



**VERDE AGRITECH PLC**  
**ANNUAL INFORMATION FORM**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**March 29, 2018**

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## FORWARD-LOOKING INFORMATION

Certain statements contained in this annual information form (“**AIF**”) contain forward-looking information about Verde AgriTech Plc (“**Verde AgriTech**”, “**Verde**” or the “**Company**”). Forward-looking information can often be identified by the use of forward-looking terminology such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “goal”, “intend”, “may”, “plan” or “will” or the negative thereof or variations thereon or similar terminology.

Forward-looking information in this AIF includes, but is not limited to:

- the Pre-Feasibility study (“**PFS**”) on the production of Super Greensand<sup>®</sup> at the Company’s Cerrado Verde Project (defined herein), including forecasts of total resource tonnage, average grade of potash (“**K<sub>2</sub>O**”) in the glauconitic siltstone material (a potassium (“**K**”) silicate rock - defined herein), production, capital and operating cost estimates, net present value, internal rate of return and payback period (the “**Super Greensand<sup>®</sup> PFS**”);
- the Company’s plans for the exploration and development of, and production from the Cerrado Verde Project and, its other mineral properties;
- the Company’s environmental license for Super Greensand<sup>®</sup> production;
- the suitability of the Company’s agricultural products for their intended commercial use and Brazil’s domestic fertilizer needs;
- the prospects of the Company’s exploration properties.

Forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Although the Company believes that its expectations reflected in the forward-looking information are reasonable, such information involves known or unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the Company’s projects in Brazil to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, but are not limited to:

- general business, economic, competitive, political and social uncertainties;
- the actual results from current or future exploration activities;
- conclusions of economic evaluations;
- unexpected increases in capital or operating costs;
- changes in equity markets, inflation and changes in foreign currency exchange rates;
- changes in project parameters as plans continue to be refined;
- changes in labour costs;
- expected sales price of Super Greensand<sup>®</sup>;
- expected market potential for Super Greensand<sup>®</sup>;
- possible variations of mineral grade or recovery rates;
- accidents, labour disputes and other risks of the mining industry;

- political risks arising from operating in Brazil;
- delays in obtaining governmental consents, permits, licenses and registrations, approvals or financing; and
- those factors discussed in the sections entitled “Risk Factors” in this AIF.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

The Company has made several assumptions that it believes appropriate, and these include but are not limited to:

- the Super Greensand<sup>®</sup> PFS capital and operating estimates will be achieved if development is undertaken;
- the expected sales price of Super Greensand<sup>®</sup>;
- a 36 year mine life for Super Greensand<sup>®</sup>;
- inferred mineral resources and indicated mineral resources will be upgraded to measured mineral resources or mineral reserves;
- necessary licenses and permits will be obtained when and as required; and
- the Company will be able to secure financing on reasonable terms for required capital.

There can be no assurance that forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in or implied by such forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information, which speak only as of the date the statements were made, and readers are also advised to consider such forward-looking information while considering the risk factors set forth herein under the heading “*Risk Factors*”. The Company does not intend to update or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors, which affect this information, except where required by law.

### **CURRENCY AND EXCHANGE RATE INFORMATION**

References to “U.S. dollars” and “US\$” in this AIF are to U.S. dollars, references to “Canadian dollars” and “C\$” in this AIF are to Canadian dollars, references to “Brazilian reais”, “R\$” and “BR” are to Brazilian reais and references to “Pounds Sterling” and “£” are to U.K. Pounds Sterling. The Company’s cash resources are held in Canadian dollars and Brazilian reais. Potash is sold throughout the world primarily in U.S. dollars.

The closing, high, low and average exchange rates for Brazilian reais (based on the noon rates) expressed in Canadian dollars for the year ended December 31, 2017, as reported by the Bank of Canada, were as follows:

<b>Brazilian Reais</b>	<b>(\$)</b>
Closing .....	0.3787
High .....	0.4395
Low .....	0.3787

<b>Brazilian Reais</b>	(\$)
Average .....	0.4071

As of March 28, 2018, the exchange rate for one Brazilian reais expressed in Canadian dollars, based upon the noon rate provided by the Bank of Canada was \$0.3867.

The closing, high, low and average exchange rates for U.S. dollars (based on the noon rates) expressed in Canadian dollars for the year ended December 31, 2017, as reported by the Bank of Canada, were as follows:

<b>U.S. Dollars</b>	(\$)
Closing .....	1.2545
High .....	1.3743
Low .....	1.2128
Average .....	1.2986

As of March 28, 2018 the exchange rate for one US\$ expressed in Canadian dollars, based upon the noon rates provided by the Bank of Canada was \$1.2902.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

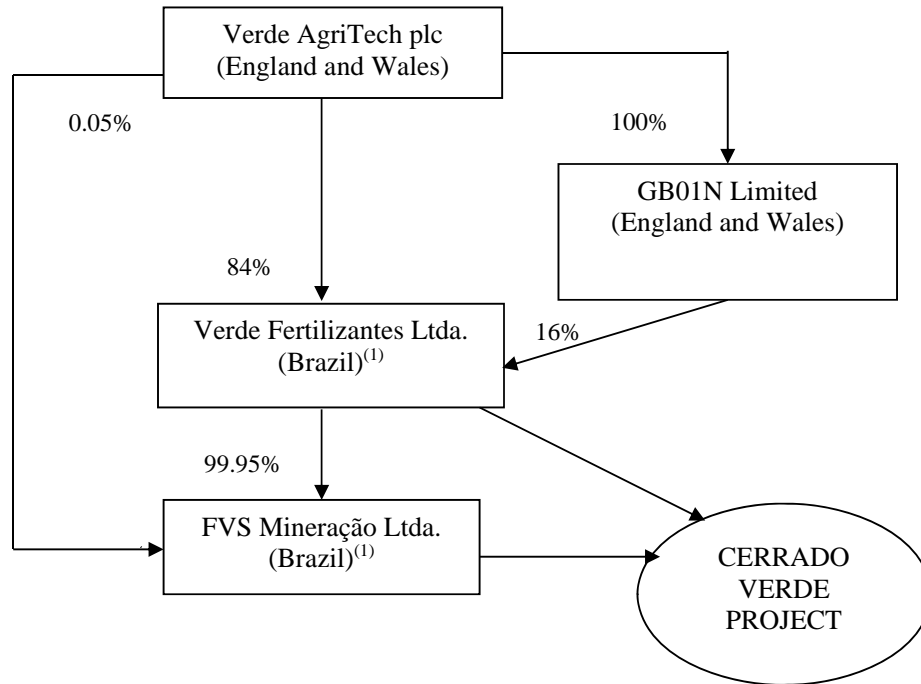
Verde AgriTech was incorporated in England on August 14, 2006 as “Amazon Mining Holding PLC” under the U.K. Companies Act 1985, which was replaced by the U.K. Companies Act 2006 (the “**U.K. Companies Act**”). The initial authorized share capital of the Company was £50,000,000 divided into 500,000,000 ordinary shares of the Company (“**Ordinary Shares**”) of £0.10 each. On August 14, 2006, the authorized share capital, issued and unissued, was subdivided into 1,000,000,000 Ordinary Shares of £0.05 each. On May 17, 2007, the Company consolidated its authorized share capital of 1,000,000,000 Ordinary Shares of £0.05 each into 200,000,000 Ordinary Shares of £0.25 each and increased its authorized share capital by the creation of an additional 300,000,000 Ordinary Shares of £0.25 each. Effective on April 12, 2011, the Company redenominated its share capital into Canadian dollars. At its annual general meeting held on June 5, 2013, the shareholders of the Company authorized the board of directors of the Company (the “**Board of Directors**”) to allot shares up to a maximum aggregate nominal amount of \$195,900,000, which represents up to 500,000,000 Ordinary Shares at \$0.3918 each, for a period of five years.

The registered office of the Company is located at Salatin House, 19 Cedar Road, Sutton, Surrey, SM2 5DA, U.K. The Company’s head office is in Brazil and is located at Avenida do Contorno, 6594, 7º andar, Lourdes, Belo Horizonte, Minas Gerais State, 30.110-044.

The Company’s Ordinary Shares trade on the Canadian Toronto Stock Exchange (“**TSX**”) under the symbol “**NPK**”.

### Inter-corporate Relationships

The following diagram sets out the relationship between the Company, its material subsidiaries and the Company’s material mineral project.



**Notes:**

- (1) Verde Fertilizantes Ltda. (“**Verde Fertilizantes**”) and FVS Mineração Ltda. (“**FVS**”) together own 100% of the Cerrado Verde Project.
- (2) *Other projects:* Verde AgriTech also owns a Limestone Project (Moema and Jaguará limestone deposits – the Calcario Limestone Project), which is not considered material at this time. This project is located in Brazil and is held by Verde AgriTech’s subsidiary, Verde Fertilizantes.

**GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS**

**General**

Verde AgriTech is an agri-tech company with mineral exploration and development properties in Brazil. The principal activity of the Group is the development of innovative agri-tech products of high agronomic efficiency that foster sustainable, profitable and productive agriculture to help feed and nourish the world’s growing population. Verde remains focused on advancing the Cerrado Verde Project (“Cerrado Verde” or the “Project”) towards production while at the same time continues to evaluate the potential of its mineral resource for additional products for the agricultural market.

Cerrado Verde, located in the heart of Brazil’s largest agricultural market, is the source of a naturally occurring potassium silicate rock from which the Group intends to produce Super Greensand®. Super Greensand® is both a fertilizer and a soil conditioner, rich in minerals and 100% natural, ideally suited for organic agriculture. The Group was also developing its Calcario limestone project; limestone being a key raw material in Verde’s process to produce TK47®. However, following the Group’s decision to develop the Cerrado Verde Project and produce Super Greensand® the Calcario limestone project is no longer being utilised.

**Three Year History**

**2015**

In January 2015, Verde obtained permission from The Institute of Historical and Artistic Heritage (IPHAN)<sup>1</sup>, to commence an archaeological study to identify if the deposit and surrounding areas contain any archaeological

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<sup>1</sup> Instituto do Patrimônio Histórico e Artístico Nacional

material. The request was filed in September 2014 and approval was received in January 2015. As soon as Verde received approval, its team initiated work early February 2015 and the study was completed at the beginning of May 2015.

Engineering studies, developed by IC Ambiental and concluded in January 2015, delineated some improvements required on secondary roads accessing the mine site, for which an environmental impact study is required. The study was completed at the end of April 2015.

The hydrogeological study, initiated in August 2014 by MDGEO - Serviços de Hidrogeologia Ltda, a Brazilian consulting firm, was completed in February 2015. This study was required to identify and measure the mine's impact on groundwater during the dry and wet season. The Company initially expected completion of the study in Q4 of 2014 (as previously announced on August 13, 2014), however, due to Brazil's current water shortage crisis, the study could only be finalized in February 2015.

In October 2015, Verde announced its evolution from a commodities company into an agri-tech company focused on continual innovation. Verde has been devoted to the development of its potassium silicate mineral asset through technology that converts it into solutions for sustainable and profitable agriculture. As a result, the Company proposes changing its name to Verde AgriTech to better reflect its progression and commitment to agricultural technology innovation. The new name will be put forward at the next Annual General Meeting for shareholders' approval.

## **2016**

In February 2016, the Group announced a new product development, Super Greensand<sup>®</sup>, expected to be used both as a fertilizer and as a soil conditioner. Verde will progress with product registration in Brazil and the United States. Super Greensand<sup>®</sup> is produced as an intermediate step in the TK47<sup>®</sup> production process. The production flowsheet for TK47<sup>®</sup> allows the same plant to produce two products without any additional investment. If Verde decides to significantly reduce upfront capex it could initiate production with Super Greensand<sup>®</sup>, because its production process does not require a kiln, only a mill.

In April 2016, the Group announced a new product development for the crop protection market, Alpha. The Group has developed a proprietary technology to produce Alpha from its potassium silicate mineral deposit. Alpha is applied directly on crop leaves to provide plant available silicon, an element that has been proven to induce crops' resistance and increase its protection against pests and diseases. The product's development is a strategic addition to the Group's expanding portfolio of products and solutions that foster sustainable, more profitable and productive agriculture.

The Group is conducting 18 field trials with some of the world's largest agriculture corporations, 3 field trials with leading independent research companies and an overall evaluation being carried out by one of Brazil's leading agronomy universities. Alpha is being tested on coffee, rice, corn, soybeans, cotton and potato, among others. While Verde's Super Greensand<sup>®</sup> are used in soil application, Alpha is applied as foliar feed (i.e. technique of feeding plants directly through their leaves).

Also in April 2016, a public audience was held in the city of Sao Gotardo, Minas Gerais, to discuss the Group's application for an environmental license to mine Verde's potassium silicate rock. The public audience is an important step of the process to obtain an environmental license in Brazil and serves as an opportunity for the Group to present the project and its social and environmental impact to various stakeholders. Such stakeholders included the mayor of São Gotardo, city councilors, representatives from the Regional Superintendencies of Environmental Regulation ("SUPRAM"), members of civil associations, religious communities, social organizations, the business community, public servants, union representatives and residents of São Gotardo and neighboring towns. At the public audience, the Group's project received a high level of support and at the end of August 2016, the environmental agency conducted a site visit of the Group's Cerrado Verde property as part of their review of the Group's environmental license application.

See the May 2, 2016 press release for more details on the public hearing.

The Group acquired two properties in Minas Gerais State. The first property, purchased for approximately \$153,000 (R\$345,000), can be used in the future for several purposes, including storage of ore and equipment installation. The Group is in the process of finalizing its purchase of the second property for approximately \$146,000 (R\$330,000). As part of environmental regulations, this second property was purchased for environmental compensation purposes and will be used for forest protection.

On August 17<sup>th</sup> and 19<sup>th</sup>, the Minas Gerais State Environmental Agency conducted a site visit of the Group's Cerrado Verde property as part of its review of the Group's environmental license application. The site visit was booked on the first day after the environmental agency's strike was over. A site visit is one of the agency's final steps in its review process. The environmental agency also conducted a site visit to the property Verde is proposing for environmental compensation.

## **2017**

On February 9th, 2017, the Company obtained an Environmental Authorization for Operation ("Autorização Ambiental de Funcionamento" – AAF) from SUPRAM and an exceptional authorization to mining, through a document called Guia de Utilização from DNPM, which was published in Brazilian Official Diary ("Diário Oficial da União" - DOU) on February 27th, 2017. These documents allow the Company to mine 20,000 tonnes per year until February 9th, 2021. The application to increase the annual production to 50,000 tonnes per year was submitted to SUPRAM on May 5th, 2017 for analysis and to DNPM on May 10th, 2017.

On April 27th, 2017 Verde was awarded a mining permit for 20,000 tons per annum to startup its planned production.

On May 16th, 2017 the Company concluded its first export of Super Greensand® to the United States' cannabis and organic market.

On November 27, 2017 the group announced the conclusion of a Pre-Feasibility Study ("PFS") for the expansion of the current Super Greensand® production. The PFS evaluated the technical and financial aspects of producing 25 Million tonnes per year ("Mtpy") of Super Greensand® divided in three phases: Phase 1 (0.6Mtpy); Phase 2 (5Mtpy) and Phase 3 (25Mtpy). The proposed scalable development is predicated on production growth being financed largely from expected internal cash flow.

