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This document does not comprise a prospectus within the meaning of section 85 of FSMA and does not constitute an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA, and has not been approved or examined by and will not be filed with the United Kingdom Financial Conduct Authority, London Stock Exchange plc (the "London Stock Exchange") or the United Kingdom Listing Authority ("UKLA"), but comprises an admission document in relation to AIM, a market operated by the London Stock Exchange ("AIM"). It has been drawn up in accordance with the AIM Rules (as defined below) and has been issued in connection with the proposed admission to trading of the entire ordinary issued share capital ("Existing Share Capital") of the Company to trading on AIM ("Admission").

Harvest Minerals Limited (the "Company") and its Directors whose names appear on page 9 of this document, accept responsibility, collectively and individually, for the information contained in this document and for compliance with the AIM Rules for Companies (the "AIM Rules"). To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent that information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as set out in this document.

Application will be made for Admission and it is expected that Admission will become effective and dealings in the ordinary shares of the Company ("Shares") will commence on AIM on 7 September 2015. The Existing Share Capital of the Company is quoted on the Official List of ASX.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.



HARVEST MINERALS

HARVEST MINERALS LIMITED

(Incorporated in Australia with Australian Business Number 12 143 303 388)

APPLICATION FOR THE ADMISSION OF THE EXISTING SHARE CAPITAL TO BE ADMITTED TO TRADING ON AIM

Nominated and Financial Adviser

Strand Hanson Limited

STRAND
HANSON

Broker

Mirabaud Securities LLP

MIRABAUD 1819

Strand Hanson Limited (“Strand Hanson”) is the Company’s nominated adviser and financial adviser and is authorised and regulated by the Financial Conduct Authority. Strand Hanson’s responsibilities as the Company’s nominated adviser, including a responsibility to advise and guide the Company on its responsibilities under the AIM Rules, are owed to the London Stock Exchange. Strand Hanson is not acting for and will not be responsible to any other persons for providing protections afforded to customers of Strand Hanson nor for advising them in relation to the proposed arrangements described in the document or the proposed admission of the Existing Share Capital to trading on AIM.

Mirabaud Securities LLP (“Mirabaud”) is the Company’s broker and is authorised and regulated by the Financial Conduct Authority. Mirabaud is acting for the Company and no one else in connection with the proposed arrangements described in the document. They will not regard any other person as their customer nor be responsible to any other person for providing protections afforded to the customers of Mirabaud nor for providing advice to any other person in connection with the arrangements described in the document or the proposed admission of the Existing Share Capital to trading on AIM.

No representation or warranty, express or implied, is made by Mirabaud or Strand Hanson as to the contents of this document and no liability is accepted by Mirabaud or Strand Hanson for the accuracy or opinions contained in, or for the omission of any material information from, the document, for which the Company and the Directors are solely responsible. The information contained in this document is not intended to inform or be relied upon by any subsequent purchasers of any Shares (whether on or off exchange) and accordingly no duty of care is accepted by Strand Hanson or Mirabaud in relation to them. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document will not, under any circumstances, be deemed to create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct at any time subsequent to its date.

No legal, business, tax or other advice is provided in this document. Prospective investors should consult their professional advisers as needed on the potential consequences of subscribing for, purchasing, holding or selling Shares under the laws of their country and/or state of citizenship, domicile or residence.

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Copies of this document will be available free of charge during normal business hours on weekdays (excluding Saturdays, Sundays and public holidays) from the date hereof until one month after Admission from the offices of Strand Hanson Limited, 26 Mount Row, London W1K 3SQ and from the Company’s website: www.harvestminerals.net

Forward-looking statements

This document contains forward looking statements relating to the Company’s future prospects, developments and strategies, which have been made after due and careful enquiry and are based on the Directors’ current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements are identified by the use of terms and phrases such as “believe”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are subject to, inter alia, the risk factors described in Part II of this document. The Directors believe that the expectations reflected in these statements are reasonable, but may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

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DEFINITIONS

“£”	UK Pounds
“A\$”	Australian Dollars
“Admission”	Admission of the Shares to trading on AIM in accordance with the AIM Rules
“AIM Rules”	The AIM Rules for Companies as published by the London Stock Exchange from time to time
“AIM”	The AIM market operated by the London Stock Exchange
“Americas Investments & Participation Limited”	Americas Investments & Participation Limited, Wickham’s Cay, PO Box 662, Road Town Tortola, British Virgin Islands
“Arapua Fertilizer Project Agreement”	The agreement entered into between Triunfo Mineracao and Fernando Pereira da Rocha Thomsen and Janine Tavares Camargo in relation to the acquisition of the Arapua Fertilizer Project. Further details on the agreement are disclosed in paragraph 11.8 of Part V of this document
“Arapua Fertilizer Project”	A fertilizer exploration project, located in Brazil, the rights to which were acquired by Triunfo Mineracao under the Arapua Fertilizer Project Agreement
“ASIC”	Australian Securities and Investments Commission
“Associates”	Persons and entities closely associated with an entity, as defined in sections 10 to 17 of the Australian Corporations Act (in the context of Australia) and as defined in paragraph (c) of the definition of “related party” in the AIM Rules (in the context of the UK)
“ASX Listing Rules”	The Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of the ASX
“ASX”	The Australian Securities Exchange operated by ASX Limited
“Australian Corporations Act”	The Corporations Act 2001 of the Commonwealth of Australia (as amended)
“Australian Registrar”	Automic Registry Services of Level 1, 7 Ventnor Avenue, West Perth WA 6005, the Company’s Australian registrar
“Azul Tin Project”	A tin exploration project, located in central Brazil, the rights to which were conditionally acquired by Triunfo Mineracao pursuant to a mineral rights option agreement dated 28 February 2013. The conditional acquisition was subsequently terminated on 7 July 2015 and the property was relinquished back to the vendor
“Board” or “Directors”	The directors of the Company whose names are set out on page 9 of this document
“Brazilian Subsidiaries”	together, Triunfo Mineracao and Triunfo Fertilizantes
“Broker” or “Mirabaud”	Mirabaud Securities LLP of 33 Grosvenor Place, London SW1X 7HY, the Company’s broker

“Capela Potash Project Agreement”	The agreement entered into between Triunfo Mineracao and KMINE Holding Ltd in relation to the acquisition of the Capela Potash Project. Further details on the agreement are disclosed in paragraph 11.7 of Part V of this document
“Capela Potash Project”	A potash exploration project, located in Brazil, the rights to which were acquired by Triunfo Mineracao under the Capela Potash Project Agreement
“CHESS”	The Clearing House Electronic Subregister System, the system used to settle securities traded on the ASX
“Coffey International”	Coffey International Limited, who have prepared a competent person’s report on the Sergi Potash Project, which is disclosed in Part III of this document
“Company” or “Harvest Minerals”	Harvest Minerals Limited, a company incorporated in Australia with Australian Business Number 12 143 303 388
“Constitution”	The constitution of the Company adopted by the Company’s Shareholders on 17 August 2015
“Corporate Governance Code”	The UK Corporate Governance Code published by the Financial Reporting Council in September 2014 (as amended)
“CREST”	The system for paperless settlement of trades and holdings of uncertificated securities administered by Euroclear UK & Ireland Limited in the UK
“Depository Interests”	The depository interests representing Shares which may be traded through CREST in uncertificated form, details of which are set out in paragraph 7 of Part I of this document
“DNPM”	The Departamento Nacional de Produção Mineral, which regulates the Brazilian mineral regime
“Existing Share Capital”	the share capital of the Company as at the date of this document being 442,671,666 Shares
“Group”	The Company and its subsidiaries
“Introduction Agreement”	The agreement between the Company, Strand Hanson and the Directors, further details of which are contained in paragraph 11.2 of Part V of this document
“K60 Product”	Marketable potash product for the fertilizer industry
“KMINE Holding Ltd”	KMINE Holding Ltd, Marcy Building 2nd Floor, Purcell Estate, PO Box 2416, Road Town Tortola, British Virgin Islands
“Locked-in Parties”	The Directors
“Lock-in Agreement”	The agreement between the Company, Strand Hanson, Mirabaud and the Locked-in Parties, further details which are contained in paragraph 11.4 of Part V of this document
“London Stock Exchange”	London Stock Exchange plc
“Nomad”	Nominated Adviser as defined in the AIM Rules (currently being Strand Hanson)

“Options”	Options to subscribe for Shares
“Sergi Potash Project Agreement”	The agreement entered into between Triunfo Mineracao and KMINE Holding Ltd in relation to the acquisition of the Sergi Potash Project. Further details on the agreement are disclosed in paragraph 11.6 of Part V of this document
“Sergi Potash Project”	A potash exploration project, located in Brazil, the rights to which were acquired by Triunfo Mineracao under the Sergi Potash Project Agreement
“Shareholders”	Holders of Shares from time to time
“Shares”	Fully paid ordinary shares of no par value in the capital of the Company
“Strand Hanson”	Strand Hanson Limited of 26 Mount Row, London W1K 3SQ, the Company’s Nomad and Financial Adviser
“Triunfo Fertilizantes”	Triunfo Fertilizantes & Mineracao Ltda, a company incorporated in Brazil
“Triunfo Mineracao”	Triunfo Mineracao do Brasil Ltda, a company incorporated in Brazil
“UK Registrar”	Computershare Investor Services Plc of the Pavilions, Bridgwater Road, Bristol BS13 8AE, the Company’s UK registrar
“UK”	The United Kingdom of Great Britain and Northern Ireland
“US\$”	United States Dollar

GLOSSARY

“carnalite”	Hydrated potassium and magnesium chloride
“carnallitite”	A mixture of the minerals carnallite and halite, mined as a source of potash
“chloride”	A compound of chlorine with another element or group of elements from the periodic table
“halite”	Sodium chloride in natural mineral form
“Indicated mineral resource”	Part of a mineral resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered
“Inferred mineral resource”	Part of a mineral resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
“JORC Code 2012”	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
“KCl”	Potassium chloride, a chemical compound that is composed of potassium and chloride and of which potash ores are typically rich in
“Measured mineral resource”	Part of a mineral resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered

“Mineral resource”	A concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories
“Modifying Factors”	Considerations used to convert mineral resources to ore reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors
“Mt”	mega tonnes (one million tonnes)
“Ore reserve”	The economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified
“phosphate”	A fertilising material containing phosphorus compounds and phosphorus-bearing materials
“potash”	A fertilising material containing potassium compounds and potassium-bearing materials, the most common being potassium chloride (KCl)
“sylvinite”	A mixture of the minerals sylvite and halite, mined as a source of potash
“sylvite”	Potassium chloride (KCl) in natural mineral form
“VWAP”	volume weighted average price

DIRECTORS, SECRETARY AND ADVISERS

Directors	Mr Brian Keith McMaster (<i>Executive Chairman</i>) Mr Luis Mauricio Ferraiuoli de Azevedo (<i>Executive Director</i>) Mr Matthew Gaden Western Wood (<i>Executive Director</i>) Mr Mark David Reilly (<i>Non-Executive Director</i>)
Company Secretary	Mr Jonathan Hart
Registered Office	Level 1, 330 Churchill Avenue SUBIACO WA 6008 Australia Phone: +61 8 9200 6264
Company Website	www.harvestminerals.net
Ticker Codes	HMI (AIM), HMI (ASX)
Nominated & Financial Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ United Kingdom
Broker	Mirabaud Securities LLP 33 Grosvenor Place London SW1X 7HY United Kingdom
Solicitors to the Company	<i>As to Australian law</i> Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000 Australia <i>As to English law</i> Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD United Kingdom
Brazilian Title Opinion Lawyers	FFA Legal Ltda Av. Jornalista Ricardo Marinho 360 – Barra de Tijuca Rio de Janeiro Brazil
Solicitors to the Nominated Adviser and Broker	Field Fisher Waterhouse LLP Riverbank House 2 Swan Lane London EC4R 3TT United Kingdom
Reporting Accountant to the Company	BDO LLP 55 Baker Street London W1U 7EU United Kingdom

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
Australia

Competent Person

Coffey International Limited
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799 Pacific Highway
Chatswood
New South Wales 2067
Australia

Share Registrar

In Australia

Automic Registry Services
Level 1, 7 Ventnor Avenue
West Perth WA 6005
Australia

In the UK

Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

TRADING STATISTICS

Publication of this document	2 September 2015
Number of Shares outstanding on Admission	442,671,666
Options in issue on Admission	6,000,000
Options as a percentage of the Shares outstanding on Admission	1.4 per cent.
Closing mid-market share price on 1 September 2015 (being the last trading day of the Shares prior to the publication of this document)	A\$0.016
£ : A\$ exchange rate used throughout this document (being the exchange rate on the last trading day of the Shares prior to the publication of this document)	£1: A\$2.2
Estimated market capitalisation of the Company on Admission (based on the above closing mid-market share price and exchange rate)	£3 million

PART I – INFORMATION ON THE COMPANY

1. BACKGROUND TO THE COMPANY

Harvest Minerals is a mining company with potash and phosphate exploration and development projects located in Brazil.

The Company is an Australian public company limited by shares incorporated on 23 April 2010 and headquartered in Subiaco, Western Australia. The Company is admitted to the Official List of ASX where the quotation of its securities commenced on 15 September 2010.

The Group has three principal fertilizer projects – the Sergi Potash Project, the Capela Potash Project and the Arapua Fertilizer Project. The Company's Brazilian subsidiary Triunfo Mineracao holds 100 per cent. of the mineral rights in respect of the Sergi Potash Project and the Capela Potash Project. The Company's other Brazilian subsidiary Triunfo Fertilizantes holds 100 per cent. of the mineral rights in respect of the Arapua Fertilizer Project.

The Group is currently undertaking various exploration and development activities on all three projects and, subject to capital availability, intends to undertake further exploratory analysis and drilling activities, where appropriate, over the course of the coming year on the assets to further prove their potential. Further information on the Group's three assets is disclosed in paragraph 4 of this Part I, and the competent person's report prepared by Coffey International on the Sergi Potash Project is disclosed in Part III of this document.

Board

The Board comprises three executive directors and one non-executive director. The Directors are based in London (UK), Brazil and Australia. As a whole, the Board and the Company's senior management have significant experience in establishing, growing, financing and subsequently monetising early stage mineral projects in Brazil and more widely. Further information on the Board is set out in paragraph 6 of Part I of this document.

Admission

Following Admission, Shareholders will have access to AIM for buying and selling Shares. The Directors believe that the ability to issue Shares on AIM in addition to the ASX will increase the breadth of the Company's potential investor base, as well the attractiveness of the Shares as consideration to potential vendors in respect of potential acquisitions of additional assets, and thereby enhance value for Shareholders.

The Company is not conducting a fundraising as part of the Admission process but it is likely to do so in the coming months, subject to general market conditions being appropriate and investor appetite.

2. GROUP STRUCTURE AND COMPANY HISTORY

Group Structure

Harvest Minerals has the following subsidiaries:

<i>Subsidiary</i>	<i>Country of Registration</i>	<i>Harvest Minerals' Ownership Interest (%)</i>	<i>Harvest Minerals' Voting Interest (%)</i>
Triumph Tin Mining Pty Ltd	Australia	100	100
Lotus Mining Pty Ltd	Australia	100	100
Triunfo Mineracao do Brasil Ltda	Brazil	*100	*100
Triunfo Fertilizantes & Mineracao Ltda	Brazil	**100	**100

* The Company holds 932,910 quotas of R\$1.00 each, fully subscribed and paid up to date. The remaining one quota of R\$1.00, fully subscribed and paid up to date is held by FFA Holding & Mineracao Ltda for the benefit of the Company and in compliance with Brazilian laws which require two quota holders for limited liability companies.

** The Company holds 99,999 quotas of R\$1.00 each, fully subscribed but not paid up to date. The remaining one quota of R\$1.00, fully subscribed but not paid up to date is held by FFA Holding & Mineracao Ltda for the benefit of the Company and in compliance with Brazilian laws which require two quota holders for limited liability companies.

History of the Group

The Company was admitted to trading on the ASX in September 2010, under the name Avenue Resources Limited, as a gold explorer with rights through a joint venture structure to acquire early stage assets in Western Australia. The joint venture was terminated in 2012 by the Company.

In April 2011, the Company moved its focus to South America and added to its exploration portfolio, by conditionally acquiring a private company, Magdalena Coal Inc., which held rights to acquire early stage coal tenements in Colombia. This conditional acquisition was terminated in July 2011.

In October 2011, the Company then shifted its exploration focus towards tin and conditionally acquired a private company, Triumph Tin Mining Limited, which held rights to acquire two tin assets in north-western Brazil from a TSX-V listed company, Lara Exploration Limited. The rights to acquire these assets were ultimately relinquished in 2013. Further acquisitions were made in the tin sector in early 2013 including, the conditional acquisition of the Azul Tin Project in central Brazil in February 2013, and the acquisition of a private company, Lotus Mining Pty Ltd, which completed in August 2013 in order to give the Company access to tin project opportunities in Myanmar (the latter rights being relinquished during 2014). As a result of the poor tin price environment, the Directors concluded the Azul Tin Project was uneconomic to develop and announced the deposit's conditional sale to a Canadian company, 2433533 Ontario Inc., in September 2014. The proposed sale was ultimately terminated in June 2015, and the Company in turn terminated the conditional acquisition of the Azul Tin Project and relinquished the properties back to the vendor.

