MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2024

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TO OUR SHAREHOLDERS

The following Management's Discussion and Analysis ("**MD&A**") of the operating results and financial condition of Verde Agritech Ltd and its subsidiaries ("**Verde**" or the "**Group**") covers the period ended March 31, 2024 ("**Q1 2024**").

It provides information that management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023 ("**FY 2023**"). The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and their interpretations issued by the International Accounting Standards Board ("**IASB**"), and with IFRS and their interpretations issued by the IASB.

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

All amounts herein are expressed in Canadian Dollars unless otherwise stated, and the information is current to May 14, 2024.

On March 31, 2024, the average rate of exchange was 3.67 and the closing rate was 3.69 Brazilian Real ("**R$**") to the Canadian Dollar ("**CAD**"). These rates were used to prepare these financial results.

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

FORWARD LOOKING STATEMENTS

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

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

GROUP OVERVIEW

Verde is an agricultural technology group of companies that produces potassium fertilizers. The Group's purpose is to improve the health of all people and the planet.

By diversifying the global potash supply chain, the Group aims to reduce dependence on two primary suppliers, fostering stability and resilience in the essential agricultural resource.

Its four-pillar approach positions Verde as a leader in sustainable solutions with a significant global impact:

- **Carbon Removal:** We endeavor to develop one of the world's largest carbon capture projects, leveraging enhanced rock weathering to sequester atmospheric carbon dioxide ("**CO_2**"), combat climate change, and promote a sustainable future.
- **Longevity Equality:** Through nutrient enrichment and sustainable agricultural practices, Verde Agritech addresses hidden hunger and works to close the longevity gap, ensuring access to essential nutrients for everyone, regardless of socioeconomic background.
- **Geopolitical Security:** By diversifying the global potash supply chain, we aim to reduce dependence on two primary suppliers, fostering stability and resilience in the essential agricultural resource.
- **Food Security:** By developing and implementing cutting-edge technologies to increase fertilizer efficiency and agricultural productivity, we play a vital role in promoting food security and environmental sustainability for future generations.

The principal activity of the Group is the production and sale of its products ("**the Products**"). Verde operates in the state of Minas Gerais, Brazil.

RECENT DEVELOPMENTS AND SUBSEQUENT EVENTS

Carbon Removal Project

In February 2024, the Group announced a strategic partnership with WayCarbon to bolster the development and monetization of its carbon removal project. WayCarbon is 80% owned by Banco Santander, one of Europe's largest banks. It is a leading developer of carbon removal projects and a pioneer in climate change mitigation and sustainability solutions. The partnership is based on Verde's specialty multi-nutrient potassium fertilizer K Forte® and its potential to permanently capture CO_2 through Enhanced Rock Weathering.[1]

[1] See "Verde announces partnership with leading carbon developer, WayCarbon, to monetize carbon credits".

Carbon Removal Project (continued)

In April 2024, Verde announced that it had been named as one of the Top 100 most promising carbon removal innovators competing in the XPRIZE Carbon Removal. The goal of the XPRIZE Carbon Removal is to build a new industry of successful carbon removal companies that collectively reach gigatonne-scale. Verde has been ranked amongst the top 100 collection of innovating companies from 25 countries which represent all carbon dioxide removal pathways: Air, Ocean, Land and Rocks. The XPRIZE announcement kicks-off a campaign to promote the most promising carbon removal companies in the world and the publication of the "Top 100 Team Book".[2]

Senior management team appointments

In February 2024, Verde announced Marcus Ribeiro as Vice President Sales. Mr. Ribeiro will lead a skilled team of 7 account managers, overseeing 2,468 of Verde's clients. These clients collectively cultivate over 940 thousand hectares and present a potential purchase volume of 1.4 million tons of Product. Mr. Ribeiro's responsibilities extend to managing Verde's indirect sales team, with a portfolio that includes 110 independent sales agents and distributors. This segment of sales has played a significant role in the Group's revenue, contributing 46% of the Group's sales volume in 2021, 41% in 2022, 37% in 2023. Mr. Ribeiro brings over 20 years of experience in Agribusiness, encompassing roles in commercial, technical, administrative and personnel management.[3]

Financial condition

In the second quarter of 2024, the Group initiated a Strategic Debt Restructuring Plan, which includes seeking specific Preliminary Judicial Relief to obtain temporary protection against actions and foreclosures by 7 banks. This request is aimed at ensuring stability while we renegotiate terms with our financial creditors. In compliance with legal requirements, all loan payment obligations have been suspended since April 2024. It is important to emphasize that this measure does not affect the Group's operations, nor does it compromise our contractual obligations to suppliers. Negotiations with the banks are progressing constructively, and the Group anticipates achieving a significant improvement in debt terms, including a substantial extension of the payment period, a grace period, and a reduction in interest rates. This strategy is aligned with Verde's long-term objectives and reaffirms the Group's commitment to financial and operational sustainability.

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[2] Learn more at: https://www.xprize.org/prizes/carbonremoval/articles/xprize-carbon-removal-top-100-team-book-2024

[3] See "Verde appoints Marcus Ribeiro as Vice President Sales".

First Quarter 2024 Highlights

Operational and Financial Highlights

- Sales in Q1 2024 were 85,000 tonnes, compared to 108,000 tonnes in Q1 2023 and 16,558 tonnes in Q1 2021.
- Revenue in Q1 2024 was $5.1 million, compared to $11.1 million in Q1 2023 and $0.8 million in Q1 2021.
- Cash and other receivables held by the Group in Q1 2024 were $17.3 million, compared to $34.3 million in Q1 2023 and 4.9 million in Q1 2021.
- EBITDA before non-cash events was -$0.7 million in Q1 2024, compared to $2.0 million in Q1 2023 and a -$0.9 million in Q1 2021.
- Net loss in Q1 2024 was $4.8 million, compared to a $0.1 million loss in Q1 2023 and a $1.8 million loss in Q1 2021.