### **Project Highlights:**

- Proven and Probable Reserves of 777.28 Mt, grading 9.78% K<sub>2</sub>O.
- Capex for Phase 1 is estimated at US\$3.05 million.
- Capex for all Phases is estimated at US\$369.53 million.
- Sustaining capital for the Project is estimated at US\$222.26 million.
- Estimated after-tax Net Present Value ("NPV") for the Project, using an 8% discount rate, of US\$1,987.97 million.
- Estimated after-tax Internal Rate of Return ("IRR") of 290%.
- Payback of 0.5 years for Phase 1, 0.2 years for Phase 2 and 1.2 years for Phase 3, from the start of production in each phase (years 1, 3 and 6, respectively).
- Adopted Potassium Chloride ("KCl") long term price of US\$250 CFR Brazil as reference for Super Greensand® pricing.
- Estimated Operating Cost of US\$14.53, US\$6.77, US\$7.92 per product tonne for Phases 1, 2 and 3 respectively.

### **The PFS is based on the following assumptions:**



- 100% equity.
- Phase 1 production of 0.6 Mtpy; Phase 2 production of 5 Mtpy; Phase 3 production of 25 Mtpy.
- A projected mine life of 36 years.
- Contract Mining.
- A 15% contingency applied to Capex.
- US Dollar-Brazilian Real exchange rate of US\$1 = R\$3.28.
- Potassium Chloride (“KCl”) long term price of US\$250 CFR Brazil as reference for Super Greensand® pricing.

On December 22, 2017, the group received the results of the new NI43-101 compliant technical report of its Pre-Feasibility studies. The results of the study indicate that Super Greensand® can be produced in the desired purity and that there is demand in the market in its use as a fertilizer.

### **Employees**

The Company currently has 7 employees.

### **Competitive Conditions**

See “*Risk Factors – Competition*” for a discussion of the Company’s competitive conditions.

### **Foreign Operations**

The Cerrado Verde Project is located in Brazil and the material operating subsidiary for the Project is Verde Fertilizantes, a Brazilian corporation.

### **Product Development**

#### ***Super Greensand®***

Super Greensand® is expected to be used both as a fertilizer and as a soil conditioner. As a fertilizer it provides potassium, magnesium, silicon, iron and manganese. As a soil conditioner it increases the soil's capacity to retain water and nutrients. A 100% natural product Super Greensand® is expected to be certified for use by organic agriculture. Verde will progress with product registration in Brazil and the United States.

## **CERRADO VERDE PROJECT**

### **General**

The Cerrado Verde Project (“Cerrado Verde”) is the source of a naturally occurring potassium silicate rock, a glauconitic siltstone material, from which the Group intends to produce Super Greensand®. BNA Consultoria e Sistemas (BNA) prepared the PFS for the production of Super Greensand® from Cerrado Verde.

The current PFS has been prepared under the guidelines of National Instrument 43-101 and accompanying documents *Form 43-101.F1 Technical Report and Companion Policy 43-101.CP*. This PFS follows the PFS completed by Amec Americas Limited (AMEC), NCL Ingenieria y Construccion SpA (NCL) and Andes Mining Services Limited (AMS) (March 31, 2014), and contains changes to the Project’s mineral classification (from glauconitic meta-argillite to glauconitic siltstone), without modifying the mineral resource classification. Moreover, the reserves and economic assessment were updated due to a change in the product to be produced (ThermoPotash to Super Greensand®).

Super Greensand® is a multi-nutrient fertilizer product that has been studied since 2009 by the Company in partnership with specialists in Brazil and abroad. Super Greensand® is an alternative to Potassium Chloride (“KCl”), which is a widely used fertilizer in Brazil. The country has only one KCl mine and therefore must

import over 90% of what is used. Compared with KCI, which is not the most suitable product for tropical agriculture, Super Greensand<sup>®</sup> production has two great advantages: the rock has a high potassium grade (average of 10% K<sub>2</sub>O) and the Project is close to the largest agricultural region of the country, the Brazilian savannah (Cerrado). Super Greensand<sup>®</sup> is an alternative that may allow Brazil to decrease its dependence on potassium imports and is a more sustainable and appropriate fertilizer for tropical soils.

The Company's only material mineral property for purposes of NI 43-101 is the Cerrado Verde Project.

The following information is derived from the 2017 Technical Report, which is incorporated by reference into this AIF, however, certain updates have been made by employees of the Company and have been approved by Bradley Ackroyd of AMS and Beck Nader of BNA, each of whom is a qualified person as defined in NI 43-101. A complete copy of the 2017 Technical Report, portions of which are quoted verbatim or paraphrased herein, is available under the Company's profile on SEDAR or on the Company's website, [www.verdepotash.com](http://www.verdepotash.com). Please refer to the 2017 Technical Report for a more extensive discussion of the matters summarized here.

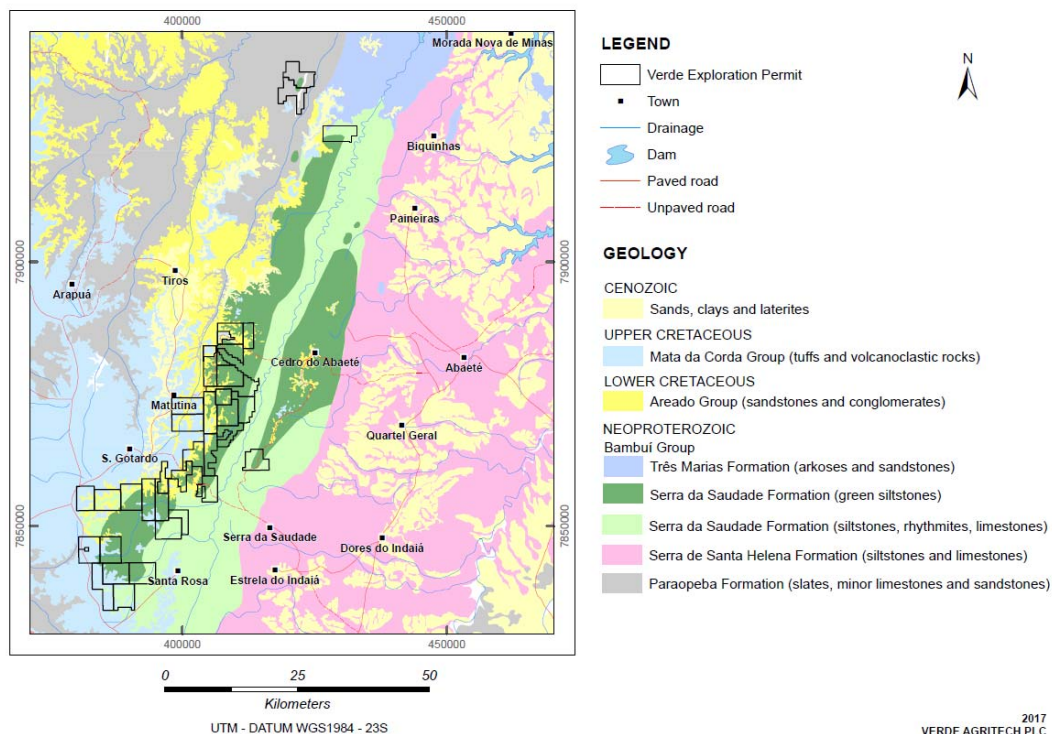
## Project Description and Location

### Project Location

The Cerrado Verde Project is located in the western Alto Paranaíba region of Minas Gerais State, Brazil (Figure 1), and approximately 39 km east from the city of São Gotardo. São Gotardo is located approximately 320km west from Belo Horizonte (state capital of Minas Gerais) via a good quality paved road (BR-262). From São Gotardo, the project area is accessed via a number of secondary gravel roads, which connect the farming region.

The permit boundaries are defined by UTM coordinates with WGS84 datum (Zone 23S). Coordinates for a central point within the Cerrado Verde permits are: 7,856,500 N and 394,500 E.

**Figure 1: Cerrado Verde Project Location and Permits Map**



### ***Permit Status***

The Cerrado Verde Project area comprises a total of 30 granted exploration permits covering an aggregate area of 52,274 ha and 3 additional areas covering 4,350 ha. An application has been submitted for a permit for these 3 additional areas.

Verde owns 100% of the Project through its Brazilian subsidiary companies. There was no prior ownership of permits immediately prior to the submission of Verde's applications. The Company has submitted the necessary applications to acquire the rights to explore the permits.

The mineralized zones of the Cerrado Verde Project are composed of glauconitic siltstone units from the Serra da Saudade Formation, Bambuí Group. The known mineralization is located within the areas covered by the permits held by Verde.

### ***Agreements and Encumbrances***

#### ***1) Finder's Fee***

Verde entered into a discovery contract ("Finder's Fee") dated September 29, 2008 (with a retroactive term beginning on July 26, 2008) with Ysao Munemassa (Ysao) pursuant to which Ysao performed, at Verde's expense, preliminary geological surveys and research studies on the Cerrado Verde Project.

The Cerrado Verde Project Discovery Contract was subsequently amended on July 27, 2010 establishing that Verde shall pay to Ysao:

- 100,000 Stock Options one year after the application for exploration permits for the Cerrado Verde Project area are filed with the DNPM; (PAID)
- US\$500,000.00 upon approval of a bankable feasibility study, and
- a 3% royalty on the net smelter return.

Verde has the right to purchase the royalties due to Ysao at a cost of US\$1,000,000.00 for each 1% of the protected right of royalty owed to Ysao.

#### ***2) 830.383/2008***

On March 30, 2012, the Company prepared and signed a contract for the full transfer of the mining permits related to exploration permit number 830.383/2008 ("830.383/2008"). In addition to the transfer of mining permits, the contract established Verde's right of first refusal to acquire the farm within 5 years after the signing of the contract. A payment was made in the amount of R\$50,000.00 (approximately US\$15,243.90) and a royalty of US\$0.03 per tonne of mined ore will be due if a mine is operated in this area.

#### ***3) Fragata***

On October 4, 2016, the Company prepared and signed a private agreement by means of a *Guia de Utilização* (a document that allows the extraction of mineral resources in a titled area, prior to the granting of the mining permit, based on technical, environmental and market criteria, with prior authorization from DNPM) related to DNPM permit number 830.383/2008, allowing the extraction of up to 100,000 t of ore.

A royalty of US\$0.06 per tonne of mined ore will be due for extraction of between 0 and 20,000 t in this area. If the extraction is between 20,000 t and 100,000 t, the royalty increases to US\$0.11 per tonne.

On April 19, 2017, the Company obtained an exploitation consent from DNPM through a *Guia de Utilização*, allowing Verde to mine 20 Ktpy until February 9, 2021. An application to increase annual production to 50,000 t was submitted to DNPM for analysis on May 10, 2017.

#### **4) Selado**

Verde signed a lease for a property with a 51 Mt ore reserve (Fazenda Selado), on May 22, 2014. The payments resulting from this agreement are listed below:

- Construction of a house;
- US\$3,048.78 (R\$10,000.00) for renovation of the existing house;
- Monthly income for the occupants: (to begin following signature of the agreement);
- US\$4,573.17 (R\$15,000.00) per effectively impacted hectare, due when the impact effectively occurs. The maximum impacted area is 35 ha.

#### **5) Confusão**

The Company has signed a private agreement by means of a *Guia de Utilização* related to DNPM permit number 833.264/2008. A royalty of US\$0.15 per tonne of mined ore will be due if there is any extraction in this area. A mining permit application will be submitted to the DNPM for analysis in January of 2018.

#### **6) Londônia**

The Company signed a private agreement through a *Guia de Utilização* related to DNPM permit number 833.263/2008. A royalty of US\$0.15 per tonne of mined ore will be due if there is any extraction in this area. A mining permit application will be submitted to the DNPM for analysis in January of 2018.

### ***Taxes and Royalties***

In Brazil, the DNPM monitors exploration, mining, and mineral processing. This regulatory body also administers mineral exploration permits and mining concessions. Mineral exploration permits are issued by DNPM and mining concessions by the Ministry of Mines and Energy.

Exploration permits are granted for a maximum period of three years. As prerequisite, the applicant must provide all requirements and evidence that the area of interest does not overlap with an existing permit. The permit tax should be paid to the Brazilian government up to the delivery of the final exploration report or while the authorization is valid. Exploration permits can be extended for a second period no longer than three years. DNPM has discretion of whether to grant the requested renewal.

A mining concession carries a royalty payment obligation to the federal government, the Financial Compensation for the Exploitation of Mineral Resources (CFEM), which is established at 2% of the gross sales price of the mineral product, less taxes levied on its sale.

### ***Environmental Liabilities and Permitting***

The authors of the 2017 report are unaware of any environmental liabilities to which the Cerrado Verde Project is subject.

Environmental regulations and general environmental rules and obligations in Brazil are relatively similar to those applicable in Canada. The Brazilian environmental policy is the responsibility of the Ministry of the Environment and is executed at three levels: federal, state, and municipal. Verde intends to file an

Environmental Impact Assessment and associated documentation required to advance the whole Project from exploration to the exploitation phase.

## **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

### ***Access to Property***

The Project can be accessed by air from Rio de Janeiro, São Paulo, Brasília and other cities to Patos de Minas, from there overland to São Gotardo (approximately 126 km) via good quality paved roads (BR-354 and BR-352). From Belo Horizonte, the Project site is accessed by 320 km through BR-352. From the town of Matutina the Project area is accessed by secondary gravel roads that traverse the farming region.

The unpaved roads are in reasonable conditions, although some sections require improvement.

### ***Climate and Length of Operating Season***

The climate of the region is classified, according to the Brazilian Institute of Geography and Statistics (IBGE) annual report in 2002, as half-humid warm tropical, with average annual temperatures of 22 °C. Annual rainfall in the area averages between 1,300 mm and 1,800 mm, 84% of which falls during the rainy season between October and March, with the highest rainfall between December and January. Exploration and mining operations can be conducted year-round.

### ***Local Resources and Infrastructure***

São Gotardo is the closest town, located 39 km west from the Project site, with a significant population to provide manpower for a potential mining operation, having a population of around 34,000. São Gotardo also has good infrastructure, with domestic power and telephone service available. Also, the Project is very close to Patos de Minas (129 km away), the main city in the Alto Paranaíba area, which has a strong economic, cultural, educational and social environment.

Belo Horizonte, located about 320 km from the Project site, is the capital and the largest city in the state of Minas Gerais, with a population above 2 million people. It is the major center of Brazil's mining industry, with infrastructure for mining equipment and services available. There is a large commercial airport with domestic and international flights. Several state and federal government agencies are based there, in addition to private businesses that provide services to the mining industry. Skilled labor is readily available in Belo Horizonte, as well as at the towns near the Project.

### ***Surface Rights***

According to the Brazilian law, surface rights are separate from mining rights. Therefore, the landowner has no title to the minerals contained in the soil or in the sub-soil, which are deemed a property of the federal government. The federal government can grant to private companies or individuals the right to exploration and mining of sub surface minerals.

Private companies or individual holders of an Exploration Permit are supposed to enter into an agreement with the landowner, allowing them access to the area, in order to conduct exploration activities. If an agreement is not reached, Brazilian Mining Code establishes a judicial procedure by means of which the mining company or individual secures access to the area by paying the landowner a compensation for damages to his or her property and loss of income due to exploration.

Verde has agreements in place with relevant landowners, which allows them to undertake exploration in the permits.

Private companies or individuals holding a Mining Permit are entitled to access the area necessary for the mine infrastructure. Such surface rights are obtained by agreement with the landowner, providing compensation for the price of the land and additional losses caused by the occupation of such land. In case such agreement is not

reached, surface rights are granted by the local Court based upon previous payments by the mining company or individual according to the amount judicially determined for such compensation.

