November 08, 2024

Verde Announces Q3 2024 Results

(All figures are in Canadian dollars, unless stated otherwise. Average exchange rate in Q3 2024: C$1.00 = R$4.06)

Singapore. Verde Agritech Ltd (TSX: “NPK”) (OTCMKTS: “VNPKF”) ("**Verde**” or the “**Company**”) announces its financial results for the period ended September 30, 2024 (“**Q2 2024**”).

Despite a slight reduction in delivered volumes, financial results for the third quarter of 2024 have shown an improvement compared to Q3 2023. The Company sold 100,986 tons in Q3 2024, down from 108,000 tons in Q3 2023. Nevertheless, Verde achieved a 33% reduction in net loss.

In recent months, the Brazilian agricultural sector has continued to experience the compounded effects of higher input costs and subsequent decline in commodity prices. Which was further pressured by elevated interest rates in Brazil, which has created significant challenges for farmers and led to record levels of insolvency rates across the sector and impacted both agricultural producers and its supply chain. Additionally, tightened credit conditions have made financing increasingly difficult for farmers, thus reducing their purchasing capacity.

“As we continue to navigate a challenging market, we remain focused on strategic milestones that will shape our future,” said Cristiano Veloso, Founder and CEO of Verde Agritech. “In the coming days, we anticipate sharing significant updates, including the debt renegotiation status, progress on the reassey of historical drilling and an independent mineral resource calculation for our Man of War rare earths project. Additionally, we expect to initiate the spin-off process for our rare earths asset.”

RECENT DEVELOPMENTS AND SUBSEQUENT EVENTS

Loan Renegotiation

On October 02, 2024, Verde announced that it had successfully renegotiated with banks holding 73% of its outstanding loans. Following this action, the Company expected the remaining five creditor banks to accept the same terms or face a 75% debt reduction through a court order, as per applicable Brazilian legislation. Under the renegotiated agreement, the repayment term is extended to 120 months, with principal repayments suspended for 18 months. Crucially, 90% of the principal will be repaid on a staged schedule, starting after 55 months. The deal is anticipated to yield cash savings of R$115 million over the next 24 months. Additionally, all interest payments are suspended for 18 months, followed by an average nominal interest payment based on Brazil's CDI (*Certificado de Depósito Interbancário*) plus 2.08%[1].

Rare Earths

On October 07, 2024, the Company announced that 4,708 hectares of its mineral concessions are prospective for Magnetic Rare Earths mineralization, following a review of historical drill holes. MREs, including Praseodymium, Neodymium, Dysprosium, and Terbium, are in high demand due to their crucial role in the energy transition and these elements are also essential components in the production of high-performance magnets used in electric vehicles, wind turbines, and other green technologies. Results from 15 additional drill holes revealed a 65-meter mineralized zone with grades of up to 4,209 ppm TREO and 975 ppm MREO.[2]

On October 29, 2024, Verde announced significant assay results from over 1,500 meters of exploration, identifying rare earth elements with concentrations reaching up to 12,487 ppm TREO and 3,357 ppm MREO. Results from 13 additional drill holes revealed an 89-meter mineralized zone with grades of up to 3,706 ppm TREO and 839 ppm MREO.[3]

SECOND QUARTER 2024 HIGHLIGHTS

Operational and Financial Highlights

- Sales in Q3 2024 were 100,986 tons, compared to 108,000 tons in Q3 2023.
- Revenue in Q3 2024 was $7.1 million, compared to $9.4 million in Q3 2023.
- Cash and other receivables held by the Company in Q3 2024 were $14.7 million, compared to $25.4 million in Q3 2023.
- EBITDA before non-cash events was -$0.03 million in Q3 2024, compared to -$0.62 million in Q3 2023.
- Net loss in Q3 2024 was -$2.33 million, compared to -$3.46 million net loss in Q3 2023.

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[1] Learn more at: Verde Successfully Renegotiates Loans with Its Two Largest Creditors.

[2] Learn more at: High grade ionic absorption clay magnetic rare earths mineralization found in Verde's historical drill holes.

