

REGISTERED NUMBER: 202222202R (SINGAPORE)

REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

VERDE AGRITECH LIMITED



VERDE AGRITECH LIMITED

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VERDE AGRITECH LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

Directors:	Cristiano Veloso Renato Gomes Fernando Prezzotto Hannah Oh
Secretary:	Noraini Binte Noor Mohamed Abdul Latiff
Registered office:	16 Collyer Quay # 17 - 00 Collyer Quay Centre Singapore 049318
Registered number:	202222202R (Singapore)
Auditor:	RSM Brasil Auditores Independentes Ltda Rua Rio Grande do Norte, 1436 – 7th floor Belo Horizonte, Minas Gerais 30.130-138 Brazil



VERDE AGRITECH LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present their report with the audited financial statements of Verde AgriTech Limited and its subsidiaries (“the Group” or “Verde”) for the year ended 31 December 2024. The financial statements are presented in Canadian Dollars.

DIRECTORS

The Directors during the period under review were:

Cristiano Veloso
Renato Gomes
Luciana Coelho (did not seek re-election in June, 2024)
Fernando Prezzotto
Madeleine Lee (did not seek re-election in June, 2024)
Hannah Oh (elected in June, 2024)

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2024 (2023: \$nil).

FINANCIAL INSTRUMENTS

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

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

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

Cash balances in Brazilian Reais are kept under constant review.



VERDE AGRITECH LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, liquidity risk, credit risk and interest rate risk, each of which is discussed in note 25 to the financial statements.

On behalf of the board:

/s/ Cristiano Veloso

C Veloso, Director and Chairman
20 March 2025



Verde Agritech Ltd.

Financial Statements accompanied by
Independent Auditors' Report

As of December 31, 2024.

Verde Agritech Ltd.

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Independent Auditors' Report on the financial statements

To: Shareholders and Management of Verde Agritech Ltd.
Belo Horizonte - MG

Opinion

We have audited the consolidated financial statements of Verde Agritech Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for the opinion

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

Key audit matters

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

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

Going concern assessment

For the year ended 31 December 2024, the Group reported a loss of CAD 12,558 thousand and cash flows negative (from operating activities) of CAD (1,885) thousand. As disclosed in the consolidated financial statements, the Directors believe that the Group will maintain the continuity of its activities for at least the next 12 months.

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

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

How our audit addressed this matter

- Comparing the cash flow projections obtained from management to those approved by the Directors;
- Testing the accuracy and completeness of the model used in the going concern assessment;
- Obtaining agricultural related reports which supports the reasonability of management's projections for both volume and pricing perspective;
- Comparing the results of the historical numbers to assess management's ability to project sales and the basis of the key assumptions used in forming the cash flow projections;
- Inspecting the extrajudicial recovery plan approved by the Brazilian court as per applicable Brazilian legislation, covering the renegotiated terms with respect to principal payments, interest charges and covenants and ensure that the loans are being classified accordingly based on the renegotiated terms; and
- Analysing the Group's financing facilities based on the renegotiated terms included in the extrajudicial recovery plan covering principal payments, interest charges and loan covenants to ensure no non-compliance with the terms are noted.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another independent auditor who expressed an unmodified opinion on those consolidated financial statements on 28 March 2024.

Other information

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

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

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

Responsibilities of directors for the consolidated financial statements

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

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

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

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

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

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

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

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

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

Belo Horizonte, March 20, 2025



RSM Brasil Auditores Independentes Ltda.

CRC 2SP-030.002/O-7



RSM



VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

All amounts expressed in Canadian Dollars.

	Note	2024 \$'000	2023 \$'000
Revenue	4	21,597	37,863
Cost of sales	6	(9,350)	(13,166)
Gross Profit		12,247	24,697
Sales and distribution expenses	6	(11,391)	(18,532)
Administrative expenses	6	(8,748)	(8,354)
Operating (Loss)		(7,892)	(2,189)
Finance costs	7	(5,108)	(7,055)
Finance income	8	473	674
(Loss) before tax from continuing operations		(12,527)	(8,570)
Income tax expense	9	(31)	2,591
(Loss) /for the year		(12,558)	(5,979)

Earnings per share (\$)		2024	2023
Basic (loss) / per share	10	(0.238)	(0.114)
Diluted (loss) / per share	10	(0.238)	(0.114)



VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

All amounts expressed in Canadian Dollars.

	Note	2024 \$'000	2023 \$'000
(Loss) for the year from continuing operations		(12,558)	(5,979)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(4,746)	2,466
Total comprehensive (loss) for the year attributable to equity holders of the parent		(17,304)	(3,513)



REGISTERED NUMBER: 202222202R (SINGAPORE)

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

All amounts expressed in Canadian Dollars.

Assets	Note	2024	2023
		(\$'000)	(\$'000)
Property, plant and equipment	11	39,865	49,201
Right-of-use asset	12	34	52
Mineral properties	13	17,290	18,902
Other assets	14	366	2,102
Deferred tax asset	9	2,413	2,827
Total non-current assets		59,968	73,084
Inventory	15	1,709	2,448
Trade and other receivables	16	6,864	13,657
Other financial assets	17	-	8
Cash and cash equivalents	18	3,476	6,975
Total current assets		12,049	23,088
Total assets		72,017	96,172
Equity attributable to the equity holders of the parent			
Issued capital	19	20,652	20,652
Capital contribution		49,862	49,862
Merger reserve		(4,557)	(4,557)
Translation reserve		(16,750)	(12,004)
Accumulated losses		(18,872)	(8,447)
Total equity		30,335	45,506
Liabilities			
Interest-bearing loans and borrowings	22	39,444	10,521
Lease liabilities	12	24	42
Provisions	23	155	147
Total non-current liabilities		39,623	10,710
Trade and other payables	21	1,740	4,005
Interest-bearing loans and borrowings	22	265	35,625
Lease liabilities	12	17	14
Other financial liabilities	17	37	312
Total current liabilities		2,059	39,956
Total liabilities		41,682	50,666
Total equity and liabilities		72,017	96,172

On behalf of the board:

/s/ Cristiano Veloso

Director and Chairman

Approved and authorised for issue by the Board on 20 March 2024.

VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts expressed in Canadian Dollars.

	Issued capital (\$'000)	Share premium / 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 year	-	-	-	-	(5,979)	(5,979)
Foreign exchange translation differences	-	-	-	2,466	-	2,466
Total comprehensive profit for the year	-	-	-	2,466	(5,979)	(3,513)
Transactions with owners						
Issue of share capital (Note 19)	41	-	-	-	-	41
Share-based payments (Note 20)	-	-	-	-	627	627
Total transactions with owners	41	-	-	-	627	668
Balance at 31 December 2023	20,652	49,862	(4,557)	(12,004)	(8,447)	45,506
Balance at 1 January 2024	20,652	49,862	(4,557)	(12,004)	(8,447)	45,506
Comprehensive profit						
Loss for the year	-	-	-	-	(12,558)	(12,558)
Foreign exchange translation differences	-	-	-	(4,746)	-	(4,746)
Total comprehensive profit for the year	-	-	-	(4,746)	(12,558)	(17,304)
Transactions with owners						
Issue of share capital (Note 19)	-	-	-	-	-	-
Share-based payments (Note 20)	-	-	-	-	2,133	2,133
Total transactions with owners	-	-	-	-	2,133	2,133
Balance at 31 December 2024	20,652	49,862	(4,557)	(16,750)	(19,075)	30,335



VERDE AGRITECH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2024

All amounts expressed in Canadian Dollars.

Operating activities	Note	2024	2023
		\$'000	\$'000
(Loss) / Profit before tax		(12,527)	(8,570)
Depreciation	11	2,989	3,405
Amortisation of right of use asset	12	14	14
Depletion of mineral property	13	70	297
Loss from disposal of property, plant and equipment	11	15	115
Amortization reversal - estimate change	13	(329)	-
Foreign exchange differences		(2,650)	715
Share-based payments	20	2,133	627
Derivative financial instruments	17.2	(268)	304
Expected credit losses on trade receivable	16	2,120	1,744
Finance costs	7/8	4,282	7,055
Finance income		-	(674)
Operating cash flows before changes in working capital		(4,151)	5,032
Decrease / (Increase) in inventories		739	21
Decrease / (Increase) in receivables		4,699	12,731
(Decrease) / Increase in payables		(2,057)	(5,543)
Cash generated from operations		(770)	12,241
Interest paid		(1,078)	(6,142)
Taxation paid		(37)	(1,480)
Net cash flows from operating activities		(1,885)	4,619
Investing activities			
Interest received		-	674
Financial investments		1,711	(1,711)
Acquisition of mineral property assets	13	(89)	(1)
Acquisition of property, plant and equipment	11	(869)	(2,984)
Net cash flows used in investing activities		753	(4,022)
Financing activities			
Bank loans received	25	2,361	40,437
Bank loans payments (principal)	25	(5,462)	(35,441)
Lease liabilities payments	25	(19)	(20)
Proceeds from issue of shares	19	-	41
Net cash from financing activities		(3,120)	5,017
Net increase (decrease) in cash and cash equivalents		(4,252)	5,614
Effect of exchange rate fluctuations on cash held		753	198
Cash and cash equivalents at beginning of period		6,975	1,163
Cash and cash equivalents at 31 December		3,476	6,975

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial statements of Verde Agritech Limited and its subsidiaries (together referred to as the 'Group') for the year ended 31 December 2024 were authorised for issue on 20 March 2025, 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 a multinutrient potassium specialty fertilizer marketed in Brazil under the brands K Forte® and BAKS®, and internationally as Super Greensand® ("the Product"). Information on the Group's structure is provided in note 5. Information on other related party relationships of the Group is provided in note 26.

2. Material accounting policies

2.1 Basis of preparation

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

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

Going concern basis of preparation

For the year ended 31 December 2024, the Group reported operating revenue of \$21,597 (2023: \$37,863), a net loss of \$12,558 (2023: \$ 5,979 net loss) and net cash flows from operating activities of -\$1,885 (2023: \$4,619). However, the Group presented a working capital surplus of \$9,990 as at 31 December 2024 (\$16,868 capital deficit as at December 31, 2023). This improvement was primarily driven by the renegotiation of loans, extending their payment terms to the long term, which positively impacted the Group's working capital position.

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

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

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

2.2 Basis of consolidation

The Group's financial statements consolidate the financial statements of Verde Agritech Limited ("Verde" or "the Company") and its subsidiaries for the year ended 31 December 2024.

