VERDE AGRITECH

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2020

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Glossary

ANM: See “National Mining Agency”.

Cerrado Verde Project (“the Project”): Located in Minas Gerais state, Brazil. Potassium-rich deposit owned by Verde, from which the Group is producing solutions for crop nutrition, crop protection, soil improvement, and increased sustainability. The Project has an NI 43-101 Measured and Indicated Mineral Resource Estimate of 1.47 billion tonnes at a grade of 9.2% K_2O, which includes a Measured Mineral Resource of 83 million tonnes with an average grade of 10.1% K_2O. The Pre-Feasibility Study of the Project evaluated the technical and financial aspects of producing 25 Mtpy of the Product divided in three phases: Phase 1 (0.6 Mtpy); Phase 2 (5 Mtpy) and Phase 3 (25 Mtpy). Cerrado Verde Project is in production since 2017.

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

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

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

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

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

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

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

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

Group: Verde Agritech Plc and its subsidiaries.

Hectare: Metric unit of square measure, equal to 10,000 square meters.

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

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

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

MME: See "Ministry of Mines and Energy".

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

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

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

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

- **Indicated Mineral Resource:** That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. An indicated mineral resource has a lower level of confidence than that applying to a measured mineral resource and may only be converted to a probable mineral reserve.
- **Inferred Mineral Resource:** That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An inferred mineral resource has a lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration.
- **Measured Mineral Resource:** That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. A measured mineral resource has a higher level of confidence than that applying to either an indicated mineral resource or an inferred mineral resource. It may be converted to a proven mineral reserve or to a probable mineral reserve.

Mineral Right ("Direito Minerário"): Authorisation to research and/or prospects a tenement. It is granted by the federal government through the ANM or the MME, depending on their respective competencies.

Mineralisation: The concentration of minerals within a body of rock.

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

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

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

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

Mtpy: Million tonnes per year.

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

NI 43-101: National Instrument 43-101 - Standards of Disclosure for Mineral Projects within Canada.

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

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

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

PFS: See "Pre-Feasibility Study".

Pre-Feasibility Study ("PFS"): A pre-feasibility study is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the mineral resource may be converted to a mineral reserve at the time of reporting. A pre-feasibility study is at a lower confidence level than a feasibility study.

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

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

tpy: Tonnes per year.

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

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

To our Shareholders

The following Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of Verde Agritech Plc and its subsidiaries ("Verde" or the "Group") covers the period ended March 31, 2020. It provides information that management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union and with IFRS and their interpretations issued by the IASB. All amounts herein are expressed in Canadian Dollars unless otherwise stated, and the information is current to May 14, 2020.

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

Forward Looking Statements

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

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

Group Overview

The principal activity of the Group is the production and sale of a multinutrient potassium fertilizer marketed in Brazil under the brand K Forte® and internationally as Super Greensand® .

Cerrado Verde Project, located in the heart of Brazil's largest agricultural market, is the source of a naturally occurring potassium silicate rock from which the Group produces its products. The Group remains focused on the expansion of the Cerrado Verde Project.

The Group's ordinary shares trade on the Canadian Toronto Stock Exchange ("TSX") under the symbol "NPK" and the New York Open Transparent Connected Venture Market ("OTCQB") under the symbol "AMHPF".

Q1 2020 Financial Highlights

- Revenue increased by 230% to $509,532, compared to $154,279 in Q1 2019.
- Production increased by 32% with a total of 6,375 tonnes, compared to 4,825 tonnes in Q1 2019.
- Sales increased by 830% with a total of 10,170 tonnes compared to 1,093 in Q1 2019.
- Net loss reduced by 9% to $792,195, compared to 872,506 in Q1 2019.

Q1 2020 Group Highlights

- 25,000,000 tpy Feasibility Study for Mine Pit 2 was approved by the ANM in March 2020.
- 2,500,000 tpy Preliminary and Installation Environmental License Application for Mine Pit 2 was filed in March 2020.
- 2,500,000 tpy Mining Concession Application for Mine Pit 3 was filed in March 2020.
- The Group is fully permitted to produce a total 199,800 tpy and has applications pending for an additional 2,733,000 tpy.