Phosphate was added as an additional commodity in July 2014 through the acquisition of the Arapua Fertilizer Project in Brazil by the Group. The Group expanded its commodity focus into potash through the acquisition of the Capela Potash Project in Brazil in August 2014 from KMINE Holding Ltd. A further potash project located in Brazil, the Sergi Potash Project, was added to the Group's portfolio in June 2015 when it was acquired from KMINE Holding Ltd.

As noted above, the Group now has three principal fertilizer projects – the Sergi Potash Project, the Capela Potash Project and the Arapua Fertilizer Project.

3. OVERVIEW OF BRAZIL AND BRAZILIAN POTASH MARKET

Country Overview

Brazil is an investment grade country (S&P: BBB-, Fitch: BBB, Moody's: Baa3) of approximately 202 million people on a land mass of over eight million square km, thereby placing the country, on a land mass basis, as the fifth largest in the world. Brazil is often grouped, alongside Russia, India and China, as one of the 'BRIC' economies and benefits from a large and growing domestic market, diversified economy and a broad selection of trading partners. Foreign Direct Investment ("FDI") in the country was estimated at US\$62 billion in 2014. The political institutions in Brazil are well established, with more than 25 years of stable democracy, and policy makers continue to demonstrate a general commitment towards maintaining economic stability.

From 2003 to 2013, Brazil experienced a decade of social and economic development in which over 26 million people emerged out of poverty. According to The World Bank, from 2002 to 2012, the income of the bottom 40 per cent. of the population grew, in real terms, on average by 6.1 per cent. Brazil is Latin America's largest economy and the world's seventh largest economy with GDP in 2014 in excess of US\$2 trillion. The country was also one of the first emerging markets to begin a recovery following the global financial crisis that began in 2008. By 2010 both investor and consumer confidence recovered significantly, such that GDP growth reached 7.5 per cent. that year.

The Directors believe the country has excellent demographic trends, with the population growing by approximately 15 per cent. since 2000, with a fast growing middle class and increasing urbanisation. As of 2015, approximately 86 per cent. of the population live in urban environments. Brazil's economy is largely driven by household consumption and has well developed service, manufacturing, agricultural and mining sectors.

Brazilian Potash, Phosphate and Fertilizer Market

The fertilizer sector in Brazil is one of the fastest growing in the world. Over the last 15 years Brazil's crop revenue has increased from US\$23 billion to US\$126 billion. Brazil is the world's largest exporter of sugar, coffee and orange juice and the second largest exporter of soybeans. The country is currently the world's fifth largest fertilizer consumer, and demand in Brazil is forecast to grow twice as fast as overall global demand until 2025. The country is one of the largest potash importers and the third largest potash consumer in the world, as well as the second largest world importer of phosphate.

Approximately 90 per cent. of the country's potash demand is met through imports, with the remaining 10 per cent. produced by Vale's Taquari-Vassouras Potash mine that is located adjacent to the Group's Capela Potash Project (approximately 13 km away) and the Sergi Potash Project (approximately 40 km away). The Taquari-Vassouras mine has been in production since 1985 and currently has production capacity of 625,000 metric tonnes per year. Brazil also imports 50 per cent. of its phosphate consumption.

The Directors understand that the Taquari-Vassouras mine is expected to close from 2017 onwards leaving both the Group's Sergi Potash Project and Capela Potash Project ideally positioned for a low capex development, if the Group is able to take advantage of the existing infrastructure at Taquari-Vassouras.

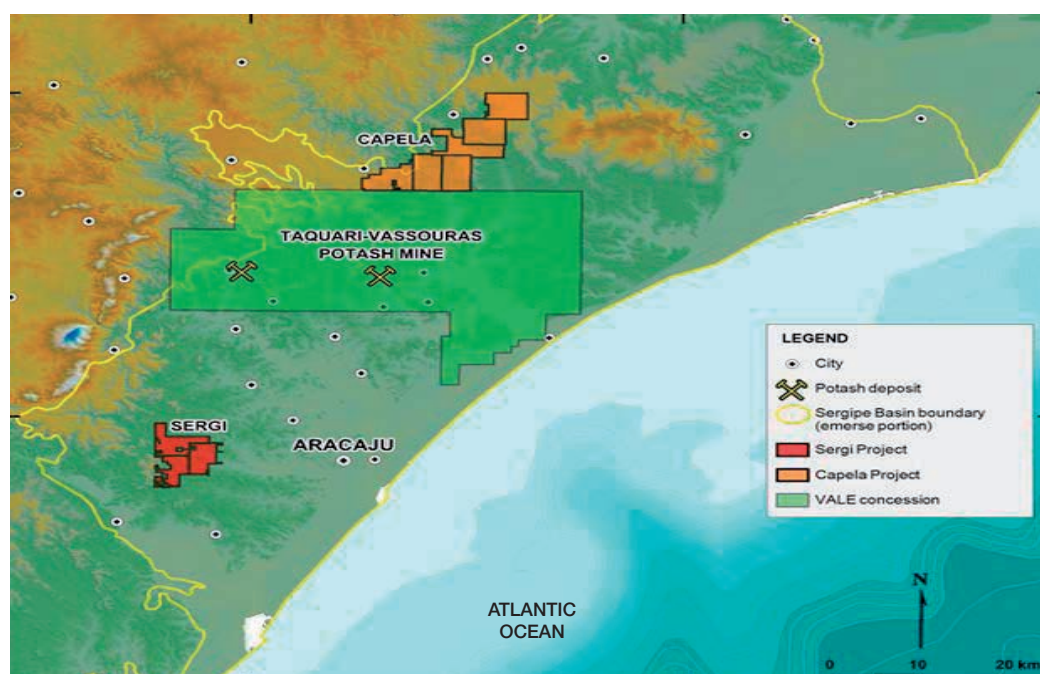
4. OVERVIEW OF THE GROUP'S PRINCIPAL ASSETS

Sergi Potash Project

Background and Location

In June 2015, Triunfo Mineracao acquired 100 per cent. of the Sergi Potash Project which is located in the northeastern part of Brazil, in the State of Sergipe. It is comprised of DNPM tenements no. 878.111/2008, 878.045/2009, 878.079/2015, 878.080/2015 and 878.087/2015 which are approximately 40 km away from Brazil's only producing potash mine, Vale's Taquari-Vassouras mine. Please see Figure 1 below for the location of the Sergi Potash Project.

Figure 1: Location of the Sergi Potash Project (as well as the Capela Potash Project and Vale's Taquari-Vassouras mine)



Geology

The Sergi Deposit sits within the Mesozoic marginal basins context in Brazil (Sergipe-Alagoas Basin), related to Upper Jurassic Gondwana breakup, and covers an area of 65 square km. It is an evaporite sequence called Muribeca Formation, made of anhydrite, halite, taquidrite, carbonates, carnallite and sylvinite. The potash mineralization consists of two upper sylvinite rich layers and two lower carnallite rich layers, with 25 per cent. and 16 per cent. KCl average content respectively and with apparent thickness ranging from 5.56 to 8.46 metres as intercepted in the historical drill hole SED-001-11.

Exploration

Historical data from five drill holes that were drilled between 1967 and 1991 was acquired from Petrobras Petróleo Brasileiro S.A (“Petrobras”) by the Company. Data from a separate drilling program carried out by the asset’s previous owner, Rio Verde Minerals Development Corp, was also acquired and comprised of a total of four exploration drill holes which were completed between 2011 and 2014. Of these drill holes, three are within the mineral tenement limits (878.111/2008).

Mineral Resource Estimate

The mineral resource estimate for the Sergi Potash Project has been classified by Coffey International from an assessment of the confidence level in the data quality and spatial distribution in accordance with the JORC Code 2012. Due to the lack of further drill hole data at this stage, the Sergi Potash Project mineral resource estimate has been classified in the Inferred mineral resource category.

As announced by the Company on ASX on 23 July 2015, the total Inferred mineral resource is estimated at 105.3 Mt grading 21.3 per cent. KCl, including all the sylvinite and carnallite layers and using a cut-off grade of 13 per cent. KCl. The cut-off grade was estimated based on similar deposits located within the sedimentary basin. Please see Table 1 below.

Table 1: Mineral resource estimate for the Sergi Potash Project

Sergi Deposit: Mineral resource as at effective date of 10 June 2015 Mineral Tenements – DNPM – 878.111/2008

<i>Resource</i>	<i>Lithology</i>	<i>Mass (Mt)</i>	<i>KCl (%)</i>	<i>Equivalent K2O (%)</i>
Inferred	Sylvinite	62.0	25.0	15.8
	Carnallite	43.3	15.9	10.0
Total Inferred		105.3	21.3	13.5

The mineral resource estimate has been based on data collected since 2008 including diamond drilling (DD) and geophysical surveying, and based on historical data from 286 oil exploration wells from Petrobras which were obtained from the ANP (Brazilian National Petroleum Agency).

The original drill hole data provided by Petrobras was reinterpreted by Rio Verde Minerals Development Corp for the potential presence of potash by the correlation of lithological description and geophysical downhole surveys. Coffey International also considered historical and reprocessing data of aerial and ground geophysical data from Petrobras.

Coffey International constructed a Microsoft-Access database utilising all available drill hole data with any inconsistent information being either modified or excluded from use in the estimate.

The level of confidence in the conceptual geological model is moderate. The geological knowledge of a similar potash deposit in production near the area and of other evaporitic deposits was applied to the conceptual model.

The modeled mineralization zone was based on two drill hole intersections, one of which had only the geophysical survey data from Petrobras. These aspects rendered the confidence level of the geological model to be at a low to moderate level. The results of 3D seismic survey interpretations, excluding the influence area of the negative drill holes, were also used in the calculation of the mineral resource.

Areas outside the 1,200 metre radius zone of influence of the drill hole intercepts of sylvinites and carnallites were considered as exploratory potential. The mineralization zones are found at depths between 1,180 metres and 1,320 metres below surface.

The model has taken account of the following:

- Quality and reliability of raw data;
- Confidence in the geological interpretation and continuity;
- Number, spacing and orientation of intercepts in each mineralized zone;

Recommendation for Drilling Programme

In order to achieve a JORC Code 2012 compliant Measured mineral resource, Coffey International recommends a drilling programme comprising of eight holes within the present inferred mineral resource zone. This includes the initial three holes currently proposed by the Company, subject to available funding, in the first stage of its drilling programme. Two additional holes have also been planned to the north within the “Exploration Target” area. Holes will be planned on a 500 metres x 500 metres grid similar to that used by Vale on their adjacent Taquari-Vassouras potash mine.

Competent Person’s Report Disclosure

Please see Part III of this document for the full competent person’s report prepared by Coffey International.

Sergi Potash Project Agreement

Pursuant to a mineral rights purchase and sale agreement dated 11 June 2015 (as amended on 6 July 2015) entered into between (1) Triunfo Mineracao, (2) KMINE Holding Ltd, and (3) the Company (as a consenting party), Triunfo Mineracao acquired 100 per cent. of the mineral rights in respect of the Sergi Potash Project. In accordance with the terms of the agreement, A\$100,000 has been paid to KMINE and the Company has agreed to issue three tranches of 60,000,000 Shares each to the vendor or its nominee on three separate dates and pay seven tranches of A\$100,000 each to the vendor or its nominee on seven separate dates. In addition, the Company is required to issue up to an additional 180,000,000 Shares to the vendor or its nominee on the successful achievement of certain milestones and pay an additional A\$6,000,000 to the vendor at the commencement of commercial production in the areas of the mineral rights.

For further information on the Sergi Potash Project Agreement, please see paragraph 11.6 of Part V of this document.

Capela Potash Project

In August 2014, the Company acquired 100 per cent. of the Capela Potash Project which is also located in the northeastern part of Brazil, in the State of Sergipe. It is comprised of DNPM tenements no. 878.103/2008, 878.104/2008, 878.105/2008, 878.106/2008, 878.107/2008 and 878.108/2008 which are approximately 13 km away from Vale’s Taquari-Vassouras mine. The Company has the option to reduce its interest in the Capela Potash Project to 51 per cent. by not performing the final payment obligation in accordance with the terms of the Capela Potash Project Agreement. Please see Figure 2 below for the location of the Capela Potash Project.

Figure 2: Location of the Capela Potash Project (as well as Vale’s Taquari-Vassouras mine)



A recently completed 3D seismic has confirmed that the Capela Potash Project is the possible northern extension to Vale’s Taquari-Vassouras mine to the south. The 3D seismic has identified the potential presence of salt layers at relatively shallow depths. During the financial year ended 30 June 2015, the Company advanced its preparation for a potential drilling programme, subject to available funding, through the completion of pre-drilling site visits as well as the progression of drilling quotes, landowner access permits and environmental licenses.

Capela Potash Project Agreement

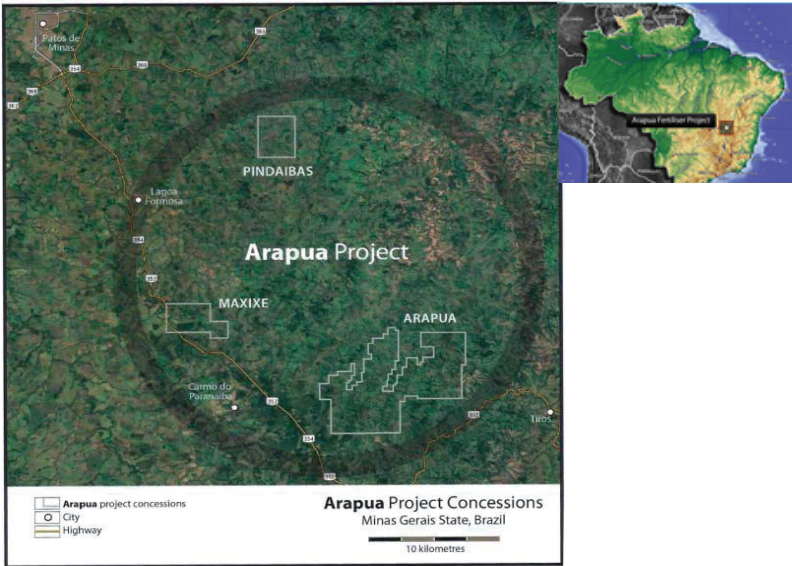
Pursuant to a mineral rights purchase and sale agreement dated 14 August 2014 (as amended on 11 June 2015) entered into between (1) Triunfo Mineracao, (2) KMINE Holding Ltd, (3) the Company (as a consenting party), and (4) Goncalves de Araujo & Brito Ltda (as a consenting party), Triunfo Mineracao acquired 100 per cent. of the mineral rights in respect of the Capela Potash Project. In accordance with the terms of the agreement, A\$120,000 has been paid to KMINE and 80,000,000 Shares have been issued to KMINE and its nominee. In addition, the Company is required to issue up to A\$2,200,000 worth of Shares to the vendor or its nominee on the successful achievement of certain milestones. If Triunfo Mineracao elects not to make the final payment of A\$5,000,000 to the vendor or its nominee within three years after the signing of the agreement, Triunfo Mineracao shall retain a 51 per cent. interest in the Capela Potash Project whilst the remaining 49 per cent. interest shall revert back to the vendor.

For further information on the Capela Potash Project Agreement, please see paragraph 11.7 of Part V of this document.

Arapua Fertilizer Project

In July 2014, Harvest acquired 100 per cent. of the Arapua Fertilizer Project in Brazil. The project is located in the State of Minas Gerias Brazil, and is composed of three exploration blocks; Arapua, Pindaiba and Maxixe (please see Figure 3 below). The project is serviced by a number of population centres and is accessible by paved and country roads.

Figure 3: Location of the Arapua Fertilizer Project concessions



The Company has completed detailed geological mapping over the Arapua block of tenements which revealed a large surficial area covered by ultrapotassic kamafugitic lava flows and dykes with significant P2O5 and K2O grades. Approximately 55 per cent. of the Arapua block of tenements (11,034 hectares) is covered by these lithologies with potential for the development of phosphate and potash fertilizer products. Flotation test work on weathered kamafugitic rocks from the project delivered a mass recovery of 20.4 per cent. with an average grade of 25.2 per cent. P2O5 (please refer to Table 2 below).

Table 2: Flotation results from weathered kamafugite (KMA) – single stage float

KMA, Direct Flotation Rougher, 100# (Mesh)

Product 1	Mass Recov. (%)	P2O5	CaO	K2O	SiO2	Fe2O3	Al2O3
Floated	20.4	25.2	21.8	1.5	22.5	12.2	8.1
Tailing	79.6	7.0	6.2	3.0	39.8	16.7	14.2
Head	100.0	8.5	7.7	2.8	37.8	16.4	13.5

The Company is continuing with its pre-development studies which are aimed at developing commercial operations. Ongoing studies will include, subject to available funding, further bulk samples, potential drilling activity and agronomical tests.