Other Highlights

- The Product sold in Q1 2024 has the potential to capture up to 1,131 tons of carbon dioxide (“CO_2”) from the atmosphere via Enhanced Rock Weathering (“ERW”).[4] The potential net amount of carbon captured, represented by carbon dioxide removal (“CDR”), is estimated at 716 tons of CO_2.[5] In addition to the carbon removal potential, Verde’s Q1 2024 sales avoided the emissions of 316 tons of CO_2e, by substituting potassium chloride (“KCl”) fertilizers.[6]
- Combining the potential carbon removal and carbon emissions avoided by the use our Product since the start of production in 2018, Verde’s total impact stands at 260,341 tons of CO_2.[7]

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4 Out of the total sales in Q1 2024, 40,127 tons were sold in compliance with our Monitoring, Verification, and Report (“MRV”) Protocol, qualifying them as potential carbon credits. The carbon capture potential of Verde's products, through Enhanced Rock Weathering (ERW), is 120 kg CO_2e per ton of K Forte®. For further information, see “Verde’s Products Remove Carbon Dioxide From the Air”.

5 Net Carbon Dioxide Removal (CDR): volume of 1 ton of Long-Term CO_2 Removal, equivalent to 1 carbon credit.

6 K Forte® is a fertilizer produced in Brazil using national raw materials. Its production process has low energy consumption from renewable sources and, consequently, a low environmental and GHG emissions footprint. Whereas the high carbon footprint of KCl results from a complex production process, involving extraction, concentration, and granulation of KCl, in addition to the long transportation distances to Brazil, given that 95% of the KCl consumed in the country is imported. 12Mt of K Forte® is equivalent to 2Mt of KCl in K_2O content. Emissions avoided are calculated as the difference between the weighted average emissions for KCl suppliers to produce, deliver, and apply their product in each customer's city and the emissions determined according to K Forte®'s Life Cycle Assessment for its production, delivery, and application in each customer's city.

7 From 2018 to Q1 2024, the Group has sold 1.93 million tons of Product, which can remove up to 212,067 tons of CO_2. Additionally, this amount of Product could potentially prevent up to 48,274 tons of CO_2 emissions.

FIRST QUARTER 2024 HIGHLIGHTS (CONTINUED)

- 6,736 tons of chloride have been prevented from being applied into soils Q1 2024, by farmers who used the Product in lieu of KCl fertilizers.[8] A total of 153,299 tons of chloride has been prevented from being applied into soils by Verde's customers since the Group started production.[9]

Q1 2024 IN REVIEW

Summary

Verde's Q1 2024 results were affected by adverse climate conditions, which reduced overall fertilizer demand in Brazil. This contrasts with Q1 2023, which benefitted from record potash prices and agricultural commodity prices, in good part as a consequence of the outbreak of Ukraine-Russia war.

In 2022, Brazilian farmers committed to purchasing agricultural inputs in advance for the 2023 "second crop"(known locally as *safrinha*) of corn that is sowed after the main crop. That year, agricultural commodity prices were high and the outlook for the 2023 *safrinha* of corn was still excellent. The application of fertilizers for the *safrinha* usually occurs in the first quarter of the year, which further drove the positive financial results for Verde in Q1 2023.

In Q1 2024, however, a "perfect storm" hit the Brazilian fertilizer market. Startin in the second half of 2023, the El Niño effects altered rainfall patterns, severely affecting Brazil's agricultural cycle all the way through early 2024. The irregular and unpredictable precipitation complicated agricultural planning, increasing risks to crop productivity and profitability. Consequently, many soybean farmers postponed planting, leading to a widespread decision to forego planting the *safrinha* corn. This resulted in a significant decrease in fertilizer demand in the first quarter of 2024.

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

9 1 ton of Product (10% K_2O) has 0.1 tons of K_2O, which is equivalent to 0.17 tons of potassium chloride (60% K_2O), containing 0.08 tons of chloride.

Q1 2024 in Review (Continued)

All in all, the Group's results for Q1 2024 are lower than those for Q1 2022 and Q1 2023, quarters that benefitted from the previously mentioned geopolitical factors. When compared to the sales volume and revenue of Q1 2021 however, the Q1 2024 results were approximately five times greater, confirming the broader trend:

	Q1 2021	Q1 2024	∆Q1 21-24
Sales (‘000 tons)	17	85	400%
Revenue (C$’000)	831	5,068	510%

	FY 2021	FY 2024	∆FY 21-24
Sales (‘000 tons)	400	TBD	TBD
Revenue (C$’000)	27,709	TBD	TBD

Agricultural Market

Following the onset of the Ukraine-Russia conflict in early 2022, the agricultural sector experienced a historic surge in the prices of inputs and commodities. Notably, the average potash price jumped by 204% in Q1 2022, peaking at US$1,200 per ton in March 2022, compared to an average of US$293 in Q1 2021.[10] This spike in KCl CFR prices in 2022 was so significant that, despite a downward trend beginning in the latter half of the year, the market in 2023 still benefited the effects of the record-high levels reached in 2022. The average KCl CFR price in Q1 2024 had dropped by 40% compared to Q1 2023, and by 66% compared to Q1 2022.

The Association of Soybean and Corn Producers of Brazil (Aprosoja) reported that during the 2023 soybean planting period, most regions faced excessively dry conditions, while the south experienced excessive rainfall. This variability forced some farmers to plant soybeans in dry soil, attempting to avoid disrupting the subsequent *safrinha* corn planting. Regrettably, these soybeans often failed to thrive, leading to two or three replanting attempts, which significantly increased expenses on seeds, pesticides, fuel, and labor.

This series of challenges persisted into 2024, creating a "perfect storm" scenario. Ongoing El Niño effects from 2023 altered rainfall patterns, severely affecting crop harvests in 2024. The irregular and unpredictable precipitation complicated agricultural planning, increasing the risks to crop productivity and profitability. Consequently, many soybean farmers, challenged by insufficient rainfall, postponed planting, leading to a widespread decision to forego planting *safrinha* corn. This resulted in a significant decrease in fertilizer demand in the first quarter of 2024.

[10] Source: Acerto Limited Report.

