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VERDE AGRITECH LTD  
(VERDE AGRITECH PLC TO JULY 29, 2022)

UNAUDITED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS

SECOND QUARTER ENDED 30 JUNE 2022



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# VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

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## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022) UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

The accompanying unaudited consolidated financial statements of Verde AgriTech Ltd (Verde Agritech Plc to July 29, 2022) ("Verde", the "Company", or the "Group") for the second quarter ended 30 June 2022 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 2021. 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 LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### For the Quarter Ended 30 June 2022

All amounts expressed in Canadian Dollars.

	Note	3 months ended 30 Jun 2022 \$'000	3 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2022 \$'000	6 months ended 30 Jun 2021 \$'000
Revenue		24,861	5,376	36,165	6,207
Production costs		(5,332)	(1,498)	(7,987)	(1,988)
<b>Gross Profit</b>		<b>19,529</b>	<b>3,878</b>	<b>28,178</b>	<b>4,219</b>
Sales and distribution expenses		(8,110)	(2,236)	(12,041)	(2,767)
General and administrative expenses		(733)	(1,125)	(1,864)	(2,640)
<b>Operating Profit / (Loss)</b>		<b>10,686</b>	<b>517</b>	<b>14,273</b>	<b>(1,188)</b>
Finance income		58	37	111	46
Finance costs		(303)	(93)	(541)	(177)
<b>Net Profit / (Loss) before tax</b>		<b>10,441</b>	<b>461</b>	<b>13,843</b>	<b>(1,319)</b>
Income tax		(816)	(188)	(1,186)	(219)
<b>Net Profit / (Loss)</b>		<b>9,625</b>	<b>273</b>	<b>12,657</b>	<b>(1,538)</b>

### Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translating foreign operations	(1,971)	1,758	1,544	236
<b>Total comprehensive profit / (loss) for the period attributable to equity holders of the parent</b>	<b>7,654</b>	<b>2,031</b>	<b>14,201</b>	<b>(1,302)</b>

### Earnings / (loss) per share (\$)

Basic earnings per share	4	0.189	0.005	0.249	(0.031)
Diluted earnings per share	4	0.185	0.005	0.242	(0.030)

## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

### STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

All amounts expressed in Canadian Dollars.

Assets	Note	30 Jun 2022	31 Dec 2021
		(\$'000)	(\$'000)
Property, plant and equipment	5	19,492	4,107
Right-of-use asset	12	194	-
Mineral properties	6	21,185	19,608
Intangible assets	7	-	-
<b>Total non-current assets</b>		<b>40,871</b>	<b>23,715</b>
Inventory		2,515	1,096
Trade and other receivables		20,528	15,055
Cash and cash equivalents	13	1,594	1,534
<b>Total current assets</b>		<b>24,637</b>	<b>17,685</b>
<b>Total assets</b>		<b>65,508</b>	<b>41,400</b>
<b>Equity attributable to the equity holders of the parent</b>			
Issued capital	8	21,184	20,464
Share premium		49,253	48,933
Merger reserve		(4,557)	(4,557)
Translation reserve		(15,873)	(17,417)
Accumulated losses		(8,304)	(21,065)
<b>Total equity</b>		<b>41,703</b>	<b>26,358</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	11	5,043	3,079
Lease liabilities	12	155	-
Provisions	13	2,861	2,599
<b>Total non-current liabilities</b>		<b>8,059</b>	<b>5,678</b>
Trade and other payables		11,839	6,858
Interest-bearing loans and borrowings	11	3,868	2,506
Lease liabilities	12	39	-
<b>Total current liabilities</b>		<b>15,746</b>	<b>9,364</b>
<b>Total liabilities</b>		<b>23,805</b>	<b>15,042</b>
<b>Total equity and liabilities</b>		<b>65,508</b>	<b>41,400</b>

# VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

## STATEMENTS OF CASH FLOWS

### For the Quarter Ended 30 June 2022

All amounts expressed in Canadian Dollars.

