FERONIA INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

(Expressed in United States Dollars – except where otherwise noted)

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May 1, 2017

Independent Auditor's Report

To the Shareholders of
Feronia Inc.

We have audited the accompanying consolidated financial statements of Feronia Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of loss, comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Feronia Inc. and its subsidiaries as at December 31, 2016 and December 31, 2015 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the corporation's ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Consolidated statements of financial position
As at December 31, 2016 and 2015
Expressed in United States Dollars

	Notes	December 31, 2016	December 31, 2015 (Restated Note 4)	January 1, 2015 (Restated Note 4)
Assets				
Current assets				
Cash (excluding bank overdrafts)	9	1,202,112	5,235,624	793,187
Receivables		802,025	686,561	685,360
Inventories	10	7,299,700	6,284,780	5,745,590
Prepaid expenses and other current assets		983,351	4,378,331	1,450,494
		10,287,188	16,585,296	8,674,631
Non-current assets				
Property plant and equipment	6	62,947,040	52,632,978	46,307,925
Other receivables	8	1,455,583	-	-
		64,402,623	52,632,978	46,307,925
Total assets		74,689,811	69,218,274	54,982,556
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	13	11,729,332	9,881,208	6,753,628
Provisions	26	493,032	308,309	268,933
Derivative liability		-	3,219,982	-
Debentures	14	-	29,376,154	-
Borrowings	15	18,185,168	-	
Other financial liabilities	16	1,186,149	1,600,083	746,569
		31,593,681	44,385,736	7,769,130
Long-term Liabilities				
Borrowings	15	4,349,996	8,460,359	5,504,009
Other long-term financial liabilities	16	3,633,920	4,709,417	4,343,353
Deferred tax liabilities	22	821,352	821,503	821,814
		8,805,268	13,991,279	10,669,176
Total liabilities		40,398,949	58,377,015	18,438,306
Shareholders' equity				
Share capital	11	116,133,463	91,606,948	91,425,364
Share-based payment and other reserves	12	2,855,769	7,108,402	2,843,617
Accumulated other comprehensive income (loss)		(464,063)	749,548	732,962
Deficit		(83,882,490)	(74,657,308)	(49,343,232)
Owners of the parent		34,642,679	24,807,590	45,658,711
Non-controlling interest	17	(351,817)	(13,966,331)	(9,114,461)
Total equity		34,290,862	10,841,259	36,544,250
Total equity and liabilities		74,689,811	69,218,274	54,982,556
Going concern	**2**			
Contingent liabilities	**26**			
Subsequent events	**27**			

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

"Ravi Sood", Director "Xavier de Carniere", Director

Consolidated statements of loss
For the years ended December 31, 2016 and 2015

Expressed in United States Dollars

	Notes	2016	2015 (Restated Note 4)
Revenue		16,508,600	10,922,356
Cost of sales	19	(19,558,282)	(10,777,686)
Gross profit (loss)		(3,049,682)	144,670
Expenses			
Selling, general and administrative	18	(10,894,787)	(11,180,832)
Foreign exchange gain (loss) and other income (losses)		4,603,736	(333,747)
Operating loss		(9,340,733)	(11,369,909)
Finance costs	20	(3,556,024)	(11,714,286)
Finance Income	21	3,220,003	982,457
Loss before income tax		(9,676,754)	(22,101,738)
Income tax expense	22	(202,295)	(447,072)
Net loss from continued operations		(9,879,049)	(22,548,810)
Loss from discontinued operations	23	(1,963,036)	(6,880,499)
Net loss for the year		(11,842,085)	(29,429,309)
Loss attributable to:			
Owners of the parent		(9,304,265)	(24,797,071)
Non-controlling interest		(2,537,820)	(4,632,238)
Net loss for the year		(11,842,085)	(29,429,309)
Loss per share			
Basic (dollars per share): continuing operations		(0.03)	(0.32)
Basic (dollars per share): discontinued operations		(0.01)	(0.12)
		(0.04)	(0.45)
Diluted (dollars per share): continuing operations		(0.03)	(0.32)
Diluted (dollars per share): discontinued operations		(0.01)	(0.12)
		(0.04)	(0.45)
Weighted average number of shares outstanding:			
Basic		265,404,380	55,234,930
Diluted		265,404,380	55,234,930

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of comprehensive loss
For the years ended December 31, 2016 and 2015

Expressed in United States Dollars

	Notes	2016	2015 (Restated Note 4)
Net loss for the year		(11,842,085)	(29,429,309)
Other comprehensive income (loss)			
Cumulative translation adjustment :			
Continuing operations		(1,173,403)	27,450
Discontinued operations		(40,937)	(68,749)
Actuarial gain (loss) on employment benefit, net of tax		94,859	(678,752)
Total comprehensive loss for the year		(12,961,566)	(30,149,360)
Total comprehensive loss attributable to:			
Owners of the parent		(10,438,793)	(25,297,490)
Non-controlling interest	17	(2,522,773)	(4,851,870)
		(12,961,566)	(30,149,360)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in equity
For the years ended December 31, 2016 and 2015
Expressed in United States Dollars

	Attributable to owners of the parent						
	Share capital	Share-based payment and other reserves	Accumulated other comprehensive income (loss)	Retained earnings (Deficit)*	Total	Non-controlling interest**	Total equity
Balance, January 1, 2015	91,425,364	2,843,617	732,962	(49,343,232)	45,658,711	(9,114,461)	36,544,250
Net loss for the year	-	-	-	(24,797,071)	(24,797,071)	(4,632,238)	(29,429,309)
Other comprehensive loss (net of tax)	-	-	16,586	-	16,586	(57,885)	(41,299)
Actuarial loss on employment benefit, net of tax	-	-	-	(517,005)	(517,005)	(161,747)	(678,752)
Comprehensive loss for the year	-	-	16,586	(25,314,076)	(25,297,490)	(4,851,870)	(30,149,360)
Convertible debt - Equity Component	-	4,254,700	-	-	4,254,700	-	4,254,700
Share-based compensation	-	10,085	-	-	10,085	-	10,085
Release of benefit of share issue cost	181,584	-	-	-	181,584	-	181,584
Balance, December 31, 2015	91,606,948	7,108,402	749,548	(74,657,308)	24,807,590	(13,966,331)	10,841,259
Balance, January 1, 2016	91,606,948	7,108,402	749,548	(74,657,308)	24,807,590	(13,966,331)	10,841,259
Net loss for the year	-	-	-	(9,304,265)	(9,304,265)	(2,537,820)	(11,842,085)
Other comprehensive loss (net of tax)	-	-	(1,213,611)	-	(1,213,611)	(729)	(1,214,340)
Actuarial gain on employment benefit, net of tax	-	-	-	79,083	79,083	15,776	94,859
Comprehensive loss for the year	-	-	(1,213,611)	(9,225,182)	(10,438,793)	(2,522,773)	(12,961,566)
Convertible debenture - Equity Component	-	(77,413)	-	-	(77,413)	-	(77,413)
Shares issued pursuant to conversion debentures into shares	38,208,231	(4,177,287)	-	-	34,030,944	-	34,030,944
Shares issued for cash (net of share issue costs)	2,455,571	-	-	-	2,455,571		2,455,571
Transactions with non-controlling interest	(16,137,287)	-	-	-	(16,137,287)	16,137,287	-
Share-based compensation	-	2,067	-	-	2,067	-	2,067
Balance, December 31, 2016	116,133,463	2,855,769	(464,063)	(83,882,490)	34,642,679	(351,817)	34,290,862

The accompanying notes are an integral part of these consolidated financial statements.

*Adjusted by $3,518,402 in the retained earnings as of January 1, 2015 due to adoption of changes in IAS 41

**Adjusted by $1,100,742 in the non-controlling interests as of January 1, 2015 due to adoption of changes in IAS 41

Consolidated statements of cash flows
For the years ended December 31, 2016 and 2015
Expressed in United States Dollars

	Notes	2016	2015
			(Restated Note 4)
Cash (used for):			
Operating activities:			
Loss from operating activities		(11,842,085)	(29,429,309)
Items not affecting cash:			
Share-based compensation		2,067	10,085
Amortisation		1,844,697	2,203,701
Impairment of arable assets		1,251,663	4,231,156
Employee incentive liability		(1,489,431)	1,219,578
Deferred tax adjustment		(152)	181,272
Change in derivative liability		(3,219,982)	(982,382)
Debenture accretion expense		822,641	6,093,092
Debenture Issuance expenses		-	3,233,743
Interest on convertible loan and debenture net of capitalised borrowing costs		1,566,591	1,405,928
Unrealised foreign exchange gain		(1,269,111)	-
Loss on disposal of fixed assets		8,827	28,132
Actuarial loss on employment benefit, net of tax		94,859	(678,752)
		(12,229,416)	(12,483,756)
Changes in non-cash working capital:			
Receivables		(115,464)	(1,201)
Prepaid expenses and other assets		1,939,397	(2,927,837)
Inventories		(1,014,921)	(539,189)
Accounts payable and accrued liabilities		602,781	3,166,956
		1,411,793	(301,271)
Cash used in operating activities		(10,817,623)	(12,785,027)
Financing activities:			
Issuance of shares (net of costs)		2,455,571	-
Issuance of debentures for cash (net of costs)		3,083,554	29,591,678
Proceeds from DFI debt facility (net of costs)		13,179,394	-
Cash from financing activities		18,718,519	29,591,678
Investing activities:			
Acquisition of assets		(13,419,247)	(12,322,915)
Cash used in investing activities		(13,419,247)	(12,322,915)
Foreign exchange gain (loss) on currency translation		54,773	(41,299)
(Decrease) increase in cash		(5,463,578)	4,442,437
Cash, beginning of year		5,235,624	793,187
Cash, end of the year	8	(227,954)	5,235,624
Cash paid for income tax		143,772	254,251
Interest paid		1,224,313	507,058

1. Nature of operations

Feronia Inc. ("Feronia" or the "Company"), incorporated under the laws of British Columbia, Canada, operates through its subsidiaries in the business of agriculture, producing palm oil and palm kernel oil in the Democratic Republic of Congo (the "DRC").

