



# Investors Newsletter

January 31, 2021

TSX:NPK | OTCQB:AMHPF

## DISCLAIMER

This document contains “forward-looking information” within the meaning of Canadian securities laws, which includes but is not limited to, statements with respect to Verde AgriTech Plc’s (the Company’s) strategy, the commercial production of Super Greensand®, K Forte®, Silício Forte®, TK47 and Alpha (“Products”), design and building of a manufacturing facility, receipt of environmental permits, and the generation of cash flow. All statements other than statements of historical facts constitute forward-looking information, including but not limited to statements regarding plans, prospects and business strategies; timing and amount of future production; expectations regarding the results of operations and costs; permitting requirements and timelines; timing and possible outcome of pending litigation or labour disputes; timing for any required repairs and resumption of any interrupted operations; the results of any Feasibility Study, economic studies or Mineral Resource and Mineral Reserve estimations and life of mine estimates; market prices of metals, currency exchange rates, and interest rates; the ability to comply with permitting or other regulatory requirements; anticipated exploration and development activities; and the integration and benefits of acquisitions. Words such as “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “goal”, “aim”, “intend”, “continue”, “budget”, “estimate”, “may”, “will”, “can”, “could”, “should”, “schedule” and similar expressions identify forward-looking statements. Forward-looking information is necessarily based upon various assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, equipment and labour; assumed and future price of metals; anticipated costs; ability to achieve goals; the effective integration of acquisitions; the political environment supporting mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Verde as at the date of this document in light of management’s experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected. Such factors include, but are not limited to: volatility in commodity prices; global financial conditions; risks inherent in mining including but not limited to the environment, industrial accidents, catastrophic equipment failures, unexpected geological formations or unstable ground conditions, and natural phenomena; uninsurable risks; equity markets volatility; outbreaks of viruses and infectious diseases (such as COVID-19); negative publicity and reputation risks; reliance on a single asset; fraud and corruption risks; actual ore mined and/or recoveries varying from estimates; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits; ore processing efficiency; foreign country and emerging markets risks; security; taxation regimes; health and safety risks; exploration, development or mining results not being consistent with expectations; infrastructure risks; counterparty and credit risks and customer concentration; environmental regulation risks; exchange rate fluctuations; stakeholder opposition; civil disruption; labour disputes or difficulties; interruptions in production; uncertain political and economic environments; litigation; regulatory investigations, enforcement and/or sanctions; changes in laws or policies; climate change; cybersecurity risks; estimates of future production, operations, capital and operating cash and all-in sustaining costs; permitting risks; compliance with laws; mine closure risks; challenges to title; the price/availability of supplies or services; liquidity risks and limited financial resources; the estimation of asset carrying values; risks relating to dividends; and other risks and uncertainties, including but not limited to those described in the “Risk Factors” section of the Annual Information Form and the “Risks” section of the Company’s MD&A for the year ended December 31, 2019, which are available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company’s profile. All of the forward-looking statements made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in web sites. Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company has filed on SEDAR a NI 43-101 compliant updated pre-feasibility study, published date December 22, 2017. All technical information should be reviewed according to this pre-feasibility study. Readers are cautioned not to rely solely on the summary of such information contained in this document and are directed to complete information posted on Verde’s website ([www.investor.verde.ag](http://www.investor.verde.ag)) and filed on SEDAR and any future amendments to such. This document may include facts, views and opinions of individuals and organizations deemed of interest. Verde does not guarantee the accuracy, completeness or timeliness of, or otherwise endorse, such views, opinions or recommendations, give investment advice, or advocate the purchase or sale of any security or investment. Verde is therefore not responsible for the content, accuracy or timeliness of any linked web site or any link contained in a linked web site. Verde provides such links only as a convenience and the inclusion of any link does not imply endorsement, investigation or verification by Verde of the linked web site or information contained therein. Use of such third party web site will be solely at your risk. The reader should seek the advice of a securities professional or other appropriate investment advisor regarding such reader’s particular situation. The Company does not control any third-party web site and in viewing any third-party web sites. Potential investors should conduct their own investigations as to the suitability of investing in securities of Verde AgriTech Plc.