Cash flows from operating activities	3 months	3 months	6 months	6 months
	ended 30 Jun 2022 \$'000	ended 30 Jun 2021 \$'000	ended 30 Jun 2022 \$'000	ended 30 Jun 2021 \$'000
Operating profit / (loss)	10,686	517	14,273	(1,188)
Depreciation	103	70	200	127
Amortisation of mineral property	46	23	76	27
Foreign exchange differences	(31)	(11)	361	47
Share-based payments and non-cash bonuses	40	692	104	1,514
Decrease/(Increase) in inventories	261	(217)	(1,419)	(160)
Increase in receivables	(2,910)	(2,555)	(5,473)	(2,242)
Increase in payables	716	1,899	4,475	1,797
<b>Cash generated/(utilised) in operations</b>	<b>8,910</b>	<b>418</b>	<b>12,597</b>	<b>(78)</b>
Interest paid	(281)	(76)	(498)	(138)
Taxation paid	(440)	(25)	(626)	(97)
<b>Net cash generated/(utilised) in operating activities</b>	<b>8,189</b>	<b>317</b>	<b>11,473</b>	<b>(313)</b>
<b>Cash flows from investing activities</b>				
Interest received	58	37	111	46
Acquisition of mineral property assets	(277)	(99)	(486)	(141)
Acquisition of property, plant and equipment	(12,261)	(515)	(15,487)	(816)
<b>Net cash utilised in investing activities</b>	<b>(12,480)</b>	<b>(577)</b>	<b>(15,862)</b>	<b>(911)</b>
<b>Cash flows from financing activities</b>				
Bank loan received	566	13	3,341	42
Proceeds from issue of shares	941	-	971	893
<b>Net cash generated from financing activities</b>	<b>1,507</b>	<b>13</b>	<b>4,312</b>	<b>935</b>
Net increase/(decrease) in cash and cash equivalents	(2,784)	(247)	(77)	(289)
Cash and cash equivalents at beginning of period	4,684	2,021	1,534	2,237
Effect of exchange rate fluctuations on cash held	(306)	134	137	(40)
<b>Cash and cash equivalents at end of period</b>	<b>1,594</b>	<b>1,908</b>	<b>1,594</b>	<b>1,908</b>

VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)  
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 2021	19,699	47,243	431	(4,557)	(16,147)	(25,529)	21,140
<b>Comprehensive loss</b>							
Loss for the period	-	-	-	-	-	(1,538)	(1,538)
Foreign exchange translation differences	-	-	-	-	236	-	236
<b>Total comprehensive loss for the period</b>	-	-	-	-	<b>236</b>	<b>(1,538)</b>	<b>(1,302)</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	-	-	-	-	-	905	905
<b>Total transactions with owners</b>	<b>758</b>	<b>1,689</b>	<b>(431)</b>	<b>-</b>	<b>-</b>	<b>905</b>	<b>2,921</b>
<b>Balance at 30 June 2021</b>	<b>20,457</b>	<b>48,932</b>	<b>-</b>	<b>(4,557)</b>	<b>(15,911)</b>	<b>(26,162)</b>	<b>22,759</b>
<b>Comprehensive profit</b>							
Profit for the period	-	-	-	-	-	5,060	5,060
Foreign exchange translation differences	-	-	-	-	(1,506)	-	(1,506)
<b>Total comprehensive profit for the period</b>	-	-	-	-	<b>(1,506)</b>	<b>5,060</b>	<b>3,554</b>
<b>Transactions with owners</b>							
Issue of share capital	7	1	-	-	-	-	8
Share-based payments	-	-	-	-	-	37	37
<b>Total transactions with owners</b>	<b>7</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>45</b>
<b>Balance at 31 December 2021</b>	<b>20,464</b>	<b>48,933</b>	<b>-</b>	<b>(4,557)</b>	<b>(17,417)</b>	<b>(21,065)</b>	<b>26,358</b>
<b>Balance at 1 January 2022</b>	<b>20,464</b>	<b>48,933</b>	<b>-</b>	<b>(4,557)</b>	<b>(17,417)</b>	<b>(21,065)</b>	<b>26,358</b>
<b>Comprehensive profit</b>							
Profit for the period	-	-	-	-	-	12,657	12,657
Foreign exchange translation differences	-	-	-	-	1,544	-	1,544
<b>Total comprehensive profit for the period</b>	-	-	-	-	<b>1,544</b>	<b>12,657</b>	<b>14,201</b>
<b>Transactions with owners</b>							
Issue of share capital	720	320	-	-	-	-	1,040
Share-based payments	-	-	-	-	-	104	104
<b>Total transactions with owners</b>	<b>720</b>	<b>320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>1,144</b>
<b>Balance at 30 June 2022</b>	<b>21,184</b>	<b>49,253</b>	<b>-</b>	<b>(4,557)</b>	<b>(15,873)</b>	<b>(8,304)</b>	<b>41,703</b>