In addition to compensation for damages, the landowner is entitled by law to a royalty equal to 50% of the Financial Compensation for the Exploitation of Mineral Resources (CFEM). However, there may be an agreement between the mining company and the landowner, establishing a compensation that is satisfactory for both (J. MENDO, 2009). The Company is considering the purchase of all properties within their permits, so this amount will not be due, since Verde will be the owner.

Verde has started to negotiate agreements with landowners to gain mining access and has already settled an agreement with the landowners of Fragata and Selado.

### *Physiography*

The Cerrado Verde Project is located within the hydrographic basin of Indaiá River, a tributary river on the left hand margin of the São Francisco River. According to Secretaria do Estado de Ciência e Tecnologia de Minas Gerais, the Indaiá River basin is part of the geomorphological unit known as São Francisco Plateau, where the edges of the hills and the crest points dip towards the NE with high structural controls.

The main drainages in the Cerrado Verde region are the rivers Indaiá, Abaeté, Borrachudo and its tributaries. These rivers have meandering channel style morphology with predominantly dendritic drainage patterns evident in areas where pelitic rocks dominate. To the north of the project is the Três Marias Dam which constitutes the main mouth / confluence point of the rivers in the region.

The main topographic feature across the Cerrado Verde region is the Serra da Saudade ridge. The landscape can be separated into three domains that may be correlated to typical South American surfaces:

- **Upper Surface:** Older stage of the group that has exposed the Areado Group Sandstones and Mata da Corda Group;
- **Intermediate Surface:** Refers to the second stage of the group after the dissection of the Upper Surface (triggered by the resumption of the erosive process). The average altitude of the intermediate surface is 750 to 850m ASL. The intermediate surface presents as an irregular surface which stretches along a N-S strike and is developed over the Serra da Saudade Formation represented by psammitic lithotypes; and
- **Basal Surface:** the youngest, bordering the São Francisco River, with elevation ranging from 570 to 630m. Exposure occurs in pelites of the Serra de Santa Helena and Serra da Saudade formations.

### *Topography, Elevation and Vegetation*

The peneplain developed by the glauconitic siltstone unit, i.e., the ground over which the Areado Group was deposited, undulates between an altitude of 850m and 1,000m. Higher elevations of peneplain development are found in the more southern parts of the Serra da Saudade range. In the middle portion of the Serra da Saudade range (location of Cerrado Verde Project), the peneplain is placed between 880m and 920m. Therefore, it is reasonable to infer that all of the surface exposures of the glauconitic meta-argillite unit were the result of the Tertiary erosion cycles that stripped off the Mesozoic rocks (Mata da Corda and Areado groups).

The local vegetation consists of primitive savannah (cerrado) relicts, still preserved between subsistence plantations and familiar livestock.

## **History**

### ***Exploration History***

The glauconitic siltstone occurrence has been known as a potential potash resource since the 1960's, although only regional mapping has been undertaken in the permits held by Verde over the years.

Verde does not have data with respect to past owners or any prior exploration work. Verde is not aware of any historic resource estimation work on the property. There has been no historical mining on the property. There is no data or information available on prior exploration or development previous to the current owner.

### ***Resource Estimation History***

#### *Coffey Mining (March 2010)*

Verde commenced drilling across the Cerrado Verde Project in late 2009. In March 2010, Coffey Mining Pty Ltd ("**Coffey Mining**") was commissioned by Verde to complete a mineral resource estimate.

The maiden mineral resource estimate was based upon 19 RC drill holes (997m), which targeted only a select portion of the regional glauconitic siltstone within the Verde permits. All holes were successful in intersecting the glauconitic siltstone.

Coffey Mining estimated a Mineral Resource for the Cerrado Verde Project with an effective date reported of February 27, 2010. All grade estimations were completed using Ordinary Kriging (OK) for K<sub>2</sub>O. The estimation was constrained within the mineralization interpretations.

A total Inferred resource of 161Mt at 8.75% K<sub>2</sub>O was determined (no cut-off grade applied).

Coffey Mining considered the permits to have the potential to host a very large tonnage potash resource within the glauconitic siltstone unit. This was demonstrated by the preliminary resource numbers generated from an initial drilling program, as well as regional mapping and grab sampling across the permit package.

Coffey Mining recommended that a Preliminary Economic Assessment ("PEA") be undertaken on the Cerrado Verde Project prior to undertaking any additional resource definition drilling.

#### *SRK Consulting (February 2012)*

In late February 10, 2012, SRK Consulting (SRK) was commissioned by Verde to prepare an NI 43-101 PEA for the Cerrado Verde Project.

As part of the PEA, SRK reported an updated mineral resource estimate for the Cerrado Verde Project based on drilling completed throughout 2010 and 2011.

The resource update included: Target 1, Target 2, Target 3, Target 4, Target 5, Target 6, Target 7, Target 10, Target 11, Target 12, Target 13, Target 14, Target 16, Target 17. Funchal Norte is now referred to as Target 8 and is included in Target 7. Volodymyr Myadzel constructed the geologic and resource model for Targets 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 16 and 17. Dr. Myadzel was responsible for the resource estimation methodology and the resource statement.

A total indicated resource of 71 Mt at 9.22% K<sub>2</sub>O was determined by SRK Consulting (7.5% K<sub>2</sub>O cut-off grade applied) with an additional inferred resource totaling 2,764 Mt at 8.91% K<sub>2</sub>O (7.5% K<sub>2</sub>O cut-off grade applied).

The resource estimate has been undertaken in compliance with accepted CIM definitions for indicated and inferred resources in accordance with NI 43-101 Standards of Disclosure for Mineral Projects.

#### *AMS (March 2014)*

In late March 2014, Verde retained AMEC, NCL and AMS to prepare a Pre-Feasibility Study (PFS) for the Cerrado Verde ThermoPotash (TK) Project.

A combined mineral resource statement that incorporates previously reported mineral resources completed by SRK Consulting has been prepared for the Cerrado Verde Project by AMS. A combined measured and indicated mineral resource of 1,472 Mt at 9.28% K<sub>2</sub>O (using a 7.5% K<sub>2</sub>O cut-off) and an inferred mineral resource of 1,850 Mt at 8.60% K<sub>2</sub>O (using a 7.5% K<sub>2</sub>O cut-off grade) (**Error! Reference source not found.**) are reported for the Cerrado Verde Project.

The statement has been classified by Qualified Person Bradley Ackroyd (MAIG) in accordance with NI 43-101, and accompanying documents 43-101.F1 and 43-101.CP. It has an effective date of 31 of March 2014.

### ***Mining History***

The mining works were initiated in May 15, 2017, by means of a *Guia de Utilização*, and 20,000 t of ore were mined so far. Mining is performed as an open pit operation without production of waste.

### **Geology and Mineralization**

The Cerrado Verde Project region is mainly underlain by Neoproterozoic and Cretaceous rock units, which are partly covered by Cenozoic sandstones, lateritic sediments and soils.

The thickness of the glauconitic siltstone unit varies from 15 m to 80 m in the southernmost domain, to over 50 m in the northern half of the Serra da Saudade range.

Verde's permits run for the entire 120 km strike length and reach a potential width of up to 500 m.

The previous Pre-Feasibility Study (March 2014) presented the Project's mineralization as a glauconitic meta-argillite. However, after performing detailed mineralogical studies using a combination of optical microscopy, X-ray diffraction, electron microprobe analysis and scanning electron microscopy, it was determined that the ore is a silty-clayed sedimentary rock. Despite the folds found in the outcrops, no minerals, metamorphic structures or evidence of deformation were identified in the thin sections. The natural fragmentation in the outcrops is due to the fractures and bedding surfaces. Therefore, the Project's mineralization is now referred to as a glauconitic siltstone. Despite this change in nomenclature, the Project's mineral resources were not affected, as the ore deposit is homogeneous in its glauconitic siltstone content.

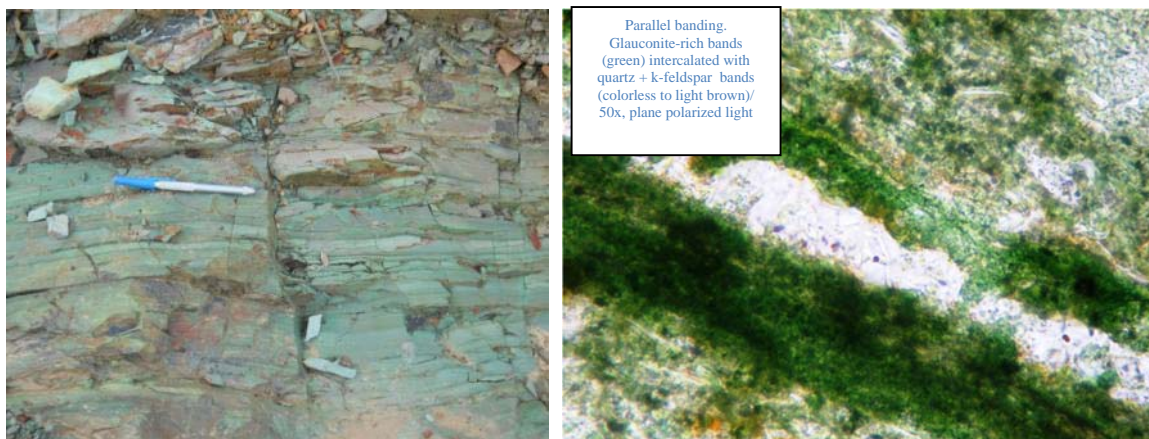
The glauconitic siltstone unit shows millimeter- to centimeter-thick bands that are rich in glauconite, dark green in color and interbedded with quartz-rich layers.

Studies of thin cross sections conducted on fresh samples of glauconitic siltstone identified: glauconite (40%-80%), K-feldspar (10%-15%), quartz (10%-60%), muscovite-sericite (5%), biotite (2%), titanium oxide (<1%), manganese oxide (<1%), goethite (<1%), barium phosphate and rare-earth element phosphates (trace amounts).

Enriched levels of potassium with K<sub>2</sub>O grades from 8% to 12% are associated with the glauconitic levels, which are dark-green in color.

### **Figure 2: Mineralized Glauconitic Siltstone Unit and Photomicrograph of sample CV DH 05 (32m – 34m)**





## Exploration and Drilling

Up until 2011, exploration work was focused on a number of glauconitic siltstone units across the Cerrado Verde permit areas, known as Target 1, Target 2, Target 3, Target 4, Target 5, Target 6, Target 7, Target 10, Target 11, Target 12, Target 13, Target 14, Target 16 and Target 17.

In 2012 exploration activities were concentrated on a select number of higher grade K<sub>2</sub>O targets. Four specific areas were chosen based on the preliminary K<sub>2</sub>O grades from exploration drilling: target areas 7, 10 and 12 were selected, in addition to a new area located within exploration permit number 830.383/2008, which was acquired by VERDE from a third party. Geological mapping suggests that these four target areas belong to a single glauconitic siltstone 'domain'. Subsequently, these 4 individual target areas were collectively grouped into a single target area known as Target 7.

A total of four drilling campaigns were completed across Verde's exploration permits. Verde drilled a total of 695 Reverse Circulation (RC) holes totaling 40,225 m and 25 diamond core (DC) holes totaling 1,717 m. Exploration drilling conducted throughout the 2012 field campaign focused entirely on testing K<sub>2</sub>O mineralization within the Target 7 mineralized domain.

## Sample Preparation, Analyses and Security

### *Sampling Method*

Samples for laboratory analyses were prepared at the project site by Verde technicians and sent in a Verde vehicle to the respective laboratories. A summary of the current drilling completed by Verde, along with the laboratories utilised for each phase of drilling is shown in Table 1 below.

**Table 1: Laboratories Used in Analysing Verde Drilling**

Year	Company Name	Type of Drilling	Number of Holes	Meters Drilled	Lab Used
2009	VERDE	RC	19	997m	Bureau Veritas (Brazil)
2011	VERDE	RC / DDH	452	26,609m	SGS Geosol
2012	VERDE	RC / DDH	264	15,865m	SGS Geosol

### ***Sample Preparation and Assaying Methods***

#### ***2009 Program***

For the initial RC drilling program, samples were taken on 2m intervals and then riffle split down to 3kg samples for submission.

Samples were sent to Bureau Veritas laboratory in Vespasiano, Minas Gerais State, Brazil. This laboratory is part of the international chain of laboratories owned by Bureau Veritas that has ISO 14001 certification. The samples were received, dried, crushed to 2mm, riffle split and analysed by XRF for Fe<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, CaO, MgO, MnO, TiO<sub>2</sub>, Na<sub>2</sub>O, K<sub>2</sub>O, BaO, P<sub>2</sub>O<sub>5</sub>, Cr<sub>2</sub>O<sub>3</sub>, SrO and LOI.

While Verde undertook no quality control for this initial drilling program, Bureau Veritas inserted duplicates, blanks and certified standards at a rate of 5% to maintain their own quality control.

#### ***2011 and 2012 Programs***

RC samples were generally taken on 1 to 3m intervals and then riffle split down to 1.3kg samples for submission. DC samples were taken on 2m intervals (half core samples collected) and submitted to the laboratory.

Approximately 96% of the total drill metres are accounted for by RC drilling, of which a total of 12% were drilled moist and further 4.7% were drilled wet. AMS have reviewed the sampling procedure, quantity and spatial location of wet drill samples across the Cerrado Verde project area, and believe there to be no significant bias within the database, which is material to the overall resource reported. In addition, AMS make note of a number of DDH twin holes to original RC drilling (include moist and wet sampling), and note no significant bias between DDH and RC sampling.

#### ***Quality Controls and Quality Assurance***

Before May 2010, the Company did not have appropriate internal QA/QC systems for the drilling campaign.

In May 2010, Verde introduced a QA/QC program. For the internal control reference, at every 20 routine samples, a certified standard, a powder blank and a duplicate were inserted and sent to the laboratory. In this program, as the analytical results were received, they were immediately imported into the respective sampling spreadsheets, where any undesirable analytical deviations of standards, blanks, duplicates, or inconsistency between the sample result and its respective lithology could be easily compared. Simple inversions of sample results and typographical errors of the spreadsheets compiled after receiving the assay certificates were common. As a result, all the results of all samples from this program were checked one by one by Verde personnel (database manager).

Initially, duplicates were prepared from the splitting of the previous sample pulps. After analysis at the SGS laboratory, the pulps were returned and forwarded for analysis at the ALS Brasil Ltda laboratory ("ALS"), located at Vespasiano, Minas Gerais State. From there, the pulps were sent to the ALS laboratory located in Lima, Peru for analysis. The pulps were analysed by XRF and LOI. The ALS quality management system complies with the requirements of the International Standards ISO 9001:2008 and ISO/IEC 17025:2005. Quality control samples were inserted within each analytical run. For XRF methods, the minimum number of QA/QC samples is 2 standards, 1 duplicate and 1 blank, introduced every 39 samples. The blank was inserted at the beginning, standards were inserted at random intervals, and duplicates were analysed at end of the batch. Every batch of samples analysed has a dual approval and review process. The individual analytical runs were monitored and approved by the analyst. The results were compared with the initial values of SGS in graphics for duplicate controls like Thompson and Howarth, QQ and Correlation plots. This procedure was adopted until sample CV-RCS-2151 (March 2011).