[3] Learn more at: Verde's assays of over 1,500m of drilling find rare earths up to 12,487 ppm TREO and 3,357 ppm MREO.

Other Highlights

- Product sold in Q3 2024 has the potential to capture up to 12,111 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 8,126 tons of CO_2.[5] In addition to the carbon removal potential, Verde’s Q3 2024 sales avoided the emissions of 4,659 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 292,613 tons of CO_2.[7]
- 8,004 tons of chloride have been prevented from being applied into soil Q3 2024, by farmers who used the Product in lieu of KCl fertilizers.[8] A total of 168,039 tons of chloride have been prevented from being applied into soils by Verde’s customers since the Company started the production.[9]

Guidance Update

In recent months, Brazil’s agricultural sector has continued to feel reel from the effects of past challenges, when farmers took on significant debt during a period of high input prices followed by a steep commodity price drop. Now, with higher interest rates, farmers are experiencing heightened financial strain, and insolvency filings have reached record levels across the sector, impacting both farmers and distributors of agricultural inputs. This environment has also triggered a credit crunch, making financing increasingly difficult for agricultural producers. To mitigate risks associated with this tightening credit market, Verde has

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[4] Out of the total sales in Q3 2024, 100,925 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 Q3 2024, the Company has sold 1.94 million tons of Product, which can remove up to 229,294 tons of CO_2. Additionally, this amount of Product could potentially prevent up to 63,316 tons of CO_2 emissions.

[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.

adopted conservative sales practices, limiting exposure to credit risk. Consequently, in light of these conditions, investors are advised not to rely on the financial guidance for fiscal year 2024.

Q3 2024 IN REVIEW

Agricultural Market

The price of potassium chloride (KCl) decreased by approximately 8% during the quarter and by 13% compared to the same period last year[10], intensifying competitive pressure from lower-priced imports. This downward pricing trend, along with a more conservative purchasing approach adopted by farmers[11], is driven by macroeconomic uncertainties such as elevated interest rates[12], that led to significant delays in fertilizer purchases across the agricultural sector, causing a postponement in fertilizer demand[13]. Typically, the Brazilian market sees an uptick in fertilizer purchases by mid-year; however, this quarter experienced a notable decline as farmers deferred investments, anticipating improvements in both economic and climatic conditions[14].

In addition, adverse weather conditions, including prolonged drought periods followed by delayed rains[15], further impacted the Company's operations in the third quarter of 2024. The extended dry spells disrupted agricultural cycles, slowing down demand for fertilizers and affecting crop readiness across key regions. These challenging conditions added another layer of complexity to an already cautious market, dampening overall sales performance for the period.

In Q3 2024, the Brazilian potash fertilizer market was under pressure due to ongoing macroeconomic and environmental challenges[16]. Potassium chloride (KCl) average prices were US$297 per ton[17], marking a 13.57% decrease from Q3 2023, continuing the downward trend observed since the peak in 2022. This decline was primarily driven by an oversupply in global markets and weaker demand in key emerging

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[10] Source: Acerto Limited Report.

[11] Source: Verde Announces Q2 2024 results.

[12] As of September 30, 2024. Source: Brazilian Central Bank

[13] Source: The planting of the 2024/25 season has begun, but the scenario still shows delays in fertilizer deliveries.

[14] Source: The planting of the 2024/25 season has begun, but the scenario still shows delays in fertilizer deliveries.

[15] Source: New crop soybean sowing in Brazil to be delayed due to lack of consistent rain: analysts.

[16] Source: AMA Report.

[17] Source:.Acerto Limited Report.

economies, including Brazil[18]. Despite the lower potash prices, farmers were cautious in making purchases due to persistent economic uncertainties, high-interest rates, and limited access to credit[19].

Global market competition

In 2024, Brazil continues to face elevated interest rates, impacting the financing conditions for both companies and farmers. The current SELIC interest rate is 11.25%. The Central Bank of Brazil projects the SELIC rate to be 11.75% by the end of 2024, 11.50% by the end of 2025, and 9.75% by the end of 2026.[20] Annual inflation forecasts stand at 4.5% for 2024 and 4.0% for 2025.[21]

Brazilian farmers have continued to struggle with limited working capital amid challenging market conditions in 2024. They have increasingly sought 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. However, Verde's ability to provide financing with longer tenors remains considerably lower compared to international players[22], making its 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.

