
VERDE AGRITECH PLC
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER ENDED 30 SEPTEMBER 2020



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VERDE AGRITECH PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

The accompanying unaudited consolidated financial statements of Verde AgriTech Plc (“Verde”, the “Company”, or the “Group”) for the third quarter ended 30 September 2020 have been prepared by and are the responsibility of the Company's management. They have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ issued by the International Auditing and Assurance Board (“IAASB”) and as adopted by the European Union and do not include all of the information and disclosures that would be required by International Financial Reporting Standards for annual audited financial statements. The interim consolidated financial statements should be read in conjunction with the Company's audited financial statements including the notes thereto for the year ended 31 December 2019. The financial information has not been reviewed or audited by the Company's auditor.

These financial statements have been approved by the Audit Committee and the Board of Directors of the Company.

VERDE AGRITECH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 30 September 2020

All amounts expressed in Canadian Dollars.

Continuing operations	Note	3 months ended 30 Sept 2020 \$'000	3 months ended 30 Sept 2019 \$'000	9 months ended 30 Sept 2020 \$'000	9 months ended 30 Sept 2019 \$'000
Revenue		3,956	3,055	6,957	4,538
Production costs		(1,316)	(1,496)	(2,602)	(2,205)
Gross Profit		2,640	1,559	4,355	2,333
S&GA (Includes Non Cash Events)		(1,365)	(1,432)	(3,242)	(3,175)
Operating Profit / (Loss)		1,275	127	1,113	(842)
Corporation tax		(136)	(96)	(252)	(145)
Interest Income/Expense		(49)	(30)	(119)	(108)
Net Profit / (Loss)		1,090	1	742	(1,095)

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translating foreign operations	(917)	(1,359)	(5,049)	(1,837)
Total comprehensive loss for the year attributable to equity holders of the parent	173	(1,358)	(4,307)	(2,932)

Earnings / (Loss) per share (\$)	Note				
Basic and diluted earnings / (loss) per share	4	0.023	0.000	0.016	(0.024)

VERDE AGRITECH PLC

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2020

All amounts expressed in Canadian Dollars.

			Restated
Assets	Note	30 Sept 2020	31 Dec 2019
		(\$'000)	(\$'000)
Property, plant and equipment	5	2,297	2,113
Mineral properties	6	19,481	24,455
Intangible assets	7	-	-
Total non-current assets		21,778	26,568
Inventory		531	293
Trade and other receivables		3,415	1,638
Cash and cash equivalents	13	2,377	666
Total current assets		6,323	2,597
Total assets		28,101	29,165

Equity attributable to the equity holders of the parent			
Issued capital	8	19,699	18,752
Share premium		47,243	47,128
Warrant reserve	9	431	431
Merger reserve		(4,557)	(4,557)
Translation reserve		(16,706)	(11,657)
Accumulated losses		(25,356)	(26,185)
Total equity		20,754	23,912
Liabilities			
Interest-bearing loans and borrowings	11	1,931	286
Provisions	12	2,604	3,450
Total non-current liabilities		4,535	3,736
Trade and other payables		1,879	1,207
Interest-bearing loans and borrowings	11	933	310
Total current liabilities		2,812	1,517
Total liabilities		7,347	5,253
Total equity and liabilities		28,101	29,165

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STATEMENTS OF CASH FLOWS

For the Period Ended 30 September 2020

All amounts expressed in Canadian Dollars.

Cash flows from operating activities	3 months ended 30 Sept 2020	3 months ended 30 Sept 2019	9 months ended 30 Sept 2020	9 months ended 30 Sept 2019
	\$'000	\$'000	\$'000	\$'000
Operating profit / (loss)	1,275	127	1,113	(842)
Depreciation	107	38	214	84
Loss on disposal of plant and equipment	22	-	22	-
Foreign exchange differences	(21)	382	(47)	645
Share-based payments	20	446	88	901
Decrease / (Increase) in inventories	(288)	374	(238)	(28)
Decrease / (Increase) in receivables	(1,739)	(924)	(1,777)	(1,585)
(Decrease) / Increase in payables	1,680	(84)	2,349	137
Cash (utilised) / generated in operations	1,056	359	1,724	(688)
Interest paid	(60)	36	(105)	(47)
Taxation paid	(53)	(97)	(137)	(145)
Net cash generated / (utilised) in operating activities	943	298	1,482	(880)
Cash flows from investing activities				
Interest received	31	5	72	10
Acquisition of mineral property assets	(22)	(47)	(87)	(209)
Acquisition of property, plant and equipment	(325)	(596)	(1,030)	(892)
Net cash utilised in investing activities	(316)	(638)	(1,045)	(1,091)
Cash flows from financing activities				
Proceeds from issue of shares	-	35	-	1,863
Bank loan received	1,315	71	1,537	71
Net cash from financing activities	1,315	106	1,537	1,934
Net increase in cash and cash equivalents	1,942	(234)	1,974	(37)
Cash and cash equivalents at beginning of period	607	1,022	666	836
Effect of exchange rate fluctuations on cash held	(172)	(46)	(263)	(57)
Cash and cash equivalents at end of period	2,377	742	2,377	742

