



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2023

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GLOSSARY

3D Alliance®: Technology developed to transform the three-dimensional structure of the raw materials added to the fertilizer. The materials are subjected to a mechanical process, increasing their specific surfaces and forming microparticles that release nutrients progressively. The fertilizers resulting from the mixture are homogeneous and can be evenly distributed in the soil. The 3D Alliance® technology is used in the BAKS® production process.

ANM: See “National Mining Agency”.

BAKS®: The Group's newest product, which is a combination of K Forte® (source of potassium, silicon and magnesium) plus three other nutrients that can be chosen by customers according to their crops' needs. BAKS® was launched by the Group on December 15, 2020.

Bio Revolution: Verde's technology that enables the incorporation of microorganisms to mineral fertilizers. K Forte® will be the first fertilizer in the world to use Bio Revolution technology. The Group has filed for patent protection of its Bio Revolution technology.

Cerrado Verde Project (“the Project”): Located in Minas Gerais state, Brazil, it is a potassium-rich deposit 100% owned by Verde, from which the Group is producing solutions for crop nutrition, crop protection, soil improvement, and increased sustainability. The Project has an NI 43-101 Measured and Indicated Mineral Resource Estimate of 1.47 billion tonnes at a grade of 9.28% K₂O, which includes a Measured Mineral Resource of 1.85 billion tonnes with an average grade of 8.60% K₂O. The Pre-Feasibility Study of the Project evaluated the technical and financial aspects of producing 50 Mtpy of the Product divided in three scenarios: “Plant 3 Scenario1” (10 Mtpy); “23Mtpy Scenario” (23 Mtpy) and “50Mtpy Scenario” (50 Mtpy). The Cerrado Verde Project has been in production since 2017.

CIF (“Cost Insurance and Freight”): Shipment term used to indicate that the seller is responsible for the goods and costs of insurance and freight from the factory to the buyer's destination.

Dust Control: Technology that promotes a slight aggregation effect on the ultrafine particles of K Forte® and BAKS®, enabling the optimization of crop fertilization by reducing drift during application. The micro-particles are easily dispersed in the soil and their contact is maximized by the ultrafine particle size of Verde's fertilizers, providing uniform application and efficient nutrition to crops.

Exploration Authorisation Application (“Requerimento de Pesquisa”): Claim for the geological exploration of an area. Interested parties must file an application for exploration authorisation with the ANM and state a case for conducting mineral exploration activities. The Exploration Authorisation Applications are analysed in

order of filing date. If the party requesting an exploration authorisation meets the necessary legal requirements and an exploration authorisation has not been previously issued for any part of the area in question, then the ANM will grant the exploration authorisation.

Exploration Authorisation (“Alvará de Pesquisa”): Once mineral exploration is completed, a final exploration report must be submitted for ANM’s review and approval. If approved, the next step is to file, within one year, all applications for a mining concession with the Ministry of Mines and Energy (MME). The Exploration Authorisation guarantees to the owner, be it an individual or a legal entity, the power and duty to carry out mineral research work in the entitled area. It grants the rights to conduct exploration activities for a period from two to four years, which may be renewed for an additional period (and potentially additional renewals on a case-by-case basis). An exploration authorisation does not entitle the holder the right to extract mineral substances. During the research work, extraction will only be allowed in exceptional circumstances, with a specific title issued by the ANM (see Mining Permit – “Guia de Utilização”). At the end of the research stage, the holder of the mining right must present a Final Exploration Report with the results obtained from the work.

Environmental License (“Licença Ambiental”): The environmental licensing process consists of a three-step system, each step is a separate license contingent upon the prior step. In the state of Minas Gerais there is the possibility of licensing phases simultaneously, depending on the size of the project, according to the Normative Resolution 217/2017. The three phases are, as follows:

- **Preliminary License (“Licença Prévia – LP”):** Granted at the planning stage of the project, this license signals the approval of its location, concept and environmental feasibility. It establishes the basic requirements to be met during the subsequent implementation phases. The maximum term for LPs is five years.
- **Installation License (“Licença de Instalação – LI”):** This license authorises the setup of the works and commencement of construction based on the specifications set forth in the previous license and the approved plans, programs and project designs, including environmental control measures. The maximum term for LIs is six years.
- **Operating License (“Licença de Operação – LO”):** This license authorises the operation contingent upon compliance with the terms of the LO and the LI, including any environmental control measures and operating conditions. The maximum term for LOs is 10 years.

At the federal level, the environmental licenses are regulated by the Brazilian National Council for the Environment (“Conselho Nacional do Meio Ambiente - CONAMA”) Resolution No. 237/1997 and by Complementary Law No. 140/2011; at the state level, the environmental license are regulated by the State Environmental Policy Council (“Conselho Estadual de Política Ambiental – COPAM”).

Feasibility Study (“Plano de Aproveitamento Econômico – PAE”): report filed as part of the Mining Concession Application. It demonstrates quantitative geological and technological study of the mineral deposit and as well as demonstrating the technical-economic feasibility of a mine.

Final Exploration Report (“Relatório Final de Pesquisa”): At the end of the exploration stage, the holder of the mining right must present a Final Exploration Report with the results obtained from the work, containing a quantitative geological and technological study of the mineral deposit and demonstrate the technical-economic feasibility of a mine. The ANM analyses this report technically through a site visit. If the ANM approves the report based on the potential merits of a future mining operation, the titleholder has a one-year period to prepare and file the Mining Concession Application with the Federal Minister of Mines and Energy.

FOB (“Free on Board”): Shipment term used to indicate that the buyer is responsible for the goods and costs of insurance and freight from the seller’s product factory.

Glauconitic Siltstone: The source of a naturally occurring potassium silicate rock, which has been used as a natural potassium fertilizer for over 250 years. Glauconitic Siltstone is the raw material for all of Verde’s Products. It is composed by glauconite (40%-80%), K-feldspar (10%-15%), quartz (10%-60%), muscovite-sericite (5%), biotite (2%), titanium oxide (<1%), manganese oxide (<1%), goethite (<1%), barium phosphate and rare-earth element phosphates (trace amounts).

Group: Verde AgriTech Ltd (Verde AgriTech Plc to July 29, 2022) and its subsidiaries.

Hectare: One hectare is equal to 10,000 square meters and is equivalent to approximately 2.47 acres.

KCl: See “Potassium Chloride”.

K Forte® (“the Product”): Multinutrient potassium fertilizer brand marketed in Brazil by the Group.

K₂O: Chemical term used in the analysis and marketing of fertilizers that contain different potassium compounds, as a comparison of their relative potassium content when compared to equivalent potassium oxide (K₂O).

Kilometer: Metric unit of measurement approximately equal to 0.62 miles.

MME: See “Ministry of Mines and Energy”.

Micro S Technology®: The Group’s exclusive elemental sulfur micronization technology, that allows for a larger contact surface. This facilitates the work of microorganisms and oxidation rate increases and so nutrients become available to plants more efficiently. This increases the absorption of sulfur and, consequently,

the development of the plant. Micro S Technology® allows micronized sulfur, one of the additional nutrients most required by farmers, to be added to BAKS®.

Mine Site: An economic unit comprised of an underground and/or open pit mine, a treatment plant and equipment and other facilities necessary to produce metals concentrates, in existence at a certain location.

Mineral Reserve: A mineral reserve is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which mineral reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a mineral reserve must be demonstrated by a pre-feasibility study or feasibility study.

Probable Mineral Reserve: The economically mineable part of an indicated, and in some circumstances, a measured mineral resource. The confidence in the modifying factors applied to a probable mineral reserve is lower than that applied to a proven mineral reserve.

Proven Mineral Reserve: The economically minable part of a measured mineral resource. A proven mineral reserve implies a high degree of confidence in the modifying factors.

Mineral Resource A mineral resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

- **Indicated Mineral Resource:** That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. An indicated mineral resource has a lower level of confidence than that applied to a measured mineral resource and may only be converted to a probable mineral reserve.

- **Inferred Mineral Resource:** That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An inferred mineral resource has a lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration.
- **Measured Mineral Resource:** That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. A measured mineral resource has a higher level of confidence than that applying to either an indicated mineral resource or an inferred mineral resource. It may be converted to a proven mineral reserve or to a probable mineral reserve.

Mineral Right (“Direito Minerário”): Authorisation to research and/or prospect a tenement. It is granted by the federal government through the ANM or the MME, depending on their respective competencies.

Mineralization: The concentration of minerals within a body of rock.

Mining Concession Application (“Requerimento de Lavra”): This application must satisfy certain requirements, including the presentation of the mining Group’s Feasibility Study (“Plano de Aproveitamento Econômico – PAE”). While the ANM reviews the application for a mining concession, the applicant retains the exclusive rights to this area. Mine construction and development activity can only begin after the publication of a mining concession issued by the MME and provided that the respective license is also granted pursuant to applicable Brazilian environmental laws.