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

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

2.3 Foreign currency

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

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

The results and financial position of the Group's overseas operations in Brazil from the functional currency (R\$) are translated into the presentation currency as follows: the assets and liabilities are translated into CAD at foreign exchange rates ruling at the consolidated statement of financial position date; and the income and expenses at average exchange rates during the quarters unless these do not approximate the foreign exchange rates ruling at the dates of the transactions, in which case, income and expenses are translated at the dates of the transactions. All resulting exchange differences are recognized in other comprehensive income. At 31 December 2024 the closing rate of exchange of Canadian Dollars to one Brazilian Reais was 4.30 (2023: 3.69) and the average rate of exchange of Canadian Dollars to one Brazilian Reais for the year was 3.93 (2023: 3.70).

2.4 Mineral property

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

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

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

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

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

2.5 Taxation

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

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

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax is determined using

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

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

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

Sales tax

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

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

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

2.6 Financial instruments – initial recognition and measurement

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

i) Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Financial assets at amortized cost

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

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

Financial assets at fair value through profit or loss

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

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

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

Derecognition

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

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

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

Impairment of financial assets

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

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Loans and borrowings

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

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

Derecognition

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

Offsetting of financial instruments

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

2.7 Cash and cash equivalents

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

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

2.8 Property, plant and equipment

Property, plant and equipment are carried at cost - which comprise its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, for qualifying assets (where relevant), borrowing costs - less accumulated depreciation and any accumulated impairment charges.

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

	%	Method
Land and buildings	0 to 10	Straight line
Plant and equipment	4 to 10	Straight line
Computer equipment	20	Straight line
Furniture and fixtures	10	Straight line

2.9 Inventory

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

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

2.10 Trade and other receivables

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

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

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

2.11 Impairment of non-current assets

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

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

The Group operates as single cash-generating unit (CGU). Consequently, the assessment of the recoverable amount, when an impairment indicator exist, is done at the Group’s non-current assets level. Given the nature of the Group’s activities, the recoverable is based on the FVLCD, which considers, mainly, the discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the assets using selling price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the latest life of mine (LOM) plan.

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These cash flows are discounted using a real post-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU. To the extent that the enterprise value exceeds the net assets value of the Group no discounted future estimated cash flow test is deemed required.

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

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

2.12 Equity-settled share-based payments

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

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

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

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

2.13 Provisions

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

Mine closure provision

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

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

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

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

2.14 Operating segments

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

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

2.15 Revenue

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

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

2.16 Current vs non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2.17 Critical judgements and sources of estimation uncertainty

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

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

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

- **Impairment of non-current assets**

The Directors have assessed whether there are any indicators of impairment in respect of mineral property costs and property, plant and equipment totalling \$17,087 and \$39,865, respectively. In making this assessment they have considered the Group's business plan which includes resource estimates, future processing capacity, future exchange rates, the forward market and longer-term price outlook and assumptions regarding weighted average cost of capital. Resource estimates have been based on the most recently filed pre-feasibility study NI 43 101 report and its opportunities economic model which includes resource estimates without conversion of its inferred resources. The Directors' estimates of these factors are subject to risk and uncertainties, including but not limited to the all the risks and uncertainty listed in this document, affecting the recoverability of the Group's mineral property costs. Moreover, the Directors also considered external sources of information, including analysis of the Company's market value, when assessing for impairment indicators. See note 13.

Estimates

- **Ore reserve and mineral resource estimates**

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

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

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

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

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

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

- **Share-based payments**

The Group charges the consolidated statement of comprehensive income with the fair value of share options issued. This charge is not based on historical cost but is derived based on assumptions input into an option pricing model. The model requires the Directors to make several assumptions as to future events, including: an estimate of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Group's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given there is no market for the options, and they are not transferable. The value derived from the option-pricing model is highly subjective and dependent entirely upon the input assumptions made. See note 20.

- **Mine closure provision**

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

- **Deferred tax asset**

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

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

2.18 New standards, interpretations and amendments issued

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

Other Standards and amendments that are effective for the first time in 2024 (for an entity with a 31 December 2024 year-end) and could be applicable to the Group are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these Example Financial Statements and therefore, the disclosures have not been made. However, whilst they do not affect these Example Financial Statements they will impact some entities. An entity should assess the impact of these new Standards on their financial statements based on their own facts and circumstances and make appropriate disclosures.

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Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. However, whilst they do not affect these Example Financial Statements, they will impact some entities. An entity should assess the anticipated impact of these new Standards and amendments on their financial statements based on their own facts and circumstances and make appropriate disclosures.

At the date of authorization of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

2.19 Climate-related matters

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.

2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3. Operating segments

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

4. Revenue

(\$'000)	2024	2023
Operating revenue		
Sales revenue generated in Brazil	22,515	38,561
Rest of the world revenue	264	278
	22,779	38,839
Income taxes and deductions		
ICMS on sales	(512)	(624)
PIS and COFINS on billing	(670)	(352)
	(1,182)	(976)
Net operating revenue	21,597	37,863

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

	2024	2023
	%	%
Brazil	99	99
Rest of the world	1	1
	100	100

5. Group information

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	2024	2023
Verde Fertilizantes Ltda	Production and sale of fertilizer	Brazil	100%	100%
FVS Mineração Ltda	Mineral extraction	Brazil	100%	100%
Oby Rare Earths Pty Ltd	Rare earths extraction	Australian	100%	-

Oby is a proprietary limited company incorporated under the laws of Western Australia on 31 October 2024. As at the date of this letter, the total number of issued ordinary shares of Oby is 100. Oby has been incorporated by Verde AgriTech as a special purpose vehicle to acquire mining projects from the Company which are non-core and are prospective for rare earth elements.

