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Verde Provides an Update on the Research Grant for ThermoPotash and Development of its Cerrado Verde Project

Verde Potash (TSX: "NPK") ("Verde" or the "Company") is pleased to announce that funds from Brazil's National Council for Scientific and Technological Development ("CNPq") have been received by the Federal University of Uberlândia ("UFU"), who has reimbursed the Company for costs to process its potassium silicate rock into the fertilizer ThermoPotash ("TK") for UFU's experiments. The funds allow the Company to provide UFU with the necessary TK tonnage to carry out its agronomic research program, as previously announced on October 6, 2014. Verde would also like to provide an update on engineering and environmental permitting.

Funding from CNPq

In October 2014, Verde announced that CNPq, a research financing branch of the Federal Government, awarded Dr. Gaspar Korndörfer, Professor at UFU, a grant of R\$513,693.90 (around CAD \$236,000 at the time) to fund a research program to further demonstrate the full range of agronomic applications of TK. Dr. Korndörfer received the disbursement of these funds at the end of last year. In February 2015, Verde received R\$161,800 (~ CAD \$70,794) to produce the necessary amount of TK for the agronomic trials coordinated by Dr. Korndörfer. The focus of Dr. Korndörfer's work is on sugar cane, an area where the professor is a leading expert and consultant.

Engineering and Environmental License

The Company has reached essential milestones with respect to the engineering and environmental work necessary to obtain an environmental license:

- Lima & Zanette, a Brazilian engineering and consulting firm, completed the mine engineering work (mechanical, electrical and civil) in November 2014.
- Engineering studies, developed by IC Ambiental, were concluded in January 2015. The work delineated some improvements required on secondary roads accessing the mine site, for which an environmental impact study is required. The Company expects the study to be completed in April 2015.



- The hydrogeological study, initiated in August 2014 by MDGEO - Serviços de Hidrogeologia Ltda, a Brazilian consulting firm, was completed in February 2015. This study was required to identify and measure the mine's impact on groundwater during the dry and wet season. The Company initially expected completion of the study in Q4 of 2014 (as previously announced on August 13, 2014), however, due to Brazil's current water shortage crisis, the study could only be finalized in February 2015. Normally the wet season starts in November and continues until March. The wet season only began at the end of December 2014, delaying the Company's ability to measure the water level.
- In September 2014, the Company filed a request with The Institute of Historical and Artistic Heritage (IPHAN)¹, to obtain permission to commence an archaeological study to identify if the deposit and surrounding areas contain any archaeological material. IPHAN is a federal agency under the Ministry of Culture, responsible for preserving the different elements that make up the Brazilian society. Archaeological work is a standard requirement to obtain an environmental license, but cannot be carried out without first obtaining IPHAN's approval. Verde only received approval in January 2015. The Company believes the delay between the time the application was filed and the time it was approved was due to the change in government as a result of the 2014 election. As soon as Verde received approval, its team initiated work early February 2015 and expects the study to be completed by the end of March 2015.

Environmental Licensing

In recent weeks, the Company has been receiving questions from shareholders about obtaining an environmental license and would like to add some clarifications on this issue. Specifically, the questions being asked are around the following lines:

1. If the Company's project is so important to Brazil, why is it not being prioritized?
2. Is there any specific aspect of the project that creates a hurdle to obtaining a license?
3. Has anything else happened or is happening in Brazil that might be interfering with timelines?

1. *If the Company's project is so important to Brazil, why is it not being prioritized?*

The state environmental agency for Minas Gerais ("SUPRAM²") has a significant degree of autonomy, which allows for reduced political influence over matters of environmental licensing. The system adheres to the strict rule of law, with individual liability and high penalties for officers caught misapplying or overlooking the law. As SUPRAM is an independent agency, the environment regulations are applied in a

¹ Instituto do Patrimônio Histórico e Artístico Nacional

² Superintendências Regionais de Regularização Ambiental



manner that is significantly immune to political pressure. As it is an agency, there is only so much one can do to push it beyond its sphere of autonomy without risking prosecution.

The degree of relevance or priority a project is to the country does not allow for leniency in how the regulations are applied; a Company has to fulfill every single legal requirement with respect to completion of various environmental studies to obtain a license. SUPRAM outlines demanding, rigorous and extensive requirements that are similar, if not more stringent, than those standards applied in advanced economies.

Although the requirements are clearly identified, the specifics are subjective. For example, archeological regulations outline that an excavation study is required. However, one officer may want to see a full excavation study and another may not think a full excavation study is necessary. Another example is the requirement for a fauna study. Depending on the officer responsible for reviewing the study, a fauna study completed in the dry or wet season is enough while another officer may deem that two studies are necessary, one in the dry season and one in the wet season.

2. Is there any specific aspect of the project that creates a hurdle to obtaining a license?

There are no issues that can be attributed specifically to the Company's project that could make it a difficult project for which to obtain an environmental license. It is a relatively small project without any waste by-product and very little overburden. The mine pit occupies only 32 hectares and because of its smaller footprint and minimal environmental impact, Brazilian environmental authorities classify the project as Class III, which allows the Company to apply for the preliminary permit and construction permit simultaneously.

3. Has anything else happened or is happening in Brazil that might be interfering with timelines?

The State of Minas Gerais, as Brazil's most prolific mining region, has the largest number of applications for environmental licenses in the mining sector, which contributes to slower than average proceedings. In addition to what is already an inherently slow process, in 2014, the FIFA World Cup, the federal and state elections for the executive and legislative branches, and the subsequent transitions in governments all had a significant impact. Additionally, the following specific facts have all impacted timelines:

- Since August 2014, staff at SUPRAM has been negotiating for better wages, drastically reducing the number of hours effectively worked;
- Government budget cuts have affected agencies across the board; most teams are now smaller than necessary; and



- The presence of new bureaucracy, where different steps require permits from intervening agencies (i.e. in December 2014, the State of Minas Gerais introduced an additional study required prior to issuing an environmental license).

President & CEO, Cristiano Veloso, commented: "I have full confidence that Verde will be issued the license given the high caliber of the assessment work completed and the minute environmental impact our project has. The Company is prepared to withstand extended timelines having cut its burn rate substantially last year. In February 2015, Verde's cash burn rate was approximately C\$120K."

Brazilian Currency

The Brazilian currency has weakened in face of the US Dollar and all major foreign currencies. This has rendered inputs for farmers more expensive; conversely, the commodities most farmers produce and sell are priced in US dollars, more than making up for the shortfall. The falling Real also benefits Verde because the bulk of the Company's costs are in Brazilian Reais while most of the funds are held in Canadian dollars.

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.

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