
VERDE AGRITECH PLC
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FIRST QUARTER ENDED 31 MARCH 2021



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VERDE AGRITECH PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

The accompanying unaudited consolidated financial statements of Verde AgriTech Plc (“Verde”, the “Company”, or the “Group”) for the first quarter ended 31 March 2021 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 United Kingdom 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 Group's audited financial statements including the notes thereto for the year ended 31 December 2020. The financial information has not been reviewed or audited by the Group's auditor.

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

VERDE AGRITECH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2021

All amounts expressed in Canadian Dollars.

Continuing operations	Note	3 months ended 31 Mar 2021 \$'000	3 months ended 31 March 2020 \$'000
Revenue		831	510
Production costs		(490)	(332)
Gross Profit		341	178
Sales and distribution expenses		(531)	(422)
General and administrative expenses		(712)	(472)
Operating Loss		(902)	(716)
Finance income		9	12
Finance costs		(84)	(70)
Corporation tax		(31)	(18)
Net Loss		(1,008)	(792)

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translating foreign operations		(1,522)	(2,729)
Total comprehensive loss for the year attributable to equity holders of the parent		(2,530)	(3,521)

Loss per share (\$)			
Basic and diluted loss per share		(0.020)	(0.017)

VERDE AGRITECH PLC

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

All amounts expressed in Canadian Dollars.

Assets	Note	31 Mar 2021	31 Dec 2020
		(\$'000)	(\$'000)
Property, plant and equipment	5	2,426	2,429
Mineral properties	6	18,940	20,329
Intangible assets	7	-	-
Total non-current assets		21,366	22,758
Inventory		510	567
Trade and other receivables		3,466	3,170
Cash and cash equivalents	13	2,021	2,237
Total current assets		5,997	5,974
Total assets		27,363	28,732
Equity attributable to the equity holders of the parent			
Issued capital	8	20,457	19,699
Share premium		48,932	47,243
Warrant reserve	9	-	431
Merger reserve		(4,557)	(4,557)
Translation reserve		(17,669)	(16,147)
Accumulated losses		(26,518)	(25,529)
Total equity		20,645	21,140
Liabilities			
Interest-bearing loans and borrowings	11	2,050	2,529
Provisions	12	2,469	2,716
Total non-current liabilities		4,519	5,245
Trade and other payables		1,220	1,406
Interest-bearing loans and borrowings	11	979	941
Total current liabilities		2,199	2,347
Total liabilities		6,718	7,592
Total equity and liabilities		27,363	28,732

VERDE AGRITECH PLC

STATEMENTS OF CASH FLOWS

For the Period Ended 31 March 2021

All amounts expressed in Canadian Dollars.

	3 months ended 31 Mar 2021	3 months ended 31 Mar 2020
	\$'000	\$'000
Cash flows from operating activities		
Operating loss	(902)	(716)
Depreciation	61	43
Foreign exchange differences	58	89
Share-based payments	19	40
Decrease in inventories	57	79
(Increase) / Decrease in receivables	(296)	663
(Decrease) / Increase in payables	(102)	530
Cash utilised in operations	(1,105)	728
Interest paid	(62)	(24)
Taxation paid	(72)	2
Net cash (utilised) / generated in operating activities	(1,239)	706
Cash flows from investing activities		
Interest received	9	12
Acquisition of mineral property assets	(42)	(53)
Acquisition of property, plant and equipment	(301)	(677)
Net cash utilised in investing activities	(334)	(718)
Cash flows from financing activities		
Bank loan received	29	222
Proceeds from issue of shares	1,502	-
Net cash from financing activities	1,531	222
Net (decrease) / increase in cash and cash equivalents	(42)	210
Cash and cash equivalents at beginning of period	2,237	666
Effect of exchange rate fluctuations on cash held	(174)	(70)
Cash and cash equivalents at end of period	2,021	806

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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 2020	18,752	47,128	431	(4,557)	(11,657)	(26,185)	23,912
Comprehensive loss							
Loss for the year	-	-	-	-	-	(792)	(792)
Foreign exchange translation differences	-	-	-	-	(2,729)	-	(2,729)
Total comprehensive loss for the year	-	-	-	-	(2,729)	(792)	(3,521)
Transactions with owners							
Issue of share capital	353	8	-	-	-	-	361
Share-based payments	-	-	-	-	-	40	40
Total transactions with owners	353	8	-	-	-	40	401
Balance at 31 March 2020	19,105	47,136	431	(4,557)	(14,386)	(26,937)	20,792
Balance at 1 January 2021							
	19,699	47,243	431	(4,557)	(16,147)	(25,529)	21,140
Comprehensive loss							
Loss for the year	-	-	-	-	-	(1,008)	(1,008)
Foreign exchange translation differences	-	-	-	-	(1,522)	-	(1,522)
Total comprehensive loss for the year	-	-	-	-	(1,522)	(1,008)	(2,530)
Transactions with owners							
Issue of share capital	758	1,258	-	-	-	-	2,016
Exercise of share warrants	-	423	(423)	-	-	-	-
Expiry of share warrants	-	8	(8)	-	-	-	-
Share-based payments	-	-	-	-	-	19	19
Total transactions with owners	758	1,689	(431)	-	-	19	2,035
Balance at 31 March 2021	20,457	48,932	-	(4,557)	(17,669)	(26,518)	20,645

