

VERDE AGRITECH LIMITED

UNAUDITED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

THIRD QUARTER ENDED 30 SEPTEMBER 2024



VERDE AGRITECH LIMITED

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VERDE AGRITECH LIMITED

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

The accompanying unaudited consolidated financial statements of Verde Agritech Limited (“Verde”, the “Company”, or the “Group”) for the third quarter ended 30 September 2024 have been prepared by and are the responsibility of the Company's management. They have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ issued by the International Auditing and Assurance Board (“IAASB”) and do not include all of the information and disclosures that would be required by International Financial Reporting Standards for annual audited financial statements. The interim consolidated financial statements should be read in conjunction with the Group's audited financial statements including the notes thereto for the year ended 31 December 2023.

The financial information has not been reviewed or audited by the Group's auditor.

These financial statements have been approved by the Audit Committee and the Board of Directors of the Group.

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the quarter ended 30 September 2024

All amounts expressed in Canadian Dollars.

Note	3 Months ended 30 Sep 2024 \$'000	3 Months ended 30 Sep 2023 \$'000	9 months ended 30 Sep 2024 \$'000	9 months ended 30 Sep 2023 \$'000
Revenue	7,161	9,375	18,709	30,805
Production costs	(2,565)	(3,056)	(7,649)	(7,680)
Gross Profit	4,596	6,319	11,060	23,125
Sales and distribution expenses	(3,525)	(4,614)	(9,611)	(14,535)
General and administrative expenses	(1,966)	(3,562)	(6,777)	(8,139)
Operating (Loss) / Profit	(895)	(1,857)	(5,328)	451
Finance income	32	196	445	480
Finance costs	(1,463)	(1,789)	(4,817)	(4,066)
(Loss) / Profit before tax from continuing operations	(2,326)	(3,450)	(9,700)	(3,135)
Income tax expense	(10)	(14)	(27)	(196)
(Loss) / Profit	(2,336)	(3,464)	(9,727)	(3,331)

(Loss) / Earnings per share (\$)	3 Months ended 30 Sep 2024 \$'000	3 Months ended 30 Sep 2023 \$'000	9 months ended 30 Sep 2024 \$'000	9 Months ended 30 Sep 2023 \$'000
Basic (loss) / earnings per share	(0.044)	(0.066)	(0.185)	(0.063)
Dilutive (loss) / earnings per share	(0.044)	(0.063)	(0.185)	(0.061)

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 30 September 2024

All amounts expressed in Canadian Dollars.

	Note	3 Months ended 30 Set 2024 \$'000	3 Months ended 30 Set 2023 \$'000	9 Months ended 30 Set 2024 \$'000	9 Months ended 30 Set 2023 \$'000
(Loss) / Profit for the period					
		(2,336)	(3,464)	(9,727)	(3,331)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		(175)	(667)	(3,050)	2,600
Total comprehensive profit for the period attributable to equity holders of the parent		(2,511)	(4,131)	(12,777)	(731)

VERDE AGRITECH LIMITED

STATEMENT OF CASH FLOWS

For the Quarter Ended 30 September 2024

All amounts expressed in Canadian Dollars.

