

September 09, 2022

## Verde Provides Update

**Belo Horizonte, Brazil. Verde AgriTech Ltd** (TSX: “NPK”) (“OTCMKTS: “VNPKE”) (“Verde” or the “Company”) informs that roadworks it was performing for increased truck accessibility to and from its second plant (“Plant 2”)<sup>1</sup> incurred unforeseen groundwater issues. The solution is already engineered and being implemented. As a consequence, over the next 4 to 8 weeks, limited delivery of Plant 2’s production will be possible, with an impact to the Company’s 2022 results.

Plant 2 is ramping up production to 1.2 million tonnes per year (“Mtpy”) of Verde’s multinutrient potassium product, K Forte®, sold internationally as Super Greensand® (the “Product”). As part of Plant 2’s logistics, the Company has been upgrading road infrastructure, including 22 kms of roads, 14 kms of asphalt, and the construction of a new bridge. At its peak, the Company employed 350 people in the construction works of Plant 2 and correlated infrastructure, currently 125 people are working on the road foundation to overcome the groundwater issues.

The unforeseen groundwater, which placed in risk structural stability, was detected in two critical points of the road. The preceding geotechnical drilling had not uncovered the risk areas and palliative groundworks proved insufficient to adequately remediate the situation. The revamped foundation work will delay the road’s operability. Therefore, the renewed road will only support Plant 2’s output in Q4 2022.

### 2022 GUIDANCE

Brazilian agricultural seasonality sees peak demand for Product in Q3 and early Q4. Plant 1 is operating at capacity to meet that demand but Plant 2’s delayed output will miss most of the 2022 season’s peak demand, thereby negatively impacting the Company’s full year volume. Verde is still in line to meet its original 2022 Guidance,<sup>2</sup> as revised below for Q3 and Q4 in comparison with the realized results for Q1 and Q2 2022:

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<sup>1</sup> See press release at: <https://investor.verde.ag/verde-announces-commissioning-of-its-plant-2/>

<sup>2</sup> See press release at: <https://investor.verde.ag/verde-announces-2022-guidance-and-two-year-outlook/>

Period	Q1 2022		Q2 2022		Q3 2022		Q4 2022		FY 2022	
Guidance	Original Jan 2022	Achieved in Q1 2022	Original Jan 2022	Achieved in Q2 2022	Original Jan 2022	Revised Sep 2022	Original Jan 2022	Revised Sep 2022	Original Jan 2022	Revised Sep 2022
EPS (C\$)	0.02	<b>0.06</b>	0.18	<b>0.19</b>	0.25	<b>0.12</b>	0.06	<b>0.13</b>	0.50	<b>0.50</b>
EBITDA (C\$'000) <sup>3</sup>	1,358	<b>3,678</b>	10,155	<b>10,765</b>	13,414	<b>8,040</b>	3,506	<b>8,808</b>	28,433	<b>31,291</b>
Revenue (C\$'000)	10,070	<b>11,304</b>	21,954	<b>24,861</b>	27,228	<b>24,691</b>	13,011	<b>25,762</b>	72,263	<b>86,618</b>
Sales target (tonnes)	115,000	<b>111,667</b>	200,000	<b>202,255</b>	250,000	<b>188,000</b>	135,000	<b>198,078</b>	700,000	<b>700,000</b>

Following the lower than expected deliveries from Plant 2 because of logistical issues during Q3 2022, the original 2022 annual Guidance is expected to be achieved thanks to Plant 1's continued operation at capacity and Plant 2's successful commissioning and dispatch of Product within the next 4 to 8 weeks.

Client's demand for Product continues to outstrip current delivery capacity. The Company is offering discounts for Q4 2022 and Q1 2023 delivery, in order to maximise Plant 2 output in those seasonally weak months, as well as to generate more market penetration.

For 2023, Verde's sales volume target remains unchanged at a minimum of 2 Mtpy tonnes of Product. Construction of Plant 3, which is expected to add a further 10 Mtpy of Product, is pending government permits and is therefore expected to begin construction in 2024.

#### PLANT 1 AND 2 CAPACITY EXPANSION

Over the years, Verde has optimized processing routes and machinery calibration. Therefore, in light of such experience, both Plants 1 and 2 are being re-assessed to determine how equipment and process optimization will enable increased production volumes beyond their current nominal capacities. To implement the potential upgrades, Verde will apply for relevant government licences for total Plant 1 and 2 capacity exceeding 2.8 Mtpy.

<sup>3</sup> Before non-cash events.

## PAID FOR GROWTH

Paid for Growth (“**P4G**”) strategy, a cornerstone program aimed at distributing gains to shareholders either through share buyback or dividends,<sup>4</sup> will be withheld for 2022 in order to ensure Verde’s continued accelerated expansion, including Plant 2 and Plant 3, without issuance of new shareholder-diluting equity. P4G is expected to distribute Verde’s first gains to shareholders in 2023.