Mining Concession (“Portaria de Concessão de Lavra”): guarantees to the owner the power and duty to explore the mineral deposit until it is exhausted, without a definite term. The title can only be obtained by mining companies and only after undertaking the authorised exploration through an exploration authorisation and subsequent approval of the Final Exploration Report. One of the essential documents for requesting a mining concession is the Feasibility Study, which must demonstrate the technical and economic viability of the

project and indicate, among other information, the mining method, the planned scale of production and the mine closure plan.

Mining Permit (“Guia de Utilização”): exceptional mining permit with predetermined expiration date. It is granted by the ANM and allows the mineral extraction in the area before the grant of a Mining Concession, according to the environmental legislation.

Ministry of Mines and Energy (“Ministério de Minas e Energia – MME”): federal government’s branch responsible for making public policy that covers the geological, mineral and energy resources, hydroelectric, mining, and metallurgic energy sectors.

Mtpy: Million tonnes per year.

N Keeper® Technology: proprietary processing technology for glauconitic siltstone that alters its physical-chemical properties to enable ammonia retention for use as a calibrated additive in Nitrogen fertilizers. N Keeper® leads to the reduction of Nitrogen volatilization loss, which increases the efficiency of crop fertilization and mitigates the impact on the environment and climate changes.

National Mining Agency (“Agência Nacional de Mineração – ANM”): federal agency subordinated to the Ministry of Mines and Energy. It is responsible for the management of mining activities and Brazilian mineral resources. Former National Department of Mineral Production (“Departamento Nacional de Produção Mineral - DNPM”).

NI 43-101: National Instrument 43-101 - Standards of Disclosure for Mineral Projects within C 1a.

Open Pit: Surface mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the ore body.

Ore: A mineral or aggregate of minerals from which metal can be economically mined or extracted.

Ore Grade: The average amount of K₂O expressed as a percentage.

P4G”: See “Paid for Growth”.

Paid for Growth (“P4G”): Verde’s cornerstone program aimed at distributing gains to shareholders.

PFS: See “Pre-Feasibility Study”.

Potassium chloride (“KCl”): The most commonly used source of potash. It is composed of approximately 52% of potassium (“K”) and 47% of Chloride (Cl^-), representing 60% of K_2O . Potassium Chloride’s salinity index is 116. According to the article ‘Effects of Some Synthetic Fertilizers on the Soil Ecosystem’ (HEIDE HERMARY, 2007), applying 1 pound of potassium chloride to the soil is equivalent to applying 1 gallon of bleach. Verde’s Product eliminates the need for Potassium Chloride. KCl is also frequently referred to as muriate of potash (“MOP”).

Pre-Feasibility Study (“PFS”): A pre-feasibility study is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the mineral resource may be converted to a mineral reserve at the time of reporting. A pre-feasibility study is at a lower confidence level than a feasibility study.

Product: Multinutrient potassium fertilizer marketed in Brazil under the brands K Forte® and BAKS® and internationally as Super Greensand®, the production and sale of which is the principal activity of the Group.

Tonne: A unit of weight. One metric tonne equals 2,204.6 pounds or 1,000 kilograms.

tpy: Tonnes per year.

Qualified Person: As defined in NI 43-101, an individual who: (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these; (b) has experience relevant to the subject matter of the mineral project and the technical report; and (c) is a member or licensee in good standing of a professional association.

Super Greensand® (“the Product”): Multinutrient potassium fertilizer brand marketed internationally by the Group.

TO OUR SHAREHOLDERS

The following Management's Discussion and Analysis ("**MD&A**") of the operating results and financial condition of Verde AgriTech Ltd and its subsidiaries ("**Verde**" or the "**Group**") covers the period ended March 31, 2023 ("**Q1 2023**").

It provides information that management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 ("**FY 2022**"). The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and their interpretations issued by the International Accounting Standards Board ("**IASB**"), and with IFRS and their interpretations issued by the IASB.

Verde's ordinary shares trade on the Canadian Toronto Stock Exchange ("TSX") under the symbol "NPK", and on the OTC Markets ("OTCMKTS") under the symbol "VNPKE".

All amounts herein are expressed in Canadian Dollars unless otherwise stated, and the information is current to May 15, 2023.

On March 31, 2023, the average rate of exchange was 3.84 and the closing rate was 3.75 Brazilian Real ("**R\$**") to the Canadian Dollar. These rates were used to prepare these financial results.

Additional information relating to Verde is available under the Group's profile on SEDAR at www.sedar.com and the Group's website at www.investor.verde.ag.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Although the Group believes that its expectations, reflected in forward-looking information, to be reasonable, such information involves known or unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group or the Group's projects in Brazil to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risk factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the actual results from current development activities; conclusions of economic evaluations; unexpected increases in capital or operating costs; changes in equity markets, inflation and changes in foreign currency exchange rates; changes in project parameters as plans continue to be refined; changes in labour costs; future prices of commodities; possible variations of mineral grade or recovery rates; accidents, labour disputes and other risks of the mineral exploration industry; political risks arising from operating in Brazil; delays in obtaining governmental consents, permits, licenses and registrations; approvals or financing; as well as those factors discussed in the section entitled "Risks" in this MD&A.

Although the Group has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained herein, unless stated otherwise, is made at the date of this MD&A and the Group takes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

GROUP OVERVIEW

Verde is an agricultural technology group of companies that produces potassium fertilizers. The Group's 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.

The Group's ordinary shares trade on the Canadian Toronto Stock Exchange ("**TSX**") under the symbol "NPK", and on the OTC Markets ("**OTCMKTS**") under the symbol "VNPKF".

The principal activity of the Group is the production and sale of a multinutrient potassium fertilizer marketed in Brazil under the brands K Forte® and BAKS®, and internationally as Super Greensand® ("**the Product**").

GROUP OVERVIEW (CONTINUED)

Cerrado Verde Project, located in the heart of Brazil's largest agricultural market, is the source of a naturally occurring potassium silicate rock from which the Group produces its Products, to supply salinity and chloride free potassium specialty fertilizers directly to farmers for the same cost as conventional fertilizers.

In November 2017, the Company announced the conclusion of a Pre-Feasibility Study ("**2017 PFS**") for the expansion of production. The 2017 PFS evaluated the technical and financial aspects of producing 25 Mtpy of the Product divided in three phases: Phase 1 (0.6Mtpy); Phase 2 (5Mtpy) and Phase 3 (25Mtpy). The proposed scalable development was predicated on production growth being financed largely from expected internal cash flow.¹

After announcing the start-up of its processing plant in July 2018, the Group concluded Plant 1's expansion project in October 2019, increasing production capacity to 500,000 tonnes per year ("**tpy**") and to 600,000 tpy after that, due to a mill replacement. In October 2020, the Group concluded a new expansion project to Plant 1, enabling the combination of two additional nutrients to the Product according to the specific needs of each customer's crop, enhancing its effectiveness.

In August 2021, the Group started the construction of Plant 2, initially with a 1,200,000 tpy production capacity, as announced by the Group in the press release published on March 03, 2022.²

In February 2022, the Group created a Special Committee to evaluate when and how to share profits with shareholders.³ The Special Committee that conducted the analysis was comprised of independent directors of the Board, consisting of Mr. Michael St Aldwyn (Verde's Lead Independent Director), Mr. Renato Gomes and Mr. Paulo Sérgio Ribeiro.

In April 2022, Bio Revolution, Verde's newest technology that enables the incorporation of microorganisms to mineral fertilizers, was launched by the Group. K Forte® is the first fertilizer in the world to use Bio Revolution technology. *Bacillus aryabhattai*, a bacterial strain widely renowned in agriculture for its multiple benefits, will be the first microorganism to be incorporated into Verde's Product.

¹ 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>

² See the release at: <https://investor.verde.ag/verde-to-reach-3-million-tonnes-potash-production-capacity-in-2022/>

³ See the press release at: <https://investor.verde.ag/verde-announces-creation-of-independent-special-committee-of-the-board-of-directors/>

GROUP OVERVIEW (CONTINUED)

In May 2022, Verde concluded the updated Pre-Feasibility Study (“**PFS**”) for the Cerrado Verde Project, which supplants the Pre-Feasibility Study completed in December 2017, calculating the financial economic potential for the Brazilian agricultural market for potash, sulphur, and the micronutrients zinc, boron, copper and manganese. The PFS contemplates three distinct and independent production scenarios for Verde’s Product with the annual production of 10Mtpy, 23Mtpy and 50Mtpy.⁴

In May 2022, the Group announced its plans for first distribution of gains to shareholders and restructure of the Group, with the re-domicile Verde to Singapore (the “**Re-domiciliation**”) to deliver commercial freedoms and benefits.