Verde AgriTech's mineral concessions, covering 4,708 hectares, have been identified as highly prospective for Magnetic Rare Earth Elements (MREs) mineralization, including Neodymium, Praseodymium, Dysprosium, and Terbium. These MREs are critical for the production of high-performance magnets used in electric vehicles, wind turbines, and other clean energy technologies, making them essential in the global transition to renewable energy.

Verde AgriTech's exploration efforts have revealed significant grades of rare earth oxides in historical drill samples. With this discovery, Verde AgriTech created Oby on 31 October 2024, which will focus on exploring the rare earth potential with these mineral concessions. The Company established the Record Date for the distribution of interests in Oby for January 27th, 2025.

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6. Operating (loss) / profit

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

Cost of sales

(\$'000)	2024	2023
Raw Material and Packaging	1,480	2,150
Mining services	625	1,647
Salaries and charges	1,740	1,557
Maintenance	677	1,147
Transport	528	964
Fuel	513	793
Detonation	100	496
Amortization of mineral property (Note 13)	70	297
Depreciation (Note 11)	2,838	3,180
Other	779	935
Total	9,350	13,166

Sales and distribution expenses

(\$'000)	2024	2023
Product delivery freight	7,704	14,510
Salaries and charges	2,285	2,682
Advertising and publicity	116	439
Trips	527	349
Gifts, bonuses and donations	26	158
Comission	439	110
Fairs and events	82	74
Researches	154	125
Other sales and distribution expenses	58	85
Total	11,391	18,532

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6. Operating (loss) / profit (continued)

Administrative expenses

(\$'000)	2024	2023
Depreciation (Note 11)	151	225
Amortization of right of use asset (Note 12)	14	14
Loss on disposal of property, plant and equipment (Note 12)	32	54
Salaries and charges	1,634	2,123
Expected Credit Losses	2,120	1,744
Salaries and Directors bonuses (see Note 26)	748	739
Consulting and Advisory	842	992
IT services	542	773
Share based payments (see Note 20)	2,133	627
Legal fees	257	453
Rentals	116	216
Environmental	49	119
General maintenance	27	84
Insurance	114	43
Others Administrative expenses	(31)	148
Total	8,748	8,354

7. Finance costs

(\$'000)	2024	2023
Interest on bank loans (Note 25)	4,274	5,995
Other interest	638	841
Other finance costs	196	219
Total	5,108	7,055

8. Finance Income

(\$'000)	2024	2023
Interest received	468	661
Other interest	5	13
Total	473	674

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9. Income tax

Recognised in the income statement

Income tax	2024	2023
	(\$'000)	(\$'000)
Current Income tax		
Current Income tax charge	(31)	(214)
Deferred tax		
Relating to unrecognized losses carried forward		2,805
Income tax income (expense) reported in the statement of profit or loss	(31)	2,591

Reconciliation of effective tax rate (Presumed profit)	2024	
	IRPJ	CSLL
Gross revenue for the period	1,198	1,198
Presumed tax rate	8%	12%
	96	144
Financial income	-	-
Taxable base for presumed profit	96	144
Income tax charge for the year	18	13
Effective tax rate	1.50%	1.09%

Reconciliation of effective tax rate	2023
(Loss) / profit before tax	(8,570)
Tax using the domestic Group tax rate of 17% (2023: 17%)	(1,457)
Effect of overseas tax rates	(1,296)
Non-deductible expenses	152
Origination of temporary differences on which no deferred tax has been recognized	10
Income tax charge for the year	(2,591)

Factors that may affect future tax charges

The Group has Singaporean tax losses of approximately \$5,403 (2023: \$1,159) and Brazilian tax losses of approximately \$20,712 (BRL81,364) (2023: \$8,217 (BRL30,144)) available to be carried forward and set off against future profits.

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

On the other hand, the Brazilian subsidiary FVS Mineração Ltda. elected to follow the 'Assumed Profits' method, of which the income is calculated on a quarterly basis on an amount equal to different percentages of gross revenue (the tax in this method is approximately 3% of the net revenue) and adjusted as determined by the prevailing legislation. Such tax regime does not allow the utilisation of prior period losses to reduce income tax. Nonetheless, tax losses carried forward from periods before the election to calculate the income tax based on the PPM can be carried forward for future periods and offset against taxable profit, should the entity move to the Lucro Real basis.

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Deferred tax assets and liabilities are attributable to temporary differences arising from depreciation for tax purposes, amounting to \$129 (BRL 553) and tax losses carried forward of \$2,542 (BRL 10,924) as of 2024. In 2023, these amounts were \$151 (BRL 553) and \$2,978 (BRL 10,924), respectively, with the difference solely attributable to exchange rate fluctuations.

Considering the challenging conditions faced by the agricultural market in 2024 and the resulting losses, the Group has adopted a conservative approach and opted not to recognize deferred tax assets for the year, despite the potential to utilize these tax credits to offset taxable profits in future periods when the Company returns to profitability.

