FERONIA INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and nine months ended September 30, 2017 and 2016

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

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Feronia Inc. for the three and nine months ended September 30, 2017 and 2016 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

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Condensed consolidated interim statements of financial position
As at September 30, 2017 and December 31, 2016
Expressed in United States Dollars
(unaudited)

	Notes	September 30, 2017	December 31, 2016
Assets			
Current assets			
Cash	6	2,683,440	1,202,112
Receivables		175,577	802,025
Inventories		6,679,806	7,299,700
Prepaid expenses and other current assets		3,132,233	983,351
		12,671,056	10,287,188
Non-current assets			
Property, plant and equipment	3	72,373,990	62,947,040
Other receivables	5	1,425,446	1,455,583
		73,799,436	64,402,623
Total assets		86,470,492	74,689,811
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	10,358,558	11,729,332
Provisions	21	561,455	493,032
Borrowings	10	33,920,488	18,185,168
Other financial liabilities	11	758,117	1,186,149
		45,598,618	31,593,681
Long-term Liabilities			
Borrowings	10	9,606,477	4,349,996
Other long-term financial liabilities	11	2,967,573	3,633,920
Deferred tax liabilities		821,434	821,352
		13,395,484	8,805,268
Total liabilities		58,994,102	40,398,949
Shareholders' equity			
Share capital	7	116,133,463	116,133,463
Share-based payment and other reserves	8	3,757,007	2,855,769
Accumulated other comprehensive income		1,002,801	(464,063)
Deficit		(91,824,781)	(83,882,490)
Owners of the parent		29,068,490	34,642,679
Non-controlling interest	12	(1,592,100)	(351,817)
Total equity		27,476,390	34,290,862
Total equity and liabilities		86,470,492	74,689,811
Going concern	**2**		
Related parties	**20**		
Contingent liabilities	**21**		
Subsequent event	**22**		

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

On behalf of the Board:

'Nigel Gourlay", Director "Xavier de Carniere", Director

Condensed consolidated interim statements of loss
For the three and nine months ended September 30, 2017 and 2016
Expressed in United States Dollars

(unaudited)

	Notes	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Revenue		5,694,870	4,379,397	13,275,109	12,135,347
Cost of sales	13	(4,216,212)	(4,313,437)	(11,524,772)	(12,944,374)
Gross income (loss)		1,478,658	65,960	1,750,337	(809,027)
Expenses					
Selling, general and administrative	14	(3,393,141)	(2,294,854)	(8,114,878)	(6,882,982)
Other income (loss)		695,211	191,622	871,690	903,796
Operating loss		(1,219,272)	(2,037,272)	(5,492,851)	(6,788,213)
Finance costs	15	(825,873)	(709,862)	(2,579,691)	(3,188,919)
Finance Income	16	-	-	-	3,219,982
Loss before income tax		(2,045,145)	(2,747,134)	(8,072,542)	(6,757,150)
Income tax expense	17	(29,497)	366,178	(98,182)	(113,032)
Net loss from continuing operations		(2,074,642)	(2,380,956)	(8,170,724)	(6,870,182)
Loss from discontinued operations	18	2,962	(197,530)	(205,767)	(546,240)
Net loss for the period		(2,071,680)	(2,578,486)	(8,376,491)	(7,416,422)
Income (loss) attributable to:					
Owners of the parent		(1,733,701)	(1,911,612)	(7,276,070)	(4,152,162)
Non-controlling interest		(337,979)	(666,874)	(1,100,421)	(3,264,261)
Net loss for the period		(2,071,680)	(2,578,486)	(8,376,491)	(7,416,422)
Loss per share					
Basic & Diluted (dollars per share): continuing operations		(0.005)	(0.005)	(0.020)	(0.018)
Basic & Diluted (dollars per share): discontinued operations		(0.001)	(0.002)	(0.003)	(0.014)
		(0.006)	(0.007)	(0.023)	(0.032)
Weighted average number of shares outstanding:					
Basic		361,897,025	346,940,761	361,895,451	236,223,284

Diluted	361,897,025	346,940,761	361,895,451	236,223,284

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

Condensed consolidated interim statements of comprehensive loss
For the three and nine months ended September 30, 2017 and 2016
Expressed in United States Dollars