In July 2022 the Group concluded its re-domiciliation to Singapore, pursuant to which the new Singaporean Group, Verde AgriTech Ltd, became the holding Group of the UK Group Verde AgriTech Plc. Verde’s trading symbol on TSX did not change, continuing as “NPK”.⁵ The Group’s trading symbol on the OTCMKTS is “VNPKE”.

In August 2022, the Group announced the commissioning of its second production plant (“**Plant 2**”), to produce up to 1.2 Mtpy of the Product. It achieved its nameplate capacity in October 2022. In parallel, Plant 2 was undergoing an expansion process to be capable of producing 2.4Mtpy.

In August 2022, the Group announced that it has entered a strategic partnership with Grupo Lavoro, the largest distributor of agricultural inputs in Latin America, to more swiftly open up new markets for the Product in Brazil.⁶

In September 2022, the Group informed that roadworks it was performing for increased truck accessibility to and from its Plant 2 incurred unforeseen groundwater issues,⁷ which were rectified in October 2022.⁸ As a consequence, Plant 2’s production delivery was limited for approximately 6 weeks during Brazilian agricultural seasonality’s peak demand for Product, thereby negatively impacting the Group’s full year volume.

⁴ See the press release at: <https://investor.verde.ag/verde-announces-pre-feasibility-study/>

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

⁶ See the release at: <https://investor.verde.ag/verde-announces-strategic-sales-partnership-with-lavoro-latin-americas-largest-distributor-of-agricultural-inputs/>

⁷ See the press release at: <https://investor.verde.ag/verde-provides-update/>

⁸ See the press release at: <https://investor.verde.ag/verde-concludes-repair-of-road-to-plant-2/>

GROUP OVERVIEW (CONTINUED)

In September 2022, after serving on Verde's Board of Directors for a combined total of over 24 years, Mr. Getúlio Fonseca, Mr. Paulo Sérgio Ribeiro and Mr. Michael St Aldwyn resigned as Group directors.⁹ This was a part of the Group's strategy of Board renewal 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 Group or the directors have held extensive tenures. Mr. Fonseca, Mr. Ribeiro and Mr. St Aldwyn's resignation was followed by the appointment of Luciana de Oliveira Cezar Coelho, Fernando Prezzotto¹⁰ and Madeleine Lee¹¹ to act as directors. Ms. Oliveira Cezar Coelho and Ms. Lee were the first women to join the Group's Board.

In October 2022, the Group that Plant 2 achieved its nameplate production capacity of 1.2 Mtpy of Product. Plant 2 was commissioned on August 31, 2022. In parallel, Plant 2 was undergoing an expansion process to be capable of producing 2.4Mtpy.

In November 2022, Verde announced that the expansion of Plant 2 was complete, with production being ramped up from 1.2 Mtpy to 2.4 Mtpy of Verde's Product. Verde's Plant 1 operates at a capacity of 0.6Mtpy; therefore, Verde's current overall production capacity is 3Mtpy, establishing the Company as Brazil's largest potash producer by capacity.

In November 2022, the Brazilian National Mining Agency ("ANM", from *Agência Nacional de Mineração*) issued a set of orders granting Verde multiple easements over lands that will enable the Company to access and build the mines capable of jointly producing up to 23 Mtpy of the Product, as detailed in the PFS.¹² An easement grants a right to cross or otherwise use someone else's land for a specified purpose without the need to own the land. As in most jurisdictions, in Brazil the mineral right is separate from the right to surface land. Verde received multiple favorable decisions from the ANM determining that Verde is entitled to 1,439 hectares of easements, sufficient to enable the Company to implement the 23Mtpy scenario of its PFS, which has a subsequent scenario of 50Mtpy.

⁹ See the press release at: <https://investor.verde.ag/verde-concludes-repair-of-road-to-plant-2/>

¹⁰ See the press release at: <https://investor.verde.ag/luciana-de-oliveira-cezar-coelho-and-fernando-prezzotto-join-verdes-board-of-directors/>

¹¹ See the press release at: <https://investor.verde.ag/madeleine-lee-joins-verdes-board-of-directors/>

¹² See the NI 43-101 Pre-Feasibility Technical Report for further information: <https://investor.verde.ag/wp-content/uploads/2022/05/NI-43-101-Pre-Feasibility-Technical-Report-for-the-Cerrado-Verde-Project.pdf>

GROUP OVERVIEW (CONTINUED)

In December 2022, Verde 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 Mtpy of the Product.¹³ 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.

Q1 2023 FINANCIAL HIGHLIGHTS

- Sales of Verde's multinutrient potassium products, BAKS® and K Forte® sold internationally as Super Greensand® (the “**Product**”) by volume were 108,000 tonnes, compared to 112,000 tonnes in Q1 2022 and 16,558 tonnes in Q1 2021.
- Revenue in Q1 2023 was \$11.1 million, compared to \$11.3 million in Q1 2022 and \$0.8 million in Q1 2021.
- Cash and other receivables held by the Company in Q1 2023 were \$34.3 million, compared to \$22.3 million in Q1 2022 and \$4.8 million in Q1 2021.
- EBITDA before non-cash events in Q1 2023 was \$2.0 million, compared to \$3.7 million in Q1 2022 and a \$0.8 million loss in Q1 2021.
- Total non-current assets in Q1 2023 were \$68.3 million, compared to \$30.1 million in Q1 2022 and \$21.4 million in Q1 2021.
- Net loss in Q1 2023 was \$0.1 million, compared to a \$3.0 million profit in Q1 2022 and a \$1.0 million loss in Q1 2021.
- In Q1 2023, 8,559 million tonnes of chloride have been prevented from being applied into soils by farmers who used the Product in lieu of potassium chloride (“KCl”) fertilizers.¹⁴ A total of 121,201 tonnes of chloride has been prevented from being applied into soils by Verde’s customers since the Company started production.¹⁵

¹³ See the press release at: <https://investor.verde.ag/construction-permit-for-railway-to-freight-up-to-55-market-share-requested-by-verde/>

¹⁴ Verde's Product is a salinity and chloride-free replacement for KCl fertilizers. Potassium chloride is composed of approximately 46% of chloride, which can have biocidal effects when excessively applied to soils. According to Heide Hermery (Effects of some synthetic fertilizers on the soil ecosystem, 2007), applying 1 pound of potassium chloride to the soil is equivalent to applying 1 gallon of Clorox bleach, with regard to killing soil microorganisms. Soil microorganisms play a crucial role in agriculture by capturing and storing carbon in the soil, making a significant contribution to the global fight against climate change.

¹⁵ 1 tonne of Product (10% K₂O) has 0.1 tonnes of K₂O, which is equivalent to 0.17 tonnes of potassium chloride (60% K₂O), containing 0.08 tonnes of chloride.

OPERATIONS

In February 2022, Verde AgriTech Ltd (Verde AgriTech Plc to July 29, 2022)'s Brazilian subsidiaries, Verde Fertilizantes LTDA and FVS Mineração LTDA, earned ISO 9001 and ISO 14001 certifications.

In August 2022, the Group announced the commissioning of its second production plant ("**Plant 2**"), to produce up to 1.2 Mtpy of the Product. It achieved its nameplate capacity in October 2022. In parallel, Plant 2 was undergoing an expansion process to be capable of producing 2.4Mtpy, construction which is now concluded.

Verde's Plant 1 operates at a capacity of 0.6Mtpy; therefore, Verde's current overall production capacity is 3Mtpy.

SUMMARY OF LICENSES AND PERMITS¹⁶

Under Brazilian law, a pit is fully permitted to mine when the Group holds both a Mining Concession/Permit and Environmental License for that area. Verde is fully permitted to mine 2,833,000 million tonnes per year ("**Mtpy**") and has submitted concurrent mining and environmental applications for an additional 25,000,000 tpy, still pending approval.

The Group has different mine pits, each at different permitting stages and targeting different volumes, as summarized in the table below:

Mine Pit	Fully Permitted to Produce (tpy)	Mining (tpy)		Environmental (tpy)	
		Granted	Pending	Granted	Pending
1	233,000	233,000	0	233,000	0
2	2,600,000	2,600,000	22,500,000	2,600,000	22,500,000
3	0	0	2,500,000	0	2,500,000
Other pits	0	0	11,560,000	0	0
Total	2,833,000	2,833,000	36,560,000	2,833,000	25,000,000

¹⁶ Please refer to the 2022 Annual Information Form for full explanation of movement in licenses and permits.

OUTLOOK

The Group continues to expand its Cerrado Verde Project and will continue with the market development, engineering studies, construction, finance and environmental licensing efforts to advance the project.

