REGISTERED NUMBER: 202222202R (SINGAPORE)

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

VERDE AGRITECH LIMITED

VERDE AGRITECH LIMITED

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VERDE AGRITECH LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

Directors:	Cristiano Veloso Alysson Paolinelli (Deceased 22 June 2023) Renato Gomes Luciana Coelho Fernando Prezzotto Madeleine Lee
Secretary:	Noraini Binte Noor Mohamed Abdul Latiff
Registered office:	16 Collyer Quay # 17 - 00 Collyer Quay Centre Singapore 049318
Registered number:	202222202R (Singapore)
Auditor:	Ernst & Young Auditores Independentes S/S Ltda. Avenida do Contorno, 5.800 – 17th floor Belo Horizonte, Minas Gerais 30.110-042 Brazil

VERDE AGRITECH LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report with the audited financial statements of Verde AgriTech Limited and its subsidiaries ("the Group" or "Verde") for the year ended 31 December 2023. The financial statements are presented in Canadian Dollars.

DIRECTORS

The Directors during the period under review were:

Cristiano Veloso
Alysson Paolinelli (Deceased 22 June 2023)
Renato Gomes
Luciana Coelho
Fernando Prezzotto
Madeleine Lee

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2023 (2022: $nil).

SUBSTANTIAL SHARE INTERESTS

At 28 March 2024 Verde Agritech Limited was aware of the following substantial share interests:

	Number of Ordinary Shares	% of Share Capital
Cristiano Veloso	9,601,259	18.23%

FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising cash, liquid resources and items such as short-term debtors and creditors that arise from its operations. These financial instruments are the sole source of finance for the Group's operations. The principal risks relate to currency exposure and liquidity (see note 25 to the consolidated financial statements).

The majority of the Group's cash resources are held in Brazilian Reais. Exchange rate fluctuations may adversely affect the Group's financial position and results. The Group's financial results are reported in Canadian Dollars and its loans, revenue and costs are primarily incurred in Brazilian Reais.

The policy in relation to the translation of foreign currency assets and liabilities is set out in note 2.3 'Material Accounting policies; Foreign currency transactions' to the consolidated financial statements.

Cash balances in Brazilian Reais are kept under constant review.

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, liquidity risk, credit risk and interest rate risk, each of which is discussed in note 25 to the financial statements.

On behalf of the board:

/s/ Cristiano Veloso

C Veloso, Director and Chairman
28 March 2024

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Independent Auditor's report

To the Shareholders and Board of Directors of
Verde Agritech Limited

Opinion

We have audited the consolidated financial statements of Verde Agritech Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Going concern assessment

For the year ended 31 December 2023, the Group reported a loss of CAD 5,979 thousand, cash flows from operating activities of CAD 4,619 thousand and a working capital deficit as at 31 December 2023 of CAD 16,868 thousand. As disclosed in note 2.1 of the consolidated financial statements, the Group has reclassified CAD 15,788 of loans and borrowings from non-current to current, given the Group had not met the requirements of financial covenants for certain loans and borrowings as at 31 December 2023. On 18 March 2024, the Group obtained a waiver letter issued by the bank not demanding the immediate repayment due to the breach of the financial covenant and restating that the remaining terms of the agreement remain unchanged. As disclosed in the consolidated financial statements, the Directors believes that the Group will maintain the continuity of its activities for at least the next 12 months.

The Directors used critical judgments in developing their future cash flow estimate underlying their business plan. Assumptions used in the future cash flow estimate included revenue growth, and the Group's ability to maintain the current and necessary level of financing.

We considered this a key audit matter due to the critical judgments by the Directors in developing the future cash flow estimate. This led to a high degree of auditor judgment, subjectivity and audit effort in performing procedures to evaluate the future cash flow estimate and the Group's liquidity risk.

How our audit addressed this matter

We understood the process undertaken by the Directors to assess the appropriateness of the going concern assumption, including the Group's budget process, as approved by the Board.

We also assessed the cash flow forecasts produced by the Directors and challenged the underlying data and key assumptions, such as forecast selling prices and expected production volumes, by assessing their consistency with the budgets, historical performance and actual performance subsequent to year end; tested the clerical accuracy of the model used to prepare the group's going concern assessment; assessed the waiver letter issued by the financial institution of which the financial covenant was breached; analyzed the Group's the financing facilities including nature of facilities, repayment terms and covenants compliance. We also assessed the appropriateness of the Directors' disclosures in the financial statements.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another independent auditor who expressed an unmodified opinion on those consolidated financial statements on 30 March 2023.

Other information

Other information consists of the report of Directors and the management discussion and analysis, other than the consolidated financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard**.**

Responsibilities of directors for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/ ERNST & YOUNG
Auditores Independentes S/S Ltda.

Belo Horizonte, Brazil
28 March 2024

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

All amounts expressed in Canadian Dollars.

	Note	2023 $'000	2022 $'000
Revenue	4	**37,863**	80,271
Cost of sales	6	**(13,166)**	(18,022)
Gross Profit		**24,697**	62,249
Sales and distribution expenses	6	**(18,532)**	(32,986)
Administrative expenses	6	**(8,354)**	(5,876)
Operating (Loss) / Profit		**(2,189)**	23,387
Finance costs	7	**(7,055)**	(3,242)
Finance income	8	**674**	278
(Loss) / Profit before tax from continuing operations		**(8,570)**	20,423
Income tax expense	9	**2,591**	(2,619)
(Loss) / Profit for the year		**(5,979)**	17,804

Earnings per share ($)		**2023**	2022
Basic (loss) / earnings per share	10	**(0.114)**	0.344
Diluted (loss) / earnings per share	10	**(0.114)**	0.336

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

All amounts expressed in Canadian Dollars.

	Note	2023 $'000	2022 $'000
(Loss) / Profit for the year from continuing operations		**(5,979)**	17,804

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translating foreign operations	**2,466**	2,947
Total comprehensive (loss)/profit for the year attributable to equity holders of the parent	**(3,513)**	20,751

REGISTERED NUMBER: 202222202R (SINGAPORE)

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023
All amounts expressed in Canadian Dollars.

Assets	Note	2023 ($'000)	2022 ($'000)
Property, plant and equipment	11	**49,201**	**46,352**
Right-of-use asset	12	**52**	**174**
Mineral properties	13	**18,902**	**18,619**
Other assets	14	**2,102**	**-**
Deferred tax asset	9	**2,827**	**-**
Total non-current assets		**73,084**	**65,145**
Inventory	15	**2,448**	**2,469**
Trade and other receivables	16	**13,657**	**28,533**
Other financial assets	17	**8**	**-**
Cash and cash equivalents	18	**6,975**	**1,163**
Total current assets		**23,088**	**32,165**
Total assets		**96,172**	**97,310**
Equity attributable to the equity holders of the parent			
Issued capital	19	**20,652**	**20,611**
Capital Contribution		**49,862**	**49,862**
Merger reserve		**(4,557)**	**(4,557)**
Translation reserve		**(12,004)**	**(14,470)**
Accumulated losses		**(8,447)**	**(3,095)**
Total equity		**45,506**	**48,351**
Liabilities			
Interest-bearing loans and borrowings	22	**10,521**	**19,977**
Lease liabilities	12	**42**	**178**
Provisions	23	**147**	**-**
Total non-current liabilities		**10,710**	**20,155**
Trade and other payables	21	**4,005**	**10,586**
Interest-bearing loans and borrowings	22	**35,625**	**18,131**
Lease liabilities	12	**14**	**87**
Other financial liabilities	17	**312**	**-**
Total current liabilities		**39,956**	**28,804**
Total liabilities		**50,666**	**48,959**
Total equity and liabilities		**96,172**	**97,310**

On behalf of the board:

/s/ Cristiano Veloso

Director and Chairman

Approved and authorised for issue by the Board on 28 March 2024.

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts expressed in Canadian Dollars.