(unaudited)

	Notes	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net loss for the period		(2,071,680)	(2,578,486)	(8,376,491)	(7,416,422)
Other comprehensive income (loss)					
Cumulative translation adjustment:					
Continuing operations		389,770	2,953,485	1,223,865	1,272,576
Discontinued operations		73,409	(390,507)	236,029	(405,899)
Actuarial (gain)/loss on employment benefit, net of tax		(361,447)	232,575	(799,113)	68,818
Total comprehensive loss for the period		(1,969,948)	217,067	(7,715,710)	(6,480,927)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		(1,545,836)	828,519	(6,475,427)	(3,750,617)
Non-controlling interest	12	(424,112)	(611,452)	(1,240,283)	(2,947,380)
		(1,969,948)	217,067	(7,715,710)	(6,697,997)

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

Consolidated statements of changes in equity
For the three and nine months ended September 30, 2017 and 2016
Expressed in United States Dollars
(unaudited)

	Attributable to owners of the parent						
	Share capital	Share-based payment and other reserves	Accumulated other comprehensive income	Retained earnings (deficit)	Total	Non-controlling interest	Total equity
Balance, January 1, 2016	91,606,948	7,108,402	749,548	(74,657,308)	24,807,590	(13,966,330)	10,841,260
Net (loss) for the period	-	-	-	(4,152,163)	(4,152,163)	(3,264,261)	(7,416,424)
Other comprehensive loss (net of tax)	-	-	672,893	-	672,893	193,784	866,677
Actuarial loss on employment benefit, net of tax	-	-	-	52,419	52,419	16,399	68,818
Comprehensive gain (loss) for the period	-	-	672,893	(4,099,744)	(3,426,852)	(3,054,078)	(6,480,929)
Shares issued pursuant to conversion debentures into shares	34,030,944	-	-	-	34,030,944	-	34,030,944
Convertible debt - Equity Component	-	(77,413)	-	-	(77,413)	-	(77,413)
Share-based compensation	-	1,566	-	-	1,566	-	1,566
Balance, September 30, 2016	125,637,892	7,032,555	1,422,441	(78,757,052)	55,335,835	(17,020,408)	38,315,428
Balance, January 1, 2017	116,133,463	2,855,769	(464,063)	(83,882,490)	34,642,679	(351,817)	34,290,862
Net loss for the period	-	-	-	(7,276,070)	(7,276,070)	(1,100,421)	(8,376,491)
Other comprehensive gain (loss) (net of tax)	-	-	1,466,864	-	1,466,864	(6,970)	1,459,894
Actuarial gain on employment benefit, net of tax	-	-	-	(666,221)	(666,221)	(132,892)	(799,113)
Comprehensive gain (loss) for the period	-	-	1,466,864	(7,942,291)	(6,475,427)	(1,240,283)	(7,715,710)
Share-based compensation	-	901,238	-	-	901,238	-	901,238
Balance, September 30, 2017	116,133,463	3,757,007	1,002,801	(91,824,781)	29,068,490	(1,592,100)	27,476,390

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

Condensed consolidated interim statements of cash flows
For the three and nine months ended September 30, 2017 and 2016
Expressed in United States Dollars
(unaudited)

	Notes	September 30, 2017	September 30, 2016
Cash (used for):			
Operating activities:			
Loss from operating activities		(8,376,491)	(7,416,424)
Items not affecting cash:			
Share-based compensation		901,238	1,566
Amortisation		1,455,391	1,410,723
Employee incentive liability		1,094,380	(875,621)
Deferred tax adjustment		-	(298)
Change in derivative liability		-	(3,219,982)
Debenture accretion expense		306,138	700,770
Interest on convertible loan and debenture net of capitalised borrowing costs		383,615	1,443,049
Loss on disposal of fixed assets		-	8,827
Actuarial (gain) loss on employment benefit, net of tax		(799,113)	68,818
		(5,034,842)	(7,878,572)
Changes in non-cash working capital:			
Receivables		656,585	434,421
Prepaid expenses and other current assets		(2,346,836)	642,799
Inventories		619,895	(2,535,261)
Accounts payable and accrued liabilities		(2,563,058)	(376,728)
		(3,633,414)	(1,834,769)
Cash used in operating activities		(8,668,256)	(9,713,341)
Financing activities:			
Issuance of debentures for cash (net of costs)		-	3,083,558
Proceeds from DFI Debt Facility (net of costs)		20,500,000	13,179,394
Cash from financing activities		20,500,000	16,262,952
Investing activities:			
Acquisition of assets		(10,882,340)	(10,203,213)
Cash used in investing activities		(10,882,340)	(10,203,213)
Foreign exchange (gain) loss on currency translation		(728,784)	866,677