2023 Guidance

Verde's guidance for 2023 is described in the table below:

FY 2023 guidance ranges

FY 2023 Guidance	Range
Sales target (tonnes)	800,000 - 1,200,000
Revenue (C\$'000)	78,135 - 115,332
EBITDA (C\$'000) ¹⁷	9,341 - 24,565
EPS (C\$)	0.04 - 0.29

The 2023 guidance is underpinned by the following assumptions:

- Average Brazilian Real ("R\$") to Canadian dollar exchange rate: C\$1.00 = R\$4.20.
- Average KCI CFR Brazil price of US\$450, with an overall discount rate of 10%, resulting in the final price of US\$405.
- Sales Incoterms: 70% CIF and 30% FOB.
- Sales channels: 47% direct sales and 53% indirect sales.
- Income taxes: 34% of the subsidiary net profit before taxes.

As of January 2023, the Brazilian Subsidiary (Verde Fertilizantes) is subject to income taxes using the 'Actual Profits' method ("Lucro Real", in Portuguese), which is based on taxable income (the tax in this method is approximately 34% of the Net Profit), adjusted by certain additions and exclusions as determined by the legislation. The Actual Profit will be calculated quarterly.

Up to December 31, 2022, the Brazilian Subsidiary was under the 'Assumed Profits' method.

¹⁷ Before non-cash events.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table provides information on selected operating results for the past eight fiscal quarters. All values are expressed in Canadian Dollars (\$'000).

All amounts in CAD \$'000	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
Tonnes Sold '000	108	125	189	202
Revenue	11,125	16,837	27,269	24,861
Net (Loss) / Income after tax	(108)	(1,312)	6,458	9,625
Basic (Loss) / Earnings per share	(0.002)	(0.028)	0.123	0.189
Diluted (Loss) / Earnings per share	(0.002)	(0.027)	0.121	0.185
Total Assets	105,245	97,310	91,862	65,508
Current Liabilities	29,707	28,804	24,220	15,746
Non-current Liabilities	25,443	20,155	18,069	8,059

All amounts in CAD \$'000	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Tonnes sold '000	112	134	154	96
Revenue	11,304	10,851	10,651	5,376
Net (loss) / Income after tax	3,033	1,878	3,182	273
Basic (loss)/earnings per share	0.060	0.037	0.063	0.005
Diluted (loss)/earnings per share	0.057	0.036	0.062	0.005
Total Assets	55,189	41,400	35,274	31,873
Current Liabilities	13,953	9,364	5,802	4,191
Non-current Liabilities	8,167	5,678	4,407	4,923

RESULTS OF OPERATIONS

The following table provides information about three months ended March 31, 2023 as compared to the three months ended March 31, 2022. All amounts in CAD \$'000.

All amounts in CAD \$'000	3 months ended Mar 31, 2023	3 months ended Mar 31, 2022
Tonnes sold '000	108	112
Average revenue per tonne sold \$	103	101
Average production cost per tonne sold \$	(25)	(24)
Average gross profit per tonne sold \$	78	77
Average gross margin	76%	77%
Revenue	11,125	11,304
Production costs ⁽¹⁾	(2,710)	(2,654)
Gross Profit	8,415	8,650
Gross Margin	76%	77%
Sales and marketing expenses	(1,207)	(958)
Product delivery freight expenses	(3,867)	(2,973)
General and administrative expenses	(1,372)	(1,041)
EBITDA ⁽²⁾	1,969	3,678
Share Based, Equity and Bonus Payments (Non-Cash Event) ⁽³⁾	(28)	(64)
Depreciation and Amortisation ⁽³⁾	(911)	(26)
Operating Profit after non-cash events	1,030	3,588
Interest Income/Expense ⁽⁴⁾	(1,042)	(185)
Net (Loss) / Profit before tax	(12)	3,403
Income tax ⁽⁵⁾	(96)	(370)
Net Profit	(108)	3,033

⁽¹⁾ – C\$864,000 of depreciation related to the investments made in Plant 1, Plant 2 and access routes improvement in the last 12 months that are included in production costs in the financial statements have been reclassified to a non-cash event in the MD&A.

⁽²⁾ – Non GAAP measure.

⁽³⁾ – Included in General and Administrative expenses in financial statements.

⁽⁴⁾ – Please see Summary of Interest-Bearing Loans and Borrowings notes.

⁽⁵⁾ – Please see Income Tax notes.

RESULTS OF OPERATIONS (CONTINUED)

External Factors

Revenue and costs are affected by external factors including changes in the exchange rates between the C\$ and R\$ along with fluctuations in potassium chloride spot CFR Brazil.¹⁸ The table below summarizes these changes:

	% Δ	Q1 2023	Q1 2022
Canadian Dollar (C\$) Average Exchange Rate	-7%	R\$3.84	R\$4.12
Potassium Chloride CFR Brazil Lowest Price	-39%	US\$455	US\$750
Potassium Chloride CFR Brazil Highest Price	-57%	US\$520	US\$1,200

Q1 2023 compared with Q1 2022

EBITDA and EPS

The Group had an EBITDA of \$1,969,000 in Q1 2023, compared to \$3,678,000 in Q1 2022. This decrease can be mainly attributed to two factors:

1. Higher average freight cost: In Q1 2023, the average freight cost per tonne of Product sold on a CIF (Cost, Insurance, and Freight) basis increased from \$44 to \$53. This increase was driven by a higher percentage of sales being made to the northern region of Mato Grosso state, which is located farther away from Verde's production facilities. As a result, the weighted average distance of Product delivered increased by 12% in the quarter compared to the previous year, with a \$600,000 impact in Q1 2023.
2. Reduction in potassium chloride (KCl) CFR Brazil price compared to the previous year: The drop in KCl prices resulted in a 16% decrease in revenue per tonne excluding freight expenses (FOB price) in Brazilian Reais, from R\$308 per tonne in Q1 2022 to R\$259 per tonne in Q1 2023. As a result, this had a \$435,000 impact on the Group's quarterly results.

Basic loss per share was \$0.002 for Q1 2023, compared to earnings of \$0.06 for Q1 2022.

¹⁸ Source: Acerto Limited Report.

RESULTS OF OPERATIONS (CONTINUED)

Product Sales

Sales by volume decreased by 4% in Q1 2023, to 108,000 tonnes sold, compared to 112,000 tonnes sold in Q1 2022, due to the circumstances summarized below.

At the onset of the Ukrainian war in February 2022, concerns arose regarding potential geopolitical sanctions against Russia and their potential impact on the availability of potash fertilizers. This led to a surge in customer orders during the first and second quarters as they sought to stockpile fertilizers for the upcoming crop season.

However, these concerns proved unfounded as the market actually experienced an oversupply of potash due to increased availability. Coupled with a 15% decrease in potash consumption in Brazil throughout 2022, this resulted in a 23% increase in year-end potash stock in Brazil, highlighting the lower overall demand for the product during the year.¹⁹

As a consequence, potash prices have significantly declined, witnessing a 67% decrease over the past year, with a sharp 22% decline in the first three months of 2023.²⁰ This has prompted farmers to delay their agricultural input purchases as they anticipate further price drops, thereby reducing the demand for fertilizers in Q1 of 2023.

Furthermore, the price of soybeans, which represents the major portion of Verde's sales, has declined by 33% over the past 12 months, with a significant drop of 21% in the last three months.²¹

Despite the exceptional market circumstances witnessed in Q1 2021 and Q1 2022, Verde delivered in Q1 2023 results comparable to those achieved in the previous year.

¹⁹ Source: Brazilian Fertilizer Mixers Association (from "Associação Misturadores de Adubo do Brasil", in Portuguese).

²⁰ Potassium Chloride CFR Brazil price went from US\$1200 in April 2022 to US\$400 in April 2023, and from US\$515 in February 2023 to US\$400 in April 2023. Source: Acerto Limited Report.

²¹ Soybeans (Paranaguá) price went from US\$40.36 in April 2022 to US\$26.93 in April 2023, and from US\$34.21 in February 2023 to US\$26.93 in April 2023. Source: Economic Research Center of the ESALQ/University of São Paulo. Available at: <https://www.cepea.esalq.usp.br/br/indicador/soja.aspx>

RESULTS OF OPERATIONS (CONTINUED)

Revenue

Revenue from sales decreased by 2% in Q1 2023, to \$11,125,000 from the sale of 108,000 tonnes of Product, at average \$103 per tonne sold; compared to \$11,304,000 in Q1 2022 from the sale of 112,000 tonnes of Product, at average \$101 per tonne sold.

The increase in average revenue per tonne was mainly due to the higher percentage of CIF sales in the quarter, with 68% in Q1 2023, compared to 60% in Q1 2022.

