VERDE POTASH PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 31 MARCH 2015

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The accompanying unaudited consolidated financial statements of Verde Potash plc ("Verde", the "Company", or the "Group") for the first quarter ended 31 March 2015 have been prepared by and are the responsibility of the Company's management. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Auditing and Assurance Board ("IAASB") and as adopted by the European Union and do not include all of the information and disclosures that would be required by International Financial Reporting Standards for annual audited financial statements. The interim consolidated financial statements should be read in conjunction with the Company's audited financial statements including the notes thereto for the year ended 31 December 2014. The financial information has not been reviewed or audited by the Company's auditor.

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

VERDE POTASH PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2015
(EXPRESSED IN CANADIAN DOLLARS)

	Note	**3 months ended 31 Mar 2015 $'000**	3 months ended 31 Mar 2014 $'000
Continuing operations			
Administrative expenses		(406)	(506)
Operating loss		(406)	(506)
Finance income		44	104
Loss before tax		(362)	(402)
Income tax expense		-	-
Loss for the period attributable to equity holders of the parent		(362)	(402)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(2,052)	1,629
Other comprehensive income for the period (net of tax)		(2,052)	1,629
Total comprehensive income for the period attributable to equity holders of the parent		(2,414)	1,227
Loss per share			
Basic and diluted loss per share	*4*	(0.009)	(0.011)

VERDE POTASH PLC

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015
(EXPRESSED IN CANADIAN DOLLARS)

	Note	31 Mar 2015 $'000	31 Dec 2014 $'000
Assets			
Property, plant and equipment	5	169	196
Intangible assets	6	22,105	23,762
Total non-current assets		22,274	23,958
Trade and other receivables		277	317
Cash and cash equivalents		5,496	6,085
Total current assets		5,773	6,402
Total assets		28,047	30,360
Equity attributable to the equity holders of the parent			
Issued capital	7	15,457	15,457
Share premium		45,475	44,533
Warrants reserve	8	-	942
Merger reserve		(4,557)	(4,557)
Translation reserve		(8,125)	(6,073)
Accumulated losses		(20,384)	(20,088)
Total equity		27,866	30,214
Liabilities			
Trade and other payables		181	146
Total current liabilities		181	146
Total liabilities		181	146
Total equity and liabilities		28,047	30,360

VERDE POTASH PLC

STATEMENTS OF CASH FLOWS

For the Quarter Ended 31 March 2015
(EXPRESSED IN CANADIAN DOLLARS)

	3 months ended 31 Mar 2015 $'000	3 months ended 31 Mar 2014 $'000
Cash flows from operating activities		
Operating loss	(405)	(506)
Depreciation	8	10
Foreign exchange differences	(21)	7
Loss on disposal of property, plant and equipment	-	2
Share-based payments	66	81
Decrease/(increase) in receivables	39	(33)
Increase/(decrease) in payables	35	(69)
Net cash utilised in operating activities	(278)	(508)
Cash flows from investing activities		
Interest received	45	103
Acquisition of evaluation and exploration assets	(251)	(807)
Net cash from investing activities	(206)	(704)
Cash flows from financing activities		
Net cash from financing activities	-	-
Net (decrease) in cash and cash equivalents	(484)	(1,212)
Cash and cash equivalents at beginning of period	6,085	10,048
Effect of exchange rate fluctuations on cash held	(105)	250
Cash and cash equivalents at end of period	5,496	9,086

VERDE POTASH PLC

Consolidated Statement of Changes in Equity

Period to 31 March 2015 (EXPRESSED IN CANADIAN DOLLARS)	Share capital $'000	Share premium $'000	Share warrant reserve $'000	Merger reserve $'000	Translation reserve $'000	Accumulated Losses $'000	Total $'000
Balance at 1 January 2014	15,424	44,524	942	(4,557)	(5,087)	(18,975)	32,271
Comprehensive loss							
Loss for the period	-	-	-	-	-	(402)	(402)
Foreign exchange translation differences	-	-	-	-	1,629	-	1,629
Total other comprehensive income	-	-	-	-	1,629	-	1,629
Total comprehensive loss for the period	-	-	-	-	1,629	(402)	1,227
Transactions with owners							
Share-based payments	-	-	-	-	-	81	81
Transactions with owners	-	-	-	-	-	81	81
Balance at 31 March 2014	15,424	44,524	942	(4,557)	(3,458)	(19,296)	33,579