From March 2011 onwards, starting at the sample CV-RCS-2171, the duplicate was obtained by quartering the routine sample prepared by Verde personnel in the field to assist in verifying the entire laboratory sample preparation process.

For the accuracy control, the Australian GeoStats Pty Ltd certified reference material and IPT - Brazilian Instituto de Pesquisas Tecnológicas reference material were used. These were submitted to SGS for conventional XRF analysis. The standards certificates are attached at the end of this report.

The blank material was prepared from pulverized quartz obtained from a Brazilian laboratory Sulfal Química Ltda. At the time, the company did not have appropriate internal contamination control. Gravel blanks composed of quartz was suggested as a suitable alternative to verify the contamination of the sample preparation stage of sample processing.

For the external control reference, after analysis at the SGS laboratory, pulps were selected each 20 routine samples, and sent for analysis to ALS or to Bureau Veritas Brazil.

Further details regarding QA/QC protocol is discussed in Section 12 of the 2017 Technical Report.

### ***Sample Security***

Verde DDH and RC drill cuttings are currently stored in a rented facility. After logging, core samples are marked for splitting and sampling by Verde geologists. Each RC and DDH core sample is placed in a plastic bag, which in turn is placed in a nylon bag for transporting via truck to the sample preparation laboratories located in Belo Horizonte. AMS considers the sampling security implemented by Verde to meet current industry best practice.

### **Mineral Processing and Metallurgical Testing**

All required metallurgical tests to produce Super Greensand® were performed with the glauconitic siltstone.

FLSmith performed a crushability test on September 9, 2011, using their certified method.

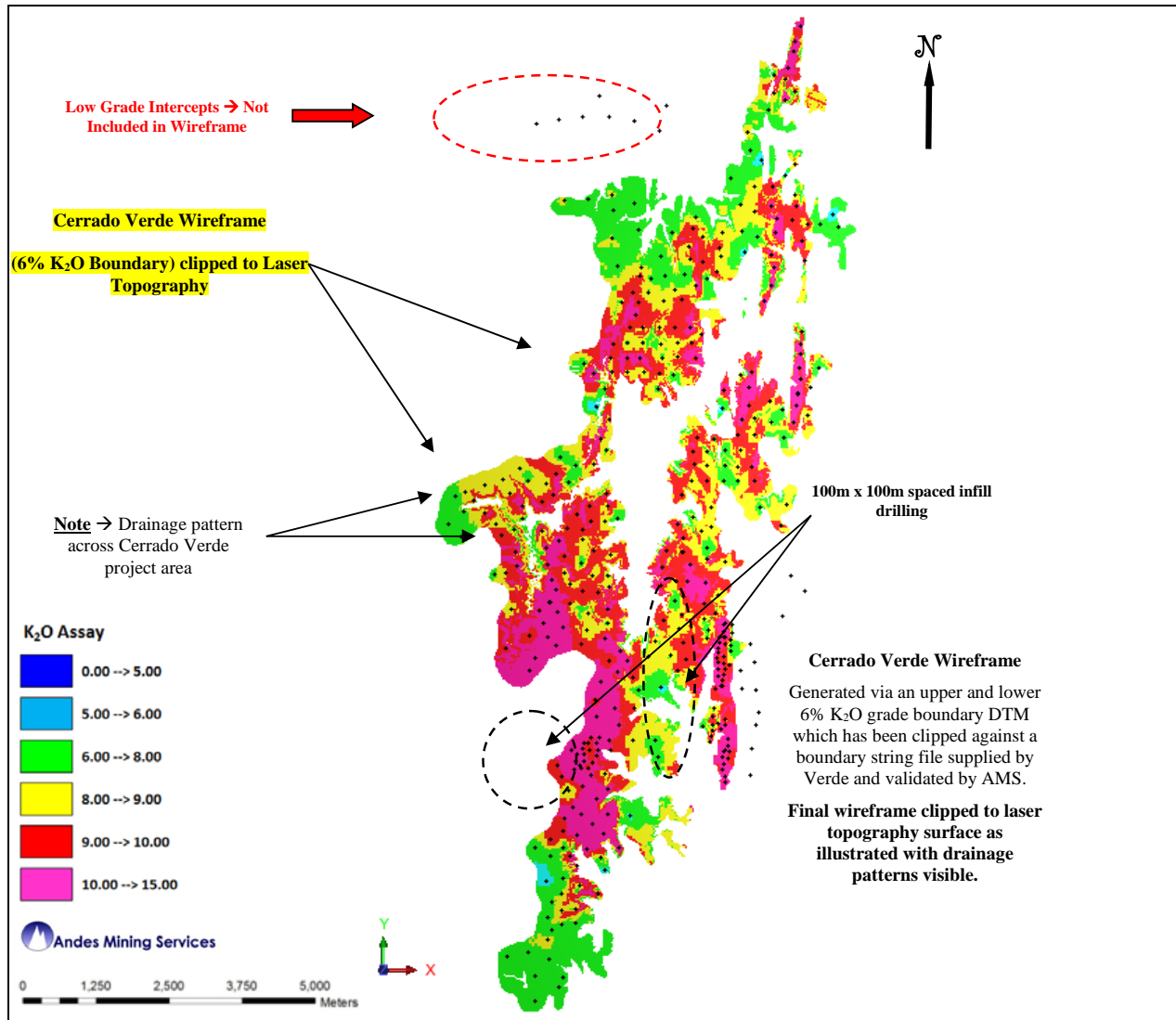
Other tests were performed for products other than the Super Greensand® (such as KCl and ThermoPotash).

## **Mineral Resources**

The Cerrado Verde Project mineral resource estimate is based on 435 drill holes (26,609m) drilled at a nominal spacing of approximately 200m by 200m. A total of 420 reverse circulation drill holes (25,563m) and 15 diamond drill holes (1,046m) have been completed.

The mineral resource estimate has focused on a flat-lying, sub horizontal mineralized domain which has been defined at surface and drill tested to the depth of mineralization using a nominal 6% K<sub>2</sub>O grade cut-off to guide the wire framing process, as shown for Target 7 in Figure 4.

**Figure 4: Cerrado Verde Block Model Target 7– Coded by K<sub>2</sub>O Grade (Estimate)  
(AMS, 28 March 2014)**



A combined mineral resource statement that incorporates previously reported mineral resources completed by SRK has been prepared for the Cerrado Verde Project. A combined Measured and Indicated Mineral Resource Estimate of 1,472Mt at 9.28% K<sub>2</sub>O (using a 7.5% K<sub>2</sub>O cut-off) and an Inferred Mineral Resource Estimate of 1,850Mt at 8.60% K<sub>2</sub>O (using a 7.5% K<sub>2</sub>O cut-off grade) (Table 2) are reported for the Cerrado Verde Project.

The statement has been classified by Qualified Person Bradley Ackroyd (MAIG) in accordance with NI 43-101 and accompanying documents 43-101.F1 and 43-101.CP. It has an effective date of March 31, 2014.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. AMS and Verde are not aware of any factors (environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors) that may materially affect the Mineral Resource Estimate.

**Table 2: Measured, Indicated and Inferred Mineral Resource Grade Tonnage Report (AMS & SRK Consulting)  
Ordinary Kriging (OK) & Inverse Distance Weighting With Power Two (IDW2)\*  
(Block Model – 50mE X 50mN X 5mRL / 10mRL)\***

Target	Cut-Off (% K <sub>2</sub> O)	Tonnes (Mt)	Average Grade (% K <sub>2</sub> O)
<b>Measured Resource Category</b>			

Target 7	7.5	83	10.13
<b>Total Measured</b>		<b>83</b>	<b>10.13</b>
<b>Indicated Resource Category</b>			
Target 6	7.5	23	8.83
Target 7	7.5	1,366	9.24
<b>Total Indicated</b>		<b>1,389</b>	<b>9.23</b>
<b>Total Measured &amp; Indicated</b>		<b>1,472</b>	<b>9.28</b>
<b>Inferred Resource Category</b>			
Target 1	7.5	236	8.72
Target 2	7.5	12	8.54
Target 3	7.5	126	8.72
Target 4	7.5	147	9.03
Target 5	7.5	27	8.31
Target 6	7.5	48	8.84
Target 7	7.5	305	8.89
Target 11	7.5	47	8.27
Target 13	7.5	168	8.50
Target 14	7.5	325	8.65
Target 16	7.5	257	8.15
Target 17	7.5	151	8.19
<b>Total Inferred</b>		<b>1,850</b>	<b>8.60</b>

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

\* IDW2 Estimate (SRK Block Model - 50mE x 50mN x 10mRL) --> Targets 1,2,3,4,5,6,11,13,14,16 and 17

\* OK Estimate (AMS Block Model - 50mE x 50mN x 5mRL) --> Target 7

\* Appropriate rounding has been applied to Table 2

Effective Date of the mineral resource estimate is: 31 March 2014

## Mineral Reserve Estimates

BNA studied the Cerrado Verde Project as a conventional open pit operation, with the following characteristics:

- Both ore and waste mining will be performed using hydraulic excavators. As a precautionary measure, it has been assumed that 30% of the ore and 30% of the waste will be mined after a drilling and blasting operation;
- Loading and hauling operations, including equipment maintenance, will be conducted by a mining contractor.

A series of economic pit shells were calculated using the Lerchs-Grossman algorithm through the application of the Revenue Adjustment Factor (RAF). This factor is applied to the selling price(s) of the product(s), in such a manner that a mathematical pit is generated for each applied factor. The selection of a final pit shell for mine design was based on an NPV maximization strategy.

The Project was divided into three distinct phases, with their respective production rates and duration shown below:

- Phase 1: 600,000 t of final product per year, for the first 2 years;
- Phase 2: 5 Mt of final product per year, from year 3 to year 6;
- Phase 3: 25 Mt of final product per year for the remainder of the life of the mine.

The expected mass recovery is 100%.

The Mineral Resources are inclusive of the Mineral Reserves.

**Table 3: Mineable Reserve Results**

	Proven Reserve	Probable Reserve	Total Reserve
<b>Tonnes (Mt)</b>	<b>68.11</b>	<b>709.17</b>	<b>777.28</b>
<b>K<sub>2</sub>O Grade (%)</b>	<b>10.34</b>	<b>9.72</b>	<b>9.78</b>

(1) As of November 27, 2017.

(2) A cutoff grade of 8.5% K<sub>2</sub>O was used to report reserves.

(3) Overall strip ratio of 0.29 to 1.

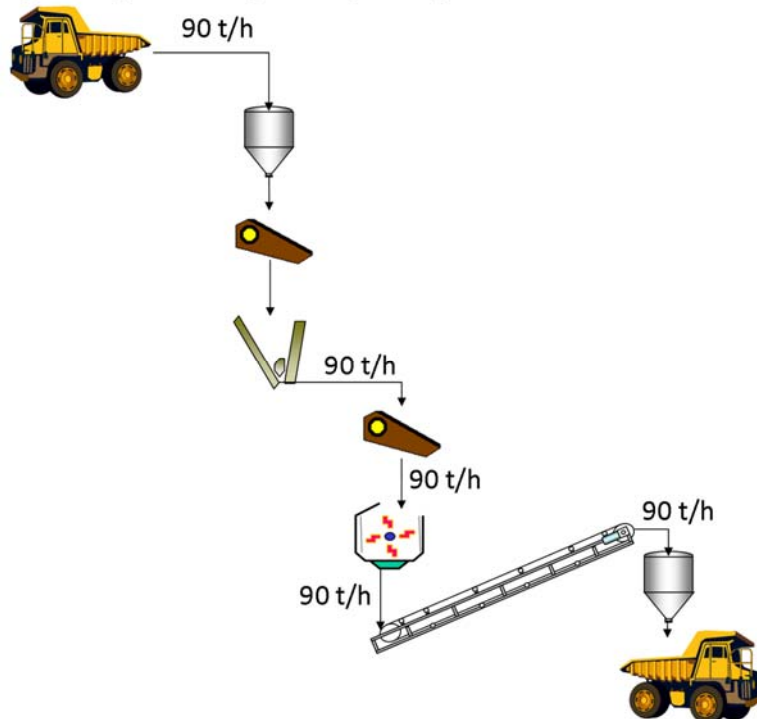
(4) Waste contains inferred resources, which have the potential to be upgraded to higher category resources, and possibly reserves, after sufficient definition work has been completed.

(5) Based on 100% mining recovery.

### Recovery Methods

The Project will consist of 3 phases with distinct processing rates: 600 Ktpy, 5 Mtpy and 25 Mtpy. The ore from the mine will have a top size of 500 mm.

The processing circuit consists of crushing, sifting and grinding stages, during all three phases, as depicted in Figure , Figure and Figure , respectively.



**Figure 4.1 Simplified processing flowchart for Phase 1 (600 Ktpy)**

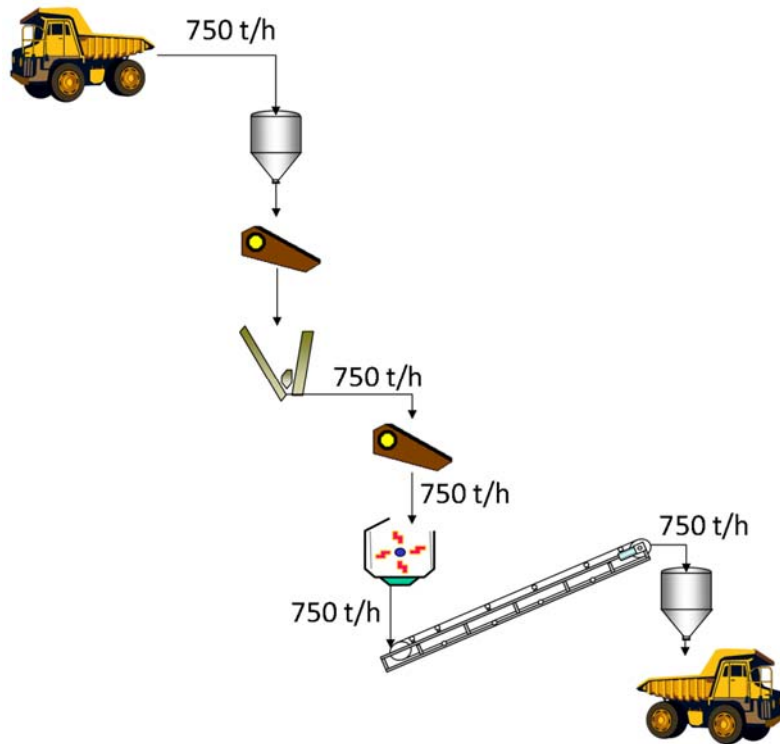


Figure 4.2 Simplified processing flowchart for Phase 2 (5 Mtpy)

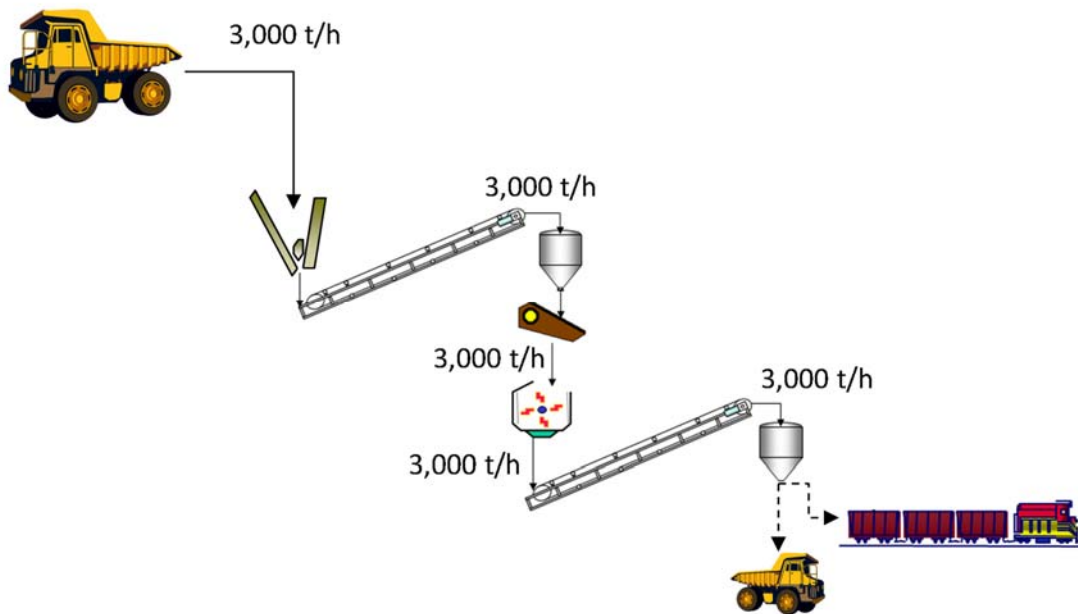


Figure 4.3 Simplified processing flowchart for Phase 3 (25 Mtpy)

### Market Study

The Market Study evaluates the market in Brazil for Super Greensand<sup>®</sup>. Super Greensand<sup>®</sup> is the commercial name given by the Company to the ore (glaucanitic siltstone) mined at Cerrado Verde project.