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# VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

## 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 2023 which shows income from revenue supporting capital, operating and administrative expenses throughout the period with only a small financing loan. As at June 30, 2022, the Group had current assets of \$24,637,000 and current liabilities of \$15,746,000 providing a working capital surplus of \$8,891,000. Having prepared budgets and cash flow forecasts based on current resources, and assessing the financial resources available through trading activities and borrowing facilities, the Directors believe the Group has sufficient resources to meet its obligations for a period of at least 12 months from the date of approval of these financial statements.

The cash forecast to June 2023 is based on the ramp up of production to 700,000 tpy and the Group being able to achieve similar pricing for the Product as demonstrated in 2021. 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.

The group has complied with all borrowing terms and covenants as set by lenders.

### 2. Significant accounting policies

Verde Agritech Ltd (Verde AgriTech Plc to July 29, 2022) (the "Company") is a company registered in Singapore. The consolidated financial statements of the Group for the second quarter ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

Verde AgriTech Plc ("Old Verde") was a public limited company incorporated and domiciled in the United Kingdom for the reporting period. The address of the Company's registered office was Salatin House, 19 Cedar Road, Sutton, Surrey, SM25DA, UK. On August 09, 2022, the Company became a reporting issuer in Singapore. In addition, the Company's ordinary shares commenced trading on the Toronto Stock Exchange ("TSX") on August 02, 2022.

Further to a redomiciling, by way of a scheme of arrangement, on July 29, 2022, Verde AgriTech Plc became a wholly owned subsidiary of Verde AgriTech Ltd ("New Verde"), a company incorporated under the laws of Singapore. As part of the redomicile, Old Verde ordinary shares were exchanged on a one-for-one basis for common shares of New Verde and New Verde will be accounted for as a continuation of Old Verde. Verde AgriTech Ltd's registered office is 105 Cecil Street #15-02, The Octagon, Singapore, 069534. Verde's shares trade on the TSX under the symbol (NPK), as they had previously.

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 2021. 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.



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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 2021.

The statutory accounts for the year ended 31 December 2021 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.

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## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 3. Operating segments

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 / (loss) per share

##### Basic earnings / (loss) per share

The calculation of basic earnings per share at 30 June 2022 was based on the profit attributable to ordinary shareholders of \$12,657,000 (30 June 2021: loss \$1,538,000) and a weighted average number of Ordinary Shares outstanding during the period of 50,832,105 (30 June 2021: 50,140,826) calculated as follows:

##### Profit / (loss) attributable to ordinary shareholders

	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021
Profit / (loss) for the period (\$'000)	12,657	(1,538)
Profit / (loss) attributable to ordinary shareholders (\$'000)	12,657	(1,538)

##### Weighted average number of ordinary shares

	Number 30 Jun 2022	Number 30 Jun 2021
Weighted average number of ordinary shares outstanding – basic ('000)	50,832	50,141
Dilutive Stock options	1,573	1,099
Weighted average number of ordinary shares outstanding – dilutive ('000)	52,405	51,240
Basic earnings / (loss) per share	\$0.249	(\$0.031)
Diluted earnings / (loss) per share	\$0.242	(\$0.030)