Arapua Fertilizer Project Agreement

Pursuant to a mineral rights transfer agreement dated 22 July 2014 entered into between (1) Triunfo Mineracao and (2) Fernando Pereira da Rocha Thomsen and Janine Tavares Camargo, Triunfo Mineracao acquired 100 per cent. of the mineral rights in respect of the Arapua Fertilizer Project. The acquisition is subject to Triunfo Mineracao making a payment of US\$1,000,000 to RV2 Rio Verde Mineracao Ltda (“RV2”) at the commencement of commercial production in the areas of the mineral rights. Under the terms of the agreement, Triunfo Mineracao is obliged to pay to RV2 a net smelter return royalty of 2 per cent. over any and all ore extracted from the areas of the mineral rights. The mineral rights related to the Arapua Fertilizer Project have already been transferred to Triunfo Fertilizantes.

For further information on the Arapua Fertilizer Project Agreement please see paragraph 11.8 of Part V of this document.

5. FINANCIAL INFORMATION, CURRENT TRADING AND PROSPECTS FOR THE GROUP

Appendices A, C and D of this document contain audited historical financial information for the Group and the audit report in respect of each year for the financial years ended 30 June 2015, 30 June 2014 and 30 June 2013, respectively.

The Directors are confident in the current business activities and future prospects of the Group, which will be centred around the continued execution of the Group’s business plan as set out in paragraphs 1 and 4 of Part I of this document, the evaluation of potential acquisition opportunities, which may or may not require the additional raising of finance, and the recruitment of further staff as operations expand. The Directors believe that, along with the support of senior management, they have the necessary skills and experience to deliver on this strategy.

6. DIRECTORS

Mr Brian Keith McMaster, aged 44 – Executive Chairman

Mr McMaster is a Chartered Accountant, a registered and official liquidator and has over 20 years’ experience in the areas of corporate reconstruction and turnaround, and performance improvement. Previously, Mr McMaster was a partner of the restructuring firm KordaMentha and prior to that was a partner at Ernst & Young. During his time at both of these firms, Mr McMaster was instrumental in the recapitalisation and listing of over twenty Australian companies on the ASX.

Mr McMaster’s career to date includes significant working periods in the United States, South America, Asia and India. Mr McMaster was a founding director in venture capital and advisory firm, Garrison Capital Pty Ltd, and is also currently a director of a number of ASX listed companies.

Mr Luis Mauricio Ferraiuoli de Azevedo, aged 52 – Executive Director

Mr Azevedo is a resource industry professional with over 35 years of international experience. He is both a licensed lawyer and geologist with over 25 years of business and mining experience specifically in Brazil. He is currently the Managing Partner at FFA Legal Ltda, a legal firm he founded with its main office in Rio de Janeiro, Brazil, and which is focused solely on natural resources companies.

Mr Azevedo previously worked for Western Mining Corporation, Barrick Gold Corporation and Harsco Corporation. He assembled land packages that resulted in four initial public offerings of Canadian companies in Brazil (Talon Metals Corporation, Avanco Resources Ltd, Beadell Resources Ltd, Brazilian Gold Corporation) since 2004. Mr Azevedo also sits on the board of directors of Avanco Resources Ltd, Brazil Minerals Inc and Talon Metals Corporation.

Mr Azevedo received a geology degree from UERJ – Universidade do Estado do Rio de Janeiro in 1986, a law degree from Faculdade Integradas Cândido Mendes in 1992, and a post graduate degree from PUC-Rio, Pontifícia Universidade Católica of Rio de Janeiro in 1995.

Mr Matthew Gaden Western Wood, aged 46 – Executive Director

Mr Wood has 20 years of experience in the resources sector with both major and junior resource companies and has extensive experience in the technical and economic evaluation of resource projects throughout the world. Mr. Wood's expertise is in project identification, negotiation, acquisition and corporate development. Mr. Wood holds an honours degree in geology from the University of New South Wales in Australia and a graduate certificate in mineral economics from the Western Australian School of Mines.

Mr Wood was a founding director in venture capital and advisory firm, Garrison Capital Pty Ltd, and is also currently a director of a number of ASX listed companies.

Mr Mark David Reilly, aged 44 – Non-Executive Director

Mr Reilly is a chartered accountant with 23 years' experience in banking, finance and corporate reconstruction. He commenced his career with Coopers & Lybrand before establishing his own accounting practice in 1997. Mr Reilly also has extensive experience in the mining, banking and finance industries in an advisory capacity.

He is currently the Managing Director of AIM quoted Forte Energy NL, a junior exploration company with prospective uranium assets in West Africa. Mr Reilly is also a director of ASX-listed Black Star Petroleum Limited.

Further non-executive director appointment(s)

The Directors are committed to the appointment of at least one further non-executive director in the months following Admission.

7. ADMISSION, SETTLEMENT (CREST) AND DEALINGS

An application will be made to the London Stock Exchange for the entire issued ordinary share capital of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Shares on AIM will commence at 8.00 a.m. on 7 September 2015.

To be traded on AIM, securities must be capable of transfer and settlement through the CREST system, a UK computerised paperless share transfer and settlement system, which allows shares and other securities, including depositary interests, to be held in electronic form rather than in paper form. The Australian equivalent of this system is called CHESS. For foreign securities, in this case the Shares, to be effectively transferred and settled through CREST they need to be in the form of depositary interests.

The Company, through its UK Registrar, has established a facility whereby (pursuant to a depositary deed poll executed by the UK Registrar) depositary interests representing Shares (the "Depositary Interests"), will be issued by the UK Registrar (or its nominee), acting as depositary, to persons who wish to hold the Shares in electronic form within the CREST system. It is intended that the Company will apply for the Depositary Interests to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Depositary Interests following Admission may take place within the CREST system if the relevant Shareholders so wish.

The Shares will remain listed and traded on the ASX, with trades settled electronically on the Australian register through CHESS.

Shares held on the Australian register cannot be used to settle trades on AIM and similarly, Shares (or Depositary Interests) held on the UK Registrar's register cannot be used to settle trades on the ASX. However, subject to the relevant regulations, Shares held through CHESS on the Australian register may be transferred into Depositary Interests held through CREST on the UK Registrar's register and vice versa.

Shareholders wishing to undertake such a transfer will generally need to contact their broker and allow a reasonable time for the transfer to be effected. Furthermore, Shareholders will need to establish an account with a broker in the market to which they are transferring their Shares in order to trade their Shares on that market.

8. CORPORATE GOVERNANCE

The Company, as an Australian incorporated company, must comply with the Australian Corporations Act and, as a company listed on the ASX, must comply with the ASX Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council. The Company will disclose any departures from the Corporate Governance Principles and Recommendations in its annual report, together with the reasons for such departure. The Corporate Governance Statement, as included in the Company's 2015 annual report, which sets out the Company's main corporate governance practices and the Company's corporate governance statement, is disclosed in Appendix B of this document.

The Board is mindful also of UK corporate governance best practice. The Corporate Governance Code does not apply to companies admitted to trading on AIM and there is no formal alternative for AIM companies. The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (the "QCA Code"). In addition to complying with the Australian Corporations Act and the ASX Listing Rules, the Directors intend to comply with the Corporate Governance Code and the QCA Code, to the extent they consider it appropriate and having regard to the size, current stage of development and resources of the Company.

As part of this, the Board has recently adopted terms of reference to establish a remuneration committee, an audit and risk committee, and an AIM compliance committee. At this point in time given the size and scale of the Company's operation, the Board does not consider it appropriate to also adopt terms of reference to establish a nominations committee. The Company has also established procedures to ensure compliance with the UK Bribery Act 2010 and the Australian Criminal Code Act 1995.

The Directors have also established financial controls and reporting procedures which they consider to be appropriate given the size of and structure of the Group. These controls will be reviewed following any significant acquisitions by the Group and adjusted accordingly.

9. SHARE DEALING CODE

The Company has adopted a share dealing code for dealings in securities of the Company by directors and certain employees which is appropriate for a company whose shares are traded on AIM and the ASX. The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance with that rule by the Company's "applicable employees", as defined in the AIM Rules. It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Shares, alongside the relevant provisions of Australian law contained within the Australian Corporations Act.

10. DIVIDEND POLICY

The Directors anticipate that the Company will be focused on exploration and development activities and will not earn any operating revenue during the 12 month period following Admission. Accordingly, the Company does not expect to declare any dividends during that period. Thereafter, it is the Directors' intention to pay dividends when profit, available cash flow and capital requirements allow and in accordance with the Company's strategy for growth. However, the Directors can give no assurance as to the payment of future dividends.

11. LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

Pursuant to the AIM Rules, the Locked-in Parties have undertaken, in accordance with Rule 7 of the AIM Rules, to Strand Hanson and Mirabaud, not to dispose of any Shares in the Company (including any Shares which they may subsequently acquire within 12 months of Admission) that they or any of their “related parties” (as defined in the AIM Rules) own for a period of 12 months from Admission except in the very limited circumstances allowed by the AIM Rules.

The Locked-in Parties have also agreed not to dispose of any Shares in the Company (including any Shares which they may subsequently acquire within 24 months of Admission) that they or any of their “related parties” are interested in for a period of 12 months from the first anniversary of the date of Admission, except with the prior written consent, not to be unreasonably withheld or delayed, of Strand Hanson and Mirabaud, and then made through Mirabaud (or the broker from time to time), so as to maintain an orderly market in the Shares.

12. TAKEOVERS

The Company is incorporated in, is resident in and has its head office and central place of management in, Australia. Accordingly, transactions in Shares will not be subject to the provisions of the UK City Code on Takeovers and Mergers (the “City Code”) published by the Panel on Takeovers and Mergers. There are, however, provisions under Australian law and regulations applicable to the Company, particularly Chapter 6 of the Australian Corporations Act that are, in part, similar or analogous to certain provisions of the City Code.

As an Australian public listed company, a takeover of the Company is governed by the Australian Corporations Act. The Australian Corporations Act contains a general rule that a person must not acquire a ‘relevant interest’ in issued voting shares of a company as a result of a transaction in relation to securities entered into by or on behalf of the person if, because of the transaction, a person’s voting power in the company:

- increases from 20 per cent. or below to more than 20 per cent; or
- increases from a starting point which is above 20 per cent. but less than 90 per cent.

A person’s voting power is deemed to be that of that person and his/her Associates.

Certain acquisitions of relevant interests are exempt from the above rule including, among others, acquisitions under takeover bids, acquisitions approved by Shareholders, acquisitions of less than 3 per cent. in any 6 month period, and acquisitions that result from rights issues, dividend reinvestment schemes and underwritings.

If a person wishes to acquire more than 20 per cent. of a company, or increase a holding which is already beyond 20 per cent., but not under one of the exemptions (including those noted above), the person must undertake a takeover bid in accordance with the Australian Corporations Act.

A person who holds more than 90 per cent. of the shares in a company may conduct a compulsory acquisition of all remaining shares under the Australian Corporations Act. There is no provision under the Australian Corporations Act for minority shareholders to require a person who holds more than 90 per cent. of the shares in a company to buy them out.

13. SHAREHOLDER NOTIFICATION AND DISCLOSURE REQUIREMENTS

As a company incorporated in Australia and whose shares are traded on AIM and the ASX, Shareholders are subject to certain notification and disclosure requirements. Further details of these requirements are summarised in paragraph 8.2 of Part V of this document.

14. TAXATION

Information regarding taxation is set out in paragraph 10 of Part V of this document. These details are intended as a general guide only to the current tax position in Australian and the United Kingdom regarding withholding taxes and is not intended to constitute personal tax advice for any person. Prospective investors are strongly advised to consult their own independent professional tax advisers regarding the tax consequences of purchasing and owning Shares.

15. FURTHER INFORMATION

You should read the whole of this document and not just rely on the information contained in this Part I. Your attention is drawn to the information set out in Parts II to V (inclusive) and the Appendices of this document which contain further information on the Company.

PART II – RISK FACTORS

There are a number of risks which may have a material and adverse impact on the future operating and financial performance of Harvest Minerals and the value of Harvest Minerals' securities, and if any such risks materialise an investor could lose all or part of its investment. These include risks that are general risks associated with any form of business and specific risks associated with Harvest Minerals' business and its involvement in phosphate and potash project exploration and development in Brazil. Whilst many of these risk factors are largely beyond the control of Harvest Minerals and its Directors, the Company will seek to mitigate these risks, where possible, to the extent that the Directors consider appropriate for a company of the size and nature of the Company.

The Directors believe the following risks to be the most relevant and material to the Company. However, the list below is not an exhaustive list, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority (save that those risks that the Directors believe to be specific to the Company are set out ahead of those risks they consider to be general). Further risks which are not presently known to the Directors, or that the Directors currently deem immaterial, may also have a material adverse effect on the business, financial condition, prospects and share price of the Company.

(i) Specific risks relating to Harvest Minerals' business activities

Acquisitions of the Sergi Potash Project and the Capela Potash Project

Pursuant to the terms of the Sergi Potash Project Agreement and the Capela Potash Project Agreement, the respective projects have been transferred to Triunfo Mineracao. The DNPM has analysed the assignment requests and the approval of the transfers are to be published on the Official Gazette to formally confirm the assignment. However, there is a risk that if Triunfo Mineracao fails to satisfy its contractual obligations under these agreements, the underlying owner of the projects could make a claim against Triunfo Mineracao in court for such breach and it could be liable for damages.

The Company currently has no reason to believe that Triunfo Mineracao will not meet and satisfy its obligations pursuant to either the Sergi Potash Project Agreement or the Capela Potash Project Agreement.

Renewal of mineral exploration permits

As set out in Part IV of this document, mineral exploration permits are valid and legally in force for a minimum of one year and a maximum of three years from the date of issuance. A permit can be successively renewed at the discretion of the DNPM, upon the request of the titleholder. The renewal permits combined, however, cannot exceed the total period granted for the original period and the titleholder will have to submit a fresh application for the permit. In order to renew a permit, the DNPM takes into consideration the development of the work performed to date as well as reasons justifying continued work.

Despite there being no minimum work requirement on any of the Brazilian Subsidiaries' licences, the Company cannot guarantee that the DNPM will renew licences held by the Brazilian Subsidiaries' that have not had any work performed on them during their tenure of that licence. In the event the renewal request is rejected, or the Brazilian Subsidiary chooses not to lodge a renewal application, the Company is confident, although cannot guarantee, that, if it instead makes a new application to the DNPM, the licence in question will be reissued to the Brazilian Subsidiary.

Additional requirements for capital

The Company's capital requirements depend on numerous factors. The availability of equity funding is subject to market risk at the time and there is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, scale back its exploration programmes and may result in loss of tenure, as the case may be.

Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions including risks associated with operating in foreign jurisdictions.

Exploration

Exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation the Directors bring to the Group's exploration projects there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully developing the projects.

Dependence on key executives and personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Contractor risks

The Group's ongoing exploration programmes depend significantly on the maintenance of good relationships with, and the solvency of, its key contractors, including drilling contractors and land survey contractors.

It also relies on the maintenance of good relationships with regulatory and governmental departments. Failure to maintain these relationships may adversely impact the Company's performance.

Outsourced Business Activities

The Company has engaged the services of Palisade Business Consulting (CS) Pty Limited ("Palisade") for accounting and book-keeping, amongst other services. Whilst the Directors believe this allows for greater time efficiency and superior compliance with Australian laws and regulations, there is the risk that if Palisade ceases to act for the Company in the future, the Company would have to find an alternative service provider or employ additional personnel in house to perform the duties of Palisade. This in-house employment or the appointment of another service provider may or may not be on similar monetary terms to the current arrangement with Palisade.

(ii) General risks relating to Brazil and Australia

Brazil

The Company's projects are located in Brazil and accordingly the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and changes to mining legislation by local, state and federal authorities, governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Brazil may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Brazil may be less predictable and may take longer than in the UK and Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Brazil. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Brazil, the Directors may reassess investment decisions and commitments to assets in Brazil.

Australia

Legal, tax and regulatory changes in Australia, where the Company is incorporated, may also impose additional financial obligations on the Company or otherwise adversely affect the financial position and performance of the Company.

(iii) General resource company business risks relating to the Company

Exploration and development risks

The primary business of the Company is exploration for, and commercial development of mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploration and evaluation phase.

The current and future operations of the Company may be affected by a range of factors, including, but not limited to:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- (v) mechanical failure of operating plant and equipment;
- (vi) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (v) unavailability of drilling, mining, processing and other equipment;
- (vi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (vii) prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals;
- (viii) terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes;
- (ix) delays in completing feasibility studies and obtaining development approvals; and
- (x) risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests held by the Group, or any other projects that may be acquired by the Group in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Group.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals on a timely basis.