**We are not good enough for you to invest if you:**

Are risk averse.

Just want to make a quick buck.

Expect delayed growth so you can earn dividends in the near term.

Are looking for a traditional potash company.

Don't deal well with changes.

Don't understand the difficulties in developing technologies and markets for innovative products.

**Join our journey if you:**

Want to change the world into a better place.

Are looking for a real-world technology developing company.

Want to help Brazilian farmers protect the Amazon.

Believe Verde can make you and the Planet healthier.

## LATEST PRESS RELEASE AND FILINGS

On November 16, 2020 Verde filed its Q3 2020 Results.

The Company also hosted a conference call on November 24, 2020 to present the results.

Please find below weblinks to the relevant materials:

[MD&A](#)

[Financial Statements](#)

[Press Release](#)

[Results Presentation](#) (Video)

[Results Presentation](#) (PDF File)

All new information since the last newsletter will be highlighted in green.

## 1. PERMITS \*

### 1.1. Summary

Verde has 3 different mine pits, each one at a different permitting stage and targeting different volumes, as summarized in the table below:

Mine Pit	Fully Permitted to Produce (tpy)	Mining (tpy)		Environmental (tpy)	
		Granted	Pending	Granted	Pending
1	233,000	233,000	0	233,000	0
2	200,000	200,000	25,000,000	2,600,000	0
3	49,800	49,800	2,500,000	49,800	2,500,000
Total	482,800	482,800	27,500,000	2,882,800	2,500,000

With its 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 2,500,000 tpy.

### 1.2. Last 12 months

Verde has 3 different mine pits, each one at a different permitting stage and targeting different volumes, as summarized in the table below:

Mine Pit	Date	Category	Status	Event
2	December 23, 2020	Environment	Granted	2,500,000 tpy Preliminary, Installation and Operation License
2	November 03, 2020	Mining	Granted	50,000 tpy Mining Permit
3	August 24, 2020	Environment	Applied	2,500,000 tpy Preliminary, Installation and Operation License
1	August 19, 2020	Environment	Granted	233,000 tpy Operating License
2	March 30, 2020	Environment	Applied	2,500,000 tpy Preliminary and Installation License
2	March 26, 2020	Mining	Approved	25,000,000 tpy Feasibility Study
3	March 25, 2020	Mining	Applied	2,500,000 tpy Mining Concession Application

\* Please refer to the Glossary on page 14 for technical terms.

## 2. SALES GROWTH

### 2.1. Percentage of recurring clients

The table below shows the percentage of recurring clients that bought Verde's product for two consecutive years (in 2017 and again in 2018, 2018 and 2019, 2019 and 2020), also known as repurchase number.

This number indicates the amount of clients that bought Verde's product in a given year and reordered it in the next one. For instance, 65.07% of all the farmers that purchased Verde's product in 2019, repurchased it in 2020. The reasons for non-repurchase are also listed in the table, except for 2017-2018, which are not registered.

32.53% of 2019 clients did not repurchase Verde's products in 2020 because the Company failed in customer relationship management due to the lack or non-observance of standard operating procedures for some of its internal processes related to post-sales, such as product usage guidance, positioning, storage and application, customers experience monitoring and market development with consultants.

2.05% of 2019 clients did not repurchase Verde's products in 2020 because the Company's sales team did not have the appropriate technical agronomic knowledge to instruct customers concerning the products specific characteristics and their crop nutrient requirements.

Period	2017-2018	2018-2019	2019-2020
Percentage of recurring clients	29.17%	44.85%	65.07%
Non- repurchase reason:			
Verde failed in customer relationship management	Not Registered	51.47%	32.53%
Lack of technical agronomic knowledge to instruct farmers	Not Registered	3.68%	2.05%
K Forte was more expensive than KCI	Not Registered	-	0.34%
Total	-	100%	100%

## 2. SALES GROWTH

### 2.2. Clients per year

The table below shows the number of sales made by the Company per year since 2017. It indicates that Verde has sold its product to 787 clients in 2020, including repurchase clients.