Increase in cash		220,620	(2,786,925)
Cash, beginning of period		1,202,112	5,235,624
Cash, end of the period	6	1,422,732	2,448,699
Cash paid for income tax		63,681	91,292
Interest paid		2,431,198	985,160

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

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, is 100% owned by the Company.

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, a private company incorporated under the laws of the DRC on April 4, 2011, is 100% owned by Feronia Maia.

Feronia RDC sarl, 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 condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with International Financial Reporting Standard ("IFRS") 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These interim financial statements should be read in conjunction with Feronia's most recently issued annual consolidated financial statements for the year ended December 31, 2016 and the related management's discussion and analysis which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented in Note 3 of the consolidated financial statements for the year ended December 31, 2016, and have been consistently applied in the preparation of these interim financial statements, except for the adoption of new accounting standards. These interim financial statements were approved by the board of directors of the Company for issue on November 22, 2017

These interim financial statements have been prepared on the basis of accounting principles applicable to, a going concern, which assume that the Company 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 September 30, 2017 the Group had a term facility (the "DFI Debt Facility") of $33,415,562 (December 31, 2016 – $13,315,855) classified as current liabilities as a result of the breach of the equity solvency ratio (refer to Note 10 (c)).

On September 25, 2017, the Company entered into a subscription agreement for the private placement of $17.5 million of common shares with in the capital of the Company ("Common Shares") Straight KKM2 Limited ("KKM") at a price of Cdn$0.18 per Common Share the ("Private Placement"). The Company closed the first $9 million tranche on October 16, 2017, based on a fixed exchange rate of Cdn$1.253 per $1.00 as set out in the applicable subscription agreement, and anticipates that the balance of $8.5 million will be closed by the end of ~~November~~ 2017.

It is management's view that the funds drawn down from DFI Debt facility and secured through Private Placement will be sufficient to see the Company through to profitability.

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.

New Accounting standards adopted during the year

Amendments to IAS 7, Statements of Cash Flows ("IAS 7")

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments apply prospectively for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Company intends to adopt the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. The Company has determined that there is no significant impact from adopting the amendments to IAS 7 on its consolidated financial statements.

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, 2017, with earlier application permitted. The Company 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 Company.

The final version of IFRS 9, 'Financial Instruments' ("IFRS 9"), was issued by 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 Company 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' ("IFRS 15"), which 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, 2018, with earlier application permitted. The Corporation is in the process of evaluating the impact that IFRS 15, may have on the Corporation's consolidated financial statements.

In January 2016, the IASB issued IFRS 16, 'Leases' ("IFRS 16") 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. The Company is currently assessing the impact of this standard.

Segment Reporting

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 chief operating decision-maker is of the opinion that there is no requirement for segmental reporting as palm oil and corporate is considered as single operation. The Company has restated in these financial statements the condensed consolidated interim statements of loss for the corresponding period of previous year to reflect the adjustment of discontinuing operations. During the nine months ended September 30, 2017, palm oil sold to the Group's two largest customers represented 92% of total sales within the segment, with sales to each of them representing 46% each of total sales.

Expressed in United States Dollars, except where otherwise noted

3. Property, plant and equipment

	Land	Buildings	Plant and equipment	Motor vehicles	Bearer assets	Assets under construction	Total
Year ended December 31, 2016							
At January 1, 2016	2,397,904	4,000,217	11,856,815	46,506	10,442,498	23,889,039	52,632,979
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	75,138,493
Accumulated depreciation	-	(980,698)	(7,757,517)	(1,309,871)	(891,705)	-	(10,939,791)
Impairment	(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
Nine months ended September 30, 2017							
At January 1, 2017	2,094,589	3,583,265	11,060,746	264,196	17,491,289	28,452,955	62,947,040
Additions	-	-	2,156	-	-	10,880,184	10,882,340
Disposals	-	-	-	-	-	-	-
Transfers	-	-	131,961	-	-	(131,961)	-
Depreciation	-	(97,611)	(877,802)	(66,241)	(413,736)	-	(1,455,390)
At September 30, 2017	2,094,589	3,485,654	10,317,061	197,955	17,077,553	39,201,178	72,373,990
At September 30, 2017							
Cost						39,201,178	84,769,171