Feronia Maia sprl. ("Feronia Maia"), a wholly owned subsidiary of the Company, was incorporated under the laws of the Belgium by Memorandum and Articles of Association dated December 3, 2015. On December 3, 2015, Feronia CI Inc. contributed its investments in and loan receivables from foreign subsidiaries to Feronia Maia in exchange for shares in Feronia Maia.

Feronia Incorporated Services Limited ("FISL"), a private company incorporated under the laws of England and Wales by the Memorandum and Articles of Association dated March 29, 2010, is 100% owned by Feronia Maia.

Plantations Et Huileries du Congo S.A ("PHC"), a private company incorporated under the laws of the DRC, is 83.37 % owned or controlled by the Company.

Feronia PEK sarl. ("Feronia PEK"), a private company incorporated under the laws of the DRC on October 1, 2010, is 80% owned by Feronia Maia.

Kimpese Agro Industrie sarl ("KAI"), a private company incorporated under the laws of the DRC on April 4, 2011, is 100% owned by Feronia Maia.

Feronia RDC sarl ("Feronia RDC"), a private company incorporated under the laws of the DRC on February 5, 2014, is 100% owned by Feronia Maia.

Collectively, the Company and its subsidiaries referred to above are known as "the Group".

The assets of the Group that are located in the DRC are subject to a number of risks, including but not limited to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, legislative changes (including the interpretation of existing legislation in a manner adverse to the Group's interests), political uncertainty and currency exchange fluctuations and restrictions.

The Company's registered office is 1000 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8. The Company is governed by the law of the Province of British Columbia, Canada.

As previously reported, on December 24, 2011, the government of the DRC promulgated a new law, "Loi Portant Principes Fondamentaux Relatifs A L'Agriculture" (the "Agriculture Law"), for the stated purposes of developing and modernizing the country's agricultural sector. The Agriculture Law has garnered some controversy with respect to various provisions, including a provision which purports to limit the rights of foreign corporations to farmland in the DRC. Certain agribusinesses in the DRC have raised concerns that this provision may impede existing and new foreign investment in the agricultural sector. In particular, Article 16 of the Agriculture Law appears to impose a requirement that a holder of farmland in the DRC be either a DRC citizen or, in the case of a corporation, that such corporation be incorporated in the DRC and be majority owned by the DRC government and/or by DRC citizens. Currently, Feronia's primary operating subsidiaries, PHC and Feronia PEK are owned 16.63% by the DRC government and 20% by a private DRC corporation, respectively.

The Group 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 Group'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 Group and the Agriculture Law is not amended, it could have a material and substantial adverse effect on the value of the Group's business and its share price. In such case, the Group 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. 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.

The Group is continuing to monitor the status of the Agricultural Law 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 Group to take no action in respect of the Agriculture Law.

2. Basis of presentation and going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (“IFRS” as issued by the International Accounting Standards Board (“IASB”) on a going concern basis, which assume that the Group will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future.

At December 31, 2016 the Company had debentures with carrying value of $4,869,313 (December 31, 2015 – $29,376,154) maturing in July 2017 and $13,315,855 of the DFI Debt Facility (as defined below) (December 31, 2015 – nil) classified as current liabilities, the latter as a result of the breach of the equity solvency ratio (refer to note 15 (c). It is management’s view that funds drawn down to date from the DFI Debt Facility will not be sufficient to see the Group through to profitability and future drawdowns are dependent on the Company being able to meet additional conditions precedent. The Group also currently does not have funds to repay the debentures that mature in July 2017. The Group’s ability to continue as a going concern, therefore, is dependent on its ability to meet these conditions precedent in order to draw-down on the remainder of the DFI Debt Facility (as defined below) and obtaining additional working capital from other sources. To improve the Group’s working capital position, management has ongoing discussions with its major shareholders and debt providers. Subsequent to year-end, the Group drew down a further $10 million from the DFI Debt Facility. Management also continues to pursue financing alternatives to fund the Group’s activities through 2017 and beyond.

Although the Group has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Group.

These conditions indicate uncertainty that may cast significant doubt as to the ability of the Group to meet its obligations as they come due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Group were unable to realize the assets to settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. These financial statements were approved by the board of directors of the Company for issue on May 1, 2017.

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for items which are measured at fair value as indicated in the accounting policies.

Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by Feronia and deconsolidated from the date that control ceases.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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.

Foreign currency translation
The consolidated financial statements are presented in United States Dollars ($), which is the functional currency of some of the subsidiaries. The functional currency of each entity within the group is the currency of the primary economic environment in which it operates.

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 consolidated statement of loss.

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 USD 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 USD 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 (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). Exchange differences are recognized in other comprehensive income (loss) as cumulative translation adjustments. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to the statement of comprehensive income (loss) and recognized as part of the gain or loss on disposal.

Segment reporting
During 2016, the Group discontinued the arable farming operations, which have been classified as discontinued operations. Before the discontinuance of the arable farming operations, the Group had two operating and reporting segments.

The operating segments are the Group’s foreign operation in DRC and corporate operations. The DRC operation is principally engaged in producing and processing palm oil. Revenue from the oil palm plantations accounted for 100% of the Group’s revenue in 2016 and 97% of the Group’s crude palm oil production was sold to its two biggest customers.

The Group’s non-current assets are located in the DRC. Non-current assets located at the corporate offices in the UK are not significant.

Revenue
Revenue represents the invoiced value of crops and produce sold during the period, excluding sales taxes.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied, 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 transferred which occurs when the palm oil is weighed and quality tested. The Group retains no continuing managerial involvement associated with the ownership or effective control over the goods, the amount can be measured reliably, it is probable that the economic benefits with the transaction will flow to the Group and the costs incurred in respect of the transaction can be measured reliably. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken delivery of the goods.

Palm oil is shipped by barge from the plantation to the customer’s factory. The lead time that is required for the delivery of goods to customers is between two to three weeks from the point of the barge leaving the Group’s plantation to delivery at the customer’s factory. As at December 31, 2016, the amount of oil in transit amounted to $591,883. Paddy rice is transferred from the farm to the Group’s main rice mill. It is processed into an edible form and sold directly from the mill to customers.

After arriving at the factory the customer weighs the goods, takes ownership, assumes the risk of loss and is invoiced by the Group. At this point, revenue is recognized by the Group.

Loss per share

Basic loss per common share is calculated based on the weighted average number of common shares issued and outstanding during the year. Basic and diluted losses per share are the same, as the effect of potential issuances of shares from exercises of stock options, convertible debentures and warrants would be anti-dilutive.

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'.

Property, plant and equipment

Buildings, furniture and other equipment (comprising fittings and furniture) are carried at acquisition cost or manufacturing cost less subsequent depreciation and impairment losses. Bearer assets comprise palm trees which are measured at cost less depreciation and impairment. The cost comprises pre-cropping expenditure incurred from land clearing to the point of maturity.

Leased buildings and equipment are included in property, plant and equipment if the entity is expected to consume substantially all of the risks and rewards of ownership of the asset. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

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.

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.

Depreciation is recognized on a straight-line basis on cost less the estimated residual value of plant and equipment as follows:

- 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

Bearer assets are depreciated based on the yield profile of the trees over their lives.

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of the replaced part is derecognized when replaced.

Residual value, methods of depreciation and estimates of useful life are reviewed at least annually and adjusted if appropriate.

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 immature trees and are measured at cost. Cost comprises directly attributable costs of acquisition or construction. Assets under construction are not depreciated. Completed items are transferred from assets under construction to appropriate categories of property and equipment when they are ready for their intended use.

Biological assets

Under the revised IAS 41 "Agriculture", biological assets are measured at fair value less costs to sell. Fruit on trees is considered to be a biological asset.

Impairment testing of 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).

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.

Impairment losses are charged on a pro rata basis to the long-lived assets (excluding biological assets) in the cash-generating unit. 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

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.