Unrecognised deferred tax assets

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

(\$'000)	2024	2023
Singaporean tax losses	5,403	1,159
Brazilian tax losses	4,024	599
Total	9,427	1,758

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2024 was based on the loss attributable to ordinary shareholders of \$12,558 (2023: loss \$5,979) and a weighted average number of Ordinary Shares outstanding during the period ended 31 December 2024 of 52,669,724 (2023: of 52,640,883) calculated as follows:

(Loss) / Profit attributable to ordinary shareholders

	2024	2023
(Loss) for the period (\$'000)	(12,558)	(5,979)
(Loss) attributable to ordinary shareholders (\$'000)	(12,558)	(5,979)

Weighted average number of ordinary shares

	2024	2023
Weighted average number of ordinary shares outstanding – basic ('000)	52,670	52,641
Dilutive Stock options	-	-
Weighted average number of ordinary shares outstanding – dilutive ('000)	52,670	52,641
Basic (loss) / earnings per share	(\$0.238)	(\$0.114)
Diluted (loss) / earnings per share	(\$0.238)	(\$0.114)

The determination of the weighted average number of ordinary shares outstanding for the calculation of diluted earnings per share does not include the following effect of stock options which were anti-dilutive to earnings per share. For the year ended 31 December 2024, as result of the loss for the year the stock options are deemed anti-dilutive. For the year ended 31 December 2023, certain stock options were "out-of-the-money and thus not included in the diluted earnings per share.

	2024	2023
Anti-dilutive Stock options	4,924	1,474

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

VERDE AGRITECH LIMITED

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11. Property, plant and equipment

(\$'000)	Land and buildings	Plant and equipment	Computer equipment	Furniture and fixtures	Other assets	Total
Cost						
Balance at 1 January 2023	26,694	19,771	771	371	-	47,607
Additions	757	2,236	59	4	190	3,246
Disposals	-	213	-	-	-	213
Effect of movements in foreign exchange	-	(158)	(27)	-	-	(185)
Balance at 31 December 2023	1,714	1,274	48	24	2	3,062
Balance at 1 January 2024	29,165	23,336	851	399	192	53,943
Additions	201	3	1	-	664	869
Disposals	(11)	-	(18)	-	-	(29)
Transfers	(8,452)	8,661	13	(248)	26	-
Effect of movements in foreign exchange	(3,114)	(4,601)	(125)	(22)	(32)	(7,894)
Balance at 31 December 2024	17,789	27,399	722	129	850	46,889

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 year	507	2,331	141	10	-	2,989
Transfers	937	(966)	107	(78)	-	-
Depreciation on disposals	-	-	(14)	-	-	(14)
Effect of movements in foreign exchange	(137)	(498)	(50)	(8)	-	(693)
Balance at 31 December 2024	1,307	5,233	422	62	-	7,024

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 31 December 2024	16,481	22,166	300	67	850	39,865

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12. Right-of-use assets

	Total (\$'000)
Cost	
Balance at 1 January 2023	201
Additions	67
Write-off of right-of-use assets	(213)
Effect of movements in foreign exchange	12
Balance at 31 December 2023	67
Balance at 1 January 2024	67
Additions	4
Effect of movements in foreign exchange	(10)
Balance at 31 December 2024	61
Amortisation	
Balance at 1 January 2023	27
Amortisation charge for the year	14
Write-off of right-of-use assets	(49)
Effect of movements in foreign exchange	23
Balance at 31 December 2023	15
Balance at 1 January 2024	15
Amortisation charge for the year	14
Effect of movements in foreign exchange	(2)
Balance at 31 December 2024	27
Carrying amounts	
At 31 December 2023	52
At 31 December 2024	34

Lease liabilities

The following table outlines the future lease payments:

	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Not later than one year	17	14
Later than one year but not later than five years	24	42
Total	41	56

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

13. Mineral properties

	Total (\$'000)
Cost	
Balance at 1 January 2023	19,280
Additions	1
Mine closure provision	92
Write-off of mineral properties	(335)
Effect of movements in foreign exchange	866
Balance at 31 December 2023	19,904
Balance at 1 January 2024	19,904
Additions	89
Mine closure provision	32
Write-off of mineral properties	(21)
Effect of movements in foreign exchange	(2,076)
Balance at 31 December 2024	17,928
Amortisation	
Balance at 1 January 2023	661
Amortisation 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
Amortisation charge for the year	70
Amortization reversal - estimate change	(329)
Effect of movements in foreign exchange	(105)
Balance at 31 December 2024	638
Carrying amounts	
At 1 January 2023	18,619
At 31 December 2023	18,902
At 1 January 2024	18,902
At 31 December 2024	17,290

Consideration of impairment for the mineral property costs

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

VERDE AGRITECH LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

14. Other assets

4(\$'000)	2024	2023
Receivables	366	391
Restricted cash	-	1,711
Total	366	2,102

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

15. Inventory

(\$'000)	2024	2023
Finished goods	481	1,018
Packaging	223	1,218
Stockpile ore	116	195
Other	889	17
Total	1,709	2,448

The cost of inventories recognised as cost of sales in the Consolidated statement of profit or loss for the year amounted to \$9,350 (2023: \$13,166).

16. Trade and other receivables

(\$'000)	2024	2023
Trade receivables (net of expected credit losses)	6,132	12,942
Other receivables	70	55
Taxes recoverable	145	286
Prepayments	517	374
Total	6,864	13,657

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

(\$'000)	2024	2023
To be due	5,156	10,560
Overdue up to 30 days	7	540
Overdue from 31 to 60 days	24	237
Overdue from 61 to 90 days	53	338
Overdue over 90 days	4,509	3,021
Total	9,749	14,696

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During the year, the Group recorded \$3,617 of expected credit losses as result of deterioration of customers credit risk.