	3 months ended 30 Sep 2024 \$'000	3 months ended 30 Sep 2023 \$'000	9 months ended 30 Sep 2024 \$'000	9 months ended 30 Sep 2023 \$'000
Cash flows from operating activities				
Operating (loss)/profit	(2,326)	(1,857)	(9,700)	451
Depreciation	666	987	2,382	2,946
Amortization of right of use asset	4	59	12	225
Depletion of mineral property	17	-	52	-
Foreign exchange differences	(345)	404	(2,017)	(663)
Loss from disposal of property, plant and equipment	27	-	27	-
Share-based payments and non-cash bonuses	104	261	2,146	323
Derivative financial instruments	-	-	(287)	-
Deferred taxes	(23)	-	253	-
Expected credit losses on trade receivable	625	-	839	-
Finance costs	1,331	-	4,382	-
Decrease / (Increase) in inventories	232	1,057	779	(299)
Decrease / (Increase) in receivables	1,233	1,445	1,538	12,414
(Decrease) / Increase in payables	(21)	(9,815)	(897)	(26,093)
Cash generated/(utilized) in operations	1,524	(7,459)	(491)	(10,696)
Interest paid	(16)	(1,743)	(1,150)	(4,121)
Taxation paid	(8)	(14)	(30)	(1,273)
Net cash (utilized) / generated in operating activities	1,500	(9,216)	(1,671)	(16,090)
Cash flows from investing activities				
Interest received	-	196	-	480
Financial investments	-	-	1,711	-
Acquisition of mineral property assets	(84)	539	(84)	(39)
Acquisition of property, plant and equipment	(293)	(231)	(677)	(2,155)
Net cash utilized in investing activities	(377)	504	950	(1,714)
Cash flows from financing activities				
Bank loans received	(148)	11,858	2,518	25,782
Bank loans payments (principal)	(399)	-	(5,793)	-
Lease Liabilities Additions	(4)	-	-	-
Lease liabilities payments	(5)	-	(16)	-
Proceeds from issue of shares	-	25	-	41
Net cash generated from financing activities	(556)	11,883	(3,291)	25,823
Net increase/(decrease) in cash and cash equivalents	567	3,171	(4,012)	8,019
Cash and cash equivalents at beginning of period	2,720	6,227	6,975	1,163
Effect of exchange rate fluctuations on cash held	139	(123)	463	93
Cash and cash equivalents at end of period	3,426	9,275	3,426	9,275

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

All amounts expressed in Canadian Dollars.

Assets	Note	30 Sep 2024 (\$'000)	31 Dec 2023 (\$'000)
Property, plant and equipment	5	43,066	49,201
Right-of-use asset	6	39	52
Mineral properties	7	17,707	18,902
Other assets	8	354	2,102
Deferred tax asset		2,574	2,827
Total non-current assets		63,740	73,084
Inventory		1,669	2,448
Trade and other receivables		11,319	13,657
Other financial assets	9	6	8
Cash and cash equivalents	14	3,426	6,975
Total current assets		16,420	23,088
Total assets		80,160	96,172
Equity attributable to the equity holders of the parent			
Issued capital	10	20,652	20,652
Capital contribution		49,862	49,862
Merger reserve		(4,557)	(4,557)
Translation reserve		(15,054)	(12,004)
Accumulated losses		(16,028)	(8,447)
Total equity		34,875	45,506
Liabilities			
Interest-bearing loans and borrowings	12	15,303	10,521
Lease liabilities	6	27	42
Provisions		203	147
Total non-current liabilities		15,533	10,710
Trade and other payables		2,835	4,005
Interest-bearing loans and borrowings	12	26,876	35,625
Lease liabilities	6	17	14
Other financial liabilities	9	24	312
Total current liabilities		29,752	39,956
Total liabilities		45,285	50,666
Total equity and liabilities		80,160	96,172

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts expressed in Canadian Dollars.