Expressed in United States Dollars, except where otherwise noted

	2,094,589	4,563,963	18,952,380	1,574,067	18,382,994		
Accumulated depreciation	-	(1,078,309)	(8,635,319)	(1,376,112)	(1,305,441)	-	(12,395,181)
Net book value	2,094,589	3,485,654	10,317,061	197,955	17,077,553	39,201,178	72,373,990

During the nine months ended September 30, 2017, the Group capitalized borrowing costs amounting $539,315 (2016: $382,645) on qualifying assets. Borrowing costs were capitalized at the weighted average of the Company's general borrowings at below rates:

Period	**Interest rate (%)**
up to April 13, 2016	12
From April 13, 2016 to September 15, 2016	7.8964
From September 16, 2016 to April 15, 2017	8.24894
From April 15, 2017 to September 15, 2017	8.43211

4. Biological assets

The figures in respect of fresh fruit bunches ("FFB") prior to harvest are based on the average selling price of FFB for the nine months ended September 30, 2017 less the cost of converting the FFB into oil. The market price is applied to a weight of crude palm oil ("CPO") which is calculated on the estimated weight of FFB on the trees using the average oil extraction rate 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 nine 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 September 30, 2017 and September 30, 2016 was nil. As a result of the unobservable inputs, it is classified within Level 3 of the fair value hierarchy.

5. Other receivables

The value added tax ("VAT") receivable amount of $1,425,446 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 twelve months.

6. Reconciliation to cash flow statement

During the three months ended September 30, 2017, the Group was over drawn by $1,196,117 from the overdraft facility available with the TMB Bank.

	September 30, 2017
Cash balance as per statement of financial position	2,683,440
Bank overdraft	(1,260,708)
Cash balance as per statements of cash flows	1,422,732

Expressed in United States Dollars, except where otherwise noted

7. Share capital

	Shares #	Shares (amount)
Balance, December 31, 2016	361,894,437	116,133,463
Shares issued pursuant to the SPP June 15, 2017 (i)	2,588	-
Balance, September 30, 2017	361,897,025	116,133,463

(i) On June 15, 2017, 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.

8. Share-based payment and other reserves

	September 30, 2017
Balance, December 31, 2016	2,855,769
Employee share-based compensation	(221)
Deferred share units ("DSUs") (i)	901,459
Balance, September 30, 2017	3,757,007

(i) The Company granted 1,104,400 Deferred Shared Units (DSUs) on January 1, 2015 and 13,877,600 DSUs on April 28, 2017 to the officers under the provisions of the Deferred Share Unit Plan of the Company.

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

	Number of Options#	Weighted Average Exercise Price $
Balance, December 31, 2016	531,761	2.64
Issued/Forfeited	-	-
Balance, September 30, 2017	531,761	2.64

As at September 30, 2017, 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	2.44	March 10, 2020 (1)	99,000	99,000	1.00	424,730
September 9, 2010	2.44	March 10, 2020 (1)	99,000	99,000	2.50	352,721
September 9, 2010	2.44	March 10, 2020 (1)	102,000	102,000	5.00	351,326
September 23, 2010	2.98	September 23, 2020 (3)	55,261	55,261	4.46	202,312
November 30, 2011	4.17	November 30, 2021 (4)	126,500	126,500	1.86	390,394
June 17, 2013	5.72	June 17, 2023 (5)	50,000	50,000	0.89	34,398
Unamortized portion of options						270,260
Total Options			531,761		2.60	2,026,141

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.

The following table summarizes the deferred shared units issued during period ended September 30, 2017.