“While it is disappointing to face a delay at the very end of what has otherwise been a ‘non-equity financed’ construction of Plant 2, we are pleased by the overall pace and safety of the endeavour. Supported by the growing demand from current and new clients, at Verde we look forward to a future of sustainable and steadily expanding production. In that spirit, we celebrate our Plant 2’s commissioning and our 2022 outlook for over 70% year-on-year growth of production. We hold our heads high and look forward to advance the P4G strategy and lead our market segment in Brazil in the near future,” commented Verde’s Founder, President & CEO, Cristiano Veloso.

## BOARD REVISION

Verde is concluding a renewal of its Board of Directors to better meet the threshold set by certain shareholder advisory firms, which have deemed part of its Board as ‘non-independent directors’ either because the directors hold too many shares in the Company or the directors have held extensive tenures. Therefore, the following directors will gracefully step down: Mr. Getúlio Fonseca, Mr. Paulo Sérgio Ribeiro and Mr. Michael St Aldwyn, who have served on the board of Verde over a combined 24 years.

Mr. Fonseca was appointed to the Board in 2007 and was a contributing member of the Audit Committee and the Chairman of the Compensation Committee.

Mr. Ribeiro was appointed to the Board in 2017 and was a contributing member of the Corporate Governance & Nominating Committee.

Mr. St Aldwyn was appointed to the Board in 2018 and was a contributing member of the Audit Committee, and Compensation Committee, also serving as the Chairman of the Corporate Governance & Nominating Committee, and as Lead Independent Director.

"We would like to thank Getúlio Fonseca, Paulo Sérgio Ribeiro and Michael St Aldwyn for their many years of service and contribution to Verde’s growth. Their experience and inputs were invaluable to the Company,

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<sup>4</sup> See press release at: <https://investor.verde.ag/verde-announces-plans-for-first-distribution-of-gains-and-restructure/>

for which I thank them on behalf of Verde's team, our shareholders and stakeholders," commented Mr. Veloso.

The Company will seize the opportunity to enhance Board diversity and, in light of Verde's recent move to Singapore,<sup>5</sup> to comply with local regulations that mandate that at least one board member needs to be a Singaporean resident. The Board changes are expected to be concluded and announced in the following weeks, without material impact to Verde's ongoing expansionary strategies.

## ABOUT VERDE AGRITECH

Verde is an agricultural technology company that produces potash fertilizers. Our purpose is to improve the health of all people and the planet. Rooting our solutions in nature, we make agriculture healthier, more productive, and profitable.

Verde is a fully integrated company, from the mining and processing its main feedstock from its 100% owned mineral properties, to the Product sales processes, which also include direct technical advice for farmers, and distribution.

Verde's focus on research and development has resulted in one patent and eight patents pending. Among its proprietary technologies are Cambridge Tech, 3D Alliance, MicroS Technology, N Keeper, and Bio Revolution.<sup>6</sup> Currently, the Company is fully licensed to produce up to 2.8 million tonnes per year of its multinutrient potassium fertilizers K Forte® and BAKS®, sold internationally as Super Greensand®.<sup>7</sup> By the end of 2022, it plans to become Brazil's largest potash producer by capacity.<sup>8</sup> Verde has a combined measured and indicated mineral resource of 1.47 billion tonnes at 9.28% K<sub>2</sub>O and an inferred mineral resource of 1.85 billion tonnes at 8.60% K<sub>2</sub>O (using a 7.5% K<sub>2</sub>O cut-off grade).<sup>9</sup> This amounts to 295.70 million tonnes of potash in K<sub>2</sub>O. For context, in 2021 Brazil's total consumption of potash in K<sub>2</sub>O was 7.92 million.<sup>10</sup>

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<sup>5</sup> See release at: <https://investor.verde.ag/verde-announces-completion-of-redomiciliation-process-to-singapore/>

<sup>6</sup> Learn more about our technologies: <https://verde.docsend.com/view/yvthnpuv8jx6g4r9>

<sup>7</sup> See the release at: <https://investor.verde.ag/2-5-million-tonnes-per-year-potash-mining-concession-granted-to-verde/>

<sup>8</sup> See the release at: <https://investor.verde.ag/verde-to-reach-3-million-tonnes-potash-production-capacity-in-2022/>

<sup>9</sup> As per the National Instrument 43-101 Standards of Disclosure for Mineral Projects within Canada ("NI 43 -101"), filed on SEDAR in 2017. See the Pre-Feasibility Study at: <https://investor.verde.ag/wp-content/uploads/2021/01/NI-43-101-Pre-Feasibility-Technical-Report-Cerrado-Verde-Project.pdf>

<sup>10</sup> Union of the Agricultural Fertilizers and Correctives Industry, in the State of São Paulo ("SIACESP", from *Sindicato da Indústria de Fertilizantes e Corretivos Agropecuários, no Estado de São Paulo*).