	Share capital ($'000)	Share premium / Capital contribution ($'000)	Merger reserve ($'000)	Translation reserve ($'000)	Accumulated losses ($'000)	Total ($'000)
Balance at 1 January 2022	20,464	48,933	(4,557)	(17,417)	(21,065)	26,358
Comprehensive profit						
Profit for the year	-	-	-	-	17,804	17,804
Foreign exchange translation differences	-	-	-	2,947	-	2,947
Total comprehensive profit for the year	**-**	**-**	**-**	**2,947**	**17,804**	**20,751**
Transactions with owners						
Issue of share capital (Note 19)	865	398	-	-	-	1,263
Transfer between share capital and capital contribution	(718)	718	-	-	-	-
Relocation expenses relating to capital restructure	-	(187)	-	-	-	(187)
Share-based payments (Note 20)	-	-	-	-	166	166
Total transactions with owners	**147**	**929**	**-**	**-**	**166**	**1,242**
Balance at 31 December 2022	**20,611**	**49,862**	**(4,557)**	**(14,470)**	**(3,095)**	**48,351**
Balance at 1 January 2023	**20,611**	**49,862**	**(4,557)**	**(14,470)**	**(3,095)**	**48,351**
Comprehensive profit						
Loss for the year	-	-	-	-	(5,979)	(5,979)
Foreign exchange translation differences	-	-	-	2,466	-	2,466
Total comprehensive profit for the year	**-**	**-**	**-**	**2,466**	**(5,979)**	**(3,513)**
Transactions with owners						
Issue of share capital (Note 19)	41	-	-	-	-	41
Share-based payments (Note 20)	-	-	-	-	627	627
Total transactions with owners	**41**	**-**	**-**	**-**	**627**	**668**
Balance at 31 December 2023	**20,652**	**49,862**	**(4,557)**	**(12,004)**	**(8,447)**	**45,506**

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2023

All amounts expressed in Canadian Dollars.

Operating activities	Note	2023 $'000	2022 $'000
(Loss) / Profit before tax		(8,570)	20,423
Depreciation	11	3,405	594
Amortisation of right of use asset	12	14	-
Depletion of mineral property	13	297	164
Loss from disposal of property, plant and equipment	11	115	-
Foreign exchange differences		705	444
Share-based payments	20	627	166
Derivative financial instruments	17.2	304	-
Expected credit losses on trade receivable	16	1,754	-
Finance costs	7	7,055	3,242
Finance income	8	(674)	(278)
Operating cash flows before changes in working capital		**5,032**	**24,755**
Decrease / (Increase) in inventories		21	(1,373)
Decrease / (Increase) in receivables		12,731	(13,478)
(Decrease) / Increase in payables		(5,543)	6,608
Cash generated from operations		**12,241**	**16,512**
Interest paid		(6,142)	(3,113)
Taxation paid		(1,480)	(1,930)
Net cash flows from operating activities		**4,619**	**11,469**
Investing activities			
Interest received		674	279
Financial investments		(1,711)	-
Acquisition of mineral property assets	13	(1)	(677)
Acquisition of property, plant and equipment	11	(2,984)	(41,623)
Net cash flows used in investing activities		**(4,022)**	**(42,021)**
Financing activities			
Bank loans received	25	40,437	29,023
Bank loans payments (principal)	25	(35,441)	-
Lease liabilities payments	25	(20)	-
Proceeds from issue of shares	19	41	1,194
Expenses of share issue		-	(187)
Net cash from financing activities		**5,017**	**30,030**
Net increase (decrease) in cash and cash equivalents		5,614	(522)
Effect of exchange rate fluctuations on cash held		198	151
Cash and cash equivalents at beginning of period		1,163	1,534
Cash and cash equivalents at 31 December		**6,975**	**1,163**

VERDE AGRITECH LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial statements of Verde Agritech Limited and its subsidiaries (together referred to as the 'Group') for the year ended 31 December 2023 were authorised for issue on 28 March 2024, in accordance with a resolution of the directors. Verde Agritech Limited (the parent) is a limited company incorporated and domiciled in Singapore and whose shares are publicly traded on the Canadian Toronto Stock Exchange ("TSX") under the symbol "NPK", and on the OTC Markets ("OTCMKTS") under the symbol "VNPKF". The registered office is located 16 Collyer Quay # 17 – 00, Collyer Quay Centre, Singapore, 049318.

The principal activity of the Group is the production and sale of a multinutrient potassium specialty fertilizer marketed in Brazil under the brands K Forte® and BAKS®, and internationally as Super Greensand® ("the Product"). Information on the Group's structure is provided in note 5. Information on other related party relationships of the Group is provided in note 26.

2. Material accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International accounting standards (IFRS) as issued by the International Accounting Standards Board (IASB)

On July 29, 2022, Verde Agritech Limited acquired 100% of the issued capital of Verde Agritech Plc (a company registered in England and Wales) by way of a scheme of arrangement. As part of the redomicile, Verde Agritech Plc ordinary shares were exchanged on a one-for-one basis for common shares of Verde Agritech Limited. Until the contribution of Verde Agritech Plc shares to Verde Agritech Limited, Verde Agritech Limited had not commenced operations and had only nominal assets and liabilities and no material contingent liabilities or commitments. Accordingly, Verde Agritech Limited's consolidated financial information substantially reflect the operations of Verde Agritech Plc after the corporate reorganization and are accounted for as a continuation of Verde Agritech Plc.

The consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian Dollars ("CAD") rounded to the nearest thousand ($'000), except when otherwise indicated.

Going concern basis of preparation

For the year ended 31 December 2023, the Group reported operating revenue of $37,863 (2022: $80,271), a net loss of $5,979 (2022: $ 17,804 profit) and net cash flows from operating activities of $4,619 (2022: $11,469). Moreover, the Group presented a working capital deficit of $16,868 as at 31 December 2023 ($3,361 net working capital as at December 31, 2022), mainly attributable to funds raised to finance working capital and Plant 2 construction, of which $15,788 has been reclassified from non-current to current, given the Group had not met the requirements of financial covenants for certain loans and borrowings (refer to Note 21 for further details) as at 31 December 2023. On 18 March 2024, the Group obtained a waiver letter from the bank not demanding the payment of such loans and borrowings due to the non-compliance with the financial covenants.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

When assessing the going concern basis of preparation, the Directors have assessed the experience and saleability of the products, along with forward orders taken and expected cash generation and reserves.

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

The Directors believes that the assumptions used to estimate the Group's results are reasonable, but any changes in the macroeconomic scenario may have adverse impacts on the Group's ability to continue as a going concern. In the event that the Group's cash generation, together with its current cash reserves, is not sufficient to fulfil its cash obligations and requirements, the Directors will seek in advance other forms of capital inflow, which may include debt restructuring.

In conclusion, based on the Group's current cash balance, and Group's expectation regarding cash generation, working capital and current debt requirements, the Directors have a reasonable expectation that the Group will maintain the continuity of its activities for at least the next 12 months.

2.2 Basis of consolidation

The Group's financial statements consolidate the financial statements of Verde Agritech Limited ("Verde" or "the Company") and its subsidiaries for the year ended 31 December 2023.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Foreign currency

The Group's presentation currency is Canadian Dollars. The Directors considers this to be most appropriate for a company that is listed on the Toronto Stock Exchange, raises funding and remunerates the board of directors in Canadian Dollars. The functional currency of the parent company is also considered to be Canadian Dollars.

Transactions in currencies other than the functional currency of the Company are recorded at a rate of exchange approximating to that prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the amounts prevailing at the balance sheet date and any gains or losses arising are recognised in profit or loss.

2. Material accounting policies (continued)

2.3 Foreign currency (continued)

The results and financial position of the Group's overseas operations in Brazil from the functional currency (R$) are translated into the presentation currency as follows: the assets and liabilities are translated into CAD at foreign exchange rates ruling at the consolidated statement of financial position date; and the income and expenses at average exchange rates during the quarters unless these do not approximate the foreign exchange rates ruling at the dates of the transactions, in which case, income and expenses are translated at the dates of the transactions. All resulting exchange differences are recognized in other comprehensive income. At 31 December 2023 the closing rate of exchange of Canadian Dollars to one Brazilian Reais was 3.69 (2022: 3.90) and the average rate of exchange of Canadian Dollars to one Brazilian Reais for the year was 3.70 (2022: 3.97).