The market prices for Brazil's main crops remained stable in Q1 2024 with minor variations, although they continued to be significantly lower than the levels observed in Q1 2022 and Q1 2023. A sack of soybeans, previously valued at R$207 in the market, is now trading below R$120,[11] while the sack of corn has dropped from R$103 to R$61.[12]

Global market competition

In 2022, Brazil experienced its highest interest rates since 2006, a situation that has been showing signs of improvement since H2 2023 but still impacts the Group's financing conditions.

The current SELIC interest rate is 10.5%.[13] The Central Bank of Brazil projects the SELIC rate to reach 9.8% per annum by the end of 2024, 9.0% in 2025 and 2026.[14] Annual inflation forecast for 2024 and 2025 are 3.8% and 3.7% respectively.[15]

Brazilian farmers have grappled with tight working capital amid challenging market conditions in 2023, and they have sought for input suppliers offering the most favorable payment terms and interest rates, allowing them to defer payment until after the harvest, typically between 9 to 12 months later. Verde's ability to provide financing with longer tenors is considerably lower compared to international players[16], which represents terms less competitive for its customers. Unlike its competitors, Verde does not have the option to incur most of its cost of debt in US dollar-denominated liabilities. Overall, the Group is not able to provide financing for more than 20% of its revenue due to constraints related to lines of credit.

Verde's average cost of debt is 14.4% per annum. To incentivize sales, the Group offers its customers a credit line that charges a spread to its finance cost to comprise operational costs, provisions, and expected credit losses, leading to an average lending cost of 17.5% for credit-based purchases. This approach, while necessary in the agricultural sector, increases the risk of non-payment for suppliers such as fertilizer companies, reflecting the heightened financial pressures within the sector.

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[11] Soybeans Paranaguá. As of Q1 2022 and Q1 2024. Source: EPEA – ESALQ / USP.

[12] As of Q1 2022 and Q1 2024. Source: EPEA – ESALQ / USP.

[13] As of May 08, 2024. Source: Brazilian Central Bank

[14] Source: Brazilian Central Bank.

[15] As of May 08, 2024. Source: Brazilian Central Bank.

16 Verde's normal credit term is 30 to 120 days upon shipment, depending on the period of the year, while competitors can provide 180-360 days to collect its payments.

Currency exchange rate

Canadian dollar devaluated by 4% versus Brazilian Real in Q1 2024 compared to Q1 2023.

OUTLOOK

2024 Guidance

Verde's guidance for 2024 is described in the table below:

Key Metrics	FY 2024 Guidance Range[17]		
Sales target (tons of Product)	700,000	-	800,000
CDR potential (tons of CO_2)[18]	33,513	-	38,300
Revenue from sales (C$ million)	55.0	-	62.9
EBITDA (C$ million)[19,20]	8.9	-	12.2
Net profit / (loss) (C$ million)	(1.4)	-	0.5

The 2024 guidance is underpinned by the following assumptions:

- Average Brazilian Real ("R$") to Canadian dollar exchange rate: C$1.00 = R$3.70.
- Average Brazilian Real ("R$") to US dollar exchange rate: US$1.00 = R$4.88.
- Trade Receivables average of 100 days.
- Average KCl CFR Brazil price of US$295, with an overall discount rate of 10%, resulting in a final price of US$265.
- Product sale mix: BAKS® sales are 8% of the total.
- Crude oil Brent price: US$80.00.
- Selic Rate: reduction from 11.75% in December 2023 to 9.25% in December 2024.
- Sales Incoterms: 82% CIF and 18% FOB.
- Sales channels: 65% direct sales and 35% indirect sales.
- Weighted average freight cost per ton: $47.

[17] FY 2024 financial guidance does not include any potential revenue from the sale of carbon credits.

[18] Out of the total sales targeted for FY 2024, 455,000 - 520,000 tons are expected to be sold in compliance with our MRV Protocol, qualifying them as potential carbon credits. This volume has the potential to capture 54,600 - 62,400 tons of CO_2 from the atmosphere via ERW, with a net CDR potential of 33,513 - 38,300 tons of CO_2.

[19] Before non-cash events.

[20] Non-GAAP measure.

Selected Quarterly Financial Information

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

All amounts in CAD $'000	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
Tons Sold '000	85	105	108	107
Revenue	5,068	7,058	9,375	10,305
Net (Loss) / Income after tax	(4,752)	(2,648)	(3,464)	241
Basic (Loss) / Earnings per share	(0.090)	(0.050)	(0.066)	0.005
Diluted (Loss) / Earnings per share	(0.090)	(0.050)	(0.063)	0.004
Total Assets	91,612	96,172	95,501	97,256
Current Liabilities	28,629	39,956	10,974	17,009
Non-current Liabilities	20,424	10,710	36,544	28,418
All amounts in CAD $'000	**Mar 31, 2023**	**Dec 31, 2022**	**Sep 30, 2022**	**Jun 30, 2022**
Tons sold '000	108	125	189	202
Revenue	11,125	16,837	27,269	24,861
Net (loss) / Income after tax	(108)	(1,312)	6,458	9,625
Basic (loss)/earnings per share	(0.002)	(0.028)	0.123	0.189
Diluted (loss)/earnings per share	(0.002)	(0.027)	0.121	0.185
Total Assets	105,245	97,310	91,862	65,508
Current Liabilities	29,707	28,804	24,220	15,746
Non-current Liabilities	25,443	20,155	18,069	8,059

Results of Operations

The following table provides information about three months ended March 31, 2024, as compared to the three months ended March 31, 2023. All amounts in CAD $'000.