Year	2017	2018	2019	2020
Number of total sales	28	136	355	787

### 2.3. Sales per quarter:

The following table shows Verde's growth per quarter year-on-year:

Quarter	Product Sales (Tonnes)		YoY Growth
	2019	2020	
Q1	1,093	10,170	830%
Q2	23,600	71,183	202%
Q3	62,895	105,769	68%
Q4	32,221	57,078*	77%*
Total	119,809	244,200*	104%*

\* - Targeted numbers, based on FY 2020 guidance.

Quarter	Revenue (CAD \$'000)		YoY Growth
	2019	2020	
Q1	154	510	230%
Q2	1,329	2,492	87%
Q3	3,055	3,956	30%
Q4	1,491	To be announced	-
Total	6,029	6,958*	-

\* - Up to Q3 2020.

### 3. VERDE`S NEW PRODUCT

#### **BAKS®**

On December 15, 2020, Verde introduced its newest product. BAKS is a combination of K Forte® (source of potassium, silicon and magnesium) plus three other nutrients that can be chosen by customers according to the needs of their crop.

BAKS releases nutrients progressively, with no leaching loss. One application per crop cycle or system fertilization is sufficient. This represents more operational efficiency for the farmer.

Verde's fertilizer is chloride-free, and therefore does not compact, acidify or salinize the soil. BAKS is rich in silicon, a nutrient that increases crop resistance against pests and diseases and protects the crop against climate change.

The product also has a large surface area and high water and ion retention capacity, properties that favor microbial development. Microorganisms are the key to the New Green Revolution. They play fundamental roles for the healthy growth of plants, in addition to contributing to the fixation of carbon in the soil - reducing the effects of climate change on the Planet.

The Company is pleased to announce that Plant 1 is already in operation with BAKS® production, which is expected to be available for delivery to farmers in Q1 2021. In order to make that possible, Verde has developed two new technologies, also presented on December 15, 2020. Given its innovative nature, the Company has filed for patent protection for both the new technologies and BAKS®.

### 4. VERDE`S TECHNOLOGIES

#### **3D Alliance®**

BAKS® relies on the 3D Alliance® technology, developed to transform the three-dimensional structure of the raw materials added to the fertilizer.

The materials are subjected to physical transformations, increasing their specific surfaces and forming microparticles that release nutrients progressively.

The fertilizers resulting from the mixture are homogeneous and are distributed evenly in the soil, without segregation.

#### 4. VERDE`S TECHNOLOGIES

##### **Micro S Technology®**

BAKS® has an exclusive elemental sulfur micronization technology: Micro S Technology®.

Very small particles are easily dispersed in the soil, allowing for a larger contact surface that facilitates the work of microorganisms. Therefore, the oxidation rate increases and nutrient availability to plants happens more quickly.

A study carried out by researchers from the State University of São Paulo with soybean crop revealed that the granulometry of the sulfur source is a key factor to make sulfur available to plants<sup>1</sup>. Four sources of S were tested (pelleted elemental sulfur, plaster, gypsum and powdered elemental sulfur). The application of pelleted sulfur resulted in lower number of pods per plant, number of grains per plant and grain yield per pod than all other sources.

#### 5. PRE FEASIBILITY STUDY

Sulfur's addition to BAKS® is possible due to the Micro S Technology, which converts widely available unrefined elemental sulfur into highly efficient micronized material, as a cost-efficient source of nutrient. Being able to add micronized sulfur to BAKS® solves the farmer's main issues related to the nutrient availability, performance and cost.