The determination of the weighted average number of ordinary shares outstanding for the calculation of diluted earnings per share does not include the following effect of stock options which were anti-dilutive to earnings per share in the period:

	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021
Anti-dilutive Stock options	463	1,254

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 LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 5. Property, plant and equipment

	Land and buildings (\$'000)	Plant and equipment (\$'000)	Computer equipment (\$'000)	Furniture and fixtures (\$'000)	Total (\$'000)
<b>Cost</b>					
Balance at 1 January 2021	1,082	1,376	114	279	2,851
Additions	1,012	882	255	30	2,179
Effect of movements in foreign exchange	(98)	(109)	(11)	(21)	(239)
Balance at 31 December 2021	1,996	2,149	358	288	4,791
Balance at 1 January 2022	1,996	2,149	358	288	4,791
Additions	2,417	12,957	99	15	15,488
Disposals	-	(78)	-	-	(78)
Effect of movements in foreign exchange	130	(38)	26	24	142
<b>Balance at 30 June 2022</b>	<b>4,543</b>	<b>14,990</b>	<b>483</b>	<b>327</b>	<b>20,343</b>

<b>Depreciation and impairment losses</b>					
Balance at 1 January 2021	-	251	71	100	422
Depreciation charge for the year	-	257	27	5	289
Effect of movements in foreign exchange	-	(16)	(4)	(7)	(27)
Balance at 31 December 2021	-	492	94	98	684
Balance at 1 January 2022	-	492	94	98	684
Depreciation charge for the period	-	172	26	2	200
Depreciation eliminated on disposal	-	(78)	-	-	(78)
Effect of movements in foreign exchange	-	32	5	8	45
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>618</b>	<b>125</b>	<b>108</b>	<b>851</b>

<b>Carrying amounts</b>					
At 1 January 2021	1,082	1,125	43	179	2,429
At 31 December 2021	1,996	1,657	264	190	4,107
At 1 January 2022	1,996	1,657	264	190	4,107
<b>At 30 June 2022</b>	<b>4,543</b>	<b>14,372</b>	<b>358</b>	<b>219</b>	<b>19,492</b>

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## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 6. Mineral properties

Cost	Total (\$'000)
Balance at 1 January 2021	20,445
Additions	428
Effect of movements in foreign exchange	(1,066)
Balance at 31 December 2021	19,807
Balance at 1 January 2022	19,807
Additions	487
Effect of movements in foreign exchange	1,182
<b>Balance at 30 June 2022</b>	<b>21,476</b>
<b>Amortisation</b>	
Balance at 1 January 2021	116
Amortisation charge for the year	93
Effect of movements in foreign exchange	(10)
Balance at 31 December 2021	199
Balance at 1 January 2022	199
Amortisation charge for the period	76
Effect of movements in foreign exchange	16
<b>Balance at 30 June 2022</b>	<b>291</b>
<b>Carrying amounts</b>	
At 1 January 2021	20,329
At 31 December 2021	19,608
At 1 January 2022	19,608
<b>At 30 June 2022</b>	<b>21,185</b>

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## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 7. Intangible assets

	Calcário Project (\$'000)
<b>Cost</b>	
Balance at 1 January 2021	429
Effect of movements in foreign exchange	(31)
Balance at 31 December 2021	398
Balance at 1 January 2022	398
Effect of movements in foreign exchange	34
<b>Balance at 30 June 2022</b>	<b>432</b>
<b>Provision for impairment</b>	
Balance at 1 January 2021	429
Effect of movements in foreign exchange	(31)
Balance at 31 December 2021	398
Balance at 1 January 2022	398
Effect of movements in foreign exchange	34
<b>Balance at 30 June 2022</b>	<b>432</b>
<b>Carrying amounts</b>	
At 1 January 2021	-
At 31 December 2021	-
At 1 January 2022	-
<b>At 30 June 2022</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 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 the period end, at current exchange rates this provision has been revalued as \$432,000.

# VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 8. Share capital

(\$'000)	30 Jun 2022		31 Dec 2021	
	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 Jun 2022		31 Dec 2021	
	Number	\$'000	Number	\$'000
At 1 January	50,398,619	20,464	48,444,803	19,699
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
16 December 2021 for \$0.425 each	-	-	20,000	7
24 March 2022 for \$0.63 each	110,000	43	-	-
28 March 2022 for \$0.40 each	30,000	12	-	-
28 March 2022 for \$0.67 each	3,000	1	-	-
29 March 2022 for \$0.40 each	40,000	16	-	-
19 May 2022 for \$0.40 each	150,000	59	-	-
19 May 2022 for \$0.425 each	178,200	70	-	-
19 May 2022 for \$0.61 each	152,000	60	-	-
19 May 2022 for \$0.63 each	178,875	70	-	-
25 May 2022 for \$0.40 each	61,538	24	-	-
25 May 2022 for \$0.63 each	165,000	65	-	-
30 May 2022 for \$0.61 each	693,087	271	-	-
6 June 2022 for \$0.61 each	70,000	27	-	-
10 June 2022 for \$1.21 each	2,525	1	-	-
10 June 2022 for \$1.22 each	2,000	1	-	-
<b>At end of period</b>	<b>52,234,844</b>	<b>21,184</b>	<b>50,398,619</b>	<b>20,464</b>

### 9. Share warrant reserve

	30 Jun 2022		31 Dec 2021	
	Number	\$'000	Number	\$'000
Balance at beginning of year	-	-	1,410,057	431
Warrants exercised during period	-	-	(1,385,057)	(424)
Warrants expired during period	-	-	(25,000)	(7)
<b>Balance at end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

During the period the Group granted share options to key personnel to purchase shares in the entity. The number and weighted average exercise prices of share options are as follows:

	30 Jun 2022		31 Dec 2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	\$0.58	3,825,227	\$0.58	3,199,715
Granted during the period	\$6.64	63,662	\$1.23	941,221
Exercised during the period	\$0.41	(1,836,226)	\$0.42	(69,761)
Cancelled/Forfeited during the period	\$1.17	(17,349)	\$0.64	(245,948)
<b>Outstanding at the end of the period</b>	<b>\$1.17</b>	<b>2,035,314</b>	<b>\$0.58</b>	<b>3,825,227</b>
<b>Exercisable at the end of the period</b>	<b>\$0.69</b>	<b>1,410,225</b>	<b>\$0.80</b>	<b>3,078,801</b>

Details of share options outstanding at 30 June 2022 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/ Restated	Exercised	Grant date				Expiry date	
233,200	-	-	-	(178,200)	55,000	55,000	\$0.425	10 Dec 2014	10 Dec 2024	
20,000	-	-	-	(20,000)	-	-	\$0.40	12 Nov 2015	12 Nov 2025	
50,000	-	-	-	(50,000)	-	-	\$0.40	10 Dec 2015	10 Dec 2025	
61,538	-	-	-	(61,538)	-	-	\$0.40	31 Jan 2017	31 Jan 2027	
144,000	-	-	-	(144,000)	-	-	\$0.40	9 Feb 2017	9 Feb 2027	
200,000	-	-	-	-	200,000	80,000	\$1.02	30 May 2018	30 May 2028	
1,244,308	-	-	-	(915,087)	329,221	329,221	\$0.61	24 Sept 2018	24 Sept 2028	
115,000	-	-	10,000	-	125,000	-	\$0.61	24 Sept 2018	24 Sept 2028	
328,876	-	-	-	(178,876)	150,000	150,000	\$0.63	1 Mar 2019	1 Mar 2029	
445,000	-	-	-	(275,000)	170,000	2,000	\$0.63	1 Mar 2019	1 Mar 2029	
40,000	-	-	-	(3,000)	37,000	9,000	\$0.67	1 Sept 2019	1 Sept 2029	
23,853	-	-	(917)	-	22,936	6,881	\$0.40	14 Feb 2020	14 Feb 2030	
30,684	-	-	-	(6,000)	24,684	3,205	\$0.40	25 Mar 2020	25 Mar 2030	
55,427	-	-	(6,617)	(2,000)	46,810	8,004	\$1.22	5 Mar 2021	5 Mar 2031	
750,000	-	-	-	-	750,000	750,000	\$1.22	5 Mar 2021	5 Mar 2031	
73,341	-	-	(9,815)	(2,525)	61,001	10,548	\$1.21	10 May 2021	10 May 2031	
10,000	-	-	-	-	10,000	1,000	\$1.48	9 Nov 2021	9 Nov 2031	
-	53,662	-	-	-	53,662	5,366	\$7.76	16 Mar 2022	16 Mar 2032	
<b>3,825,227</b>	<b>53,662</b>	<b>-</b>	<b>(7,349)</b>	<b>(1,836,226)</b>	<b>2,035,314</b>	<b>1,410,225</b>				

## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

### 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.

The options outstanding at 30 June 2022 have an exercise price in the range of \$0.40 to \$7.76 (2021: \$0.40 to \$1.48) and a weighted average remaining contractual life of 6.7 years (2021: 7.7 years). One option award was granted in 2022. The option awards will vest in six tranches, 10% immediately with an additional 10% vest in years two to five. At 30 June 2022, 1,410,225 of the options had vested (31 December 2021: 3,078,801).

Fair value of share options and assumptions (\$)	30 Jun 2022	31 Dec 2021
Weighted average fair value of options granted during the period	6.01	1.10
Weighted average share price	7.69	1.42
Weighted average exercise price	7.76	1.25
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	114%	111%
Option life	5	5
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	1.99%	0.97%

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.

(\$'000)	30 Jun 2022	30 Jun 2021
Total expense recognised as employee and consultants' costs	104	236

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

(\$'000)	30 Jun 2022	31 Dec 2021
<b>Non-current liabilities (\$'000)</b>		
Bank loans	5,043	3,079
<b>Current liabilities (\$'000)</b>		
Bank loans	3,868	2,506
<b>Total</b>	<b>8,911</b>	<b>5,585</b>



## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

### 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)	Loan value (R\$'000)	Balance at Jun 30, 2022 (C\$'000)	Repayable by	Total interest payable*
BDMG	Apr, 2022	Working capital	24	72	3,000	1,062	Mar, 2030	***TJLP + 5,00%
Santander	Feb, 2022	Equipment	03	36	260	66	Feb, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	888	243	Feb, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	1,340	340	Feb, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	2,169	550	Jan, 2025	* CDI + 4,60%
Santander	Feb, 2022	Equipment	03	36	888	225	Jan, 2025	* CDI + 4,60%
Brazil	Jan, 2022	Working capital	06	36	5,000	1,307	Dec, 2024	CDI+2,92%
Brazil	Dec, 2021	Working capital	06	36	5,000	1,317	Dec, 2024	* CDI + 2.92%
Santander	Oct, 2021	Working capital	01	24	5,000	1,201	Sept, 2023	13,45%
ABC Brazil	Sept, 2021	Working capital	01	06	2,000	464	Mar, 2022	10.46%
Bradesco	Mar, 2021	Vehicle	01	36	168	27	Feb, 2024	10.95%
Santander	Oct, 2020	Equipment and working capital	01	36	2,000	301	Oct, 2023	*CDI + 7,53%
ABC Brazil	Aug, 2020	Equipment and working capital	01	42	2,000	395	Mar, 2024	** IPCA + 8,46%
Santander	July,2020	Equipment	06	18	359	32	July,2022	10.95%
Bradesco	July,2020	Equipment and working capital	06	60	5,000	1,181	July, 2025	12.49%
Bradesco	Mar, 2020	Vehicle	01	48	119	16	Apr, 2024	**IPCA + 7,12%
Santander	Jan, 2020	Equipment	06	36	364	38	June, 2023	11.98%
Bradesco	Jan, 2020	Equipment	00	48	450	60	Feb, 2024	**IPCA + 7,12%
Santander	Apr,2019	Equipment	01	36	73	3	Oct, 2022	**IPCA + 7,12%
Santander	Apr,2019	Equipment	01	36	150	7	Oct, 2022	** IPCA + 7,05%
Santander	May, 2018	Equipment	12	60	1,040	76	May, 2023	* CDI + 4,60%
<b>Total</b>						<b>8,911</b>		