Project Overview

A summary of the Group's current project is as follows:

Cerrado Verde Project

During 2008 the Group identified a large mineral occurrence of a potassium silicate rock, that is believed to be uniquely suited to Brazil's domestic fertilizer needs.

Between 2009-2014, the Group advanced and completed a large drilling program at Cerrado Verde, which has a strike length exceeding 100 km. Potassium mineralization was found from the surface to a maximum depth of 80 m, rendering the deposit amenable to open pit mining. Cerrado Verde has an NI 43-101 Measured and Indicated Mineral Resource Estimate of 1.47 billion tonnes at a grade of 9.2% K_2O which includes a Measured Mineral Resource of 83 million tonnes with an average grade of 10.1% K_2O. Additionally, the Inferred Mineral Resource Estimate is 1.85 billion tonnes at a K_2O grade of 8.6%. The mineral resource was estimated from data collected from a total of 41,021m of reverse circulation drilling from 710 drill holes with a collar spacing ranging from 100m x 100m (measured resource) to 400m x 400m (inferred resource) and 1,717m of DC drilling from 25 drill holes.

Project Overview (Continued)

In 2017, the Group announced the conclusion of a Pre-Feasibility Study for the expansion of the current production. The PFS evaluated the technical and financial aspects of producing 25 Mtpy of the Product divided in three phases: Phase 1 (0.6Mtpy); Phase 2 (5Mtpy) and Phase 3 (25Mtpy). The proposed scalable development is predicated on production growth being financed largely from expected internal cash flow.

Project Highlights:

- Proven and Probable Reserves of 777.28 Mt, grading 9.78% K_2O.
- Capex for Phase 1 is estimated at US$3.05 million.
- Capex for all phases is estimated at US$369.53 million.
- Sustaining capital for the Project is estimated at US$222.26 million.
- Estimated after-tax Net Present Value ("NPV") for the Project, using an 8% discount rate, of US$1,987.97 million.
- Estimated after-tax Internal Rate of Return ("IRR") of 290%.
- Payback of 0.5 years for Phase 1, 0.2 years for Phase 2 and 1. 2 years for Phase 3, from the start of production in each phase (years 1, 3 and 6, respectively).
- Adopted Potassium Chloride ("KCl") long term price of US$250 CIF Brazil as reference for the product pricing.
- Estimated Operating Cost of US$14.53, US$6.77, US$7.92 per product tonne for Phases 1, 2 and 3 respectively.

The PFS is based on the following assumptions:

- 100% equity.
- Phase 1 production of 0.6 Mtpy; Phase 2 production of 5 Mtpy; Phase 3 production of 25 Mtpy.
- A projected mine life of 36 years.
- Contract Mining.
- A 15% contingency applied to Capex.
- US Dollar-Brazilian Real exchange rate of US$1 = R$3.28.
- Potassium Chloride ("KCl") long term price of US$250 CIF Brazil as reference for the product pricing.

In July 2018, Verde announced the start-up of the processing plant. The cost of the production facility was initially budgeted at US$500,000. However, the total investment reached US$600,000 because the Group advanced part of the ground work necessary for an expansion to reach the 600 thousand tonnes per annum capacity projected for Phase 1 in the PFS.

In March, 2019 the Group closed a non-brokered private placement raising C$1.692,068 (the "Placement") through the issuance of 2,820,114 units of securities ("Units") at a price of $0.60 per Unit. Each Unit comprised one ordinary share of the Group (an "Ordinary Share") and one-half of one Ordinary Share purchase warrant (a "Warrant"). Each whole Warrant is exercisable to purchase an Ordinary Share at an exercise price of C$1.00 until the second anniversary of the closing of the Placement.

In March, 2019 the Group appointed Felipe Buscacio Paolucci as the Chief Financial Officer ("CFO"). Mr. Paolucci is an executive with over 15 years of experience in finance in multinational companies and over 9 years of experience in the agricultural business. Mr. Paolucci is based in Belo Horizonte, Brazil, and replaced Mr. Tim Slater, who has acted as the Group's interim CFO for the past few years, based out of London, UK.

Project Overview (Continued)

In September 2019, the Group was awarded the "Good Environmental Practices Award", promoted by the State System of Environment and Water Resources (SISEMA, in Portuguese) in the category "Best Practice of Mineral Solid Waste Management". The Group presented its sustainable mining project which is intended to improve the health of people and of the planet.