	Share capital (\$'000)	Capital contribution (\$'000)	Merger reserve (\$'000)	Translation reserve (\$'000)	Accumulated losses (\$'000)	Total (\$'000)
Balance at 1 January 2023	20,611	49,862	(4,557)	(14,470)	(3,095)	48,351
Comprehensive profit						
Loss for the period	-	-	-	-	(3,331)	(3,331)
Foreign exchange translation differences	-	-	-	2,600	-	2,600
Total comprehensive profit for the period	-	-	-	2,600	(3,331)	(731)
Transactions with owners						
Issue of share capital	41	-	-	-	-	41
Share-based payments	-	-	-	-	322	322
Total transactions with owners	41	-	-	-	322	363
Balance at 30 September 2023	20,652	49,862	(4,557)	(11,870)	(6,104)	47,983
Comprehensive profit						
Loss for the period	-	-	-	-	(2,648)	(2,648)
Foreign exchange translation differences	-	-	-	(134)	-	(134)
Total comprehensive loss for the period	-	-	-	(134)	(2,648)	(2,782)
Transactions with owners						
Issue of share capital	-	-	-	-	-	-
Share-based payments	-	-	-	-	305	305
Total transactions with owners	-	-	-	-	305	305
Balance at 31 December 2023	20,652	49,862	(4,557)	(12,004)	(8,447)	45,506
Balance at 1 January 2024	20,652	49,862	(4,557)	(12,004)	(8,447)	45,506
Comprehensive profit						
Loss for the period	-	-	-	-	(9,727)	(9,727)
Foreign exchange translation differences	-	-	-	(3,050)	-	(3,050)
Total comprehensive loss for the period	-	-	-	(3,050)	(9,727)	(12,777)
Transactions with owners						
Issue of share capital	-	-	-	-	-	-
Share-based payments	-	-	-	-	2,146	2,146
Total transactions with owners	-	-	-	-	2,146	2,146
Balance at 30 September 2024	20,652	49,862	(4,557)	(15,054)	(16,028)	34,875

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial statements of Verde Agritech Limited and its subsidiaries (together referred to as the 'Group') for the quarter ended 30 September 2024 were authorized for issue on 08 November 2024, in accordance with a resolution of the directors. Verde Agritech Limited (the parent) is a limited company incorporated and domiciled in Singapore and whose shares are publicly traded on the Canadian Toronto Stock Exchange ("TSX") under the symbol "NPK", and on the OTC Markets ("OTCMKTS") under the symbol "VNPKE". The registered office is located 16 Collyer Quay # 17 – 00, Collyer Quay Centre, Singapore, 049318.

The principal activity of the Group is the production and sale of its products ("the Products"). Information on the Group's structure is provided in note 5.

2. Material accounting policies

2.1 Basis of preparation

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2023. The annual financial statements are prepared in accordance with international accounting standards and with IFRSs as promulgated by the International Accounting Standards Board ("IASB") and their interpretations issued by the IFRIC.

In the opinion of management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Group's audited financial statements and notes for the year ended 31 December 2023.

The statutory accounts for the year ended 31 December 2023 have been filed with SEDAR. The auditors' report on these accounts was unqualified.

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

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern basis of preparation

For the nine-month period ended 30 September 2024, the Group reported operating revenue of \$18,709, a net loss of -\$9,727 and net cash flows from operating activities of -\$1,671. Moreover, the Group presented a working capital deficit of -\$13,332, mainly attributable to funds raised to finance working capital and Plant 2 construction.

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

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

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

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

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

3. Operating segments

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

4. Loss per share

Basic loss per share

The calculation of basic loss per share at 30 September 2024 was based on the loss attributable to ordinary shareholders of -\$9,727 (30 September 2023: profit -\$3,331) and a weighted average number of Ordinary Shares outstanding during the period ended 30 September 2024 of 52,669,724 (30 September 2023: 52,643,426) calculated as follows:

Profit attributable to ordinary shareholders

	9 months ended 30 Sep 2024	9 months ended 30 Sep 2023
(Loss) / Profit for the period (\$'000)	(9,727)	(3,331)
(Loss) / Profit attributable to ordinary shareholders (\$'000)	(9,727)	(3,331)

Weighted average number of ordinary shares

	Number 30 Sep 2024	Number 30 Sep 2023
Weighted average number of ordinary shares outstanding – basic ('000)	52,670	52,643
Dilutive Stock options	-	1,621
Weighted average number of ordinary shares outstanding – dilutive ('000)	52,670	54,264
Basic earnings per share	(\$0.185)	(\$0.063)
Diluted earnings per share	(\$0.185)	(\$0.061)

The determination of the weighted average number of ordinary shares outstanding for the calculation of diluted earnings per share does not include the following effect of stock options which were anti-dilutive to earnings per share in the period:

	9 months ended 30 Sep 2024	9 months ended 30 Sep 2023
Anti-dilutive Stock options	4,987	1,072

Details of share options that could potentially dilute earnings per share in future periods are set out in note 11.