Verde's average cost of debt is 15.0% per annum. To incentivize sales, the Company offers its customers a credit line that charges a spread to its finance costs to comprise operational costs, provisions, and expected credit losses, leading to an average lending cost of 17.5% for credit-based purchases. While this approach is necessary in the agricultural sector, it increases the risk of non-payment for suppliers such as fertilizer companies, reflecting the heightened financial pressures within the sector.

Currency exchange rate

The Canadian dollar valuated by 3.5% versus Brazilian Real in Q2 2024 compared to the same period from last year.[23]

[18] Source: AMA Report.

[19] As of September 30, 2024. Source: Verde Announces Q2 2024 results

[20] As of September 30, 2024. Source: Brazilian Central Bank

[21] As of September 30, Source: Brazilian Central Bank.

[22] 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.

[23] Source: Brazilian Central Bank.

Q3 2024 Results Conference Call

The Company will host a conference call on Tuesday, November 12, 2024, at 09:00 am Eastern Time, to discuss Q3 2024 results and provide an update. Subscribe using the link below and receive the conference details by email.

Date:	Tuesday, November 12, 2024
Time:	09:00 am Eastern Time
Subscription link:	**https://bit.ly/Q3-2024-Results-Presentation**

The questions must be submitted in advance through the following link up to 48 hours before the conference call: https://bit.ly/Q3-2024-Results-Presentation-Questions

The Company's first second financial statements and related notes for the period ended September 30, 2024 are available to the public on SEDAR at www.sedar.com and the Company's website at www.investor.verde.ag/.

RESULTS OF OPERATIONS

The following table provides information about the three and nine months ended September 30, 2024 as compared to the three and nine months ended September 30, 2023. All amounts in CAD $'000.

All amounts in CAD $'000	3 months ended Sep 30, 2024	3 months ended Sep, 2023	9 months ended Sep 30, 2024	9 months ended Sep 30, 2023
Tons sold '000	101	108	271	323
Average Revenue per ton sold $	71	87	69	95
Average Production cost per ton sold $	(18)	(28)	(20)	(24)
Average Gross Profit per ton sold $	53	59	49	71
Gross Margin	75%	67%	71%	75%
Revenue	7,161	9,375	18,709	30,805
Production costs(1)	(1,830)	(3,056)	(5,316)	(7,680)
Gross Profit	**5,331**	**6,319**	**13,393**	**23,125**
Gross Margin	**74%**	**67%**	**72%**	**75%**
Sales and marketing expenses	(895)	(695)	(2,844)	(3,026)
Product delivery freight expenses	(2,630)	(3,919)	(6,767)	(11,509)
General and administrative expenses	(1,839)	(2,328)	(4,485)	(5,142)
EBITDA (2)	**(33)**	**(623)**	**(703)**	**3,448**
Share Based and Bonus Payments (Non-Cash Event)(3)	(104)	(261)	(2,146)	(145)
Depreciation, Amortisation and P/L on disposal of plant and equipment (3)	(758)	(973)	(2,479)	(2,852)
Operating Profit after non-cash events	**(895)**	**(1,857)**	**(5,328)**	**451**
Interest Income/Expense (4)	(1,431)	(1,593)	(4,372)	(3,586)
Net Profit before tax	**(2,326)**	**(3,450)**	**(9,700)**	**(3,135)**
Income tax (5)	(10)	(14)	(27)	(196)
Net Profit	**(2,336)**	**(3,464)**	**(9,727)**	**(3,331)**

(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 Q3 2024 Review section:

Financial and operating results

In Q3 2024, revenue from sales decreased by 24%, alongside an 18% reduction in the average revenue per ton compared to the same period in 2023. When excluding freight expenses (FOB price), the average revenue per ton declined by 11% year-over-year, primarily driven by a reduction in KCl prices. This decrease was partially offset by improvements in the product mix, reflecting a higher proportion of premium products compared to Q3 2023.

