VERDE AGRITECH

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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To our shareholders

The following management's discussion and analysis ("MD&A") of the operating results and financial condition of Verde Agritech Plc ("Verde", the "Group" or the "Company") and its subsidiaries covers the period ended September 30, 2019. The following discussion 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, 2018. 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 November 14, 2019.

Additional information relating to the Group is available under the Group's profile on SEDAR at www.sedar.com and the Group's website at www.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 as K Forte® and internationally as Super Greensand® ("the Product") 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".

Highlights of the Third Quarter

The Group recognised revenue of $3,055,000 in the third quarter and made a gross profit of $1,559,000 from the sale of the Product.

- The Group sold 62,855 tonnes of the Product
- Revenue per tonne for the third quarter was $49 and production costs were $24.
- The Group recorded in the third quarter a profit before tax of $97,000 and net profit of $1,000 after taxes.
- In July, mining permits for Mine Pit 1 and 3 were granted.
- In August, the Company was granted an environmental license for a new plant to be built in a site adjacent to Mine Pit 2 with annual production of 890 thousand tonnes per annum of product.
- In September, the Company applied for an operational license "Licença de Operação" ("LO") that will authorize the start of operation in Mine Pit 1.
- In September, Verde ended the contract with Mr Daniel Sabbag, Vice President Sales.

Subsequent events

- Plant 1 expansion was concluded in October increasing Plant 1's production capacity to 500 thousand tonnes per year.

In total, the Company is currently fully permitted to produce 149,800 tonnes per annum and has applications pending for an additional 333,000 thousand tonnes per annum.

Project Overview

A summary of the Group's current projects are as follows:

Cerrado Verde

Summary of the Cerrado Verde Project

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

Throughout 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 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.

In 2017, the Group announced the conclusion of a Pre-Feasibility Study ("PFS") for the expansion of the current production. The PFS evaluated the technical and financial aspects of producing 25 Million tonnes per year ("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 CFR 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 CFR Brazil as reference for the product pricing.

In July 2018, the Group announced the start-up of the processing plant. The cost of the production facility was initially budgeted at US$500 thousand. However, the total investment reached US$600 thousand 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 pre-feasibility study ("PFS").

In March, 2019 the group closed a non-brokered private placement raising C$1.7 million (the "Placement") through the issuance of 2,820,114 units of securities ("Units") at a price of $0.60 per Unit. Each Unit comprised of one ordinary share of the Company (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. The Warrants are unlisted.
In March, 2019 the group was pleased to welcome 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.

Current licences
The Group secured full license to mine 149,800 tonnes per annum and mining permits to mine 382.800 tonnes per annum.

In addition, The Group has been granted a "Licença de Instalação" (LI) that authorizes the construction of a mine with annual production capacity of 233,000 tonnes. The mining permit was approved on July, 19, 2019. The Company applied for a "Licença Operacional" (LO) on September, 19, 2019.

In total, the Group is currently fully permitted to produce 149,800 tonnes per annum and has applications pending for an additional 333,000 thousand tonnes per annum.

Summary of Claim Areas

The group holds mineral claim titles in three categories of the Brazilian mining land tenure process. *Requerimento de Pesquisa* applications for exploration licences, *Autorização de Pesquisa* for granted exploration licences and "*Portaria de Lavra" for granted mining permits* Applications filed with the ANM are normally granted the permit on a priority of application basis. Applications are sequentially numbered and dated upon filing with the ANM. An exploration permit from the ANM allows the holder to prospect a mineral property and is valid for one to three years; it can be renewed for a further period under special conditions and may be transferred. License areas are in hectares.

Project	State	Permit Applications	Granted Permits	Granted Mining Permits	Total
Cerrado Verde	Minas Gerais	4,350.86	50,345.39	1,928.55	56,624.80
Calcario	Minas Gerais	0	5,450.77		5,450.77

Summary of licenses and permits

The current status of Verde's three mining pits is described below:

	Mining Permits	Environmental Permits
Mine Pit 1	The mining permit for annual production of 233,000 tonnes was approved in July 2019.	Verde obtained in August, 2018 an LP and LI that establishes the environmental feasibility of the project and authorizes construction. The Operational License (LO) application was filed on September 2019.
Mine Pit 2	Verde has been granted mining permits for 100,000 tonnes per annum and applications to increase the annual production to 200,000 tonnes were filed during Q1 2019.	Verde was granted environmental permits to mine a total of 200,000 tonnes per annum until February 2029.

Mine Pit 3	The mining permit for annual production of 49,800 tonnes was approved in July 2019.	In November, 2017, Verde was granted an environmental permit to mine 49,800 tonnes per year until November 2021.

