

## Verde Advances Potash Greenfield Plant

TORONTO, Aug. 13, 2014 /CNW/ - Verde Potash (TSX: "NPK") ("Verde" or the "Company") is pleased to provide an update on the development of its low capital expenditure ("capex") ThermoPotash ("TK") plant for 330,000 tonnes per year ("tpy").

The project has robust economics, with a net present value of \$145M and a capex of \$113M (see press release dated April 1, 2014). The initial TK production of 330,000 tpy represents a small fraction of Brazil's potash market and the Company's mineral resource, it will, however, allow Verde to minimize shareholder dilution by building a greenfield plant with the lowest possible capex and grow the business from accumulated cashflow and further financing.

### Finance and Inova Agro

The Brazilian Development Bank ("BNDES") has briefed Verde on its available lines of credit. According to Inova Agro's parameters, and Verde's business plan, the Company can access the following three credit lines: (1) the "BNDES Finem Inovação", the bank's main line of credit that supports innovative investments; (2) the "BNDES PSI – Projetos Transformadores", a special line of credit for innovative projects that can also generate significant gains across the production chain; and (3) the "BNDES Proengenharia", a credit line suitable for engineering investments and studies. Verde's project fulfills the requirements for BNDES' lowest cost-of-capital line of credit, the "BNDES PSI - Projetos Transformadores". This latter line of credit has an annual interest rate of 4% with a 12-year payback period (including a 2-year grace period). The annual interest rates for BNDES' other two lines of credit are approximately 8% and 10%, respectively (1) and (3) above. Brazil's benchmark interest rate is currently 11%. In order to access these funds, Verde is working to secure an environmental license. This process has already begun and is steadily advancing.

President & CEO, Cristiano Veloso, commented, "In today's markets, companies are facing chronic uncertainty with regard to the source of their project's construction funding. With the support of the Brazilian government and BNDES, Verde has a clear pathway to secure funds and start construction as soon as it obtains standard regulatory approvals".

### Engineering and Environmental License

The mine engineering work (mechanical, electrical and civil) is ongoing and being developed by Lima & Zanette, a Brazilian engineering and consulting firm specializing in providing conceptual, basic and detailed engineering services. Verde expects this work to be completed by the end of Q3/2014.

The Company has also hired MDGEO - Serviços de Hidrogeologia Ltda, a company specializing in mining, drainage and geotechnical studies, to conduct a hydrogeological study. This study is required to identify and, if necessary, measure the mine's impact on groundwater. The hydrogeological study was initiated in August and is expected to be completed by mid-Q4/2014.

Verde has signed a 30-year lease agreement with landowners for the area where the mine will be located. The Company now controls the land where the mine and its required infrastructure are to be constructed, as well as the area that hosts the mineral resource for its proposed greenfield plant.

"Verde has been successful in achieving essential milestones that bring the project closer to production. I want to congratulate the team on their hard work and commitment to advancing the project", said President & CEO, Cristiano Veloso.

### Other Matters

As part of the Company's cost reduction plan, Verde has renegotiated most of the Company's monthly expenses, such as office rental rates and consultancy fees, and has reduced others by more than half. As a result, Verde anticipates its monthly burn rate to be approximately \$240K from August to December 2014, with significant room for reduction in 2015 should capital markets fail to improve. Compared to the final quarter of 2013, when the average monthly burn rate was \$500K, this corresponds to a reduction of approximately 52% in monthly expenses. Verde's current cash position is approximately \$8.0M. The Company expects to finish the year with cash on hand of approximately \$6.5M.

### About Verde Potash

Verde Potash, a Brazilian fertilizer development company, is focused on advancing the Cerrado Verde Potash 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 ("TK") and potassium chloride ("KCl"). TK 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 TK 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 TK and KCl to Brazil's local agriculture market from its large potash-rich deposit.

#### Cautionary Language and Forward Looking Statements

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Readers are cautioned not to rely solely on the summary of such information contained in this release and are directed to the complete set of drill results posted on Verde's website ([www.verdepotash.com](http://www.verdepotash.com)) and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and any future amendments to such. Readers are also directed to the cautionary notices and disclaimers contained herein.

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