

December 05, 2022

Construction permit for railway to freight up to 55% market share requested by Verde

Singapore. Verde AgriTech Ltd (TSX: "**NPK**") ("OTCMKTS: "**VNPKF**") ("**Verde**" or the "**Company**") is pleased to announce that it has filed a request with the National Land Transport Agency ("**ANTT**", from *Agência Nacional de Transportes Terrestres*) for authorization to build a railway branch line (the "**Railway**") to transport up to 50 million tonnes per year ("**Mtpy**") of Verde's multinutrient potassium products, BAKS® and K Forte®, sold internationally as Super Greensand®, (the "**Product**").

The Railway will connect Verde's facilities in São Gotardo to Ibiá, both municipalities in Minas Gerais state, where there is a railway node, part of the Ferrovia Centro Atlântica ("**FCA**"). FCA is the largest railroad network in Brazil, interconnecting seven states and the Federal District. The FCA railways are the main freight route between the Southeast, Northeast and Midwest regions in Brazil.¹

"The Railway will be a major milestone on our way to mitigate Brazil's dependency on imported potash. By connecting Verde's potash mines, Brazil's largest known deposit, to its main consumer centers, the Railway will give farmers access to an even more substantial volume of Product," commented Cristiano Veloso, Verde's founder, and CEO.

In 2021 Brazil's consumption of potash (in K₂O) was 7.92 million,² which is equivalent to 79.20 million tonnes of Verde's Product. Currently, over 96% of Brazil's potash is supplied by imports, mostly in the form of KCl, sold by the Canadian and Belarus-Russian duopoly. Verde has a combined measured and indicated mineral resource of 1.47 billion tonnes at 9.28% K₂O and an inferred mineral resource of 1.85 billion tonnes at 8.60% K₂O (using a 7.5% K₂O cut-off grade).³ This amounts to 295.70 million tonnes of potash in K₂O.

Verde's Plant 1 operates with a capacity of 0.6Mtpy and Plant 2 operates with a capacity of 1.2Mtpy, totalling 1.8Mtpy. With Plant 2's nameplate capacity of 2.4Mtpy to be achieved after its ramp up is concluded, the Company's overall production capacity will be 3 Mtpy. Construction of Plant 3 is expected for 2024, with an expected capacity of 10Mtpy.

¹ Source: <https://www.fcatransforma.com.br/>

² Source: 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).

³ 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>

Based on the studies for the Pre-Feasibility Study filed by the Company in 2022 (the “PFS”), Verde has determined the viability of using road haulage for distribution logistics of up to 23Mtpy of Product. A rail spur will only be necessary for logistics of production exceeding such amount.

The Railway Authorization Program (“*Pro Trilhos*”), approved in August 2021 by the Brazilian Federal Government,⁴ allows the private sector to build and operate railroads, branches, yards and railroad terminals, with the objective of increasing the attractiveness of the private sector to make investments in railroads, whether “greenfields” (new ventures – railroads built from scratch) or “brownfields” (development that will use existing railroads, at least in part of the desired length).

NEXT STEPS

The decision by ANTT and the Brazilian Ministry of Infrastructure is expected in the coming months. If the Authorization is granted, a contract between ANTT and Verde will be subsequently signed, authorizing the exploration of the Railway in a private regime. After that, the Company shall start the environmental and engineering studies for this project.

CAPITAL EXPENDITURE

The PFS estimates a CAPEX of US\$283.02 million⁵ for the construction of a railway from São Gotardo to Ibiá to transport up to 50Mtpy of Product. The total CAPEX estimated in the PFS for the 50Mtpy Scenario is US\$ 553.99 million, which includes the railway branch line, processing costs, road improvement, licensing, technical studies and projects, land purchase, equipment, personnel mobilization and demobilization, and a 15% contingency amount.

As stated in the press release published by the Company on May 16, 2022,⁶ the investment in the railway branch construction is expected to be assumed by the rail operator. Verde is studying the possibility of potential partnerships for technical support in the Railway implementation and logistics operation.

⁴ Source: https://www.gov.br/infraestrutura/pt-br/assuntos/transporte-terrestre_antigo/programa-de-autorizacoes-ferroviarias, regulated by [Law 14.273](#), (December 23, 2021) and ANTT Resolution 5.987 (September 01, 2022).

⁵ For further information, please see page 264 of the PFS: <https://investor.verde.ag/wp-content/uploads/2022/05/NI-43-101-Pre-Feasibility-Technical-Report-for-the-Cerrado-Verde-Project.pdf>

⁶ See the press release at: <https://investor.verde.ag/wp-content/uploads/2022/05/Verde-AgriTech-Press-Release-Pre-Feasibility-Results-May-16-2022.pdf>

The table below shows the summary of the financial-economic analysis for the 50Mtpy Scenario:

50Mtpy Scenario				
Description	Unit	Value		
Proven and probable reserves	million tonnes	1,297.66		
K ₂ O grade	%	9.19		
Capex	US\$ million	553.99		
Operating cost	US\$/tonne of Product	8.06		
General and Administrative Expenses	US\$/tonne of Product	2.01		
Sustaining capital	US\$/tonne of Product	0.50		
Product composition	Unit	K ₂ O	K ₂ O + S	K ₂ O + S + Micronutrients
Product Sale Price	US\$/tonne of Product	74.05	84.79	92.05
NPV after-tax	US\$ billion	9.34	11.50	13.54
NPV discount rate	%	8.00	8.00	8.00
IRR after-tax	%	167.86	196.19	227.08
Cumulative Cash Flow	US\$ billion	22.74	28.04	32.98

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.⁷ 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®.⁸

⁷ Learn more about our technologies: <https://verde.docsend.com/view/yvthnpuv8jx6g4r9>

⁸ See the release at: <https://investor.verde.ag/2-5-million-tonnes-per-year-potash-mining-concession-granted-to-verde/>

By the end of 2022, it plans to become Brazil's largest potash producer by capacity.⁹ Verde has a combined measured and indicated mineral resource of 1.47 billion tonnes at 9.28% K₂O and an inferred mineral resource of 1.85 billion tonnes at 8.60% K₂O (using a 7.5% K₂O cut-off grade).¹⁰ This amounts to 295.70 million tonnes of potash in K₂O. For context, in 2021 Brazil's total consumption of potash in K₂O was 7.92 million.¹¹

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/9eftew2grqtk6wfr>

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/InvestorNewsletter_October-2022_

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

⁹ See the release at: <https://investor.verde.ag/verde-to-reach-3-million-tonnes-potash-production-capacity-in-2022/>

¹⁰ 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>

¹¹ 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*).

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) 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.

For additional information please contact:

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