2.4 Mineral property

Mineral properties are carried at cost, less accumulated depletion and any accumulated impairment charges. Costs of mineral properties include purchase price of the mineral properties, rehabilitation obligation associated with the mine activity and accumulated costs transferred from exploration and evaluation expenditure to mineral property, which includes costs incurred include appropriate technical exploration and evaluation expenditure and directly attributable overheads. Such costs are transferred when the technical and commercial feasibility of an area of interest has been demonstrated, financing has been secured and the appropriate permits have been issued, the area of interest enters its development phase.

At the point of transfer from exploration and evaluation asset, an impairment test is required.

After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (i.e. stripping asset accounted for under mineral property). During the year no stripping asset was recognized due to stripping activity consistent with mine plan.

The mineral property is amortised on a unit of production method expected to amortize the cost including future forecast capital expenditure over the expected life of the mine based on the tons of ore expected to be extracted. Any changes to these estimates may result in an increase in the amortization charge with a corresponding reduction in the carrying value of the mineral property.

2.5 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Current and deferred tax is recognised in the statement of comprehensive income, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised directly in equity.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realized or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

2. Material accounting policies (continued)

2.5 Taxation (continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except: i) when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or ii) when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.6 Financial instruments – initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, are measured at the transaction price determined under revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI (Other Comprehensive Income), it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2. Material accounting policies (continued)

2.6 Financial instruments – initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as: financial assets at amortized cost or financial assets at fair value through profit or loss. There are no financial assets designated as fair value through OCI.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met: i) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of income when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income. This category includes derivative instruments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when: i) the rights to receive cash flows from the asset have expired; or ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Material accounting policies (continued)

2.6 Financial instruments – initial recognition and measurement (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes an allowance for credit losses based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and financing, lease liabilities and advances from customers.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2. Material accounting policies (continued)

2.6 Financial instruments – initial recognition and measurement (continued)

This category also includes, when applicable, derivative financial instruments entered into by the Company that are not designated as hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of income.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expenses in the statement of income, except where the difference between cost and redemption value qualify to be capitalised as part of the cost of a qualifying asset.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash at bank, cash in hand and short-term highly liquid investments with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, but exclude any restricted cash.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2. Material accounting policies (continued)

2.8 Property, plant and equipment

Property, plant and equipment are carried at cost - which comprise it purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, for qualifying assets (where relevant), borrowing costs - less accumulated depreciation and any accumulated impairment charges. Land and buildings are not depreciated.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the item, as follows:

	%	Method
Plant and equipment	4 to 10	Straight line
Computer equipment	20	Straight line
Furniture and fixtures	10	Straight line

2.9 Inventory

Finished goods and Stockpile ore are recorded at the lower of production cost and net realisable value. Net realisable value is the estimated future sales price of the product the Group expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity.

Packaging and Other are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis.

2.10 Trade and other receivables

Trade and other receivables are recognised based on transaction price - only if the amount of the consideration is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due) – less any allowance for expected credit losses (“ECL”).

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL on trade receivables as described in note 2.6.

2. Material accounting policies (continued)

2.11 Impairment of non-current assets

At each reporting period the Group assess whether there are any indications of impairment of non-current assets. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed. Impairment indicators may be present from external (e.g. decline in an asset's value, adverse changes in the market, etc) or internal (obsolescence of an asset, changes in the manner in which an asset is expected to be used, change in resources estimates, among others).

In assessing whether an impairment is required, the carrying amount of the Group's non-current assets is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use (VIU) and the fair value less costs of disposal (FVLCD).

The Group operates as single cash-generating unit (CGU). Consequently, the assessment of the recoverable amount, when an impairment indicator exist, is done at the Group's non-current assets level. Given the nature of the Group's activities, the recoverable is based on the FVLCD, which considers, mainly, the discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the assets using selling price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the latest life of mine (LOM) plan. These cash flows are discounted using a real post-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU. To the extent that the enterprise value exceeds the net assets value of the Group no discounted future estimated cash flow test is deemed required.

If the recoverable amount is less than the carrying amount of an asset, an impairment loss is recognised. The revised carrying amount is amortised in line with the Group's accounting policy.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. The reversal is recognised in the statement of comprehensive income and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the previous reporting period.

2.12 Equity-settled share-based payments

Equity-settled share-based payments are measured at fair value at the date of the grant and expensed - with a corresponding increase in equity (accumulated losses) - on a straight-line basis over the vesting period, based on an estimate of shares that will eventually vest. Fair values are determined through use of a Black-Scholes based model.

2. Material accounting policies (continued)

2.12 Equity-settled share-based payments (continued)

The expense is recognized over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Upon exercise of the share-based payments the Group will either: i) issue new shares based on the exercised options at prevailing exercise price of the corresponding agreement; or ii) transfer of treasury shares to the extent available.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Provisions

The Group records the present value of estimated costs of legal and constructive obligations as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The Group assesses its provisions at each reporting date.

Mine closure provision

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of the Group's facilities and mine properties. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets (i.e. mineral properties) to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

2. Material accounting policies (continued)

2.14 Operating segments

The Group operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief operating decision maker to allocate resources to the segments and to assess their performance. The Group's chief operating decision maker is considered the Board of Directors.

The Group's operations relate to the extraction of mineral deposits in a single geographical area and operational segment – Brazil. The financial position and performance of the operating segment are therefore the same as that of the Group.

2.15 Revenue

Revenue from the sale of the Product is recognised, at a point in time, when control of the product sold is transferred to the Group's customers, generally when the goods are delivered to the customer. The Group has generally concluded that it is the principal in its revenue arrangements. The normal credit term is 30 to 120 days upon shipment, depending on the period of the year.

Revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods in the ordinary course of the Group's activities. Revenue is shown net of sales tax and other deductions.

2.16 Current vs non-current classification

The Group presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Material accounting policies (continued)

2.17 Critical judgements and sources of estimation uncertainty

The preparation of financial statements requires the Directors 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 on-going basis. Revisions to accounting estimates are recognised 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 uncertainty that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

- **Impairment of non-current assets**

The Directors have assessed whether there are any indicators of impairment in respect of mineral property costs and property, plant and equipment totalling $18.902 and $49,201, respectively. 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 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 NI 43 101 report and its opportunities economic model which includes resource estimates without conversion of its inferred resources. The Directors' estimates of these factors are subject to risk and uncertainties, including but not limited to the all the risks and uncertainty listed in this document, affecting the recoverability of the Group's mineral property costs. Moreover, the Directors also considered external sources of information, including analysis of the Company's market value, when assessing for impairment indicators. See note 13.

Estimates

- **Ore reserve and mineral resource estimates**

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the units of production method, or where the useful life of the related assets change
- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities

The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

2. Material accounting policies (continued)

2.17 Critical judgements and sources of estimation uncertainty (continued)

Estimates (continued)

- **Ore reserve and mineral resource estimates (continued)**

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Group estimates and reports ore reserves and mineral resources in line with the principles contained in the pre-feasibility study NI 43 101 report.

- **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 the Directors 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. See note 20.

- **Mine closure provision**

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates (based on Brazilian inflation index (IPCA)), and changes in discount rates (based on risk free rate, based on Brazilian government bond rates). These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents the best estimate of the present value of the future rehabilitation costs required.

- **Deferred tax asset**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Assumptions about the generation of future taxable are based on forecast cash flows from operations (which are impacted by production and sales volumes, selling prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

2. Material accounting policies (continued)

2.18 New standards, interpretations and amendments issued

In the current year, the Group applied a series of changes to the IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily for an accounting period beginning on or after January 1, 2023, such as: i) Amendments to IAS 1 and IFRS Practice Statement 2 - Making Materiality Judgments: The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements; ii) IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates: These amendments have no significant impact on the Company's consolidated financial statements; iii) Amendments to IAS 12 - Income Taxes - International Tax Reform - Pillar Two Model Rules: the amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year; iv) Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction: these amendments have no significant impact on the Company's consolidated financial statements; v) IFRS 17 - Insurance Contracts: the Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are presented below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective, which includes: i) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback; ii) Amendments to IAS 1: Classification of Liabilities as Current or Non-Current; and iii) Supplier Financing Agreements - Amendments to IAS 7 and IFRS 7. These amendments are not expected to have significant impact on the Company's consolidated financial statements.

3. Operating segments

The Group's operations relate to the mining of mineral deposits and sale of multi-nutrient potassium specialty fertilizer marketed in Brazil with support provided from the Singapore and the UK and as such, the Group has only one operating segment.

