



HARVEST MINERALS

27 February 2017

Harvest Minerals Limited ("Harvest" or the "Company")

ARAPUA FERTILISER PROJECT - UPDATED RESOURCE ESTIMATE

Harvest Minerals Limited (AIM:HMI) is pleased to announce the results of an updated independent Mineral Resource estimate ("Resource Estimate") completed for the Company's 100% owned Arapua Fertilizer Project ("Project") in Minas Gerais State, Brazil.

Highlights

- 37% increase in the high grade JORC (2012) Indicated Resource increased to 1.21Mt at 4.40% K₂O and 3.45% P₂O₅;
- Exploration target extended to a JORC (2012) Indicated and Inferred Resource of 13.07Mt at 3.1% K₂O and 2.49% P₂O₅;
- Total resource based on drilling covering just 6.7% of known mineralization and the exploration potential remains open at depth and in several directions.

Commenting on the update, Executive Chairman of Harvest, Brian McMaster stated: *"This resource update confirms our expectations on the consistency of the mineralisation at Arapua to support an increased mine life and production rate. The high-grade resource, is designed to meet the grades specified in the LOI we signed in December 2016. Additionally, following the completion of the recent round of warrant redemptions Harvest has sufficient cash resources to carry out its business objectives."*

Summary

The updated Resource Estimate is based on the results of the second air core drilling campaign targeting only the weathered kamafugite rock. A total of 39 new air core holes were drilled for a total of 771.05m, with depths ranging from 6m to 40m (average 19.8m).

26 holes were drilled to the east of the current resource thereby extending the resource area by over 140,300m². This takes the total area covered by the current JORC (2012) compliant resource to 214,300 m², which represents approximately 6.7% of the known mineralised area.

The remaining 13 holes were drilled on a more regional wide spacing to confirm the extent of the known mineralisation. Eight of the holes were drilled over outcropping



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kamafugite that had previously been mapped by the Company's geologists. The assay results are similar to the grades in the current resource area, indicating the potential to substantially increase the mineral resources. The remaining five holes were drilled at the northwest portion of the project area into the kimberlite body which had previously shown P_2O_5 and K_2O values. These results were higher varying from 3.3% to 5.86% K_2O over depths ranging from 6.5 to 10m, suggesting the kimberlite could be another potential source of material, subject to further testing.

The updated Resource Estimate identified a JORC (2012) compliant total Indicated resource of 3.75Mt at 3.44% K_2O and 3.24% P_2O_5 at a 1.0% K_2O cut-off, including 1.21Mt at 4.40% K_2O and 3.45% P_2O_5 at a 3.5% K_2O cut-off.

The total Inferred resource was 9.33Mt at 2.96% K_2O and 2.18% P_2O_5 at a 1.0% K_2O cut-off.

Additionally, the total Indicated resource includes average grades of 6.16% CaO, 6.61% MgO, 0.34% MnO and 34.46% SiO₂, which are important in developing a remineraliser product for direct application.

The resource estimate is JORC 2012 compliant and is part of an ongoing technical report being compiled by GE21 Consultoria Mineral ("GE21").

Funding update

The Board wishes to provide shareholders with an update on its current funding position.

As previously announced in December 2016, the Company has progressed the Project to the stage where trial mining has commenced pursuant to a Trial Mining Permit. This progress has seen the Company expend the majority of the capital expenditure ("CAPEX") required for the Project. The remaining substantial costs relate to the operating costs ("OPEX") associated with contracting mining and sales. It is expected that any ongoing OPEX costs will be covered from the sale of KP Fertil product.

The Company previously announced in January 2017, it had received an inflow of funds from the exercise of warrants. These funds were added to the Company's treasury.

Based on the recent inflow of funds and the requirement for no further substantial CAPEX during the trial mining stage, the Company has sufficient cash resources to continue with trial mining and to meet general working capital requirements in the normal course of operations.



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The Company is aware that its Admission document dated September 2015 identified additional milestone payments that are due to be paid to third parties as part of the terms governing the acquisition of both the Project and the Capella project, under certain circumstances.