Period to 31 March 2015 (EXPRESSED IN CANADIAN DOLLARS)	Share capital $'000	Share premium $'000	Share warrant reserve $'000	Merger reserve $'000	Translation reserve $'000	Accumulated Losses $'000	Total $'000
Balance at 1 January 2015	15,457	44,533	942	(4,557)	(6,073)	(20,088)	30,214
Comprehensive Income							
Loss for the period	-	-	-	-	-	(362)	(362)
Foreign exchange translation differences	-	-	-	-	(2,052)	-	(2,052)
Total other comprehensive income/(loss)	-	-	-	-	(2,052)	-	(2,052)
Total comprehensive income for the period	-	-	-	-	(2,052)	(362)	(2,414)
Transactions with owners							
Expiry of warrants	-	942	(942)	-	-	-	-
Share-based payments	-	-	-	-	-	66	66
Transactions with owners	-	942	(942)	-	-	66	66
Balance at 31 March 2015	15,457	45,475	-	(4,557)	(8,125)	(20,384)	27,866

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Nature of operation and going concern

The Group is at an advanced stage of exploration and in common with many mineral exploration companies, it raises financing for its exploration and appraisal activities in discrete tranches. The Group had working capital of $5,592,000 at 31 March 2015. In view of this, the directors consider that sufficient funds will be available to progress the Group's planned exploration programs and that it has adequate working capital for at least the next twelve months. Therefore, the directors consider it appropriate to prepare these financial statements on the going concern basis.

However, the existing funds will not be sufficient to bring the projects into development and production should it be warranted and, in due course, further funding will be required. In the event that the Group is unable to secure further finance it may not be able to fully develop its projects which may have a consequential impact on the recoverability of the carrying value of the related intangible assets. Additionally, if the Group is unable to develop its projects then it will have a consequential impact on the recoverability of the carrying value of investments in subsidiaries held by the parent company.

2. Basis of presentation

Verde is a company domiciled in England and Wales. The interim statements of the Company for the first quarter ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the acquisition and development of mineral resource assets. The interim financial statements have been drawn up in accordance with International Accounting Standard 34 'Interim Financial Reporting' issued by the IASB and as adopted by the European Union.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. No statutory accounts for the period have been delivered to the Registrar of Companies. The financial information contained in this interim report has not been reviewed or audited by the Company's auditor.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Company's audited consolidated financial statements and notes thereto for the year ended 31 December 2014. The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union and with IFRSs and the interpretations issued by the IASB.

In the opinion of management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended 31 December 2014.

The statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

NOTES TO THE GROUP FINANCIAL STATEMENTS

3. Operating segments

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker, C Veloso, in order to allocate resources to the segments and to assess their performance.

The Group's operations relate to the exploration for, and development of mineral deposits with support provided from the UK and as such the Group has only one segment.

4. Loss per share

Basic loss per share

The calculation of basic loss per share at 31 March 2015 was based on the loss attributable to ordinary shareholders of $362,000 (31 March 2014: $402,000) and a weighted average number of ordinary shares outstanding during the period ended 31 March 2015 of 37,617,000 (31 March 2014: 37,532,000) calculated as follows:

Loss attributable to ordinary shareholders

	3 months ended 31 Mar 2015 $'000	3 months ended 31 Mar 2014 $'000
Loss for the period	(362)	(402)
Loss attributable to ordinary shareholders	(362)	(402)

Weighted average number of ordinary shares

	Number '000
Number of shares in issue on 1 January 2014	37,532
Effect of shares issued during period	-
Weighted average number of ordinary shares at 31 March 2014	37,532
Number of shares in issue on 1 January 2015	37,617
Effect of shares issued during period	-
Weighted average number of ordinary shares at 31 March 2015	37,617

There is no difference between the basic and diluted loss per share.

