

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Feronia Inc. (the “**Issuer**” or the “**Company**”)
Suite 1800
181 Bay Street
Toronto, Ontario
M5J 2T9

Item 2. Date of Material Change

July 20, 2020

Item 3. News Release

A news release reporting the material change was issued on July 20, 2020 through the services of Globe Newswire and subsequently filed on SEDAR.

Item 4. Summary of Material Change

On July 20, 2020, the Issuer announced that it had entered into a definitive purchase agreement (the “**Purchase Agreement**”) with Straight KKM 2 Limited (“**KKM**” or the “**Purchaser**”) that provides for the acquisition by KKM of the Company’s assets (the “**Purchased Assets**”), including its direct and indirect equity interests in its operating subsidiary, Plantations et Huileries du Congo (“**PHC**”).

Under the terms of the Purchase Agreement, the purchase price for the Purchased Assets shall consist of (i) a cash payment of US\$500,000 to be held and utilized by Ernst & Young Inc. (“**E&Y**”) for the payment of costs relating to the transactions contemplated by the Purchase Agreement and the BIA Proceedings (as defined below); (ii) the assumption of the indebtedness and obligations owing to the Company’s senior lenders; and (iii) the assumption of the indebtedness and obligations of the Company’s subsidiary Feronia Maia Srl owing to CDC Group Plc and KN Agri LLC, an affiliate of KKM. As part of the purchase price, KKM and its consortium of investors have also provided an undertaking to invest a further US\$10 million to fund the operations of PHC. A key condition of entering into the Purchase Agreement was the satisfaction by the Company, CDC Group plc and the Company’s senior lenders with the Purchaser’s written action plan regarding ongoing Environmental, Social and Governance matters for the operations of PHC.

The Purchase Agreement is subject to the Company initiating a proceeding pursuant to Division I, Part III of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA Proceedings**”). The Company expects to file a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to the *Bankruptcy and Insolvency Act* (Canada) to endorse the transactions contemplated by the Purchase Agreement on or about July 22, 2020 and has named E&Y to act as proposal trustee.

Item 5.1. Full Description of Material Change

See the news release attached at Schedule "A".

Item 5.2. Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8. Executive Officer

For further information, contact:

Gilles Marit
Chief Financial Officer
44 (0)7554 521421

Item 9. Date of Report

July 28, 2020



For immediate release

FERONIA INC. ENTERS INTO RESTRUCTURING PURCHASE AGREEMENT

TORONTO, ONTARIO – JULY 20, 2020: Feronia Inc. ("Feronia" or the "Company") (TSX-V: FRN) today announces that, further to its announcement on May 22, 2020 and the subsequent third party sale process announced on June 2, 2020, it has today entered into a definitive purchase agreement (the "Purchase Agreement") with Straight KKM 2 Ltd. ("KKM" or the "Purchaser") that provides for the acquisition by KKM of the Company's direct and indirect equity interests in its operating subsidiary, Plantations et Huileries du Congo ("PHC").

As announced on June 2, 2020, the Company appointed Ernst & Young Inc. and Ernst & Young Orenda Corporate Finance Inc. (collectively "E&Y") as independent financial advisor to conduct the Company's proposed third party sales process and potential restructuring announced on May 22, 2020. As a result of the process, KKM provided the best and sole offer to the Company.

Under the terms of the Agreement, the purchase price for the Purchased Assets shall consist of (i) a cash payment of US\$500,000 to be held and utilized by E&Y for the payment of costs relating to the transactions contemplated by the Purchase Agreement and the BIA Proceedings (as defined below); (ii) the assumption of the indebtedness and obligations owing to the Company's senior lenders; and (iii) the assumption of the indebtedness and obligations of the Company's subsidiary Feronia Maia Srl owing to CDC Group Plc and KN Agri LLC, an affiliate of KKM. As part of the purchase price, KKM and its consortium of investors have also provided an undertaking to invest a further US\$10 million to fund the operations of PHC. A key condition of entering into the Purchase Agreement was the satisfaction by the Company, CDC Group plc and the Company's senior lenders with the Purchaser's written action plan regarding ongoing Environmental, Social and Governance matters for the operations of PHC.

The Company has been provided with a copy of a non-binding term sheet between KKM, CDC and the Company's senior lenders providing for a restructuring of their debt.

The Agreement is subject to the Company initiating a proceeding pursuant to Division I, Part III of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA Proceedings"). The Company expects to file a Notice of Intention to Make a Proposal ("NOI") pursuant to the *Bankruptcy and Insolvency Act* (Canada) to endorse the transactions contemplated by the Purchase Agreement on or about July 22, 2020 and has named Ernst & Young Inc. to act as proposal trustee.