Outlook

The group continues to develop its Cerrado Verde Project. The Group will continue 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 amounts in $'000	**Sept 30, 2019**	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Revenue	**3,055**	1,329	154	692
Production costs	**1,496**	660	49	666
Selling and distribution expenses	**108**	66	22	59
Administrative expenses	**1,324**	720	935	503
Net profit / (loss)	**1**	(223)	(873)	(590)
Profit / (loss) per share (basic and diluted) ($)	**0.000**	(0.004)	(0.02)	(0.014)
All amounts in $'000	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
Revenue	666	-	-	-
Production costs	401	-	-	-
Selling and distribution expenses	-	-	-	-
Administrative expenses	558	461	349	411
Impairment of intangible assets	-	-	-	663
Net loss	(308)	(457)	(345)	(1,074)
Loss per share (basic and diluted) ($)	(0.007)	(0.011)	(0.008)	(0.029)

RESULTS OF OPERATIONS

Three and nine months ended September 30, 2019 as compared to the three and nine months ended September 30, 2018.

	3 months ended Sept 30, 2019	3 months ended Sept 30, 2018	**9 months ended Sept 30, 2019**	9 months ended Sept 30, 2018
Tonnes sold	**62,855**	9,007	**87,500**	9,007
Revenue per tonne sold	**$49**	$73	**$52**	$73
Production cost per tonne sold	**$24**	$44	**$25**	$44
All amounts in $'000				
Total Revenue	**3,055**	666	**4,538**	666
Production costs	**(1,496)**	(401)	**(2,205)**	(401)
Selling and distribution expenses	**(108)**	-	**(196)**	-
Personnel	**367**	257	**797**	541
Legal, professional and consultancy costs	**319**	55	**643**	230
Services, marketing and travel expenses	**141**	89	**414**	265
General administrative expenses	**43**	88	**115**	196
Other expenses	**-**	-	**78**	-
Taxes	**8**	-	**31**	-
Share based payments	**446**	69	**901**	133
Administrative expenses	**(1,324)**	(558)	**(2,979)**	(1,365)
Operating profit / (loss)	**127**	(293)	**(842)**	(1,100)
Corporation tax	**(96)**	-	**(145)**	-
Interest income	**5**	2	**10**	7
Interest expense	**(13)**	(17)	**(48)**	(17)
Provision for mine closure	**(22)**	-	**(70)**	-
Net profit / (loss)	**1**	(308)	**(1,095)**	(1,110)

Three months ended September 30, 2019 compared with three months ended September 30, 2018

For the first time since commercial production started, the group has generated an operating net profit of $127,000, compared to a net loss of $293,000 for the three months ended September 30, 2018. The profit per share is $0.000 compared to a loss per share of $0.007 for the three months ended September 30, 2018.

The generated profit is due to the continued growth in revenue from the sale of the Product following the commencement of commercial production in July 2018.

Revenue

Revenue from sales for the quarter were $3,055,000 for 62,855 tonnes sold. This equates to $49 of revenue per tonne sold. The revenue per tonne in 2019 is lower than the three months ended September 30, 2018 because of an increase in salesin states further away from the plant.

Production costs

Production costs include all direct costs required in the process of making the Product. These include mining, processing and supply chain salaries. Cost per ton in 2019 is lower than 2018 mainly due to fixed cost dilution and improved productivity

Selling and distribution expenses

Selling and distribution costs include costs associated with the selling and delivery of the product to customers. In 2019, Verde made some sales that included product delivery costs.

Personnel costs

Personnel costs include the remuneration of the directors and the administrative staff in Brazil. The CEO and the Board are not currently drawing their remuneration in cash. Prior to commercial production in July 2018, a proportion of salary costs were capitalised as part of the exploration project. These are now all being expensed. The quarter ended September 30, 2019 includes a provision of $108,000 for labour claims.

Legal and professional and consultancy costs

Legal and professional include legal, accountancy, audit related and regulatory costs. Consultancy costs are consultants employed in Brazil. These expenses are higher than the three months ended September 30, 2018 due to increased production volumes

Services, marketing and travel expenses.

These costs include marketing events, rental, IT, travel within Brazil, and international logistics

General administrative expenses

These costs include general office expenses, insurance, foreign exchange variances and equipment depreciation.

Other expenses

These costs include plant and factory expenses such as staff, security and equipment which have been recorded as an overhead as the plant had no operation in January and February of the 1st quarter 2019.

Share based payments

These costs represent the expense associated with stock options granted to employees, directors and consultants. Stock-based compensation expense recognized during the three months ended September 30, 2019 was $446,000, an increase of $377,000 on the same period last year as options continue to be issued to management and key personnel.

LIQUIDITY AND CASH FLOWS

For additional detail see the consolidated statements of cash flows for the quarters ended September 30, 2019 and September 30, 2018 in the annual financial statements.

Cash received from/(used for): $'000	**3 months ended Sept 30, 2019**	3 months ended Sept 30, 2018	**9 months ended Sept 30, 2019**	9 months ended Sept 30, 2018
Operating activities	**298**	(237)	**(880)**	(600)
Investing activities	**(638)**	(392)	**(1,091)**	(86)
Financing activities	**106**	344	**1,934**	395

On September 30, 2019, the Group held cash of $742,000, a decrease of $94,000 from the cash balance at December 31, 2018.