Details of share warrants and share options that could potentially dilute earnings per share in future periods are set out in notes 8 and 9 respectively.

NOTES TO THE GROUP FINANCIAL STATEMENTS

5. Property, plant and equipment

	Total $'000
Cost	
Balance at 1 January 2014	447
Additions	1
Disposals	(17)
Effect of movements in foreign exchange	(15)
Balance at 31 December 2014	416
Balance at 1 January 2015	416
Disposals	-
Effect of movements in foreign exchange	(32)
Balance at 31 March 2015	384
Depreciation and impairment losses	
Balance at 1 January 2014	202
Depreciation charge for the period	37
On disposals	(13)
Effect of movements in foreign exchange	(6)
Balance at 31 December 2014	220
Balance at 1 January 2015	220
Depreciation charge for the year	8
Disposals	-
Effect of movements in foreign exchange	(13)
Balance at 31 March 2015	215
Carrying amounts	
At 1 January 2014	245
At 31 December 2014	196
At 1 January 2015	196
At 31 March 2015	169

NOTES TO THE GROUP FINANCIAL STATEMENTS

6. Intangible assets

	Projects		Total
	Cerrado Verde	Calcario	exploration costs
	$'000	$'000	$'000
Carrying value			
Balance at 1 January 2014	21,412	798	22,210
Additions	2,543	-	2,543
Effect of movements in foreign exchange	(953)	(38)	(991)
Balance at 31 December 2014	23,002	760	23,762
Balance at 1 January 2015	23,002	760	23,762
Additions	250	-	250
Effect of movements in foreign exchange	(1,829)	(78)	(1,907)
Balance at 31 March 2015	21,423	682	22,105
Carrying amounts			
At 1 January 2014	21,412	798	22,210
At 31 December 2014	23,002	760	23,762
At 1 January 2015	23,002	760	23,762
At 31 March 2015	21,423	682	22,105

NOTES TO THE GROUP FINANCIAL STATEMENTS

7. Share capital

	31 Mar 2015 Number	31 Mar 2015 $'000	31 Dec 2014 Number	31 Dec 2014 $'000
Authorised - Ordinary shares of $0.3918 each	500,000,000	195,900	500,000,000	195,900

Issued - Ordinary shares of $0.3918 each	31 Mar 2015 Number	31 Mar 2015 $'000	31 Dec 2014 Number	31 Dec 2014 $'000
At beginning and end of period	37,617,430	15,457	37,617,430	15,457

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.

8. Share warrants

	31 Mar 2015 Number	31 Mar 2015 $'000	31 Dec 2014 Number	31 Dec 2014 $'000
Balance at beginning of period	222,868	942	222,868	942
Fair value of warrants issued during the period	-	-	-	-
Fair value of warrants lapsed during year	(222,868)	(942)	-	-
Balance at end of period	-	-	222,868	942

Share purchase warrants which carried the right to subscribe for one ordinary share of $0.3918 each at a price of $6.45 per share, lapsed on 23 March 2015.

9. Share-based payments

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

	Weighted average exercise price 31 Mar 2015	Number of options 31 Mar 2015	Weighted average exercise price 31 Dec 2014	Number of options 31 Dec 2014
Outstanding at the beginning of the period	$0.74	2,883,001	$2.75	2,925,746
Granted during the period	-	-	$0.45	2,285,000
Exercised during the period	-	-	$0.50	(85,000)
Cancelled during the period	-	-	$3.52	(1,291,077)
Forfeited during the period	$1.10	(30,001)	$1.63	(951,668)
Outstanding at the end of the period	$0.74	2,853,000	$0.74	2,883,001

The options outstanding at 31 March 2015 have an exercise price in the range of $0.41 to $8.56 and a weighted average remaining contractual life of 3 years. Options issued prior to December 2014 vest in three annual tranches commencing on the date of grant subject to the grantee's continued service. Options issued in December 2014 vest in six annual tranches. Commencing on the date of grant, subject to the grantee's continued service, 10% of the options vest and an additional 10% vest each subsequent year. At the sixth year from the date of grant, the remaining 50% of the options vest. At 31 March 2015, 798,334 of the options had vested (31 December 2014: 828,335).