Average revenue per tonne excluding freight expenses (FOB price) decreased by 10% in Q1 2023, to \$67 compared to \$75 in Q1 2022 mainly due to the decrease in Potassium Chloride CFR Brazil, from US\$750-US\$1200 per tonne in Q1 2022 to US\$455-US\$520 per tonne in Q1 2023²². This reduction was partially offset by the 7% appreciation of the Brazilian Real against the Canadian Dollar.

Production costs

Production costs include all direct costs from mining, processing, and the addition of other nutrients to the Product, such as Sulphur and Boron. It also includes the logistics costs from the mine to the plant and related salaries.

Verde's production costs and sales price are based on the following assumptions:

1. Micronutrients added to BAKS® increase its production cost, rendering K Forte® less expensive to produce.
2. Production costs vary based on packaging type, with bulk packaging being less expensive than Big Bags.
3. Plant 1 produces K Forten® Bulk, K Forte® Big Bag, BAKS® Bulk, and BAKS® Big Bag, while Plant 2 exclusively produces K Forte® Bulk. Therefore, Plant 2's production costs are lower than Plant 1's costs, which produces two types of Products and offers two types of packaging options each.

²² Source: Acerto Limited Report.

The table below shows a breakdown of full year 2023 Verde's production costs projection for BAKS® and K Forte®, and what percentage of those costs is not controllable by management:

	(+)	(+)	(=)	
Cost per tonne of product projected for 2023 ²³ (C\$)	Cash cost	Assets depreciation	Total cost expected for 2023 ²⁴	Non-controllable costs (% of total costs)
K Forte® Bulk (Plant 1)	20.2	3.8	24.0	61%
K Forte® Bulk (Plant 2)	10.2	2.8	13.0	58%
K Forte® Big Bag (Plant 1)	30.4	2.8	33.2	71%
BAKS® (2%S 0.2%B) ²⁵ Bulk (Plant 1)	42.1	3.8	45.9	81%
BAKS® (2%S 0.2%B) Big Bag (Plant 1)	51.3	3.8	55.0	85%

Verde calculates its total production costs as a weighted average of the production costs for BAKS® and K Forte®, taking into account the production site and packaging type for each product. Therefore, comparing the Group's production costs on a quarter-over-quarter basis may not be meaningful due to the varying proportions of the cost factors that impact each quarter.

Production costs increased by 2% in Q1 2023, to \$2,710,000 compared to \$2,654,000 in Q1 2022. Average cost per tonne increased by 6% in Q1 2023, to \$25 compared to \$24 in Q1 2022.

Despite a 4% decrease in sales volume, from 112,000 tonnes in Q1 2022 to 108,000 tonnes in Q1 2023, Verde was able to reduce the average production cost in Brazilian Reais. In Q1 2023, the average production cost was R\$96.47, compared to R\$98.03 in Q1 2022. This cost reduction can be attributed primarily to a shift in the sales mix of packaging types, with a decrease in the percentage of Big Bag sales from 39% in Q1 2022 to 24% in Q1 2023.

²³ The costs were estimated based on the following assumptions: Costs in line with Verde's 2023 budget. Sales volume of 1.0Mt per year. Crude Oil WTI (NYM US\$/bbl) = US\$80.00. Diesel price = US\$1.26. Currency exchange rate: US\$1.00 = R\$5.25; C\$1.00 = R\$4.20. Total cost per tonne includes all costs directly related to production and feedstock extraction in addition to assets depreciation.

²⁴ Total cost per tonne includes labor mining, mining, crushing, processing, maintenance of support facilities, product transportation from mine pits to production plants, laboratory expenses, G&A, and environmental compensation expenses.

²⁵ BAKS® can be customized according to the crop's needs, so it can have several compositions. The 2%S 0.2%B composition is responsible for most of Verde's sales.

SALES EXPENSES

CAD \$'000	3 months ended Mar 31, 2023	3 months ended Mar 31, 2022
Sales and marketing expenses	(1,070)	(822)
Fees paid to independent sales agents	(137)	(136)
Product delivery freight expenses	(3,867)	(2,973)
Total	(5,074)	(3,931)

Sales and marketing expenses

Sales and marketing expenses include employees' salaries, car rentals, travel within Brazil, hotel expenses, and the promotion of the Product in marketing events.

This increase can be primarily attributed to the implementation of a field sales team, which resulted in expenses related to car rentals and travel. Additionally, the Group made additional investments in media and third-party marketing agencies as part of a strategic initiative to attract new customers.

Fees paid to independent sales agents

As part of Verde's marketing and sales strategy, the Group pays out commissions to its independent sales agents.

Fees paid to independent sales agents increased by 1% in Q1 2023, to \$137,000 compared to \$136,000 in Q1 2022, in line with Q1 2023 sales.

Product delivery freight expenses

Product delivery freight expenses increased by 30% in Q1 2023, to \$3,867,000 compared to \$2,973,000 in Q1 2022, as the Group has significantly increased the volume sold as CIF (Cost Insurance and Freight), up from 60% of total sales in Q1 2022 to 68% in Q1 2023.

Sales made to states that are situated at a greater distance from Verde's production facilities had a notable effect on the logistics costs. In Q1 2023, the average freight cost per tonne of Product sold on a CIF (Cost, Insurance, and Freight) basis increased from \$44 to \$53, compared to the previous year. This increase was driven by a higher percentage of sales being made to the northern region of Mato Grosso state, which is located farther away from Verde's production facilities. As a result, the weighted average distance of Product delivered increased by 12% in Q1 2023 compared to Q1 2022, with a \$600,000 impact in the quarter.

GENERAL AND ADMINISTRATIVE EXPENSES

CAD \$'000	3 months ended Mar 31, 2023	3 months ended Mar 31, 2022
General administrative expenses	(920)	(410)
Legal, professional, consultancy and audit costs	(317)	(411)
IT/Software expenses	(112)	(204)
Taxes and licenses fees	(23)	(16)
Total	(1,372)	(1041)

General administrative expenses

These costs include general office expenses, rent, bank fees, insurance, foreign exchange variances and remuneration of executive and administrative staff in Brazil.

General administrative expenses increased by 125% in Q1 2023, to \$920,000 compared to \$410,000 in Q1 2022.

Prior to Q4 2022, administrative employees working at the offices situated within Verde's production facilities were accounted for as part of the personnel production costs. However, in Q1 2022, an adjustment was implemented to ensure alignment with accounting standards. This adjustment involved shifting the cost centre for expenses associated with 33 employees who met that criterion. As a result, a total of \$222,000 was reallocated from production costs to general administrative expenses in the quarter.

Furthermore, additional rental expenses were incurred in Plant 2, which involved the rental of water trucks and metallic structures to support operations.

Additionally, the Group made the decision to outsource cleaning and maintenance services for Plant 1, Plant 2, and Verde's administrative office in São Gotardo. Previously, these services were handled by employees of the Group.

Legal, professional, consultancy and audit costs

Legal and professional fees include legal, professional, consultancy fees along with accountancy, audit and regulatory costs. Consultancy fees are consultants employed in Brazil, such as accounting services, patent process, lawyer's fees and regulatory consultants.

Expenses decreased by 23% in Q1 2023, to \$317,000 compared to \$411,000 in Q1 2022. The decrease was mainly due to 2022 costs relating to the re-domiciliation of the Group to Singapore.

GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED)

IT/Software expenses

IT/Software expenses include software licenses such as Microsoft Office, Customer Relationship Management (CRM) software and enterprise resource planning (ERP).

Expenses decreased by 45% in Q1 2023, to \$112,000 compared to \$204,000 in Q1 2022. Q1 2022 was higher as the Group was implementing the change in its accounts from ERP to SAP Business One. This has now been concluded.

Taxes and licences

Taxes and licence expenses include general taxes, product branding and licence costs.

Expenses increased in Q1 2023, to \$23,000 compared to \$16,000 in Q1 2022 and increase of \$7,000.

Share Based, Equity and Bonus Payments (Non-Cash Events)

These costs represent the expense associated with stock options granted to employees and directors along with equity compensation and non-cash bonuses paid to key management.

Share Based, equity and bonus payments costs decreased by 56% in Q1 2023, to \$28,000 compared to \$64,000 in Q1 2022. The decrease is a result of a reduction on share based payments in the quarter.

INCOME TAX

Brazilian corporations are subject to income taxes (IRPJ and CSLL) using an 'Actual Profits' method (i.e. APM - Lucro Real), which is based on taxable income (the tax in this method is approximately 34% of the EBITDA), adjusted by certain additions and exclusions as determined by the legislation. The Actual Profit can be calculated annually or quarterly - for the annual calculation, the tax authorities collect anticipations during the year, as the taxpayer is obliged to calculate the income tax monthly.