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts expressed in Canadian Dollars.

Group	Share capital (\$'000)	Share premium (\$'000)	Share warrant reserve (\$'000)	Merger reserve (\$'000)	Translation reserve (\$'000)	Accumulated losses (\$'000)	Total (\$'000)
Balance at 1 January 2019	17,417	46,146	777	(4,557)	(10,093)	(25,865)	23,825
Comprehensive loss							
Loss for the year	-	-	-	-	-	(1,095)	(1,095)
Foreign exchange translation differences	-	-	-	-	(1,837)	-	(1,837)
Total comprehensive loss for the year	-	-	-	-	(1,837)	(1,095)	(2,932)
Transactions with owners							
Issue of share capital	1,335	982	431	-	-	-	1,936
Expiry of share warrants	-	-	(777)	-	-	-	(777)
Share-based payments	-	-	-	-	-	901	901
Total transactions with owners	1,335	982	(346)	-	-	901	2,872
Balance at 30 September 2019	18,752	47,128	431	(4,557)	(11,930)	(26,059)	23,866
Balance at 1 January 2020	18,752	47,128	431	(4,557)	(11,657)	(26,185)	23,912
Comprehensive loss							
Profit for the year	-	-	-	-	-	742	742
Foreign exchange translation differences	-	-	-	-	(5,049)	-	(5,049)
Total comprehensive loss for the year	-	-	-	-	(5,049)	742	(4,307)
Transactions with owners							
Issue of share capital	947	115	-	-	-	-	1,062
Share-based payments	-	-	-	-	-	87	87
Total transactions with owners	947	115	-	-	-	87	1,149
Balance at 30 September 2020	19,699	47,243	431	(4,557)	(16,706)	(25,356)	20,754

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NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Nature of operation and going concern

The Directors have prepared cash flow forecasts for the Group covering a period through to the end of June 2021 which shows income from revenue supporting capital, operating and administrative expenses throughout. The forecast shows a closing cash position at the end of June 2021 of \$2,841,000 (BRL \$8,796,000). On September 30, 2020, the Group had current assets of \$6,323,000 and current liabilities of \$2,812,000 providing a working capital surplus of \$3,511,000.

The cash forecast to June 2021 is based on the ramp up production to 222,000 tonnes and the Group being able to achieve similar pricing for the Product as demonstrated in 2019. Based on the Group's experience in its first whole year of production and the saleability of the Group's products, along with forward orders taken, the Directors consider that the mine in full operation will generate sufficient cash flows to continue its operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the annual financial statements.

In December 2019, China had alerted the World Health Organization (WHO) of several cases of an unusual form of pneumonia in Wuhan. Since the year end, this has been identified as coronavirus. A global pandemic has since developed affecting the economy in every country and restrictions on certain movement of trade and people have been sanctioned. This is believed to be a temporary event. At the date of this report, China is already showing signs of recovery with restrictions being lifted.

The Group's trade agriculture, falls under the food chain category and as such, the Brazilian government have confirmed there will be no restriction on trade for the Group. The factory is still in operation and office staff work from home. Management has considered the risk to the supply chain and consider this low due to the simplicity of the operations. The Group can manage the on site risk at the production facility if the employees were to get ill and have contingency plans in place. Management and the directors have stress tested the cashflow forecast for a worse case scenario if the operation shut down for six months and have demonstrated they would have necessary funds. Management and the directors considers this scenario to be a remote risk.

