



October 29, 2014

## **Verde to Expand ThermoPotash Market Development Under Brazil's Agricultural Innovation Program**

**Verde Potash** (TSX: "NPK") ("Verde" or the "Company") is pleased to announce the Company has been approved for a financing program entitled PAISS Agricola, jointly managed by the Brazilian Development Bank ("BNDES") and the Financing Agency for Studies and Projects (FINEP). Specifically for the production of sugarcane, PAISS Agricola is a distinct and autonomous financing program from Inova Agro, it supports technological innovation in the sugar-based energy and chemical sectors. ThermoPotash ("TK") is a multi-function fertilizer that is a highly efficient source of potash and provides a spectrum of other benefits, ranging from increasing the efficiency of phosphate sources, which allows for a reduction in their usage, to reducing the use of pesticides due to its disease resistance capability. Given TK's wide range of functions, farmers have the potential to optimize their current nutrient management system saving costs and increasing crop sustainability. A more efficient, lucrative and sustainable opportunity for sugarcane growers will be evaluated under funding from PAISS Agricola.

Verde's application to the program is predicated on optimizing sugarcane growers' production process by using TK as part of its nutrient management practices. The total budget approved is for R\$57.5M (~C\$25.6M), to be sourced by a BNDES credit line, at a government-subsidized interest rate. Receipt of the funds is conditional upon BNDES' comprehensive review of the project, including a risk and market analysis. Such a review is done on a program-by-program basis.

The production optimization, which is another benefit of TK, will require a number of agronomic tests for a full understanding of its reach. Such research will allow the Company to pave the way for a much broader usage of the product in Brazil and quantify all economic merits of the product. Based on the quantified results, Verde will be able to grow the market and properly determine TK's pricing given its multi-functionality.

The Company intends to draw down on the funds over the next three years. Initially, Verde intends to ask for R\$1M (~C\$450K) to pay for the production of TK for a major field trial to be implemented with a selected partner.

"Verde's selection to participate in the agricultural innovation program is a major leap towards the development of the TK market. It recognizes and endorses TK not only being as a source of potash, but as an advanced and highly efficient product capable of revolutionizing tropical agriculture",



commented President & CEO, Cristiano Veloso.

Using TK as part of their nutrient management practices allows farmers to achieve optimal and sustainable crop productivity for several reasons:

1. TK releases potash according to the plants' needs, thereby eliminating nutrient loss;
2. TK has a high concentration of plant available silicon. Silicon accumulated in plant leaves can considerably reduce the incidence of pests and diseases and thus reduce the need to use pesticides. Silicon also protects against excessive transpiration alleviating negative water stress. Water stress is caused by restricted water supply from the soil, which limits a plants growth;
3. Farmers can reduce the dosage of fertilizer applied when using TK and still increase crop yields. The main reason for this is because TK is not leached in water as other potassium salt fertilizers such as KCl. This has a residual effect on the soil. Soil analysis showed higher levels of potassium, calcium and silicon when using TK compared to soils treated with other sources of fertilizer, thereby reducing the number of applications;
4. Fertilizers that contain chlorine compromise the quality of some crops and can pollute the soil and underground water. TK does not contain any chlorine;
5. The presence of calcium oxides with silicates in TK's composition enables the fertilizer to correct soil acidity and thus warrants a reduction in the use of limestone. Limestone is commonly used to correct soil acidity, however it is responsible for much of the CO<sub>2</sub> emissions in agriculture.

In order to examine the functions of TK to the fullest extent and uncover a new, more efficient, sustainable and cost effective plant nutrient management system, the Company will carry out various tests. Verde is presently identifying all viable opportunities to fast track production of TK in the commercial quantities necessary for such tests. One such opportunity is to buy or lease a non-operating pyrometallurgical plant and convert it into one for TK production. This is being pursued concurrently with greenfield licensing and construction.

#### **About Verde Potash**

Verde Potash, a Brazilian fertilizer development company, is focused on advancing the Cerrado Verde Potash Project located in the heart of Brazil's largest agriculture market. Cerrado Verde is the source of a potash-rich deposit from which the Company intends to produce both ThermoPotash ("TK") and potassium chloride (KCl). TK is a controlled-release, non-chloride, multi-nutrient fertilizer that is ideally suited for Brazilian soils.



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**Forward Looking Information**

This news release contains certain forward-looking information, which includes but is not limited to, statements with respect to the Company's strategy, funding of the Cerrado Verde project, the commercial production of ThermoPotash, the lease or purchase of an existing facility and its economic viability, receipt of environmental permits, and the receipt of funds from PAISS Agricola. Forward-looking information involves known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company to differ materially from the forward-looking information. Material risk factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, the failure to obtain necessary regulatory approvals, failure to receive funding from BNDES, failure to obtain financing on acceptable terms, risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, demand for ThermoPotash in Brazil, exchange rate fluctuations and other risk factors set out in the Company's most recently filed Annual Information Form under the heading "Risk Factors". Currently, ThermoPotash is not commercially produced or sold in Brazil. As a consequence, there is no current market for this product. Should commercial demand for ThermoPotash fail to develop, the Company's business model may not be appropriate. Accordingly, readers should not place undue reliance on such forward-looking information. Material factors or assumptions used to develop such forward-looking information include, but are not limited to, the demand for ThermoPotash and KCl in Brazil, the ability to secure necessary environmental and mining permits, the ability to secure financing, and other assumptions set out in the Company's current technical report. The Company does not currently intend to update forward-looking information in this news release except where required by law.