Resource estimations

Resource estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

Environmental risks

The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications

Uninsured risks

As a participant in exploration activities the Company may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. In particular, insurance against risks such as environmental pollution or other hazards as a result of mineral exploration and/or development may not be generally available on acceptable terms. Losses from uninsured risks may cause the Company to incur costs that could have a materially adverse effect upon the Company's financial performance.

Risks associated with the need to maintain an effective system of internal controls

There can be no assurance that the Company will be able effectively to manage its proposed growth plans, or that the Company's current personnel, systems, procedures and internal controls will be adequate to support the Company's future developments. Any failure of the Board to manage effectively the Company's growth and development could have a material adverse effect on its business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Board's strategy will develop as anticipated.

Litigation

Whilst the Company currently has no outstanding material litigation, there can be no guarantee that the current or future actions of the Company will not result in litigation since the mineral industry, as all industries, is subject to claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Owing to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's financial position or results of operations.

Commodity prices

To the extent the Company may be involved in future fertilizer production the revenue derived through the sale of minerals may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for phosphate and potash, technological advancements, forward selling activities and other macro-economic factors.

Currency risk

The Company's financial statements are presented in Australian dollars, and its current costs and financial assets and liabilities are denominated in various currencies, mainly a mix of Australian dollars, United States dollars, British pounds and Brazilian reals. The Company's budgeted expenditure levels and financial position are therefore subject to exchange rate fluctuations.

(iv) Share ownership and investment risks

Share price volatility and share market risks

Prospective investors should be aware that the value of an investment in the Shares may go down as well as up and that the market price of the Shares may not reflect the operating performance and underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

The share prices of quoted companies can be highly volatile and shareholdings may be illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors include, without limitation:

- the operating performance of the Company and market expectations of future performance;
- changes in general economic conditions and outlook, including interest rates, inflation rates, exchange rates, commodity prices and the demand for, and supply of, capital;
- natural disasters, terrorism events and other hostilities and conflicts;
- changes in Government policies, taxation and other laws;
- large purchases or sales of Shares by other investors;
- changes in investor sentiment towards particular market sectors and the equity markets in general; and
- other factors which are outside of the control of the Company.

Such factors also impact on the ability of the Company to raise further funds by the issue of further Shares or other securities in the Company.

Share trading liquidity and future sales of Shares

Although the Shares are already listed on the ASX and are to be admitted to trading on AIM, there is no guarantee that there will be a liquid market in the Shares on either AIM or the ASX. It may therefore be difficult, in certain circumstances, to achieve the prevailing market price for sales of Shares or to sell Shares at all, and to realise a return on investment in the Shares.

Although the Shares are to be admitted to trading on AIM, they will not be listed on the Official List of the London Stock Exchange (the "Official List"). An investment in securities traded on AIM may carry a higher degree of risk than securities quoted on the Official List.

Options and dilution

The Company has issued Options, and the Board, subject to Shareholder approval if required, may in the future issue new Options to certain parties, including advisers, employees, directors, senior management and consultants of the Company. Whilst the exercise of such Options would result in the inflow of cash into the Company, such exercise would also result in the dilution of the shareholdings of other investors.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares.

Potential investors should consider that an investment in the Company is speculative and that any Shares purchased carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.



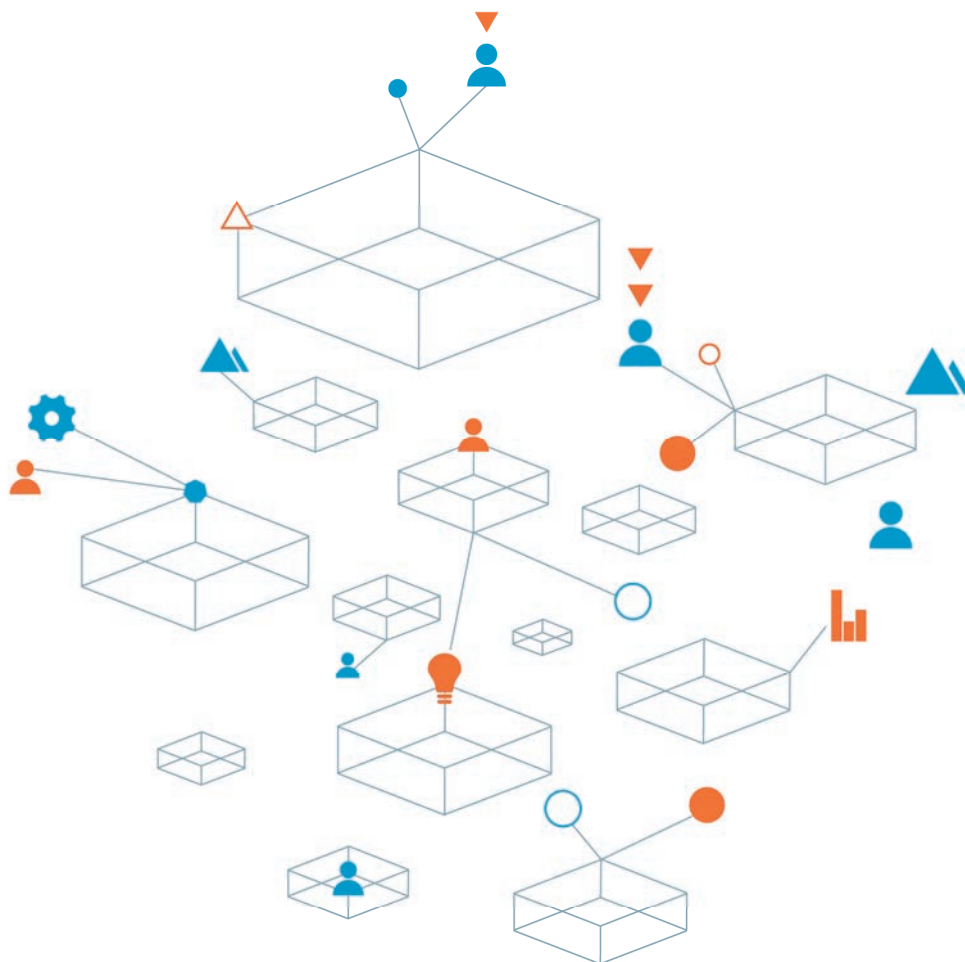
Harvest Minerals Limited

Sergi Potash Project

JORC (2012) Compliant Mineral Resource Estimate

Effective Date: 10 June 2015

Published: 23 July 2015 - Final- Rev01



Trust is the
cornerstone
of all our
projects

Mineral Resource Estimate



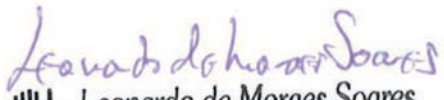

23 July 2015.

The Directors
Harvest Minerals Limited
Level 1
330 Churchill Avenue
SUBIACO WA 6008

The Directors
Strand Hanson Limited
26 Mount Row
LONDON

Dear Sirs

Below you will find the Final Version, Rev01, of the Mineral Resource Estimate.



Leonardo de Moraes Soares (BSc (Geo) - MAIG)
Geologist/Resources

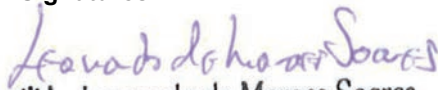
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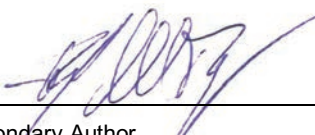
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Version Control

Version	Description	Author (s)	Date

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Appendix

Appendix A – Certificate of Competent Person

EXECUTIVE SUMMARY

At the request of Harvest Minerals Limited, Coffey Consultoria e Serviços Ltda (Coffey) has completed a Mineral Resource Estimate for a potash deposit at the Sergi Deposit, Sergipe, Brazil using all drilling data available up to 2014. The resource estimates were classified in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

The information in this statement that relates to the Mineral Resource is based on information compiled by Leonardo Soares who is a geologist and full time employee of Coffey Consultoria e Serviços Ltda and a Member of the Australian Institute of Geoscientists. Leonardo Soares has sufficient relevant experience to the style of mineralization and deposit type under consideration, underground room and pillar mine projects and to the preparation of JORC compliant reports to qualify as a Competent Person as defined in the JORC Code (2012).

Mr Soares was supported by Mr Porfírio Rodriguez, a Mining Engineer who is employed as a consultant of Coffey Consultoria e Serviços Ltda and member of the Australian Institute of Geoscientists. Mr. Rodriguez has sufficient relevant experience to the style of mineralization and deposit type under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). Mr Rodriguez also acted as a peer reviewer for Mr Soares.

Harvest Minerals acquired the mineral rights for the Sergi Potash Project from KMINE Holdings Limited. Triunfo Mineração do Brasil Ltda, a wholly owned subsidiary company of Harvest Minerals, holds an Exploration Permit (DNPM-878.111/2008) with an area of 1,355.57 ha, under which a Final Exploration Report was submitted and the approval of this report is expected. Coffey Mining has not independently verified the legal status of these concessions. The current status of tenements listed in this report is based on information and copies of documents provided by Harvest Minerals and public information available from National Department of Mineral Production (DNPM), and the report has been prepared based on the assumption that the tenements will prove lawfully accessible for evaluation. Neither Coffey Mining nor the author of this report is qualified to provide extensive comment on legal issues relating to the Sergi Potash Project properties.

The estimates contained within this report were based on a number of factors and assumptions, including:

Geology

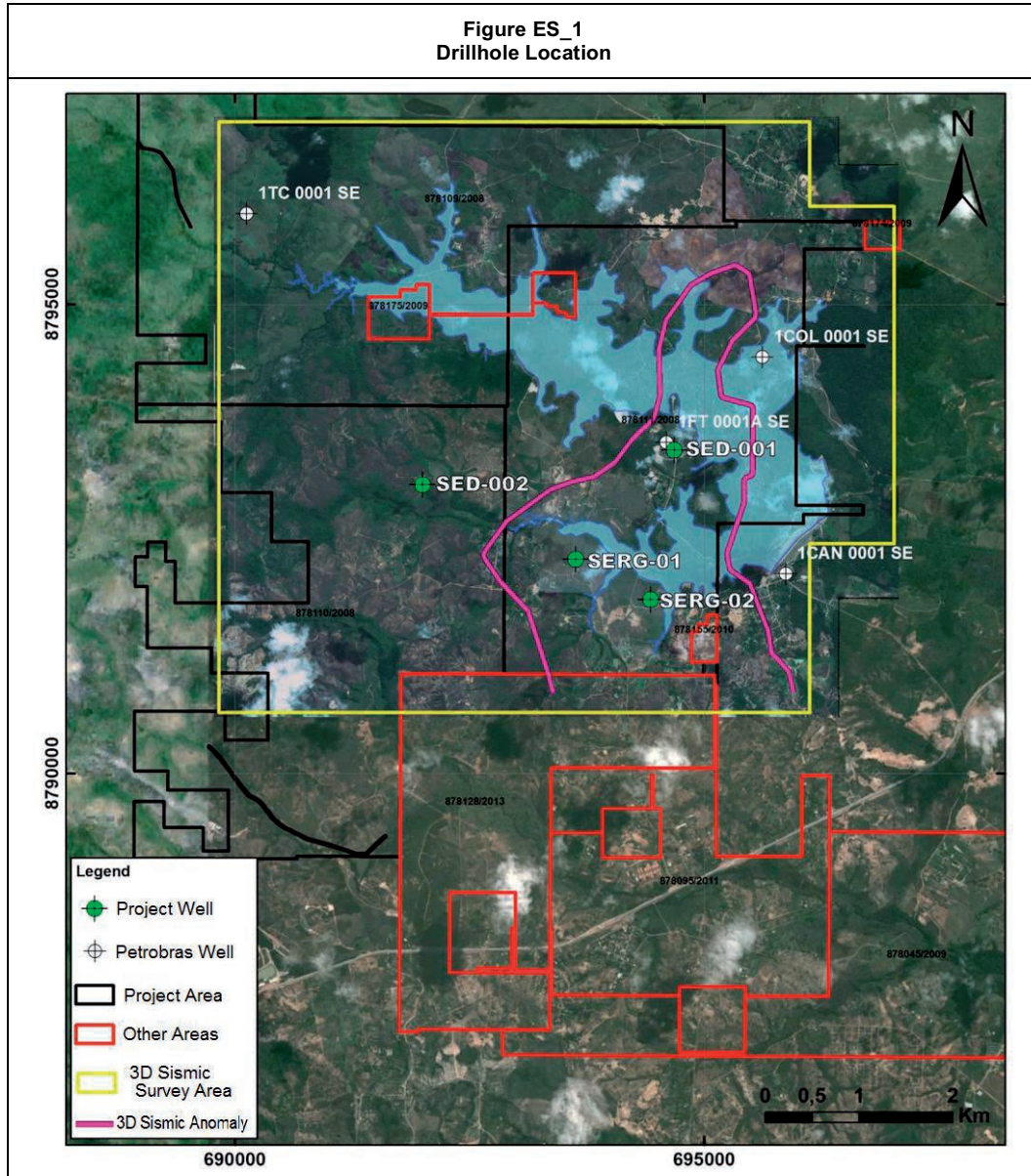
The Sergi Deposit sits within the Mesozoic marginal basins context in Brazil (Sergipe-Alagoas Basin), related to Upper Jurassic Gondwana breakup. It is an evaporite sequence called Muribeca Formation, made of anhydrite, halite, taquidrite, carbonates, carnallite and sylvinite.

The potash mineralization consists of two upper sylvinite rich layers and two lower carnallite rich layers, with 25% and 16% KCl average content respectively.

Exploration

The Mineral Resource Estimate has been based on data collected since 2008 including diamond drilling (DD), geophysical surveying (magnetometry, gravimetry and 2D and 3D seismic). In addition, historical data from 286 oil exploration wells from Petrobras Petróleo Brasileiro S/A were obtained through ANP (Brazilian National Petroleum Agency).

A total of 4 exploration drill holes (5,347.45m), have been drilled and logged. One hole was sampled and assayed (140 samples) up to the effective date of March 2012. Of the historical oil wells, 5 are located within the Sergi Potash Deposit Project area. Geophysical profiling was conducted in 3 locations (Figure ES_1). Additional geophysical data comprised 273.411 km of aeromagnetic and gravimetric lines plus 169.8km in 10 2D seismic sections; 42.93 km² of 3D seismic survey.



Mineralization Model

Geological and mineralization models were completed by Coffey for resource estimation based on the borehole survey and geological and geochemical data mainly from the single drill hole sampled and assayed (SED-001-11). Data density obtained from downhole survey profiles was considered acceptable for the definition of the boundaries which were used to define both geological and mineralized zones for inferred resource estimation purposes. The geological model considers horizontal layers for the sylvinite and carnallite units.

Geostatistical analysis was not considered due the large uncertainties in the database regarding the lack of assay and lithological data. Due to these uncertainties about the continuity of the mineralization zone, it was considered only an inferred class of mineral resources, not extending beyond 1200m of the single mineralized drill hole.

The limit of 3D seismic survey interpretation and a circular area with a 1200m radius around the drill hole was used to estimate the volume of each potash layer, considering the thickness of the units. The software Gemcom Surpac was applied to model those mineralization zones. The estimated volume for each horizon was multiplied by density values to achieve the tonnage of KCl. Analysis was based on assay and geophysical borehole survey variables, KCl (%) and density.

Density

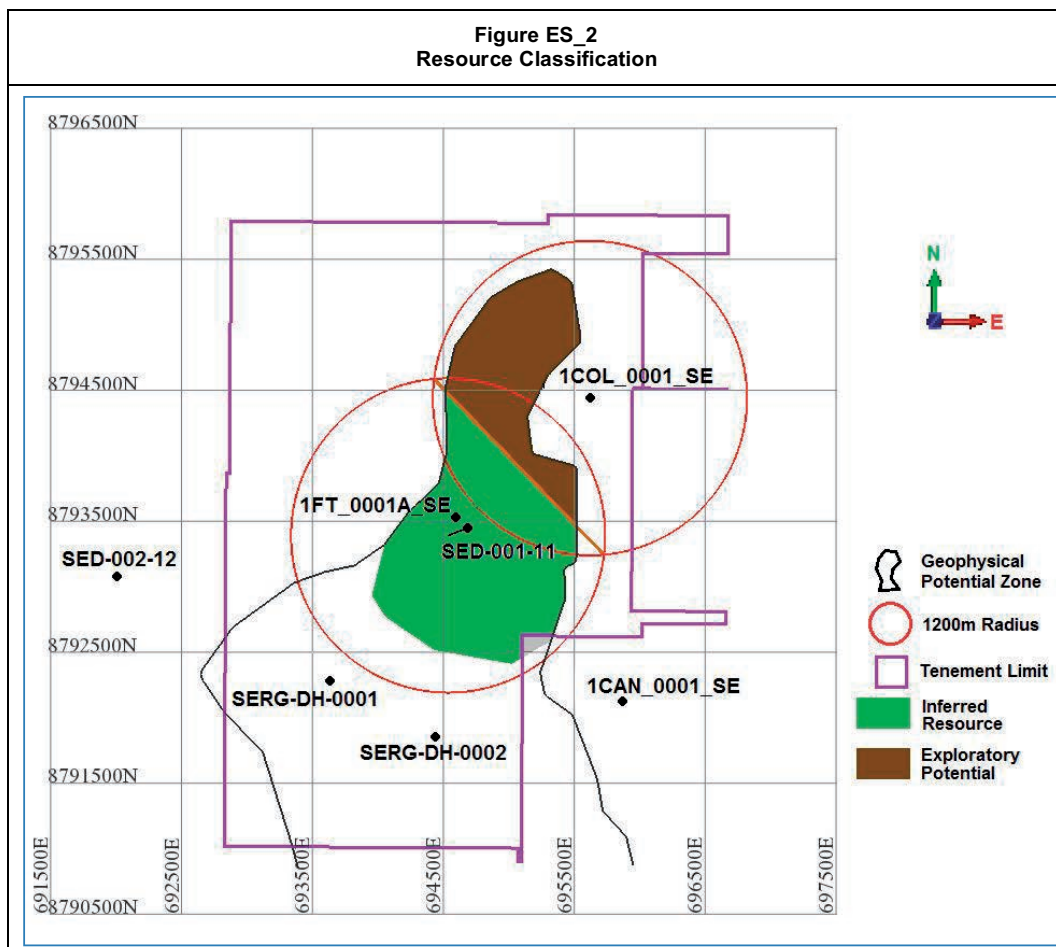
The density values were obtained from geophysical borehole surveys, measured at 0.20m intervals. The average densities estimated for the mineralized zones (Table ES_1) are appropriate for the type and style of mineralization.