VERDE AGRITECH PLC

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 March 2022 which shows income from revenue supporting capital, operating and administrative expenses. As at March 31, 2021, the Group had current assets of \$5,997,000 and current liabilities of \$2,199,000 providing a working capital surplus of \$3,798,000.

The cash forecast to March 2022 is based on the ramp up of production to 350,000 tpy and the Group being able to achieve similar pricing for the Product as demonstrated in 2020. Based on the Group's experience and saleability of the 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.

As at 31 March 2021, Covid-19 (Coronavirus) remains an ongoing risk for all businesses worldwide. It is not clear for how long the pandemic will last or how more extensive it will become, or the further measures that will be taken by governments and others to seek to control the pandemic and its impact.

The Group's trade agriculture continues to fall under the food chain category and as such, the Brazilian government have confirmed there will be no restriction on trade. During 2021, the factory remained open and was in full operation. Office staff worked 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 consider 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 first quarter ended 31 March 2021 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 United Kingdom.

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 Group'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 Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2020. The annual financial statements are prepared in accordance with international accounting standards in conformity with the Companies Act 2006 and with IFRSs as promulgated by the International Accounting Standards Board ("IASB") and their interpretations issued by the IFRIC.

VERDE AGRITECH PLC

NOTES TO THE GROUP FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

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 Group's audited financial statements and notes for the year ended 31 December 2020.

The statutory accounts for the year ended 31 December 2020 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 to allocate resources to the segments and to assess their performance. The Group's chief operating decision maker is considered by Management to be the Board of Directors.

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

4. Loss per share

Basic loss per share

The calculation of basic loss per share at 31 March 2021 was based on the loss attributable to ordinary shareholders of \$1,008,000 (31 March 2020: \$792,000) and a weighted average number of Ordinary Shares outstanding during the period ended 31 March 2021 of 49,774,846 (31 March 2020: 46,493,601) calculated as follows:

Loss attributable to ordinary shareholders

	3 months ended 31 March 2021	3 months ended 31 March 2020
Loss for the period (\$'000)	1,008	792
Loss attributable to ordinary shareholders (\$'000)	1,008	792

Weighted average number of ordinary shares

	Number	Number
Number of shares in issue at beginning of year ('000)	48,445	46,029
Effect of shares issued during period ('000)	1,331	465
Weighted average number of ordinary shares in issue for the year ('000)	49,776	46,494

There is no difference between the basic and diluted loss per share because the Group's loss means that any potential dilutive shares and warrants are antidilutive.

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 2020	612	1,395	85	359	2,451
Additions	654	651	46	6	1,357
Transfer to mineral property	-	(259)	-	-	(259)
Disposals	-	(75)	-	-	(75)
Effect of movements in foreign exchange	(184)	(336)	(17)	(86)	(623)
Balance at 31 December 2020	1,082	1,376	114	279	2,851

Balance at 1 January 2021	1,082	1,376	114	279	2,851
Additions	119	85	95	2	301
Effect of movements in foreign exchange	(110)	(130)	(13)	(27)	(280)
Balance at 31 March 2021	1,091	1,331	196	254	2,872

Depreciation and impairment losses					
Balance at 1 January 2020	-	136	77	125	338
Depreciation charge for the year	-	153	6	5	164
Depreciation on disposals	-	(16)	-	-	(16)
Effect of movements in foreign exchange	-	(22)	(12)	(30)	(64)
Balance at 31 December 2020	-	251	71	100	422

Balance at 1 January 2021	-	251	71	100	422
Depreciation charge for the year	-	52	4	1	57
Effect of movements in foreign exchange	-	(19)	(4)	(10)	(33)
Balance at 31 March 2021	-	284	71	91	446

Carrying amounts					
At 1 January 2020	612	1,259	8	234	2,113
At 31 December 2020	1,082	1,125	43	179	2,429
At 1 January 2021	1,082	1,125	43	179	2,429
At 31 March 2021	1,091	1,047	125	163	2,426

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NOTES TO THE GROUP FINANCIAL STATEMENTS