Brazil ranks second in global potash demand and is its single largest importer, currently depending on external sources for over 96% of its potash needs. In 2021, potash accounted for approximately 2% of all Brazilian imports by dollar value.

## CORPORATE PRESENTATION

For further information on the Company, please view shareholders' deck:

<https://verde.docsend.com/view/7ifqptdkh55cutpk>

## INVESTORS NEWSLETTER

Subscribe to receive the Company's updates at:

<http://cloud.marketing.verde.ag/InvestorsSubscription>

The last edition of the newsletter can be accessed at: <https://bit.ly/InvestorsNewsletter-July2022>

## CAUTIONARY LANGUAGE AND FORWARD-LOOKING STATEMENTS

All Mineral Reserve and Mineral Resources estimates reported by the Company were estimated in accordance with the Canadian National Instrument 43-101 and the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards (May 10, 2014). These standards differ significantly from the requirements of the U.S. Securities and Exchange Commission. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

This document contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. This information and these statements, referred to herein as "forward-looking statements" are made as of the date of this document. Forward-looking statements relate to future events or future performance and reflect current estimates, predictions, expectations or beliefs regarding future events and include, but are not limited to, statements with respect to:

- (i) the estimated amount and grade of Mineral Resources and Mineral Reserves;
- (ii) the PFS representing a viable development option for the Project;
- (iii) estimates of the capital costs of constructing mine facilities and bringing a mine into production, of sustaining capital and the duration of financing payback periods;
- (iv) the estimated amount of future production, both produced and sold;

- (v) timing of disclosure for the PFS and recommendations from the Special Committee;
- (vi) the Company's competitive position in Brazil and demand for potash; and,
- (vii) estimates of operating costs and total costs, net cash flow, net present value and economic returns from an operating mine.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "envisages", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

All forward-looking statements are based on Verde's or its consultants' current beliefs as well as various assumptions made by them and information currently available to them. The most significant assumptions are set forth above, but generally these assumptions include, but are not limited to:

- (i) the presence of and continuity of resources and reserves at the Project at estimated grades;
- (ii) the geotechnical and metallurgical characteristics of rock conforming to sampled results; including the quantities of water and the quality of the water that must be diverted or treated during mining operations;
- (iii) the capacities and durability of various machinery and equipment;
- (iv) the availability of personnel, machinery and equipment at estimated prices and within the estimated delivery times;
- (v) currency exchange rates;
- (vi) Super Greensand® and K Forte® sales prices, market size and exchange rate assumed;
- (vii) appropriate discount rates applied to the cash flows in the economic analysis;
- (viii) tax rates and royalty rates applicable to the proposed mining operation;
- (ix) the availability of acceptable financing under assumed structure and costs;
- (x) anticipated mining losses and dilution;
- (xi) reasonable contingency requirements;

- (xii) success in realizing proposed operations;
- (xiii) receipt of permits and other regulatory approvals on acceptable terms; and
- (xiv) the fulfilment of environmental assessment commitments and arrangements with local communities.

Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Many forward-looking statements are made assuming the correctness of other forward looking statements, such as statements of net present value and internal rates of return, which are based on most of the other forward-looking statements and assumptions herein. The cost information is also prepared using current values, but the time for incurring the costs will be in the future and it is assumed costs will remain stable over the relevant period.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates assumptions and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur as forecast, but specifically include, without limitation: risks relating to variations in the mineral content within the material identified as Mineral Resources and Mineral Reserves from that predicted; variations in rates of recovery and extraction; the geotechnical characteristics of the rock mined or through which infrastructure is built differing from that predicted, the quantity of water that will need to be diverted or treated during mining operations being different from what is expected to be encountered during mining operations or post closure, or the rate of flow of the water being different; developments in world metals markets; risks relating to fluctuations in the Brazilian Real relative to the Canadian dollar; increases in the estimated capital and operating costs or unanticipated costs; difficulties attracting the necessary work force; increases in financing costs or adverse changes to the terms of available financing, if any; tax rates or royalties being greater than assumed; changes in development or mining plans due to changes in logistical, technical or other factors; changes in project parameters as plans continue to be refined; risks relating to receipt of regulatory approvals; delays in stakeholder negotiations; changes in regulations applying to the development, operation, and closure of mining operations from what currently exists; the effects of competition in the markets in which Verde operates; operational and infrastructure risks and the additional risks described in Verde's Annual Information Form filed with SEDAR in Canada (available at [www.sedar.com](http://www.sedar.com)) for the year ended December 31, 2021. Verde cautions that the foregoing list of factors that may affect future results is not exhaustive.

When relying on our forward-looking statements to make decisions with respect to Verde, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Verde does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by Verde or on our behalf, except as required by law.

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