Lithology	Density (g/cm³)
Sylvinite	2.00
Carnallite	1.84

Classification

The Mineral Resource estimate for the Sergi Project has been classified by Coffey from an assessment of the confidence level in the data quality and spatial distribution in accordance with the JORC Code 2012.

Sergi Mineral Resource estimate is classified in the Inferred category due to the lack of further drill hole data (Figure ES_2).



Cut-off Grade

The cut-off grade for resource declaration was determined at 13% of KCI based on the deposit intercepts and information of other KCI projects in Sergipe State, Brazil.

Resource Reporting

The 3D mineralization wireframe model was Classified Mineral Resource within an influence area with radius of 1200m from the drilling intercepts and the limits of 3D seismic survey interpretation. These results are reported in Table ES_2.

Table ES_2 – Sergi Deposit: Mineral Resource at Effective Date 10 June 2015. Mineral Tenements – DNPM – 878111/2008.				
Resource	Lithology	Mass (Mt)	KCl (%)	Equivalent K ₂ O (%)
Inferred	Sylvinite	62.0	25.0	15.8
	Carnallitite	43.3	15.9	10.0
Total Inferred		105.3	21.3	13.5

- *Triunfo Mineração do Brasil Ltd a wholly owned subsidiary company of Harvest Minerals Limited, holds 100% title to the Mineral Resources.*
- *The Mineral Resources are reported at a cut-off grade of 13% KCl.*
- *The Mineral Resources have been estimated according to general industry good practice and disclosed in compliance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition).*
- *Equivalent K₂O was calculated by the formula: Equivalent K₂O = 0.63177 * KCl (%);*
- *The Exploration target is estimated on a further 28 to 32Mt at 22% to 28%KCl of sylvinite and 23.0Mt at 15.9%KCl of carnallitite.*

Table ES_3 presents the Summary of Mineral Resources by Status.

Table ES_3 Summary of Resources by Status Sergi Deposit: Effective Date June 10th 2015 - Mineral Tenements – DNPM – 878111/2008.					
Resource Category	Gross		Net attributable		Operator
	Tonnes (millions)	Grade (g/t)	Tonnes (millions)	Grade (g/t)	
Sylvinite					
Inferred	62.0	25.0	62.0	25.0	Harvest Minerals
Carnallitite					
Inferred	43.3	15.9	43.3	15.9	Harvest Minerals
Total					
Inferred	105.3	21.3	105.3	21.3	Harvest Minerals

1 INTRODUCTION

At the request of Harvest Minerals Limited (Harvest Minerals), Coffey Consultoria e Serviços Ltda (Coffey) has completed a Mineral Resource Estimate for a potash deposit at the Sergi Potash Deposit, Sergipe, Brazil using all available drilling data up to 2014. The resource estimates were classified in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

1.1 Participants, Qualifications and Experience

Coffey is a consulting company that is active in mineral exploration, resources, mining and geotechnologies, which has provided services and technical support to the international mineral industry and financial institutions for over 50 years.

Authors of this report have the appropriate qualifications required in terms of experience, competence and independence to be considered a "Competent Person", according to the definition found in the JORC Code (2012). Appendix A includes the Certificate of Competent Person for the authors of this report.

Neither Coffey nor the authors of this report have, or have previously had, any material interest in Harvest Minerals or the mineral property where Harvest Minerals maintains ownership of mining rights. Our relationship with Harvest Minerals is strictly a professional client-consultant association. This report was prepared upon payment of fees that were based on current market rates. The form of payment of said fees does not depend on the results of this report.

Geologist Leonardo de Moraes Soares is the primary author of this report. Mr. Soares acted as an expert in the project's data audit, and was involved in such aspects as best practices in exploration, geological interpretation, statistical and geostatistical analysis and mineral resource classification. Mr. Soares is a member of the Australian Institute of Geoscientists (MAIG) and has over 13 years of relevant experience in the mining sector in Brazil, six of which include working in mineral resource consulting and auditing projects, including phosphate deposits, iron ore and other deposits involving sedimentary deposits in Brazil.

Mine engineer and geostatistician Porfirio Cabaleiro Rodriguez is the secondary author of this report, and it was he who carried out the resource estimate review. Mr Rodriguez has acted as an expert in best practices and geostatistical methods. Mr. Cabaleiro is a member of the Australian Institute of Geoscientists (MAIG) and has over 35 years of relevant experience in mineral resource estimate projects and auditing, which include bauxite and phosphate deposits in Brazil.

1.2 Main Sources of Information

In addition to the two-day on site inspection at the project, conducted by Leonardo Soares, between 1 May 2015 and 2 May 2105, the authors of this report have had full access to the information that was provided by the client, including technical reports of previous audits and comprehensive discussions with the Harvest Minerals technical team.

Coffey received (on DVD and by e-mail) several types of data, such as sampling result tables, maps, geological cross sections and exploration drilling campaign data and reports.

Coffey has completed all reasonable inquiries to confirm the authenticity and integrity of the technical data on which this report is based. Harvest Minerals was also provided with the final version of this report, together with a request, in writing, to identify material errors or omissions.

1.3 Reliance on Other Experts

Harvest Minerals acquired the mineral rights for the Sergi Potash Project from KMINE Holdings Limited. Triunfo Mineração do Brasil Ltda, a wholly owned subsidiary company of Harvest Minerals, holds an Exploration Permit (DNPM-878.111/2008) with an area of 1,355.57 ha, under which a Final Exploration Report was submitted and the approval of this report is expected (Table 3.1_1).

Coffey Mining has not independently verified the legal status of these concessions. The current status of tenements listed in this report is based on information and copies of documents provided by Harvest Minerals and public information available from National Department of Mineral Production (DNPM), and the report has been prepared based on the assumption that the tenements will prove lawfully accessible for evaluation. Neither Coffey Mining nor the author of this report is qualified to provide extensive comment on legal issues relating to the Sergi Potash Project properties.

Similarly, neither Coffey Mining nor the authors of this report are qualified to provide comments on environmental issues associated with the Sergi Potash Project. No warranty or guarantee, be it express or implied, is made by Coffey with respect to the completeness or accuracy of the legal or environmental aspects of this document.

Coffey Mining does not undertake or accept any responsibility or liability in any way whatsoever to any person or entity in respect of these parts of this document, or any errors in or omissions from it, whether arising from negligence or any other basis in law whatsoever.

Asset	Holder	Interest	Status	Licence expiry date	Licence area	Comments
878.111/2008 DNPM-Brazil	KMINE Holdings Limited / Triunfo Mineração do Brasil Ltda	100 %	Submitted Final Exploration Report and expecting approval	12/06/2015	1355.77 ha	-

1.4 Location and Site Access

The Sergi Potash Project is located in the northeastern part of Brazil, in the State of Sergipe (Figure 1.4_1). The capital of Sergipe State is Aracaju with approximately 570,000 habitants.

The project site (DNPM 878.111/2008) is located in São Cristóvão city, in the southeast part of Sergipe State. The area is accessible from Aracaju to the west along the BR-235 highway for 7km to the junction with the BR-101 highway. From this junction, travel for another 7.7km in a southwest direction until the access road to Timbó village. From here, follow in a northwest direction for another 3.3km to the western boundary of the survey area (Figure 1.4_2). For access of the several drilling sites the use of a 4x4 off-road vehicle is necessary as the roads are mainly unpaved.

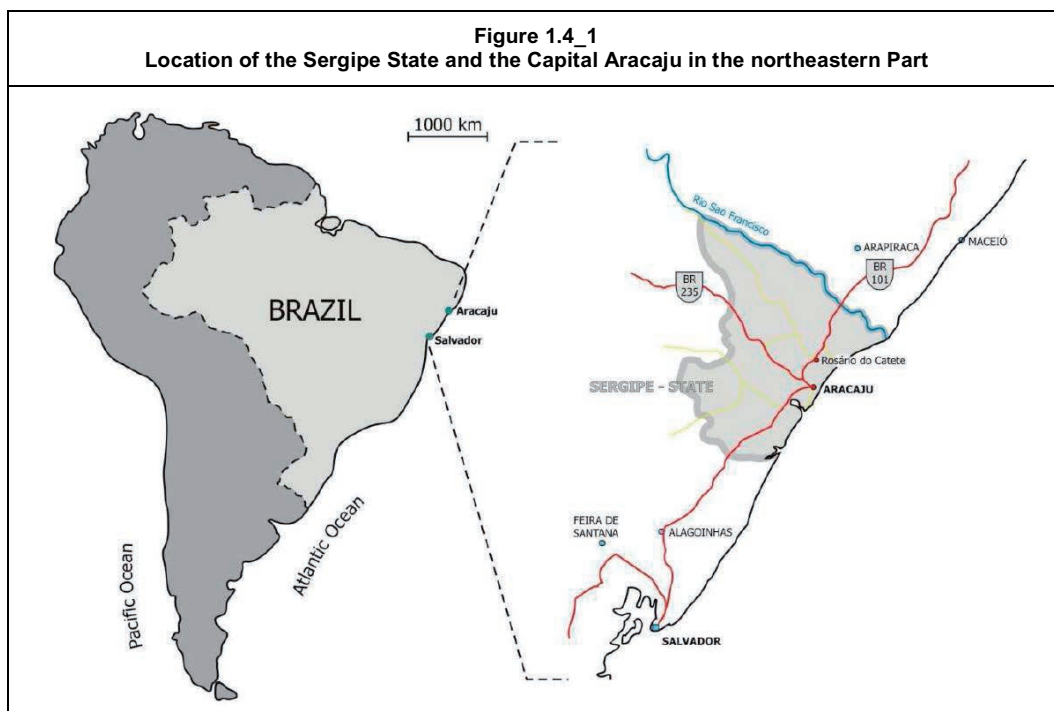
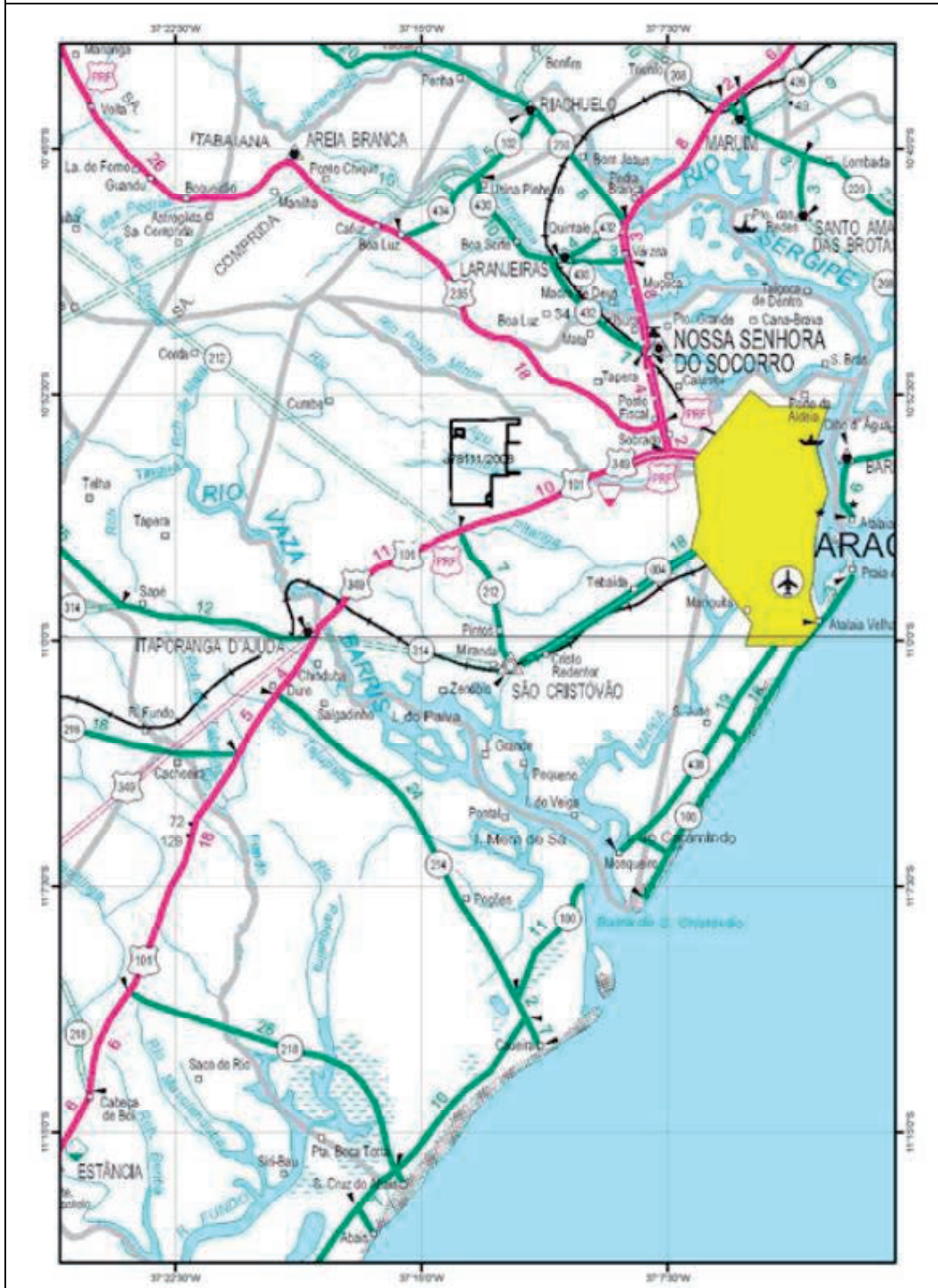


Figure 1.4_2
Location and site access of the Sergi Potash Project (DNPM 878.111/2008).



1.5 Climate, physiography, vegetation and fauna

The project area sits in a zone of subtropical climate with an irregular distribution of rainfall. The average annual rainfall on the coast totals above 1,600mm, whereas the average annual rainfall in the west of the state which is a semi arid zone, drops below 800mm and locally at the project area average annual rainfall is below 500mm (State Secretary for Environment and Hydroresources 2009).

The rainy season typically occurs from April to July/August, with the maximum concentration from May to July. During the autumn and winter periods the quantity of rainfall is sharply reduced. Despite being part of a tropical climate zone, the dry period in the Sergipe State is significant.

The project area features a predominance of flat lands and rolling hills with a maximum elevation of 200m. The fauna in the project area consists mainly of palms, cashew trees and mangroves. Bird life includes several varieties, and there are some mammals such as deer, cavies, and armadillos.