Subject to certain restrictions (i.e. where gross income does not exceed R\$78 million and depending on the activity), Brazilian taxpayers have the option to calculate IRPJ and CSLL using a 'Assumed Profits' method (i.e. PPM - Lucro Presumido). Under the PPM, the income is calculated on a quarterly basis on an amount equal to different percentages of gross revenue (the tax in this method is approximately 3,4% of the net revenue) and adjusted as determined by the prevailing legislation.

INCOME TAX (CONTINUED)

As of January 2023, the Brazilian Subsidiary (Verde Fertilizantes) is subject to income taxes using the 'Actual Profits' method ("Lucro Real", in Portuguese), which is based on taxable income (the tax in this method is approximately 34% of the Net Profit), adjusted by certain additions and exclusions as determined by the legislation. The Actual Profit will be calculated quarterly.

Up to December 31, 2022, the Brazilian Subsidiary was under the 'Assumed Profits' method.

LIQUIDITY AND CASH FLOWS

For additional details see the consolidated statements of cash flows for the quarters ended March 31, 2023 and March 31, 2022 in the quarterly financial statements.

Cash received from / (used for): CAD \$'000	3 months ended Mar 31, 2023	3 months ended Mar 31, 2022
Operating activities	(450)	3,284
Investing activities	(1,889)	(3,382)
Financing activities	5,336	2,805

On March 31, 2023, the Group held cash of \$4,289,000, a decrease of \$4,684,000 on the same period in 2022.

Operating activities

Net cash utilised under operating activities increased by 200% in Q1 2023, to \$3,277,000 compared to cash generated of \$3,284,000 in Q1 2022.

Trade and other receivables increased by 70% in Q1 2023, to \$29,996,000 compared to \$17,618,000 in Q1 2022. Trade and other payables decreased by 6% in Q1 2023 to \$9,494,000 compared to \$10,071,000 in Q1 2022.

Sales of agricultural inputs often involve credit transactions due to the unique characteristics of agricultural operations. Farmers experience fluctuations in income throughout the year, with periods of higher cash flow during harvests and lower revenue during planting and crop growth stages. Given the agricultural production cycle, farmers typically require inputs like seeds, fertilizers, and pesticides before they can harvest and sell their products. Providing credit options allows farmers to acquire these necessary inputs without immediate payment, aligning their payments with the timing of their crop sales.

LIQUIDITY AND CASH FLOWS (CONTINUED)

As a result of Verde's market-aligned credit policies in the agricultural sector, the company consistently maintains a significant amount of receivables. The Group's payment term is up to 360 days, depending on factors such as crop cycle duration, individual client credit assessments, and other relevant considerations.

Investing activities

Cash utilised from investing activities decreased by 44% in Q1 2023, to \$1,889,000 compared to \$3,382,000 in Q1 2022 as costs relating to the commissioning and construction of Plant 2 were high in Q1 2022 as the Group worked towards opening plant 2.

Financing activities

Cash generated from financing activities increased by 191% in Q1 2023, to \$8,163,000 compared to \$2,805,000 in Q1 2022 as the Group secured more loans in Q1 2023.

Financial condition

The Group's current assets increased by 47% in Q1 2023, to \$36,937,000, compared to \$25,078,000 in Q1 2022. Current liabilities increased by 113% in Q1 2023, to \$29,707,000, compared to \$13,953,000 in Q1 2022; providing a working capital surplus of \$7,230,000, a decrease of 35% compared to the working capital surplus of \$11,125,000 in Q1 2022.

INTEREST-BEARING LOANS AND BORROWINGS

	31 Mar 2023	31 Mar 2022
Non-current liabilities	\$'000	\$'000
Bank loans	25,257	5,138
Current liabilities		
Bank loans	20,149	3,882
Total	45,406	9,020

SUMMARY OF INTEREST-BEARING LOANS AND BORROWINGS

Lender	Loan start date	Purpose	Grace period (months)	Term (months)	Loan value (R\$'000)	Balance at Mar 31, 2023 (C\$'000)	Repayable by	Total interest payable*
Bradesco	Mar, 2023	Capex	6	18	4,729	1,262	Mar, 2025	CDI ⁽¹⁾ +4.18%
Bradesco	Jan, 2023	Capex	6	18	10,000	2,594	Jan, 2025	CDI ⁽¹⁾ +4.21%
Bradesco	Jan, 2023	Capex	6	18	5,000	1,297	Jan, 2025	CDI ⁽¹⁾ +4.57%
Inter	Jan, 2023	Working capital	12	24	5,000	1,294	Jan, 2026	CDI ⁽¹⁾ +5.51%
Itaú ⁽⁴⁾	Jan, 2023	Working capital	6	6	5,867	1,565	July, 2024	15.84%
Brazil	Dec, 2022	Working capital	6	18	10,000	3,563	Dec, 2024	CDI ⁽¹⁾ +4.10%
Brazil ⁽⁴⁾	Dec, 2022	Working capital	12	12	4,891	1,305	Dec, 2023	14.88%
Itaú ⁽⁴⁾	Dec, 2022	Working capital	6	6	7,800	2,081	May, 2023	15.96%
Itaú ⁽⁴⁾	Dec, 2022	Working capital	6	6	12,105	3,229	May, 2023	16.08%
Brazil	Oct, 2022	Working capital	12	48	20,000	8,319	Oct, 2027	CDI ⁽¹⁾ +3.70%
Votorantim	Sep, 2022	Working capital	12	30	10,000	3,206	Mar, 2025	CDI ⁽¹⁾ +5.10%
Brazil	Sep, 2022	Working capital	6	24	5,000	1,491	Sep, 2024	CDI ⁽¹⁾ +3.00%
Bradesco	Aug, 2022	Equipment	6	24	5,597	1,676	Oct, 2024	IPCA ⁽²⁾ +5.19%
ABC Brazil	Aug, 2022	Working capital	5	24	3,500	966	Sep, 2024	CDI ⁽¹⁾ +7.44%
ABC Brazil	Aug, 2022	Working capital	6	24	1,500	432	Sep, 2024	CDI ⁽¹⁾ +7.44%
Santander	Aug, 2022	Working capital	3	24	12,000	2,755	Aug, 2024	CDI ⁽¹⁾ +4.85%
ABC Brazil	Aug, 2022	Working capital	6	30	2,500	757	Mar, 2025	CDI ⁽¹⁾ +7.44%
Brazil	Aug, 2022	Working capital	6	18	5,000	1,151	Aug, 2023	CDI ⁽¹⁾ +3.00%
BDMG	Apr, 2022	Working capital	24	72	3,000	1,237	Mar, 2030	TJLP ⁽³⁾ +5.00%
Santander	Feb, 2022	Equipment	03	36	260	49	Feb, 2025	CDI ⁽¹⁾ + 4.60%
Santander	Feb, 2022	Equipment	03	36	888	208	Feb, 2025	CDI ⁽¹⁾ + 4.60%
Santander	Feb, 2022	Equipment	03	36	1,340	286	Feb, 2025	CDI ⁽¹⁾ + 4.60%
Santander	Feb, 2022	Equipment	03	36	2,169	461	Jan, 2025	CDI ⁽¹⁾ + 4.60%
Santander	Feb, 2022	Equipment	03	36	888	189	Jan, 2025	CDI ⁽¹⁾ + 4.60%
Brazil	Jan, 2022	Working capital	06	36	5,000	1,065	Dec, 2024	CDI ⁽¹⁾ +2.92%
Various loans	pre 2022				9,842	2,968		
Total					153,876	45,406		

⁽¹⁾ - CDi (Certificado de Depósito Interbancário) is the average of interbank overnight rates in Brazil. As at March 31, 2023, the 12 months cumulative rate was 13.28%.

⁽²⁾ - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services. As at March 31, 2023 the 12 months cumulative rate was 5.60%.

⁽³⁾ - TJLP (Taxa de Juros de Longo Prazo) is the long term interest rate in Brazil. As at March 31, 2023, the 12 months cumulative rate was 7.28%.

⁽⁴⁾ - \$516,000 out of \$1,812,000 interest expenses in Q4 2022 were due to a specific type of loan with Itaú and Banco do Brasil in Q4 2022, named "Reverse Factoring". According to accounting standards, the entire interest of Reverse Factoring operations must be recognized at the time of the loan, rather than over the loan period. In Q4 2022, these loans total \$6,313,000, with a total of \$560,000 in interest expenses.

The Group's average current loan rates is 16.25% per annum. The Brazilian Government long term bond rate is currently 13.75% per annum.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group has the following capital expenditure commitments in its projects:

Amounts payable (\$'000)	31 Mar 2023	31 Mar 2022
Amount payable within one year	65	62
Amounts payable after more than one year and less than five years	62	48
After five years	295	240
Total	421	350

OFF-BALANCE SHEET FINANCING

The Group has not entered into any off-balance sheet financing arrangements.