Operating activities

For the three months ended September 30, 2019, net cash generated from operating activities was $298,000, compared to $237,000 utilised for the three months ended September 30, 2018 reflecting changes in working capital.

Investing activities

For the three months ended September 30, 2019, net cash utilised from investing activities was $638,000, an increase of $246,000 from the three months ended September 30, 2018. This is mainly due to an increase in investment in mineral property, plant and equipment by $219,000.

Financing activities

For the three months ended September 30, 2019, net cash generated from financing activities was $106,000, a decrease of $238,000 from the three months ended September 30, 2018 as the group use profits generated.

Financial condition

On September 30, 2019, the Group had current assets of $3,496,000 and current liabilities of $1,877,000 providing a working capital surplus of $1,619,000 which represent an increase of $839,000 since December 31, 2018.

Commitments and Contingent Liabilities

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

	30 Sept 2019	31 Dec 2018
	$'000	$'000
Amount payable within one year	**273**	44
Amounts payable after more than one year and less than five years	**61**	65
After five years	**324**	370
	658	479

Brazilian labour law entitles a former employee to lodge within two years of leaving the company claims for alleged unpaid remuneration and compensation in the event of dismissal. The Company, whilst contesting each claim notes that should a claim be successful future liability may arise.

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 is benefit 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 Company, 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, or adopted targets for the representation of women on the Board or in executive management. The Board is currently comprised of six men and no women, such that none of the Group's directors are women. The Group's executive team is currently comprised of two man and one woman, such that none of the Group's executive officers are women. Approximately 60% of the staff within various departments in the organization are women including the Corporate, 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 Company. 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 until September 30, 2019, and bank deposits are made with financial institutions considered to be safe by the Board of Directors. There were no derivative instruments outstanding on September 30, 2019.

Financial assets and financial liabilities at September 30, 2019 and December 31, 2018 were as follows:

	30 Sept 2019 $'000	31 Dec 2018 $'000
Cash	**742**	836
Amounts receivable	**2,412**	827
Accounts payable and accrued liabilities	**(1,748)**	(1,112)
Current portion of loans and borrowings	**(129)**	(85)
Non-current portion of loans and borrowings	**(301)**	(280)

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 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 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.

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

	30 Sept 2019 $'000	31 Dec 2018 $'000
Canadian Dollars	**360**	406
Brazilian Reais	**273**	395
American Dollars	**54**	4
British Pounds	**55**	31
	742	836

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

	Equity	
	30 Sept 2019 $'000	31 Dec 2018 $'000
10% weakening of Brazilian Real	**26**	(1)
10% strengthening of Brazilian Real	**(21)**	1

Liquidity risk

To date the Group has relied on shareholder funding to finance its operations. As the Group has finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditures and cash resources. In addition, the. Group has long-term loans and trade and other payables with a maturity of less than one year.

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.

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 on-going 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 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 exploration and evaluation costs totalling $557,000. 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 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.

- Amortisation of Mineral Property

  Amortisation of the Mineral Property is calculated on a unit of production method expected to amortise the cost including future forecast capital expenditure over the expected life of the mine based on the tonnes of ore expected to be extracted. Any changes to these estimates may result in an increase in the amortisation charge with a corresponding reduction in the carrying value of the mineral property.

- 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 Company 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 Company's earnings and net assets.

NI 52-109 Compliance

Disclosure Controls and Procedures ("DC&P")
As at September 30, 2019, the CEO and the CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P was effective as at September 30, 2019.

Internal control over financial reporting ("ICFR")
Based on the evaluation of the design and operating effectiveness of the company's ICFR, the CEO and the CFO concluded that the company's ICFR was effective as at September 30, 2019.

There have been no changes during the period ended September 30, 2019 that have a material effect on the disclosure controls and procedures or the internal controls over financial reporting.

Financial Reporting Standards

The Company has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2019. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Company.

IFRS /Amendment	Title	Application date of standard	Application date for Group
IFRS 16	Leases	January 1, 2019	January 1, 2019

IFRS 16 'Leases' – IFRS 16 'Leases' was issued by the IASB in January 2016 and is effective for accounting periods beginning on or after 1 January 2019. The new standard replaces IAS 17 'Leases' and eliminates the classification of leases as either operating leases or finance leases and, instead, introduce a single lessee accounting model. The Standard provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. There is no significant changes to the accounting treatment of its existing lease arrangements and the Directors do not consider that the financial and operational impact of this standard, will have a material impact but are continuing to assess the impact of this new standard.

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:

Ordinary shares	46,028,766
Warrants	1,410,057
Stock options	3,777,922
Total	**51,216,745**

Risks

The exploration for and 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 during 2018 and 2019 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 on a timely basis.

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.verde.ag