All amounts in CAD $'000	3 months ended Mar 31, 2024	3 months ended Mar 31, 2023
Tons sold ('000)	85	108
Average revenue per ton sold $	60	103
Average production cost per ton sold $	(20)	(25)
Average gross profit per ton sold $	40	78
Average gross margin	67%	76%
Revenue	5,068	11,125
Production costs	(1,671)	(2,710)
Gross Profit	3,397	8415
Gross Margin	67%	76%
Sales and marketing expenses	(970)	(1,207)
Product delivery freight expenses	(1,595)	(3,867)
General and administrative expenses	(1,501)	(1,372)
EBITDA [(1)]	(670)	1,969
Share Based, Equity and Bonus Payments (Non-Cash Event) [(2)]	(1,777)	(28)
Depreciation and Amortization [(3)]	(919)	(911)
Operating (Loss) / Profit after non-cash events	(3,366)	1,030
Interest Income/Expense [(4)]	(1,377)	(1,042)
Net (Loss) / Profit before tax	(4,743)	(12)
Income tax [(5)]	(9)	(96)
Net (Loss) / Profit	(4,752)	(108)

[(1)] – Non GAAP measure
[(2)] – Included in General and Administrative expenses in financial statements
[(3)] – Included in General and Administrative expenses and Cost of Sales in financial statements
[(4)] – Please see Summary of Interest-Bearing Loans and Borrowings notes
[(5)] – Please see Income Tax notes

External Factors

Revenue and costs are affected by external factors including changes in the exchange rates between the C$ and R$ along with fluctuations in potassium chloride spot CFR Brazil, agricultural commodities prices, interest rates, among other factors. For further details, please refer to the Q1 2024 Review section:

Financial and operating results

In Q1 2024, revenue from sales fell by 54%, accompanied by a 42% reduction in the average revenue per ton compared to Q1 2023. Excluding freight expenses (FOB price), the average revenue per ton decreased by 38% in Q1 2024 compared to Q1 2023. The proportion of products sold in jumbo bags, which command a higher sales price per ton compared to bulk, represented 6% of the Group's total volume sold, down from 24% in Q1 2023. This shift further affected the average revenue per ton in Q1 2024.

Sales declined by 21% in Q1 2024 compared to Q1 2023, due to the conditions outlined in the Q1 2024 Review section.

The decline in EBITDA is primarily due to the reduced revenue in Q1 2024.

The Group generated a net loss of $4.8 million in Q1 2024, compared to a net loss of $0.1 million in Q1 2023.

Basic loss per share was $0.09 for Q1 2024, compared to a loss of $0.002 for Q1 2023.

Production costs

In Q1 2024, total production costs were reduced by 37% compared to Q1 2023, influenced by the decrease in sales volume. The average cost per ton experienced a 18% reduction compared to Q1 2023, due to the commissioning of Plant 2 in 2022. This new plant operates at a lower production cost compared to Plant 1 due to enhanced operational efficiency. In 2022, Plant 1 operated across four work shifts to fulfil market demand. With the inauguration of Plant 2, it became possible to reduce headcounts at Plant 1, with both plants operating just one shift each from 2023. Sales from Plant 2 constituted 86% of the total sales in Q1 2024. Moreover, the decrease in the proportion of sales made with Jumbo Bags to 6% in Q1 2024, down from 24% in Q1 2023, also contributed to the reduction in average production cost.

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

Results of Operations (Continued)

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

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

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

Sales, General and Administrative Expenses:

SG&A represents a non-operating segment that includes corporate and administrative functions, essential for supporting the Group's operating segments.

Sales Expenses

CAD $'000	3 months ended Mar 31, 2024	3 months ended Mar 31, 2022
Sales and marketing expenses	837	1,070
Fees paid to independent sales agents	133	137
Total	**970**	**1,207**

Sales and marketing expenses cover salaries for employees, car rentals, domestic travel in Brazil, hotel accommodations, and Product promotion at marketing events. The 22% reduction in these expenses in Q1 2024 compared to Q1 2023 is attributed to Verde's decision to scale back investments in media channels that were not anticipated to yield short-term returns.

As part of the Group's marketing and sales strategy, Verde compensates its independent sales agents via commission-based remuneration. Despite a decrease in overall sales for the first quarter of 2024, the proportion of sales made by these agents increased significantly, accounting for 58% of total sales in Q1 2024, up from 30% in Q1 2023. Due to the overall decline in sales volume, the fees paid to independent sales agents decreased by 3% in Q1 2024 compared to the same period in 2023.

SALES, GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED):

Product delivery freight expenses

Expenses decreased by 59% compared to the same period last year. The volume sold as CIF (Cost Insurance and Freight) in Q1 2024 represented 66% of total sales, slightly less than the 68% in Q1 2023. However, the Group achieved a reduction in average freight costs per ton for products sold on a CIF basis, to $29 in Q1 2024 from $53 in the comparable period of the previous year. The 46% decrease in freight costs can primarily be attributed to a reduction in the percentage of sales made to regions that are more distant from Verde's production facilities.

General and Administrative Expenses

CAD $'000	3 months ended Mar 31, 2024	3 months ended Mar 31, 2023
General administrative expenses	805	916
Allowance for expected credit losses	146	4
Legal, professional, consultancy and audit costs	341	317
IT/Software expenses	181	112
Taxes and licenses fees	28	23
Total	**1,501**	**1,372**

General administrative expenses include general office expenses, rent, bank fees, insurance, foreign exchange variances and remuneration of executives, directors of the Board and administrative staff. General administrative decreased by 12% compared to the same period last year, due to a reduction in leasing expenses, such as water trucks and metallic structures to support operations.

According to Verde's sales policy, any customer payments that are overdue for more than 12 months must be provisioned for. The increase in the allowance for expected credit losses in Q1 2024 compared to Q1 2023 is attributed to the financial constraints faced by farmers, which are a result of low prices for agricultural commodities, among other factors, as outlined in the Q1 2024 Review section.

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

IT/Software expenses include software licenses such as Microsoft Office, Customer Relationship Management ("CRM") software and Enterprise Resource Planning (ERP). Expenses increased by 62% in Q1 2024 compared to the same period last year due to an increase in costs associated with the Group's CRM software.

Sales, General and Administrative Expenses (Continued):

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

Share Based, Equity and Bonus Payments (Non-Cash Events) encompass expenses associated with stock options granted to employees and directors, as well as equity compensation and non-cash bonuses awarded to key management personnel. In Q1 2024, the costs associated with share-based payments increase to $1,777 compared to $28 for the same period last year. This increase was primarily due to new options issuance.