Sales declined by 6% in Q3 2024 compared to Q3 2023, due to the conditions outlined in the Q3 2024 Review section.

As a consequence of the points mentioned above, the Company's EBITDA before non-cash events was -$0.03 million in Q3 2024 compared to -$0.62 million in Q3 2023.

The Company generated a net loss of -$2.3 million in Q3 2024, compared to a net loss of -$3.5 million in Q3 2023.

Basic loss per share was $0.044 for Q3 2024, compared to earnings of $0.066 for Q3 2023.

Production Costs

In Q3 2024, production costs per ton decreased by 36% compared to Q3 2023, primarily due to an optimized sales mix and increased production from Plant 2, which contributed 25% of total sales.

SALES, GENERAL AND ADMINISTRATIVE EXPENSES:

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

Sales Expenses

CAD $'000	3 months ended Sep 30, 2024	3 months ended Sep 30, 2023	9 months ended Sep 30, 2024	9 months ended Sep 30, 2023
Sales and marketing expenses	(825)	(890)	(2,558)	(2,990)
Fees paid to independent sales agents	(70)	195	(286)	(36)
Total	**(895)**	**(695)**	**(2,844)**	**(3,026)**

Sales and marketing expenses cover salaries for employees, car rentals, domestic travel in Brazil, hotel accommodations, and Product promotion at marketing events.

As part of its marketing and sales strategy, Verde compensates independent sales agents through commission-based remuneration. In Q3 2023, commission expenses showed a credit balance of $195,000 following a $249,000 provision reversal, which contributed significantly to the credit balance that quarter. Excluding this one-time adjustment, commission expenses in 2024 have remained consistent with prior levels, reflecting Verde's stable approach to sales compensation.

Product delivery freight expenses

Expenses decreased by 33% in the third quarter of 2024 compared to the same period last year. The volume sold as CIF (Cost Insurance and Freight) in Q3 2024 represented 72% of total sales, compared to 78% in Q3 2023.

General and Administrative Expenses

CAD $'000	3 months ended Sep 30, 2024	3 months ended Sep 30, 2023	9 months ended Sep 30, 2024	9 months ended Sep 30, 2023
General administrative expenses	(682)	(1,203)	(2,083)	(2,983)
Allowance for expected credit losses	(785)	(563)	(1,018)	(592)
Legal, professional, consultancy and audit costs	(262)	(332)	(905)	(939)
IT/Software expenses	(99)	(190)	(427)	(532)
Taxes and licenses fees	(11)	(40)	(52)	(96)
Total	**(1,839)**	**(2,328)**	**(4,485)**	**(5,142)**

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 43% compared to the same period last year, due to a reduction in leasing expenses, such as water trucks and metallic structures to support operations.

In the third quarter of 2023, we experienced a significant reduction in the number of employees, which led to an increase in severance payments. Consequently, expenses in Q3 2024 were lower than Q3 2023.

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 Q3 2024 compared to Q3 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 Q3 2024 Review section.

Legal, professional, and audit costs comprise fees for accounting, audit, and regulatory services. Consultancy fees include expenses related to external consultants in Brazil, covering accounting services, patent processing, legal fees, and regulatory consulting. In 2024, these expenses were reduced as a result of the internalization of accounting functions and a decrease in audit costs.

IT/Software expenses include software licenses such as Microsoft Office, Customer Relationship Management ("CRM") software and Enterprise Resource Planning (ERP). Expenses decreased by 48% in Q3 2024 compared to the same period last year due to a decrease in costs associated with the Company's CRM software.

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 Q3 2024, the costs associated with share-based payments were -$0.1 million compared to -$0.2 million for the same period last year. This variance 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 September 30, 2024, and September 30, 2023 in the quarterly financial statements.

Cash received from / (used for): CAD $'000	3 months ended Sep 30, 2024	3 months ended Sep 30, 2023	9 months ended Sep 30, 2024	9 months ended Sep, 2023
Operating activities	1,500	(9,216)	(1,671)	(16,090)
Investing activities	(377)	504	950	(1,985)
Financing activities	(556)	11,883	(3,291)	25,823

On September 30, 2024, the Company held cash of $3.4 million, a decrease of $5.8 million 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 Company'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 Q3 2024, net cash utilized in operating activities increased to $11.0 million, compared to -$9.21 million utilized in Q3 2023.