Cerrado Verde Project has a US\$ 2 billion NPV<sup>2</sup>, representing 43.85%<sup>2</sup> of Potash market share in Brazil. BAKS® makes it potentially possible for the Company to improve its target market share up 60 to 80% of the Brazilian potash and sulfur markets, plus upside from other nutrients.

To correctly assess the potential marketing for sulfur in Brazil and the opportunities that come with it, a new Pre-Feasibility Study will be developed in 2021 and it is expected to be completed by the end of the year.

<sup>1</sup> IBANEZ, Thiago Bergamini et al. Sulfur modulates yield and storage proteins in soybean grains. *Sci. agric. (Piracicaba, Braz.)* [online]. 2021, vol.78, n.1, e20190020. Epub Mar 13, 2020. ISSN 1678-992X. <https://doi.org/10.1590/1678-992x-2019-0020>.

<sup>2</sup> Estimated Net Present Value after tax of US\$1.99 billion, with 8% discount rate and Internal Rate of Return of 287% (see NI 43- 101 Pre-Feasibility Technical Report Cerrado Verde Project, MG, Brazil).

## 6. AN INVITATION TO VERDE'S OWNERS

Verde is welcoming holders to participate on a video for the Company's Investors YouTube Channel.

If you would like to explain your own motivations for being an owner of this Company, please fill in the form in the following link and the IR Team will contact you to schedule a video call.

Link: <http://bit.ly/InvitationToOwners>

## 7. VERDE'S INVESTORS BLOG

Verde is working on the development of an investors focused blog, which will have some space for collaborative writing.

If you wish to contribute to this project and write about Impact Investing, ESG, Sustainability, Potash Market, Soil Biodiversity or any other relevant topics, please fill in the form in the following link and the IR Team will contact you.

Link: <http://bit.ly/InvestorsBlog>

## 8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- Verde's production process is sustainable, with no water or chemical consumption and no tailings dams or waste generation. Ore recovery rate is 100%.
- Mined area is mainly composed of degraded pasture that, once mined, Verde will transform into tropical forest.
- Verde planted 4,300 trees in 2019 and 5,000 trees in 2020. All planted species are native to the region located around the Company's production area.
- Verde was awarded the "Good Environmental Practices Award", promoted by the State System of Environment and Water Resources (SISEMA, in Portuguese) in the category "Best Practice of Mineral Solid Waste Management", 2019.

## 8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

### Potassium Chloride Replacement

According to the article 'Effects of Some Synthetic Fertilizers on the Soil Ecosystem' (HEIDE HERMARY, 2007), applying 1 pound of potassium chloride to the soil is equivalent to applying 1 gallon of bleach.

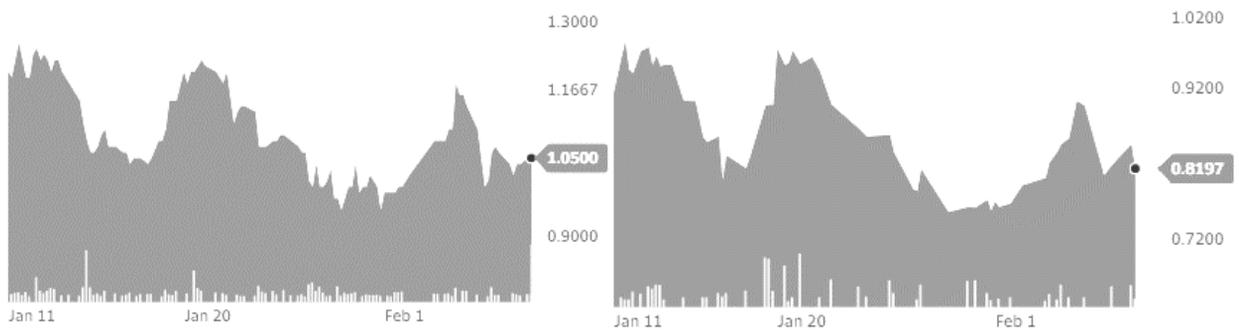
Chloride is bad for the environment because, among other impacts, it kills soils microorganisms essential in capturing carbon<sup>1</sup>. Verde's Product eliminates the need for Potassium Chloride.