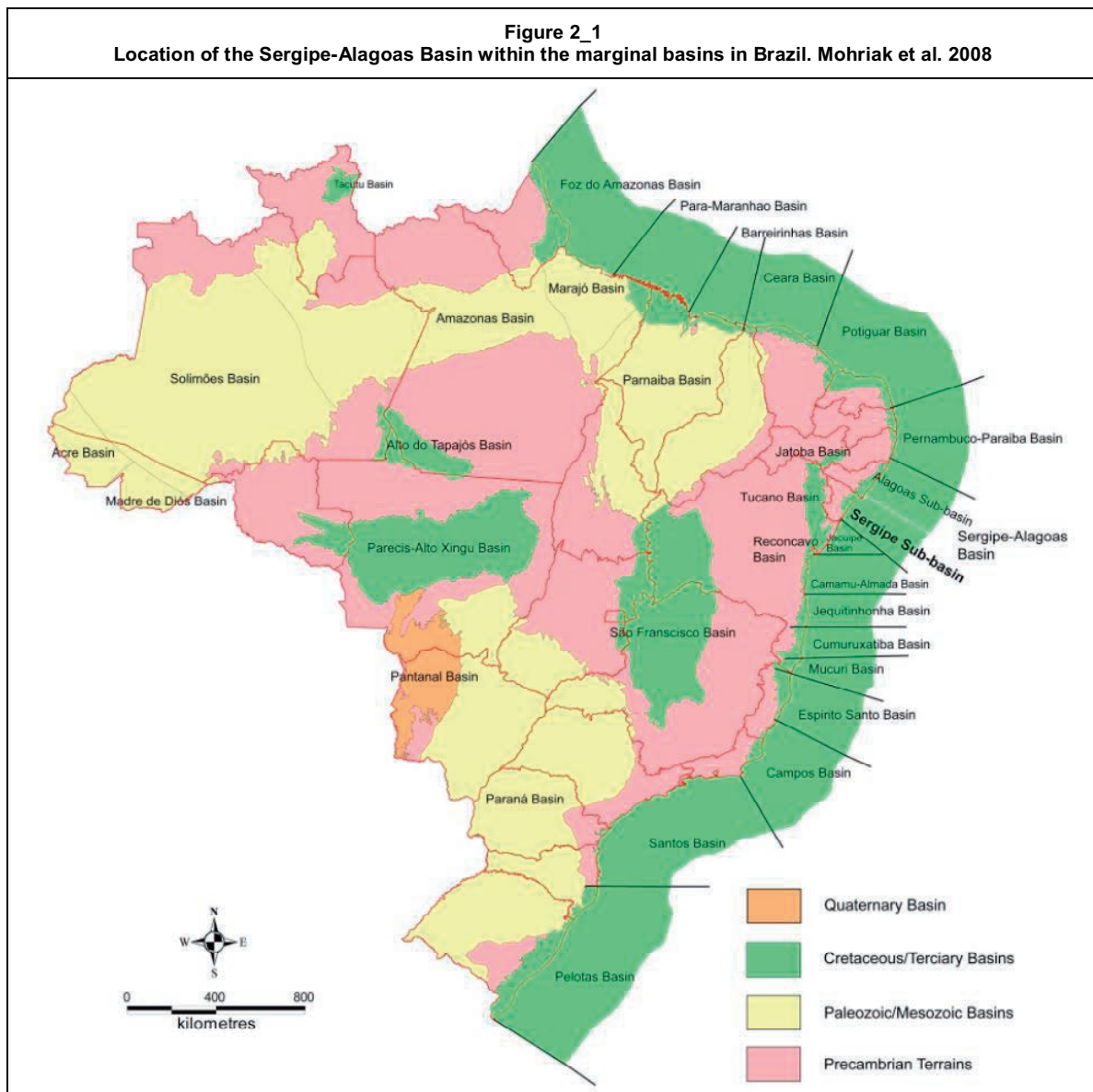
1.6 Glossary of Terms

Below is listed the glossary of terms and abbreviations (Table 1.6_1).

Table 1.6_1	
Glossary of Terms and Abbreviations	
Term	Description
%	Percent
3D	three dimensional
ALPINE / MARIETTA	continuous mine equipment
CAPEX	capital expenditure
DNPM	Brazilian National Department of Mineral Production
ENE	east-northeast
ERCOSPLAN	German consulting and engineering company
g/cm ³	grams per cubic centimetre
GPS	Global Positioning System
GR	gamma ray
ha	hectare
ICP-OES	Inductively Coupled Plasma Optical Emission Spectrometry equipment
JORC	Australasian Joint Ore Reserves Committee
K ₂ O	potassium oxide
KCL	potassium chloride
Km	Kilometres
M	Meters
m/s	meters per seconds
m ²	Square meters
m ³	Cubic metres
mm	Millimetres
Mt	mega tonnes
NE	Northeast
NNE	north-northeast
N-S	north to south
OPEX	operational cost
PETROBRAS	Brazilian Federal Petroleum Company
PETROMISA	PETROBRAS subsidiary
QA/QC	Quality Assurance and Quality Control program
RHOZ	geophysical density survey
RMS	root mean square method
ROM	run of mine
Schlumberger	supplier company of technology and information solutions in the oil and gas industry
SSW	south-southwest
SW	Southwest
t / ton	Tonnes
UTM	Universal Transverse Mercator projection
US\$	American Dollars
VALE	major Brazilian mining company
WSW	west-southwest
Yrs	Years

2 GEOLOGICAL SETTING

The Sergi Deposit sits within the Mesozoic basins in Brazil (Sergipe-Alagoas Basin, Figure 2_1), related to the opening of the South Atlantic during the Upper Jurassic Gondwana breakup (e.g. Davison 2007, Mohriak et al. 2008). Structurally the basin consists of a south-eastward-dipping half graben. It is represented onshore by an over 600km long and 20 to 50km wide belt, but extends over a much wider area offshore. Towards the north, near the Rio Sao Francisco the Sergipe basin sensu stricto, where the Property is located, is separated from the Alagoas Basin sensu stricto by the Japoatã and Penedo highs, whereas to the south, it is separated from the Jacuípe sub-basin by the Rio Real high.



2.1 Lithostratigraphy

The Sergipe basin contains sedimentary rocks that document all different stages in the opening of the South Atlantic Ocean starting, with Late Carboniferous and Early Permian sag sedimentation, over Late Jurassic pre-rift sedimentation and Early Cretaceous synrift sedimentation grading into sedimentary rocks representing onset of flooding and opening of the Atlantic in the Mid to Late Cretaceous and oceanic sedimentation from Late Cretaceous to present times. The general lithostratigraphic column for the Sergipe Basin after Santos & Souza 2001, reflecting this sedimentation history is shown in Figure 2.1_1. The following characterisation is a summary mainly based on TALON 2009.

The sedimentary sequence starts with the Late Carboniferous sedimentary rocks of the Batinga Formation, consisting of conglomerates, immature sandstones and locally laminates, siltstones, interpreted to represent glacial sediments. The Batinga Formation is discordantly overlain by the Early Permian sedimentary rocks of the Aracaré Formation which start with black shales and furthermore, consist of cross stratified coarse grained mature sandstones, silicified oolitic calcarenites, algal mats and stromatolites. These sedimentary rocks are interpreted as being deposited in a coastal sabkha environment.

After a major discordance the Late Jurassic rocks of the Candeeiro Formation consisting of fine to medium grained sandstones were deposited followed by deposition of the red shales of the Bananeiras Formation and later by the medium to coarse grained sandstones with tabular and channelled cross stratification of the Serraria Formation. The depositional environment of these formations is considered fluvial to lacustrine.

A concordant overlaying of the Early Cretaceous (Berrasian, Lower Valanginian) Barra de Itiúba Formation and the interfingering Penedo Formation is postulated. The Barra de Itiúba Formation consists of a succession of shales and fine grained sandstones interpreted to represent deposition of a deltaic system in a lacustrine environment, whereas the Penedo Formation consist of coarse to medium grained sandstones interpreted to represent deposition in a fluvial-deltaic environment subject to eolian reworking. Within these formations a period of non-deposition (late Valanginian) is inferred. Deposition of sediments attributed to these formations started again in the Hauterivian up to Barremian, coeval with sedimentation of the coarse grained polymict conglomerates of the Rio Pitanga Formation that are interpreted as deposits associated with bounding faults of the basin.

These sedimentary rocks are concordantly overlain and in case of the Rio Pitanga Formation interfinger with sediments of the Coqueiro Seco Formation (lower Aptian), consisting of coarse grained sandstones and mudstones deposited in a fluvio-deltaic-lacustrine environment.

A concordant contact is assumed with the Upper Aptian Muribeca Formation, which contain potentially potash bearing evaporites. The Muribeca Formation is divided into:

- The lower Carmópolis Member consisting of polymict conglomerates and sands with minor intercalations of shales and siltstones with a maximum estimated thickness of 320m. The depositional environment is interpreted as alluvial fans;
- The middle Ibura Member consisting of evaporitic rocks; and
- The upper Oiteirinhos Member consisting of shale and siltstone, with sandstone and limestone intercalations and has a maximum thickness of 335m and is considered to represent a neritic depositional environment.

The upper two members of the Muribeca Formation are considered the main hydrocarbon source rock of the sedimentary sequence.

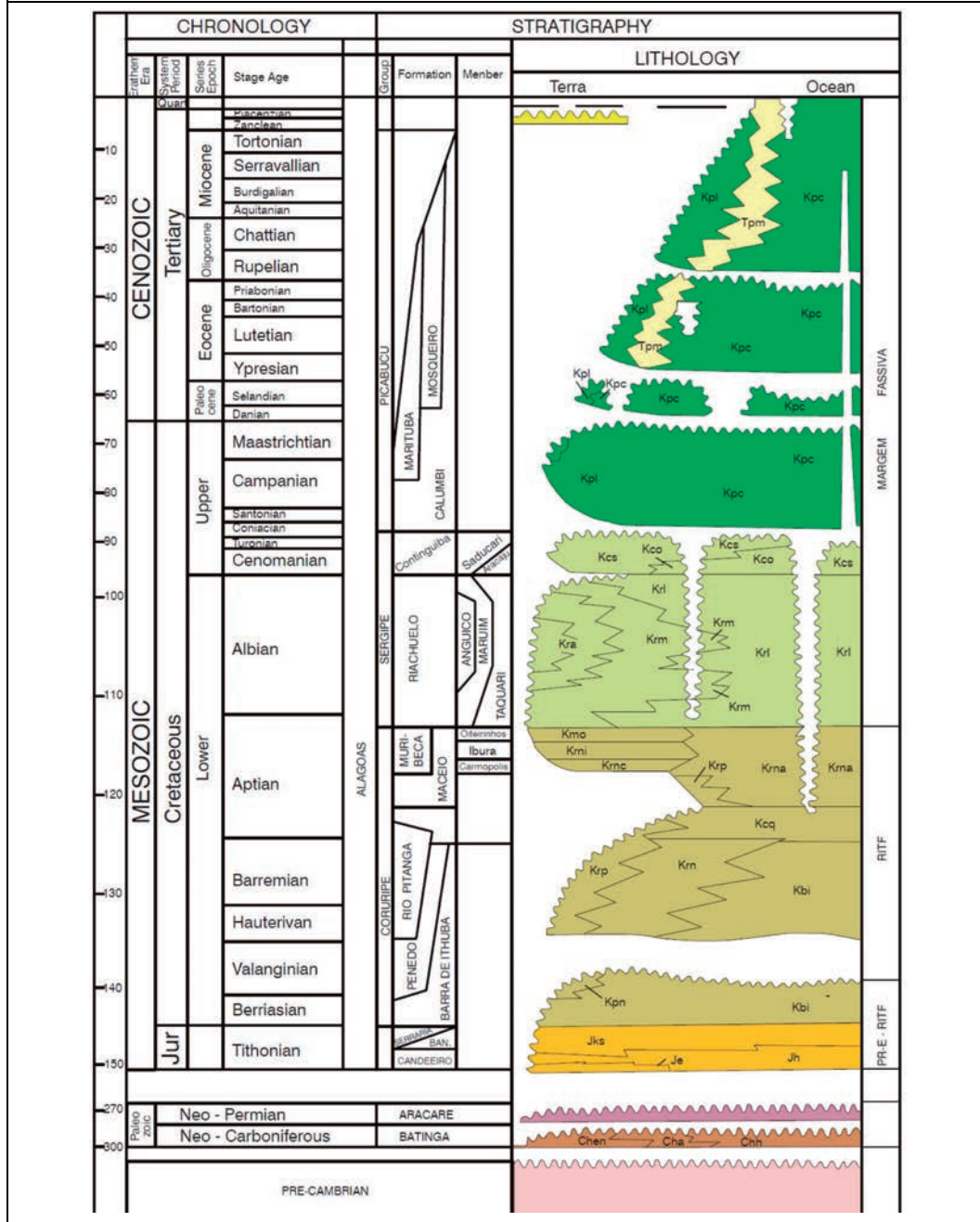
The Muribeca Formation is concordantly overlain by the sedimentary rocks of the Riachuelo Formation of Albian age. This formation comprises the rocks of the Taquari Member (intercalating limestones, shales and siltstones) with a maximum thickness of 716m that interfinger with rocks of Angico Member (fine-grained and conglomeratic arenites) with a maximum thickness of 915m, and the Maruim Member (oolitic-pisolitic beige limestone) with a maximum thickness of 1,124m. The sedimentary environment for these formations ranges from alluvial fan to deep oceanic.

The Cotinguiba Formation of Cenoman to Turonian age concordantly overlies the Riachuelo Formation. This formation comprises the Sapucari Member (gray to light yellow limestone intercalated with calciferous sandstone, calcilutites and local breccias) with a maximum thickness of 744m and the Aracaju Member (claystones and siltstones) with a maximum thickness of 280m. The whole Cotinguiba Formation has an average thickness of 200m. The sedimentary environment is interpreted to be neritic to abyssal.

A major drop in sea level during Coniacian locally resulted in erosion of previously deposited rocks. The rocks of the Calumbi Formation ranging in age between Santonian and Pliocene concordantly cover the older sedimentary formations. The Calumbi formation consists of olivegreen shales and pale yellow sandstones and siltstones. This formation locally interfingers with the medium to coarse sandstones of the Marituba Formation ranging in age from Paleocene to recent. From the Eocene onward the bioclastic calcarenites of the Mosqueiro Formation can also occur interfingering with the two other Formations of the same age. The sedimentary environment for the deposition of these three formations is considered neritic to abyssal. On-shore only older parts of these Formations are preserved.

The Barreiras Formation is a Pliocene formation which intercalates medium to grit-coarse sandstone, with conglomeratic levels and clayish intercalations, which concordantly overly the older sedimentary rocks. Average thickness in the area is about 50m.

Figure 2.1_1
Stratigraphic Column for the Sergipe Basin.
 Modified from Santos & Souza 2001 and Feijó 1994.

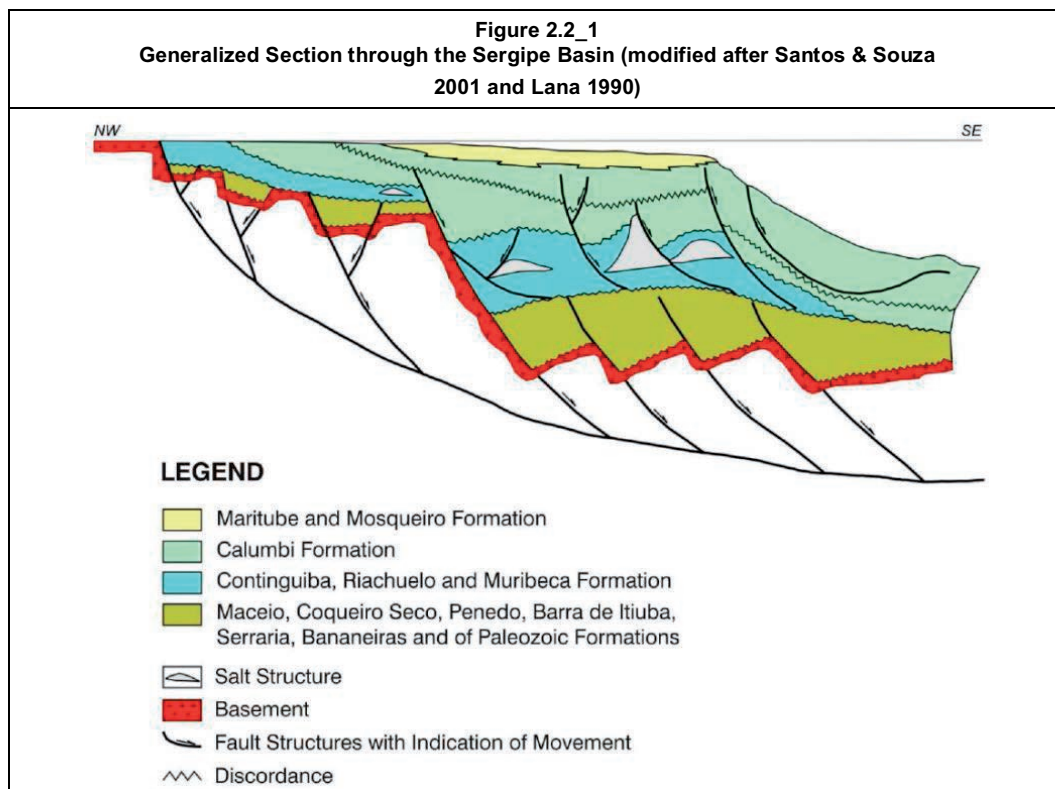


2.2 Tectonics

Within the structural subdivision of Brazil, the Sergi Potash Project belongs to the Sergipe Coastal Basin and as such is part of the youngest Brazilian geological provinces and is surrounded by Cenozoic sediments (Santos & Souza 2001). It is situated at the Eborder of the neighbouring Borborema province (Almeida et al.1977) and is therefore limited to the West from the outer part of the Sergipian belt through alternating NE-SW and almost E-W striking normal folds.