Loans and receivables are reviewed for impairment at least each reporting date and are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

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.

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 income and losses'.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss (“FVTPL”) or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at the amount to be paid, less a discount (when material) to reduce financial liabilities to fair value. Other financial liabilities are measured subsequently at amortized cost using the effective interest method. The Group’s other financial liabilities include accounts payable, accrued liabilities, borrowings and debentures.

Financial liabilities classified as FVTPL are measured initially and subsequently at fair. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of loss.

Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Derivatives are valued with the main inputs to the valuation being the underlying stock price and conversion price, credit spread of the Company, volatility of the underlying stock price, and discount factor curve. The Group's financial liabilities at FVTPL include derivative liability.

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

Lease costs

The Group has concession on the plantations pursuant to revolving 25 year leases which provide the Group with the right to occupy and develop the land. Accordingly, the Group includes the annual cost of the lease in cost of sales.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes the fair value of harvested FFB (as defined below), 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 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

Cash includes cash on hand and demand deposits held with banks.

Equity and reserves
Incremental costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

Deficit includes all current and prior period retained losses.

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 stock options are exercised, forfeited, lapse or expire and warrant reserve includes broker warrants issued in connection with share offerings.

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 cash settlement.

All services received in exchange for the grant of any share-based payment are measured at their grant date 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 share based payment reserves.

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 stock 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 stock 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 stock options ultimately exercised are different to that estimated on vesting.

The share purchase plan (''SPP'') introduced in 2011 is an equity settled share option plan accounted for under IFRS 2. The SPP share options are Zero Exercise Price Options and the fair value is the share price at the date of the share issue. The charge is accrued evenly over the life of the SPP share options.

Employee incentive liability
The Group has an employee incentive plan covering substantially all of its employees in the DRC 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 in the consolidated statements of loss, represents the cost of benefits earned by employees as services are rendered. The cost reflects management's best estimates of the plan's wage and salary escalation, 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 future salary levels, completed years of service and ages at which members will retire. Discount factors are determined close to each period-end by reference to government 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 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 that will more likely than not 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.

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.

Critical accounting judgements

Going concern
Refer to note 2.

Functional Currency
The functional currency of each of the Group's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment and the Group reconsiders the functional currencies of its entities if there is a change in events and conditions which determined the primary economic environment.

Key sources of estimation

Valuation of biological assets
The key assumptions underlying the valuation of the biological assets are set out in note 4 and 7.

Impairment of assets
When there are indications that an asset may be impaired, the Group is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value-in-use and fair value less costs of disposal. During the years ended December 31, 2016 and 2015, the estimates of the recoverable amount for the arable cash generating unit were determined based on management's assessment of its recoverable fair value less costs to dispose using a market-based approach. In estimating fair value less costs of disposal, management's judgement was involved in interpreting third-party information to arrive at a measurement of the recoverable amount of the cash generating unit.

Derivative liability
The Group has used an option pricing model to estimate the fair value of derivative liabilities. The Group has estimated the fair value of the conversion features of the debentures issued.

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 future salary levels, completed years of service and ages at which members will retire. Discount factors are determined close to each year-end by reference to government 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.

Accounting standards issued but not yet adopted

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Group reviewed the new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Group:

The final version of IFRS 9, Financial Instruments, was issued the IASB in July 2014 and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit and loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however it is available for early adoption. In addition, the own credit changes can be adopted early in isolation without otherwise changing the accounting for financial instruments. The Group has yet to assess the full impact of IFRS 9 and has not yet determined when it will adopt the new standard.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, supersedes IAS 18, Revenue, IAS 11 Construction Contracts and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single model to determine how and when an entity should recognize revenue, as well as requiring entities to provide more informative, relevant disclosures in respect of its revenue recognition criteria. IFRS 15 is to be applied prospectively and is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Group is in the process of evaluating the impact that IFRS 15, may have on the Group's consolidated financial statements.

In January 2016, the IASB issued IFRS 16 – *Leases* which established the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces that previous leases Standard, IAS 17, *Leases*, and related interpretations. IFRS 16 is effective from January 1, 2019 though a company can choose to apply IFRS 16 before that date but only in conjunction with IFRS 15, *Revenue from Contracts with Customers*. The Group is currently assessing the impact of this standard.

New Accounting standards adopted during the year

As of January 1, 2016, the Group adopted the new and amended IFRS pronouncements in accordance with the transitional provisions outlined in the respective standards as listed below.

The Group has adopted the revised IAS 16, 'Property, plant and equipment' ("IAS 16") and IAS 41, 'Agriculture' ("IAS 41") in these financial statements. Comparative amounts have been restated to bring them in line with this change in accounting policy (see note 4).

Under the revised IAS 41, there is a requirement for biological assets to be measured at fair value less costs to sell. Fruit on trees is considered to be a biological asset.

Oil palms are harvested continuously throughout the year and at any given time the amount of fresh fruit bunches ("FFB") on each tree will be at different stages depending on production cycle, age, rainfall, terrain and climate. With more than 2,000,000 palms of fruit bearing trees across the plantations it is not feasible to undertake a detailed census of each individual palm. In addition to calculating the number of FFB on the trees, it is also very difficult to estimate the ripeness of the fruit, which is key to determining its value. The full lifecycle of a FFB is approximately 22 months with most of the oil content being created in

the last few weeks. In our specific case, as all three plantations are undergoing rehabilitation and approximately 70% of the trees are very young, therefore greater volatility is added to these estimates.

As an alternative to undertaking a detailed census of FFB at the reporting date, the Group has estimated fair value based on harvest round profiles and current harvesting levels. Harvest rounds refer to the frequency each block is harvested and so provides a reasonable indicator as to the availability of ripe fruit on the trees. Based on this, the Group has estimated that the value of fruit on the tree at any point in time is equivalent to approximately 7 days of production.

Due to the very young age profile of our trees current production levels are low but increasing year over year. In order to calculate the amount of ripe fruit on trees the amount has been estimated based on average production for the quarter preceding the valuation date. Using the current average oil extraction rate ("OER") provides an estimate of the amount of crude palm oil ("CPO") that would be produced. Multiplying this by the average selling price of CPO less the costs of producing the oil provides an estimate of the value of the fruit on the trees.

4. Impact of adoption of amended IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture'

As of January 1, 2016, the Group adopted the revised IAS 16 and IAS 41 for its financial statements. Due to these amendments, "bearer plants" are accounted for at historical cost rather than fair value. Comparative amounts have been restated to bring them in line with this change in accounting policy.

Below is the restatement on the statement of financial position, statements of loss, comprehensive loss, changes in equity and cash flow:

Change in of Consolidated statements of financial position due to change in Accounting standard
Expressed in United States Dollars

	December 31, 2015 As reported	**December 31, 2015 (Restated)**	Difference
Assets			
Current assets			
Cash	5,235,624	**5,235,624**	-
Receivables	686,561	**686,561**	-
Inventories	6,284,780	**6,284,780**	-
Prepaid expenses and other current assets	4,378,331	**4,378,331**	-
	16,585,296	**16,585,296**	-
Non-current assets			
Non-current biological assets	41,612,821	-	(41,612,821)
Property plant and equipment	23,587,896	**52,632,978**	29,045,082
	65,200,717	**52,632,978**	(12,567,739)
Total assets	81,786,013	**69,218,274**	(12,567,739)
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9,881,208	**9,881,208**	-
Provisions	308,309	**308,309**	-
Derivative liability	3,219,982	**3,219,982**	-
Debentures	29,376,154	**29,376,154**	-
Other financial liabilities	1,600,083	**1,600,083**	-

	44,385,736	**44,385,736**	-
Long-term Liabilities			
Borrowings	8,460,359	**8,460,359**	-
Other long-term financial liabilities	4,709,417	**4,709,417**	-
Deferred tax liabilities	13,526,854	**821,503**	(12,705,351)
	26,696,630	**13,991,279**	(12,705,351)
Total liabilities	71,082,366	**58,377,015**	(12,705,351)
Shareholder's equity			
Share capital	91,606,948	**91,606,948**	-
Share-based payment and other reserves	7,108,402	**7,108,402**	-
Accumulated other comprehensive income	749,548	**749,548**	-
Deficit	(74,762,127)	**(74,657,308)**	104,819
Owners of the parent	24,702,771	**24,807,590**	104,819
Non-controlling interest	(13,999,124)	**(13,966,331)**	32,793
Total equity	10,703,647	**10,841,259**	137,612
Total equity and liabilities	81,786,013	**69,218,274**	(12,567,739)

Change in of Consolidated statements of financial position due to change in Accounting standard
Expressed in United States Dollars