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.

Late receivables are defined by the Company as payments that are more than 30 days overdue from the scheduled payment date, calculated based on the last 12 months of revenue. As of March 31, 2023, the percentage of late receivables in relation to the total amount sold by the Company is approximately 0.99%.

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 the 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 affect the Group's future cash flow from operations, its results from 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.

The Group had the following cash and cash equivalents in currencies other than its presentational currency. The amounts are stated in Canadian Dollar equivalents.

FINANCIAL INSTRUMENTS (CONTINUED)

Currency (\$'000)	31 Mar 2023	31 Mar 2022
Canadian Dollar	175	214
Brazilian Real	4,071	4,429
American Dollar	2	32
British Pound	18	9
Singapore Dollars	23	-
Total	4,289	4,684

The results of a foreign currency risk sensitivity analysis showing a 10% weakening/strengthening of the Brazilian Real against Canadian Dollars, with all other variables held constant, are as follows:

Equity (\$'000)	31 Mar 2023	31 Mar 2022
10% weakening of Brazilian Real	(2,135)	(406)
10% strengthening of Brazilian Real	1,746	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.

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.

FINANCIAL INSTRUMENTS (CONTINUED)

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.

FINANCIAL REPORTING STANDARDS

The Group has adopted all the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2023. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Group.

No standards issued but not yet effective have been adopted early.

CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such judgements and estimates is contained in the accounting policies and/or the notes to the consolidated financial statements. Areas of judgement and sources of estimation or uncertainty that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES (CONTINUED)

Judgements

- **Impairment of Intangible assets:**

The directors have assessed whether there are any indicators of impairment in respect of the mineral properties totalling \$19,278,000. In making this assessment they have considered the Group's business plan which includes resource estimates, future processing capacity, future exchange rates, the forward market and the longer term price outlook and assumptions regarding weighted average cost of capital. Resource estimates have been based on the most recently filed Pre-Feasibility Study NI43-101 report and its opportunities economic model which includes resource estimates without conversion of its inferred resources. The directors have concluded no provision for impairment is necessary. Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the Group's mineral property costs.

Estimates

- **Share-based payments:**

The Group charges the consolidated statement of comprehensive income with the fair value of share options issued. This charge is not based on historical cost but is derived based on assumptions input into an option pricing model. The model requires management to make several assumptions as to future events, including: an estimate of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Group's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given there is no market for the options, and they are not transferable. The value derived from the option-pricing model is highly subjective and dependent entirely upon the input assumptions made.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Disclosure Controls and Procedures ("DC&P")

As at March 31, 2023, the CEO and the CFO evaluated the design and operation of the Group's DC&P. Based on that evaluation, the CEO and CFO concluded that the Group's DC&P was effective as at March 31, 2023.

Internal control over financial reporting ("ICFR")

Based on the evaluation of the design and operating effectiveness of the Group's ICFR, the CEO and the CFO concluded that the Group's ICFR was effective as at March 31, 2023.

There have been no changes during the period ended March 31, 2023 that have a material effect on the disclosure controls and procedures or the internal controls over financial reporting.

OUTSTANDING SHARE DATA

As at the date of this MD&A the following securities are outstanding:

Type	Number
Ordinary shares	52,597,951
Stock options	1,589,870
Total	54,187,821

RISKS

The Board regularly reviews the risks to which the Group is exposed and ensures through Board Committees and regular reporting that these risks are minimized to the extent possible. The Audit Committee is responsible for the implementation and review of the Group's internal financial controls and risk management systems.

The extraction of natural resources involves a high degree of risk. The following risk factors should be considered in assessing the Group's activities. Should any one or more of these risks occur, it could have a material adverse effect on the business, prospects, assets, financial position or operating results of the Group. The risks noted below do not necessarily comprise all those faced by the Group.

Additional risks not currently known to the Group or that the Group currently deems would not likely influence an investor's decision to purchase securities of the Group may also impact the Group's business, prospects, assets, financial position or operating results.

There has been no change to the impact of risks on the previous year.

Ukraine and Russia conflict risk

The Group is exposed to price risk related to consumables and services. In 2022, prices for electricity, fuel, and other materials, commodities and consumables required for the Group's operations have experienced substantial recent increases associated with global inflation as well as supply chain delivery, further heightened with the Russian-Ukraine conflict. To date, there has not been a significant impact on our operations relating to supply chain availability; however, inflationary increases on energy, fuel, contractor costs and consumables are expected to impact operating costs. The Group has implemented procurement strategies to mitigate the impact and to continue to monitor these risks.

RISKS (CONTINUED)

Uncertainty in the estimation of mineral resources and mineral reserves

The estimation of mineral reserves, mineral resources and related grades has a degree of uncertainty. Until such time as the mineral reserves and mineral resources are actually mined and processed, the quantity of grades must be considered as estimates only. The mineral reserve estimates of the Group have been determined or reviewed by an independent consultant and are based on assumed cut-off grades and costs that may prove to be inaccurate. Any material change in these variables may affect the economic outcome of current and future projects.

Mining risks

Mining operations are inherently risky. These operations are subject to all hazards and risks encountered in exploration, development and production. These include but are not limited to formation pressures, seismic activity, rock bursts, fires, power outages, cave-ins, flooding, explosions and other conditions involved in the drilling and removal of material. Any of these events could result in serious damage to the mine and other infrastructure, damage to life or property, environmental damage and possible legal liability.

The Group has all necessary permits in place to continue with the current operation. As expansion plans progress, the Group will be required to submit revised plans for approval. There can be no guarantee that these revised plans will be agreed to or approved in a timely manner.

The Group's profitability will depend, in part, on the economic returns and actual costs of developing its mining projects, which may differ from the estimates made by the Group.

Credit risk

The Group is exposed to credit risk, which is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises primarily from sales.

The Group has developed procedures to ensure that the sale of goods is made only to customers with an appropriate credit history. Customers who do not meet the Group's credit requirements may only conduct transactions with the Group on a prepayment basis.

RISKS (CONTINUED)

Production risk

Production risk relates to the possibility that the Group output levels will be lower than expected. Factors affecting production include adverse weather conditions and failure of equipment and machinery. Mining of the Product continues throughout the year with maximum capacity (within permitted mining limits) during the summer, dry months of the year. Regular inspection and service of equipment and machinery is carried out to ensure they are in full working order.

Expected Market Potential of the Product

The Product is a new product without an established market. Substantial investment may be required to develop the market in Brazil and, if relevant, internationally. Although an established market for potassium-based fertilizers already exists, there is no assurance that the Group's market development efforts will result in the sales of the Product.

Uncertainty of Acquiring Necessary Permits

The Group's current and future operations will require approvals and permits from various federal, state and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such approvals and permits for the existing operations or additional approvals or permits for any possible future changes to operations. Prior to any development on any of its properties, the Group must receive permits from appropriate governmental authorities. There can be no assurance that the Group will continue to hold all permits necessary to develop or continue operating at any particular property or obtain all the required permits on reasonable terms or in a timely basis. The Group has been successful in obtaining environmental and mining licences for small scale production and continues to apply for the appropriate licences to meet future production in line with its expansion plans.

RISKS (CONTINUED)

Uninsurable Risks

The development and production of mineral properties involves numerous risks including unexpected or unusual geological operating conditions such as rock bursts, cave-ins, fires, flooding and earthquakes. Insurance may not be available to cover all of these risks, may only be available at economically unacceptable premiums or may be inadequate to cover any resulting liability. Any uninsured liabilities that arise would have a material adverse effect on the Group's business and results of operations.

Operations in a Foreign Country and Regulatory Requirements

All the Group's properties are located in Brazil and mineral exploration and mining activities as well as project development may be affected in varying degrees by changes in political, social and financial stability, inflation and changes in government regulations relating to the mining industry. Any changes in regulations or shifts in political, social or financial conditions are beyond the control of the Group and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. Brazil's status as a developing country may make it more difficult for the Group to obtain any financing required for the exploration and development of its properties due to real or perceived increased investment risk.

Currently there are no restrictions on the repatriation from Brazil on the earnings of foreign entities. Capital investments registered with the central bank in Brazil may similarly be repatriated. There can be no assurance that restrictions on repatriation of earnings and capital investments from Brazil will not be imposed in the future.

Competition

The Group competes with other mining companies as well as other companies producing agricultural products, many of which have greater financial and technical resources and experience, particularly with respect to the potash industry and the limited number of mineral opportunities available in South America. Competition in the mining industry is primarily for properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. In addition, many competitors not only explore for and mine potash, but conduct refining and marketing operations on a world-wide basis.