In order to clarify the position with respect to payments due pursuant to the acquisition of the Project, the Company advises that the current production being conducted under the Trial Mining Permit does not constitute “Commercial Production” pursuant to the acquisition agreement for the Project. Accordingly, the Net Smelter Royalty and US\$1m payment (both of which are referred to in more detail in the Admission Document) are not due at this time and will not be due until commercial production is commenced. The Company intends to make an application for a full mining license during 2017, however it is not expected that an adjudication on such application will be received until well into 2018.

Accordingly, the Company does not consider that these milestone payments are a consideration at this stage.

Additionally, subject to meeting certain criteria, further milestone payments are due pursuant to the acquisition of the Capella project. At this stage, given the focus of the Company has been on the development of the Project, the development of Capella is not regarded as a priority and accordingly the Company has not progressed the work required to trigger any further payments. The Company does not believe this work will be commenced before 2019 and accordingly, the Company does not consider these payments are a consideration at that this stage.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Background

The Arapua Fertilizer Project is strategically located in the Brazilian Cerrado, 360 km to NW from Belo Horizonte, the capital of Minas Gerais State. The project consists of seven granted exploration licences covering a total area of 12,997.6 hectares, divided across both the Arapua and Maximus prospects.

The initial resource estimate, based on the first air core drilling programme, identified a JORC (2012) compliant total Indicated resource of 883 Kt at 4.21% K₂O and 3.53% P₂O₅ at a 3.5% K₂O cut-off, with an additional exploration potential within the drilled area of between 3.0 to 3.5Mt with average grades from 2.7 to 3.5% K₂O at 1% cut-off.

Initial agronomic test work, mainly focused on the chemical and physical characteristics of the product, were all well within those required for a soil remineraliser or Direct Application Natural Fertilizer ("DANF"). Harvest commenced further agronomic testwork and growth tests before Christmas of last year with two different laboratories and a major coffee producer in the region.

In late December, 2016, the Company received a trial mining permit from the Departamento Nacional de Produção Mineral ("DNPM"). This has allowed the Company to start mining the first 50kt of weathered kamafugitic ore at the Maximus Target.

Geological Model

At Maximus, the DANF product which includes K₂O, P₂O₅, CaO, MgO and SiO₂ occurs in weathered kamafugitic rocks which were targeted in two air core drilling programmes carried out in 2016.

Together with independent consultants GE21, the Company constructed a geological model through the interpretation of vertical sections based on the drill holes, using lines and polygons to generate solids (wireframes). All the available geological



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mapping, including the updated topographic and drilling data was used in the 3D geological modeling.

In total, three mineralised layers were modeled based purely on grade. The first layer reflects the lower grade kamafugite saprolite (lg_sap), whereas layers 02 and 03 reflect the higher grade K_2O (hg K2O) and P_2O_5 (hg P2O5) layers respectively. An additional layer identified as Saprock, with lower grades of K_2O , P_2O_5 , but higher grades of CaO and MgO, was also modeled. However, as these layers are difficult to distinguish in the field, they will all be extracted in bulk and the product homogenised during processing.