	January 1, 2015 As reported	**January 1, 2015 (Restated)**	Difference
Assets			
Current assets			
Cash	793,187	**793,187**	-
Receivables	685,360	**685,360**	-
Inventories	5,745,590	**5,745,590**	-
Prepaid expenses and other current assets	1,450,494	**1,450,494**	-
	8,674,631	**8,674,631**	-
Non-current assets			
Non-current biological assets	22,123,581	**-**	(22,123,581)
Property plant and equipment	24,924,894	**46,307,925**	21,383,031
	47,048,475	**46,307,925**	(740,550)
Total assets	55,723,105	**54,982,556**	(740,550)
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6,753,628	**6,753,628**	-
Provisions	268,933	**268,933**	-
Other financial liabilities	746,569	**746,569**	-
	7,769,130	**7,769,130**	-
Long-term Liabilities			

Borrowings	5,504,009	**5,504,009**	-
Other long-term financial liabilities	4,343,353	**4,343,353**	-
Deferred tax liabilities	6,181,508	**821,814**	(5,359,694)
	16,028,870	**10,669,175**	(5,359,694)
Total liabilities	23,798,000	**18,438,306**	(5,359,694)
Shareholder's equity			
Share capital	91,425,364	**91,425,364**	-
Share-based payment and other reserves	2,843,617	**2,843,617**	-
Accumulated other comprehensive income	732,962	**732,962**	-
Deficit	(52,861,634)	**(49,343,232)**	3,518,402
Owners of the parent	42,140,309	**45,658,711**	3,518,402
Non-controlling interest	(10,215,203)	**(9,114,461)**	1,100,742
Total equity	31,925,106	**36,544,250**	4,619,144
Total equity and liabilities	55,723,105	**54,982,556**	(740,550)

Change in condensed consolidated interim statements of loss due to change in accounting standards
For the year ended December 31, 2015

Expressed in United States Dollars

	2015 As reported	**2015** **(Restated)**	Difference
Revenue	10,936,308	**10,922,356**	(13,952)
Cost of sales	(14,367,183)	**(10,777,686)**	3,589,497
Impairment of arable assets	(4,231,156)	**-**	4,231,156
Gross profit (loss)	(7,662,031)	**144,670**	7,806,701
Expenses			
Selling, general and administrative	(13,479,667)	**(11,180,832)**	2,298,835
Other income (losses)	(154,240)	**(333,747)**	(179,507)
Operating loss	(21,295,938)	**(11,369,909)**	9,926,029
Gain (loss) on biological assets	15,036,805	-	(15,036,805)
Loss before finance costs and taxes	(6,259,133)	**(11,369,909)**	(5,110,776)
Finance costs	(11,745,222)	**(11,714,286)**	30,936
Finance Income	982,457	**982,457**	-
Loss before income tax	(17,021,898)	**(22,101,738)**	(5,079,840)
Income tax expense	(7,925,879)	**(447,072)**	7,478,807

Net loss from continued operations	(24,947,777)	**(22,548,810)**	2,398,967
Loss from discontinued operations	-	**(6,880,499)**	(6,880,499)
Net loss for the year	(24,947,777)	**(29,429,309)**	(4,481,532)
Loss attributable to:			
Owners of the parent	(21,383,488)	**(24,797,071)**	(3,413,583)
Non-controlling interest	(3,564,289)	**(4,632,238)**	(1,067,949)
Net loss for the year	(24,947,777)	**(29,429,309)**	(4,481,532)
Loss per share			
Basic (dollars per share): continuing operations	(0.39)	(0.33)	0.06
Basic (dollars per share): discontinued operations	-	(0.12)	(0.12)
	(0.39)	(0.45)	(0.06)
Diluted (dollars per share): continuing operations	(0.39)	(0.33)	0.06
Diluted (dollars per share): discontinued operations	-	(0.12)	(0.12)
	(0.39)	(0.45)	(0.06)
Weighted average number of shares outstanding:			
Basic	55,234,930	**55,234,930**	-
Diluted	55,234,930	**55,234,930**	-

Change in condensed consolidated interim statements of comprehensive loss due to change in accounting standards
For the year ended December 31, 2015

Expressed in United States Dollars

	2015 As reported	**2015** **(Restated)**	Difference
Net loss for the year	(24,947,777)	**(29,429,309)**	(4,481,532)
Other comprehensive income (loss)			
Cumulative translation adjustment			
Continuing operations	-	**27,450**	27,450
Discontinued operations	(41,299)	**(68,749)**	(27,450)
Actuarial loss on employment benefit, net of tax	(678,752)	**(678,752)**	-
Total comprehensive loss for the year	(25,667,828)	**(30,149,360)**	(4,481,532)

Total comprehensive loss attributable to:

Owners of the parent	(21,883,907)	**(25,297,490)**	(3,413,583)
Non-controlling interest	(3,783,921)	**(4,851,870)**	(1,067,949)
	(25,667,828)	**(30,149,360)**	(4,481,532)

Change in Condensed consolidated interim statements of cash flows due to change in accounting standards
For the year ended December 31, 2015
Expressed in United States Dollars

	December 31, 2015 As reported	December 31, **2015 (Restated)**	Difference
Cash (used for):			
Operating activities:			
Loss from operating activities	(24,947,777)	**(29,429,309)**	(4,481,532)
Items not affecting cash:			
Share-based compensation	10,085	**10,085**	-
Amortisation	1,945,632	**2,203,701**	258,069
Impairment of arable assets	4,231,156	**4,231,156**	-
Employee incentive liability	1,219,578	**1,219,578**	-
Fair value (gain) loss on biological assets	(15,036,805)	**-**	15,036,805
Deferred tax on biological asset	7,345,657	**-**	(7,345,657)
Deferred tax adjustment	181,272	**181,272**	-
Change in derivative liability	(982,382)	**(982,382)**	-
Debenture accretion expense	6,093,092	**6,093,092**	-
Debenture Issuance expenses	3,233,743	**3,233,743**	
Interest on convertible loan and debenture net of capitalised borrowing costs	1,405,928	**1,405,928**	-
Loss on disposal of fixed assets	28,132	**28,132**	-
Actuarial (loss) gain on employment benefit, net of tax	(678,752)	**(678,752)**	-
	(15,951,441)	**(12,483,756)**	3,467,685
Changes in non-cash working capital:			
Receivables	(1,201)	**(1,201)**	-
Prepaid expenses and other current assets	(2,927,837)	**(2,927,837)**	-
Inventories	(539,189)	**(539,189)**	-
Accounts payable and accrued liabilities	3,166,956	**3,166,956**	-
	(301,271)	**(301,271)**	-
Cash used in operating activities	(16,252,712)	**(12,785,027)**	3,467,685

Financing activities:			
Issuance of shares, debentures & warrants and debts for cash (net of costs)	29,591,678	**29,591,678**	-
Cash from financing activities	29,591,678	**29,591,678**	-
Investing activities:			
Acquisition of assets	(8,855,230)	**(12,322,915)**	(3,467,685)
Cash used in investing activities	(8,855,230)	**(12,322,915)**	(3,467,685)
Foreign exchange loss on currency translation	(41,299)	**(41,299)**	-
Increase in cash	4,442,437	**4,442,437**	-
Cash, beginning of year	793,187	**793,187**	-
Cash, end of the year	5,235,624	**5,235,624**	-
Cash paid for income tax	254,251	**254,251**	-
Interest paid	507,058	**507,058**	-

5. Segment reporting and economic dependence

Management has determined the operating segments based on the information reviewed by the Group's chief operating decision-maker. With the discontinuation of arable operations, for management purposes, the Group's operations have been split into two segments:

- Oil Palm Plantations (Palm Oil) – large scale oil palm plantations; and
- Corporate.

Each segment is considered to be a distinct strategic operating unit and the segments are organised and managed separately. Performance is evaluated based on revenue and operating income. Corporate costs represent primarily professional and legal fees, board of directors' expenses and securities regulatory and stock exchange filing and listing fees that are not allocated to the operations. During the year ended December 31, 2016, Palm Oil sold to the Group's two largest customers representing 97% of total sales within the segment, with sales to the Group's biggest customer representing 50% of total sales.

