

## Verde Potash Files Updated Preliminary Economic Assessment

Improved Recovery, Accelerated Expansion and 4 Mtpy Production Scenario

TORONTO, Feb. 29, 2012 /CNW/ - Verde Potash Plc (TSX-V: NPK) ("Verde" or the "Company") is pleased to report the filing on SEDAR of its Preliminary Economic Assessment ("PEA") for the production of conventional potash: potassium chloride ("KCl").

"Verde's KCl project has a capital expenditure ("Capex") lower than most proposed greenfield projects, being comparable in cost to brownfield expansions. Given its open pit nature, construction is expected to take 2 years and ramp up to full production expected to be measured in weeks, versus underground potash mines that take around a decade from construction to full production," said Cristiano Veloso, President & CEO.

During the process of final assembly of the PEA, optimizations were conducted which provided improved results to those announced on January 31, 2012. The key modifications were the reduction in time between production phases to 2 years, achievement of slightly better recoveries, use of contract mining for Phase 1 of production reducing upfront Capex and the study of an upside production scenario of 4 million tonnes per year KCl production ("Mtpy"). The PEA was prepared by SRK Consulting ("SRK") for Verde's wholly-owned Cerrado Verde Project ("Cerrado Verde" or the "Project") located in Minas Gerais State, Brazil.

### Key Economic Highlights

	Base Case Scenario Total Production: 3 Mtpy			Upside Case Scenario Total Production: 4 Mtpy		
	Phase 1: 0.6 Mtpy	Phase 2: + 1.0 Mtpy	Phase 3: + 1.4 Mtpy	Phase 1: 1.0 Mtpy	Phase 2: + 1.5 Mtpy	Phase 3: + 1.5 Mtpy
Capex per Phase (USD million)	598	732	1,008	868	1,120	1,105
Capex for Total Production (USD million) (excludes sustaining capital)	2,338			3,095		
Operating Costs (USD/t KCl)	285			289		
IRR (%)	27			27		
After Tax NPV (USD million), at 10% discount rate	3,367			4,359		

The PEA was based on the following assumptions:

- Production of 100% granular fertilizer grade KCl (60% K<sub>2</sub>O).
- Base Case Scenario - Total Production of 3.0 Mtpy of granular KCl in three phases: 0.6 Mtpy (start up: 2015), 1.6 Mtpy (start up: 2017), 3.0 Mtpy (start up: 2019).
- Upside Case Scenario - Total Production of 4.0 Mtpy of granular KCl in three phases: 1.0 Mtpy (start up: 2015), 2.5 Mtpy (start up: 2017), 4.0 Mtpy (start up: 2019).
- All Capex figures are incremental to the previous phase(s).
- A total planned production life of 30 years for the 3.0 Mtpy scenario, and 28 years for the 4.0 Mtpy scenario.
- 100% equity funding.
- Exchange rate of \$1 USD=\$1.8 BRL.
- A 25% contingency applied to the Capex.

### Improved Recovery

Process recoveries have increased consistently over the last 2 years as it advanced from laboratory to semi-commercial scale. Recovery increased from 66.8% to 70%.

### Accelerated expansion

Verde, SRK and consultants have decided to change the time between production phases from 4 and 5 years to 2 years.

### Contract Mining

The PEA assumes the use of contract mining for phase 1 of the operation to eliminate the upfront cost of acquiring a mining fleet.

### Market study

The Company has completed a market study based on information provided by CRU International ("CRU") and Agroconsult Consultoria & Marketing on the selling price of granular KCl, taking into account the total impact of transportation costs of competitive products. On top of the price charged by the producer at mine gate, Brazilian blenders pay approximately US \$173-249/tonne to import KCl from Canada to their individual facilities.

Product pricing for the market study is derived from the granular KCl CFR Brazil Price Forecast provided by CRU International Report, 2012 (in US \$/tonne):

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
CFR Brazil	470	470	480	495	545	590	635	700	650	620	605	605
Freight Costs to Brazil	33	33	33	33	33	33	33	33	33	33	33	33
FOB Vancouver	437	437	447	462	512	557	602	667	617	587	572	572

FOB: Free on Board;

CFR: Product costs and freight to a port of destination, excluding insurance.

The prices of granular KCl are generally higher than standard KCl (difference of approximately US \$15 per tonne) due to steeper production costs (source: Ferticon.com, 2012). In the second half of 2011, granular KCl price CFR Brazil was US \$550. For greater detail on the market study, please refer to the PEA.

### Resource Base

Verde's current mineral resource estimate:

	Cut-off grade (% K <sub>2</sub> O)	Tonnage (Mt)	Average Grade (% K <sub>2</sub> O)
<b>Total Indicated</b>	<b>7.5</b>	<b>71.08</b>	<b>9.22</b>

<b>Total Inferred</b>	<b>7.5</b>	<b>2,763.80</b>	<b>8.91</b>
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#### Next Steps

Verde is currently working towards a definitive feasibility study for KCl production, which is expected to be completed by the end of 2012.

#### Technical Report

A copy of the full NI 43-101 Technical Report reporting the PEA has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) along with this release.

**The scenarios presented in the PEA are preliminary in nature and make use of Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources which are not mineral reserves do not have demonstrated economic viability. There is no certainty that the Preliminary Economic Assessment will be realized.**

#### Qualified Person

All scientific and technical disclosures in this press release have been prepared under the supervision of Neal Rigby and Robert Bowell of SRK Consulting who are Qualified Persons within the meaning of National Instrument 43-101.

#### About SRK Consulting

SRK Consulting ("SRK") is an independent, global consulting practice that provides focused advice and solutions to clients, mainly from earth and water resource industries. For mining projects, SRK offers services from exploration through feasibility, mine planning, and production to mine closure. Formed in 1974, SRK now employs more than 1,000 professionals internationally in 38 permanent staffed offices on 6 continents.

#### About Verde Potash

Verde is a fertilizer exploration and development company; it was founded and is led by Brazilians. Verde is developing the Cerrado Verde project in Brazil, a source of potash-rich rock from which the Company plans to produce a potash fertilizer product. Founded as Amazon Mining Holding Plc in 2005, the Company changed its name to Verde Potash Plc in April 2011 to better reflect its core business.

#### 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.

**For additional information please contact:**

#### **Cautionary Language and Forward Looking Statements**

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THIS NEWS RELEASE CONTAINS CERTAIN "FORWARD LOOKING STATEMENTS", WHICH INCLUDE BUT ARE NOT LIMITED TO, STATEMENTS WITH RESPECT TO THE RESULTS OF THE PEA FOR THE PRODUCTION OF CONVENTIONAL POTASH, ANTICIPATED PRODUCTION LEVELS AND TIMING OF COMMENCEMENT OF PRODUCTION, LONG TERM KCl PRICES, PRODUCTION LIFE, COSTS AND COMPLETION OF A FEASIBILITY STUDY FOR KCl.

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