Liquidity and Cash Flows

For additional details see the consolidated statements of cash flows for the quarters ended March 31, 2024 and March 31, 2023 in the quarterly financial statements.

Cash generated from / (utilised in): CAD $'000	3 months ended Mar 31, 2024	3 months ended Mar 31, 2023
Operating activities	(2,859)	(3,277)
Investing activities	(269)	(1,889)
Financing activities	(772)	8,163

On March 31, 2024, the Group held cash of $3,200 a decrease of $1,089 on the same period in 2023.

Operating activities

In agricultural sales, credit transactions are common due to the cyclical nature of farming income, which sees fluctuations with seasonal highs during harvests and lows during planting. This cycle necessitates that farmers have access to essential inputs like seeds, fertilizers, and pesticides ahead of their selling season. To accommodate this, credit terms are offered, allowing farmers to procure these inputs in advance and align their payments with their revenue cycle.

The Group's credit terms vary according to the needs of its clients, tailored to the specific requirements of each farmer. This includes considerations such as the crop cycle, creditworthiness, and other relevant factors, with terms extending up to 360 days upon shipment depending on the period of year. This strategy ensures farmers have the necessary resources for each planting season, while Verde secures its financial interests through aligned payment schedules.

In Q1 2024, net cash utilized in operating activities decreased to $2,859, compared to $3,277 utilized in Q1 2023.

Trade and other receivables decreased by 61% in Q1 2024, to $14,078 compared to $29,996 in Q1 2023. This is expected as the Group had lower revenues from sales in the quarter.

Liquidity and Cash Flows (Continued):

Investing activities

Cash utilized from investing activities decreased to $269 in Q1 2024, compared to $1,889 in Q1 2023. This reduction is attributable to the significant infrastructure investments in Plant 2 and mineral property during 2023.

Financing activities

Cash utilized in financing activities increased to $772 in Q1 2024, compared to $8,163 (generated) in Q1 2023. This was due to additional loans being acquired during 2023.

Financial condition

The Group's current assets decreased to $19,570 in Q1 2024, compared to $36,937 in Q1 2023. Current liabilities decreased to $28,629 in Q1 2024, compared to $29,707 in Q1 2023; providing a working capital deficit of $9,059 in Q1 2024, compared to the working capital surplus of $7,230 in Q1 2023.

Interest-Bearing Loans and Borrowings

As of March 31, 2024, the Group's total loan balance was $45,719. Verde's average current loan rate is 14.4% per annum, and the Brazilian Government's long-term bond rate is 10.50% per annum.

Detailed information on the interest-bearing loans and borrowings can be found in the Group's Financial Statements.

Leases

As of March 31, 2024, the Group's total Right-of-use asset balance was $51 and lease liability was $56.

Detailed information on the leases can be found in the Group's Financial Statements.

Commitments and Contingent Liabilities

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

Amounts payable ($'000)	31 Mar 2024 ($'000)	31 Mar 2023 ($'000)
Amount payable within one year	67	65
Amounts payable after more than one year and less than five years	69	62
After five years	305	295
Total	**441**	**421**

Off-Balance Sheet Financing

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

Financial Instruments

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk, each of which is discussed below.

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 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)	31 Mar 2024	31 Mar 2023
Canadian Dollars	30	175
Brazilian Reais	3,170	4,071
American Dollars	-	2
British Pounds	-	18
Singaporean Dollars	-	23
Total	**3,200**	**4,289**

The Brazilian Reais deposits are held as interbank deposit certificates, with no maturity date and track Brazil’s short term interest rate (SELIC), which is currently 10.50%. As of March 31, 2024, SELIC rate was 10.75%.

FINANCIAL INSTRUMENTS (CONTINUED)

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

	Equity ($'000)	
	31 Mar 2024	**31 Mar 2023**
10% weakening of Brazilian Real	(3,177)	(2,135)
10% strengthening of Brazilian Real	2,600	1,746

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 has borrowings, trade, and other payables with a maturity of less than one year with borrowings and a provision greater than one year.

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 14.4% per annum. The Brazilian Government long term bond rate as of March 31, 2024 was 10.75% per annum and up to date of the financial statements issuance the rate has decreased to 10.50% on 8 May 2024 and the Central Bank reaffirms the expectation of decrease of the long-term bond rate. Based on these trends and statements, management does not anticipate a significant increase in interest rates in the foreseeable future.

Financial Instruments (Continued):

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing SOFR or equivalent to the relevant country.

Fair values

In the Directors' opinion there is no material difference between the book value and fair value of any of the Group's financial instruments. 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 analyzed in more detail in the notes to the financial statements. All the Group's financial assets are categorized as loans and receivables and all financial liabilities are measured at amortized cost.

Financial Reporting Standards

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

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

Critical Judgements and Accounting Estimates

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

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

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

CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES (CONTINUED)

Judgements

- Impairment of 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 totaling $18,763 and $48,288, 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. Management's 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 Group's market value, when assessing for impairment indicators.

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:

a) 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
b) Depreciation and amortization 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
c) Capitalized stripping costs recognized 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
d) 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
e) 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

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

- 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 management's best estimate of the present value of the future rehabilitation costs required.

CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES (CONTINUED)

- 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 a

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.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Disclosure Controls and Procedures ("DC&P")

As of March 31, 2024, the CEO and the CFO evaluated the design and operation of the Group's DC&P. Based on that evaluation, the CEO and CFO concluded that the Group's DC&P was effective as at March 31, 2024.

Internal control over financial reporting ("ICFR")

Based on the evaluation of the design and operating effectiveness of the Group's ICFR, the CEO and the CFO concluded that the Group's ICFR was effective as of March 31, 2024.

There have been no changes during the period ended March 31, 2024, that have a material effect on the disclosure controls and procedures or the internal controls over financial reporting.

OUTSTANDING SHARE DATA

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

Type	Number
Ordinary shares	52,669,724
Stock options	4,875,277
Total	**57,545,001**

RISKS

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

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

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

Ukraine and Russia conflict risk

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

Uncertainty in the estimation of mineral resources and mineral reserves

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

RISKS (CONTINUED):

Mining risks

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

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

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

Credit risk

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.