4. Revenue

($'000)	2023	2022
Operating revenue		
Sales revenue generated in Brazil	38,561	80,985
Rest of the world revenue	278	451
	38,839	**81,436**
Income taxes and deductions		
ICMS on sales	(624)	(1,098)
PIS and COFINS on billing	(352)	(67)
	(976)	**(1,165)**
Net operating revenue	**37,863**	**80,271**

The geographic distribution of sales for the year was as follows:

	2023	2022
	%	**%**
Brazil	99	99
Rest of the world	1	1
	100	**100**

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

5. Group information

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	2023	2022
Verde Fertilizantes Ltda	Production and sale of fertilizer	Brazil	100%	100%
FVS Mineração Ltda	Mineral extraction	Brazil	100%	100%
Verde Agritech Limited	Holding company	United Kingdom	100%	100%
GB01N Limited - Dissolved	Holding company	United Kingdom	-	100%

GB01N Limited was an intermediate holding company which since the year end has been dissolved. Verde Agritech Limited (UK) is also in the process of being dissolved. This is yet to be concluded.

6. Operating (loss) / profit

The operating (loss) / profit is stated after charging:

Cost of sales

($'000)	2023	2022
Raw Material and Packaging	2,150	8,448
Mining services	1,647	1,574
Salaries and charges	1,557	2,667
Maintenance	1,147	705
Transport	964	1,207
Fuel	793	1,262
Detonation	496	400
Amortization of mineral property (Note 13)	297	429
Depreciation (Note 11)	3,180	412
Other	935	918
Total	**13,166**	**18,022**

6. Operating (loss) / profit (continued)

Sales and distribution expenses

($'000)	2023	2022
Product delivery freight	14,510	28,363
Salaries and charges	2,682	2,723
Advertising and publicity	439	355
Trips	349	236
Gifts, bonuses and donations	158	51
Comission	110	1,172
Fairs and events	74	11
Researches	125	13
Other sales and distribution expenses	85	62
Total	**18,532**	**32,986**

Administrative expenses

($'000)	2023	2022
Depreciation (Note 11)	225	155
Amortization of right of use asset (Note 12)	14	26
Loss on disposal of property, plant and equipment (Note 12)	54	-
Salaries and charges	2,123	1,302
Expected Credit Losses	1,754	9
Salaries and Directors bonuses (see Note 26)	739	1,715
Consulting and Advisory	992	631
IT services	773	819
Share based payments (see Note 20)	627	166
Legal fees	453	608
Rentals	216	31
Environmental	119	117
General maintenance	84	36
Insurance	43	48
Others Administrative expenses	138	213
Total	**8,354**	**5,876**

7. Finance costs

($'000)	2023	2022
Interest on bank loans (Note 25)	5,995	2,350
Other interest	841	826
Unwinding of discount on mine closure provision	-	66
Other finance costs	219	-
Total	**7,055**	**3,242**

8. Finance Income

($'000)	2023	2022
Interest received	661	270
Other interest	13	8
Total	**674**	**278**

9. Income tax

Recognised in the income statement

Income tax	2023 ($'000)	2022 ($'000)
Current Income tax		
Current Income tax charge	(214)	(2,619)
Deferred tax		
Relating to unrecognized losses carried forward	2,805	-
Income tax income (expense) reported in the statement of profit or loss	**2,591**	**(2,619)**

9. Income tax (continued)

Reconciliation of effective tax rate		
(Loss) / profit before tax	(8,570)	20,423
Tax using the domestic Group tax rate of 17% (2022: 17%)	(1,457)	3,472
Effect of overseas tax rates	(1,296)	5,229
Non-deductible expenses	152	356
Origination of temporary differences on which no deferred tax has been recognized	10	(6,438)
Income tax charge for the year	**(2,591)**	**2,619**

Factors that may affect future tax charges

The Group has Singaporean tax losses of approximately $1,159 (2022: $34) and Brazilian tax losses of approximately $8,217 (BRL30,144) (2022: $4,350 (BRL16,980)) available to be carried forward and set off against future profits.

Brazilian corporations are subject to income taxes (IRPJ and CSLL) using an 'Actual Profits' method (i.e. APM - "Lucro Real", in Portuguese), which is based on taxable income (the tax in this method is approximately 34% of the profit before tax), adjusted by certain additions and exclusions as determined by the legislation.

In 2022, in accordance the applicable tax regulation the Brazilian Subsidiary (Verde Fertilizantes Ltda. and FVS Mineração Ltda.) elected to follow the 'Assumed Profits' method, of which 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. Such tax regime does not allow the utilisation of prior period losses to reduce income tax. Nonetheless, tax losses carried forward from periods before the election to calculate the income tax based on the PPM can be carried forward for future periods and offset against taxable profit, should the entity move to the Lucro Real basis.

Up to December 31, 2022, the Brazilian Subsidiaries (Verde Fertilizantes Ltda and FVS Mineração Ltda.) were under the 'Assumed Profits' method, in which is not possible to utilise prior period losses to reduce income tax.

As of January 2023, Verde Fertilizantes Ltda switched from 'Assumed Profits' taxation to 'Real Profits' taxation. With this transition, the Subsidiary is allowed to offset up to 30% of accumulated losses in subsequent years when profits are generated, including those accumulated prior to the PPM regime. Based on the projected taxable income, considering the approved budget and an extended period of up to ten years the recognized deferred tax assets on the Brazilian entities are deemed recoverable. The Group also recognized an allowance for tax losses carry forward for the amount that is not expected to be offset against future taxable income within ten years.

Deferred tax assets and liabilities are attributable to temporary differences of temporary differences from provisions of $750 (BRL$2,753), temporary differences from accelerated depreciation for tax purposes $150 (BRL$553) and tax losses carry forward of $2,227 (BRL$8,171). No deferred tax asset was recorded in 2022 due to the facts and circumstances aforementioned.

9. Income tax (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

($'000)	2023	2022
UK tax losses	-	3,982
Singaporean tax losses	1,159	-
Brazilian tax losses	599	1,479
Total	**1,758**	**5,461**

Following the closure of the UK group companies during 2023, the deferred tax assets in the UK have permanently been surrendered.

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2023 was based on the loss attributable to ordinary shareholders of $5,979 (2022: profit $17,804) and a weighted average number of Ordinary Shares outstanding during the period ended 31 December 2023 of 52,640,883 (2022: 52,597,951) calculated as follows:

(Loss) / Profit attributable to ordinary shareholders

	2023	2022
(Loss) / Profit for the period ($'000)	(5,979)	17,804
(Loss) / Profit attributable to ordinary shareholders ($'000)	(5,979)	17,804

Weighted average number of ordinary shares

	2023	2022
Weighted average number of ordinary shares outstanding – basic (‘000)	52,641	51,720
Dilutive Stock options	-	1,322
Weighted average number of ordinary shares outstanding – dilutive (‘000)	52,641	53,042
Basic (loss) / earnings per share	($0.114)	$0.344
Diluted (loss) / earnings per share	($0.114)	$0.366

The determination of the weighted average number of ordinary shares outstanding for the calculation of diluted earnings per share does not include the following effect of stock options which were anti-dilutive to earnings per share. For the year ended 31 December 2023, as result of the loss for the year the stock options are deemed anti-dilutive. For the year ended 31 December 2022, certain stock options were “out-of-the-money and thus not included in the diluted earnings per share.

	2023	2022
Stock options	1,474	276

Details of share options that could potentially dilute earnings per share in future periods are set out in note 20.