Period	Bleach equivalent amount that has not been applied to agricultural soils
In Q3 2020	133,268,940 litres
Since production started	424,089,540 litres

Over the next 36 years<sup>2</sup>, the Company intends to have prevented at least 957.8 billion liters of chloride bleach from being applied to soils in the form of KCl.

## 9. SHARE STATISTICS

The graphs below show Verde's stock value over the past 30 days and average volume statistics over the past 3 months, as of February 08, 2020:



TSX: NPK  
 Average Volume (3 months) = 54.73k

OTCQB: AMHPF  
 Average Volume (3 months) = 7.66k

<sup>1</sup> Gabriel, D., C. Pereira, I. Alves, S. Marcio, M. Megda, M. Xavier, and V. Megda. 2019. Potassium chloride : impacts on soil microbial activity and nitrogen mineralization. / Xavier, M., V. Megda, E. Mariano, J. Marcos, M. Mahmoud, P. Cesar, and O. Trivelin. 2014. Soil Biology & Biochemistry Chloride ion as nitrification inhibitor and its biocidal potential in soils. Soil Biol. Biochem. 72:84-87.

<sup>2</sup> Based on NI 43-101 Production Schedule. See Pre-Feasibility Technical Report Cerrado Verde Project, MG, Brazil, page 141.

## 10. TOP HEADLINES

### Verde's YouTube Channel

- [Questions & Answers Event](#): Replay the Q&A Event hosted by the Company on January 21, 2021.
- [Technology Launch](#): Watch Verde's new technologies launch, which were presented on December 15, 2020.
- [Q3 2020 Results Presentation](#): Watch the Company's latest results presentation.

### Relevant Agribusiness News

- [Is the source of 95 percent of our food in trouble?](#): Headlines warn the state of our soil is now a serious threat to the environment and crops. But they also say good-quality soil can help save the planet. "No country can withstand the loss of its soil and fertility", said Michael Gove in 2017, raising fears there are just decades of UK farming left. What are the powers and dangers of this dark material, and how worried should we be?
- [Global soils underpin life but future looks 'bleak', warns UN report](#): It takes thousands of years for soils to form, meaning protection is needed urgently, say scientists. A quarter of all the animal species on Earth live beneath our feet and provide the nutrients for all food. Soils also store as much carbon as all plants above ground and are therefore critical in tackling the climate emergency. But there also are major gaps in knowledge, according to the UN Food and Agriculture Organization's (FAO) report, which is the first on the global state of biodiversity in soils.
- [State of knowledge of soil biodiversity](#): There is increasing attention to the importance of biodiversity for food security and nutrition, especially above-ground biodiversity such as plants and animals. However, less attention is being paid to the biodiversity beneath our feet, soil biodiversity, which drives many processes that produce food or purify soil and water. This report is the result of an inclusive process involving more than 300 scientists from around the world under the auspices of the FAO's Global Soil Partnership and its Intergovernmental Technical Panel on Soils, the Convention on Biological Diversity, the Global Soil Biodiversity Initiative, and the European Commission. It presents concisely the state of knowledge on soil biodiversity, the threats to it, and the solutions that soil biodiversity can provide to problems in different fields.

## 11. AREA USED FOR CROP PRODUCTION IN BRAZIL\*

State	Area (ha)
Mato Grosso	16,611,799
Paraná	10,565,962
São Paulo	8,172,747
Goiás	6,522,432
Mato Grosso do Sul	5,790,276
Minas Gerais	5,596,641
Bahia	4,073,219
Other States	21,913,415
Total area	79,246,491



\* Source: Brazilian Institute of Geography and Statistics, Systematic Survey of Agricultural Production, 2019.

## 12. K FORTE® APPLICATION CALENDAR

The calendar below shows the agricultural production cycles and the period for application of K Forte® in different crops, according to seasonality.