2. Significant accounting policies

Verde AgriTech Plc is a company domiciled in England and Wales. The interim statements of the Group for the quarter ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the acquisition and development of mineral resource assets. The interim financial statements have been drawn up in accordance with International Accounting Standard 34 'Interim Financial Reporting' issued by the IASB and as adopted by the European Union.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. No statutory accounts for the period have been delivered to the Registrar of Companies. The financial information contained in this interim report has not been reviewed or audited by the Company's auditor.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Company's audited consolidated financial statements and notes thereto for the year ended 31 December 2019. The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union and with IFRSs and the interpretations issued by the IASB.

In the opinion of management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended 31 December 2019.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

The statutory accounts for the year ended 31 December 2019 have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

3. Operating segments

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker, C Veloso, in order to allocate resources to the segments and to assess their performance.

The Group's operations relate to the mining of mineral deposits in Brazil with support provided from the UK and as such, the Group has only one operating segment.

4. Profit / (Loss) per share

Basic profit / (loss) per share

The calculation of basic loss per share at 30 September 2020 was based on the profit attributable to ordinary shareholders of \$742,000 (30 September 2019: loss \$1,095,000) and a weighted average number of Ordinary Shares outstanding during the period ended 30 September 2020 of 47,293,274 (30 September 2019: 45,105,018) calculated as follows:

Profit / (Loss) attributable to ordinary shareholders

	9 months ended 30 Sept 2020	9 months ended 30 Sept 2019
Profit / (Loss) for the period (\$'000)	742	(1,095)
Profit / (Loss) attributable to ordinary shareholders (\$'000)	742	(1,095)

Weighted average number of ordinary shares

	Number	Number
Number of shares in issue at beginning of year ('000)	46,029	42,620
Effect of shares issued during period ('000)	1,264	2,485
Weighted average number of ordinary shares in issue for the year ('000)	47,293	45,105

There is no material difference between the basic and diluted loss per share. At September 30, 2020 there were 3,236,826 (2019: 3,777,922) share options in issue of which 150,921 (2012: Nil) were considered to be dilutive and may have a dilutive effect on the basic earnings or loss per share in the future.

Details of share warrants and share options that could potentially dilute earnings per share in future periods are set out in notes 9 and 10 respectively.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

5. Property, plant and equipment

(\$'000)	Land and buildings	Plant and equipment	Computer equipment	Furniture and fixtures	Total
Cost					
Balance at 1 January 2019	127	856	88	186	1,257
Additions	516	627	2	196	1,341
Effect of movements in foreign exchange	(31)	(88)	(5)	(23)	(147)
Balance at 31 December 2019	612	1,395	85	359	2,451

Balance at 1 January 2020	612	1,395	85	359	2,451
Additions	372	278	38	342	1,030
Disposals	-	(77)	-	-	(77)
Effect of movements in foreign exchange	(206)	(374)	(20)	(135)	(735)
Balance at 30 September 2020	778	1,222	103	566	2,669

Depreciation and impairment losses					
Balance at 1 January 2019	-	78	80	107	265
Depreciation charge for the year	-	60	1	28	90
Effect of movements in foreign exchange	-	(2)	(4)	(10)	(16)
Balance at 31 December 2019	-	136	77	125	338

Balance at 1 January 2020	-	136	77	125	338
Depreciation charge for the year	-	40	4	81	125
Disposal of depreciation	-	(17)	-	-	(17)
Effect of movements in foreign exchange	-	(18)	(14)	(42)	(74)
Balance at 30 September 2020	-	141	67	164	372

Carrying amounts					
At 1 January 2019	127	778	8	79	992
At 31 December 2019	612	1,259	8	234	2,113
At 1 January 2020	612	1,259	8	234	2,113
At 30 September 2020	778	1,081	36	402	2,297

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NOTES TO THE GROUP FINANCIAL STATEMENTS

6. Mineral properties

	Total (\$'000)
Cost	
Balance at 1 January 2019	28,676
Prior period adjustment (note 14)	(2,437)
Balance at 1 January 2019 as restated	26,239
Additions	149
Effect of movements in foreign exchange	(1,861)
Balance at 31 December 2019	24,527
Balance at 1 January 2020	24,527
Additions	87
Effect of movements in foreign exchange	(5,035)
Balance at 30 September 2020	19,579
Amortisation	
Balance at 1 January 2019	35
Amortisation charge for the year	42
Effect of movements in foreign exchange	(5)
Balance at 31 December 2019	72
Balance at 1 January 2020	72
Amortisation charge for the year	51
Effect of movements in foreign exchange	(25)
Balance at 30 September 2020	98
Carrying amounts	
At 1 January 2019	28,641
At 31 December 2019	26,892
At 1 January 2020	24,455
At 30 September 2020	19,481