In October 2019, the Plant 1 expansion was concluded, increasing production capacity to 500,000 tpy.

Permits Status - Last 12 months

Mine Pit	Date	Category	Status	Event
2	March 30, 2020	Environment	Applied	2,500,000 tpy Preliminary and Installation License
2	March 26, 2020	Mining	Approved	25,000,000 tpy Feasibility Study
3	March 25, 2020	Mining	Applied	2,500,000 tpy Mining Concession Application
2	December 23, 2019	Mining	Granted	100,000 tpy Mining Permit
1	September 19, 2019	Environment	Applied	233,000 tpy Operating License
1	July 19, 2019	Mining	Granted	233,000 tpy Mining Concession
3	July 16, 2019	Mining	Granted	49,800 tpy Mining Permit
2	March 11, 2019	Mining	Applied	50,000 tpy Mining Permit Application

Summary of Licenses and Permits

In sum, the Group is fully permitted (mining permit and environmental license) to mine 199,800 tpy and has applications pending for an additional 2,733,000 tpy. The Company has 3 different mine pits, each at different permitting stages and targeting different volumes, as explained below and summarized in the subsequent table.

For Mine Pit 1, the Group holds has a Mining Concession for 233,000 tpy. The environmental licenses are, only partially approved. The Installation License, which authorises the construction of a mine, has been granted. However, the Operational License which authorises the start of the mine itself, is still pending approval.

For Mine Pit 2, the Group is fully permitted to extract 150,000 tpy. The Group has applied for a further Mining Concession of 25,000,000 tpy, which already had the Feasibility Study approved and is currently under analysis by the ANM. Environmental licenses have been granted for a total of 200,000 tpy and the Group has applied for a further 2,500,000 tpy Preliminary and Installation License.

For Mine Pit 3, the Group has been granted both the Mining Permit and Environmental Licenses for 49,800 tpy and has applied for a further Mining Concession of 2,500,000 tpy.

Summary of Licenses and Permits (Continued)

Mine Pit	Fully Permitted to Produce (tpy)	Mining (tpy)		Environmental (tpy)	
		Granted	Pending	Granted	Pending
1	0	233,000	0	0	233,000
2	150,000	150,000	25,000,000	200,000	2,500,000
3	49,800	49,800	2,500,000	49,800	0
Total	199,800	432,800	27,500,000	249,800	2,733,000

Summary of Mineral Rights and Mining Permits

The Group holds mineral rights at different stages in the process towards a Mining Concession or a Mining Permit. The different stages are explained below and a summary of the stages of the Company's mineral assets, as of December 31, 2019, are summarized in the subsequent table.

The Exploration Authorization Application is the first step of the process, when a claim for the geological exploration of an area is made to the ANM.

An Exploration Permit gives its holder exclusive rights to pursue a geological exploration of the area. It is granted after the ANM reviews and approves the Application, and its decision is published in the Brazilian Federal Gazette. Geological studies can be conducted during the validity Exploration Authorization, which grants the rights to conduct exploration activities for a period from two to four years and may be renewed for an additional period (and potentially additional renewals on a case-by-case basis). The Group currently has no Exploration Permits or ongoing exploration work.

If the geological exploration yields positive results, its holder can file a positive Final Exploration Report containing quantitative geological and technological study of the mineral deposit and demonstrate the technical-economic feasibility of a mine. The ANM analyses this report both technically and through a site visit.
If the ANM approves the report based on the potential merits of a future mining operation, the titleholder has a one year period during which to prepare and file the Mining Concession Application with the Federal Minister of Mines and Energy. The application is composed of several documents, including the Feasibility Study, an economic development plan of the mineral deposit, with a detailed description of the mining operations, as well as a proof of availability of funds or the financial commitments necessary for the execution of the operations.

After a detailed and objective analysis, a Mining Concession might be issued by the Minister of Mines and Energy. The Mining Concession grants the titleholder the right to develop a mine and start its extractive operations.

Under exceptional circumstances, such as when the commercialisation of mineral substances faces the need to supply the market, a Mining Permit can be issued. A Mining Permit is an exceptional Mining Concession with predetermined expiration date. It is granted by the ANM and allows the mineral extraction in the area before the grant of a Mining Concession, according to the environmental legislation.