	Number of DSUs	Weighted Average Exercise Price
	#	$
Balance, December 31, 2016	-	-
Issued/	14,982,000	0.20
Balance, September 30, 2017	14,982,000	0.20

As at September 30, 2017, the Company had the following outstanding deferred share units:

Date of Grant	Remaining Contractual Life (Years)	Expiry Date	Number of DSUs Outstanding	Number of DSUs Exercisable	Weighted Average Exercise Price	Grant date fair value of Options Outstanding
			#	#	$	$
January 1, 2015	2.25	January 1, 2020	1,104,400	138,050	0.38	271,155
April 28, 2017	4.92	September 1, 2022	13,877,600	1,387,760	0.19	273,493

Expressed in United States Dollars, except where otherwise noted

Total DSUs	14,982,000	0.20	544,648

9. Accounts payable and accrued liabilities

	September 30, 2017	December 31, 2016
Trade payables	3,133,360	2,985,145
Accrued expenses	2,668,535	5,027,026
Advance received from customers	1,129,966	349,312
Interest payables	265,079	442,839
Overdraft facility in PHC	1,260,708	1,430,066
Other payables	1,900,910	1,494,944
	10,358,558	11,729,332

10. Borrowings

	September 30, 2017	December 31, 2016
Debentures issued during 2012 (a)	4,872,864	4,869,313
Convertible Loan agreement (b)	4,733,613	4,349,996
DFI Debt Facility (c)	33,420,488	13,315,855
Bridge Loan (d)	500,000	-
	43,526,965	22,535,164

	September 30, 2017	December 31, 2016
Current portion	33,920,488	18,185,168
Non-current portion	9,606,477	4,349,996
Borrowings, as at September 30, 2017	43,526,965	22,535,164

(a) ***Debentures issued during 2012***

	September 30, 2017	December 31, 2016
Debentures, beginning of period	4,869,313	4,577,573

Expressed in United States Dollars, except where otherwise noted

Debenture accretion expense	201,505	291,740
Transaction cost associated with extension of debentures	(197,954)	-
	4,872,864	4,869,313

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. 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 Common Share, being a ratio of 571 Common Shares (post-consolidation) per CDN$1,000 principal amount (refer to Note 22). The 2012 Debentures are governed by a trust indenture which includes customary adjustment provisions to the conversion price.

On July 19, 2017, the Company obtained the consent by extraordinary resolution of the holder of its 2012 Debentures to certain amendment to the trust indenture entered into between the Company and TSX Trust dated July 24, 2012, as amended and supplemented from time to time. The amendments include reducing the conversion price of the 2012 Debentures to Cdn.$0.275 per Common Share, extending the maturity date until July 24, 2022 and adding a provision that will further adjust the conversion price and effective rate of interest of the Debentures if a subsequent series of debentures or other debt is issued with more favourable terms on or before December 31, 2017.

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 remaining life of the debt. This accretion is based on the effective interest method. As of September 30, 2017, the carrying value of the 2012 Debentures (including foreign currency and accretion) was $5,070,818. The Company incurred transaction costs of $655,494 in 2012 and $197,954 in July 2017 associated with the amendment to the trust indenture govern by the 2012 Debenture. The transaction costs has been adjusted to the carrying amount of convertible debt.

(b) Convertible loan agreement

	September 30, 2017	**December 31, 2016**
Convertible Loan agreement - Debt	3,593,938	3,593,938
Convertible Loan agreement - Embedded Derivatives	1	1
Convertible Loan agreement - Interest	1,139,674	756,057
Loan as at September 30, 2017	4,733,613	4,349,996

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 September 30, 2017, $3,593,939 of the loan had been drawn down and the interest accrued on the loan is $1,139,674. 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 Common Shares (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).

Expressed in United States Dollars, except where otherwise noted

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

	September 30, 2017	December 31, 2016
DFI Debt Facility drawn	35,000,000	15,000,000
Transaction Cost for the DFI Facility	(1,820,606)	(1,820,606)
Accretion Interest	241,094	136,461
	33,420,488	13,315,855

On December 21, 2015, the Group entered into the DFI Debt Facility for up to $49 million 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 second drawdown on the DFI Debt Facility of $10 million occurred on February 13, 2017 and the third drawdown of the DFI Debt Facility of $10 million occurred on June 9, 2017. 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 September 30, 2017. The Group has 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 on the DFI Debt Facility has been reclassified as current.