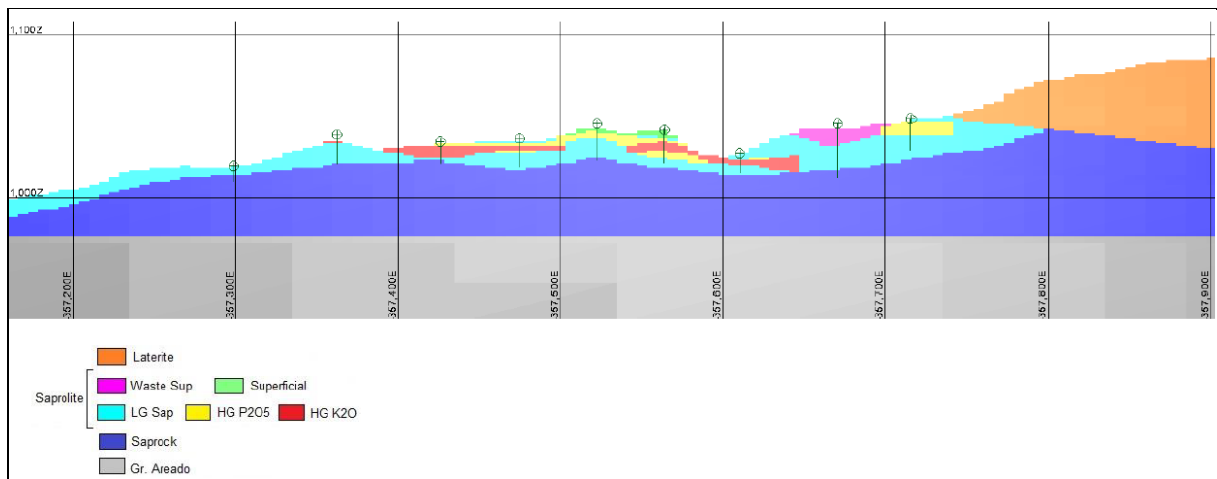


Figure 01 – Maximus Target – Vertical Section.

Mineral Resource

Block models were developed for each of the three mineralized layers and the resource was estimated using Ordinary Kriging (OK) with the results validated with a comparative Nearest Neighbor estimation (NM). A 1% K_2O cut-off grade was applied to the resource estimate which was categorized as Indicated and inferred with a total global resource of 13.07Mt @ 3.10% K_2O , 2.49% P_2O_5 , 8.69% CaO and 8.96% MgO (Table 01).

The total Indicated resource resulted in 3.71Mt at 3.44% K_2O and 3.24% P_2O_5 at the 1.0% K_2O cut-off. This resource included a high-grade zone of 1.21Mt at 4.40% K_2O and 3.45% P_2O_5 at a 3.5% K_2O cut-off (Table 02).

The total inferred resource resulted in 9.33Mt @ 2.96% K_2O and 2.18% P_2O_5 at a 1.0% K_2O cut-off.



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Classification	Material Type	Tonnes (Mt)	K ₂ O %	P ₂ O %	CaO %	MgO %	Al ₂ O ₃ %	SiO ₂ %	Fe ₂ O ₃ %	MnO %	LOI %
Indicated	LG-SAP	2.67	3.08	2.98	6.08	6.97	7.36	34.31	22.27	0.34	6.44
	HG-K2O SAP	0.81	4.76	3.57	6.12	5.9	7.68	35.69	20.75	0.33	5.17
	HG-P2O5 SAP	0.26	3.07	4.991	7.07	5.12	7.4	32.26	23	0.36	5.95
Sub Total		3.75	3.44	3.24	6.16	6.61	7.43	34.46	21.99	0.34	6.13
Inferred	Saprock	5.4	2.9	1.73	11.82	11.33	5.37	33.68	16.12	0.24	9.16
	LG SAP	3.49	3.04	2.95	6.15	7.52	7.32	34.81	21.7	0.34	6.6
Sub Total		9.33	2.96	2.18	9.7	9.91	6.09	34.1	18.2	0.28	8.2
Grand Total		13.07	3.1	2.49	8.69	8.96	6.48	34.21	19.29	0.3	7.61

Table 01 – Maximus Target – Mineral Resources (JORC 2012).

Indicated Mineral Resources (included in Total Indicated Resource) - Cut-off grade - 3.5% K₂O

Material Type	Tonnes (Mt)	K ₂ O %	P ₂ O %	CaO %	MgO %	Al ₂ O ₃ %	SiO ₂ %	Fe ₂ O ₃ %	MnO %	LOI %
LG-SAP	0.36	3.65	2.98	5.79	6.46	7.82	34.33	22.09	0.35	6.15
HG-K2O SAP	0.8	4.78	3.58	6.08	5.84	7.7	35.7	20.79	0.33	5.15
HG-P2O5 SAP	0.05	3.7	4.65	6.92	5.34	7.74	33.78	21.92	0.33	5.66
Total	1.21	4.4	3.45	6.03	6	7.74	35.21	21.22	0.33	5.47

Table 02 – Maximus Target – High grade Indicated Mineral Resources (JORC 2012).

The total drilled area of 214,300 m² corresponds to approximately 6.7% of the total area of the geological-geophysical potential, the exploration potential remains open at depth and in several directions (Figure 02).