The following table represents the summary of the Group's mineral titles as of March 31, 2020. The area covered in each phase is expressed in hectares and the number of mining rights in total for each phase status is expressed in units.

Summary of Mineral Rights and Mining Permits (continued)

Phase Status	Cerrado Verde	
	Area (ha)	Number of Tenements
Exploration Authorization Application	2,802	2
Exploration Authorization to be Filed	0	0
Final Exploration Report Under ANM Analysis	26,391	14
Mining Concession Mining Permit Applications to be Filed	0	0
Mining Concession and Mining Permit Applications Under Analysis	22,437	15
Mining Concession or Mining Permit is Granted	1,929	1
Total	**53,558**	**32**

Outlook

The Group continues to develop its Cerrado Verde Project and will carry on with the market development, engineering studies, construction, finance and environmental licensing efforts to advance the project.

Selected Quarterly Financial Information

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

All amounts in CAD $’000	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019
Revenue	**510**	1.491	3.055	1.329
Net Income/(loss) after tax	**(792)**	(99)	(1)	(223)
Basic and diluted earnings/(loss) per share	**(0,017)**	(0,001)	0,000	(0,004)
*Total Assets	**25.966**	29.165	29.283	30.094
Current Liabilities	**1.924**	1.517	1.877	1.431
Non-current Liabilities	**3.250**	3.736	3.641	4.029
All amounts in CAD $’000	**Mar 31, 2019**	**Dec 31, 2018**	**Sep 30, 2018**	**Jun 30, 2018**
Revenue	154	692	666	-
Net Income/(loss) after tax	(873)	(638)	(308)	(457)
Basic and diluted loss per share	(0,020)	(0.014)	(0,007)	(0,011)
Total Assets	30.131	29.173	24.108	24.060
Current Liabilities	1.201	1.197	1.171	1.011
Non-current Liabilities	4.062	4.151	307	0

RESULTS OF OPERATIONS

The following table provides information about three months ended March 31, 2020 as compared to the three months ended March 31, 2019. All amounts in CAD $'000.

All amounts in CAD $'000	3 months ended March 31, 2020	3 months ended March 31, 2019
Tonnes sold	**10,170**	1,093
Revenue per tonne sold $	**50**	141
Production cost per tonne sold $	**(33)**	(45)
Gross Profit per tonne sold $	**18**	97
Gross Margin	**35%**	68%
Revenue	**510**	154
Production costs	**(331)**	(49)
Gross Profit	**178**	**105**
Gross Margin	**35%**	**68%**
Selling and General Administrative expenses	**(842)**	(561)
Operating Profit/(Loss) before non-cash events	**(664)**	**(456)**
Share Based Payments (Non-Cash Event) *	**(40)**	(384)
Depreciation and Amortisation	**(12)**	(12)
Operating Profit/(Loss) after non-cash events	**(716)**	**(852)**
Corporation tax	**(18)**	(8)
Interest Income/Expense	**(58)**	(13)
Net Profit / (Loss)	**(792)**	**(873)**

* - Included in administrative expenses in financial statements

Three months ended March 31, 2020 compared with three months ended March 31, 2019

Compared to the three months ended March 31, 2019, the net loss for the three months ended March 31, 2020 has decreased by $81,321. The loss per share has decreased to $0.017 from $0.020.

Product Sales

For the three months ended March 31, 2020, the Group sold 10,170 tonnes, an increase of 830% in comparison to Q1 2019.

Revenue

Revenue from sales for Q1 2020 was $509,532, from sale of 10,170 tonnes ($50,10 per tonne sold). Average revenue per tonne was lower than Q1 2019 ($141,15 per tonne) because most of Q1 2019 sales were exported to international markets, where the product achieves higher sales price compared to the domestic market. In Q1 2020 most sales were to the domestic market. Overall export volume grew from 148 tonnes in Q1 2019 to 331 tonnes in Q1 2020, but proportionally the share of exports on total sales has reduced from 14% to 3% because of substantial increase in domestic sales from 945 tonnes in Q1 2019 to 9,839 in Q1 2020.