6. Mineral properties

	Total (\$'000)
Cost	
Balance at 1 January 2020	24,527
Additions	230
Transfer from property, plant and equipment	259
Effect of movements in foreign exchange	(4,571)
Balance at 31 December 2020	20,445
Balance at 1 January 2021	20,445
Additions	42
Effect of movements in foreign exchange	(1,438)
Balance at 31 March 2021	19,049
Amortisation	
Balance at 1 January 2020	72
Amortisation charge for the year	65
Effect of movements in foreign exchange	(21)
Balance at 31 December 2020	116
Balance at 1 January 2021	116
Amortisation charge for the year	4
Effect of movements in foreign exchange	(11)
Balance at 31 March 2021	109
Carrying amounts	
At 1 January 2020	24,455
At 31 December 2020	20,329
At 1 January 2021	20,329
At 31 March 2021	18,940

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NOTES TO THE GROUP FINANCIAL STATEMENTS

7. Intangible assets

(\$'000)	Calcário Project
Cost	
Balance at 1 January 2020	566
Effect of movements in foreign exchange	(137)
Balance at 31 December 2020	429
Balance at 1 January 2021	429
Effect of movements in foreign exchange	(42)
Balance at 31 March 2021	387
Provision for impairment	
Balance at 1 January 2020	566
Effect of movements in foreign exchange	(137)
Balance at 31 December 2020	429
Balance at 1 January 2021	429
Effect of movements in foreign exchange	(42)
Balance at 31 March 2021	387
Carrying amounts	
At 1 January 2020	-
At 31 December 2020	-
At 1 January 2021	-
At 31 March 2021	-

The Calcário Project was necessary for mining limestone which is necessary for the production of TK47®. Following the decision to produce the Product, the Group 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 \$387,000.

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NOTES TO THE GROUP FINANCIAL STATEMENTS

8. Share capital

(\$'000)	31 Mar 2021		31 Dec 2020	
	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	31 Mar 2021		31 Dec 2020	
	Number	\$'000	Number	\$'000
At 1 January	48,444,803	19,699	46,028,766	18,752
14 February 2020 for \$0.40 each	-	-	899,999	353
1 July 2020 for \$0.50 each	-	-	766,038	300
1 July 2020 for \$0.425 each	-	-	750,000	294
14 January 2021 for \$0.425 each	36,000	14	-	-
16 February 2021 for \$1.00 each	166,666	66	-	-
26 February 2021 for \$1.00 each	82,500	32	-	-
9 March 2021 for \$1.00 each	146,016	57	-	-
12 March 2021 for \$1.00 each	989,873	388	-	-
12 March 2021 for \$1.22 each	499,000	196	-	-
24 March 2021 for \$0.40 each	13,761	5	-	-
At end of period	50,378,619	20,457	48,444,803	19,699

9. Share warrant reserve

	31 Mar 2021		31 Dec 2020	
	Number	\$'000	Number	\$'000
Balance at beginning of year	1,410,057	431	1,410,057	431
Warrants exercised during year	(1,385,055)	(423)	-	-
Warrants expired during year	(25,002)	(8)	-	-
Balance at end of period	-	-	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:

	31 Mar 2021		31 Dec 2020	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	\$0.58	3,199,715	\$0.70	3,738,923
Granted during the period	\$1.23	835,004	\$0.40	380,375
Exercised during the period	\$0.418	(49,761)	\$0.425	(750,000)
Forfeited during the period	\$0.43	(156,431)	\$0.28	(169,583)
Expired during the period	-	-	-	-
Outstanding at the end of the period	\$0.78	3,828,527	\$0.58	3,199,715
Exercisable at the end of the period	\$0.61	2,329,192	\$0.72	2,316,614

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NOTES TO THE GROUP FINANCIAL STATEMENTS

10. Share-based payments (continued)

The options outstanding at 31 March 2021 have an exercise price in the range of \$0.40 to \$1.69 and a weighted average remaining contractual life of 8 years. Three options were issued to 31 March 2021. Two issues will vest in six tranches, 10% immediately with an additional 10% vest in years two to five and at the sixth year from grant, the remaining 50% of the options vest. The third option will vest in full on 1 July 2021. At 31 March 2021, 2,329,192 of the options had vested (31 December 2020: 2,316,614).