Crop	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Soybeans					K Forte® Application							
	Harvest									Planting		
Corn					K Forte® Application							
	Planting (Second Crop)		Harvest			Harvest ( Second Crop)				Planting		
Cotton						K Forte® Application						
						Harvest					Planting	
Coffee					K Forte® Application							
	Planting - Top Dressing			Harvest						Planting - Top Dressing		
Sugarcane					K Forte® Application							
	Harvest (Northeast Region)				Harvest (Central-West and South Regions)						Planting - Top Dressing	
	Planting (18-month cycle)									Planting - Top Dressing		

## 13. HOW MUCH K FORTE® IS USED IN AVERAGE PER CROP

- Soybeans: 1 tonne per hectare
- Corn: 1 tonne per hectare
- Cotton: 1.5 tonne per hectare
- Coffee: 3 tonnes per hectare
- Sugarcane: 1.5 tonne per hectare

## 14. RESULTS CALENDAR

Results	Due Date
Q4/20	March 31, 2021
Q1/21	May 14, 2021
Q2/21	August 13, 2021
Q3/21	November 15, 2021

## 15. ANALYSTS COVERING VERDE

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## 16. VERDE`S SOCIAL MEDIA

Verde has investors-only Social Media . Click on the links below and follow the company to receive the latest news:

<a href="#">YouTube</a>	<a href="#">Twitter</a>	<a href="#">Linkedin</a>	<a href="#">Facebook</a>	<a href="#">Website</a>
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## 17. GLOSSARY

**ANM:** See “National Mining Agency”.

**Cerrado Verde Project (“the Project”):** Located in Minas Gerais state, Brazil. Potassium-rich deposit owned by Verde, from which the Group is producing solutions for crop nutrition, crop protection, soil improvement, and increased sustainability. The Project has an NI 43-101 Measured and Indicated Mineral Resource Estimate of 1.47 billion tonnes at a grade of 9.2% K<sub>2</sub>O, which includes a Measured Mineral Resource of 83 million tonnes with an average grade of 10.1% K<sub>2</sub>O. The Pre-Feasibility Study of the Project evaluated the technical and financial aspects of producing 25 Mtpy of the Product divided in three phases: Phase 1 (0.6 Mtpy); Phase 2 (5 Mtpy) and Phase 3 (25 Mtpy). Cerrado Verde Project has been in production since 2017.

**Exploration Authorization Application (“Requerimento de Pesquisa”):** Claim for the geological exploration of an area. Interested parties must file an application for exploration authorization with the ANM and state a case for conducting mineral exploration activities. The Exploration Authorization Applications are analyzed in order of filing date. If the party requesting an exploration authorization meets the necessary legal requirements and an exploration authorization has not been previously issued for any part of the area in question, then the ANM will grant the exploration authorization.

**Exploration Authorization (“Alvará de Pesquisa”):** Once mineral exploration is completed, a final exploration report must be submitted for ANM’s review and approval. If approved, the next step is to file, within one year, all applications for a mining concession with the Ministry of Mines and Energy (MME). The Exploration Authorization guarantees to the owner, be it an individual or a legal entity, the power and duty to carry out mineral research work in the entitled area. It grants the rights to conduct exploration activities for a period from two to four years, which may be renewed for an additional period (and potentially additional renewals on a case-by-case basis). An exploration authorization does not give the holder the

## 17. GLOSSARY

right to extract mineral substances. During the research work, extraction will only be allowed in exceptional circumstances, with a specific title issued by the ANM (Mining Permit - “Guia de Utilização”). At the end of the research stage, the holder of the mining right must present a Final Exploration Report with the results obtained from the work.