(\$'000)	2024	2023
Opening balance	1,754	9
Provisions recognized	2,120	1,744
Effect of movements in foreign exchange	(257)	1
Closing Balance	3,617	1,754

17. Other financial assets and liabilities

17.1 Financial assets

(\$'000)	2024	2023
Derivative - Swap contracts	-	8
Total	-	8

17.2 Financial liabilities

(\$'000)	2024	2023
Derivative - Swap contracts	37	312
Total	37	312

18. Cash and cash equivalents

(\$'000)	2024	2023
Cash at bank and in hand	3,476	6,975
Total	3,476	6,975

Cash equivalents are financial investments in Bank Certificates of Deposit (Certificado de Depósito Bancário), or CDB, with highly rated financial institutions amounting to C\$2,909. In 2024, the average interest rate of such deposits was 100% of the equivalent to Interbank Deposit Certificate (CDI).

Cash equivalents by currency is as follows:

Currency (\$'000)	2024	2023
Canadian Dollars	222	180
Brazilian Reais	3,234	6,785
American Dollars	7	8
British Pounds	-	2
Singapore Dollars	13	-
Total	3,476	6,975

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19. Share capital

Issued - Ordinary Shares	2024		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 31 December	52,669,724	20,652	52,669,724	20,652

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

Capital contribution

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

Translation reserve

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

Merger reserve

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

20. Share-based payments

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

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

	2024		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	3,010,548	\$2.33	1,304,393
Exercised during the period	-	-	\$0.58	(71,773)
Cancelled/Forfeited during the period	\$1.52	(819,182)	\$2.97	(97,399)
Outstanding at the end of the period	\$1.42	4,923,985	\$1.09	2,732,619
Exercisable at the end of the period	\$0.71	3,479,184	\$0.42	1,140,058

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20. Share-based payments (continued)

The options outstanding at 31 December 2024 have an exercise price in the range of \$0.40 to \$7.76 (2023: of \$0.40 to \$7.76) and a weighted average remaining contractual life of 7.3 years (2023: 6.7 years). Seven 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
December 2024	10% on issue, followed by 10% years one to four and final 50% in year five

At 31 December 2024, 3,479,184 of the options had vested (2023: 1,140,058).

Fair value of share options and assumptions (\$)	2024	2023
Weighted average fair value of options granted during the year	\$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)	100%	118%
Option life	3	5
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	3.38%	3.54%

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

(\$'000)	2024	2023
Total expense recognised as employee costs	2,133	627

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20. Share-based payments (continued)

Details of share options outstanding at 31 December 2024 are as follows:

Outstanding at beginning of period	Number of options						Exercisable period	
	Granted	Forfeited	Exercised	Outstanding at end of period	Exercisable at end of period	Exercise price (\$)	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	01 Mar 2019	01 Mar 2029
167,500	-	-	-	167,500	167,500	\$0.63	01 Mar 2019	01 Mar 2029
21,000	-	-	-	21,000	21,000	\$0.67	1 Sept 2019	1 Sept 2029
18,349	-	(18,349)	-	-	-	\$0.40	14 Feb 2020	14 Feb 2030
24,684	-	-	-	24,684	9,342	\$0.40	25 Mar 2020	25 Mar 2030
26,828	-	(5,145)	-	21,683	8,673	\$1.22	5 Mar 2021	5 Mar 2031
750,000	-	-	-	750,000	750,000	\$1.22	5 Mar 2021	5 Mar 2031
30,182	-	(15,121)	-	15,061	6,934	\$1.21	10 May 2021	10 May 2031
26,062	-	(12,400)	-	13,662	4,099	\$7.76	16 Mar 2022	16 Mar 2032
3,000	-	-	-	3,000	900	\$7.11	5 Nov 2022	5 Nov 2032
2,000	-	(1,600)	-	400	400	\$6.51	17 Feb 2023	17 Feb 2033
146,000	-	(35,500)	-	110,500	12,400	\$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)	-	-	-	\$1.64	2 Oct 2023	2 Oct 2033
-	345,000	(264,000)	-	81,000	9,000	\$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	22,341	\$0.74	17 May 2024	17 May 2034
-	529,000	(54,300)	-	474,700	51,700	\$0.80	19 June 2024	19 June 2034
-	100,000	-	-	100,000	22,000	\$0.83	27 June 2024	27 June 2034
-	15,000	-	-	15,000	1,500	\$0.71	12 Aug 2024	12 Aug 2034
-	20,000	-	-	20,000	2,000	\$0.63	12 Dec 2024	12 Dec 2034
2,732,619	3,010,548	(819,182)	-	4,923,985	3,479,184			

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

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

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20. Share-based payments (continued)

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

21. Trade and other payables

(\$'000)	2024	2023
Trade payables	464	1,228
Income tax	4	15
Other payables	695	1,094
Accruals	427	542
Customer advances	150	1,126
Total	1,740	4,005

22. Interest-bearing loans and borrowings

(\$'000)	2024	2023
Non-current liabilities (\$'000)		
Bank loans	39,444	10,521
Current liabilities (\$'000)		
Bank loans	265	35,625
Total	39,709	46,146

The Group received twelve loans during the year from various banks totalling \$2,361 (BRL \$10,146).