11. Property, plant and equipment

($'000)	Land and buildings	Plant and equipment	Computer equipment	Furniture and fixtures	Other assets	Total
Cost						
Balance at 1 January 2022	1,996	2,149	358	288	-	4,791
Additions	24,045	17,167	365	46	-	41,623
Disposals	-	(78)	-	-	-	(78)
Effect of movements in foreign exchange	653	533	48	37	-	1,271
Balance at 31 December 2022	26,694	19,771	771	371	-	47,607
Balance at 1 January 2023	26,694	19,771	771	371	-	47,607
Additions	757	2,236	59	4	190	3,246
Acquired assets through finance	-	213	-	-	-	213
Disposals	-	(158)	(27)	-	-	(185)
Effect of movements in foreign exchange	1,714	1,274	48	24	2	3,062
Balance at 31 December 2023	**29,165**	**23,336**	**851**	**399**	**192**	**53,943**
Depreciation and impairment losses						
Balance at 1 January 2022	-	492	94	98	-	684
Depreciation charge for the period	-	494	68	6	-	568
Depreciation on disposals	-	(78)	-	-	-	(78)
Effect of movements in foreign exchange	-	59	10	12	-	81
Balance at 31 December 2022	-	967	172	116	-	1,255
Balance at 1 January 2022	-	967	172	116	-	1,255
Depreciation charge for the year	-	3,307	83	15	-	3,405
Acquired assets through finance	-	49	-	-	-	49
Depreciation on disposals	-	(43)	(27)	-	-	(70)
Effect of movements in foreign exchange	-	86	10	7	-	103
Balance at 31 December 2023	**-**	**4,366**	**238**	**138**	**-**	**4,742**
Carrying amounts						
At 1 January 2022	1,996	1,657	264	190	-	4,107
At 31 December 2022	26,694	18,804	599	255	-	46,352
At 1 January 2023	26,694	18,804	599	255	-	46,352
At 31 December 2023	**29,165**	**18,970**	**613**	**261**	**192**	**49,201**

12. Right-of-use assets

	Total ($'000)
Cost	
Balance at 1 January 2022	-
Additions	198
Effect of movements in foreign exchange	3
Balance at 31 December 2022	201
Balance at 1 January 2023	201
Additions	67
Write-off of right-of-use assets	(213)
Effect of movements in foreign exchange	12
Balance at 31 December 2023	**67**
Amortisation	
Balance at 1 January 2022	-
Amortisation charge for the year	26
Effect of movements in foreign exchange	1
Balance at 31 December 2022	27
Balance at 1 January 2023	27
Amortisation charge for the year	14
Write-off of right-of-use assets	(49)
Effect of movements in foreign exchange	23
Balance at 31 December 2022	**15**
Carrying amounts	
At 31 December 2022	174
At 31 December 2023	**52**

Lease liabilities

The following table outlines the future lease payments:

	31 Dec 2023 $'000	31 Dec 2022 $'000
Not later than one year	14	87
Later than one year but not later than five years	42	178
Total	**56**	**265**

13. Mineral properties

	Total ($'000)
Cost	
Balance at 1 January 2022	19,807
Additions	677
Mine closure provision change in estimate	(2,944)
Effect of movements in foreign exchange	1,740
Balance at 31 December 2022	19,280
Balance at 1 January 2023	19,280
Additions	1
Mine closure provision	92
Write-off of mineral properties	(335)
Effect of movements in foreign exchange	866
Balance at 31 December 2023	**19,904**
Amortisation	
Balance at 1 January 2022	199
Amortisation charge for the year	429
Effect of movements in foreign exchange	33
Balance at 31 December 2022	661
Balance at 1 January 2022	661
Amortisation charge for the year	297
Effect of movements in foreign exchange	44
Balance at 31 December 2023	**1,002**
Carrying amounts	
At 1 January 2022	19,608
At 31 December 2022	18,619
At 1 January 2023	18,619
At 31 December 2023	**18,902**

Consideration of impairment for the mineral property costs

The Directors have assessed whether there are any indicators of impairment in respect of mineral property cost, property plant and equipment and right-of-use assets. See note 2.17. After consideration of those factors the Directors concluded that no impairment triggers had been noted that would require a formal impairment test and no impairment charge against in-production mining assets has been recorded. In order to conclude this, the Directors have considered internal and external sources of information, including the market capitalization of the Company when compared to its net assets.

14. Other assets

($'000)	2023	2022
Receivables	391	-
Restricted cash	1,711	-
Total	**2,102**	**-**

Long-term receivables is mostly comprised of judicial deposits. Restricted cash represent to the balance of financial investments given as guarantee for a bank loan that are blocked and can only be redeemed after the contract has been amortized.

15. Inventory

($'000)	2023	2022
Finished goods	1,018	626
Packaging	1,218	1,547
Stockpile ore	195	281
Other	17	15
Total	**2,448**	**2,469**

The cost of inventories recognised as cost of sales in the Consolidated statement of profit or loss for the year amounted to $13,166 (2022: $18,022).

16. Trade and other receivables

($'000)	2023	2022
Trade receivables (net of expected credit losses)	12,942	20,634
Other receivables	55	6,833
Taxes recoverable	286	-
Prepayments	374	1,054
Total	**13,657**	**28,533**

The estimated losses are calculated based on the analysis of the aging list, provisioning long-standing items, but also considering assessed probable losses, the amount of which is deemed sufficient by the Company's Directors to cover potential losses in the realization of accounts receivable, based on loss history. The receivables from customers are composed as follows by maturity:

($'000)	2023	2022
To be due	10,560	19,753
Overdue up to 30 days	540	125
Overdue from 31 to 60 days	237	63
Overdue from 61 to 90 days	338	505
Overdue over 90 days	3,021	188
Total	**14,696**	**20,634**

During the year, the Group recorded $1,754 of expected credit losses as result of deterioration of customers credit risk.

17. Other financial assets and liabilities

17.1 Financial assets

($'000)	2023	2022
Derivative - Swap contracts	8	-
Total	**8**	**-**

17.2 Financial liabilities

($'000)	2023	2022
Derivative - Swap contracts	312	-
Total	**312**	**-**

18. Cash and cash equivalents

($'000)	2023	2022
Cash at bank and in hand	6,975	1,163
Total	**6,975**	**1,163**

Cash equivalents are financial investments in Bank Certificates of Deposit (Certificado de Depósito Bancário), or CDB, with highly rated financial institutions amounting to C$5,723. In 2023, the average interest rate of such deposits was 100% of the equivalent to Interbank Deposit Certificate (CDI).

Cash equivalents by currency is as follows:

Currency ($'000)	2023	2022
Canadian Dollars	180	252
Brazilian Reais	6,785	848
American Dollars	8	16
British Pounds	2	47
Total	**6,975**	**1,163**

19. Share capital

Issued - Ordinary Shares	2023		2022	
	Number	$'000	Number	$'000
At 1 January	52,597,951	20,611	50,398,619	20,464
Issuance of ordinary shares	71,773	41	2,199,332	147
At 31 December	**52,669,724**	**20,652**	**52,597,951**	**20,611**

On July 29, 2022, Verde Agritech Limited (a company registered in Singapore) acquired 100% of the issued capital of Verde Agritech Plc (a company registered in England and Wales) by way of a scheme of arrangement. As part of the redomicile, Verde Agritech Plc ordinary shares were exchanged on a one-for-one basis for common shares of Verde Agritech Limited and are accounted for as a continuation of Verde Agritech Plc. As such, the consolidated financial statements reflect the operating results of Verde Argritech Plc prior to the reorganization, including the equity transactions.

19. Share capital (continued)

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to increase the value of the entity for the benefit of shareholders. Given the nature of the Group's current activities the entity will remain dependent on equity funding in the short to medium term until such time as the Group becomes self-financing from the commercial production of mineral resources.

Capital contribution

Capital contribution pertains to the share premium which the shareholders of the Company previously paid when acquiring the shares of Verde Agritech Limited (registered in England and Wales), representing the aggregate amount of the premium over and above the par value of the shares of CAD$0.3918 per share previously recognised.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities which have a different functional currency from the presentation currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period of disposal of the operation.

Merger reserve

The merger reserve arose from the acquisition of GB10N Limited by Verde Agritech Plc in a prior period. As Verde Agritech Plc was a newly incorporated entity which acquired a group by way of issue of shares to the existing shareholders of GB10N Limited the transaction was not a business combination within the meaning of IFRS. The transaction was effectively treated as a group reorganization and the consolidated financial statements are presented in a way that reflects the continuation of the GB10N Limited Group resulting in the creation of a merger reserve.

20. Share-based payments

During the year the Group granted share options to key personnel to purchase shares in the entity.