Details of share options outstanding at 31 March 2015 are as follows:

Number of options						Exercisable period	
Outstanding at beginning of period	Granted	Forfeited/ exercised	Outstanding at end of period	Exercisable at end of period	Option price $	Grant date	Expiry date
134,667	-	(16,667)	118,000	118,000	$1.64	30 April 2010	30 April 2015
70,000	-	-	70,000	70,000	$1.50	30 June 2010	30 June 2015
42,000	-	-	42,000	42,000	$2.30	13 October 2010	13 October 2015
18,000	-	-	18,000	18,000	$8.30	19 January 2011	19 January 2016
10,000	-	-	10,000	10,000	$7.14	3 August 2011	3 August 2016
35,000	-	-	35,000	35,000	$8.56	31 January 2012	31 January 2017
165,000	-	-	165,000	110,000	$0.74	15 July 2013	15 July 2018
20,000	-	-	20,000	13,334	$0.45	19 September 2013	19 September 2018
60,000	-	-	60,000	40,000	$0.41	30 September 2013	30 September 2018
43,334	-	(13,334)	30,000	20,000	$0.41	8 October 2013	8 October 2018
165,000	-	-	165,000	110,000	$0.78	14 January 2014	14 January 2019
2,120,000	-	-	2,120,000	212,000	$0.425	10 December 2014	10 December 2024
2,883,001	-	(30,001)	2,853,000	798,334			

9. 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. The expected life of the option (2.5 years) is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

Fair value of share options and assumptions	31 Mar 2015 $'000	31 Mar 2014 $'000
Weighted average fair value of options granted during the period	-	$0.57
Weighted average share price	-	$0.78
Weighted average exercise price	-	$0.78
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	-	154%
Option life	-	2.5
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	-	1.23%

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.

	31 Mar 2015 $'000	31Mar 2014 $'000
Total expense recognised as employee and consultants costs	66	81

10. 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 no trade receivables and minimal other financial receivables and bank deposits are made with financial institutions considered to be safe by the Board of Directors. There were no derivative instruments outstanding at 31 March 2015.

Foreign currency risk

The Group's cash resources are mainly held in Canadian Dollars and 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 costs are primarily incurred in Canadian Dollars and Brazilian Reais.

The appreciation of Brazilian Reais against the Canadian Dollar could increase the actual capital and operating costs of the Group's mineral exploration projects and materially adversely affect the results presented in the Group's financial statements. Currency exchange fluctuations may also materially adversely affect the Group's future cash flows from operations, its results of operations, financial condition and prospects. The Group has a general policy of not hedging against foreign currency risks. The Group manages foreign currency risk by regularly reviewing the balances held in currencies other than the functional currency.

NOTES TO THE GROUP FINANCIAL STATEMENTS

10. Financial Instruments (continued)

Foreign currency risk (continued)

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

	31 Mar 2015	31 Dec 2014
	$'000	$'000
Canadian Dollars	4,472	4,779
Brazilian Reais	935	1,284
British Pounds	89	22
	5,496	6,085

At 31 March 2015 the Canadian Dollar deposit was held as a money market deposit, maturing in 27 days at an interest rate of 1.19%. The Brazilian Reais deposits are held as interbank deposit certificates, with no maturity, at a current interest rate of 1.0361%.

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

	Equity	
	31 Mar 2015	31 Dec 2014
	$'000	$'000
10% weakening of Brazilian Real	(101)	(137)
10% strengthening of Brazilian Real	123	167

Liquidity risk

To date the Group and Company have relied on shareholder funding to finance its operations. As the Group and Company have finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure and cash resources. In addition, the Group and Company do not have any borrowings and only have trade and other payables with a maturity of less than one year.

Interest rate risk

The Group's and Company's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. Given that the directors do not consider that interest income is significant in respect of the Group's and Company's operations no sensitivity analysis has been provided in respect of any potential fluctuations in interest rates.

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country. The Group and Company have no fixed rate deposits.

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.

10. Financial Instruments (continued)

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 accounts. All the Group's and Company's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.