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NOTES TO THE GROUP FINANCIAL STATEMENTS

7. Intangible assets

(C\$'000)	Calcário Project
Cost	
Balance at 1 January 2019	616
Effect of movements in foreign exchange	(50)
Balance at 31 December 2019	566
Balance at 1 January 2020	566
Effect of movements in foreign exchange	(151)
Balance at 30 September 2020	415
Provision for impairment	
Balance at 1 January 2019	616
Effect of movements in foreign exchange	(50)
Balance at 31 December 2019	566
Balance at 1 January 2020	566
Effect of movements in foreign exchange	(151)
Balance at 30 September 2020	415
Carrying amounts	
At 1 January 2019	-
At 31 December 2019	-
At 1 January 2020	-
At 30 September 2020	-

The Calcário Project was necessary for mining limestone which is necessary for the production of TK47[®]. Following the decision to produce the Product, the Company will retain title to this project and is considering various options for its future. A provision of \$663,000 was made against the project in 2017. At current exchange rates this provision has been revalued as \$415,000.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

8. Share capital

(\$'000)	30 Sept 2020		31 Dec 2019	
	Number	\$'000	Number	\$'000
Authorised - Ordinary Shares of \$0.3918 each	500,000,000	195,900,000	500,000,000	195,900,000

Issued - Ordinary Shares of \$0.3918 each	30 Sept 2020		31 Dec 2019	
	Number	\$'000	Number	\$'000
At 1 January	46,028,766	18,752	42,619,690	17,417
4 March 2019 for \$0.63 each	-	-	173,548	68
4 March 2019 for \$0.40 each	-	-	159,076	62
4 March 2019 for \$0.425 each	-	-	169,800	66
12 March 2019 for \$0.60 each	-	-	2,820,114	1,105
30 August 2019 for \$0.425 each	-	-	25,000	10
30 August 2019 for \$0.40 each	-	-	61,538	24
14 February 2020 for \$0.40 each	899,999	353	-	-
1 July 2020 for \$0.50 each	766,038	300	-	-
1 July 2020 for \$0.50 each	750,000	294	-	-
At end of period	48,444,803	19,699	46,028,766	18,752

9. Share warrant reserve

	30 Sept 2020		31 Dec 2019	
	Number	\$'000	Number	\$'000
Balance at beginning of year	1,410,057	431	1,727,075	777
Fair value of warrants issued during year	-	-	1,410,057	431
Warrants expired during year	-	-	(1,727,075)	(777)
Balance at end of year	1,410,057	431	1,410,057	431

The share warrant reserve reflected the value of outstanding share warrants based on the fair value of the share warrants at the time of issue.

10. Share-based payments

The number and weighted average exercise prices of share options are as follows:

	30 Sept 2020		31 Dec 2019	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	\$0.70	3,738,923	\$0.61	3,634,460
Granted during the period	\$0.40	380,375	\$0.55	541,112
Exercised during the period	\$0.425	(750,000)	\$0.43	(180,036)
Forfeited during the period	\$0.36	(132,471)	\$0.79	(365,830)
Expired during the period	-	-	\$0.28	(128,700)
Outstanding at the end of the period	\$0.58	3,236,827	\$0.70	3,738,923
Exercisable at the end of the period	\$0.72	2,319,083	\$0.54	2,934,922

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NOTES TO THE GROUP FINANCIAL STATEMENTS

10. Share-based payments (continued)

The options outstanding at 30 September 2020 have an exercise price in the range of \$0.40 to \$1.05 and a weighted average remaining contractual life of 7 years. Two options were issued to 30 September 2020. Both issues will vest in six tranches, 10% immediately with an additional 10% vest in years two to five. At the sixth year from grant, the remaining 50% of the options vest. At 30 September 2020, 2,319,083 of the options had vested (31 December 2019: 2,934,922).