A conservative methodology was chosen to estimate the product price and its market.

First, the Product was priced exclusively based on its potassium content. No additional value was given to the other several nutrients the product supplies.

Second, the Product's potassium content was valued based on the cost of potassium from the market's cheapest source of potassium, KCl. There are other sources of potassium like Nitrate of Potash and Sulfate of Potash which are sold at a premium to KCl because they don't have chloride. Super Greensand® also doesn't contain chloride but no additional value was charged for this benefit.

Third, the price for KCl CFR port Brazil adopted in the study was the lowest among independent analysts - US\$250. The average KCl delivered cost from the port to the farmer was calculated at US\$346.

Fourth, US\$346 was divided by 6 in order to account for the fact that the concentration of potassium in Super Greensand® is 6 times lower. KCl is 60% K<sub>2</sub>O while Super Greensand® is 10% K<sub>2</sub>O. As a result, farmers will pay US\$57.67 per tonne of Super Greensand®, meaning they will continue spending the same amount on potash as if they were buying KCl.

Targeted markets, planted area and the K<sub>2</sub>O demand per state in 2016 were the parameters selected to determine the FOB price for Super Greensand® during each phase of the Project. Assuming a given market share for each phase, it was possible to define the sales volumes in each mesoregion and, based on these, calculate the weighted average FOB price. The average FOB prices for each phase are:

- Phase 1: US\$38.15;
- Phase 2 US\$35.17;
- Phase 3 US\$25.10.

## Indicative Economics

As part of the verification process for the reserves presented in this report, BNA conducted an economic valuation of the Cerrado Verde Project for the material classified as reserves. This section outlines the capital and operating costs considered in this valuation. All costs are based on a conversion rate of US\$1.00 = R\$3.28. The total capital cost for the Project (with a nominal accuracy of -25% to +25% and including a 15% contingency) is estimated at US\$369.59 million. Table Error! Use the Home tab to apply Título 2;Título 2 (NI) to the text that you want to appear here.-1 shows the CAPEX summary for all Project Phases.

**Table Error! Use the Home tab to apply Título 2;Título 2 (NI) to the text that you want to appear here.-1 CAPEX Summary for all Project Phases**

Description		Investment (US\$x1,000)		
		Phase 1	Phase 2	Phase 3
<b>Processing</b>				
Plant		1,267	8,397	16,687
Belt Conveyor		82	324	126,831
<b>Processing Total</b>		<b>1,349</b>	<b>8,721</b>	<b>143,518</b>
<b>Road Improvement</b>		884	5,258	-
<b>Railway Branch Line</b>		-	-	145,427
<b>Owner's Cost</b>		478	933	14,815
<b>Subtotal 1</b>		<b>2,710.45</b>	<b>14,911.29</b>	<b>303,759.71</b>
Contingency	15 %	406.57	2,236.69	45,563.95
<b>TOTAL CAPEX</b>		<b>3,117.02</b>	<b>17,147.98</b>	<b>349,323.67</b>



Operating costs are estimated based on preliminary mine and process design criteria and engineering, as well as budgetary quotes. Operating costs are calculated to a PFS-level of accuracy and are expected to have an accuracy of  $\pm 25\%$ , including a 15% contingency. Table Error! Use the Home tab to apply Título 2;Título 2 (NI) to the text that you want to appear here.-2 summarizes the operating costs for the Project over the first 10 years.

**Table Error! Use the Home tab to apply Título 2;Título 2 (NI) to the text that you want to appear here.-2 Annual Operating Costs**

Description	Annual Operating Costs (US\$x1,000)									
	1	2	3	4	5	6	7	8	9	10
<b>A – Mining Labor</b>	543	543	777	777	777	777	1,495	1,495	1,495	1,495
<b>B – Mining Operation</b>	5,004	5,312	18,871	19,208	18,236	17,678	125,369	117,321	121,653	121,653
<b>C – Environmental Recovery</b>	97	97	800	796	800	797	3,978	3,974	4,084	4,084
<b>D - Processing</b>	1,769	1,775	7,247	7,211	7,250	7,215	27,697	27,669	28,437	28,437
<b>E - G&amp;A</b>	323	324	2,667	2,654	2,668	2,655	13,261	13,247	13,615	13,615
<b>F - Environmental Compensation</b>	121	121	121	121	121	121	121	121	121	121
<b>G - Support Facility Maintenance</b>	150	150	1,246	1,246	1,246	1,246	6,256	6,256	6,256	6,256
<b>Subtotal</b>	7,857	8,172	30,483	30,768	29,852	29,243	171,922	163,827	169,405	169,405
. Contingency (15%)	1,179	1,226	4,572	4,615	4,478	4,386	25,788	24,574	25,411	25,411
<b>TOTAL OPERATING COST</b>	9,035	9,398	35,056	35,383	34,330	33,629	197,710	188,402	194,816	194,816
<b>H- Unit Cost</b>										
. ROM	14.00	14.52	6.57	6.67	6.43	6.33	7.45	7.11	7.15	7.15
. TOTAL (ore+waste)	13.31	11.68	5.66	5.81	5.95	6.03	4.89	5.25	5.92	5.92

An economic-financial analysis was conducted in order to evaluate the feasibility of the Project. The economic-financial analysis showed that the Project presents attractive results, with an average cashflow (EBTIDA) corresponding to approximately 71% of the Project's gross revenue during the first 10 years and an NPV, discounted to 8% per year, of 1.99 billion dollars.

The Project's IRR corresponds to 287% of the Project's total CAPEX.

## **OTHER MINERAL PROJECTS**

### **Calcario Limestone Project**

Verde is considering two of its own sources for the supply of limestone to the Cerrado Verde Project: the "Moema Limestone Project" and the "Jaguara Limestone Project". The Company holds 2 exploration permits and 1 mining application covering an aggregate area of 5,450ha for both the Moema and Jaguara projects.

#### *Moema Limestone Project*

On September 26, 2011 the Company announced an independent mineral resource estimate for the Moema Limestone Project. The resource includes 89 million tonnes in the indicated category at an average grade of 54.71% CaO and 180 million tonnes in the inferred category at an average grade of 54.7% CaO (no cut-off applied). A technical report entitled "*Resources Estimate - Calcário Limestone Project, Minas Gerais State, Brazil*" dated November 10, 2011, and prepared by Volodymyr Myadzel of BNA, was filed on SEDAR on November 10, 2011.

In June 2013, Verde presented an application for a mining permit for tenement number 833.841/2010 and are awaiting DNPM's review.

#### *Jaguara Limestone Project*

In 2012 Verde AgriTech performed 13 RC drill holes, (1,051m) at its Jaguara Limestone Project. An initial assessment has identified 184 million tonnes of limestone at the south portion of Jaguara, with average grades of 52.5% CaO, 3.4% SiO<sub>2</sub> and 0.76% MgO. In June 2012, the Company presented to DNPM the final research report for the tenements 833.328/2008 and 833.332/2008 and are awaiting their review.

## **RISK FACTORS**

Due to the nature of the Company's business and the present stage of its development, an investment in any of the securities of the Company is speculative and involves a high degree of risk. In addition to the matters set out elsewhere in this AIF, the following are also risks related to the Company. The risk factors outlined below are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations.

### ***Early Stage Projects and Dependence on Mineral Exploration Projects***

Each of the Cerrado Verde Project, the Moema Limestone Project and the Jaguara Limestone Project are at the exploration/development stage. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits on these or any other properties will result in discoveries of commercially exploitable reserves. Furthermore, unless the Company acquires additional properties or projects, any adverse developments affecting these projects or the Company's rights to

develop mining concessions that are held on these properties, could materially adversely affect the Company's business, financial condition and results of operations.

### ***Mineral Resources and Reserves***

The resource estimates for the Cerrado Verde Project are estimates only and no assurances can be given that the estimated levels of potash will actually be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling and exploration results and industry practices. Estimates made at any given time may significantly change when new information becomes available or when parameters that were used for such estimates change. While the Company believes that the resource estimates included are well established, by their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences, which may ultimately prove unreliable. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of reserves or resources is always influenced by economic and technological factors, which may change over time.

Currently, the Company has Measured, Indicated and Inferred Mineral Resources, and Proven and Probable Mineral Reserves on the Cerrado Verde Project. No assurance can be given that mineralization will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade, geological formation and proximity to infrastructure; commodity prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

If the Company is unable to upgrade the current estimated mineral resources on the Cerrado Verde Project to measured mineral resources or mineral reserves in sufficient quantities to justify commercial operations, it would be unable to develop a mine on the Cerrado Verde Project and its business, financial condition and results of operations could be adversely affected.

### ***Exploration and Operating Risks***

The exploration for mineral deposits is a speculative venture involving a high degree of risk. Even a combination of careful evaluation, experience and knowledge may not eliminate such risk. Unusual or unexpected rock formations, unanticipated changes in metallurgical characteristics and mineral recovery, environmental hazards, fires, power outages, labour disruptions, flooding, cave-ins, landslides, unfavourable operating conditions and the inability of the Company to obtain suitable machinery, equipment or labour are all risks involved with the conduct of exploration programs and the operation of mines.

Should any of these risks and hazards adversely affect the Company's mining operations or activities, it may cause an increase in the cost of operations to the point where it is no longer economically feasible to continue such operations or activities. It may also require the Company to write down the carrying value of one or more properties, cause delays or a stoppage in mineral exploration or development, result in damage to or destruction of mineral properties or and may result in personal injury or death or legal liability, all of which may have a material adverse effect on the Company's financial condition, results of operation, and future cash flows.

Substantial expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, and substantial additional financing may be required. There is no assurance that commercial quantities of potash or other commercially desirable minerals will be discovered on the Company's current properties

or other future properties, nor is there any assurance that the Company's exploration program on such properties will yield positive results.

***Economic Extraction of Minerals from Identified Deposits May Not be Viable***

The development of any of the Company's projects into commercially viable mines cannot be assured. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of a deposit, such as its size, grade and geological structure (including the fact that there can be no assurance that the potassium silicate rock will prove suitable for the commercial mining and production of potash); prevailing commodity prices, which are highly cyclical; costs and efficiency of recovery and production methods that can be employed; proximity to infrastructure; availability and costs of additional funding; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. Estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and technical report studies. This information is used to calculate estimates of the capital cost and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the mineral resource, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that the actual capital cost, operating costs and economic returns of any proposed mine may differ from those estimated and such differences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The effect of these factors cannot be accurately predicted but any combination of these factors may result in the Company not receiving an adequate return on its invested capital, if any, and/or may result in the Company being unable to develop a mineral deposit into an operating mine.

There can be no assurance that the Company will be able to complete development of any project at all or on time or on budget due to, among other things, and in addition to those factors described above, changes in the economics of the mining project, delays in receiving required consents, permits and licenses (including mineral subsurface rights), the delivery and installation of plant and equipment and cost overruns, or that the Company's personnel, systems, procedures and controls will be adequate to support operations. Should any of these events occur it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### ***Expected Market Potential of Super Greensand®***

Super Greensand® is a new product without an established market. Substantial investment may be required to develop the market in Brazil and, if relevant, internationally. Although an established market for potassium-based fertilizers already exists, there is no assurance that the Group's market development efforts will result in the sales of Super Greensand®.

### ***Uncertainty of Acquiring Necessary Permits***

The Company's current and future operations will require approvals and permits from various federal, state and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such approvals and permits for the existing operations or additional approvals or permits for any possible future changes to operations. Prior to any development on any of its properties, Verde must receive permits from appropriate governmental authorities. There can be no assurance that the Company will continue to hold all permits necessary to develop or continue operating at any particular property or obtain all required permits on reasonable terms or on a timely basis.

### ***Uninsurable Risks***

The exploration, development and production of mineral properties involves numerous risks including unexpected or unusual geological operating conditions such as rock bursts, cave-ins, fires, flooding and earthquakes. Insurance may not be available to cover all of these risks, may only be available at economically unacceptable premiums or may be inadequate to cover any resulting liability. Any uninsured liabilities that arise would have a material adverse effect on the Company's business and results of operations.

### ***Operations in a Foreign Country and Regulatory Requirements***

All the Company's properties are located in Brazil and mineral exploration and mining activities as well as project development may be affected in varying degrees by changes in political, social and financial stability, inflation and changes in government regulations relating to the mining industry. Any changes in regulations or shifts in political, social or financial conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. Brazil's status as a developing country may make it more difficult for the Company to obtain any financing required for the exploration and development of its properties due to real or perceived increased investment risk.

Currently there are no restrictions on the repatriation from Brazil on the earnings of foreign entities. Capital investments registered with the central bank in Brazil may similarly be repatriated. There can be no assurance that restrictions on repatriation of earnings and capital investments from Brazil will not be imposed in the future.

### ***Competition***

The Company competes with other mining companies as well as other companies producing agricultural products, many of which have greater financial and technical resources and experience, particularly with respect to the potash industry and the limited number of mineral opportunities available in South America. Competition in the mining industry is primarily for properties which can be developed and can

produce economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. In addition, many competitors not only explore for and mine potash, but conduct refining and marketing operations on a world-wide basis. Such competition may result in the Company being unable to acquire desired properties on terms acceptable to the Company, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's business and results of operations.

In the future, if the Cerrado Verde Project is brought into production, the Company may also compete with other potash mining and/or marketing companies, many of which have greater marketing, financial and technical resources and experience, in exporting and marketing its potash or potassium-based products. In addition, in such circumstances the Company will be vulnerable to increases in the supply of potash beyond market demand either from the opening of new potash mines or the expansion of existing potash mines by the Company's competitors, which could depress prices and have a material adverse effect on the Company's business, financial condition and results of operation.