In addition, the Group has a credit risk relating to subsidiary investments. The Group 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 Group 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 recognized as appropriate.

RISKS (CONTINUED):

Production risk

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

Expected Market Potential of the Product

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

Uncertainty of Acquiring Necessary Permits

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

The Group has been successful in obtaining environmental and mining licenses for small scale production and continues to apply for the appropriate licenses to meet future production in line with its expansion plans.

Uninsurable Risks

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

Operations in a Foreign Country and Regulatory Requirements

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

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

Competition

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

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

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

Title Matters

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

Uncertainty of Additional Capital

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

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

Government Royalties

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

Market Factors and Volatility of Commodity Prices

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

Protection of Intellectual Property and Proprietary Rights

The success and competitive position of Verde AgriTech are significantly dependent on the Group's ability to protect its intellectual property and proprietary rights. The Group relies on a combination of patents, copyrights, trademarks, trade secrets, and confidentiality agreements to safeguard its innovative fertilizer products, production technologies, and operational processes. The inability to secure these rights, or any failure to enforce them, could enable competitors to duplicate the Group's products and technologies, potentially eroding its market share, diminishing its brand value, and adversely affecting its financial performance. Verde commits to vigilantly defending its intellectual property while seeking new protections to ensure the longevity and prosperity of its innovations in the agriculture sector.

Environmental, Health, and Safety Regulations

Verde operates within a regulatory environment that prioritizes the protection of the environment, the health and safety of workers, and the well-being of the communities around its operations. Compliance with these extensive laws and regulations is fundamental to the Group's operations. These include regulations governing waste disposal, environmental conservation, worker safety, and mine development. Any failure to comply could result in severe consequences such as fines, permit revocations, and operational suspensions. Moreover, evolving regulations may impose additional compliance costs or operational constraints, emphasizing the need for Verde to continually adapt and integrate responsible environmental, health, and safety practices into all aspects of its operations.

The Group's subsidiary Verde Fertilizantes holds ISO 9001 and ISO 14001 certifications, evidencing its dedication to quality management and environmental responsibility. The Group is committed to maintaining the highest standards in its operational processes and environmental stewardship.

RISKS (CONTINUED):

Climate Change

Climate change represents an escalating risk worldwide, manifested through both transitional and physical challenges. Transitional risks include regulatory changes, carbon pricing mechanisms, and shifts in market demand towards more sustainable practices. Physical risks encompass acute events like floods and droughts, as well as chronic impacts such as altered precipitation patterns and water scarcity. These changes could impact the Group's supply chain, affect its operational efficiency, and impose additional costs for adaptation and resilience-building measures. In response, Verde continues to closely monitor the evolving landscape of climate-related regulations and stakeholder expectations, proactively adapting its strategies to mitigate the risks of climate change.

The effects of climate change extend to the agricultural sector, directly impacting the Group's end customers. Adverse weather conditions can affect growing seasons, crop yields, and water availability, challenging food security and the demand for agricultural inputs like the Group's potassic fertilizers. The ability of farmers to adapt to these changes is crucial, and Verde is committed to supporting its customers through this transition by providing innovative and sustainable fertilizer solutions that enhance crop resilience and contribute to a more sustainable agricultural future.

Cyclical Industry

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

Dependence on Key Executives and Technical Personnel

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

RISKS (CONTINUED):

History of Earnings

The Group generated operating revenue of $5,068 and achieved an operating loss of $4,752 for the period ended March 31, 2024. Management expects that the Group will be able to generate net profits going forward. However, there is no assurance the Group will generate sufficient earnings, operate profitably, or provide a return on investment in the future.

Dilution

The Group currently has 52,669,724 Ordinary Shares outstanding and 52,669,724 on a fully diluted basis. To the extent the Group should, in future, issue any additional warrants, additional options, convertible securities or other similar rights, the holders of such securities will have the opportunity to profit from a rise in the market price of the Ordinary Shares with a resulting dilution in the equity interest of any persons who become holders of Ordinary Shares. The Group's ability to obtain additional financing during the period may be adversely affected and the existence of the rights may have an adverse effect on the price of the Ordinary Shares. The holders of warrants, options and other rights may exercise such securities at a time when the Group would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the outstanding rights.

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

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

The officers and directors of the Group, as a group, beneficially own, on a non-diluted basis, approximately 19.70% of the outstanding Ordinary Shares. The officers and directors, as shareholders, will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions.

Future Sales of Ordinary Shares by Existing Shareholders

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

Risks (Continued):

Conflicts of Interest

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

The Cerrado Verde Project is Managed by a Subsidiary

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

Political, Economic and Social Instability Associated Key Priorities

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

Cybersecurity Threats

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

QUALIFIED PERSON

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

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

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

FURTHER INFORMATION

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

Subscribe to receive Verde's updates: http://cloud.marketing.verde.ag/InvestorsSubscription.

GLOSSARY

Additionality: In the context of environmental sustainability and carbon offset projects, "additionality" refers to the extra or supplementary benefits that such initiatives bring beyond the existing or planned actions. Essentially, for a project to claim additionality, its positive outcomes—such as carbon reductions—must be above and beyond what would have occurred without the project. This concept ensures that credits and offsets purchased or credited to an organization genuinely represent new and extra reductions in greenhouse gas emissions, rather than funding pre-existing initiatives.

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

ANM: See “National Mining Agency”.

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

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

Carbon Credits: Quantifiable units representing verified emissions reductions achieved through carbon offsetting and removal activities. One carbon credit corresponds to the prevention or removal of one metric ton of CO_2 or its equivalent. Entities, including businesses and individuals, can acquire these credits by backing climate initiatives.

Carbon dioxide removal certificates (“CORCs”): Electronic document that records the Attributes of CO_2 Removal from registered Production Facilities. Each CORC represents a Net Carbon Dioxide Removal (CDR) volume of 1 ton of Long-Term CO_2 Removal, equivalent to 1 carbon credit.[21]

Carbon dioxide equivalent (“CO_2e”): Metric measure used to compare the emissions of the different greenhouse gases based upon their global warming potential (GWP), normalized to the equivalent amount of CO_2.