For the year ended December 31, 2016:	**Palm Oil**	**Corporate**	**Total**
Revenue	16,508,600	-	16,508,600
Operating loss	(7,682,476)	(1,658,257)	(9,340,733)
Finance costs	(799,211)	(2,756,813)	(3,556,024)
Finance Income	-	3,220,003	3,220,003
Income tax expense	(186,426)	(15,869)	(202,295)
Net loss for year	(8,668,113)	(1,210,936)	(9,879,049)

For the year ended December 31, 2015: Restated	**Palm Oil**	**Corporate**	**Total**
Revenue	10,922,356	-	10,922,356
Operating loss	(9,319,283)	(2,050,626)	(11,369,909)
Finance costs	(462,455)	(11,251,831)	(11,714,286)
Finance Income	-	982,457	982,457
Income tax expense	(242,942)	(204,130)	(447,072)
Net loss for year	(10,024,680)	(12,524,130)	(22,548,810)

As at December 31, 2016:	Palm Oil	Discontinued Operations	Corporate	Total
Total assets	73,170,010	492,684	1,027,117	74,689,811
Total liabilities	(29,365,117)	(461,096)	(10,572,735)	(40,398,948)

As at December 31, 2015 Restated:	Palm Oil	Discontinued Operations	Corporate	Total
Total assets	61,247,253	2,545,786	5,425,235	69,218,274
Total liabilities	(15,596,243)	(788,641)	(41,992,131)	(58,377,015)

6. Property, plant and equipment

	Land	Buildings	Furniture and equipment	Motor vehicles	Bearer assets	Assets under construction	Total
Year ended December 31, 2015							
At January 1, 2015	2,397,904	4,586,938	14,545,591	94,345	5,599,316	19,083,831	46,307,925
Additions	-	-	10,800	-	-	12,777,242	12,788,042
Disposals	-	-	(28,132)	-	-	-	(28,132)
Transfers	-	98,345	127,417	11,319	5,101,251	(5,338,332)	-
Impairment of arable assets	-	(531,479)	(1,065,974)	-	-	(2,633,703)	(4,231,156)
Depreciation	-	(153,587)	(1,732,887)	(59,158)	(258,069)	-	(2,203,701)
At December 31, 2015	2,397,904	4,000,217	11,856,815	46,506	10,442,498	23,889,038	52,632,978
At December 31, 2015							
Cost	2,397,904	5,377,554	19,384,911	1,311,547	10,964,572	26,522,741	65,959,229
Impairment of arable assets	-	(531,479)	(1,065,974)	-	-	(2,633,703)	(4,231,156)
Accumulated depreciation	-	(845,858)	(6,462,122)	(1,265,041)	(522,074)	-	(9,095,095)
Net book value	2,397,904	4,000,217	11,856,815	46,506	10,442,498	23,889,038	52,632,978
Year ended December 31, 2016							
At January 1, 2016	2,397,904	4,000,217	11,856,815	46,506	10,442,498	23,889,038	52,632,978
Additions	-	-	4,042	-	-	13,415,205	13,419,247
Disposals	-	-	-	-	-	(8,827)	(8,827)
Transfers	-	45,988	1,115,531	262,520	7,418,422	(8,842,461)	-
Impairment	(303,315)	(328,100)	(620,247)	-			(1,251,663)
Depreciation	-	(134,840)	(1,295,395)	(44,830)	(369,631)	-	(1,844,696)
At December 31, 2016	2,094,589	3,583,265	11,060,746	264,196	17,491,289	28,452,955	62,947,040

At December 31, 2016

Cost	2,397,904	4,892,063	19,438,510	1,574,067	18,382,994	28,452,955	75,138,494
Accumulated depreciation	-	(980,698)	(7,757,517)	(1,309,871)	(891,705)	-	(10,939,791)
Impairment of arable assets	(303,315)	(328,100)	(620,247)	-	-	-	(1,251,663)
Net book value	2,094,589	3,583,265	11,060,746	264,196	17,491,289	28,452,955	62,947,040

During the year ended December 31, 2016, the Group capitalized borrowing costs amounting to $891,787 (2015: $465,127) on qualifying assets. Borrowing costs were capitalized at the weighted average of its general borrowings at 12% up to April 13, 2016 and at 7.8964% after April 13, 2016.

Impairment of arable farming operations

The Group entered into an agreement with a partner to undertake a two year feasibility study regarding the future development of the arable operations. The Group and the partner agreed to the mutual termination of the agreement with effect from December 1, 2016. As a result of the termination of the agreement and the discontinuation of the arable operations, the arable cash generating unit was impaired by $1,251,663 to a recoverable amount of $47,517. As a result of unobservable inputs, it is classified within Level 3 of the fair value hierarchy.

7. Biological assets

The figures in respect of FFB prior to harvest are based on the average selling price of FFB for the year ended December 31, 2016 less the cost of converting the FFB into oil. The market price is applied to a weight of CPO which is calculated on the estimated weight of FFB on the trees using the average OER achieved for the period. The weight derives from the assumption that the maximum amount of ripe fruit on trees can be no more than the amount of production that would normally be achievable in the period between harvest rounds. Based on this, the Group estimates the amount of fruit on the trees to be used in the calculation of this value is one week's average harvest based on the actual harvest for the previous three months.

The valuation of the fruit is based on the average achieved selling price less cost of production. As a result of the location of the plantations and the young age profile of our trees, which results in low FFB yields, the cost of production is higher than the revenues received for CPO sales. Accordingly, the value attributable to fruit on the trees as at December 31, 2016 and December 31, 2015 was nil. As a result of the unobservable inputs, it is classified within Level 3 of the fair value hierarchy.

8. Other receivables

The value added tax ("VAT") receivable amount of $1,455,583 in DRC is considered a non-current asset as management is of the opinion that the Group will not be able to recover the VAT receivable within the next year.

9. Reconciliation to cash flow statement

During the year ended December 31, 2016, the Group was over drawn by $1.4 million from the overdraft facility available with the TMB Bank.

	December 31, 2016
	$
Cash balance as per balance sheet	1,202,112
Bank overdraft	(1,430,066)
Cash balance as per statement of cash flow	(227,954)

10. Inventory

	December 31, 2016	December 31, 2015
Crude palm oil, palm kernel oil, seeds and other consumables	1,109,327	2,979,648
Materials and supplies	6,190,373	3,305,132
	7,299,700	6,284,780

The cost of inventories for the years ended December 31, 2016 and 2015 includes $2,314,253 and $1,900,155 respectively, of inventory write-downs to bring the CPO, palm kernel oil, seeds and other consumables to their net realizable value.

11. Share capital

	Shares #	Shares (amount)
Balance, December 31, 2015	55,244,360	91,606,948
Shares issued pursuant to the SPP June 15, 2016 (i)	2,588	-
Shares issued on conversion debentures and interests (ii)	291,693,813	38,208,231
Shares issued for cash (net of share issue costs) (iii)	14,951,454	2,455,571
Shares issued pursuant to the SPP December 15, 2016 (iv)	2,222	-
Transaction with non-controlling interest (note 17)	-	(16,137,287)
Balance, December 31, 2016	361,894,437	116,133,463

The authorized capital of the Company consists of an unlimited number of common shares having no par value.

(i) On June 15, 2016, the Company issued 2,588 deferred matching shares under the employee stock purchase plan (“ESPP”) to certain officers, directors, and employees who acquired qualifying shares under the ESPP in June 2014.

(ii) On April 13, 2016, the principal amount of debentures ($31,330,000) and accrued interest ($2,700,944) were converted into 291,693,813 shares, at CDN$0.14 per common share using the fixed exchange rate of USD$1.00: CDN$1.20. On conversion of the debentures, the convertible debt equity component included in share-based payment and other reserves of $4,177,287 were transferred to share capital.

(iii) On December 12, 2016, the Company entered into subscription agreements for the private placement of an aggregate of $2.5 million of common shares at a price of CDN$0.22 per common share. The Company issued 10,770,545 common shares to CDC Group Plc. (“CDC”) and 4,180,909 shares to African Agriculture Fund (“AAF”), through its subsidiary Golden Oil Holdings Limited (“GOHL”), at CDN$0.22 per common share. The cost of issue of the shares was $44,429.

(iv) On December 15, 2016, the Company issued 2,222 deferred matching shares under the ESPP to certain officers, directors, and employees who acquired qualifying shares under the ESPP in December 2014.

12. Share-based payment and other reserves

	December 31, 2016
Balance, December 31, 2015	7,108,402
Employee share-based compensation	2,067
Convertible debt equity component (i)	(77,413)
Transferring convertible debt equity component to share capital (ii)	(4,177,287)
Balance, December 31, 2016	2,855,769

(i) The loss related to the difference between fair value of embedded derivative and cash proceeds received at the inception has been classified as equity.
(ii) On conversion of the convertible debentures in to shares, the convertible debt equity component were transferred to share capital.

A continuity of the Company's stock options issued and outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
	#	$
Balance, December 31, 2015	826,761	2.64
Issued/forfeited	(295,000)	-
Balance, December 31, 2016	531,761	2.60

As at December 31, 2016, the Company had the following outstanding options to purchase common shares:

Date of Grant	Remaining Contractual Life (Years)	Expiry Date	Number of Stock Options Outstanding	Number of Stock Options Exercisable	Weighted Average Exercise Price $	Grant date fair value of Options Outstanding $
September 9, 2010	3.19	March 10, 2020 (1)	99,000	99,000	1.00	424,730
September 9, 2010	3.19	March 10, 2020 (1)	99,000	99,000	2.50	352,721
September 9, 2010	3.19	March 10, 2020 (1)	102,000	102,000	5.00	351,326
September 23, 2010	3.73	September 23, 2020 (2)	55,261	55,261	4.46	202,312
November 30, 2011	4.92	November 30, 2021 (3)	126,500	146,500	1.86	390,394
June 17, 2013	6.46	June 17, 2023 (4)	50,000	50,000	0.89	34,398
Unamortized portion of options						270,612
Total Options			531,761		2.60	2,026,493

The fair value of these options at the date of grant was estimated using Black-Scholes option pricing model based on the following assumptions:
(1) expected dividend yield of 0%; risk-free interest rate of 3.51%; expected life of 10 years; and expected volatility of 60.84%.