22. Interest-bearing loans and borrowings (Continued)

Summary of Interest-bearing loans and borrowings

Lender	Loan start date	Purpose	Grace period (months)	Term (month)	Loan value (R\$'000)	Balance at Dec 31, 2024 (C\$'000)	Balance at Dec 31, 2023 (C\$'000)	Repayable by	Total interest payable*
Brazil ^(e)	Apr,2024	Working capital	6	6	3,341	777	-	Sep, 2034	CDI ⁽¹⁾ +2.0%
Voiter ^(d)	Mar,2024	Working capital	3	24	5,000	1,056	-	Sep, 2034	CDI ⁽¹⁾ +2.0%
Brazil ^(e)	Mar,2024	Working capital	6	6	1,651	384	-	Sep, 2034	CDI ⁽¹⁾ +2.0%
Itaú ^(e)	Feb, 2024	Working capital	6	6	154	-	-	Sep, 2034	CDI ⁽¹⁾ +2.0%
Banco BCG ^(d)	Dec, 2023	Working capital	6	18	10,000	2,059	2,756	Sep, 2034	CDI ⁽¹⁾ +2.0%
Brazil ^(a) (c)	Nov, 2023	Working capital	12	36	8,000	2,173	2,207	Sep, 2034	CDI ⁽¹⁾ +2.0%
ABC Brazil ^(a) (d)	Oct, 2023	Working capital	6	18	15,000	3,386	3,975	Sep, 2034	CDI ⁽¹⁾ +2.0%
Bradesco ^(a)	Oct, 2023	Working capital	6	24	20,000	4,082	5,598	Sep, 2034	CDI ⁽¹⁾ +2.0%
Brazil ^(b) (c)	Aug, 2023	Working capital	12	36	40,000	11,322	11,539	Sep, 2034	CDI ⁽¹⁾ +2.0%
Votorantim ^(d)	Jul, 2023	Working capital	12	36	5,000	1,024	1,378	Sep, 2034	CDI ⁽¹⁾ +2.0%
Brazil ^(b)	Apr, 2023	Working capital	12	60	20,000	5,179	5,452	Sep, 2034	CDI ⁽¹⁾ +2.0%
Inter ^(d)	Jan,2023	Working capital	12	24	5,000	299	1,388	Sep, 2034	CDI ⁽¹⁾ +2.0%
Brazil	Apr, 2023	Transaction costs	0	60	(1,368)	(179)	(323)	Sep, 2034	CDI ⁽¹⁾ +2.0%
Various	Prior to 2023				62,665	8,147	12,176	Sep, 2034	CDI ⁽¹⁾ +2.0%
Total					194,443	39,709	46,146		

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(1) - CDI, (from Portuguese “*Certificado de Depósito Interbancário*”) is the average of interbank overnight rates in Brazil. As at December 31, 2024, the 12 months cumulative rate was 10.83%.

Bank loans are secured as follows:

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

Indicator ^(b) – Future sales contracts

Indicator ^(c) – Plant / Factory

Indicator ^(d) – Financial investments

Indicator ^(e) – None

Interest-bearing loans and borrowings are denominated in BRL.

Maturity profile of the bank loans are as follows:

	Due in less than 1 year \$'000	Due in 2-4 years \$'000	Due in more than 4 years \$'000	Due in less than 1 year \$'000	Due in 2-4 years \$'000	Due in more than 4 years \$'000
Bank Loans	209	14,125	25,375	34,913	10,958	275

In October 2024, the Company renegotiated its bank debts as part of an out-of-court recovery plan. The agreement includes an 18-month grace period for principal payments and a 6-month grace period for interest payments, effective from the official start date of the agreement. Debt repayments are structured over a 108-month term, commencing after the grace period.

The repayment schedule establishes that the Company will repay 10% of the debt during the first three years following the grace period, 30% between the fourth and sixth years, and the remaining 60% over the final three years. For interest payments, the Company will make fixed monthly payments of R\$100,000 between the sixth and eighteenth months from the start date. After this period, interest rates will be adjusted to CDI + 1.25% for the first three years, increasing to CDI + 2.5% thereafter.

This renegotiation has resulted in a substantial reduction of short-term debt obligations, as reflected in the updated maturity profile. The plan aims to strengthen the Company's cash flow and ensure better financial management throughout the judicial recovery process.

23. Provisions and contingencies

	Mine Closure 2024 \$'000	Labour Contingency 2024 \$'000	Total 2024 \$'000
Opening balance	92	55	147
Additions	33	27	60
Disposals	-	(30)	(30)
Effect of movements in foreign exchange	(13)	(9)	(22)
Total	112	43	155

23. Provisions and contingencies (Continued)

	Total 2024 \$'000	Total 2023 \$'000
Mine closure provision		
Opening balance	92	-
Additions	33	-
Change in estimate	-	92
Effect of movements in foreign exchange	(13)	-
Total	112	92

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As at 31 December 2024, the amount recorded for the mine closure provision is \$112 (\$92 in 2023). The provision represents the present value of costs relating to current damaged area of the mine, which are expected to be incurred up to 2054, which is the following year after the producing of the current open pit mine are expected to cease operations. The provision has been based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which the Directors believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future prices, which are inherently uncertain.

Contingent liabilities

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

24. Commitments

Commitments

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

	2024	2023
	\$'000	\$'000
Amount payable within one year	66	67
Amounts payable after more than one year and less than five years	63	69
After five years	276	311
Total	405	447

25. Financial instruments

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

25. Financial instruments (continued)

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.

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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)	2024	2023
Canadian Dollars	222	180
Brazilian Reais	3,234	6,785
American Dollars	7	8
British Pounds	-	2
Singapore Dollars	13	
Total	3,476	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 12.25% at December 31, 2024.