Details of share options outstanding at 31 March 2021 are as follows:

Outstanding at beginning of period	Number of options				Outstanding at end of period	Exercisable at end of period	Option price (\$)	Exercisable period	
	Granted	Expired	Forfeited	Exercised				Grant date	Expiry date
289,200	-	-	-	(36,000)	253,200	253,200	\$0.425	10 Dec 2014	10 Dec 2024
20,000	-	-	-	-	20,000	10,000	\$0.40	12 Nov 2015	12 Nov 2025
50,000	-	-	-	-	50,000	25,000	\$0.40	10 Dec 2015	10 Dec 2025
61,538	-	-	-	-	61,538	61,538	\$0.40	31 Jan 2017	31 Jan 2027
144,000	-	-	-	-	144,000	44,000	\$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
450,000	-	-	(4,000)	-	446,000	250,000	\$0.63	1 Mar 2019	1 Mar 2029
5,000	-	-	(4,000)	-	1,000	1,000	\$0.64	31 May 2019	31 May 2029
50,500	-	-	(500)	-	50,000	10,000	\$0.67	1 Sept 2019	1 Sept 2029
185,780	-	-	(140,827)	(13,761)	31,192	9,172	\$0.40	14 Feb 2020	14 Feb 2030
45,513	-	-	(4,500)	-	41,013	8,603	\$0.40	25 Mar 2020	25 Mar 2030
-	75,004	-	(2,604)	-	72,400	7,496	\$1.22	5 Mar 2021	5 Mar 2031
-	750,000	-	-	-	750,000	-	\$1.22	5 Mar 2021	5 Mar 2031
-	10,000	-	-	-	10,000	1,000	\$1.69	25 Mar 2021	25 Mar 2031
3,199,715	835,004	-	(156,431)	(49,761)	3,828,527	2,294,193			

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NOTES TO THE GROUP FINANCIAL STATEMENTS

10. Share-based payments (continued)

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)	31 Mar 2021	31 Mar 2020
Weighted average fair value of options granted during the year	1.13	0.24
Weighted average share price	1.44	0.41
Weighted average exercise price	1.23	0.40
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	115%	77%
Option life	5	1 – 6
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	0.0131%	0.0183%

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)	31 Mar 2021	31 Mar 2020
	19	40

11. Interest-bearing loans and borrowings

	31 Mar 2021	31 Mar 2020
Non-current liabilities	\$'000	\$'000
Bank loan	2,050	292
Current liabilities		
Bank loan	979	398
Total	3,029	690

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NOTES TO THE GROUP FINANCIAL STATEMENTS

11. Interest-bearing loans and borrowings (continued)

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*
Bradesco	Mar, 2021	Vehicle	01	36	168	Feb, 2024	10.46%
Santander	Oct, 2020	Equipment and working capital	01	36	2,000	Oct, 2023	11.11%
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	14.86%
Bradesco	July,2020	Equipment and working capital	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	June, 2023	12.72%
Bradesco	Jan, 2020	Equipment	00	48	450	Feb, 2024	13.31%
Bradesco	Oct, 2019	Working capital	03	15	450	Feb, 2021	14.03%
Santander	Apr,2019	Equipment	01	36	73	Oct, 2022	11.54%
Santander	Apr,2019	Equipment	01	36	150	Oct, 2022	11.54%
Santander	May, 2018	Equipment	12	60	1,040	May, 2023	11.55%

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

The Group's current loan rates vary from 10.95% to 14.86% per annum. The Brazilian Government long term bond rate is currently 8.08% per annum. The Group's last loan rates are an average 2% higher than the government bonds, which management considers to be competitive.

12. Provisions

Mine closure provision	31 Mar 2021	31 Mar 2020
	\$'000	\$'000
Opening balance	2,958	5,887
Prior period adjustment (note 14)	-	(2,437)
Opening balance as restated	-	3,450
Unwinding of discount	18	45
Effect of movements in foreign exchange	(507)	(537)
Total	2,469	2,958

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

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 were no derivative instruments outstanding as of 31 March 2021.

Foreign currency risk

The Group's cash resources are mainly held in Canadian Dollars and Brazilian Reals. 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 Reals.

The appreciation of Brazilian Reals 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 had the following cash and cash equivalents in various currencies including its presentational currency. The amounts are stated in Canadian Dollar equivalents:

Currency (\$'000)	31 Mar 2021	31 Dec 2020
Canadian Dollars	838	83
Brazilian Reals	1,160	2,072
American Dollars	22	81
British Pounds	1	1
Total	2,021	2,238

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 2.75%.

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)	31 Mar 2021	31 Dec 2020
10% weakening of Brazilian Real	(49)	(99)
10% strengthening of Brazilian Real	60	121

NOTES TO THE GROUP FINANCIAL STATEMENTS

13. Financial instruments (continued)

Liquidity risk

The Group has relied on revenue generated from the sale of Product, along with shareholder funding and long-term loans to finance its operations. The liquidity risk is significant and is managed by controls over expenditure and cash resources.

Interest rate risk

The Group's policy is to retain its surplus funds in 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 operations 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 financial instruments.

Classes of financial instruments

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