

## Verde Potash Announces New Strategy

TORONTO, Aug. 21, 2013 /CNW/ - Verde Potash (TSX "NPK") ("Verde" or the "Company") is pleased to announce the Company's new strategic plan to advance the Cerrado Verde Potash Project. This new strategy replaces the Company's previous plan to proceed directly towards the implementation of a capital intensive, larger scale, production facility. Verde's new plan is premised on the technical practicality of the project's staged scale-up in order to reduce risk and to accelerate cash flow generation from its large potash resource in Brazil. The new strategy will comprise two phases. In Phase 1 the Company intends to build a plant (the 'Flex Plant') with a capacity of approximately 1,000 tonnes per day ("tpd") for the production of ThermoPotash. The Flex Plant will also be operated to process KCl in order to further develop scale-up and commercialization of the process and with the intent of securing performance guarantees on a 12,000 tpd kiln for KCl production. Phase 2, developed in parallel with Phase 1, would focus on large scale KCl production. This two-phased strategy expects to reduce up front capex by initially establishing the less capital intensive ThermoPotash product.

### Next Steps

The Company and its engineering partners are moving forward with a Flex Plant design for Phase 1. The proposed Flex Plant would have a capacity of approximately 1,000 tpd and the capability of both producing ThermoPotash and running the pyro stage of a KCl production route. The successful operation of the pyro stage of KCl production seeks to obtain the desired performance guarantees for Phase 2. By ramping-up production with ThermoPotash in Phase 1, the Company (i) expects a lower initial capital cost compared to the previous strategy to go directly to a large scale production facility, (ii) anticipates cash generation from the sale of ThermoPotash and (iii) expects a reduction in the scale-up risk of KCl production from its potassium silicate resource. The Company expects to publish a prefeasibility study ("PFS") in Q1 2014 for Phase 1 and Phase 2.

### ThermoPotash

ThermoPotash is a controlled-release, non-chloride, multi-nutrient fertilizer that is ideally suited for Brazilian soils. It is a new product, which is expected to compete with other premium, multi-nutrient, non-chloride fertilizers currently in the Brazilian market, such as potassium sulphate (SOP) and potassium nitrate (NOP). ThermoPotash delivers potassium without the negative effects of chlorine, while the limestone content addresses the high acidity of Brazil's soils.

Research on the use of Cerrado Verde's potassium silicate rock to produce ThermoPotash began in the early 1980s by academics. Since 2009, with the help of a multitude of parties, Verde built on that earlier research through its own studies, development and successful agronomic field trials. Agronomic trials have been conducted in conjunction with the University of Uberlândia, the University of Lavras, the University of São Paulo, Empresa de Pesquisa Agropecuária de Minas Gerais (EPAMIG), ArcelorMittal BioFlorestas and a number of large corporate growers in Brazil. The production process for ThermoPotash is similar to the pyro portion of the production process the Company has developed for KCl. The Company's potassium silicate rock is heated in a rotary kiln along with limestone to produce ThermoPotash. Given that a ThermoPotash production facility requires a rotary kiln but no evaporation or crystallization equipment, capex for a ThermoPotash plant is expected to be materially lower than that for a KCl plant producing equivalent tonnage.

ThermoPotash was approved for use as a potash fertilizer by the Brazilian Ministry of Agriculture ("MAPA") on June 24, 2013 - its registration number is MG - 90.773 10000-3. The product is now eligible for sale in Brazil. Over the past four years the Company and a number of research partners have conducted 41 lab tests and 15 field tests with 12 different crops on more than 23 hectares (230,000m<sup>2</sup>). The results of these tests have demonstrated the product's efficacy as a source of potassium, silicon and calcium, as well as its ability to address the acidity of Brazilian soils.

### Balance sheet

The Company's balance sheet remains strong with \$13.3 million in cash as of June 30, 2013. The Company's burn rate in recent months has been approximately \$600,000 per month. Management is confident that cash on hand is sufficient to allow the Company to complete its PFS and a Definitive Feasibility Study without raising additional equity.

Verde has been engaged in discussions with Brazilian institutions regarding debt finance for Phase 1 and continues to believe that Brazilian federal and state development banks will play an important role in funding Cerrado Verde. Securing debt finance for the project is important as it can allow the Company to continue to advance the project with minimal or no shareholder dilution - a goal to which management remains committed.

### Environmental permit

The Company will provide supplementary information to SUPRAM (Superintendências Regionais de Regularização Ambiental), the state environmental agency for Minas Gerais state, to reflect revisions to the project. Verde is undertaking to meet the demands of the regulator in order to receive all necessary environmental approvals in a timely manner so that permitting will not act to delay the project. The Company will first request an environmental permit for a rotary kiln Flex Plant (i.e. Phase 1 of the project) with a capacity of approximately 1,000 tpd because the reduced environmental impact for this phase allows for an accelerated application process.

### Project background

On February 28, 2012, the Company published a PEA for the Cerrado Verde Project focusing on KCl production. The February PEA structured the project in three phases: Phase 1, 600,000 tonnes of KCl production; Phase 2, an incremental 1.0 million tonnes of KCl production; Phase 3, an incremental 1.4 million tonnes of KCl production. Total plant capacity at the conclusion of Phase 3 was planned as 3.0 million tonnes of KCl production. The Company currently expects to complete a PFS that will include Phase 1 ThermoPotash production and Phase 2 KCl production.

### About Verde Potash

Verde Potash, a Brazilian fertilizer development company, is focused on advancing the Cerrado Verde project located in the heart of Brazil's largest agriculture market. Cerrado Verde is the source of a potash-rich deposit from which the Company intends to produce both ThermoPotash and potassium chloride (KCl). ThermoPotash is a controlled-release, non-chloride, multi-nutrient fertilizer that is ideally suited for Brazilian soils. In addition, the Company is developing its Calcario limestone project, limestone being a key raw material in the Company's process to produce both ThermoPotash and KCl.

### About the Cerrado Verde Potash Project

Cerrado Verde is a unique project: 1) its high grade potash rock outcrops and is amenable to strip mining, allowing fast construction of a scalable operation; 2) it is located in the midst of the world's third largest and fastest growing fertilizer market; 3) it connects to Brazil's largest fertilizer distribution districts via existing and high quality infrastructure; 4) it has the potential to supply both ThermoPotash and KCl to Brazil's local agriculture market from its large potash-rich deposit.

### Forward Looking Information

This news release contains certain forward-looking information, which includes but is not limited to, statements with respect to the Company's new strategy, the commercial production of ThermoPotash and KCl, design and building of a Flex Plant, timing and completion of a prefeasibility study, receipt of environmental permits, and the generation of cash flow from Phase 1 of the new strategy. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to differ materially from the forward-looking information. Material risk factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, the failure to obtain necessary regulatory approvals, risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, demand for ThermoPotash and KCl in Brazil, exchange rate fluctuations and other risk factors set out in the Company's most recently filed Annual Information Form under the heading "Risk Factors". Currently, ThermoPotash is not commercially

produced or sold in Brazil. As a consequence, there is no current market for this product. Should commercial demand for ThermoPotash fail to develop, the Company's business model may not be appropriate. Accordingly, readers should not place undue reliance on such forward-looking information. Material factors or assumptions used to develop such forward-looking information include, but are not limited to, the demand for ThermoPotash and KCl in Brazil, the ability to secure necessary environmental and mining permits, the ability to secure financing, and other assumptions set out in the Company's current technical report. The Company does not currently intend to update forward-looking information in this news release except where required by law.

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