\* - CDI, (Certificado de Depósito Interbancário) is the average of interbank overnight rates in Brazil. As at June 30, 2022, the 12 months cumulative rate was 8.64%.

\*\* - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services. As at June 30, 2022 the 12 months cumulative rate was 11.89%.

\*\*\* - TJLP, (Taxa de Juros de Longo Prazo) is the long term interest rate in Brazil. As at June 30, 2022, the 12 months cumulative rate was 7.01%.

## 12. Leases

### Right-of-use assets

	Total (\$'000)
<b>Cost</b>	
Additions	197
Effect of movements in foreign exchange	(3)
<b>Balance at 30 June 2022</b>	<b>194</b>
<b>Amortisation</b>	
Amortisation charge for the period	-
Effect of movements in foreign exchange	-
<b>Balance at 30 June 2022</b>	<b>-</b>
<b>Carrying amounts</b>	
<b>At 30 June 2022</b>	<b>194</b>

### Lease liabilities

The following table outlines the future lease payments:

	30 Jun 2022 \$'000	31 Dec 2021 \$'000
Not later than one year	39	-
Later than one year but not later than five years	155	-
<b>Total</b>	<b>194</b>	<b>-</b>

## 13. Provisions

	30 Jun 2022 \$'000	31 Dec 2021 \$'000
<b>Mine closure provision</b>		
Opening balance	2,599	2,716
Unwinding of discount	43	79
Effect of movements in foreign exchange	219	(196)
<b>Total</b>	<b>2,861</b>	<b>2,599</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 as the present value of expected future cash-flows associated with closure activities. We have used a discount rate of 3.05% and the calculation assumes an area of 1,524 hectares which will require rehabilitation at a cost of US\$5,183 per hectare. The area and cost assumptions have been taken from a published pre-feasibility study (PFS) undertaken in 2017.

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## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022) NOTES TO THE GROUP FINANCIAL STATEMENTS

### 14. 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 June 2022.

#### Foreign currency risk

The Group's cash resources are mainly held in Brazilian Real. 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 Brazilian Real.

The appreciation of Brazilian Real against the Canadian Dollar could increase the actual revenues and operating costs of the Group's operations and materially 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 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 Jun 2022	31 Dec 2021
Canadian Dollars	776	110
Brazilian Reals	711	1,414
American Dollars	92	4
British Pounds	15	6
<b>Total</b>	<b>1,594</b>	<b>1,534</b>

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 11.75%.

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

	Equity (\$'000)	
	30 Jun 2022	31 Dec 2021
10% weakening of Brazilian Real	(32)	(406)
10% strengthening of Brazilian Real	40	496

#### 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. The Group 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.

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## VERDE AGRITECH LTD (VERDE AGRITECH PLC TO JULY 29, 2022)

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 14. Financial instruments (continued)

##### 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.

##### Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group generates revenue from the sale of products. Where credit is extended to customers this results in trade receivables which may be subject to default. This risk is mitigated by credit control procedures.

##### 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 financial statements. All of the Group's and Company's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

#### 15. Subsequent events

- In July 2022 the Company concluded its re-domiciliation to Singapore, pursuant to which the new Singaporean company, Verde AgriTech Ltd, became the holding company of the UK company Verde AgriTech Ltd. Verde's trading symbols did not change, continuing as "NPK" on the TSX.<sup>1</sup>

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<sup>1</sup> See the press release at: <https://investor.verde.ag/verde-announces-completion-of-redomiciliation-process-to-singapore/>