(2) expected dividend yield of 0%; risk-free interest rate of 2.87%; expected life of 10 years; and expected volatility of 58.33%.

(3) expected dividend yield of 0%; risk-free interest rate of 2.15%; expected life of 10 years; and expected volatility of 85.02%.

(4) expected dividend yield of 0%; risk-free interest rate of 2.32%; expected life of 10 years; and expected volatility of 63.88%.

The Company has used historical and index volatility to estimate the volatility of the share price.

13. Accounts payable and accrued liabilities

	December 31, 2016	December 31, 2015
Trade payables	2,985,145	2,183,103
Accrued expenses	5,027,026	4,849,154
Advance received from customers	349,312	872,577
Interest payables	442,839	-
Overdraft facility in PHC	1,430,066	-
Other payables	1,494,944	1,976,374
	11,729,332	9,881,208

14. Secured Convertible Debentures

	December 31, 2016	December 31, 2015
Opening balance	29,376,154	-
Debentures issued on January 22, 2015	-	5,103,545
Debentures issued on June 19, 2015	-	7,560,533
Debentures issued on July 16, 2015	-	859,186
Debentures issued on November 9, and November 27, 2015	-	11,248,512
Debentures issued on January 15, 2016	3,160,971	-
Debenture accretion expense	394,439	3,002,814
Debenture interest payable	1,099,380	1,601,564
Conversion of debentures	(34,030,944)	-
Debentures, as at December 31, 2016 and 2015	-	29,376,154

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

On June 19, 2015, the Company entered into subscription agreements with CDC and the AAF through its subsidiary GOHL, for the private placement of $9.18 million secured convertible debentures completing the previously announced private placement of secured convertible debentures. The first tranche of $8,196,500 principal amount of debentures was issued on June 19, 2015 and on July 16, 2015, the issuance of the second tranche of $983,500 secured convertible debentures was completed with AAF through its subsidiary GOHL (collectively, the “June/July 2015 Debentures”).

On November 9, 2015, the Company completed the first tranche of the private placement of secured convertible debentures with CDC in the principal amount of $10 million and on November 27, 2015, the second tranche of the private placement of secured convertible debentures with AAF through its subsidiary GOHL in the principal amount of $1.8 million (collectively, the “November 2015 Debentures”).

On January 15, 2016, the Company completed the final tranche of the private placement of a secured convertible debenture with AAF through its subsidiary GOHL in the principal amount of $3.2 million (the “January 2016 Debenture”). The terms of the November 2015 Debentures and the January 2016 Debenture are the same as the June/July 2015 Debentures.

Concurrently with the issuance of the June/July 2015 Debentures, the Company amended the terms of the January 2015 Debentures (the “Amended January 2015 Debentures”). The amendments included: (i) amending the conversion terms, so that the Amended January 2015 Debentures are convertible into common shares rather than units comprised of common shares and warrants (the “**Units**”); (ii) reducing the conversion price from CDN$0.80 per Unit or CDN$0.45 per Unit if the Company does not complete a Qualified Debt Financing (as defined in the January 2015 Debentures) to CDN$0.25 per common share or CDN$0.14 per common share if the Company does not complete an Amended Debt Financing (as defined in the Amended January 2015 Debentures); and (ii) deleting the concept of a “Qualified Debt Financing” and replacing it with an “Amended Debt Financing”. The maturity date for the Amended January 2015 Debentures, June/July 2015 Debentures, November 2015 Debentures and the January 2016 Debenture (collectively, the “2015/2016 Debentures”) were subsequently extended until April 30, 2016.

Upon conversion, the principal and interest on the debentures were first converted into Canadian dollars at a fixed exchange rate of CDN$1.20 per US$1.00. The Canadian dollar equivalent of the principal amount of the 2015/2016 Debentures were converted into common shares of the Company on April 13, 2016, at a rate of CDN$0.14 per common share as the Company did not complete a drawdown on the Amended Debt Financing (as defined in the 2015/2016 Debentures) prior to December 31, 2015.

Interest on the 2015/2016 Debentures was 12% per annum, compounded semi-annually, and accrued and was paid upon conversion of the 2015/2016 Debentures. The 2015/2016 Debentures contained a guaranteed interest provision. Notwithstanding the foregoing, the guaranteed interest provisions did not apply as the Amended Debt Financing was not completed by December 31, 2015. Upon conversion, the Canadian dollar equivalent of the accrued interest on the 2015/2016 Debentures converted into common shares at a price of CDN$0.14 per common share as the Amended Debt Financing was not completed by December 31, 2015. The 2015/2016 Debentures were automatically converted upon the Company completing the first drawdown of the DFI Debt Facility.

Each of the subscribers of the 2015/2016 Debentures received a 2% placement fee on the amount of the 2015/2016 Debentures purchased. Proceeds from the 2015/2016 Debentures were used for working capital purposes and, in particular, to provide expansion capital for the Company's subsidiaries in the DRC.

The secured convertible debentures, warrants liability and derivative liability have been valued using the Cox-Ross-Rubenstein (CRR) binomial tree method to model the underlying stock price. The main inputs for valuations were obtained from Bloomberg are:

(a) Underlying stock;

(b) Underlying stock volatility – The stock volatility calculated at the valuation date is 53.18%;

(c) CAD discount curve;

(d) USD/CAD FX rate; and

(e) Credit spread – The credit spread obtained at the valuation date is 30.8%.

On the date of issuance, the fair value of the January 2015 Debentures without conversion option is estimated at $5,421,850 and the fair value after deducting the issuing cost ($175,305) and placement fees ($143,000), is $5,103,545.

On the date of issuance the fair value of the June 2015 Debentures issued on June 19, 2015 without conversion option is estimated at $7,790,900 and the fair value after deducting the issuing cost ($66,393) and placement fees ($163,930), is $7,560,533.

On the date of issuance the fair value of the July 2015 Debentures issued on July 16, 2015 without conversion option is estimated at $952,020 and the fair value after deducting the issuing cost ($73,164) and placement fees ($19,670), is $859,186.

On the date of issuance the fair value of the November 2015 Debentures issued on November 9, 2015 without conversion option is estimated at $9,800,620 and the debenture issued on November 27, 2015 without the conversion option is estimated at $1,708,638. The fair value November 2015 Debentures after deducting the issuing cost ($96,746) and placement fees ($236,000), is $11,248,512.

On the date of issuance the fair value of the January 2016 Debenture without conversion option is estimated at $3,277,413 and the fair value after deducting the issuing cost ($52,442) and placement fees ($64,000), is $3,160,971.

On December 21, 2015, the Group signed the DFI Debt Facility of which $15 million was drawn down on April 13, 2016. Upon the first drawdown, all of the principal amount of the 2015/2016 Debentures ($31,330,000) and accrued interest ($2,700,944) were converted into 291,693,813 shares, at CDN$0.14 per common share using the fixed exchange rate of $1.00: CDN$1.20.

15. Borrowings

	December 31, 2016	December 31, 2015
Debentures issued during 2012 (a)	4,869,313	4,577,573
Convertible Loan agreement (b)	4,349,996	3,882,786
DFI Debt Facility (c)	13,315,855	-
	22,535,164	8,460,359

	December 31, 2016	December 31, 2015
Current portion	18,185,168	-
Non-current portion	4,349,996	8,460,359
Borrowings, end of year	22,535,164	8,460,359

(a) Debentures issued during 2012

	December 31, 2016	December 31, 2015
Debentures, beginning of year	4,577,573	4,346,645

Debenture accretion expense	291,740	230,928
Debentures, at the end of the year	4,869,313	4,577,573

As part of the first tranche of a brokered private placement (the “2012 Offering’’) completed on July 24, 2012, the Company received gross proceeds of CDN$3,679,000 pursuant to the issuance of 3,679 units (each, a "Debenture Unit"), with each Debenture Unit consisting of one CDN$1,000 principal amount 12.0% convertible unsecured subordinated debenture (a "2012 Debenture") and certain common share purchase warrants, which expired on July 24, 2014 (each, a "Warrant"). The purchase price for each Debenture Unit was CDN$1,000. Also as part of the second tranche of the 2012 offering completed on August 8, 2012, the Company received gross proceeds of CDN$1,684,000 pursuant to the issuance of 1,684 Debenture Units. The 2012 Debentures bear interest from July 24, 2012 at 12.0% per annum, payable commencing on December 31, 2012, and are due and payable on July 24, 2017 (the "Maturity Date"). The principal amount of the 2012 Debentures is convertible at the holder's option into common shares at any time prior to the close of business on the Maturity Date, at a conversion price of CDN$1.75 (post-consolidation) per share, being a ratio of 571 common shares (post-consolidation) per CDN$1,000 principal amount. The 2012 Debentures are governed by a trust indenture which includes customary adjustment provisions to the conversion price.