Results of Operations (Continued)

Production costs

Production costs include all costs directly from mining, processing, transportation from the mine to the factory and supply chain salaries. Costs per tonne for the quarter was $32,57 compared to $44,63 for the same period in 2019. This reduction was due to the devaluation of the Brazilian Real by 15% in face of the Canadian Dollar and dilution of the plant's fixed cost.

S&GA - Selling & General Administrative Expenses

S&GA Expenses (Selling and General Administrative expenses) CAD $'000	3 months ended March 31, 2020	3 months ended March 31, 2019
Sales and marketing expenses	(260)	(115)
General administrative expenses	(219)	(241)
Distribution expenses	(157)	(25)
Legal, professional, consultancy and audit costs	(169)	(162)
IT/Software expenses	(22)	(5)
Taxes and licenses fees	(15)	(13)
Total S&GA	**(842)**	**(561)**

Sales and marketing expenses

Sales and marketing expenses include sales and marketing salaries, the promotion of the Product such as fees paid sales agents, marketing events, car rentals, travels within Brazil, hotel expenses and Customer Relationship Management (CRM) Software licenses. Expenses increased compared to the same period last year because of an additional 23 full time staff being hired in Brazil to achieve the Group's 2020 goals.

General administrative expenses

These costs include general office expenses, rent, banks fees, insurance, foreign exchange variances and remuneration of the executives and administrative staff in Brazil. Expenses in the quarter were lower than the same period last year as $78,300 of production costs were expensed in 2019 to general expenses as there were no sales in January and February 2019.

Distribution expenses

Distribution expenses were higher in Q1 2020 compared to the same quarter last year as the Group started to sell CIF (Cost Insurance and Freight) and exports sales volume increased by 124% (from 148 tonnes in Q1 2019 to 331 tonnes in Q1 2020), mainly to China.

Legal, professional, consultancy and audit costs

Legal and professional fees include legal, professional, consultancy fees along with accountancy, audit and regulatory costs. Consultancy fees are consultants employed in Brazil, such as accounting services, patent process, lawyer's fee and regulatory consultants.

In Q1 2020, the costs were $168,603, an increase of $7,058 on the same period in 2019. This increase was a result of increased audit fees and regulatory costs.

S&GA - Selling & General Administrative Expenses (continued)

IT/Software expenses

IT/Software expenses include software licenses such, Microsoft Office and Delphi Enterprise resource planning (ERP). In Q1 2020 expenses were $22,087, an increase of $17,605 compared to the same period last year. This increase was due to IT fire wall security system investment, file server and IT consultancy.

Share based payments

These costs represent the expense associated with stock options granted to employees, directors and consultants.

Share-based compensation expense recognised during the three months ended March 31, 2020 was $40,018, a decrease of $343,872 on the same period last year. This is due to a large number options vesting in the same period last year.

Liquidity and Cash Flows

For additional details see the consolidated statements of cash flows for the quarters ended March 31, 2020 and March 31, 2019 in the annual financial statements.

Cash received from/(used for): CAD $'000	**3 months ended March 31, 2020**	3 months ended March 31, 2019
Operating activities	**706**	(356)
Investing activities	**(718)**	(162)
Financing activities	**222**	1,828

On March 31, 2020, the Group held cash of $806,000, a decrease of $1,329,000 on the same period in 2019.

Operating activities

For the three months ended March 31, 2020, net cash generated from operating activities was $706,000, compared to utilised of $356,000 for the same period in 2019. This is mainly due to a result in a decrease in receivables of $663,000 and an increase in payables of $530,000, which reflects changes in working capital.

Investing activities

For the three months ended March 31, 2020, cash outflows from investing activities was $718,000, an increase of $556,000 for the same period in 2019. This mainly relates to investment in the factory expansion started in 2019 which were recognised during Q1 2020.

Financing activities

For the three months ended March 31, 2020, net cash generated from financing activities was $222,000, a decrease of $1,606,000 on the same period in 2019. This decrease is due to the issuance of a non-brokered private placement in March 2019.

Liquidity and Cash Flows (Continued)

Financial condition

On March 31, 2020, the Group had current assets of $1,995,000 and current liabilities of $1,924,000 providing a working capital surplus of $71,000. The Group has a credit facility approved by its bank in Brazil of C$ 583,806 (R$1,800,000).

Financing of future expansion is budgeted to be predominantly through accumulated cash flow.

