the cargo is calculated based on the product tonnage and price. Although the Company has a good business relationship with Marsavco, there are risks associated with the existing arrangement. See the Company's annual management's discussion and analysis for the year ended December 31, 2012, available at www.sedar.com, under "Risk Factors".

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. For example, the Company was unable to meet its 2011 arable farming growth objectives primarily due to a delay in the planting of its rice crop and adverse weather conditions.

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 Agricultural 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.

As previously disclosed, the Company is aware of various reports suggesting that proposals to amend the Agriculture Law have been tabled to the DRC parliament. The Company is unable to verify such reports and, as a result, is continuing to monitor the situation and is reviewing various alternatives for a number of possible outcomes. At this time, management has determined that it is in the best interest of the Company to take no action in respect of the Agriculture Law.

RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties:

Purchase of services from key management personnel

(Expressed in US dollars)	**For the three months ended September 30,**		**For the nine months ended September 30,**	
Purchase of services:	**2013**	**2012**	**2013**	**2012**
Board fees				
Barnabe Kikaya-Bin-Karubi	5,000	-	15,000	-
David White	9,803	-	23,436	-
Nigel Gourlay	12,500	7,391	37,500	7,391
Joel Strickland	11,250	10,846	33,819	10,846
Philip Condon	5,000	-	15,000	-
Anders Einarsson **	6,270	-	25,693	-
Vincent McAleer **	1,141	-	1,141	-
	50,964	**18,237**	**151,589**	**18,237**

** Vincent McAleer replaced Anders Einarsson as one of the two nominees of African Agriculture Fund on the Board on September 9, 2013.

Purchase of consultancy services and property rental payments

(Expressed in US dollars)	For the three months ended September 30,		For the nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Barnabe Kikaya-Bin-Karubi [1]	37,500	39,600	112,500	111,600
Raymond Batanga [2]	-	43,647	10,000	130,904
Danesh Varma [3]	-	19,666	34,718	60,422
	37,500	**102,913**	**157,218**	**302,926**

Notes:

1) In relation to rental payment for use of a building owned by Mr. Bin-Karubi for office space and accommodation.
2) In relation to Mr. Batanga's service a Chief Operating Officer.
3) In relation to services provided by Mr Varma, the Company's former Chief Financial Officer and rent paid for office accommodation.

Purchase of service from an entity controlled by close family member of key management personnel

(Expressed in US dollars)	For the three months ended September 30,		For the nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Sangeet Sood	-	20,000	-	80,000

Purchase of services from an entity controlled by a close family member of key management personnel consists of payment to a company controlled by the spouse of Mr. Ravi Sood, the current Executive Chairman of the Company, in relation to the provision of corporate development services.

Key management compensation

Key management includes members of the board of directors and officers of the Company. The compensation paid or payable to key management for employee services is shown below:

(Expressed in US dollars)	For the three months ended September 30,		For the nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Salaries and short-term employee benefits	231,584	111,985	540,312	302,813

(Expressed in US dollars)	For the three months ended September 30,		For the nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Change in fair value of share-based payments	23,431	19,189	93,233	222,545

Payables to related parties

(Expressed in US dollars)

	Sept 30, 2013	Dec 31, 2012
Board of Directors fees	50,965	-
Other Consultancy fees	45,000	69,864
	95,965	69,864

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

SUMMARY OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of Common Shares, of which 551,876,107 Common Shares are issued and outstanding as of the date of this MD&A. In addition, the Company has CDN$5,363,000 principal amount of Debentures which are convertible into 30,645,714 Common Shares, warrants outstanding to purchase up to an aggregate of 8,940,121 Common Shares, broker warrants outstanding to purchase up to 2,729,785 Common Shares and options outstanding to purchase up to 10,309,962 Common Shares. Assuming the exercise or conversion of all of the outstanding Debentures, warrants, broker warrants and options, an aggregate of 604,701,689 Common Shares will be issued and outstanding on a fully diluted basis. As of the date of this MD&A, no funds have been advanced to the Company under the ESG Facility and, as a result, no Common Shares are issuable thereunder.

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, 2012, 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, 2012, 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.