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

5. Property, plant and equipment

(\$'000) Cost	Land and buildings	Plant and equipment	Computer equipment	Furniture and fixtures	Other assets	Total
Balance at 1 January 2023	26,694	19,771	771	371	-	47,607
Additions	757	2,236	59	4	190	3,246
Acquired assets through finance	-	213	-	-	-	213
Disposals	-	(158)	(27)	-	-	(185)
Effect of movements in foreign exchange	1,714	1,274	48	24	2	3,062
Balance at 31 December 2023	29,165	23,336	851	399	192	53,943
Balance at 1 January 2024	29,165	23,336	851	399	192	53,943
Additions	189	3	1	-	484	677
Disposals	(12)	-	(20)	-	-	(32)
Transfers	(8,411)	8,620	13	(248)	26	-
Effect of movements in foreign exchange	(1,904)	(2,814)	(76)	(14)	(20)	(4,828)
Balance at 30 September 2024	19,027	29,145	769	137	682	49,760

Depreciation and impairment losses						
Balance at 1 January 2023	-	967	172	116	-	1,255
Depreciation charge for the period	-	3,307	83	15	-	3,405
Acquired assets through finance	-	49	-	-	-	49
Depreciation on disposals	-	(43)	(27)	-	-	(70)
Effect of movements in foreign exchange	-	86	10	7	-	103
Balance at 31 December 2023	-	4,366	238	138	-	4,742
Balance at 1 January 2024	-	4,366	238	138	-	4,742
Depreciation charge for the period	406	1,864	104	8	-	2,382
Transfers	937	(966)	107	(78)	-	0
Depreciation eliminated on disposals	-	-	(5)	-	-	(5)
Effect of movements in foreign exchange	(84)	(305)	(31)	(5)	-	(425)
Balance at 30 September 2024	1,259	4,959	(413)	63	-	(6,694)

Carrying amounts						
At 1 January 2023	26,694	18,804	599	255	-	46,352
At 31 December 2023	29,165	18,970	613	261	192	49,201
At 1 January 2024	29,165	18,970	613	261	192	49,201
At 30 September 2024	17,768	24,186	356	74	599	43,066

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

6. Right-of-use assets

Cost	Total (\$'000)
Balance at 1 January 2023	12
Additions	67
Write-off of right-of-use assets	(213)
Effect of movements in foreign exchange	12
Balance at 31 December 2023	67
Balance at 1 January 2024	67
Additions	4
Effect of movements in foreign exchange	(6)
Balance at 30 September 2024	65
Amortization	
Balance at 1 January 2023	27
Amortization charge for the year	14
Write-off of right-of-use assets	(49)
Effect of movements in foreign exchange	23
Balance at 31 December 2023	15
Balance at 1 January 2024	15
Amortization charge for the period	12
Effect of movements in foreign exchange	(1)
Balance at 30 September	26
Carrying amounts	
At 1 January 2023	174
At 31 December 2023	52
At 1 January 2024	52
At 30 September 2024	39

Lease liabilities

The following table outlines the future lease payments:

	30 Sep 2024	31 Dec 2023
	\$'000	\$'000
Not later than one year	17	14
Later than one year but not later than five years	27	42
Total	44	56