Commitments and Contingent Liabilities

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

Amounts payable ($'000)	31 Mar 2020	31 Dec 2019
Amount payable within one year	**63**	65
Amounts payable after more than one year and less than five years	**52**	62
After five years	**285**	341
Total	**400**	468

Brazilian labour law entitles a former employee to lodge, within two years of leaving the Group, claims for alleged unpaid remuneration and compensation in the event of dismissal. The Group, whilst contesting each claim notes that, should a claim be successful, future liability may arise. At the period end, a provision of $107,000 for labour claims is included in the financial statements.

Off-Balance Sheet Financing

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

Corporate Governance

Director Term Limits and Representation of Women on the Board and in Executive Positions

The Group does not have term limits for its directors. While there are benefits to adding new perspectives to the Board from time to time, there are also benefits to be achieved through continuity and directors having in-depth knowledge of each facet of the Group's business, which necessarily takes time to develop. Also, setting director term limits forces valuable, experienced and knowledgeable directors to leave.

Board renewal is one of many factors taken into consideration as part of the Board's annual assessment. Pursuant to requirements for issuers listed on the TSX, directors of the Group are to be elected (including the re-election of incumbent directors) at each annual meeting of the Group, and in all cases, the term of any director will expire at the close of the next annual meeting of shareholders following such director's appointment.

The Group does not have a formal policy with respect to the identification and nomination of women directors or executive management, nor has it adopted targets for the representation of women on the Board or in executive management.

Corporate Governance (Continued)

The Board is currently comprised of six men. None of the Group's directors or executive officers are women. However, approximately 21% of the staff within various departments in the organization are women including Corporate, Plant, Marketing, Finance and Human Resources Departments.

While diversity is one issue of importance, the Board believes that the key to effective leadership is to choose directors that, having regard to a wide array of factors, possess the range of necessary independence, skills, experience, commitment and qualifications that are best suited to fostering effective leadership and decision making at the Group. The Board reviews its size and composition from time to time to determine the impact the directors have on its effectiveness, and the Board and the Group's management use a rigorous identification and selection process for new directors, having regard to a variety of factors, and through these processes the Board believes that it is well-positioned to address any problems or deficiencies that may arise.

Furthermore, according to the Charter of the Corporate Governance Committee, when identifying new candidates, the Committee takes into consideration the criteria approved by the Board and such other factors, as it deems appropriate. These factors include judgement, skill, integrity, independence, diversity, experience with business and organisations of comparable size, the interplay of a candidate's experience with the experience of other Board members, willingness to commit the necessary time and energy to serve as a director, and a genuine interest in the Group's business. The Group believes the aforementioned factors are all encompassing and although gender is not specifically listed as one of the factors, gender is taken into account when considering diversity in director nominations.

Although the Group and the Board do not believe that quotas or strict policies necessarily result in the identification or selection of the best candidates, the Board is mindful of the benefits of gender diversity on the Board and in executive positions and the need to maximize effectiveness of the Board and management team's decision making abilities.

Accordingly, although the Board believes that the current directors comprise an appropriate mix of individuals with accounting, financial, legal, specific industry and general business experience that is appropriate for the Group's current size, as the Group's business grows, it plans to expand the size of its Board and, in conducting searches for new directors, the Board intends to focus on increasing the level of female representation but does not have a representation target at this time.

Similarly, although there is no current intention to make changes or additions to the Group's executive team, the Board will be mindful of the benefit of gender diversity in any appointment of new executive officers. The Board believes that the current executive management team comprises an appropriate number and mix of individuals with considerable experience in the agriculture resource industry that is appropriate for the Group's current size.

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. Late receivables are below 0.1% of the total sold as of December 31, 2019 and bank deposits have been made with financial institutions which are considered to be safe by the Board of Directors. There were no derivative instruments outstanding on March 31, 2020.

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

Financial instruments (continued)

reported in Canadian Dollars and its costs are primarily incurred in Canadian Dollars and Brazilian Real. The appreciation of the Brazilian Real 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 flow from operations, its results from 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.

The Group had the following cash and cash equivalents in currencies other than its presentational currency. The amounts are stated in Canadian Dollar equivalents.