Details of share options outstanding at 30 September 2020 are as follows:

Outstanding at beginning of period	Number of options					Exercisable period			
	Granted	Expired	Forfeited	Exercised	Outstanding at end of period	Exercisable at end of period	Option price (\$)	Grant date	Expiry date
1,039,200	-	-	-	(750,000)	289,200	289,200	\$0.425	10 Dec 2014	10 Dec 2024
50,000	-	-	-	-	50,000	50,000	\$0.40	12 Aug 2015	12 Aug 2025
20,000	-	-	-	-	20,000	10,000	\$0.40	12 Nov 2015	12 Nov 2025
61,538	-	-	-	-	61,538	61,538	\$0.40	31 Jan 2017	31 Jan 2027
144,000	-	-	-	-	144,000	24,000	\$0.40	9 Feb 2017	9 Feb 2027
200,000	-	-	-	-	200,000	40,000	\$1.02	30 May 2018	30 May 2028
1,244,308	-	-	-	-	1,244,308	1,244,308	\$0.61	24 Sept 2018	24 Sept 2028
125,000	-	-	-	-	125,000	-	\$0.61	24 Sept 2018	24 Sept 2028
328,876	-	-	-	-	328,876	328,876	\$0.63	1 Mar 2019	1 Mar 2029
455,000	-	-	(5,000)	-	450,000	222,000	\$0.63	1 Mar 2019	1 Mar 2029
10,000	-	-	(5,000)	-	5,000	1,000	\$0.64	31 May 2019	31 May 2029
61,000	-	-	(5,500)	-	55,500	11,500	\$0.67	1 Sept 2019	1 Sept 2029
-	334,862	-	(116,971)	-	217,891	32,110	\$0.40	14 Feb 2020	14 Feb 2030
-	45,513	-	-	-	45,513	4,551	\$0.40	25 Mar 2020	25 Mar 2030
3,738,922	380,375	-	(132,471)	(750,000)	3,236,826	2,319,083			

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model.

Fair value of share options and assumptions (\$'000)	30 Sept 2020	30 Sept 2019
Weighted average fair value of options granted during the year	0.24	0.37
Weighted average share price	0.41	0.63
Weighted average exercise price	0.40	0.63
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	77%	98.83%
Option life	5	1 – 6
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	0.01%	0.02%

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NOTES TO THE GROUP FINANCIAL STATEMENTS

10. Share-based payments (continued)

The expected volatility is based on the historic volatility of the share price (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. There are no market conditions associated with the share option grants.

Total expense recognised as employee and consultants costs (\$'000)	3 months to 30 Sept 2020	3 months to 30 Sept 2019	9 months to 30 Sept 2020	9 months to 30 Sept 2019
	20	109	88	588

11. Interest-bearing loans and borrowings

	30 Sept 2020	30 Sept 2019
Non-current liabilities	\$'000	\$'000
Bank loan	1,931	301
Current liabilities		
Bank loan	933	129
Total	2,864	430

Summary of Interest-bearing loans and borrowings

Lender	Loan start date	Purpose	Grace period (months)	Term (months)	Value (R\$'000)	Repayable by	Total interest payable*
ABC Brazil	Aug, 2020	Equipment and working capital	01	36	2,000	Aug, 2023	10.54%
Santander	July, 2020	Equipment	06	18	359	July, 2022	9.99%
Bradesco	July, 2020	Equipment	06	60	5,000	July, 2025	10.95%
Bradesco	Mar, 2020	Vehicle	01	48	119	Apr, 2024	12.49%
Santander	Jan, 2020	Equipment	06	36	364	Apr, 2023	13.14%
Bradesco	Jan, 2020	Equipment	00	48	450	Feb, 2024	10.00%
Bradesco	Oct, 2019	Working capital	03	15	450	Dec, 2020	14.02%
Santander	Apr, 2019	Equipment	01	36	223	Oct, 2022	13.24%
Santander	May, 2018	Equipment	12	60	1,040	May, 2023	9.57%

* - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services

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NOTES TO THE GROUP FINANCIAL STATEMENTS

12. Provisions

Mine closure provision	30 Sept 2020	30 Sept 2019
	\$'000	\$'000
Opening balance	5,887	6,308
Prior period adjustment (note 14)	(2,437)	(2,437)
Opening balance as restated	3,450	3,871
Unwinding of discount	75	66
Effect of movements in foreign exchange	(921)	(597)
Total	2,604	3,340

The mine closure provision has been made in respect of costs of land restoration and rehabilitation expected to be incurred at the end of the mine's expected useful life of 36 years. The provision has been calculated based on the present value of the expected future cash flows associated with closure activities.