(d) Bridge loan by KKM

	September 30, 2017	December 31, 2016
Bridge loan issued by KKM	500,000	-
	500,000	-

The Company entered into a subscription agreement for the ~~private placement~~Private Placement of US$17.5 million of Common Shares with KKM. On September 25, 2017 it was agreed that a bridge loan of $4 million would be advanced by two funds managed by the majority shareholder of KKM. By end of September 30, 2017, Company had received $500,000 in its bank account and balance of $3.5 million was received subsequent to Q3 2017 on October 2, 2017.

11. Other financial liabilities

Expressed in United States Dollars, except where otherwise noted

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 at September 30, 2017 and December 31, 2016. Information about the employee incentive plan for the period ended September 30, 2017 and December 31, 2016 is as follows:

Benefit liability	**September 30, 2017**	**December 31, 2016**
Accrued benefit obligation, beginning of period	4,820,069	6,309,500
Current service cost	84,796	131,172
Interest cost	474,608	957,753
Benefit paid during the period	(1,436,652)	(901,442)
Effect of foreign exchange	(1,016,244)	(1,582,054)
Actuarial gains(losses)	799,113	(94,860)
Accrued benefit obligation, end of period	3,725,690	4,820,069

The weighted average assumptions in measuring the accrued employee incentive liability for the period ended September 30, 2017 and December 31, 2016 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.

	September 30, 2017	**December 31, 2016**
Current portion	758,117	1,186,149
Non-current portion	2,967,573	3,633,920
Accrued benefit obligation, end of period	3,725,690	4,820,069

12. 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.

	September 30, 2017	**December 31, 2016**
Non-controlling interest, beginning of period	351,817	13,966,331
Share of loss	1,240,283	2,522,773
Transaction with non-controlling interest	-	(16,137,287)
Non-controlling interest, end of period	1,592,100	351,817

13. Cost of sales

Expressed in United States Dollars, except where otherwise noted

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Direct operating costs	4,036,799	4,092,186	10,844,307	12,033,403
Employee incentive liability	(242,795)	41,426	(432,064)	(15,245)
Amortisation	422,208	179,825	1,112,529	926,216
	4,216,212	4,313,437	11,524,772	12,944,374

14. Selling, General and Administration costs

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Professional fees	330,161	126,962	989,512	1,108,916
Consultancy fees	59,710	48,616	214,202	279,058
Share based payment	356,811	526	901,238	1,566
Amortisation	2,494	2,550	7,770	7,289
Employee incentive liability	(250,167)	148,049	(445,184)	(15,708)
Salaries and wages	1,921,268	1,191,977	3,946,110	4,046,457
Other general and administrative	790,633	809,623	2,012,436	1,182,107
Reallocation of overhead to bearer assets	(94,535)	(273,921)	(290,618)	(514,365)
Staff Travel & Subsistence	276,766	240,472	779,412	787,662
	3,393,141	2,294,854	8,114,878	6,882,982

15. Finance cost

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Interest and bank charges	1,014,029	584,227	2,812,869	2,870,815
Accretion expense	33,724	164,604	306,138	700,770
Interest income	-	-	-	(21)
	1,047,753	748,831	3,119,007	3,571,564

Less: amount capitalised on qualifying assets	(221,880)	(38,969)	(539,316)	(382,645)
	825,873	709,862	2,579,691	3,188,919

16. Finance Income

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Change in derivative liability fair value	-	-	-	3,219,982
	-	**-**	**-**	3,219,982

17. Income Taxes

Income tax expenses are recognized based on management's best estimate of the weighted annual income tax rate expected for the full financial year. The estimated average annual rate used for the period ended September 30, 2017 and December 31, 2016 was 35%.

18. 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:

Condensed consolidated interim statements of loss for discontinued operation
For the three and nine months ended September 30, 2017 and 2016

Expressed in United States Dollars

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Revenue	-	(112,870)	-	-
Cost of sales	-	(55,120)	-	(198,481)
Gross loss				

Expressed in United States Dollars, except where otherwise noted

	-	(167,990)	-	(198,481)
Expenses				
Selling, general and administrative	13,324	(133,280)	(191,938)	(517,571)
Other income	1,783	44,570	5,136	198,169
Operating income (losses)	15,107	(256,700)	(186,802)	(517,883)
Finance costs	(4,090)	(3,138)	(8,704)	(15,478)
Gain (loss) before income tax	11,017	(259,838)	(195,506)	(533,361)
Income tax expense (recovery)	(8,055)	62,308	(10,260)	(12,879)
Net loss from discontinued operations	2,962	(197,530)	(205,766)	(546,240)

19. 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 of the annual financial statements of the Company for the year ended December 31, 2016.