RISKS (CONTINUED)

Such competition may result in the Group being unable to acquire desired properties on terms acceptable to the Group, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Group's inability to compete with other mining companies for these resources would have a material adverse effect on the Group's business and results of operations.

The Group also competes with other potash mining and/or marketing companies, many of which have greater marketing, financial and technical resources and experience, in exporting and marketing its potash or potassium-based products. The Group is vulnerable to increases in the supply of potash beyond market demand either from the opening of new potash mines or the expansion of existing potash mines by the Group's competitors, which could depress prices and have a material adverse effect on the Group's business, financial condition and results of operation.

Title Matters

While the Group has diligently investigated title to all mineral properties and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be affected by undetected defects in title, such as the reduction in size of the mineral claims and other third party claims affecting the Group's priority rights, at the discretion of the ANM. The Group's interests in mineral properties are comprised of exclusive rights under government licences and contracts to conduct operations in the nature of exploration and, in due course if warranted, development and mining, on the licence areas. Maintenance of such rights is subject to ongoing compliance with the terms of such licences and contracts.

Uncertainty of Additional Capital

In the past, the Group has relied on sales of equity securities to meet its capital requirements. The Group plans to use predominately production revenue to cover costs going forward with a small amount of bank financing. There is no assurance that the Group will be successful in obtaining the required financing.

The ability of the Group to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Group. The development of the Group's projects may require substantial additional financing. Failure to obtain such financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Group's projects or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Group. If the Group, through the issuance of securities from treasury, raises additional financing, control of the Group may change and security holders may suffer additional dilution. See "Risk Factors – Dilution".

RISKS (CONTINUED)

Government Royalties

The Federal Government of Brazil collects royalties on mineral production, with up to half of such royalties being paid to surface rights owners. The current Brazilian federal royalty applicable to fertilizer production is a 2% Financial Compensation for Mineral Exploration (“CFEM”, from *Compensação Financeira pela Exploração Mineral*) for Glauconitic Siltstone. This level and the level of any other royalties, payable to the Brazilian government in respect of the production of minerals may be varied at any time as a result of changing legislation, which could materially adversely affect the Group’s results of operations.

Market Factors and Volatility of Commodity Prices

The Group’s future profitability and long-term viability will depend, in large part, on the global market price of minerals produced and their marketability. The marketability of mineralized material, which may be acquired or discovered by the Group, will be affected by numerous factors beyond the control of the Group. These factors include market fluctuations in the prices of minerals sought, which are highly volatile, inflation, consumption patterns, speculative activities, international political and economic trends, currency exchange fluctuations, interest rates, production costs and rates of production. The effect of these factors cannot be accurately predicted, but may result in the Group not receiving an adequate return on invested capital. Prices of certain minerals have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the control of the Group. Future mineral prices cannot be accurately predicted. A severe decline in the price of a mineral being produced or expected to be produced by the Group would have a material adverse effect on the Group, and could result in the suspension of mining operations by the Group.

Cyclical Industry

The market for potash tends to move in cycles. Periods of high demand, increasing profits and high capacity utilization lead to new plant investment and increased production. This growth increases supply until the market is over-saturated, leading to declining prices and declining capacity utilization until the cycle repeats. This cyclicity in prices can result in supply/demand imbalances and pressures on potash prices and profit margins, which may impact the Group’s financial results, and common share prices. The potash industry is dependent on conditions in the economy generally and the agriculture sector. The agricultural sector can be affected by adverse weather conditions, cost of inputs, commodity prices, animal diseases, the availability of government support programs and other uncertainties that may affect sales of fertilizer products.

RISKS (CONTINUED)

Exchange Rate Fluctuations

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 incurred primarily in Canadian Dollars and Brazilian Real. The appreciation of the Brazilian Real against the Canadian Dollar could increase the actual capital and operating costs of the Group's mineral exploration projects and materially adversely affects the results presented in the Group's financial statements. Currency exchange fluctuations may also materially adversely affect the Group's future cash flow from operations, its results of operations, financial condition and prospects. The Group does not currently have in place a policy for hedging against foreign currency risks. The Group manages foreign currency risk by regularly reviewing the balances held in currencies other than the functional currency.

Dependence on Key Executives and Technical Personnel

The Group is currently dependent on the services of a relatively small management team. Locating mineral deposits and successfully bringing them into production in Brazil depends on a number of factors, not the least of which is the technical skill of the personnel involved. Due to the relatively small size of the Group, the loss of members of the management team or the Group's inability to attract and retain additional highly skilled employees may materially adversely affect its business and future operations. The Group does not currently carry any "key man" life insurance on any of its executives. The non-executive directors of the Group devote only part of their time to the affairs of the Group.

Lack of Hedging Policy

The Group does not have a resource hedging policy and has no present intention to establish one. Accordingly, the Group has no protection from declines in mineral prices. The Group will explore the merits of hedging foreign currency reserves against foreign currency exchange rate fluctuations.

History of Earnings

The Group generated operating revenue of \$11,125,000 and achieved an operating loss of \$108,000 for the period ended March 31, 2023. Management anticipates that the Group will generate net profits going forward. However, there is no assurance the Group will generate sufficient earnings, operate profitably, or provide a return on investment in the future.

RISKS (CONTINUED)

Dilution

The Group currently has 52,597,951 Ordinary Shares outstanding and 53,916,364 on a fully diluted basis. To the extent the Group should, in future, issue any additional warrants, additional options, convertible securities or other similar rights, the holders of such securities will have the opportunity to profit from a rise in the market price of the Ordinary Shares with a resulting dilution in the equity interest of any persons who become holders of Ordinary Shares. The Group's ability to obtain additional financing during the period may be adversely affected and the existence of the rights may have an adverse effect on the price of the Ordinary Shares. The holders of warrants, options and other rights may exercise such securities at a time when the Group would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights.

In some circumstances, the increase in the number of Ordinary Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of the Ordinary Shares. In addition, as a result of such additional Ordinary Shares, the voting power of the Group's existing shareholders may be diluted.

Officers and Directors of the Group Own a Significant Number of Ordinary Shares and Can Exercise Significant Influence

The officers and directors of the Group, as a group, beneficially own, on a non-diluted basis, approximately 21.91% of the outstanding Ordinary Shares. The officers and directors, as shareholders, will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions.

Future Sales of Ordinary Shares by Existing Shareholders

Sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Group's ability to raise capital through future sales of Ordinary Shares.

RISKS (CONTINUED)

Conflicts of Interest

Directors of the Group are or may become directors of other reporting companies or have significant shareholdings in other mining companies and, to the extent that such other companies may participate in ventures in which the Group may participate, the directors of the Group may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Group and its directors attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Group, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Group will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. The directors of the Group are required to act honestly, in good faith and in the best interests of the Group. In determining whether or not the Group will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Group, the degree of risk to which the Group may be exposed and its financial position at that time.

The Cerrado Verde Project is Managed by a Subsidiary

The material operating subsidiary for the Cerrado Verde Project is Verde Fertilizantes. The directors of Verde Fertilizantes are Felipe Paolucci, Elton Golçaves, and Gustavo Santos. Despite the controls that the Company has put in place, there may be risks associated with ensuring that the corporate actions of Verde Fertilizantes reflect the decisions of the Board of Directors and management of the Company.

Political, Economic and Social Instability Associated Key Priorities

Political, economic and social instability may affect our business including, for instance, if any of the jurisdictions in which we operate introduce restrictions on monetary distributions, forced divestitures or changes to or nullification of existing agreements, mining permits or leases.

Cybersecurity Threats

Cyberattacks or breaches of our systems, including our CRM, or exposure to potential computer viruses, could lead to disruptions to our operations, loss of data, or the unintended disclosure of confidential information and/or personally identifiable information or property damage.

QUALIFIED PERSON

Scientific and technical information contained in this MD&A is based on the Pre-Feasibility Study technical report filed by the Group in 2022, and prepared by consultants, specialists in the fields of geology, exploration, mineral resource and mineral reserve estimation and classification, mining, geotechnical, environmental, permitting, metallurgical testing, mineral processing, processing design, capital and operating cost estimation, and mineral economics.

The following individuals, by virtue of their education, experience and professional association, are considered Qualified Person ("QP") as defined in the NI 43-101 standard, for this report, and are members in good standing of appropriate professional institutions:

- Bradley Ackroyd. B.Sc., MAIG, principal consulting geologist for AMS, responsible for the resource estimates;
- Beck Nader. D.Sc., M.Sc., MAIG, Senior Advisor at BNA, responsible for the reserve estimates, processing and economical assessment.

FURTHER INFORMATION

Additional information relating to the Group can be found on SEDAR at www.sedar.com and on the Group's website at www.investor.verde.ag.