

---

VERDE AGRITECH PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THIRD QUARTER ENDED 30 SEPTEMBER 2021



---

## TABLE OF CONTENTS

Consolidated Statement of Comprehensive Income .....	3
Statements of Financial Position .....	4
Statements of Cash Flows.....	5
Consolidated Statement of Changes in Equity .....	6
Notes to the Group Financial Statements.....	7

---

## VERDE AGRITECH PLC

### UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

The accompanying unaudited consolidated financial statements of Verde for the third quarter ended 30 September 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 30 September 2021

All amounts expressed in Canadian Dollars.

Continuing operations	Note	3 months ended 30 Sept 2021 \$'000	3 months ended 30 Sept 2020 \$'000	9 months ended 30 Sept 2021 \$'000	9 months ended 30 Sept 2020 \$'000
Revenue		10,651	3,956	16,858	6,957
Production costs		(2,452)	(1,316)	(4,440)	(2,602)
<b>Gross Profit</b>		<b>8,199</b>	<b>2,640</b>	<b>12,418</b>	<b>4,355</b>
Sales and distribution expenses		(4,022)	(570)	(6,789)	(1,596)
General and administrative expenses		(545)	(795)	(3,185)	(1,646)
<b>Operating Profit</b>		<b>3,632</b>	<b>1,275</b>	<b>2,444</b>	<b>1,113</b>
Finance income		13	31	59	72
Finance costs		(111)	(80)	(288)	(191)
Income tax		(352)	(136)	(571)	(252)
<b>Net Profit</b>		<b>3,182</b>	<b>1,090</b>	<b>1,644</b>	<b>742</b>

### Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translating foreign operations	(891)	(917)	(655)	(5,049)
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the parent</b>	<b>2,291</b>	<b>173</b>	<b>989</b>	<b>(4,307)</b>

Earnings per share (\$)	Note				
Basic and diluted earnings per share	4	0.06	0.02	0.03	0.02

# VERDE AGRITECH PLC

## STATEMENTS OF FINANCIAL POSITION

As at 30 September 2021

All amounts expressed in Canadian Dollars.

Assets	Note	30 Sept 2021	31 Dec 2020
		(\$'000)	(\$'000)
Property, plant and equipment	5	3,688	2,429
Mineral properties	6	19,938	20,329
Intangible assets	7	-	-
<b>Total non-current assets</b>		<b>23,626</b>	<b>22,758</b>
Inventory		1,009	567
Trade and other receivables		8,238	3,170
Cash and cash equivalents	13	2,401	2,237
<b>Total current assets</b>		<b>11,648</b>	<b>5,974</b>
<b>Total assets</b>		<b>35,274</b>	<b>28,732</b>
<b>Equity attributable to the equity holders of the parent</b>			
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		(16,802)	(16,147)
Accumulated losses		(22,965)	(25,529)
<b>Total equity</b>		<b>25,065</b>	<b>21,140</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	11	1,745	2,529
Provisions	12	2,662	2,716
<b>Total non-current liabilities</b>		<b>4,407</b>	<b>5,245</b>
Trade and other payables		4,306	1,406
Interest-bearing loans and borrowings	11	1,496	941
<b>Total current liabilities</b>		<b>5,802</b>	<b>2,347</b>
<b>Total liabilities</b>		<b>10,209</b>	<b>7,592</b>
<b>Total equity and liabilities</b>		<b>35,274</b>	<b>28,732</b>

# VERDE AGRITECH PLC

## STATEMENTS OF CASH FLOWS

For the Period Ended 30 September 2021

All amounts expressed in Canadian Dollars.