The number and weighted average exercise prices of share options are as follows:

	2023		2022	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	$1.31	1,597,398	$0.58	3,825,227
Granted during the period	$2.33	1,304,393	$7.83	56,662
Exercised during the period	$0.58	(71,773)	$0.57	(2,199,332)
Cancelled/Forfeited during the period	$2.97	(97,399)	$1.18	(85,159)
Outstanding at the end of the period	**$1.09**	**2,732,619**	**$1.31**	**1,597,398**
Exercisable at the end of the period	**$0.42**	**1,140,058**	**$0.64**	**1,025,979**

20. Share-based payments (continued)

The options outstanding at 31 December 2023 have an exercise price in the range of $0.40 to $7.76 (2022: $0.40 to $7.76) and a weighted average remaining contractual life of 6.7 years (2022: 6.4 years). Six option awards were granted in 2023. The option awards vest in varying tranches:

Issue date	**Vesting period**
February 2023	10% on issue, followed by 10% years one to four and final 50% in year five
May 2023	10% on 1st anniversary of issue, followed by 10% years two to four and final 60% in year five
May 2023	34% on 1st anniversary of issue, followed by 33% in year two and final 33% in year three
July 2023	34% on 1st anniversary of issue, followed by 33% in year two and final 33% in year three
August 2023	10% on issue, followed by 10% years one to four and final 50% in year five
October 2023	15% on issue followed by 15% years one to four and final 25% in year five

At 31 December 2023, 1,140,058 of the options had vested (2022: 1,025,979).

Fair value of share options and assumptions ($)	**2023**	2022
Weighted average fair value of options granted during the year	$1.86	$6.00
Weighted average share price	$2.34	$7.67
Weighted average exercise price	$2.43	$7.73
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	118%	114%
Option life	5	5
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	3.54%	1.94%

The expected volatility is based on the historic volatility of the share price (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. There are no market conditions associated with the share option grants.

($'000)	**2023**	2022
Total expense recognised as employee costs	627	166

20. Share-based payments (continued)

Details of share options outstanding at 31 December 2023 are as follows:

Number of options							Exercisable period	
Outstanding at beginning of period	Granted	Forfeited	Exercised	Outstanding at end of period	Exercisable at end of period	Exercise price ($)	Grant date	Expiry date
30,000	–	-	(30,000)	-	-	$0.425	10 Dec 2014	10 Dec 2024
200,000	–	–	–	200,000	100,000	$1.02	30 May 2018	30 May 2028
131	–	–	-	131	131	$0.61	24 Sep 2018	24 Sept 2028
110,000	–	(10,000)	(35,000)	65,000	65,000	$0.61	24 Sep 2018	24 Sept 2028
124,490	–	–	-	124,490	124,490	$0.63	1 Mar 2019	1 Mar 2029
170,000	–	–	(2,500)	167,500	27,500	$0.63	1 Mar 2019	1 Mar 2029
21,000	–	-	-	21,000	8,500	$0.67	1 Sept 2019	1 Sept 2029
22,936	–	(4,587)	–	18,349	7,340	$0.40	14 Feb 2020	14 Feb 2030
24,684	–	-	-	24,684	6,274	$0.40	25 Mar 2020	25 Mar 2030
32,120	–	(5,292)	-	26,828	8,534	$1.22	5 Mar 2021	5 Mar 2031
750,000	–	–	–	750,000	750,000	$1.22	5 Mar 2021	5 Mar 2031
48,375	–	(15,920)	(2,273)	30,182	9,543	$1.21	10 May 2021	10 May 2031
10,000	–	(8,000)	(2,000)	-	-	$1.48	9 Nov 2021	9 Nov 2031
50,662	-	(24,600)	–	26,062	7,132	$7.76	16 Mar 2022	16 Mar 2032
3,000	-	–	–	3,000	600	$7.11	5 Nov 2022	5 Nov 2032
-	2,000	-	-	2,000	200	$6.51	17 Feb 2023	17 Feb 2033
-	175,000	(29,000)	-	146,000	-	$2.23	19 May 2023	19 May 2033
-	184,311	-	-	184,311	-	$2.23	19 May 2023	19 May 2033
-	736,179	-	-	736,179	-	$2.32	15 July 2023	15 July 2033
-	124,436	-	-	124,436	12,444	$3.13	28 Aug 2023	28 Aug 2033
-	82,467	-	-	82,467	12,370	$1.64	2 Oct 2023	2 Oct 2033
1,597,398	**1,304,393**	**(97,399)**	**(71,773)**	**2,732,619**	**1,140,058**			

Details of share options outstanding at 31 December 2022 are as follows:

Number of options								Exercisable period
Outstanding at beginning of period	Granted	Forfeited	Exercised	Outstanding at end of period	Exercisable at end of period	Exercise price ($)	Grant date	Expiry date
233,200	-	(25,000)	(178,200)	30,000	30,000	$0.425	10 Dec 2014	10 Dec 2024
20,000	-	-	(20,000)	-	-	$0.40	12 Nov 2015	12 Nov 2025
50,000	-	-	(50,000)	-	-	$0.40	10 Dec 2015	10 Dec 2025
61,538	-	-	(61,538)	-	-	$0.40	31 Jan 2017	31 Jan 2027
144,000	-		(144,000)	-	-	$0.40	9 Feb 2017	9 Feb 2027
200,000	-	-	-	200,000	80,000	$1.02	30 May 2018	30 May 2028
1,244,308	-	-	(1,244,177)	131	131	$0.61	24 Sep 2018	24 Sept 2028
115,000	-	(5,000)	-	110,000	-	$0.61	24 Sep 2018	24 Sept 2028
328,876	-	-	(204,386)	124,490	124,490	$0.63	1 Mar 2019	1 Mar 2029
445,000	-	-	(275,000)	170,000	2,000	$0.63	1 Mar 2019	1 Mar 2029
40,000	-	(9,000)	(10,000)	21,000	6,000	$0.67	1 Sept 2019	1 Sept 2029
23,853	-	(917)	-	22,936	6,875	$0.40	14 Feb 2020	14 Feb 2030
30,684	-	-	(6,000)	24,684	3,205	$0.40	25 Mar 2020	25 Mar 2030
55,427	-	(20,030)	(3,277)	32,120	6,420	$1.22	5 Mar 2021	5 Mar 2031
750,000	-	-	-	750,000	750,000	$1.22	5 Mar 2021	5 Mar 2031
73,341	-	(22,212)	(2,754)	48,375	9,492	$1.21	10 May 2021	10 May 2031
10,000	-	-	-	10,000	2,000	$1.48	9 Nov 2021	9 Nov 2031
-	53,662	(3,000)	-	50,662	5,066	$7.76	16 Mar 2022	16 Mar 2032
-	3,000	-	-	3,000	300	$7.11	5 Nov 2022	5 Nov 2032
3,825,227	**56,662**	**(85,159)**	**(2,199,332)**	**1,597,398**	**1,025,979**			

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model.

21. Trade and other payables

($'000)	2023	2022
Trade payables	1,228	3,084
Income tax	15	1,215
Other payables	1,094	2,860
Accruals	542	2,709
Customer advances	1,126	718
Total	**4,005**	**10,586**

22. Interest-bearing loans and borrowings

($'000)	2023	2022
Non-current liabilities ($'000)		
Bank loans	10,521	19,977
Current liabilities ($'000)		
Bank loans	35,625	18,131
Total	**46,146**	**38,108**

The Group received twelve loans during the year from various banks totalling $40,437 (BRL $148,521).

At the end of the financial year, the entity had three loans and borrowings agreements between Verde Fertilizantes Ltda and Banco do Brasil, which stipulated early settlement clauses in case of covenant breach if the relationship between Net Equity (PL) / Total Asset calculated in 2023 is at least 50%. As at 31 December 2023, Verde Fertilizantes Ltda did not meet such financial covenant, requiring the reclassification of $15,788 of the non-current liabilities to current liabilities, given, as at 31 December 2023, the Group did not have an unconditional right to defer its settlement for at least twelve months after that date.

On 18 March 2024, a waiver letter was issued by the bank not demanding the immediate repayment due to the breach of the financial covenant and restating that the remaining terms of the agreement remain unchanged. As result, at date of issuance of the consolidated financial statements, such loans and borrowings are not deemed due for immediate repayment nor required to be repaid before its maturity date.