On the date of issuance, the gross proceeds in the amount of CDN$3,679,000 for the first tranche and CDN$1,684,000 for the second tranche were first allocated to the 2012 Debentures (CDN$3,647,059 for the first tranche and CDN$1,671,557 for the second tranche) and the Warrants (CDN$31,941 for the first tranche and CDN$12,443 for the second tranche). The value of the 2012 Debentures was then allocated between the convertible debt (CDN$2,994,876 for the first tranche and CDN$1,379,268 for the second tranche) and the holders’ option to convert the principal balance into common shares (CDN$652,183 for the first tranche and CDN$292,289 for the second tranche) (the “Conversion Option”).

The value of the 2012 Debentures is classified as a liability, and will be accreted to the face value through a periodic charge to accretion expense, with a corresponding credit to the liability component over the five-year term. This accretion is based on the effective interest method. As of December 31, 2016, the carrying value of the 2012 Debentures (including foreign currency and accretion) was $4,869,313. The fair value of the Warrant component is also classified as a liability given certain anti-dilution clauses exist in the contract which resulted in the instrument being classified as a derivative which is fair valued at each reporting date. The amount allocated to the Conversion Option is classified as a separate component within shareholders’ equity. The Company incurred transaction costs of $655,494 specifically allocated to the issuance of the Debenture Units. These costs were allocated among debenture issuance costs, warrant issuance costs and equity issuance costs, based on the values of the debt and equity components at the date of issuance. The portion of transaction costs allocated to the convertible debt has been set off against the initial value of the convertible debt and the transaction costs allocated to the conversion option has been set off within equity as part of the initial value allocation. The transaction costs allocated to the warrant liability have been expensed to the statement of loss.

(b) Convertible loan agreement

	December 31, 2016	December 31, 2015
Convertible Loan agreement – Debt	3,593,938	3,593,938
Convertible Loan agreement - Embedded Derivatives	1	1
Convertible Loan agreement – Interest	756,057	288,847
Debentures, as at December 31, 2016	4,349,996	3,882,786

On November 7, 2013, the Company entered into a convertible loan agreement with CDC, pursuant to which CDC will make available an unsecured non-revolving term loan in the maximum amount of $3.6 million at an interest rate of 12% per annum for a term of five years. As at December 31, 2016, $3,593,939 of the loan had been drawn down and the interest accrued on the loan is $756,057. The loan includes an option at the maturity date and in certain other circumstances to convert the principal amount outstanding into common shares at CDN$2.40 per share (post-consolidation) and the accrued and unpaid interest

outstanding into common shares at the greater of CDN$2.40 per share (post-consolidation) and the discounted market price (as determined pursuant to the policies of the TSX Venture Exchange).

The convertible loan agreement contains an embedded derivative related to foreign currency. This derivative is marked to its market value at each reporting date and adjustments to the fair value are included in the consolidated statements of loss within finance costs.

(c) DFI Debt Facility

	December 31, 2016	December 31, 2015
DFI Debt Facility	15,000,000	-
Transaction Cost for the DFI Debt Facility	(1,820,606)	-
Accretion Interest	136,461	-
	13,315,855	-

On December 21, 2015, the Group entered into a term loan facility for up to $49 million (the "DFI Debt Facility") with a syndicate of European lenders consisting of four development finance institutions ("DFIs"). The amount advanced under the DFI Debt Facility will be repaid semi-annually over a six year period commencing September 2019. The first drawdown on the DFI Debt Facility of $15 million occurred on April 13, 2016. The transaction cost of the borrowing is $1,820,606. The transaction cost will be amortised over the period of the loan.

The purpose of the DFI Debt Facility is to finance investment into equipment, replanting, fertilizer and environmental and social governance expenditures required as part of the rehabilitation of PHC's three palm oil plantations in the DRC. The rate of interest on each loan for the each interest period is percentage rate per annum, which is aggregate of the applicable (a) Margin; and (b) LIBOR. The interests and any fees on the DFI Debt Facility is payable on March 15th and September 15th of each year ending on September 15, 2024.

The DFI Debt Facility is subject to covenants, pledges and charges typical of a loan facility of this nature and is secured by way of a first ranking security against the assets of PHC and by way of a pledge of the shares of PHC by a Belgian subsidiary of Feronia.

The Group is in breach of the DFI Debt Facility's equity solvency ratio as at December 31, 2016. The Group have not received written notice from the lenders that they will accelerate repayment of the DFI Debt Facility. As a result of the covenant breach, the balance outstanding has been reclassified as current.

16. Other financial liabilities

Through its acquisition of PHC in 2009, the Group assumed PHC's employee incentive plan. The liability associated with the plan is based on a function of compensation levels, benefit formulas and years of service. The measurement dates used for the accounting valuation for the defined benefit plan were December 31, 2016 and December 31, 2015. Information about the employee incentive plan for the year ended December 31, 2016 and at December 31, 2015 is as follows:

Benefit liability	December 31, 2016	December 31, 2015
	$	$
Accrued benefit obligation, beginning of year	6,309,500	5,089,922
Current service cost	131,172	168,591
Interest cost	957,753	797,896
Benefit paid during the year	(901,442)	(404,995)

Effect of foreign exchange	(1,582,054)	(20,666)
Actuarial gains	(94,860)	678,752
Accrued benefit obligation, end of year	4,820,069	6,309,500

The weighted average assumptions in measuring the accrued employee incentive liability for the years ended December 31, 2016 and December 31, 2015 use the Canadian 3 to 10 year bond yield rate of 1.3%.

The employee incentive liability is categorised as current and non-current portion as below.

	December 31, 2016	December 31, 2015
	$	$
Current portion	1,186,149	1,600,083
Non-current portion	3,633,920	4,709,417
Accrued benefit obligation, end of year	4,820,069	6,309,500

17. Non-controlling interest

Non-controlling interest includes the DRC government's 16.63% (previously 23.83%) interest in PHC and Plantations Elevages Kitomesa sarl's 20% interest in Feronia PEK. On December 14, 2016, the Company capitalized a portion of the loan to PHC as equity, increasing the Company's ownership to 83.37%. Percentage of profit or loss on each component of other comprehensive income is attributed to the owners of the non-controlling interests.

	December 31, 2016	December 31, 2015
Non-controlling interest, beginning of year	13,966,331	9,114,461
Share of loss	2,522,773	4,851,870
Transaction with non-controlling interest	(16,137,287)	-
Non-controlling interest, end of year	351,817	13,966,331

18. Selling, General and Administration costs

	For the year ended December 31,	
	2016	2015
Professional fees	1,739,484	1,204,202
Consultancy fees	371,936	564,780
Share based payment	2,067	10,085
Amortisation	9,784	10,231
Employee Incentive Liability	95,143	284,944
Salaries and wages	4,922,676	5,866,806

Other general and administrative	4,504,110	3,937,612
Reallocation of overhead to Bearer Assets	(750,413)	(697,828)
	10,894,787	**11,180,832**

19. Cost of sales

	For the year ended December 31,	
	2016	**2015**
Direct operating costs	18,200,655	9,305,073
Employee incentive liability	92,340	276,548
Amortisation	1,265,287	1,196,065
	19,558,282	**10,777,686**

20. Finance cost

	For the year ended December 31,	
	2016	**2015**
Interest and bank charges	3,625,170	2,852,578
Accretion expense	822,641	3,233,743
Change in derivative liability fair value	-	6,093,092
	4,447,811	12,179,413
Less: amount capitalised on qualifying assets	(891,787)	(465,127)
	3,556,024	**11,714,286**

21. Finance Income

	For the year ended December 31,	
	2016	**2015**
Change in warrant liability fair value	-	982,382
Change in derivative liability fair value	3,219,982	-
Interest Income	21	75
	3,220,003	**982,457**

22. Income Taxes

The following table shows components of current and deferred tax expenses.