	<b>3 months ended 30 Sept 2021</b>	3 months ended 30 Sept 2020	<b>9 months ended 30 Sept 2021</b>	9 months ended 30 Sept 2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>				
Operating profit	<b>3,633</b>	1,275	<b>2,444</b>	1,113
Depreciation	<b>121</b>	107	<b>275</b>	214
Loss on disposal of plant and equipment	-	22	-	22
Foreign exchange differences	<b>(16)</b>	(21)	<b>32</b>	(47)
Share-based payments and non-cash bonuses	<b>14</b>	20	<b>1,528</b>	88
Increase in inventories	<b>(282)</b>	(288)	<b>(442)</b>	(238)
Increase in receivables	<b>(2,826)</b>	(1,739)	<b>(5,068)</b>	(1,777)
Increase in payables	<b>529</b>	1,680	<b>2,326</b>	2,349
<b>Cash generated in operations</b>	<b>1,173</b>	<b>1,056</b>	<b>1,095</b>	<b>1,724</b>
Interest paid	<b>(90)</b>	(60)	<b>(228)</b>	(105)
Taxation paid	<b>(124)</b>	(53)	<b>(221)</b>	(137)
<b>Net cash generated in operating activities</b>	<b>959</b>	<b>943</b>	<b>646</b>	<b>1,482</b>
<b>Cash flows from investing activities</b>				
Interest received	<b>13</b>	31	<b>59</b>	72
Acquisition of mineral property assets	<b>(139)</b>	(22)	<b>(280)</b>	(87)
Acquisition of property, plant and equipment	<b>(755)</b>	(325)	<b>(1,571)</b>	(1,030)
<b>Net cash utilised in investing activities</b>	<b>(881)</b>	<b>(316)</b>	<b>(1,792)</b>	<b>(1,045)</b>
<b>Cash flows from financing activities</b>				
Bank loan received	<b>467</b>	1,315	<b>509</b>	1,537
Proceeds from issue of shares	-	-	<b>893</b>	-
<b>Net cash from financing activities</b>	<b>467</b>	<b>1,315</b>	<b>1,402</b>	<b>1,537</b>
Net (decrease) / increase in cash and cash equivalents	<b>545</b>	1,942	<b>256</b>	1,974
Cash and cash equivalents at beginning of period	<b>1,908</b>	607	<b>2,237</b>	666
Effect of exchange rate fluctuations on cash held	<b>(52)</b>	(172)	<b>(92)</b>	(263)
<b>Cash and cash equivalents at end of period</b>	<b>2,401</b>	<b>2,377</b>	<b>2,401</b>	<b>2,377</b>

## VERDE AGRITECH PLC

### 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
<b>Comprehensive profit/(loss)</b>							
Profit for the year	-	-	-	-	-	742	742
Foreign exchange translation differences	-	-	-	-	(5,049)	-	(5,049)
<b>Total comprehensive loss for the period</b>	-	-	-	-	<b>(5,049)</b>	<b>742</b>	<b>(4,307)</b>
<b>Transactions with owners</b>							
Issue of share capital	947	115	-	-	-	-	1,062
Share-based payments	-	-	-	-	-	87	87
<b>Total transactions with owners</b>	<b>947</b>	<b>115</b>	-	-	-	<b>87</b>	<b>1,149</b>
Balance at 30 September 2020	19,699	47,243	431	(4,557)	(16,706)	(25,356)	20,754

<b>Balance at 1 January 2021</b>	<b>19,699</b>	<b>47,243</b>	<b>431</b>	<b>(4,557)</b>	<b>(16,147)</b>	<b>(25,529)</b>	<b>21,140</b>
<b>Comprehensive profit/(loss)</b>							
Profit for the year	-	-	-	-	-	1,644	1,644
Foreign exchange translation differences	-	-	-	-	(655)	-	(655)
<b>Total comprehensive profit for the period</b>	-	-	-	-	<b>(655)</b>	<b>1,644</b>	<b>989</b>
<b>Transactions with owners</b>							
Issue of share capital	758	1,258	-	-	-	-	2,016
Exercise of share warrants	-	423	(423)	-	-	-	-
Expiry of share warrants	-	8	(8)	-	-	-	-
Share-based payments	-	-	-	-	-	920	920
<b>Total transactions with owners</b>	<b>758</b>	<b>1,689</b>	<b>(431)</b>	-	-	<b>920</b>	<b>2,936</b>
<b>Balance at 30 September 2021</b>	<b>20,457</b>	<b>48,932</b>	-	<b>(4,557)</b>	<b>(16,802)</b>	<b>(22,965)</b>	<b>25,065</b>

---

# 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 September 30, 2021, the Group had current assets of \$11,648,000 and current liabilities of \$5,802,000 providing a working capital surplus of \$5,846,000.

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 30 September 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 third quarter ended 30 September 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. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share at 30 September 2021 was based on the profit attributable to ordinary shareholders of \$1,644,000 (30 September 2020: \$742,000) and a weighted average number of Ordinary Shares outstanding during the period ended 30 September 2021 of 50,259,080 (30 September 2020: 47,293,274) calculated as follows:

#### Profit attributable to ordinary shareholders

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020
Profit for the period (\$'000)	1,644	742
Profit attributable to ordinary shareholders (\$'000)	1,644	742

#### 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)	1,814	1,264
Weighted average number of ordinary shares in issue for the year ('000)	50,259	47,293

#### Earnings per share

	9 months ended 30 Sept 2021	9 months ended 30 Sept 2020
	\$	\$
Earnings per share	0.03	0.02

There is no difference between the basic and diluted loss per share because the Group's diluted instruments are not material.