22. Interest-bearing loans and borrowings (Continued)

Summary of Interest-bearing loans and borrowings

Lender	Loan start date	Purpose	Grace period (months)	Term (months)	Loan value (R$'000)	Balance at Dec 31, 2023 (C$'000)	Balance at Dec 31, 2022 (C$'000)	Repayable by	Total interest payable*
Banco BCG[e]	Dec, 2023	Working capital	6	18	10,000	2,756	-	Jun, 2025	CDI[1]+4.41%
Brazil[a] [d]	Nov, 2023	Working capital	12	36	8,000	2,207	-	Dec, 2026	CDI[1]+4.00%
ABC Brazil[a] [e]	Oct, 2023	Working capital	6	18	15,000	3,975	-	May, 2025	CDI[1]+3.46%
Bradesco[a]	Oct, 2023	Working capital	6	24	20,000	5,598	-	Oct, 2025	CDI[1]+3.61%
Brazil[c] [d]	Aug, 2023	Working capital	12	36	40,000	11,539	-	Aug, 2026	CDI[1] +3.60%
Votorantim[e]	Jul, 2023	Working capital	12	36	5,000	1,378	-	Mar, 2025	CDI[1] +3,65%
Brazil[c]	Apr, 2023	Working capital	12	60	20,000	5,452	-	Apr, 2028	CDI[1] +4.88%
Bradesco[a]	Mar, 2023	Capex	6	18	4,729	- [4]	-	Mar, 2025	CDI[1] +4.18%
Bradesco[a]	Jan, 2023	Capex	6	18	10,000	- [4]	-	Jan, 2025	CDI[1] +4.21%
Bradesco[a]	Jan, 2023	Capex	6	18	5,000	- [4]	-	Jan, 2025	CDI[1] +4.57%
Inter[e]	Jan,2023	Working capital	12	24	5,000	1,388	-	Jan, 2026	CDI[1] 5.51%
Brazil[f]	Jan,2023	Working capital	0	12	1,433	-	-	Oct, 2023	11,14%
Itau[f]	Jan,2023	Working capital	6	12	5,544	-	-	July, 2023	15,84%
Brazil[f]	Dec, 2022	Working capital	12	12	4,891	-	1,253	Dec, 2023	14.88%
Brazil[d]	Oct, 2022	Working capital	12	60	20,000	5,234	7,988	Oct, 2027	CDI[1] +3.70%
Votorantim[e]	Sep, 2022	Working capital	12	30	10,000	2,276	3,175	Mar, 2025	CDI[1] +4.85%
Brazil[c]	Sep, 2022	Working capital	6	24	5,000	- [4]	1,482	Sep, 2024	CDI[1] +3.00%
Bradesco[b]	Aug, 2022	Equipment	6	37	5,597	1,088	1,665	Oct, 2024	IPCA[2] +5.19%
ABC Brazil[a]	Aug, 2022	Working capital	5	24	3,500	- [4]	1,081	Sep, 2024	CDI[1] +7.44%
ABC Brazil[a]	Aug, 2022	Working capital	6	24	1,500	- [4]	462	Sep, 2024	CDI[1] +7.44%
Santander[a]	Aug, 2022	Working capital	3	24	12,000	1,180	3,149	Aug, 2024	CDI[1] +4,85%
ABC Brazil[a]	Aug, 2022	Working capital	6	30	2,500	- [4]	785	Mar, 2025	CDI[1] +7.44%
BDMG[a] [e]	Apr, 2022	Working capital	24	72	3,000	849	1,209	Mar, 2030	TJLP[3]+5,00%
Brazil[b]	Mar,2022	Equipment	9	30	786	133	261	Apr,2025	15.66%
Santander[b]	Feb, 2022	Equipment	03	36	260	38	54	Feb, 2025	CDI[1] + 4,60%
Santander[b]	Feb, 2022	Equipment	03	36	888	121	225	Feb, 2025	CDI[1] + 4,60%
Santander[b]	Feb, 2022	Equipment	03	36	1,340	193	312	Feb, 2025	CDI[1] + 4,60%
Santander[b]	Feb, 2022	Equipment	03	36	2,169	312	504	Jan, 2025	CDI[1] + 4,60%
Bradesco[b]	Feb, 2022	Equipment	03	36	888	128	208	Jan, 2025	CDI[1] + 4,60%
Brazil	Apr, 2023	Transaction costs	0	60	(1,368)	(323)	-	Apr, 2028	
Various	Prior to 2022				5,737	624	14,295		
Total					**228,394**	**46,146**	**38,108**		

22. Interest-bearing loans and borrowings (Continued)

(1) - CDI, (from Portuguese "*Certificado de Depósito Interbancário*") is the average of interbank overnight rates in Brazil. As at December 31, 2023, the 12 months cumulative rate was 13.03%.
(2) - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services. As at December 31, 2023 the 12 months cumulative rate was 4.68%.
(3) - TJLP (from Portuguese "*Taxa de Juros de Longo Prazo*") is the long-term interest rate in Brazil. As of December 31, 2023, the 12 months cumulative rate was 6.53%.
(4) - Loans repaid early by means of funds from new loans with more favourable terms and interest rates.

Bank loans are secured as follows:
Indicator [a] – Loan value secured by trade receivables
Indicator [b] – Fixed charge over the equipment purchased
Indicator [c] – Future sales contracts
Indicator [d] – Plant / Factory
Indicator [e] – Financial investments
Indicator [f] – None

23. Provisions and contingencies

	Mine Closure 2023 $'000	Labour Contingency 2023 $'000	**Total 2023 $'000**
Opening balance	-	-	**-**
Additions	92	55	**147**
Total	**92**	**55**	**147**

Mine closure provision	Total 2023 $'000	Total 2022 $'000
Opening balance	-	2,599
Unwinding of discount	-	68
Change in estimate	92	(2,944)
Effect of movements in foreign exchange	-	277
Total	**92**	**-**

As at 31 December 2023, the amount recorded for the mine closure provision is $92 (nil in 2022). The provision represents the present value of costs relating to current damaged area of the mine, which are expected to be incurred up to 2054, which is the following year after the producing of the current open pit mine are is expected to cease operations. The provision has been based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which the Directors believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future prices, which are inherently uncertain.

23. Provisions and contingencies (continued)

Contingent liabilities

Brazilian labour law entitles a former employee to lodge complaints up to two years after leaving the company. Claims are usually for alleged unpaid remuneration and compensation in the event of dismissal. The Company, whilst contesting each claim, notes that should a claim be successful future liability may arise and the balances provisioned for probable loss are precisely of the labor claims.

24. Commitments

Commitments

The Group has the following exploration and development capital expenditure commitments in respect of its projects:

	2023 $'000	2022 $'000
Amount payable within one year	67	65
Amounts payable after more than one year and less than five years	69	59
After five years	311	283
Total	**447**	**407**

In addition, there is a commitment to rebuild houses and a commitment of $5,335 (BRL $15,000) per hectare for damage to land caused during mining which is expected to be up to 35 hectares. The Group has not mined in the specific area up to date and thus the past event requiring a provision have not occurred to date.

The total commitments under non-cancellable operating leases in respect of land and buildings were as follows:

	2023 $'000	2022 $'000
Amount payable within one year	-	9
Amounts payable after more than one year and less than five years	-	-
Total	**-**	**9**

25. Financial instruments

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk each of which is discussed below. There is no perceived credit risk as the Group and Company have minimal other financial receivables and bank deposits are made with financial institutions considered to have strong credit ratings.

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 revenues, costs and finance costs are primarily incurred in Brazilian Real.

The appreciation of Brazilian Real against the Canadian Dollar could increase the actual revenues and operating costs of the Group's operations and materially affect the results presented in the Group's financial statements.

Currency exchange fluctuations may also materially adversely affect the Group's future cash flows from operations, its results of operations, financial condition and prospects. The Group has a general policy of not hedging against foreign currency risks. The Group manages foreign currency risk by regularly reviewing the balances held in currencies other than the functional currency to match expected expenditure in foreign currency.

The Group and Company had the following short-term deposits and cash and cash equivalents in various currencies including its presentational currency. The amounts are stated in Canadian Dollar equivalents:

Currency ($'000)	2023	2022
Canadian Dollars	180	252
Brazilian Reais	6,785	848
American Dollars	8	16
British Pounds	2	47
Total	**6,975**	**1,163**

The Brazilian Reais deposits are held as interbank deposit certificates, with no maturity date and track Brazil's short term interest rate (SELIC), which was 11.75%. at December 31, 2023.