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

7. Mineral properties

Cost	Total (\$'000)
Balance at	19,280
Additions	1
Mine closure provision	92
Write-off of mineral properties	(335)
Effect of movements in foreign exchange	866
Balance at	19,904
Balance at 1 April 2024	19,904
Additions	84
Disposals	(22)
Effect of movements in foreign exchange	(1,269)
Balance at 30 September 2024	18,697
Amortisation	
Balance at 1 January 2023	661
Amortization charge for the year	297
Effect of movements in foreign exchange	44
Balance at 31 December 2023	1,002
Balance at 1 January 2024	1,002
Amortization charge for the period	52
Effect of movements in foreign exchange	(64)
Balance at 30 September 2024	990
Carrying amounts	
At 1 January 2023	18,619
At 31 December 2023	18,902
At 1 January 2024	18,902
Balance at 30 September 2024	17,707

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

8. Other assets

(\$'000)	30 Sep 2024	31 Dec 2023
Receivables	354	391
Restricted cash	-	1,711
Total	354	2,102

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

9. Other financial assets and liabilities

9.1 Financial assets

(\$'000)	30 Sep 2024	31 Dec 2023
Derivative - Swap contracts	6	8
Total	6	8

9.2 Financial liabilities

(\$'000)	30 Sep 2024	31 Dec 2023
Derivative - Swap contracts	24	312
Total	24	312

10. Share capital

Issued - Ordinary Shares	30 Sep 2024		31 Dec 2023	
	Number	\$'000	Number	\$'000
At 1 January	52,669,724	20,652	52,597,951	20,611
Issuance of ordinary shares	-	-	71,773	41
At end of period	52,669,724	20,652	52,669,724	20,652

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

11. Share-based payments

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

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

	30 Sep 2024		31 Dec 2023	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	\$1.09	2,732,619	\$1.31	1,597,398
Granted during the period	\$1.10	2,990,548	\$2.33	1,304,393
Exercised during the period	-	-	\$0.58	(71,773)
Cancelled/Forfeited during the period	\$1.55	(736,018)	\$2.97	(97,399)
Outstanding at the end of the period	\$1.42	4,987,149	\$1.09	2,732,619
Exercisable at the end of the period	\$0.70	3,480,361	\$0.42	1,140,058

The options outstanding at 30 September 2024 have an exercise price in the range of \$0.40 to \$7.76 (2023: \$0.40 to \$7.76) and a weighted average remaining contractual life of 7.2 years (31 December 2023: 6.7 years). Five option awards were granted in 2024. The option awards vest in varying tranches:

Issue date	Vesting period
March 2024	10% on issue, followed by 10% years one to four and final 50% in year five
March 2024	Vested in full June 2024
May 2024	11% on issue, followed by 11% every four months and final 12% in 32 months
June 2024	10% on issue, followed by 10% years one to four and final 50% in year five
June 2024	11% on issue, followed by 11% every four months and final 12% in 32 months
August 2024	10% on issue, followed by 10% years one to four and final 50% in year five

At 30 September 2024, 3,480,361 of the options had vested (31 December 2023: 1,140,058).

Fair value of share options and assumptions (\$)	30 Sep 2024	31 Dec 2023
Weighted average fair value of options granted during the period	\$0.70	\$1.86
Weighted average share price	\$1.10	\$2.34
Weighted average exercise price	\$1.10	\$2.43
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	99%	118%
Option life	3	5
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	3.38%	3.54%

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NOTES TO THE GROUP FINANCIAL STATEMENTS

11. Share-based payments (continued)

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

(\$'000)	30 Sep 2024	31 Dec 2023
Total expense recognized as employee costs	2,146	627

Details of share options outstanding at 30 September 2024 are as follows:

Outstanding at beginning of period	Number of options				Outstanding at end of period	Exercisable at end of period	Exercise price (\$)	Exercisable period	
	Granted	Forfeited	Exercised					Grant date	Expiry date
200,000	-	(200,000)	-	-	-	\$1.02	30 May 2018	30 May 2028	
131	-	-	-	131	131	\$0.61	24 Sep 2018	24 Sept 2028	
65,000	-	-	-	65,000	65,000	\$0.61	24 Sep 2018	24 Sept 2028	
124,490	-	-	-	124,490	124,490	\$0.63	1 Mar 2019	1 Mar 2029	
167,500	-	-	-	167,500	167,500	\$0.63	1 Mar 2019	1 Mar 2029	
21,000	-	-	-	21,000	21,000	\$0.67	1 Sept 2019	1 Sept 2029	
18,349	-	(9,175)	-	9,174	9,163	\$0.40	14 Feb 2020	14 Feb 2030	
24,684	-	-	-	24,684	9,342	\$0.40	25 Mar 2020	25 Mar 2030	
26,828	-	(3,365)	-	23,463	10,449	\$1.22	5 Mar 2021	5 Mar 2031	
750,000	-	-	-	750,000	750,000	\$1.22	5 Mar 2021	5 Mar 2031	
30,182	-	(8,018)	-	19,171	8,772	\$1.21	10 May 2021	10 May 2031	
26,062	-	(12,400)	-	13,662	4,098	\$7.76	16 Mar 2022	16 Mar 2032	
3,000	-	-	-	3,000	600	\$7.11	5 Nov 2022	5 Nov 2032	
2,000	-	-	-	2,000	400	\$6.51	17 Feb 2023	17 Feb 2033	
146,000	-	(22,000)	-	124,000	12,900	\$2.23	19 May 2023	19 May 2033	
184,311	-	(85,859)	-	98,452	33,474	\$2.23	19 May 2023	19 May 2033	
736,179	-	-	-	736,179	250,301	\$2.32	15 July 2023	15 July 2033	
124,436	-	(44,441)	-	79,995	15,999	\$3.13	28 Aug 2023	28 Aug 2033	
82,467	-	(82,467)	-	-	0	\$1.64	2 Oct 2023	2 Oct 2033	
-	345,000	(254,500)	-	90,500	9,500	\$1.20	28 Mar 2024	28 Mar 2034	
-	1,900,000	-	-	1,900,000	1,900,000	\$1.20	28 Mar 2024	28 Mar 2034	
-	101,548	-	-	101,548	22,342	\$0.74	17 May 2024	17 May 2034	
-	529,000	(10,800)	-	518,200	52,400	\$0.80	19 June 2024	19 June 2034	
-	100,000	-	-	100,000	11,000	\$0.83	27 June 2024	27 June 2034	
-	15,000	-	-	15,000	1,500	\$0.71	12 Aug 2024	12 Aug 2034	
2,732,619	2,990,548	(736,018)	-	4,987,149	3,480,361				

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

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NOTES TO THE GROUP FINANCIAL STATEMENTS

12. Interest-bearing loans and borrowings

(\$'000)	30 Sep 2024	31 Dec 2023
Non-current liabilities (\$'000)		
Bank loans	15,303	10,521
Current liabilities (\$'000)		
Bank loans	26,876	35,625
Total	42,179	46,146

The Group received three loans during the period from various banks totaling \$2,518 (BRL \$10,146).