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.

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 5. Property, plant and equipment

(\$'000)	Land and buildings	Plant and equipment	Computer equipment	Furniture and fixtures	Total
<b>Cost</b>					
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	762	586	211	12	1,571
Effect of movements in foreign exchange	(44)	(53)	(3)	(13)	(113)
<b>Balance at 30 September 2021</b>	<b>1,800</b>	<b>1,909</b>	<b>322</b>	<b>278</b>	<b>4,309</b>

<b>Depreciation and impairment losses</b>					
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	-	190	18	4	212
Effect of movements in foreign exchange	-	(7)	(2)	(4)	13
<b>Balance at 30 September 2021</b>	<b>-</b>	<b>434</b>	<b>87</b>	<b>100</b>	<b>621</b>

<b>Carrying amounts</b>					
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
<b>At 30 September 2021</b>	<b>1,800</b>	<b>1,475</b>	<b>235</b>	<b>178</b>	<b>3,688</b>

---

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 6. Mineral properties

	Total (\$'000)
<b>Cost</b>	
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	280
Effect of movements in foreign exchange	(612)
<b>Balance at 30 September 2021</b>	<b>20,113</b>
<b>Amortisation</b>	
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	64
Effect of movements in foreign exchange	(5)
<b>Balance at 30 September 2021</b>	<b>175</b>
<b>Carrying amounts</b>	
At 1 January 2020	24,455
At 31 December 2020	20,329
At 1 January 2021	20,329
<b>At 30 September 2021</b>	<b>19,938</b>

---

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 7. Intangible assets

(\$'000)	Calcário Project
<b>Cost</b>	
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	(18)
<b>Balance at 30 September 2021</b>	<b>411</b>
<b>Provision for impairment</b>	
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	(18)
<b>Balance at 30 September 2021</b>	<b>411</b>
<b>Carrying amounts</b>	
At 1 January 2020	-
At 31 December 2020	-
At 1 January 2021	-
<b>At 30 September 2021</b>	<b>-</b>

The Calcário Project was necessary for mining limestone which is necessary for the production of TK47<sup>®</sup>. 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 \$411,000.

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 8. Share capital

(\$'000)	30 Sept 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	30 Sept 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	-	-
<b>At end of period</b>	<b>50,378,619</b>	<b>20,457</b>	48,444,803	19,699

#### 9. Share warrant reserve

	30 Sept 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)	-	-
<b>Balance at end of period</b>	-	-	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 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	\$1.22	931,221	\$0.40	380,375
Exercised during the period	\$0.42	(49,761)	\$0.425	(750,000)
Forfeited during the period	\$0.63	(232,656)	\$0.28	(169,583)
<b>Outstanding at the end of the period</b>	<b>\$0.79</b>	<b>3,848,519</b>	\$0.58	3,199,715
<b>Exercisable at the end of the period</b>	<b>\$0.81</b>	<b>3,103,808</b>	\$0.72	2,316,614

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 10. Share-based payments (continued)

The options outstanding at 30 September 2021 have an exercise price in the range of \$0.40 to \$1.69 and a weighted average remaining contractual life of 8 years. Four options were issued to 30 September 2021. Three 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 fourth option will vest in full on 1 July 2021. At 30 September 2021, 3,103,808 of the options had vested (31 December 2020: 2,316,614).

Details of share options outstanding at 30 September 2021 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
289,200	-	-	-	(36,000)	253,200	253,200	\$0.425	10 Dec 2014	10 Dec 2024
20,000	-	-	-	-	20,000	20,000	\$0.40	12 Nov 2015	12 Nov 2025
50,000	-	-	-	-	50,000	50,000	\$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	60,000	\$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	-	-	(10,000)	-	115,000	-	\$0.61	24 Sept 2018	24 Sept 2028
328,876	-	-	-	-	328,876	328,876	\$0.63	1 Mar 2019	1 Mar 2029
450,000	-	-	(5,000)	-	445,000	249,000	\$0.63	1 Mar 2019	1 Mar 2029
5,000	-	-	(5,000)	-	-	-	\$0.64	31 May 2019	31 May 2029
50,500	-	-	(8,500)	-	42,000	14,000	\$0.67	1 Sept 2019	1 Sept 2029
185,780	-	-	(144,496)	(13,761)	27,523	5,502	\$0.40	14 Feb 2020	14 Feb 2030
45,513	-	-	(12,863)	-	32,650	8,103	\$0.40	25 Mar 2020	25 Mar 2030
-	75,004	-	(19,077)	-	55,927	6,039	\$1.22	5 Mar 2021	5 Mar 2031
-	750,000	-	-	-	750,000	750,000	\$1.22	5 Mar 2021	5 Mar 2031
-	10,000	-	(10,000)	-	-	-	\$1.69	25 Mar 2021	25 Mar 2031
-	96,217	-	(17,720)	-	78,497	9,242	\$1.21	10 May 2021	10 May 2031
<b>3,199,715</b>	<b>931,221</b>	<b>-</b>	<b>(232,656)</b>	<b>(49,761)</b>	<b>3,848,519</b>	<b>3,103,808</b>			