**Environmental Licenses (“Licenças Ambientais”):** The environmental licensing process consists of a three-step system, each step is a separate license contingent upon the prior step. In the state of Minas Gerais there is the possibility of licensing phases simultaneously, depending on the size of the project, according to the Normative Resolution 217/2017. The three phases are, as follows:

- **Preliminary License (“Licença Prévia – LP”):** Granted at the planning stage of the project, this license signals the approval of its location, concept and environmental feasibility. It establishes the basic requirements to be met during the subsequent implementation phases. The maximum term for LPs is five years.
- **Installation License (“Licença de Instalação – LI”):** This license authorizes the setup of the works and commencement of construction based on the specifications set forth in the previous license and the approved plans, programs and project designs, including environmental control measures. The maximum term for LIs is six years.
- **Operating License (“Licença de Operação – LO”):** This license authorizes the operation contingent upon compliance with the terms of the LO and the LI, including any environmental control measures and operating conditions. The maximum term for LOs is 10 years.

At the federal level, the environmental licenses are regulated by the Brazilian National Council for the Environment (Conselho Nacional do Meio Ambiente - CONAMA) Resolution No. 237/1997 and by Complementary Law No. 140/2011; at the state level, the environmental license are regulated by the State Environmental Policy Council (Conselho Estadual de Política Ambiental - COPAM).

**Feasibility Study (“Plano de Aproveitamento Econômico – PAE”):** report filed as part of the Mining Concession Application. It contains quantitative geological and technological studies of the mineral deposit and demonstrate the technical-economic feasibility of a mine.

**K Forte® (“the Product”):** Multinutrient potassium fertilizer brand marketed in Brazil by the Group.

## 17. GLOSSARY

**MME:** See “Ministry of Mines and Energy”.

**Mine Site:** An economic unit comprised of an underground and/or open pit mine, a treatment plant and equipment and other facilities necessary to produce metal concentrates, in existence at a certain location.

**Mining Concession Application (“Requerimento de Lavra”):** This application must satisfy certain requirements, including the presentation of the mining company’s Feasibility Study (Plano de Aproveitamento Econômico - PAE). While the ANM reviews the application for a mining concession, the applicant retains the exclusive rights to this area. Mine construction and development activity can only begin after the publication of a mining concession issued by the MME and provided that the respective license is also granted pursuant to applicable Brazilian environmental laws.

**Mining Concession (“Portaria de Concessão de Lavra”):** guarantees to the owner the power and duty to explore the mineral deposit until it is exhausted, without a definite term. The title can only be obtained by mining companies and only after undertaking the authorized exploration through an exploration authorization and subsequent approval of the Final Exploration Report. One of the essential documents for requesting a mining concession is the Feasibility Study, which must demonstrate the technical and economic viability of the project and indicate, among other information, the mining method, the planned scale of production and the mine closure plan.

**Mining Permit (“Guia de Utilização”):** exceptional mining permit with predetermined expiration date. It is granted by the ANM and allows the mineral extraction in the area before the grant of a Mining Concession, according to the environmental legislation.

**Mineral Right (“Direito Minerário”):** Authorization to research and/or prospect a tenement. It is granted by the federal government through the ANM or the MME, depending on their respective competencies.

**Ministry of Mines and Energy (“Ministério de Minas e Energia - MME”):** federal government’s branch responsible for making public policy that covers the geological, mineral and energy resources, hydroelectric, mining and metallurgic energy sectors.

## 17. GLOSSARY

**National Mining Agency (“Agência Nacional de Mineração – ANM”):** federal agency subordinated to the Ministry of Mines and Energy. It is responsible for the management of mining activities and Brazilian mineral resources. Former National Department of Mineral Production (“Departamento Nacional de Produção Mineral - DNPM”).

**Product:** Multinutrient potassium fertilizer marketed in Brazil under the brand K Forte® and internationally as Super Greensand® , whose production and sale is the principal activity of the Group.

**Tonne:** A unit of weight. One metric tonne equals 2,204.6 pounds or 1,000 kilograms.

**tpy:** Tonnes per year.

**Super Greensand® (“the Product”):** Multinutrient potassium fertilizer brand marketed internationally by the Group.



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