



February 19, 2014

## Verde Potash Provides Additional Information on Inova Agro

**Verde Potash** (TSX: "NPK") ("Verde" or the "Company") is pleased to provide a summary of the Company's business plan that was selected by Inova Agro. Verde's business plan for the development of the Cerrado Verde Potash Project consists of building a greenfield 1,000 tonnes per day ("tpd") plant capable of producing ThermoPotash and also of seeking performance guarantees for a large-scale KCl kiln. Inova Agro approved Verde's business plan that requested funding for approximately 90% of the business plan, which includes investments in market development, pre-construction costs and working capital post commissioning for six months.

Verde submitted its application and support documentation to the Inova Agro program in August 2013. In September 2013, the Company was notified of its selection to advance to the program's next round of evaluation. For the final selection round, Verde submitted its business plan for the development of Cerrado Verde, at an estimated total of R\$ 280 million (approximately US\$ 115 million), of which R\$ 250 million (approximately US\$ 105 million) was asked from Inova Agro. This capital is to be provided via loans with subsidized interest rates, equity investment and non-reimbursable project investment grants from the Brazilian Development Bank ("BNDES") and/or the Financing Agency for Studies and Projects ("FINEP"), both of which are branches of the Brazilian government that operate Inova Agro. Of the total capital, up to R\$ 10 million (approximately US\$ 4.2 million) can be provided as a non-reimbursable project investment grant.

Commenting, President & CEO, Cristiano Veloso stated: "The selection for the Inova Agro funding is a strong endorsement from the federal government, acknowledging both Verde's competence to bring the project into production and the importance of the project for Brazil's long term agricultural development."

Commencing March 19<sup>th</sup>, 2014, BNDES and FINEP will meet with the selected companies to define a "Plano de Suporte Conjunto" (a joint support plan) where the funding structure will be defined, including the pre-conditions and a timeline for fund disbursements.

Any applicant to the program can file an appeal regarding the selection results. The appeal must be filed within ten calendar days and final results will be confirmed on March 18<sup>th</sup>, 2014.



## **Inova Agro**

Inova Agro is an initiative of the Brazilian government aimed at coordinating the resources of BNDES and FINEP to provide financial support to innovative projects in the agriculture sector. The Inova Agro support program involves a specific set of criteria and a schedule for the distribution of funds. Companies and projects that are successful in securing financial support from Inova Agro will have funding plans set starting in March 2014.

The Inova Agro program targets three business sectors for funding: agribusiness inputs, food industry processing and agribusiness equipment. The Company's Cerrado Verde project expects to significantly contribute to Brazil's production of potash fertilizers and therefore fits into the inputs for agribusiness (fertilizers) portion of the program.

Inova Agro is part of the larger Inova Empresa program, which spans a number of sectors. The total budget for Inova Empresa is R\$32.9 billion (approximately C\$15.0 billion). While the budget for Inova Agro provides for R\$1 billion in funding, this figure could increase at the discretion of the funding institutions (BNDES and FINEP).

## **About BNDES**

The Brazilian Development Bank (BNDES), a state-owned company, is the main financing institution for development in Brazil. Since its foundation in 1952, the BNDES has played a fundamental role in stimulating the expansion of industry and infrastructure in the country. Over the course of the Bank's history, its operations have evolved in accordance with the Brazilian socio-economic challenges; today they include support for exports, technological innovation, sustainable socio-environmental development and the modernization of public administration.

The Bank offers several financial support mechanisms to Brazilian companies of all sizes as well as public administration entities, enabling investments in all economic sectors. In any supported undertaking, from the analysis phase up to the monitoring, the BNDES emphasizes three factors it considers strategic: innovation, local development and socio-environmental development.

## **About FINEP**

The Financing Agency for Studies and Projects (FINEP) is a state-owned company under the Brazilian Ministry of Science and Technology that promotes economic and social development by fostering innovation in public and private companies, universities, technological institutes and other public and private institutions in the country.

Founded in 1967, the organization has funded thousands of successful initiatives, including the



development of Embrapa, Brazilian agribusiness projects, oil exploration and development of the aircraft Embraer Tucano.

### **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.

### **For additional information please contact:**

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#### **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 strategy, funding of the Cerrado Verde project, 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, failure to obtain financing on acceptable terms, 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.