Commenting on the Purchase Agreement, Mr. Walé F. Adeosun, Founder and Chief Investment Officer of Kuramo Capital Management, a principal investor in KKM, said: *"KKM brings together a group of African investment professionals with deep roots in their communities in Africa. We were born and raised in Africa and many of us still live in Africa. As such, ensuring that all our investments achieve success in a responsible manner is very important to us; PHC is no exception."*

Kalaa Mpinga, Founder and Chief Executive Officer of Mafuta Investment Holding and the local investor in KKM commented: *"Having initially invested in Feronia in late 2017, we know the issues PHC faces, including those being looked at under the DFI Lenders' Independent Complaints*

Mechanism; a process we fully support. Through this transaction we are demonstrating our commitment to PHC and the communities associated with its plantations in the Democratic Republic of the Congo. I hope this will encourage my fellow compatriots to also invest in the long neglected agricultural potential of the country."

Larry Seruma, Executive Chairman of Feronia Inc. said: *"KKM and its shareholders' objective has always been to turn PHC into a truly sustainable business, and we look forward to continuing working with CDC, our DFI partners and the DFI's Independent Complaints Mechanism, as we strive to complete this journey.*

"Through this transaction, PHC will become part of a nimbler and more efficient company and the reduction in administrative and corporate costs will allow more money to be invested on PHC's operations in the Democratic Republic of the Congo."

The independent directors of the Company unanimously approved the execution of the Purchase Agreement and the filing of the NOI. Completion of the transactions is subject to a number of conditions, including court approval of the BIA Proceedings. The transaction is expected to close on or before September 7, 2020.

For further information please contact:

Larry Seruma
Executive Chairman, Feronia Inc.
larry.seruma@feronia.com

Paul Dulieu
Director of Communications and
Corporate Development, Feronia Inc.
44 (0)7554 521421
paul.dulieu@feronia.com

About Feronia Inc.

- *Feronia is an agribusiness operating in the Democratic Republic of the Congo (DRC).*
- *At the heart of Feronia lies a long established palm oil business, Plantations et Huileries du Congo (PHC), which has three remotely located plantations; Lokutu, Yaligimba and Boteka.*
- *When Feronia acquired its palm oil business from Unilever in 2009, it had suffered from years of underinvestment and considerable disruption caused by conflict in the DRC. Our initial focus has been on rebuilding the business and resuming production to secure PHC's future and the livelihoods of the thousands of people it employs.*
- *Feronia's plantations produce crude palm oil (CPO) and palm kernel oil (PKO). CPO is part of the staple and traditional diet of the Congolese and, with our products sold locally in the DRC, we are well placed to help decrease reliance on imports and increase food security and quality.*
- *Feronia prides itself on being the guardian of its 109 year-old palm oil business and its employees, communities, and environment. We have a long term commitment to improve the living and working environment of our employees and their communities and are committed to sustainable agriculture, environmental protection and community inclusion. Feronia has in place Environmental and Social Management which is focused on implementing environmental and social best practice and improving social infrastructure.*
- *Feronia is working towards certification by the Roundtable for Sustainable Palm Oil (RSPO) and is implementing IFC/World Bank standards for environmental and social sustainability. Our oil palm replanting programme is brownfield in nature – replacing old palms with new – and it has no reliance on deforestation.*
- *For more information please see www.feronia.com*

Cautionary Notes

Except for statements of historical fact contained herein, the information in this press release constitutes "forward-looking information" within the meaning of Canadian securities law. Such

forward-looking information may be identified by words such as “anticipates”, “plans”, “proposes”, “estimates”, “intends”, “expects”, “believes”, “may” and “will”. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include, among others: risks related to foreign operations (including various political, economic and other risks and uncertainties), the interpretation and implementation of the “Loi Portant Principes Fondamentaux Relatifs A L’Agriculture”, 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 DRC, high inflation rates, limited availability of debt financing in the DRC, fluctuations in currency exchange rates, competition from other businesses, reliance on various factors (including local labour, importation of machinery and other key items and business relationships), the Company’s reliance on two major customers, lower productivity at the Company’s plantations, risks related to the agricultural industry (including adverse weather conditions, shifting weather patterns, and crop failure due to infestations), a shift in commodity trends and demands, vulnerability to fluctuations in the world market, the lack of availability of qualified management personnel and stock market volatility. Details of the risk factors relating to Feronia and its business are discussed under the heading “Risks and Uncertainties” in Feronia’s Management’s Discussion and Analysis for the year ended December 31, 2019, a copy of which is available on the Company’s SEDAR profile at www.sedar.com. Most of these factors are outside the control of the Company. Investors are cautioned not to put undue reliance on forward-looking information. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.