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

12. Interest-bearing loans and borrowings (Continued)

Summary of Interest-bearing loans and borrowings

Lender	Loan start date	Purpose	Grace period (months)	Term (months)	Loan value (R\$'000)	Balance at Sep 30, 2024 (C\$'000)	Repayable by	Total interest payable*
Brazil ^(f)	Apr,2024	Working capital	6	6	3,341	829	Oct, 2024	16.39%
Voiter ^(e)	Mar,2024	Working capital	3	24	5,000	1,102	Mar, 2026	*CDI+6,40%
Brazil ^(f)	Mar,2024	Working capital	6	6	1,651	410	Sept, 2024	16.39%
Itaú ^(f)	Feb, 2024	Working capital	6	6	154	0	July, 2024	15.25%
Banco BCG ^(e)	Dec, 2023	Working capital	6	18	10,000	2,136	Jun, 2025	CDI ⁽¹⁾ +4.41%
Brazil ^{(a) (d)}	Nov, 2023	Working capital	12	36	8,000	2,218	Dec, 2026	CDI ⁽¹⁾ +4.00%
ABC Brazil ^{(a) (e)}	Oct, 2023	Working capital	6	18	15,000	3,206	May, 2025	CDI ⁽¹⁾ +3.46%
Bradesco ^(a)	Oct, 2023	Working capital	6	24	20,000	4,477	Oct, 2025	CDI ⁽¹⁾ +3.61%
Brazil ^{(c) (d)}	Aug, 2023	Working capital	12	36	40,000	11,546	Aug, 2026	CDI ⁽¹⁾ +3.60%
Votorantim ^(e)	Jul, 2023	Working capital	12	36	5,000	1,322	Mar, 2025	CDI ⁽¹⁾ +3.65%
Brazil ^(c)	Apr, 2023	Working capital	12	60	20,000	5,285	Apr, 2028	CDI ⁽¹⁾ +4.88%
Inter ^(e)	Jan,2023	Working capital	12	24	5,000	1,012	Jan, 2026	CDI ⁽¹⁾ 5.51%
Brazil	Apr, 2023	Transaction costs	0	60	(1,368)	(217)	Apr, 2028	
Various	Prior to 2023				62,665	8,853		
Total					195,810	42,179		

(1) - CDI, (from Portuguese "Certificado de Depósito Interbancário") is the average of interbank overnight rates in Brazil. As at September 30, 2024, the 12 months cumulative rate was 11.00%.

(2) - Inc Variable interest (IPCA) - Broad Consumer Price Index, a measure of the average price needed to buy consumer goods and services. As at September 30, 2024 the 12 months cumulative rate was 4.42%.

(3) - TJLP (from Portuguese "Taxa de Juros de Longo Prazo") is the long-term interest rate in Brazil. As of September 30, 2024, the 12 months cumulative rate was 6.91%.

Bank loans are secured as follows:

Indicator ^(a) – Loan value secured by trade receivables

Indicator ^(b) – Fixed charge over the equipment purchased

Indicator ^(c) – Future sales contracts

Indicator ^(d) – Plant / Factory

Indicator ^(e) – Financial investments

Indicator ^(f) – None

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

13. Commitments

Commitments

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

	30 Sep 2024	31 Dec 2023
	\$'000	\$'000
Amount payable within one year	67	67
Amounts payable after more than one year and less than five years	67	69
After five years	294	311
Total	428	447

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

14. Financial instruments

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

Foreign currency risk

The Group's cash resources are mainly held in Brazilian Real. Exchange rate fluctuations may adversely affect the Group's financial position and results. The Group's financial results are reported in Canadian Dollars and its revenues, costs and finance costs are primarily incurred in Brazilian Real.

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

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

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

Currency (\$'000)	30 Sep 2024	31 Dec 2023
Canadian Dollars	159	180
Brazilian Reais	3,109	6,785
American Dollars	62	8
British Pounds	96	2
Singaporean Dollars	-	-
Total	3,426	6,975

The Brazilian Reais deposits are held as interbank deposit certificates, with no maturity date and track Brazil's short-term interest rate (SELIC), which was 11.25% at September 30, 2024.

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

14. Financial instruments (continued)

Foreign currency risk (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 the reasonable possible exposure.

	Equity (\$'000)	
	30 Sep 2024	31 Dec 2023
10% weakening of Brazilian Real	(2,998)	(2,977)
10% strengthening of Brazilian Real	2,453	2,436

Liquidity risk

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

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 14.95% per annum. The Brazilian Government long term bond rate as at 30 September 2024 was 11.25%. Based on Brazilian Central Bank perspectives for long term bond rate the Directors does not understand that it is reasonably possible that a significant increase in interest rate is expected for the foreseeable future.

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

14. Financial instruments (continued)

Credit risk

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

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

Fair values

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

Classes of financial instruments

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

15. 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

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](#).