[21] Source: Puro Earth, Puro Standard General Rules, V3.1.

Glossary (Continued)

Carbon Footprint: The cumulative amount of greenhouse gases produced by activities of an entity, be it a business, nation, individual, or specific action.

Carbon Markets: Platforms for trading carbon credits, falling into two categories:

- **Compliance Markets:** stems from policy requirements across different levels, like the Kyoto Protocol's inaugural market, where participants had to meet emissions reduction targets partially by purchasing carbon offsets.
- **Voluntary Markets:** enables entities to trade carbon credits voluntarily to achieve targets such as carbon neutrality. Unlike compliance markets, voluntary market transactions aren't tied to legal emissions reduction mandates.

Carbon Sequestration: The long-term capture and stable storage of atmospheric carbon dioxide. This can be achieved by harnessing natural reservoirs such as plants, soils, geological formations, and oceans.

Cerrado Verde Project ("the Project"): Located in Minas Gerais state, Brazil, it is a potassium-rich deposit 100% owned by Verde, from which the Group is producing solutions for crop nutrition, crop protection, soil improvement, and increased sustainability. The Project has an NI 43-101 Measured and Indicated Mineral Resource Estimate of 1.47 billion tons at a grade of 9.28% K_2O, which includes a Measured Mineral Resource of 1.85 billion tons with an average grade of 8.60% K_2O. The Pre-Feasibility Study of the Project evaluated the technical and financial aspects of producing 50 Mtpy of the Product divided in three scenarios: "Plant 3 Scenario1" (10 Mtpy); "23Mtpy Scenario" (23 Mtpy) and "50Mtpy Scenario" (50 Mtpy). The Cerrado Verde Project has been in production since 2017.

CDR (Carbon Dioxide Removal): The practice of extracting carbon dioxide from the atmosphere post-release and securely storing it for extended durations. Carbon removal methods vary, encompassing nature-based solutions (e.g., enhanced rock weathering) and mechanically intensive approaches. CDR solutions are recognized by the IPCC as crucial for maintaining global temperature increases below 1.5°C. 1 ton of Long-Term Net CO_2 Removal (CDR) is equivalent to 1 carbon credit.

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

GLOSSARY (CONTINUED)

Climate Change: A change of climate attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.[22]

Co-benefits: Co-benefits refer to the positive, secondary outcomes derived from initiatives primarily designed to combat climate change. For example, opting to walk or cycle instead of driving not only reduces carbon emissions but also promotes a healthier way of living. Likewise, certain techniques such as enhanced rock weathering also yield other advantages including improved soil health and decreased ocean acidity. In addition to their capability for carbon capture, Verde's Products also serve as a source of potash, a vital nutrient for plants.

Cradle-to-Grave: Assessment that considers CO_2e emission impacts at each stage of a product's life cycle, from the time natural resources are extracted from the ground and processed through each subsequent stage of manufacturing, transportation, product use, and ultimately, disposal.

Deforestation: Deforestation refers to the widespread removal of trees and vegetation from areas traditionally characterized as forests. This phenomenon is not only observed when trees are directly exploited but also when the land is repurposed for other endeavors. Such activities pose significant ecological threats, leading to habitat loss, reduced biodiversity, and increased greenhouse gas emissions.

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

Enhanced Rock Weathering (ERW): Enhanced Rock Weathering is a technique that mirrors nature's innate carbon sequestration process, aiming to speed up the geological weathering of rocks, thereby capturing and storing CO_2 from the atmosphere more efficiently. Under natural circumstances, rock weathering sees carbon dioxide mix with rainwater as it descends through the atmosphere, subsequently reacting with terrestrial rock formations. This reaction yields stable bicarbonate ions, which are either sequestered in the soil or carried to oceans. The "enhanced" aspect of ERW involves the use of finely ground rock, drastically speeding up a process that nature would take millennia to complete. Analyses performed on Verde's Products at Newcastle University, under the guidance of ERW expert Prof. David Manning, PhD, have verified their capability to extract CO_2 from the atmosphere through ERW, at a rate of 120kg of CO_2 per ton of Product.

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[22] Source: United Nations Framework Convention on Climate Change. Available at: https://unfccc.int/resource/ccsites/zimbab/conven/text/art01.htm#:~:text=2.,observed%20over%20comparable%20time%20periods

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

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

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

Environmental, Social, and Governance (ESG): Criteria set to evaluate a Group's sustainability and societal responsibility, encompassing three pillars. The Environmental pillar examines emissions, resource usage, and sustainability efforts. The Social pillar reviews labor practices, supply chain ethics, and employee growth. Governance focuses on shareholder rights, corporate accountability, and board-level diversity. The ESG is used by investors to gauge non-financial risks in a business's operations.

Exploration Authorization Application ("Requerimento de Pesquisa"): Claim for the geological exploration of an area. Interested parties must file an application for exploration authorization with the ANM and state a case for conducting mineral exploration activities. The Exploration Authorization Applications are analyzed in order of filing date. If the party requesting an exploration authorization meets the necessary legal requirements and an exploration authorization has not been previously issued for any part of the area in question, then the ANM will grant the exploration authorization.

GLOSSARY (CONTINUED)

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

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

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

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

Gigaton: A gigaton, abbreviated as "Gt," is a metric unit equal to one billion tons. Often used in carbon sequestration discussions, the IPCC emphasizes the need to sequester ten gigatons of CO_2 annually by 2050 to limit global warming to 1.5°C. For context, Verde's 3.32 billion tons of mineral resources hold a total carbon removal potential of 0.40 gigatons of CO_2.

Glauconitic Siltstone: Derived from a naturally occurring potassium silicate rock, Glauconitic Siltstone has been valued as a natural potassium fertilizer for over 250 years. Notably, it stands out for its superior weathering properties in comparison to other materials. This rock is the foundational raw material for all Verde Agritech products. Its composition includes glauconite (40%-80%), K-feldspar (10%-15%), quartz (10%-60%), muscovite-sericite (5%), biotite (2%), titanium oxide (<1%), manganese oxide (<1%), goethite (<1%), and trace amounts of barium phosphate and rare-earth element phosphates.