The following table illustrates the classification of the Group's financial assets and financial liabilities within the fair value hierarchy as at September 30, 2017 and December 31, 2016:

	Financial Instrument Classification	Level	September 30, 2017	December 31, 2016
Financial assets				
Cash	Loans and receivables		2,683,440	1,202,112
Receivables	Loans and receivables		175,577	802,025
Financial liabilities				
Accounts payables and Accrued liabilities	Other financial liabilities		7,196,940	8,804,322
Bank overdraft	Other financial liabilities		1,260,708	1,430,066
Other payables	Other financial liabilities		1,900,910	1,494,944
Borrowings	Other financial liabilities	Level 2	43,526,964	22,535,164

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 the nine months ended September 30, 2017, 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 United States 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 98% of the Company's CPO production and 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 on terms acceptable to the Group.

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.

Expressed in United States Dollars, except where otherwise noted

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 September 30, 2017, the Group had net working capital deficit of $37,927,562 including a net cash balance of $2,683,440. 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.

	September 30, 2017		
	Less than 3 months	**3 months to 1 year**	**1-5 years**
Trade payables	3,133,360	-	-
Accrued expenses	2,668,535	-	-
Other payables	1,900,910	-	-
Bank overdraft	1,260,708	-	-
Debt	500,000	33,420,488	9,606,477

	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	-	-
Bank overdraft	1,430,066	-	-
Debt	442,839	18,185,168	4,349,996

The table above 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.

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.

Expressed in United States Dollars, except where otherwise noted

There were no changes to the Group's capital management approach during the nine months period ended September 30, 2017. The Group entered into debt arrangements during 2012 and 2015 as detailed in note 11.

20. Related party disclosures

The following transactions were carried out with related parties.

Purchase of services from key management personnel Purchase of services:	**Three months ended September 30,**		**Nine months ended September 30,**	
	2017	**2016**	**2017**	**2016**
Board fees *(1)*	77,500	68,730	232,500	196,321
	77,500	**68,730**	**232,500**	**196,321**

(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:

	Three months ended September 30,		**Nine months ended September 30,**	
	2017	**2016**	**2017**	**2016**
Salaries and short-term employee benefits	250,242	236,924	718,938	757,181

Change in fair value of share-based payments	**Three months ended September 30,**		**Nine months ended September 30,**	
	2017	**2016**	**2017**	**2016**
Change in fair value of share-based payments	544,079	526	544,427	1,566

Payables to related parties

Expressed in United States Dollars, except where otherwise noted

	September 30, 2017	**September 30, 2016**
Board of Directors fees	77,500	60,217
Key management compensation	-	15,000
	77,500	75,217

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

21. 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 September 30, 2017, provisions related to such matters totalled $561,455 (December 31, 2016: $493,032). Refer to Note 1 for the uncertainty on the Loi Portant Principes Fondamentaux Relatifs A L'Agriculture".

22. Subsequent event

~~The Company entered into a subscription agreement for the private placement of $17.5 million of Common Shares at a price of Cdn$0.18 per Common Share with KKM. Based~~On October 16, 2017, based on a fixed exchange rate of Cdn$1.253 per $1.00 as set out in the applicable subscription agreement, the Company ~~has~~ issued 62,650,000 Common Shares to KKM pursuant to this first ~~trance~~tranche of the Private Placement. The $4 million bridge loan ~~as~~ mentioned in note 12 (the "Loan facility") advanced to the Company by two funds managed by the majority shareholders of KKM was applied towards the subscription amount for this first tranche. The Company received $9 million (including $4 million pursuant to Loan Facility) ~~on October 17, 2017~~ and anticipates that the balance of $8.5 million will close by the end of 2017.

On November 3, 2017, the Company completed fourth and final drawdown of $14 million from the previously announced DFI Debt Facility.

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Padding cell	

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