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

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

	Equity (\$'000)	
	2024	2023
10% weakening of Brazilian Real	(3,244)	(2,977)
10% strengthening of Brazilian Real	2,654	2,436

25. Financial instruments (continued)

In 2024, the Group entered into cross-currency interest rate swaps in order to mitigate the foreign exchange exposure related to a loan denominated in US Dollar, entered into during the year. The swap agreements are comprised of derivative assets to swap the foreign exchange exposure (US Dollar to Brazilian real) and derivative liabilities for the interest rate swap (16.15% p.y. to 4.85% + CDI 13.25% p.y. to 3.65% + CDI, 11.10% p.y. to 3.46% + CDI and U\$ 5.05, 4.85% + CDI p.y. to 7.89% + CDI and U\$ 5.12). The last swap agreements have maturities on July, 2026. The table below summarizes the notional and fair value amounts of the swap agreements as of December 31, 2024.

	2024 \$'000	2023 \$'000
Asset position: CDI + 4.85% p.y.	-	8
Liability position ABC: U\$ 5.05 and CDI + 3.46% p.y.	-	(234)
Liability position Santander : U\$ 5.12 and CDI + 3.46% p.y.	-	(70)
Liability position Votorantim : CDI + 7.89% p.y.	(37)	(8)
Net position – assets (liabilities)	(37)	(304)
Current assets (liabilities)	(37)	(304)

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Liquidity risk

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

Interest rate risk

The Group's policy is to retain its surplus funds in the most advantageous term of deposit available up to twelve month's maximum duration.

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

The Group's average current loan rate is 16.2% per annum. The Brazilian Government long term bond rate as at 31 December 2024 was 12.25%. 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.

25. Financial instruments (continued)

Credit risk

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

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

	2024 \$'000	2023 \$'000
AAA	2,901	-
A-1 +	242	196
AA+	-	-
B	213	5,709
BB-	-	1,016
Not rated	120	54
Total	3,476	6,975

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

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Fair values

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

Classes of financial instruments

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

25. Financial instruments (continued)

Changes in liabilities arising from financing activities

Loans and borrowings	2024 \$'000	2023 \$'000
Opening balance	46,146	38,108
Additions	2,361	40,437
Payments of principal	(5,462)	(35,441)
Payments of interest	(1,078)	(5,091)
Accrued interest	4,274	5,995
Other	222	-
Effect of movements in foreign exchange	(6,754)	2,138
Total	39,709	46,146

Changes in liabilities arising from financing activities (continued)

Lease liabilities	2024 \$'000	2023 \$'000
Opening balance	56	265
Additions	4	67
Payments	(19)	(20)
Accrued interest	8	10
Other	(8)	(266)
Total	41	56

26. Related party transactions

Key management compensation was as follows:

Year ended 31 December 2024

	Fees	Salary	Bonuses	Subtotal	Share based payments	2024 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
C Veloso	-	692	-	692	1,985	2,677
R Gomes	16	-	-	16	51	67
L de Oliveira Cezar Coelho	8	-	-	8	-	8
F Prezzotto	16	-	-	16	46	62
M Lee	8	-	-	8	-	8
Hannah Oh	8	-	-	8	25	33
Directors' total	56	692	-	748	2,107	2,855
Other key management	-	499	-	499	265	764
Total	56	1,191	-	1,247	2,372	3,619

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On 31 December 2024, C Veloso and all other board of directors were owed \$12 (2023: \$24). No bonuses to directors and other key management personnel were granted in 2024 (2023: No bonuses to directors and other key management personnel were granted).

26. Related party transactions (continued)

Year ended 31 December 2024

	Fees	Salary	Bonuses	Subtotal	Share based payments	2024 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
C Veloso	-	633	-	633	272	905
R Gomes	24	-	-	24	35	59
A Paolinelli	10	-	-	10	-	10
L de Oliveira Cezar Coelho	24	-	-	24	27	51
F Prezzotto	24	-	-	24	27	51
M Lee	24	-	-	24	27	51
Directors' total	106	633	-	739	388	1,127
Other key management	-	315	-	315	157	472
Total	106	948	-	1,054	545	1,599

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

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

Year ended 31 December 2024

	Outstanding at beginning of period	Granted	Forfeited	Outstanding at end of period
C Veloso	1,442,511	1,900,000	-	3,342,511
R Gomes	54,950	45,050	-	100,000
L Coelho	43,502	-	(43,502)	-
F Prezzotto	43,502	56,498	-	100,000
M Lee	42,357	-	(42,357)	-
Hannah Oh	-	100,000	-	100,000
Directors' total	1,626,822	2,101,548	(85,859)	3,642,511
Other key management	457,725	395,000	(44,441)	808,284
Total	2,084,547	2,496,548	(130,300)	4,450,795

Year ended 31 December 2023

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

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27. Insurance

The mine does not have insurance coverage against potential losses arising from events such as fire, lightning, explosions, short circuits, and power outages.

The decision not to purchase insurance for these risks was based on assumptions and analyses conducted by management, considering the nature of operations and the cost-benefit involved. These assumptions and conclusions are not within the scope of the independent audit and, therefore, were not verified by the external auditors.

28. Subsequent Events

The Company established the Record Date for the distribution of interests in Oby for January 27th, 2025, in compliance with regulatory requirements, ensuring the minimum notice period of five trading days prior to the earliest possible completion date of the share capital reduction process.

The distribution will transition the Man of War project to an independent entity, Oby, enabling greater focus and autonomy for its development. This step allows Verde to focus exclusively on its core fertilizer operations while enabling Oby to focus on rare earth elements and correlated mineralization in the Man of War project. As part of this process, the Company is conducting a share capital reduction, reducing the issued and paid-up share capital of the Company by CD\$350,000, taking into account the net book value of the Oby Shares.