Trade and other receivables decreased by 30% in Q3 2024, to $11.3 million compared to $16.1 million in Q3 2023. This is expected as the Company had lower revenues from sales in the quarter.

Investing activities

Cash utilized in investing activities decreased to -$0.9 million in Q3 2024, compared to $0.5 million in Q3 2023. This reduction was primarily due to investments made in the Company's ongoing projects.

Financing activities

Cash utilized in financing activities decreased to -$12.4 million in Q3 2024, compared to $11.9 million in Q3 2023. This shift was primarily due to additional loans acquired during 2023, which increased financing inflows in that period.

Financial condition

The Company’s current assets decreased to $11.7 million in Q3 2024, compared to $28.2 million in Q3 2023. Current liabilities increased to $19.0 million in Q3 2024, compared to $10.9 million in Q3 2023; providing a working capital deficit of $13.3 million in Q3 2024, compared to the working capital surplus of $17.1 million in Q3 2023.

About Verde AgriTech

Verde Agritech is dedicated to advancing sustainable agriculture through the innovation of specialty multi-nutrient potassium fertilizers. Our mission is to increase agricultural productivity, enhance soil health, and significantly contribute to environmental sustainability. Utilizing our unique position in Brazil, we harness proprietary technologies to develop solutions that not only meet the immediate needs of farmers but also address global challenges such as food security and climate change. Our commitment to carbon capture and the production of eco-friendly fertilizers underscores our vision for a future where agriculture contributes positively to the health of our planet.

For more information on how we are leading the way towards sustainable agriculture and climate change mitigation in Brazil, visit our website at https://verde.ag/en/home/.

Corporate Presentation

For further information on the Company, please view shareholders’ deck: https://investor.verde.ag/wp-content/uploads/2024/09/Corporate-presentation-Verde-AgriTech-September-2024.pdf

Company Updates

Verde invites you to subscribe for updates. By signing up, you'll receive the latest news about the Company's projects, achievements, and future plans.

Subscribe here: http://cloud.marketing.verde.ag/InvestorsSubscription

Cautionary Language and Forward-Looking Statements

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

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

- (i) the estimated amount and grade of Mineral Resources and Mineral Reserves;
- (ii) the estimated amount of CO_2 removal per ton of rock;
- (iii) the PFS representing a viable development option for the Project;
- (iv) estimates of the capital costs of constructing mine facilities and bringing a mine into production, of sustaining capital and the duration of financing payback periods;
- (v) the estimated amount of future production, both produced and sold;
- (vi) timing of disclosure for the PFS and recommendations from the Special Committee;
- (vii) the Company’s competitive position in Brazil and demand for potash; and,
- (viii) estimates of operating costs and total costs, net cash flow, net present value and economic returns from an operating mine.

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

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

- (i) the presence of and continuity of resources and reserves at the Project at estimated grades;
- (ii) the estimation of CO_2 removal based on the chemical and mineralogical composition of assumed resources and reserves;
- (iii) the geotechnical and metallurgical characteristics of rock conforming to sampled results; including the quantities of water and the quality of the water that must be diverted or treated during mining operations;
- (iv) the capacities and durability of various machinery and equipment;
- (v) the availability of personnel, machinery and equipment at estimated prices and within the estimated delivery times;
- (vi) currency exchange rates;
- (vii) Super Greensand® and K Forte® sales prices, market size and exchange rate assumed;
- (viii) appropriate discount rates applied to the cash flows in the economic analysis;
- (ix) tax rates and royalty rates applicable to the proposed mining operation;
- (x) the availability of acceptable financing under assumed structure and costs;
- (xi) anticipated mining losses and dilution;
- (xii) reasonable contingency requirements;

(xiii) success in realizing proposed operations;

(xiv) receipt of permits and other regulatory approvals on acceptable terms; and

(xv) the fulfilment of environmental assessment commitments and arrangements with local communities.

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

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

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

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