### ***Title Matters***

While the Company has diligently investigated title to all mineral properties and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be affected by undetected defects in title, such as the reduction in size of the mineral claims and other third party claims affecting the Company's priority rights, at the discretion of the DNPM. The Company's interests in mineral properties are comprised of exclusive rights under government licences and contracts to conduct operations in the nature of exploration and, in due course if warranted, development and mining, on the licence areas. Maintenance of such rights is subject to ongoing compliance with the terms of such licences and contracts.

### ***No Production Revenues***

The Company does not commercially mine, produce or sell any mineral products at this time. The Company does not expect to generate revenues from mining operations in the foreseeable future. The Company expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The exploration and development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration and development programs. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

### ***Uncertainty of Additional Capital***

In the past, the Company has relied on sales of equity securities to meet its capital requirements. The development of the Company's properties depends upon the Company's ability to obtain financing

through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company. The development and exploration of the Company's projects may require substantial additional financing. Failure to obtain such financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's projects or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If the Company, through the issuance of securities from treasury, raises additional financing, control of the Company may change and security holders may suffer additional dilution. See "*Risk Factors - Dilution*".

### ***Government Royalties***

The Federal Government of Brazil collects royalties on mineral production, with up to half of such royalties being paid to surface rights owners. The current Brazilian federal royalty applicable to fertilizer production is a 2% net smelter return ("NSR") and a 3% NSR in the case of potash. This level and the level of any other royalties, payable to the Brazilian government in respect of the production of minerals may be varied at any time as a result of changing legislation, which could materially adversely affect the Company's results of operations.

### ***Market Factors and Volatility of Commodity Prices***

The Company's future profitability and long-term viability will depend, in large part, on the global market price of minerals produced and their marketability. The marketability of mineralized material, which may be acquired or discovered by the Company, will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations in the prices of minerals sought, which are highly volatile, inflation, consumption patterns, speculative activities, international political and economic trends, currency exchange fluctuations, interest rates, production costs and rates of production. The effect of these factors cannot be accurately predicted, but may result in the Company not receiving an adequate return on invested capital. Prices of certain minerals have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the control of the Company. Future mineral prices cannot be accurately predicted. A severe decline in the price of a mineral being produced or expected to be produced by the Company would have a material adverse effect on the Company, and could result in the suspension of mining operations by the Company.

### ***Cyclical Industry***

The market for potash tends to move in cycles. Periods of high demand, increasing profits and high capacity utilization lead to new plant investment and increased production. This growth increases supply until the market is over-saturated, leading to declining prices and declining capacity utilization until the cycle repeats. This cyclicity in prices can result in supply/demand imbalances and pressures on potash prices and profit margins, which may impact the Company's financial results, and common share prices. The potash industry is dependent on conditions in the economy generally and the agriculture sector. The agricultural sector can be affected by adverse weather conditions, cost of inputs, commodity prices, animal diseases, the availability of government support programs and other uncertainties that may affect sales of fertilizer products.



### ***Exchange Rate Fluctuations***

Exchange rate fluctuations may adversely affect the Company's financial position and results. The Company's financial results are reported in Canadian dollars and its costs are incurred primarily in Canadian dollars and Brazilian Reals. The appreciation of the Brazilian real against the Canadian dollar could increase the actual capital and operating costs of the Company's mineral exploration projects and materially adversely affects the results presented in the Company's financial statements. Currency exchange fluctuations may also materially adversely affect the Company's future cash flow from operations, its results of operations, financial condition and prospects. The Company does not currently have in place a policy for hedging against foreign currency risks. The Company manages foreign currency risk by regularly reviewing the balances held in currencies other than the functional currency.

### ***Dependence on Key Executives and Technical Personnel***

The Company is currently dependent on the services of a relatively small management team. Locating mineral deposits and successfully bringing them into production in Brazil depends on a number of factors, not the least of which is the technical skill of the personnel involved. Due to the relatively small size of the Company, the loss of members of the management team or the Company's inability to attract and retain additional highly skilled employees may materially adversely affect its business and future operations. The Company does not currently carry any "key man" life insurance on any of its executives. The non-executive directors of the Company devote only part of their time to the affairs of the Company.

### ***Lack of Hedging Policy***

The Company does not have a resource hedging policy and has no present intention to establish one. Accordingly, the Company has no protection from declines in mineral prices. The Company will explore the merits of hedging foreign currency reserves against foreign currency exchange rate fluctuations.

### ***No History of Earnings***

The Company has no history of earnings, and there is no assurance that any of the properties it now or may hereafter acquire or obtain an interest in will generate earnings, operate profitably, or provide a return on investment in the future. The Company has not generated operating revenue since incorporation. Management anticipates that the Company will experience net losses as a result of ongoing exploration and general corporate and administrative costs and expenses until such time as revenue-generating activity is commenced.

### ***Dilution***

The Company currently has 40,285,922 Ordinary Shares outstanding and 45,579,995 on a fully diluted basis. The Company currently has 3,566,998 stock options and 1,727,075 warrants outstanding. To the extent the Company should, in future, issue any additional warrants, additional options, convertible securities or other similar rights, the holders of such securities will have the opportunity to profit from a rise in the market price of the Ordinary Shares with a resulting dilution in the equity interest of any persons who become holders of Ordinary Shares. The Company's ability to obtain additional financing during the period such rights are outstanding may be adversely affected and the existence of the rights may have an adverse effect on the price of the Ordinary Shares. The holders of warrants, options and other rights may exercise such securities at a time when the Company would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights.

In some circumstances, the increase in the number of Ordinary Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of the Ordinary Shares. In addition, as a result of such additional Ordinary Shares, the voting power of the Company's existing shareholders may be diluted. See "*Description of Capital Structure*".

### ***Officers and Directors of the Company Own a Significant Number of Ordinary Shares and Can Exercise Significant Influence***

The officers and directors of the Company, as a group, beneficially own, on a non-diluted basis, approximately 7.6% of the outstanding Ordinary Shares. The officers and directors, as shareholders, will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions.

### ***Future Sales of Ordinary Shares by Existing Shareholders***

Sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Company's ability to raise capital through future sales of Ordinary Shares.

### ***Conflicts of Interest***

Directors of the Company are or may become directors of other reporting companies or have significant shareholdings in other mining companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. The directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

### ***The Cerrado Verde Project is Managed by a Subsidiary***

The material operating subsidiary for the Cerrado Verde Project is Verde Fertilizantes. The manager ("*administrador*") of Verde Fertilizantes is identical to the officer and director of the Company. Despite the controls that the Company has put in place, there may be risks associated with ensuring that the corporate actions of Verde Fertilizantes reflect the decisions of the Board of Directors and management of the Company.

## **DIVIDENDS**

### **Dividend Policy**

The Company has neither declared nor paid any dividends on its Ordinary Shares since the date of its incorporation. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Ordinary Shares in the foreseeable future. The actual timing, payment and amount of any dividends declared and paid by the Company will be determined by and at the sole discretion of the Board of Directors from time to time based upon, among

other factors, the cash flow, results of operations and financial condition of the Company, the need for funds to finance ongoing operations and exploration and such other considerations as the Board of Directors in its discretion may consider or deem relevant.

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **Ordinary Shares**

As at the date of this AIF, the Company has 40,285,922 Ordinary Shares of \$0.3918 each, issued and outstanding. The maximum amount of Ordinary Shares that the Company may allot is \$195,900,000, divided into 500,000,000 Ordinary Shares of \$0.3918 each.

The Company is an English public limited company and is therefore subject to a number of restrictions when issuing shares.

The Articles of Association of the Company and the U.K. Companies Act contain restrictions on the maximum amount of shares that the Company may allot, the authority of the Board of Directors to allot and issue new shares and whether rights of pre-emption will apply to the issue of new shares.

### **Articles of Association**

The Articles of Association of the Company contain provisions as described below.

#### ***Voting Rights***

At general meetings of the Company, subject to any rights attached to any shares, on a show of hands, every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him.

#### ***Alteration of Capital***

The Company may by ordinary resolution and subject to the provisions of the U.K. Companies Act:

- A. increase its share capital as the resolution shall prescribe;
- B. consolidate and divide all or any of its shares into share capital of larger amount than its existing shares;
- C. sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and
- D. cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way subject to the provisions of the U.K. Companies Act.

#### ***Dividends and Other Distributions***

Subject to the provisions of the U.K. Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board of Directors.

Subject to the provisions of the U.K. Companies Act, the Board of Directors may pay interim dividends if it appears that they are justified by the profits of the Company available for distribution.

All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Board of Directors may, if authorized by ordinary resolution, offer any holders of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole or any part of all or any dividends. Where any difficulty arises in regard to the distribution, the Board of Directors may settle the same as it thinks fit and, in particular, may fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of the members and may vest any assets in trustees.

### ***Distribution of Assets on Liquidation***

With the sanction of a special resolution of the Company and any other sanction required by the U.K. Insolvency Act 1986, on a winding-up of the Company the surplus assets available for distribution shall be divided among the holders of shares in the Company as determined by the liquidator.

### ***Restrictions on Shares***

If the Board of Directors is satisfied that any member, or any other person appearing to be interested in shares held by such member has been duly served with a notice under Section 793 of the U.K. Companies Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, the Board of Directors may in its absolute discretion serve on such member or on any such person a notice (a “direction notice”) in respect of the shares in relation to which the default occurred (“default shares”) directing that a member shall not be entitled to vote at any general meeting or any other meeting of the Company.

Where default shares represent at least 0.25% of the class of shares concerned the direction notice may in addition direct that, except in a liquidation of the Company, any dividend (including shares issued in lieu of a dividend) which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member shall be registered unless the member is not in default and provides a certificate or transfer, in such form as the Board of Directors may in its absolute discretion require to the effect that after due and careful enquiry the member is satisfied that no person interested in the shares subject to transfer is in default or the transfer is by way of sale to a bona fide unconnected third party, or by the acceptance of a take-over offer as defined in Section 974 of the U.K. Companies Act, or through a sale through a recognised investment exchange as defined in the U.K. Financial Services and Markets Act 2000 or any other stock exchange outside the United Kingdom on which the Company’s shares are normally traded. The prescribed period referred to above means 14 days from the date of service of the notice under Section 793 where the default shares represent at least 0.25% of the issued shares of the class of shares concerned and 28 days in all other cases.

## **COMPARISON OF FOREIGN LAWS**

### **Ontario vs. English Corporate Law**

The Company is incorporated under the U.K. Companies Act. Set out below is a summary of some of the shareholder rights and remedies found under Ontario and English corporate law, respectively. The following summary is not an exhaustive statement of all relevant laws, rules and regulations and is

intended as a general guide only and should not be construed as legal advice. Investors should consult with their own legal adviser if they require further information.

	<b>Business Corporations Act (Ontario)</b>	<b>Companies Act 2006 (England)</b>
Share Capital	Under the Business Corporations Act (Ontario) (the “ <b>OBCA</b> ”) articles specify share capital. Typically a corporation is authorized to issue an unlimited number of common shares.	Under the Companies Act 2006 (the “ <b>Act</b> ”), a company (and for the purposes of this section, all references to “company” are deemed to be references to a public company incorporated in England) may specify in its by-laws (which are more commonly known in England as its articles of association) a maximum number of shares which the directors are permitted to issue. If the articles of association are silent in this regard, then the directors must be given the authority to issue such shares by an ordinary resolution (as defined below) of the shareholders.
Voting Rights	Under the OBCA and typical articles, each common share of a corporation entitles the holder to one vote at a meeting of shareholders. Unless the by-laws or applicable stock exchange rules provide otherwise, voting at a meeting of shareholders is generally conducted by show of hands, except where a ballot is demanded. Any shareholder or proxy holder entitled to vote at the meeting may demand a ballot either before or after any vote by show of hands.	Voting rights may be specified in a company’s articles of association. Generally, a holder of ordinary shares has the right to vote at a general meeting of the company and on a vote by a show of hands is entitled to a single vote. In circumstances where a poll is called, each shareholder has one vote for every share he or she owns. The following have the right to demand a poll vote: (a) not less than five shareholders having a right to vote on a resolution; (b) shareholders representing not less than 10% of the total voting rights of all shareholders having the right to vote on a resolution; or (c) shareholders holding shares in the company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right, have the right to demand a poll vote.
Quorum of Shareholders	Typical by-laws provide that the presence of two persons present in person, each being a shareholder entitled to vote or a duly appointed proxy or proxy holder for an absent shareholder so entitled, holding or representing in the aggregate not less than a specified percentage of the issued shares of the corporation with voting rights at such meeting will constitute quorum for the transaction of business at the meeting of	The Act and typical articles of association require the presence of two shareholders entitled to vote, (in person or by a duly appointed proxy) to form a quorum at a general meeting of the company.

	<b>Business Corporations Act (Ontario)</b>	<b>Companies Act 2006 (England)</b>
	shareholders.	
Notice of Shareholders Meetings	Under the OBCA, notice of a general meeting of a corporation's shareholders must be given to the shareholders entitled to vote (and the directors and auditors) at least 21 days (but not more than 50 days) before the date of the meeting.	Under the Act, notice of an annual general meeting of a company must be given to the shareholders who are entitled to vote (and the directors and auditors) at least 21 "clear" days (i.e., excluding the day the notice is served and the day the meeting is held) prior to the date of the meeting. In the case of any other general meeting, notice must be given to shareholders at least 21 clear days prior to the meeting, although this can be reduced to 14 clear days' notice if the articles of association expressly permit this and, in the case of traded public companies, if certain other conditions are satisfied.
Annual General Meeting	Under the OBCA, the annual meeting of the corporation must be called by the directors not later than 15 months after holding the last preceding annual meeting.	Under the Act, directors are required to call an annual general meeting of a company within six months following its accounting reference date.
Calling Meetings	Under the OBCA, the board of directors of a corporation may call a special meeting of shareholders at any time. The OBCA further provides that the holders of not less than 5% of the issued shares of a corporation that carry the right to vote at a meeting may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition.	Under the Act, the board of directors of a company may call a general meeting of shareholders at any time. The Act further provides that the holders of not less than 5% of the issued and paid-up shares of a company that carry the right to vote at a general meeting may request that the directors to call a general meeting.
Shareholder Proposed Resolutions	The OBCA entitles a shareholder to submit to a corporation notice of any matter that the person proposes to raise at the meeting ("Proposal") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. If a corporation receives notice of a Proposal and is soliciting proxies, it would then be required to set out the Proposal in its management proxy circular (and, if requested by the person submitting the Proposal, include or attach the Proposal and a statement in support of the Proposal not exceeding 500 words in the aggregate). However, a Proposal for the nomination for the election of directors is required to be signed by the holders of at least 5% of the outstanding shares entitled to vote at such meeting.	Under the Act, shareholders can propose resolutions at a general meeting convened by them in accordance with the above section. In addition, a company is required to circulate with the notice of a general meeting, a statement of not more than 1,000 words with respect to a matter referred to in a proposed resolution to be dealt with at that meeting after receiving a request to do so from a shareholder or shareholders representing at least 5% of the total voting rights of all shareholders who have a right to vote or at least 100 shareholders who have a right to vote and who hold shares in the company in respect of which there has been paid an average sum, per shareholder, of at least GBP£100.
Passing Resolutions	Under the OBCA, a resolution at a general meeting of a corporation's shareholders is to	Under the Act, an ordinary resolution proposed at a general meeting is passed on a