	2016	2015
Current Tax :		
Current tax on profits for the year	280,365	398,638
Total current tax	280,365	398,638
Deferred tax:		
Origination and reversal of temporary differences	-	181,584
Impact of change in DRC tax rate	-	-
Total deferred tax	-	181,584
Income tax expense	280,365	580,222

The Group's income tax has been calculated on the estimated assessable taxable profit for the year at the rates prevailing in the respective foreign tax jurisdictions. The statutory tax rate in the countries where the Group operates for all the years presented are:

Jurisdiction	2016	2015
Canada	26.50%	26.50%
Democratic Republic of Congo	35.00%	35.00%
United Kingdom	20.00%	23.00%
Belgium	33.00%	-

The tax on the group’s profit before tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated entities as follows:

	2016	2015
Loss before tax	(11,561,720)	(28,849,087)
Tax recovery calculated at Canadian statutory rate	(3,063,856)	(7,645,008)
Tax effects of		
Difference in foreign tax rates	(878,760)	(2,303,709)
Recognition of benefit previously not recognised to equity	-	181,584
Impact of differences between current and future tax rates	-	1,354,338
Non-deductible expenses	66,064	261,974
Losses not recognized	4,182,467	8,397,537
Other	(25,550)	333,506
Income tax expense	280,365	580,222

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred Tax Liabilities	**Acquisition of PHC**	**Total**
At January 1, 2011	837,835	837,835
Charged / (credited) to the income statement	-	-
Charged / (credited) to equity	-	-
At December 31, 2011	837,835	837,835
Charged / (credited) to the income statement	-	-
Charged / (credited) to equity	-	-
At December 31, 2012	837,835	837,835
by PwC		
Charged / (credited) to the income statement	-	-
Charged / (credited) to equity	-	-
At December 31, 2013	837,835	837,835
Charged / (credited) to the income statement	-	-
Charged / (credited) to equity	-	-
At December 31, 2014	837,835	837,835
Charged / (credited) to the income statement	-	-
Charged / (credited) to equity	-	-
At December 31, 2015	837,835	837,835
Charged / (credited) to the income statement	(16,483)	-16,483
Charged / (credited) to equity	-	-
At December 31, 2016	821,352	821,352

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The group did not recognize deferred income tax assets in respect of losses amounting to $3,828,829 (2015: $1,021,407) in Canada that expires in 2036, and losses amounting to $76,442,137 (2015: $70,078,465) in DRC that expire between 2016 and 2021 that can be carried forward against future taxable income. Deferred tax assets were also not recognised on share issue costs amounting to $128,806 (2015: $374,897).

23. Discontinued operations

Following the termination of the agreement with the partner to undertake a two year feasibility study regarding the future development of the arable farming operations, the Company decided to discontinue the arable farming operations and presented the results of the arable farming operations as discontinued operations. Analysis of the results of discontinued operations is as follows:

Consolidated statements of loss for discontinued operation
For the years ended December 31, 2016 and 2015

Expressed in United States Dollars

	2016	2015
Revenue	-	13,952
Cost of sales	(199,109)	(1,077,709)
Impairment of arable assets	(1,251,663)	(4,231,156)
Gross profit (loss)	(1,450,772)	(5,294,913)
Expenses		
Selling, general and administrative	(646,868)	(1,601,007)
Other income (losses)	231,242	179,507
Operating loss	(1,866,398)	(6,716,413)
Finance costs	(18,568)	(30,936)
Loss before income tax	(1,884,966)	(6,747,349)
Income tax expense	(78,070)	(133,150)
Net loss from discontinued operations	(1,963,036)	(6,880,499)

24. Financial instruments

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in note 3 above.

The following table illustrates the classification of the Group's financial assets and financial liabilities within the fair value hierarchy as at December 31, 2016 and December 31, 2015:

	Financial Instrument Classification	Level	December 31, 2016	December 31, 2015
Financial assets				
Cash	Loans and receivables		1,202,112	5,235,624
Receivables	Loans and receivables		802,025	686,561
Financial liabilities				

Accounts payables and accrued liabilities	Other financial liabilities		8,804,322	7,904,833
Bank overdraft	Other financial liabilities		1,430,066	-
Other payables	Other financial liabilities		1,494,943	1,976,374
Derivative liability	Fair value through profit and loss	Level 3	-	3,219,982
Debentures	Other financial liabilities		-	29,376,154
Borrowings	Other financial liabilities		22,535,164	8,460,359

The fair value of cash, receivables, accounts payable and accrued liabilities, debentures and borrowings approximate their carrying values as a result of the short-term nature or the variable interest rate associated with the instruments, or the fixed interest rate of the instruments being similar to market rates.

The Group measures certain of its financial assets and liabilities at fair value on a recurring basis and these are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are: Level 1, which are inputs that are unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, which are inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly or indirectly; and Level 3, which are inputs for the asset or liability that are not based on observable market data.

During 2016, there were no transfers between level 1, 2 and 3 and there were no changes in the valuation techniques.

Financial risk factors:
The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group’s overall risk management program seeks to minimize potential adverse effects on the Group’s financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group's presentation currency is the U.S. dollar and major purchases are transacted in United States dollars. The Group funds certain operations using the Congolese Franc currency from its bank accounts held in the DRC. Management closely monitors the foreign exchange risk derived from currency conversions but does not hedge its foreign exchange risk. Foreign exchange risk arises on recognized assets and liabilities, principally trade payables, cash and investments in foreign operations.

Foreign exchange risk arises when future recognized assets or liabilities are denominated in a currency that is not the subsidiary’s functional currency.

(ii) Interest rate risk

The Group’s interest rate risk arises from the DFI debt facility that is subject to a floating interest rate, which could change. Cash has limited interest rate risk due to its short-term nature.

(b) Credit risk

The Group's credit risk is primarily attributable to cash and receivables. Two customers purchase 97% of the Company’s CPO production, with a refining factory owned by Marsavco currently purchasing the majority of such production. The Group does not have a written agreement with either customer and relies upon the terms of verbal arrangements. Although the Group has

a good business relationship with both of the customers, there is no guarantee that the Group will be able to continue these relationships or enter into written agreements on terms acceptable to the Group or at all.

Financial instruments included in receivables consist of receivables from unrelated companies.

Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is low as the majority of the Group's sales are to a large long-standing customer and the Group limits cash risk by dealing with credit worthy financial institutions.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated in head office which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times.

The Group's approach to managing liquidity risk is to provide reasonable assurance that it can provide sufficient capital to meet liabilities when due. The Group remains dependent upon future liquidity from capital sources or positive cash flows from business operations. The inability to obtain additional funding on a timely basis will have a material adverse effect on the financial condition, business and operations of the Group (see note 2).

As at December 31, 2016, the Group had net working capital deficit of $21,306,493 including a net cash overdraft balance of $227,954. The majority of the Group's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. An exception to this is the employee incentive liability that falls due over the anticipated qualifying leaving date, which will frequently be the retirement date. As a guide to liquidity requirements, management considers that less than 10% of the liability will fall due within five years.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the date of the consolidated statements of financial position to the contractual maturity date.

	December 31, 2016		
	Less than 3 Months	**3 months to 1 year**	**1-5 years**
Trade payables	2,985,145	-	-
Accrued expenses	5,027,026	-	-
Other payables	1,494,943	-	-
Debt	442,839	18,185,168	4,349,996
Bank overdraft	1,430,066	-	-

	December 31, 2015		
	Less than 3 Months	**3 months to 1 year**	**1-5 years**
Trade payables	2,183,103	-	-
Accrued expenses	4,849,154	-	-
Other payables	1,976,374	-	-
Debt	29,535,732	478,735	8,097,998

Capital management

The Group considers its capital structure to consist of shares, stock options, warrants, convertible debt and the DFI Debt Facility. The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, in order to support its ongoing operations.

The Group's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations, including potential obligations arising from additional acquisitions, maintain a capital structure that allows the Group to favor the financing of its growth strategy using internally generated cash flows and optimize the use of capital to provide an appropriate investment return to its shareholders. In order to maintain or adjust its capital structure, the Group may raise new debt or issue new shares.

There were no changes to the Group's capital management approach during the year ended December 31, 2016. The Group entered into debt arrangements during 2012 and 2015 as detailed in note 14 and note 15.

25. Related party disclosures

Following the conversion of the convertible debentures into shares, CDC owns 67.56% of the common shares of the Company and is a related party.

- On December 12, 2016, The Company issued 10,770,545 common shares to CDC [See Note 11(iii)].
- As at December 31, 2016, the Company had drawn down $3,593,939 from the unsecured convertible loan agreement with CDC Group plc and the interest accrued on the loan is $756,057. [See Note 15(b)]

Following the conversion of the convertible debentures into shares, GOHL owns 26.04% of the common share of the Company and is a related party.

- On December 13, 2016, The Company issued 4,180,909 common shares to GOHL [See Note 11(iii)].

The following transactions were carried out with related parties.

Purchase of services from key management personnel **Purchase of services:**	**December 31, 2016**	**December 31, 2015**
Board fees *(1)*	272,826	245,000
	272,826	**245,000**

(1) Board fees paid to non-executive directors

Key management compensation

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

	December 31, 2016	**December 31, 2015**
Salaries and short-term employee benefits	981,471	999,788

Change in fair value of share-based payments	**December 31, 2016**	**December 31, 2015**

Change in fair value of share-based payments	2,067	9,396

Payables to related parties

	December 31, 2016	December 31, 2015
Board of Directors fees	143,071	56,875
Key management compensation	375,000	86,875
	518,071	143,750

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

26. Contingent liabilities

The Group is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Group cannot reasonably predict the likelihood or outcome of these actions. The board of directors of the Group 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. As at December 31, 2016, provisions related to such matters totalled $493,032 (December 31, 2015: $308,309). Refer to Note 1 for the uncertainty on the Agriculture Law.

27. Subsequent Event

On February 13, 2017, the Group completed the second draw down of $10 million upon satisfying the conditions precedent from the previously announced DFI Debt Facility provided in December 2015 by a syndicate of European lenders consisting of four DFIs.