## VERDE AGRITECH PLC

### 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)	30 Sept 2021	30 Sept 2020
Weighted average fair value of options granted during the year	1.01	0.24
Weighted average share price	1.41	0.41
Weighted average exercise price	1.22	0.40
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	113%	77%
Option life	5	5
Expected dividends	-	-
Amended risk-free interest rate (based on national government bonds)	0.93%	1.31%

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 2021	3 months to 30 Sept 2020	9 months to 30 Sept 2021	9 months to 30 Sept 2020
	14	20	920	88

#### 11. Interest-bearing loans and borrowings

	30 Sept 2021	31 Dec 2020
	\$'000	\$'000
<b>Non-current liabilities</b>		
Bank loans	1,745	2,529
<b>Current liabilities</b>		
Bank loans	1,496	941
<b>Total</b>	<b>3,241</b>	<b>3,470</b>

## VERDE AGRITECH PLC

### 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* (Annual)
ABC Brazil	Sep, 2021	Working Capital	6	6	2,000	Mar, 2022	13,45%
Bradesco	Mar, 2021	Vehicle	01	36	168	Feb, 2024	10.46%
Santander	Oct, 2020	Equipment and working capital	01	36	2,000	Oct, 2023	10.95%
ABC Brazil	Aug, 2020	Equipment and working capital	01	42	2,000	Mar, 2024	*CDI + 7,53%
Santander	July,2020	Equipment	06	18	359	July,2022	** IPCA + 8,46%
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	**IPCA + 7,12%
Bradesco	Jan, 2020	Equipment	00	48	450	Feb, 2024	11.98%
Santander	Apr, 2019	Equipment	01	36	73	Oct, 2022	**IPCA + 7,12%
Santander	Apr,2019	Equipment	01	36	150	Oct, 2022	**IPCA + 7,12%
Santander	May, 2018	Equipment	12	60	1,040	May, 2023	** IPCA + 7,05%

\* - CDI, (Certificado de Depósito Interbancário) is the average of interbank overnight rates in Brazil. As at September 30, 2021, the 12 months cumulative rate was 2,99%.

\*\* - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services. As at September 30, 2021 the 12 months cumulative rate was 10,25%.

The Group's average current loan rates is 12,51% per annum. The Brazilian Government long term bond rate is currently 12,33% per annum



---

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 12. Provisions

Mine closure provision	30 Sept 2021	30 Sept 2020
	\$'000	\$'000
Opening balance	2,958	3,450
Unwinding of discount	57	75
Effect of movements in foreign exchange	(353)	(921)
<b>Total</b>	<b>2,662</b>	<b>2,604</b>

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 were no derivative instruments outstanding as of 30 September 2021.

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

Currency (\$'000)	30 Sept 2021	31 Dec 2020
Canadian Dollars	249	83
Brazilian Reais	2,142	2,072
American Dollars	3	81
British Pounds	7	1
<b>Total</b>	<b>2,401</b>	<b>2,237</b>

The Brazilian Reais deposits are held as interbank deposit certificates, with no maturity date and track Brazil's short term interest rate which is currently 6.25%.

---

## VERDE AGRITECH PLC

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 13. Financial instruments (continued)

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 2021	31 Dec 2020
10% weakening of Brazilian Real	(366)	(203)
10% strengthening of Brazilian Real	448	249

#### 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.

#### 13. Subsequent Events

- In October 2021, the Group has secured \$3.75 million (R\$16 million) in loan agreements to fully cover the capital expenditure for the construction of Plant 2. The first \$1.17 million (R\$5 million) was released to the Group by Santander. The remaining \$2.58 million (R\$11 million) was approved in the same month by Santander and Bradesco, to be drawn down according to the project requirements. The total construction cost of Plant 2 is expected to be \$5.16 million (R\$22 million) with \$1.41 million (R\$6 million) invested through internally generated cashflow.