GLOSSARY (CONTINUED)

Global Warming: This term describes the ongoing increase in Earth's average surface temperature, primarily due to human activities since the onset of the Industrial Revolution. The primary cause is the release of greenhouse gases which trap heat in the atmosphere, leading to a rough average temperature rise of about 0.2°C per decade.

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

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

Intergovernmental Panel on Climate Change (IPCC): United Nations body for assessing the science related to climate change. The IPCC prepares comprehensive Assessment Reports about the state of scientific, technical and socio-economic knowledge on climate change, its impacts and future risks, and options for reducing the rate at which climate change is taking place. It also produces Special Reports on topics agreed to by its member governments, as well as Methodology Reports that provide guidelines for the preparation of greenhouse gas inventories.[23]

International Organization for Standardization ("ISO"): Independent, non-governmental international organization with a membership of 169 national standards bodies. The Organization is a global network of the world's leading standardizers. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.[24]

ISO: See "International Organization for Standardization"

KCl: See "Potassium Chloride".

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

K_2O: Chemical term used in the analysis and marketing of fertilizers that contain different potassium compounds, as a comparison of their relative potassium content when compared to equivalent potassium oxide (K_2O).

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

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[23] Source: Intergovernmental Panel on Climate Change. Available at: https://www.ipcc.ch/

[24] Source: ISO. Available at: https://www.iso.org/what-we-do.html

GLOSSARY (CONTINUED)

Life Cycle Analysis ("LCA"): Life-cycle assessment is a process of evaluating the effects that a product has on the environment over the entire period of its life thereby increasing resource-use efficiency and decreasing liabilities. The LCA is a standardized, scientific method that can be used to study the environmental impact of either a product or the function the product is designed to perform.[25] The terms "assessment" and "analysis" are used interchangeably by different companies, but with the same objective.

LCA: See "Life Cycle Analysis".

Megaton: One megaton is equal to one million tons. The term "megaton" is often utilized to measure greenhouse gas emissions and address carbon removal objectives.

Measured Mineral Resource: That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. A measured mineral resource has a higher level of confidence than that applying to either an indicated mineral resource or an inferred mineral resource. It may be converted to a proven mineral reserve or to a probable mineral reserve.

Micro S Technology®: The Group's exclusive elemental sulfur micritization technology, that allows for a larger contact surface. This facilitates the work of microorganisms and oxidation rate increases and so nutrients become available to plants more efficiently. This increases the absorption of sulfur and, consequently, the development of the plant. Micro S Technology® allows micronized sulfur, one of the additional nutrients most required by farmers, to be added to BAKS®.

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

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[25] Source: European Environment Agency.

GLOSSARY (CONTINUED)

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

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

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

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

- **Inferred Mineral Resource:** That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An inferred mineral resource has a lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration.
- **Mineral Right ("Direito Minerário"):** Authorization to research and/or prospect a tenement. It is granted by the federal government through the ANM or the MME, depending on their respective competencies.

Mineralization: The natural process whereby organic matter is converted over time into mineral nutrients. In the carbon removal industry, 'mineralization' also refers to the act of injecting CO_2 into rock for permanent storage.

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

Mining Concession ("Portaria de Concessão de Lavra"): guarantees to the owner the power and duty to explore the mineral deposit until it is exhausted, without a definite term. The title can only be obtained by mining companies and only after undertaking the authorized exploration through an exploration authorization and subsequent approval of the Final Exploration Report. One of the essential documents for requesting a mining concession is the Feasibility Study, which must demonstrate the technical and economic viability of the project and indicate, among other information, the mining method, the planned scale of production and the mine closure plan.

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

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

GLOSSARY (CONTINUED)

MME: See “Ministry of Mines and Energy”.

Measurement, Reporting, and Verification (“MRV”): This is a systematic process designed to quantify the reductions in greenhouse gas emissions achieved through specific environmental initiatives. It involves the careful monitoring of emission reductions over a set timeframe, followed by the compilation and submission of this data to a certified third-party organization. The third-party's role is to validate the accuracy of the reported data, which upon confirmation, can lead to the certification of the results and the issuance of carbon credits.

MRV: See “Measurement, Reporting, and Verification”.

Mtpy: Million tons per year.

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

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

NI 43-101: Refers to Canada's National Instrument 43-101, which establishes the standards for disclosure of mineral projects. Verde AgriTech, in compliance with these standards, reports a combined measured and indicated mineral resource of 1.47 billion tons at 9.28% K2O and an inferred mineral resource of 1.85 billion tons at 8.60% K2O (using a 7.5% K2O cut-off grade).

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

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

Ore Grade: The average amount of K_2O expressed as a percentage.

PFS: See “Pre-Feasibility Study”.

GLOSSARY (CONTINUED)

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

Pre-Feasibility Study ("PFS"): A PFS is an in-depth analysis assessing the technical and economic viability of a mineral project. It evaluates various aspects of the project once it reaches a stage where key methods like underground mining or open pit configurations are defined, along with effective mineral processing techniques. The study also entails a financial review, grounded in reasonable assumptions regarding modifying factors and other pertinent elements. This allows a Qualified Person to ascertain if any portion of the mineral resource can transition to a mineral reserve. Notably, a PFS offers a lower level of confidence compared to a full feasibility study.

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

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

Reforestation: This term refers to the process of replenishing depleted or destroyed forest areas by planting new trees. This can be achieved naturally or artificially, and it is a vital strategy for mitigating the impacts of deforestation, such as loss of biodiversity and increased carbon dioxide levels in the atmosphere. Reforestation helps restore ecosystems, improve air quality, and combat climate change.

Renewable Energy: These are systems of energy generation that do not depend on the extraction and combustion of fossil fuels and can be sustainably replenished without contributing to an increase in carbon emissions. Verde's production process relies on renewable zero-emission hydropower for 100% of its electricity needs.

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

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

tpy: Tons per year.