13. Financial instruments

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk each of which is discussed below. There is no perceived credit risk as the Group and Company have minimal other financial receivables and bank deposits are made with financial institutions considered to have strong credit ratings. There were no derivative instruments outstanding as of 30 September 2020.

Foreign currency risk

The Group's cash resources are mainly held in Canadian Dollars and Brazilian Reais. Exchange rate fluctuations may adversely affect the Group's financial position and results. The Group's financial results are reported in Canadian Dollars and its costs are primarily incurred in Canadian Dollars and Brazilian Reais.

The appreciation of Brazilian Reais against the Canadian Dollar could increase the actual capital and operating costs of the Group's mineral exploration projects and materially adversely affect the results presented in the Group's financial statements. Currency exchange fluctuations may also materially adversely affect the Group's future cash flows from operations, its results of operations, financial condition and prospects. The Group has a general policy of not hedging against foreign currency risks. The Group manages foreign currency risk by regularly reviewing the balances held in currencies other than the functional currency to match expected expenditure in foreign currency.

The Group and Company had the following short term deposits and cash and cash equivalents in various currencies including its presentational currency. The amounts are stated in Canadian Dollar equivalents:

Currency (\$'000)	30 Sept 2020	31 Dec 2019
Canadian Dollars	46	329
Brazilian Reais	2,221	184
American Dollars	103	93
British Pounds	7	60
Total	2,377	666

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NOTES TO THE GROUP FINANCIAL STATEMENTS

13. Financial instruments (continued)

The Brazilian Reals deposits are held as interbank deposit certificates, with no maturity date and track Brazil's short term interest rate which is currently 2%.

Foreign currency risk sensitivity analysis showing a 10% weakening/strengthening of the Brazilian Real against the Canadian Dollar with all other variables held constant is set out below. 10% represents managements' assessment of the reasonable possible exposure

Currency (\$'000)	30 Sept 2020	31 Dec 2019
10% weakening of Brazilian Real	(166)	(99)
10% strengthening of Brazilian Real	136	121

Liquidity risk

To date the Group and Company have relied on shareholder funding to finance its operations. As the Group and Company have finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure and cash resources. The Group and Company have borrowings, trade and other payables with a maturity of less than one year with borrowings and a provision greater than one year. Further details of the liquidity position are explained in note 1 regarding going concern.

Interest rate risk

The Group and Company's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. Given that the directors do not consider that interest income is significant in respect of the Group's and Company's operations and as the Group does not currently have any debt, no sensitivity analysis has been provided in respect of any potential fluctuations in interest rates.

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country.

Fair values

In the directors' opinion, there is no material difference between the book value and fair value of any of the Group's and Company's financial instruments.

Classes of financial instruments

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. All of the Group and Company's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

14. Prior period adjustment

During the period ended March 31, 2020, the Group identified a prior period adjustment in respect of accounting for the mine closure provision. As such, the Group has retrospectively restated its previously reported consolidated financial statements to reflect the overstated amounts.

The carrying value of the mineral property and the mine closure provision have been reduced by \$2,437,000 following a correction to the discount calculation of the provision. There was no material effect on the income statement.

VERDE AGRITECH PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS

14. Prior period adjustment (continued)

Restated 2019 (\$'000)	As previously reported	2019 adjustment	As restated
Mineral Property	28,676	(2,437)	26,239
Mine closure provision	(5,887)	2,437	(3,450)

There was no effect on the Consolidated Statements of Comprehensive Loss or Cash Flows or on net loss per share as a result of the restatement.

15. Subsequent Events

- In November 2020, the Group secured a bank loan of R\$2 million (\$473,000) from Santander Bank for CAPEX investment and working capital. The interest rate for the loan is 11.11% per annum.
- In November 2020, a 50,000 tonnes per year Mining Permit for Mine Pit 2 was granted to the Group by the National Mining Agency.

With this latest Mining Permit, the Company is fully permitted to mine 482,800 tpy. (i.e. Verde is authorized to produce such an amount because it holds both mining Concessions/Permits and Environmental Licenses). The Company has submitted joint mining and environmental applications for an additional 5,000,000 tpy.