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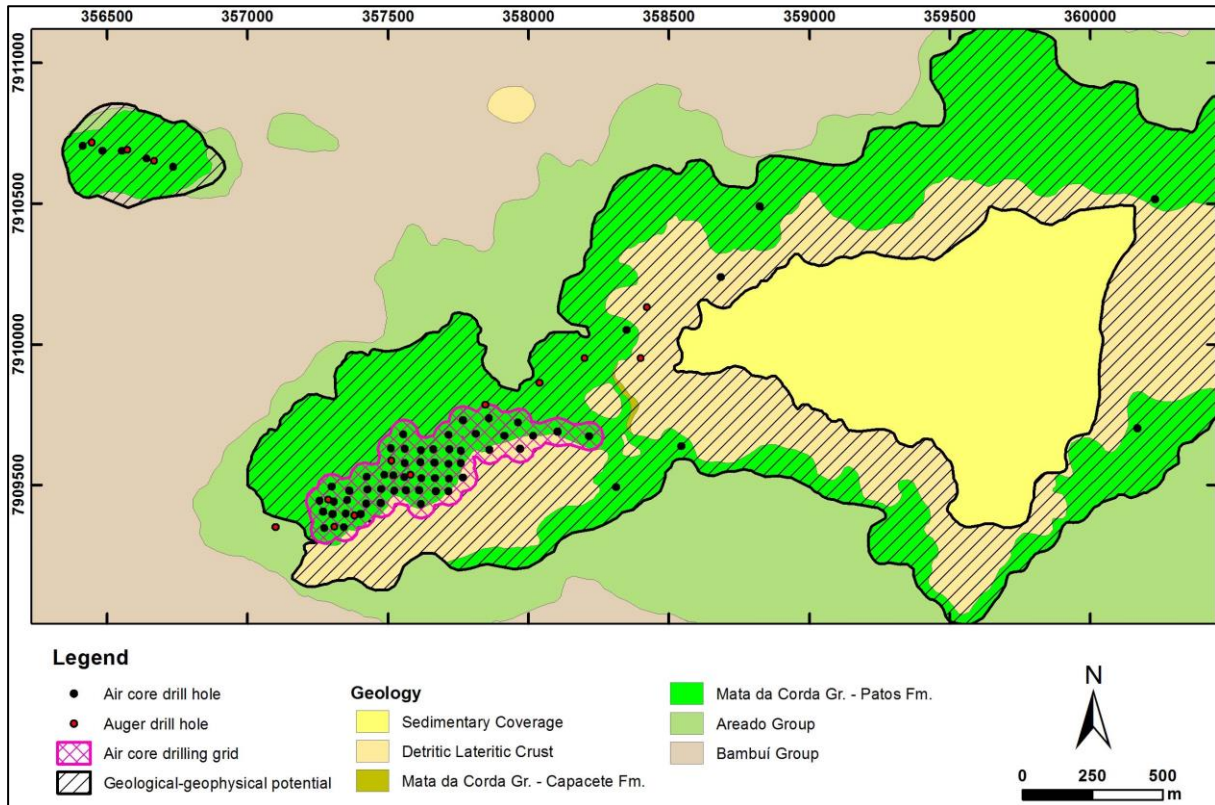


Figure 02 – Maximus Target – Exploration Potential.

COMPETENT PERSON STATEMENT

The information in this statement which relates to the Mineral Resource is based on information compiled by Mr. Bernardo H C Viana who is a geologist and full time director and owner of GE21 and is registered as Competent Person in the AIG (Australian Institute of Geoscientists). Mr. Bernardo Viana has sufficient relevant experience to the style of mineralization to qualify as a Competent Person as defined in the JORC Code (2012). Mr. Viana also meets the requirements of a qualified person under the AIM Note for Mining, Oil and Gas Companies.

CAUTIONARY STATEMENTS

The reader is cautioned that a Mineral Resource is an estimate only and not a precise and completely accurate calculation, being dependent on the interpretation of limited information on the location, shape, and continuity of the occurrence and on the available sampling results. Actual mineralisation can be more or less than estimated depending upon actual geological conditions. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. No Mineral Reserves are being stated.