Within the basin NE-SW to NNE-SSW striking normal faults predominate, which build up a subordinated system of smaller grabens and half-grabens within the cretaceous sediments (Figure 2.2_1). On a regional scale the potential deposit is marked by ENE-WSW-striking antiand synclines with ENE dipping folding axes in the North. The southern part is dominated by NE-SW to NNE-SSW-striking folds with NE – NNE dipping fold axes. The southern anticlines show open fractures accompanying the strike-direction of the mentioned axes.

The intense deformation of the Cretaceous sediments of the potential deposit due to the regional folding and development of graben-structures resulted in delineation of several depositional sub-basins, in which fluid circulation partly resulted in the dissolution of the Ibura Member evaporitic rocks (carnallite, sylvinite, rock salt, anhydritite). The result is locally depletion of highly soluble minerals (carnallite, sylvite, halite) and enrichment of insoluble material (clay, partly anhydrite) of the Ibura Member.



2.3 Local geology

The potash mineralization in the Sergi project area is hosted in Ibura Member of Muribeca Formation, a sequence of evaporitic rocks, characterized as follow.

2.3.1 Ibura Member

Ibura is the basin's evaporitic unit, subdivided into nine (9) evaporitic cycles (479m of maximum thickness). Ibura's cycle IX has two traceable layers in the entire basin, which are excellent correlation marks. The upper layer is known as Mark 39, made up of anhydrite and limestone fragments in variable proportions dispersed into a clay-calciferous matrix. Mark 38's base (known as Topo do Sal / salt top) is in discordant contact with the basin's soluble salts, especially in cycle VII, which contains the potential potash deposits.

The economic potential of the Sergipe Basin is derived mostly from the presence of the evaporite sequence of the Ibura Member (Table 2.3.1_1). The mineralization description is based on the exploration work done in the Sergipe basin by PETROMISA (a PETROBRAS subsidiary). The evaporite characteristically bears micro-inclusions of gas, which allowed the recognition of nine cycles based on the nature of the gaseous phases and the salinity. Cycles I and II include mostly Halite which is transgressive to the underlining sediments. In cycles III and VI the salinity and isolation of the sub-basin became extreme resulting in the precipitation of carnallite and tachyhydritite from distal brines. The top of cycle VI is marked by an intense period of dissolution, referred as pre-cycle VI unconformity, which removed most of the salt accumulated so far, particularly in the Carmopolis and Sirizinho structural highs. Cycle VII overlays this unconformity and includes rock salt and sylvinite beds and layers of carnallite, which are mined in the Taquari-Vassouras underground mine presently operated by VALE. Below this mineable sylvinite horizon a thick tachyhydritite layer exists. Below this tachyhydritite a thick carnallitite deposit is present in the Taquari Vassouras area. The carnallitite deposit is the purpose of VALE's Carnallitite Solution Mining project.

The potash zones contain carnallite and/or sylvinite. These potash layers can occur in several levels within the Ibura Member but can also be missing due to non-deposition or dissolution processes. Whilst the primary sylvinite usually occurs as single layers, the carnallite can be present as one thick carnallite layer as well as carnallite and rock salt interlayering. Based on the historical drill results, it is possible to build up a paleogeographic reconstruction of the evaporite sequence which was carried out delineating the limits of the different sedimentary facies. The different facies were divided in four domains:

- Siliciclastic Domain: represents paleoareas where the Ibura Member is composed only of siliciclastic lithologies. Anhydrite and soluble salts are not present on this domain, suggesting low potential zones for potash mineralization.
- Anhydrite Domain: represents paleoareas where the Ibura Member is composed of anhydrite layers and siliciclastic sediments. Any kind of soluble salts (Halite, Sylvite, Carnallite or Tachyhydrite) are present on this domain which may represent the interface between siliciclastic deposition and the evaporites.
- Halite Domain: represents paleoareas where the paleoclimatic conditions increased the salinity of the brine and allowed the deposition of Halite which may or may not occur intercalated with Anhydrite and siliciclastic sediments. In principle, potash salts are not present but the density of

the information does not allow making the assumption that potash layers cannot exist. Based on that, potential zones for potash mineralization may exist within this domain.

- Potash Domain: represents paleoareas where the paleoclimatic conditions allowed the maximum the salinity of the brine and the deposition of potash salts which may or may not occur intercalated with Halite, Anhydrite and siliciclastic sediments. Clearly, this domain represents the highest potential zones to host potash mineralization. The potash mineralization target of the Sergi Potash Project consists of two upper sylvinite rich layers and two lower carnallitite rich layers, with 25% and 16% KCl average content, respectively.

Table 2.3.1_1
Mineralization of the Ibura-Member in the northern Basin in the Project Area.
Compiled from Technical Report Rio Verde's Mineral Properties in the Sergipe Basin, Brazil 2011.

Formation	Member	Environment	Salinity	Lithology			
MURIBECA	OITERINHOS	OPEN LAGOON					
	IBURA	COASTAL PLANE	DECREASING SALINITY	cycle	marker bed	LITO/MARCO	
				IX		rock salt	
						Clastics with intercalated carbonat	
					M39	anhydrite, nodular	
		M38			Anhydrite, breccia		
		VIII			rock salt, anhydrite		
				M37	Anhydrite, laminated		
				VII		rock salt	
						upper sylvinite zone	
		M35			rock salt		
					lower sylvinite zone		
		CLOSED LAGOON		INCREASING SALINITY		tachyhydrite	
					VI	M26	potash zone, carnallite
							rock salt
						M24	potash zone, carnallite
							rock salt
					V	M21/20	clay, claystone
							rock salt
							tachyhydrite of cycle V
							rock salt and carnallite
					IV	M16	clay, claystone
							rock salt
							potash zone, carnallite
		M13		rock salt			
	M12		clay, claystone				
	III		rock salt				
		potash zone, carnallite					
M5		rock salt					
II	M4.1	claystone					
		rock salt, local with carnallite and some Sylvite					
I	M3.2	claystone					
		rock salt with interbed claystone					
	CARMOPOLIS	COASTAL PLANE		conglomerate			
PITANGA	-						

3 COMPILATION OF DATA

Harvest Minerals has acquired historical data from 1967 to 1991, from 286 oil exploration wells from Petrobras Petróleo Brasileiro S/A, of which 5 are located in Sergi Potash Project area. This data comprises downhole geophysical profiles, as Gamma (GR) and density (RHOZ), and oil exploration well data, based in mixed drilling methods.

The original drill hole data provided by Petrobras through the ANP (Brazilian National Petroleum Agency) was reinterpreted by Rio Verde Minerals Corporation for the potential presence of potash by the correlation of lithological description and geophysical downhole survey (Figure 3_1). These interpretations were based on the available geophysical logs for the Ibura member of the drill holes. The resistivity and x-ray log of the positive drill hole for potash ore (FT0001 SE) in Sergi Potash Project area is shown in Figure 3_2.

The reinterpretation of the geophysical logs of the historical oil wells regarding stratigraphy and presence of potash resulted in the estimation of depth of the top of the evaporitic Ibura Member, depth of the Base of the Ibura Member (Figure 3_3); and the thickness of soluble salt (rock salt, sylvinite, carnallite and tachyhydritite) that provides important constraints on the delineation of potential potash bearing areas.

In addition, we considered historical and reprocessing data of aerial and ground geophysical data from Petrobras, which comprised 273 km of aeromagnetic and gravimetric lines plus 169.8 km of 2D-seismic distributed in ten individual lines (Figure 3_4) from ANP. This data was used to support the understanding of the geological setting and constrain the ore targets in the Sergipe sub-basin.

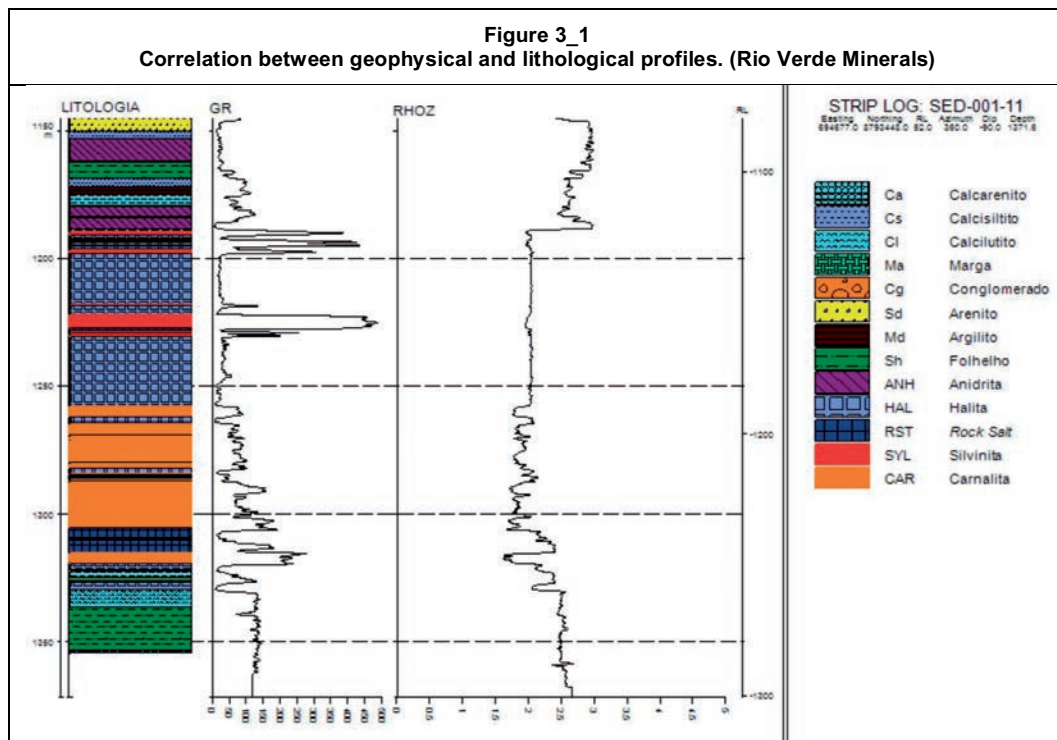


Figure 3_2
Geophysical Logging Datasheet of Potash Bearing Drill Hole 1 FT 0001 SE

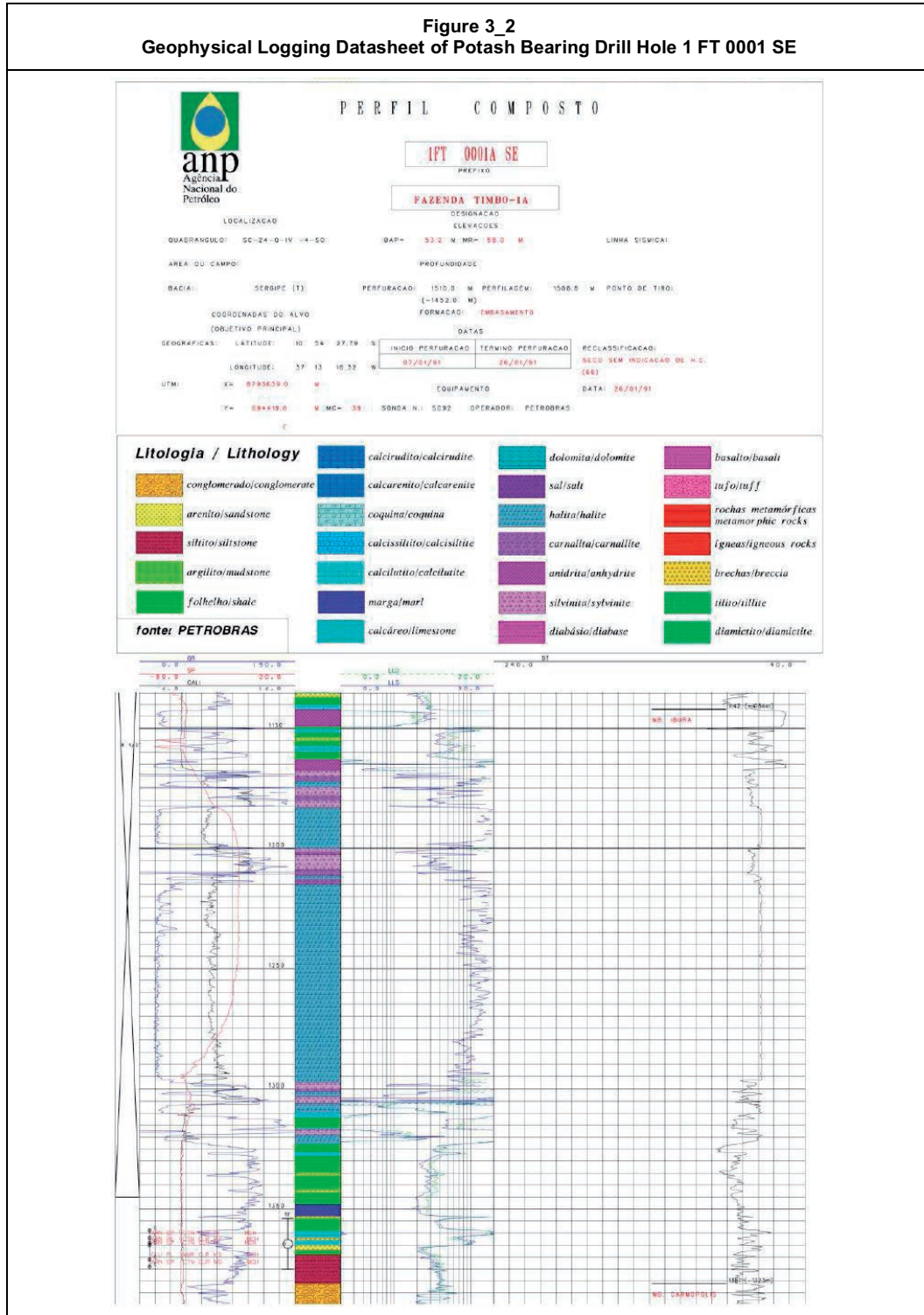


Figure 3_3
Isopach map of Ibura Member thickness.