The policy in relation to the translation of foreign currency monetary assets and liabilities is set out in note 2.3, 'Accounting policies, foreign currency ' to the consolidated financial statements.

Foreign currency risk sensitivity analysis showing a 10% weakening/strengthening of the Brazilian Real against the Canadian Dollar with all other variables held constant is set out below. 10% represents the reasonable possible exposure.

	Equity ($'000)	
	2023	2022
10% weakening of Brazilian Real	(2,977)	(1,978)
10% strengthening of Brazilian Real	2,436	1,618

25. Financial instruments (continued)

In 2023, the Group entered into cross-currency interest rate swaps in order to mitigate the foreign exchange exposure related to a loan denominated in US Dollar, entered into during the year. The swap agreements are comprised of derivative assets to swap the foreign exchange exposure (US Dollar to Brazilian real) and derivative liabilities for the interest rate swap (16.15% p.y. to 4.85% + CDI 13.25% p.y. to 3.65% + CDI, 11.10% p.y. to 3.46% + CDI and U$ 5.05, 4.85% + CDI p.y. to 7.89% + CDI and U$ 5.12). The last swap agreements have maturities on July,2026. The table below summarizes the notional and fair value amounts of the swap agreements as of December 31, 2023.

	2023 $'000	2022 $'000
Asset position: CDI + 4.85% p.y.	8	-
Liability position ABC: U$ 5.05 and CDI + 3.46% p.y.	(234)	-
Liability position Santander : U$ 5.12 and CDI + 3.46% p.y.	(70)	-
Liability position Votorantim : CDI + 7.89% p.y.	(8)	-
Net position – assets (liabilities)	**(304)**	**-**
Current assets (liabilities)	(304)	-

Liquidity risk

The Group has relied on revenue generated from the sale of Product, along with shareholder funding and long-term loans to finance its operations. The liquidity risk is significant and is managed by controls over expenditure and cash resources. The Group and Company have borrowings, trade and other payables with a maturity of less than one year with borrowings and a provision greater than one year. Further details of the liquidity position are explained in note 2.1 regarding going concern.

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.

The group's policy is to make conservative investments, typically linked to the interest rate set by the Brazilian government (SELIC). Variations in this government interest rate can affect financial expenses, as the group's loans are also tied to the same interest rate.

The Group's average current loan rate is 15.99% per annum. The Brazilian Government long term bond rate as at 31 December 2023 was 11.75%. Based on Brazilian Central Bank perspectives for long term bond rate the Directors does not understand that it is reasonably possible that a significant increase in interest rate is expected for the foreseeable future.

25. Financial instruments (continued)

Credit risk

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

The Group's cash is held in major Canadian and Brazilian banks, and as such the Group is exposed to the risks of those financial institutions. Under Standard & Poor's short term credit ratings, the Group's cash balance is held in institutions with the following ratings:

	2023 $'000	2022 $'000
A-1 +	196	316
B	5,709	793
BB-	1,016	7
BBB-	-	46
Not rated	54	1
Total	**6,975**	**1,163**

In addition, the company has a credit risk relating to subsidiary investments. The Company expects loans to subsidiaries to be ultimately repaid from trading cash flows to be generated from its mining activities. Consideration is given at each reporting date as to whether the subsidiaries have sufficient liquid assets to repay the loans if demanded in order to determine the probability of default. The Company measures the lifetime expected credit loss by considering all the different recovery strategies and credit loss scenarios. The recovery strategy considered is a repay over time strategy as net trading cash flows are expected to repay the balances. Likely credit losses scenarios are dependent on the operating capability factors inherent in the successful operation of the mine which include the selling price of the products, future costs and availability of capital, operating costs and tax rates. Sensitivity analysis is performed on the various factors and expected credit losses recognised as appropriate.

Fair values

In the Directors' opinion there is no material difference between the book value and fair value of any of the Group's and Company's financial instruments. The non-current loans and financing bear interest over floating interest rates.

Classes of financial instruments

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the financial statements. All of the Group's and Company's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

25. Financial instruments (continued)

Changes in liabilities arising from financing activities

Loans and borrowings	2023 $'000	2022 $'000
Opening balance	38,108	5,585
Additions	40,437	29,023
Payments of principal	(35,441)	(2,681)
Payments of interest	(5,091)	(2,348)
Accrued interest	5,995	1,001
Other	-	6,823
Effect of movements in foreign exchange	2,138	705
Total	**46,146**	**38,108**

Changes in liabilities arising from financing activities (continued)

Lease liabilities	2023 $'000	2022 $'000
Opening balance	265	-
Additions	67	238
Payments	(20)	(17)
Accrued interest	10	21
Other	(266)	23
Total	**56**	**265**

26. Related party transactions

Key management compensation was as follows:

Year ended 31 December 2023

	Fees $'000	Salary $'000	Bonuses $'000	Subtotal $'000	Share based payments $'000	2023 Total $'000
C Veloso	-	633	-	633	272	905
R Gomes	24	-	-	24	35	59
A Paolinelli	10	-	-	10	-	10
L de Oliveira Cezar Coelho	24	-	-	24	27	51
F Prezzotto	24	-	-	24	27	51
M Lee	24	-	-	24	27	51
Directors' total	**106**	**633**	**-**	**739**	**388**	**1,127**
Other key management	-	315	-	315	157	472
Total	**106**	**948**	**-**	**1,054**	**545**	**1,599**

On 31 December 2023, C Veloso and all other board of directors were owed $24 (2022: $65). No bonuses to directors and other key management personnel were granted in 2023 (2022: $1,188).

26. Related party transactions (continued)

Year ended 31 December 2022

	Fees $'000	Salary $'000	Bonuses $'000	Subtotal $'000	Share based payments $'000	Equity compensation (non-cash) $'000	2022 Total $'000
C Veloso	-	507	890	1,397	-	-	1,397
R Gomes	43	-	-	43	-	48	91
G Fonseca	17	-	-	17	-	-	17
A Paolinelli	24	-	-	24	-	48	72
P M Ribeiro	17	-	-	17	1	-	18
M St Aldwyn	17	-	-	17	18	-	35
L de Oliveira Cezar Coelho	7	-	-	7	-	28	35
F Prezzotto	7	-	-	7	-	28	35
M Lee	7	-	-	7	-	26	33
Directors' total	**139**	**507**	**890**	**1,536**	**19**	**178**	**1,733**
Other key management	-	158	298	456	16	-	472
Total	**139**	**665**	**1,188**	**1,992**	**35**	**178**	**2,205**

Share-based payment charges relates to options granted based on valuations made under the Black Scholes method as described in note 20 above.

Share options granted to directors and key management were as follows:

Year ended 31 December 2023

	Outstanding at beginning of period	Granted	Outstanding at end of period
C Veloso	874,621	567,890	1,442,511
R Gomes	-	54,950	54,950
L Coelho	-	43,502	43,502
F Prezzotto	-	43,502	43,502
M Lee	-	42,357	42,357
Directors' total	**874,621**	**752,201**	**1,626,822**
Other key management	165,000	292,725	457,725
Total	**1,039,621**	**1,044,926**	**2,084,547**

Year ended 31 December 2022

	Outstanding at beginning of period	Exercised	Outstanding at end of period
C Veloso	1,992,308	(1,117,687)	874,621
R Gomes	226,538	(226,538)	-
G Fonseca	226,538	(226,538)	-
A Paolinelli	226,538	(226,538)	-
P M Ribeiro	200,000	(200,000)	-
M St Aldwyn	200,000	-	200,000
Directors' total	**3,071,922**	**(1,997,301)**	**1,074,621**
Other key management	275,000	(110,000)	165,000
Total	**3,346,922**	**(2,107,301)**	**1,239,621**

27. Subsequent event

As described in note 22, the Group did not meet, as at 31 December 2023, certain financial covenants related to loan agreements with a financial institution. On 18 March 2024, a waiver letter was issued by the bank not demanding the immediate repayment due to the breach of the financial covenant and restating that the remaining terms of the agreement remain unchanged. As result, at date of issuance of the consolidated financial statements, such loans and borrowings are not deemed due for immediate repayment nor required to be repaid before its maturity date.