	<b>Business Corporations Act (Ontario)</b>	<b>Companies Act 2006 (England)</b>
at a General Meeting	be passed by a simple majority of votes cast by the shareholders entitled to vote on the resolution.	simple majority of votes cast in favour by the shareholders present, either in person or by proxy, who are entitled to vote on the resolution.
Special Resolutions	<p>Under the OBCA, a special resolution must be passed by a majority of not less than two-thirds of the votes cast by the shareholders entitled to vote on the resolution. Approval by special resolution of the shareholders is required for such actions as:</p> <ul style="list-style-type: none"> <li>• amending a corporation’s articles;</li> <li>• changing a corporation’s name;</li> <li>• increasing or reducing stated capital, if the corporation’s stated capital is stated in its articles;</li> <li>• undertaking a voluntary liquidation and dissolution;</li> <li>• amalgamating with another arm’s length corporation;</li> <li>• continuing under the laws of another jurisdiction; and</li> <li>• undertaking the sale, lease or exchange of all or substantially all of the property of the corporation other than in the ordinary course of business.</li> </ul>	<p>Under the Act, a special resolution is passed by not less than 75% of the votes cast. Approval by special resolution of the shareholders is required for such actions as:</p> <ul style="list-style-type: none"> <li>• amending a company’s articles;</li> <li>• changing a company’s name;</li> <li>• reducing a company’s capital; or</li> <li>• winding-up a company.</li> </ul>
Relief from Oppression	<p>The OBCA provides that a corporation’s shareholder or the Ontario Securities Commission may apply to a court for an order directing an investigation to be made of the corporation and any of its affiliated corporations. For the court to make such an order of investigation, among other requirements, it must appear to the court that the business of the corporation or any of its affiliates has been carried on with intent to defraud a person or that powers of the directors were exercised in a manner that was oppressive or unfairly prejudicial to the interests of a shareholder. No person may publish anything relating to the application for investigation except with the authorization of the court or the written consent of the corporation being</p>	<p>Under the Act, a shareholder may apply to the court for an order that the company’s affairs are being conducted in a manner that is unfairly prejudicial to its interests or the interests of some of the shareholders or the interests of all the shareholders generally, or that an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial. The court may make such order as it thinks fit, including an order:</p> <ul style="list-style-type: none"> <li>• to regulate the company’s affairs in the future;</li> <li>• to require the company to refrain from doing or continuing the act complained of, or to do an act that the shareholder</li> </ul>

	<b>Business Corporations Act (Ontario)</b>	<b>Companies Act 2006 (England)</b>
	<p>investigated. In addition, a “complainant” (as that term is defined under the OBCA, which includes shareholders, former shareholders, directors and officers, former directors and officers, and any other persons who, in the discretion of the court, are proper persons to bring an action) who complains that:</p> <ul style="list-style-type: none"> <li>• any act or omission of the corporation or any of its affiliates effects or threatens to effect a result;</li> <li>• the business or affairs of the corporation or any of its affiliates have been or are threatened to be carried on or conducted in a manner; or</li> <li>• the power of the directors of the corporation or its affiliates have been or are threatened to be exercised in a manner;</li> </ul> <p>that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer, may apply to the court for an order to rectify the matters complained of. This remedy is known as the “oppression remedy”. The powers of the court under the OBCA in making an order are broad: it may make any order it thinks fit, from a simple order amending a corporation's by-laws to an order liquidating and dissolving the corporation.</p>	<p>has complained it has omitted to do;</p> <ul style="list-style-type: none"> <li>• to authorize civil proceedings to be brought in the name and on behalf of the company by such person or persons and on such terms as the court may direct;</li> <li>• to require the company not to make any, or any specified, alterations in its articles without the leave of the court; or</li> <li>• to provide for the purchase of the shares of any shareholder if the company by the other shareholders or by the company itself and, in the case of a purchase by the company itself, to authorize the reduction of the company’s capital accordingly.</li> <li>• In practice, the latter remedy is the most commonly given.</li> </ul>
Inspection of Books	<p>Under the OBCA, a shareholder or creditor of a corporation, their agent or legal representative may examine the corporate records (including the securities register, articles and by-laws, minutes of meetings and resolutions of shareholders) at the corporation’s registered office or such other place where such records are kept during the corporation’s usual business hours and may take extracts from those records, free of charge. If a corporation is an “offering corporation” (as defined in the OBCA), any other person may examine the corporation’s corporate records upon payment of a reasonable fee.</p>	<p>Under the Act, a company’s register of shareholders must be kept available for inspection at its registered office or such other place as it may specify in compliance with the Act. The register must be open to inspection by any shareholder of the company without charge and to any other person on payment of such fee as may be prescribed. If a person wishes to inspect or obtain a copy of the register, he or she must make a request to the company which must contain specified information including the purpose for which the information is to be used.</p>
Derivative	<p>Under the OBCA, representative</p>	<p>A derivative action may be brought</p>



	<b>Business Corporations Act (Ontario)</b>	<b>Companies Act 2006 (England)</b>
Action and Shareholder Class Action	<p>shareholder actions or derivative actions are available to a corporation’s shareholders and other “complainants” (as defined under the OBCA to include shareholders, former shareholders, directors and officers, former directors and officers, the director appointed under the OBCA to carry out duties and exercise powers under the OBCA, and any other persons who, in the discretion of the court, are proper persons to bring an action).The OBCA, to a large extent, has supplemented the Canadian common law and equity rules on the availability of actions. In addition to allowing complainants to bring actions in the name and on behalf of a corporation or any of its subsidiaries, the statutory provisions of the OBCA also allow complainants to intervene in existing proceedings, either for prosecuting or defending it, or to bring about its discontinuation on behalf of the corporation. Whether seeking to bring an action or to intervene, certain substantive and procedural requirements must first be met, including the requirement that the court be satisfied that the complainant is acting in good faith and that it appears to be in the interests of the corporation or its subsidiary. To bring a derivative action, it is first necessary to obtain the leave of the court. The granting of leave is not automatic, but requires the court to exercise judicial discretion. The court may grant leave if:</p> <ul style="list-style-type: none"> <li>• the complainant is acting in good faith;</li> <li>• the complainant has given notice to the directors of a corporation or its subsidiary of the complainant’s intention to apply to the court not less than 14 days before bringing the application, or as otherwise ordered by the court, if the directors of the corporation or its subsidiary do not bring, diligently prosecute or defend or discontinue the action; and</li> <li>• it appears to the court that it is in the interests of the corporation or its subsidiary for the legal proceeding to be</li> </ul>	<p>pursuant to the Act in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by a director of a company (for these purposes, a director includes a former director and a shadow director.) It is immaterial whether the cause of action arose before or after a person seeking to bring or continue the derivative claim become a shareholder of the company.</p> <p>The Act, to a large extent, has codified and supplemented the English common law position on derivative actions.</p> <p>A shareholder who brings a claim must request permission from the court to continue such a claim. The court is required to consider the issue on the basis of the evidence filed by the shareholder and if the court finds that the evidence filed does not disclose a prima facie case for giving permission it must dismiss the application and make such consequential order as it considers appropriate.</p> <p>Permission must be refused if the court is satisfied that a person acting in accordance with the general duty to promote the success of the company would not continue the claim, or where the act or omission has been ratified or authorized by the company.</p> <p>The court must take into account the following additional factors in deciding whether to give permission:</p> <ul style="list-style-type: none"> <li>• whether the shareholder is acting good faith in seeking to continue the claim;</li> <li>• whether the claimant could pursue the claim in his or her own right rather than on behalf of the company.</li> </ul> <p>If the derivative action is successful, any damages are awarded to the company.</p>

	<b>Business Corporations Act (Ontario)</b>	<b>Companies Act 2006 (England)</b>
	<p>brought, prosecuted, defended or discontinued.</p> <p>The court has broad powers to direct the conduct of any such legal proceeding.</p>	
Takeover Regulations	<p>Subject to certain exceptions, Part XX of the Securities Act (Ontario) (and Multilateral Instrument 62-104 in all other Canadian jurisdictions) requires any person or persons acting in concert to make a formal offer to all other security holders for their securities when they acquire, together with securities already owned, more than 20% of the outstanding securities of that class.</p>	<p>Public companies are subject to the UK Takeover Code.</p> <p>Rule 9 of the UK Takeover Code requires any person or persons acting in concert to make a general offer to all other shareholders for their shares in a company when either (i) they acquire an interest in shares carrying 30% or more of the voting rights of the company, or (ii) they already hold an interest in shares carrying between 30% and 50% of the voting rights of the company and acquire an interest in other shares which increases the percentage of the shares carrying voting rights in which they are interested.</p>

### **Brazilian Corporate Law**

The *Sociedade Limitada* (hereafter “**LLC**”), which is comparable to the limited liability company in Canada or the United States, is the most common form of company in Brazil. LLCs are governed by a *Contrato Social* (Articles of Association).

The authorized capital of an LLC consists of a fixed number of “*quotas*”, or shares, held by quotaholders or members, which can be increased at any time by the quotaholders. There are generally no minimum capital requirements for an LLC. Each share has a voting right attached to it, and voting rights can vary based on the value of each quota. LLCs in Brazil require a minimum of two quotaholders, either individuals or corporations, domiciled in Brazil or abroad.

LLCs do not have boards of directors. Instead, they are managed by one or more “*administrador*”, or manager, resident in Brazil and appointed by the quotaholders. The appointment of managers who are not quotaholders is subject to the approval of all quotaholders, where the capital stock is not fully paid, and of at least 2/3 of the quotas once the capital is fully paid up. The powers of the managers are set forth in the articles of association of LLC. Managers of LLCs can be removed by the quotaholders.

There must be at least one quotaholders’ meeting each year in order to approve the previous year’s financial reports. Quotaholders have the right to call a quotaholders’ meeting if the managers of the LLC unreasonably delay the calling of a meeting. Meetings of quotaholders are subject to the following procedures: the notice of meetings must be published a minimum of three times; there must be eight days between the first and second notices; and five days between subsequent notices. If all quotaholders attend the meeting or declare, in writing, to know the place, date, time and agenda of the meeting, the foregoing procedural requirements for the meeting can be waived. Also, if the LLC has less than 10 quotaholders, the notice requirement can be made by alternative means if permitted in the LLC’s articles of association.

Generally, quotaholder approval is obtained by receiving 50% plus one vote of the quotaholders attending to the meeting. Brazilian Law requires some decisions to be ratified by a qualified majority. The most

common situations are: an alteration in the articles of association, a merger, an acquisition or a liquidation requires the approval of quotaholders representing 3/4 of the total capital; and the appointment of quotaholders as administrators, the removal of administrators, administrators' salaries and the request for protection against creditors require the approval of quotaholders representing a majority of the capital.

Quotaholders have a right to inspect the minute books of the LLC at any time, unless the articles of association establish special procedures or time windows for the inspection.

As a general rule, dividends are distributed proportionally to each quotaholder based on their capital holdings. Articles of association may establish a non-proportional distribution of profits.

Quotaholders have a right to start a derivative action against an LLC for unfair treatment or oppression.

Upon dissolution, the LLC's assets are subject to liquidation. Except in special circumstances, quotaholders do not have any personal liability for the LLC's debt. In some exceptional cases, where fraud has been demonstrated, a court may order the piercing of the corporate veil. In these exceptional cases, the personal assets of quotaholders might be used to pay the LLC's debts. In the event that there is a positive balance as a result of the liquidation, the remaining assets of the LLC are distributed to the quotaholders.

Traditionally, limited liability companies in Brazil needed at least two members. In 2011, the Brazilian Civil Code was amended to allow the incorporation of companies with a single quotaholder, called the *Empresa Individual de Responsabilidade Limitada* ("EIRELI"). The National Department of Commercial Registration has taken the view that it will only allow an EIRELI where the single quotaholder is an individual and not a corporation.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Company's Ordinary Shares are currently listed for trading under the trading symbol "NPK" on the Toronto Stock Exchange (TSX) and the New York Open Transparent Connected Venture Market ("OTCQB") under the symbol "AMHPF". The following table lists the price ranges and average volumes traded on TSX for such shares for each month during the year ended December 31, 2017.

Month	Low (\$)	High (\$)	Avg Volume
January, 2017	0.24	0.37	22,710
February, 2017	0.31	0.88	142,905
March, 2017	0.50	0.65	20,657
April, 2017	0.55	0.73	34,447
May, 2017	0.67	1.58	142,895
June, 2017	0.99	1.32	82,677
July, 2017	0.86	1.11	32,690
August, 2017	0.70	0.93	13,545
September, 2017	0.71	0.85	7,150
October, 2017	0.52	0.75	18,467
November, 2017	0.40	1.06	183,700
December, 2017	0.70	0.86	63,632

## Prior Sales

The Company did not issue any securities not listed or quoted on a marketplace during the year ended on December 31, 2017.

## DIRECTORS AND OFFICERS

### Names, Occupation and Security Holding

The following table and the notes thereto set out the name, province or state and country of residence of each director and executive officer of the Company, their current position and office with the Company, their principal occupation or employment during the last five years, and the date on which they were first elected or appointed a director of the Company.

<b>Name, Place of Residence and Position Held Within the Company</b>	<b>Principal Occupation(s) During Last Five Years If Different from Office Held</b>	<b>Since</b>
<b>Cristiano Botelho Veloso</b> Belo Horizonte, Brazil President, Chief Executive Officer and a Director	Mr. Veloso is the President and Chief Executive Officer of the Company. Mr. Veloso founded Verde AgriTech (as Amazon Mining) in 2005 and has since led its development.	August 2006
<b>Getulio Lamartine de Paula Fonseca</b> <sup>(2)(3)</sup> Brasília, Brazil Director	Mr. Fonseca is a senior economist with over 40 years of government and consulting experience in the Brazilian resource, electrical and power generation sectors. Since 1990, Mr. Fonseca has been employed by GL Consultoria Ltda. as a consultant to the Brazilian resource, electric and power generation industries. In that role, Mr. Fonseca has assisted businesses such as Bank of Montréal, Samarco Mineração S.A., Klabin S.A., Alcoa Inc., KLM Aerocarto B.V., Construtora Norberto Odebrecht S.A., Acesita S.A. and Dow Corning Corporation with major projects in Brazil.	June 2007
<b>Renato Gomes</b> <sup>(1)(2)(3)</sup> Helsinki, Finland Director	Mr. Gomes is currently the President and CEO of Atlantica Mining Corporation, which operates iron ore projects in Brazil. He is a lawyer with international corporate, financial and mining experience, having worked at Gerson Bosen, Gambogi & Alkmim Advogados; the United Nations; Roschier Attorneys Ltd. and Georgetown University. Mr. Gomes is also a director of the ABCI Institute (Brazilian International Trade Scholars) and a member of the Bar in Brazil, Portugal and New York State, USA.	June 2009
<b>Alysson Paulinelli</b> <sup>(1)(2)</sup> Belo Horizonte, Brazil Director	Mr. Paulinelli is the President of the Brazilian Association of Corn Producers. Mr. Paulinelli held positions such as the Brazilian Minister of Agriculture, President of the National Confederation of Agriculture, President of Minas Gerais State Bank, Congressman, Secretary of Agriculture for Minas Gerais State, and Professor and Dean of Lavras University. In 2006 he was awarded the World Food Prize.	January 2014

Name, Place of Residence and Position Held Within the Company	Principal Occupation(s) During Last Five Years If Different from Office Held	Since
<b>Antonio Schettino</b> Belo Horizonte, Brazil Director (until Feb 9, 2017)	Mr. Schettino was the COO at MMX Mineração e Metálicos, where he was responsible for managing and expanding iron ore production facilities. Mr. Schettino has more than 30 years of experience in project development and construction, including more than two decades as the operations director of significant iron ore, nickel, limestone and coal mining operations in Brazil, Chile and Colombia.	June/July 2014
<b>Paulo Sergio Ribeiro Machado</b> Belo Horizonte, Brazil Director	Mr. Machado was a former executive at Vale and has spent his career developing and operating large mining projects. From 1988 to 2002, Mr. Machado was the General Manager of Vale's Igarapé Bahia Gold Mine, at the time the largest gold producer in Latin America, where he was responsible for implementation, operation and decommissioning. Between 2002 and 2006 Mr. Machado was the Director for all iron ore mines in the central region of Minas Gerais state, overseeing management and operations of mining activities, plants and railway terminals. Mr. Machado was also a director of CEMIG, one of the largest power generators and distributors in Brazil and Subsecretary of Mines and Energy for Minas Gerais state from 2007 to 2014.	February 2017
<b>Tim Slater</b> Sutton, Surrey, U.K. Chief Financial Officer and Company Secretary	Mr. Slater is the Managing Director of Harmer Slater Chartered Accountants in the United Kingdom, and has been involved in the preparation of all of the Company's financial statements and audit materials since 2007. Mr. Slater has acted as Finance Director for a range of companies in the UK including interim CFO of Rambler and Sunkar Resources.	n/a

**Notes:**

- (1) Member of the Corporate Governance and Nominating Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.