Currency ($'000)	31 Mar 2020	31 Dec 2019
Canadian Dollars	278	329
Brazilian Reais	393	184
American Dollars	131	93
British Pounds	4	60
Total	**806**	**666**

The results of a foreign currency risk sensitivity analysis showing a 10% weakening/strengthening of the Brazilian Real against Canadian Dollars, with all other variables held constant, are as follows:

Equity ($'000)	31 Mar 2020	31 Dec 2019
10% weakening of Brazilian Real	(15)	(99)
10% strengthening of Brazilian Real	12	121

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.

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. Given that the directors do not consider that interest income is significant in respect of the Group'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.

Fair values

In the Directors' opinion there is no material difference between the book value and fair value of any of the Group's financial instruments.

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 balance sheet and have been analysed in more detail in the notes to the accounts. All the Group's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

Critical Judgements and Accounting Estimates

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

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

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

Judgements

- **Impairment of Intangible assets:**

The directors have assessed whether there are any indicators of impairment in respect of the mineral properties totalling $22,000,000. 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 the 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 NI43-101 report and its opportunities economic model which includes resource estimates without conversion of its inferred resources. Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the Group's mineral property costs.

Estimates

- **Share-based payments:**

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

Critical Judgements and Accounting Estimates (Continued)

- **Closure costs:**

The Group has an obligation to reclaim its properties after the minerals have been mined from the site and has estimated the costs necessary to comply with existing reclamation standards. These estimates are recorded as a liability at their fair values in the periods in which they occur. If the estimate of reclamation costs proves to be inaccurate, the Group could be required to increase the provision for site closure and reclamation costs, which would increase the amount of future reclamation expense, resulting in a reduction in the Group's earnings and net assets.

NI 52-109 Compliance

Disclosure Controls and Procedures ("DC&P")

As at March 31, 2020, the CEO and the CFO evaluated the design and operation of the Group's DC&P. Based on that evaluation, the CEO and CFO concluded that the Group's DC&P was effective as at March 31, 2020.

Internal control over financial reporting ("ICFR")

Based on the evaluation of the design and operating effectiveness of the Group's ICFR, the CEO and the CFO concluded that the Group's ICFR was effective as at March 31, 2020.

There have been no changes during the period ended March 31, 2020 that have a material effect on the disclosure controls and procedures or the internal controls over financial reporting.

Financial Reporting Standards

The Group has adopted all the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2020. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Group.

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

Outstanding Share Data

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

Type	Amount
Ordinary shares	46,928,766
Warrants	1,410,057
Stock options	4,108,297
Total	**52,447,120**

Risks

The exploitation of natural resources are speculative activities that involve a high degree of risk. The following risk factors should be considered in assessing the Group's activities. Should any one or more of these risks occur it could have a materially adverse effect on the business, prospects, assets, financial position or operating results of the Group. The risks noted below do not necessarily comprise all those faced by the Group. Additional risks not currently known to the Group or that the Group currently deems unlikely to influence an investor's decision to purchase securities of the Group may also impact the Group's business, prospects, assets, financial position or operating results.

Mining risks

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

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

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

Uncertainty in the estimation of mineral resources and mineral reserves

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

Expected Market Potential of the Product

The Product is a new product without an established market. Substantial investment will be required to develop the market in Brazil and internationally. Although an established market for potassium-based fertilizers already exists, there is no assurance that the Group's market development efforts will result in the significant sales of the product. The Group continued to make sales since 2018 and has been successful in obtaining registration as a fertilizer product in over 30 US states and is confident that further sales will be achieved at competitive, financially viable prices.

Uncertainty of Acquiring Necessary Permits

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

Risks (Continued)

Uncertainty of Additional Capital

In the past, the Group has relied on sales of equity securities to meet its capital requirements. The development of the Group's properties depends upon the Group's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Group will be successful in obtaining the required financing. The ability of the Group to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Group. Development of the Group's projects will require substantial additional financing.

Failure to obtain such financing may result in the delay or indefinite postponement of development or production on any or all of the Group's projects or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Group. If additional financing is raised by the Group through the issuance of securities from treasury, control of the Group may change and security holders may suffer additional dilution.

Further Information

Additional information relating to the Group can be found on SEDAR at www.sedar.com and on the Group's website at www.investor.verde.ag/.