The Company's Articles of Association require one-third of the directors to retire at each annual meeting. A director retiring by rotation may offer himself for re-election to the Board of Directors. Notwithstanding the foregoing, the TSX requires that all directors of listed issuers be elected annually.

As of the date of this AIF, an aggregate of 3,637,118 Ordinary Shares were beneficially owned, or controlled or directed, directly or indirectly, by the current directors and executive officers of the Company as a group representing approximately 9% of the issued and outstanding Ordinary Shares on a non-diluted basis. The information as to Ordinary Shares beneficially owned, or controlled or directed, directly or indirectly, by the current directors and executive officers, not being within the knowledge of the Company, has been provided by the respective directors and executive officers and aggregated.

## **Management of Subsidiaries**

The manager (“*administrador*”) for the material subsidiaries of the Company, Verde Fertilizantes and FVS, is Cristiano Veloso. The director of GB01N Limited is Cristiano Veloso and the secretary is Tim Slater. Mr. Veloso’s term as director of GB01N Limited began in 2006. Mr. Slater’s term as secretary of GB01N Limited began in 2009.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

### ***Cease Trade Orders***

To the Company’s knowledge, no current director or executive officer of the Company is, or has been within the ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order or similar order or an order that denied such company access to any exemptions under securities legislation, for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (ii) was subject to a cease trade order or similar order or an order that denied such company access to any exemptions under securities legislation, for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

### ***Bankruptcies***

To the Company’s knowledge, no director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, or has been within the ten years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### ***Penalties or Sanctions***

To the Company’s knowledge, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court, or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **Conflicts of Interest**

Certain directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. Pursuant to the U.K. Companies Act, directors who have an interest in a proposed transaction are required to disclose their interest and refrain from voting on the transaction. See also “Risk Factors – Conflicts of Interest”.

## **LEGAL PROCEEDINGS**

There are no legal proceedings that the Company is or was a party to, or that any of its property is or was the subject of, during the Company's financial year or currently contemplated that exceed 10% of the Company's current assets.

Brazilian labour law entitles a former employee to lodge within two years of leaving the company claims for alleged unpaid remuneration and compensation in the event of dismissal. The Company, whilst contesting each claim, notes that should a claim be successful future liability may arise.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Company is not aware of any transaction of any of the following persons or companies within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company: (i) a director or executive officer of the Company; (ii) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding common shares of the Company; and (iii) an associate or affiliate of any of the persons or companies referred to in (i) and (ii).

Readers should note that the Company's public disclosure documents for the three most recently completed financial years, which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), including the management information circulars of the Company for the meetings of the Company's shareholders held in those years, provide information on various consulting and service agreements entered into by the Company with certain of its directors and officers or companies controlled by such persons. However, all such agreements were entered into in the ordinary course of business and were not then, and are not now, deemed to materially affect the Company.

## **TRANSFER AGENTS AND REGISTRARS**

The principal registrar and transfer agent of the Company is Capita Registrars, at its office in the town of Beckenham, United Kingdom. Equity Financial Trust Company, at its office in the City of Toronto, Canada, has been appointed to maintain the Company's Canadian branch register.

## **MATERIAL CONTRACTS**

There have been no material contracts entered into by the Company within the last financial year or before the last financial year that are still in effect, other than contracts entered into in the ordinary course of business.

## **NAMES AND INTERESTS OF EXPERTS**

The following is a list of the persons or companies named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by Verde AgriTech during, or relating to Verde AgriTech's most recently completed financial year and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

- The "qualified person" (as defined in NI 43-101) for the 2017 Technical Report report are Mr. Bradley Ackroyd of Andes Mining Services Ltd (AMS) and Mr. Beck Nader of BNA Consultoria e Sistemas (BNA). The aforementioned firms or persons held less than one percent of the outstanding Ordinary Shares (or no Ordinary Shares) of the Company or an associate or affiliate of the Company when they prepared the 2017 Technical Report, or following the preparation of such report, and did

not receive any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such report. None of the aforementioned persons are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

- BDO LLP is the current auditor of the Company. BDO LLP reports that it is independent of the Company as required by Ethical Standards published by the Auditing Practices Board, an operating body of the Financial Reporting Council in the United Kingdom. BDO LLP merged with PKF (UK) LLP on March 28, 2013. PKF (UK) LLP was first appointed as auditor of the Company on May 11, 2007.

## **AUDIT COMMITTEE INFORMATION**

### ***Audit Committee Charter***

The text of the Audit Committee's charter is set out as Schedule "B" to this AIF.

### ***Composition of the Audit Committee***

The members of the Audit Committee are Messrs. Renato Gomes, Alysson Paulinelli, and Getulio Fonseca. Mr. Gomes, Mr. Paulinelli, and Mr. Fonseca are all "financially literate" and all three members are "independent", as those terms are defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110").

### ***Relevant Education and Experience***

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an audit committee member is as follows:

Renato Gomes, currently the President and CEO of Atlantica Mining Corporation, is a lawyer with international corporate, financial and mining experience, having worked at Gerson Bosen, Gambogi & Alkmim Advogados; the United Nations; Roschier Attorneys Ltd. and Georgetown University. Mr. Gomes holds an LL.B. (Faculdade de Direito da Universidade Federal de Minas Gerais, Brazil) and an LL.M. (London School of Economics, UK), and is a PhD. Candidate (Georgetown University, USA). He is a director of the ABCI Institute (Brazilian International Trade Scholars) and a researcher at Georgetown University, where his work focuses on the Brazilian government, its development agenda, and foreign investment. Mr. Gomes is a member of the Brazilian, Portuguese and New York State Bar Associations.

Alysson Paulinelli is the President of the Brazilian Association of Corn Producers. Mr. Paulinelli has a distinguished career devoted to the agricultural sector and government, having held positions such as the Brazilian Minister of Agriculture, President of the National Confederation of Agriculture, Congressman, Secretary of Agriculture for Minas Gerais State, President of Minas Gerais State Bank, and Professor and Dean of Lavras University. In 2006 he was awarded the World Food Prize. Having served twice as Secretary of Agriculture of Minas Gerais, between 1971-1974 and between 1991-1998, Mr. Paulinelli was instrumental in realizing the potential of the Cerrado to make Brazil one of the world's great breadbaskets. In 1974, Mr. Paulinelli was nominated Brazil's Minister of Agriculture. As Minister, he established the Brazilian Agricultural Research Corporation (EMBRAPA), the world's leading tropical agriculture research institution. Mr. Paulinelli also established the Cerrado Center (CPAC), which focuses on agricultural development in that region.



Getulio Fonseca is a senior economist with over 40 years of government and consulting experience in the Brazilian resource, electrical and power generation sectors, and served as Deputy Minister of the Environment (Brazil) in 1994. Since 1990, Mr. Fonseca has been employed by GL Consultoria Ltda as a consultant to the Brazilian resource, electric and power generation industries. In that role, Mr. Fonseca has assisted businesses such as Bank of Montréal, Samarco Mineração S.A., Klabin S.A., Alcoa Inc., KLM Aerocarto B.V., Construtora Norberto Odebrecht S.A., Acesita S.A. and Dow Corning Corporation with major projects in Brazil. From 1985 to 1990, Mr. Fonseca was the General Director of the National Department of Power and Water Supply (DNAEE) at the Brazilian Ministry of Mining and Power Supply, and from 1979 to 1984, was the Executive Secretary of the Industrial Development Council at the Brazilian Industry and Commerce Ministry. For various periods between 1972 and 1979, Mr. Fonseca was the Associate Secretary for the Minas Gerais State Industry, Commerce and Tourism Secretariat, and also served as the Co-ordinator of the Economic Advisory Team to the Minas Gerais State Finance Secretariat. From 1971 to 1972, he was employed with the Minas Gerais state Industrial Development Institute, and the office of the Industry, Commerce and Tourism Superintendent. From 1966 to 1971, Mr. Fonseca held positions with Companhia Energetica de Minas Gerais S.A. (CEMIG).

### ***Audit Committee Oversight***

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### ***Reliance on Certain Exemptions***

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in section 2.4 or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

### ***Pre-Approval Policies and Procedures***

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board of Directors, and where applicable by the audit committee, on a case by case basis.

### ***External Auditor Service Fees (By Category)***

The aggregate fees charged to the Company by the external auditor BDO LLP for the financial years ended December 31, 2017, and December 31, 2016 are as follows:

<b>Services</b>	<b>December 31, 2017 (\$)</b>	<b>December 31, 2016 (\$)</b>
Audit Fees for the Year Ended	50,035	48,864
Audit-Related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees	-	1,221
<b>Total Fees</b>	<b>50,035</b>	<b>50,085</b>

**Notes:**

- (1) The term "Audit Fees" means the aggregate fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year.

- (2) The term “Audit-Related Fees” means the aggregate fees billed for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements for the subject year and are not reported under “Audit Fees”.
- (3) “All Other Fees” includes a 2.5% support cost, on the total agreed upon fee, by the Company’s external auditor.
- (4) Converted from Pounds Sterling to Canadian dollars using the average noon buying rate for Pounds Sterling reported by the Bank of Canada for the fiscal period ended December 31, 2017, being £1.00 = \$1.6961 (2016: \$1.6564).

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on the SEDAR website located at [www.sedar.com](http://www.sedar.com).

Information regarding directors’ and officers’ remuneration, principal holders of the Company’s securities and securities authorized for issuance pursuant to equity compensation plans is contained in the Company’s management proxy information circular for the last annual and special meeting of shareholders held on June 29, 2017.

Additional financial information is provided in the Company’s audited financial statements and management discussion and analysis for the Company’s most recently completed year-end.

**SCHEDULE A**  
**TABLE OF ABBREVIATIONS**

<b>Abbreviations</b>	<b>Description</b>
"	inches
%	percent
°	degrees
°C	degrees centigrade
3D	tridimensional
AMS	Andes Mining Services
ANDA	Brazil's National Fertilizer Distributors Association
Ca	calcium
CAPEX	capital expenditure
CFEM	financial compensation for the exploitation of mineral resources
cfr	cost and freight
CIM	Canadian Institute of Mining
Cl	chlorine
cm	centimeter
CMEC	Consórcio Mineiro de Engenheiros Consultores Ltda
DC	diamond core drilling
DDH	diamond drill hole
DFS	Definitive Feasibility Study
DNPM	National Department of Mineral Production
DTM	digital terrain model
E	east
EIA	environmental impact study
EPAMIG	Empresa de Pesquisa Agropecuária de Minas Gerais
FOB	free on board
g/cm <sup>3</sup>	grams per cubic centimeter
h	hour
h/Wk	hour per week
ha	hectare
ICMS	imposto sobre circulação de mercadorias e prestação de serviços
IDW <sup>2</sup>	inverse distance weighting with power two
IPD	Instituto de Promoção do Desenvolvimento
IRR	Internal rate of return

K	potassium
K <sub>2</sub> O	potassium oxide
K <sub>2</sub> SO <sub>4</sub>	potassium Sulfate
KCl	potassium chloride
kg	kilogram
km	kilometer
km <sup>2</sup>	square kilometers
KNO <sub>3</sub>	potassium nitrate
kt	kilo tonnes
ktpy	kilo tonnes per year
L	liter
LI	Construction Permit
LOI	loss on ignition
LOM	life of mine
LP	Preliminary Permit
m	meter
m <sup>3</sup>	cubic meters
MAPA	Brazilian Ministry of Agriculture
MDIC	Ministry of Development, Industry and Foreign Trade
Mg	magnesium
mm	milimeter
Mt	million tonnes
N	north
N	nitrogen
Na	sodium
NE	northeast
NPV	net present value
OK	ordinary kriging
PEA	Preliminary Economic Assessment
PFS	Pre-Feasibility Study
QA/QC	quality assurance/quality control
R	coefficient of correlation
R\$	brazilian reais
RC	rotary-percussion reverse circulation drilling
RL	relative level
RU	Ramp-up
S	south
s	second
Si	Silicon
t	tonnes
TAH	annual permit tax

TK	ThermoPotash
US\$	united states dollar
USA	United States of America
UTM	Universal Transverse Mercator coordinate system
W	west
WACC	weighted average cost of capital
WGS84	World Geodetic System 1984
XRF	X-ray fluorescence
Y	year

**SCHEDULE B  
AUDIT COMMITTEE CHARTER**

**VERDE AGRITECH PLC  
(the “Company”)**

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VERDE AGRITECH PLC  
Charter of the Audit Committee of the Board of Directors

**1. PURPOSE**

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Verde AgriTech Plc. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel
- review the quarterly and annual financial statements and management’s discussion and analysis of the Corporation’s financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation’s outside auditors (the “**Independent Auditors**”), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

**2. AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

### **3. COMPOSITION AND MEETINGS**

- (a) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission (“OSC”), the Toronto Stock Exchange, the Business Corporations Act (Ontario), and all applicable securities regulatory authorities. Each member of the Committee shall be financially literate (as defined by the OSC).
- (b) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
- (c) Each member of the Committee shall be “independent” (as defined by the OSC) and shall be remunerated only in accordance with applicable laws and regulations.
- (d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
- (e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- (f) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- (g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours’ notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- (h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- (i) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- (j) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.

- (k) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- (l) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

#### **4. RESPONSIBILITIES**

##### **A. Financial Accounting and Reporting Process and Internal Controls**

- (i) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with International Financial Reporting Standards (“IFRSs”) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- (ii) The Committee shall review management’s internal control report and the evaluation of such report by the Independent Auditors, together with management’s response.
- (iii) The Committee shall review management’s discussion and analysis relating to annual and interim financial statements and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities.
- (iv) The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.
- (v) The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
- (vi) The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management’s response and subsequent follow-up to any identified weaknesses.
- (vii) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
- (viii) The Committee shall establish procedures for:
  - (A) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and



(B) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(ix) The Committee shall provide oversight to related party transactions entered into by the Corporation.

B. Independent Auditors

- (a) The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
- (b) The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.
- (c) The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
- (d) The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
- (e) The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.
- (f) The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
- (g) The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
- (h) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Corporation.

C. Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.