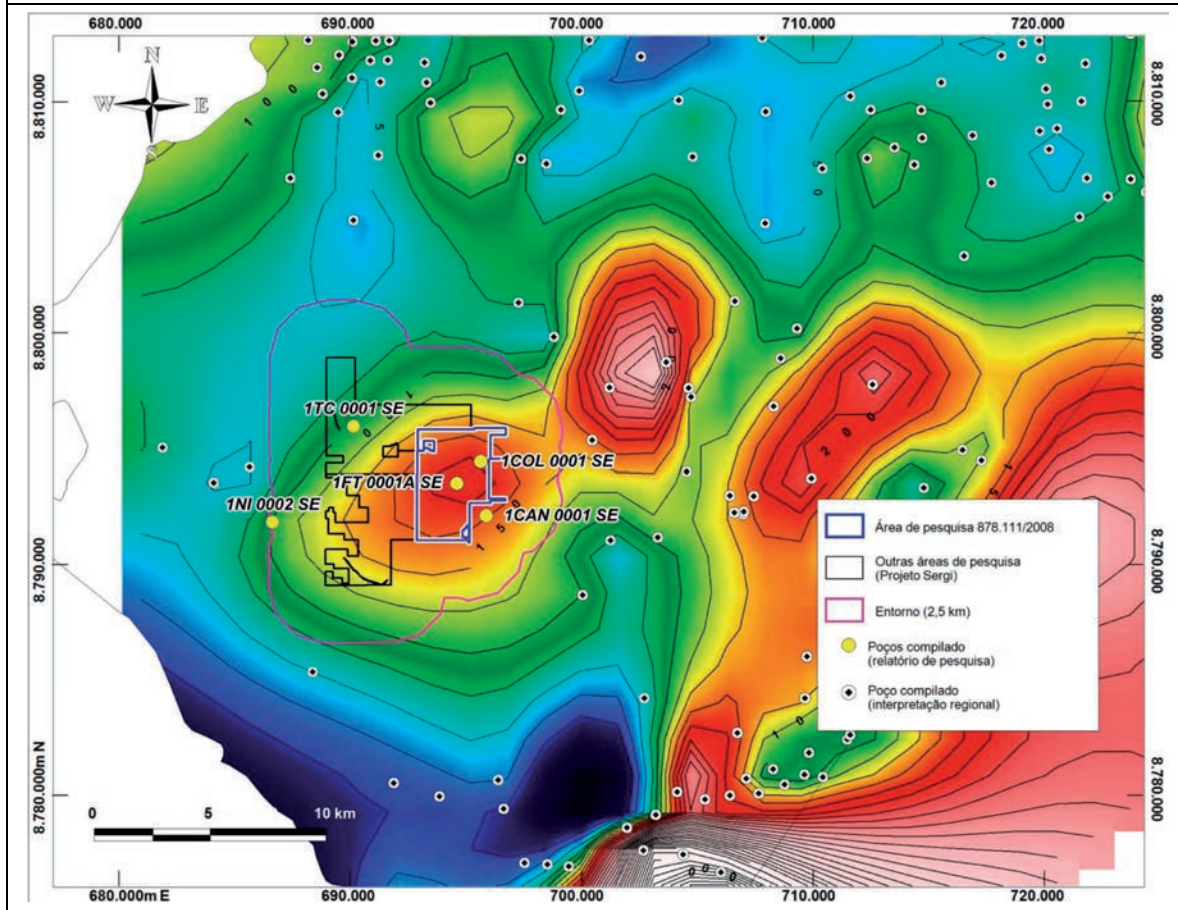
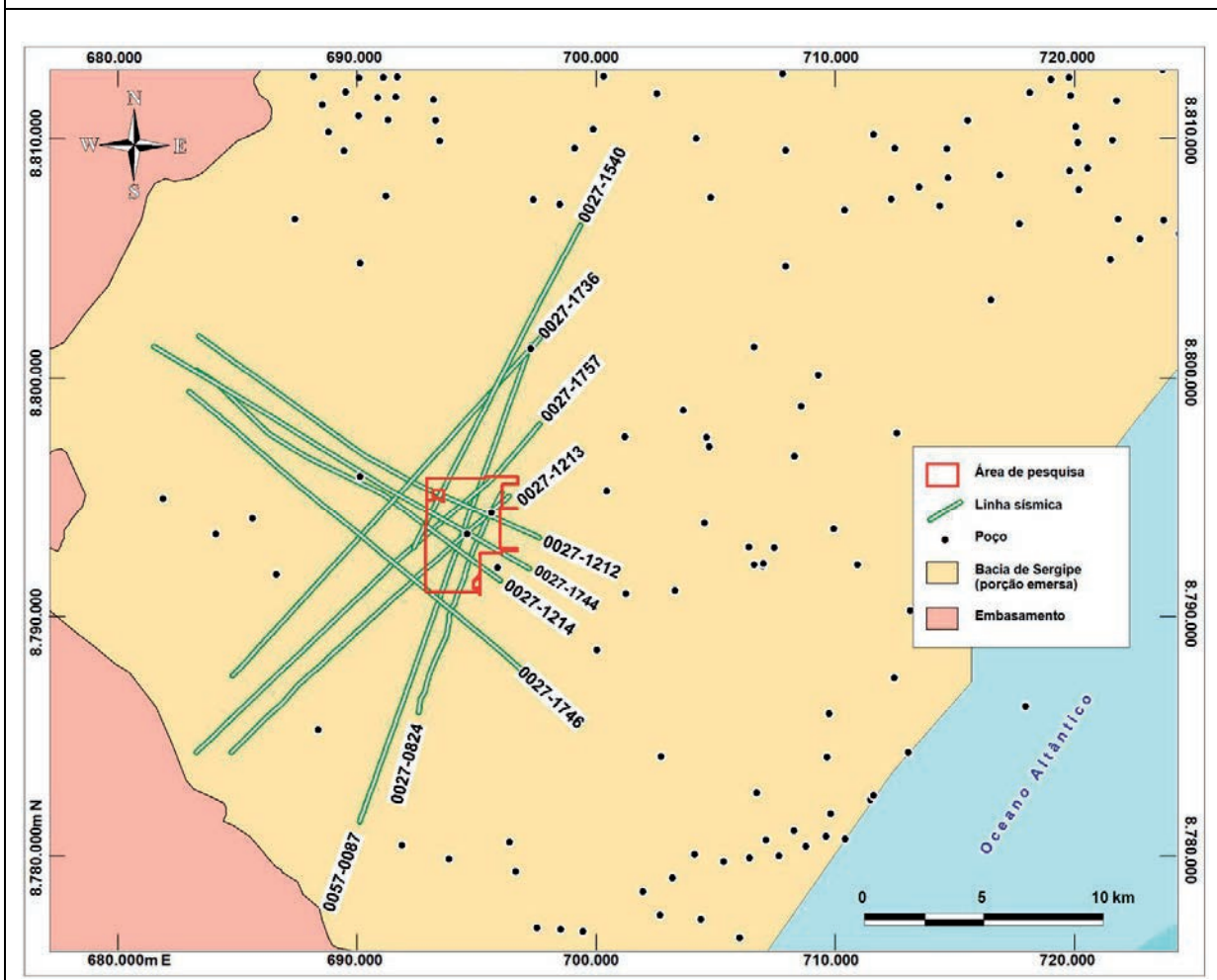


Figure 3_4
Re-processed and re-interpreted seismic lines in the Sergi Project area.



4 EXPLORATION

4.1 3D Seismic

The 3D seismic survey was conducted between June 2013 and August 2013 by Geoquasar. The survey comprised a total area of 42.93 km², within the tenement area (878.111/2008, Figure 4_1).

The survey lines were undertaken along E-W with source lines (LT – shot) and along S-N with receiver lines (LR – geophones). Shots and geophones were spaced at 300m intervals along source and receiver lines, respectively (Figure 4.1_1).

The data collected was processed by RPS, a market leader Canadian company for potash seismic acquisition.

The purpose of the 3D seismic survey was to define the structural features of the Sergipe Sub-basin sedimentary sequence, the thickness of the soluble salts horizons and the potential areas for sylvinite in the Sergi Potash Project area (Figure 4.1_2). The Ibura Salt is thickest at the north end (yellow/orange colour). No dissolution is observed within the Sergi 3D.

The RMS method (Root Mean Square) was applied to highlight the potential areas for sylvinite (Figure 4.1_3). Ibura RMS is calculated within a time window 50 ms below and 5 ms above the Ibura horizon. Areas with high RMS values (greys) correspond with anhydrite or carnallite. Areas with low RMS (red, yellow and green) correspond with sylvite occurrences. The very low RMS values along the eastern edge of the 3D may contain salt but should be viewed as suspect. Data quality is low and no wells penetrate this anomaly.

Geological data was correlated with seismic sections and sonic and density profiles to define the horizons related to the Ibura Member (synthetic seismograms, Figure 4.1_4).

The data was also used to determine the subsequent exploratory drilling program in the Sergi Potash Project.

Conclusions over the results of 3D seismic survey are:

- Seismic data quality of the Sergi 3D is poor, but is of sufficient quality to identify the top and bottom of the Ibura Salt and identify potential drill targets.
- Anhydrite occurs at the Ibura level over most of the Sergi 3D. The interface of the overlying clastic to the underlying anhydrite produces a strong seismic reflector that is easily mapped. The top Ibura Salt interface produces a dim reflector allowing the mapping of salt versus anhydrite.
- Based on calibration to known geology from well data, **sylvite** is observed to occur in the upper Ibura Salt section and the distribution can be mapped using RMS maps created from the seismic data. **Sylvite** is assumed to occur in areas where the Ibura Salt is present and where the upper Ibura does not contain carnallite or anhydrite.
- An occurrence of carnallite identified in Well 1 CAN 0001 SE is mapped trending north from the well location.

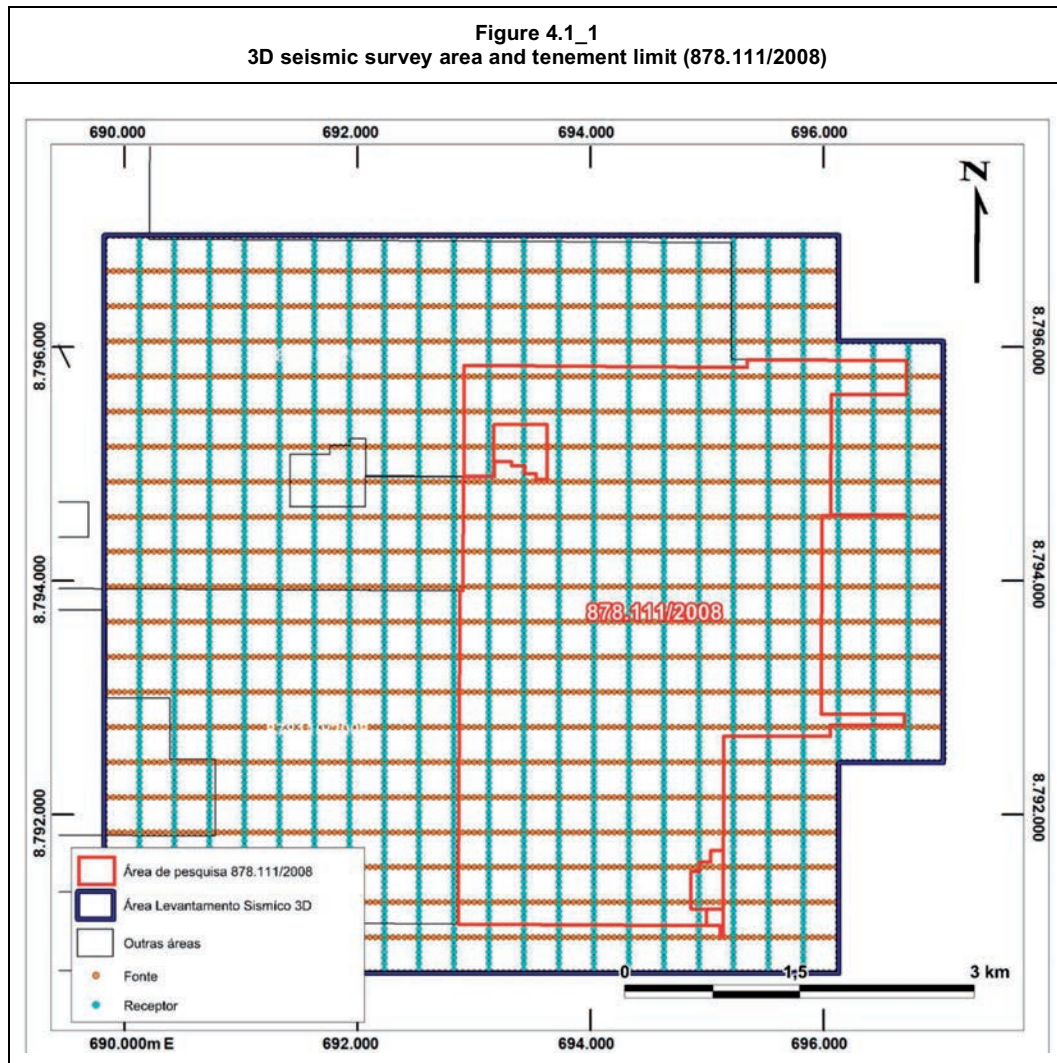
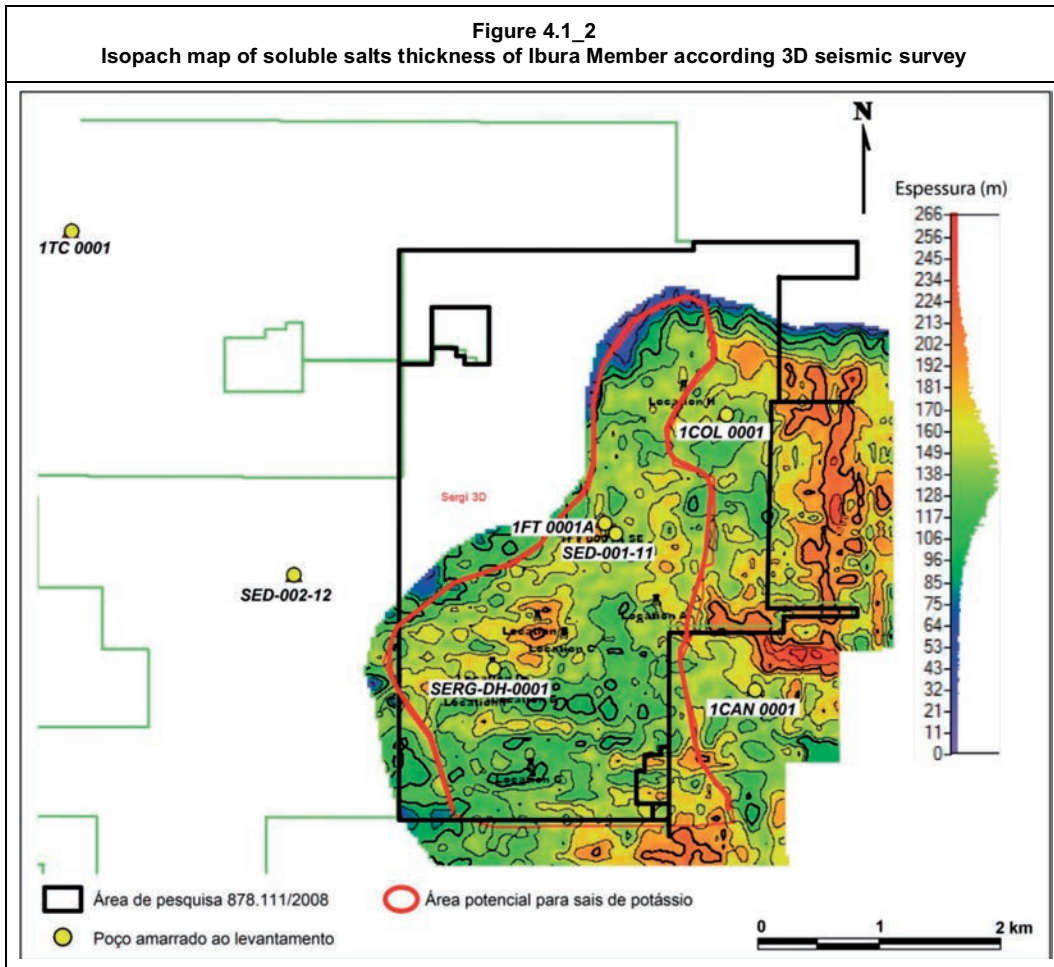
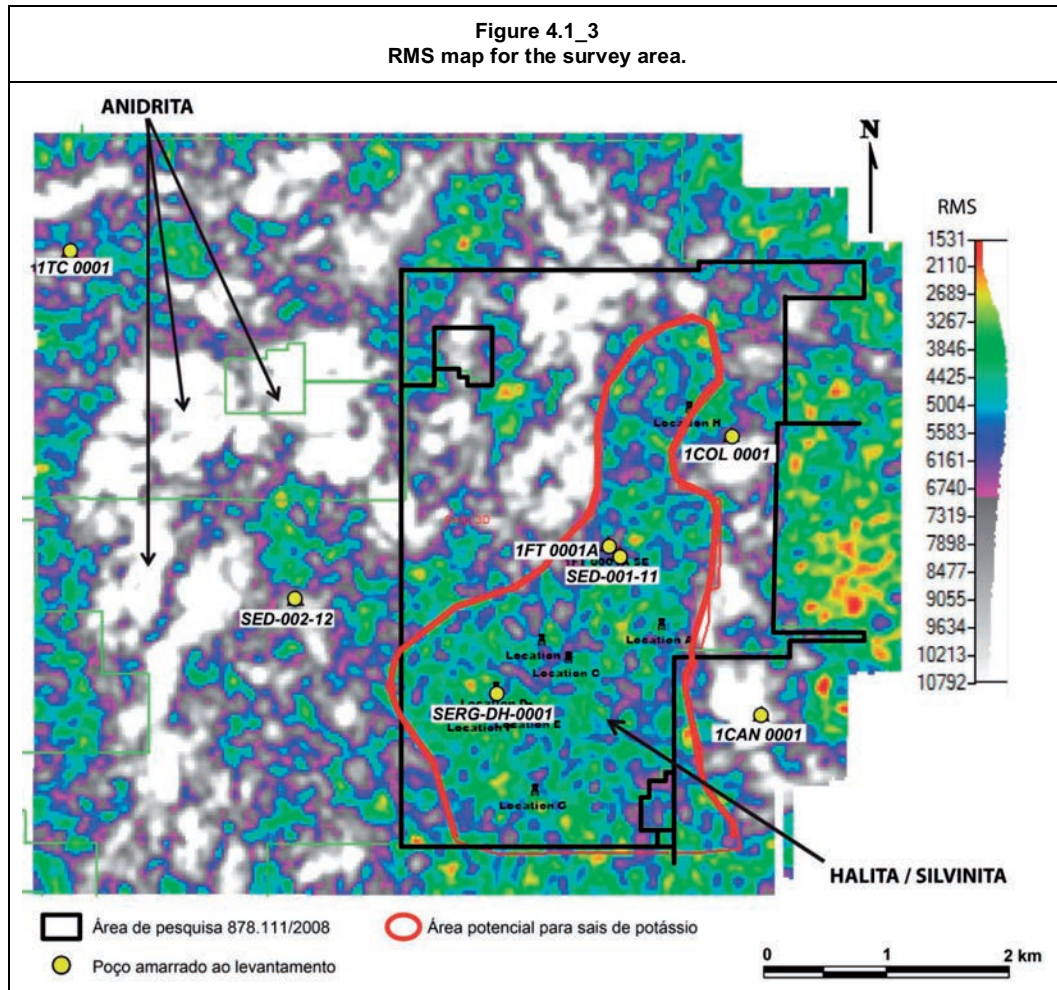
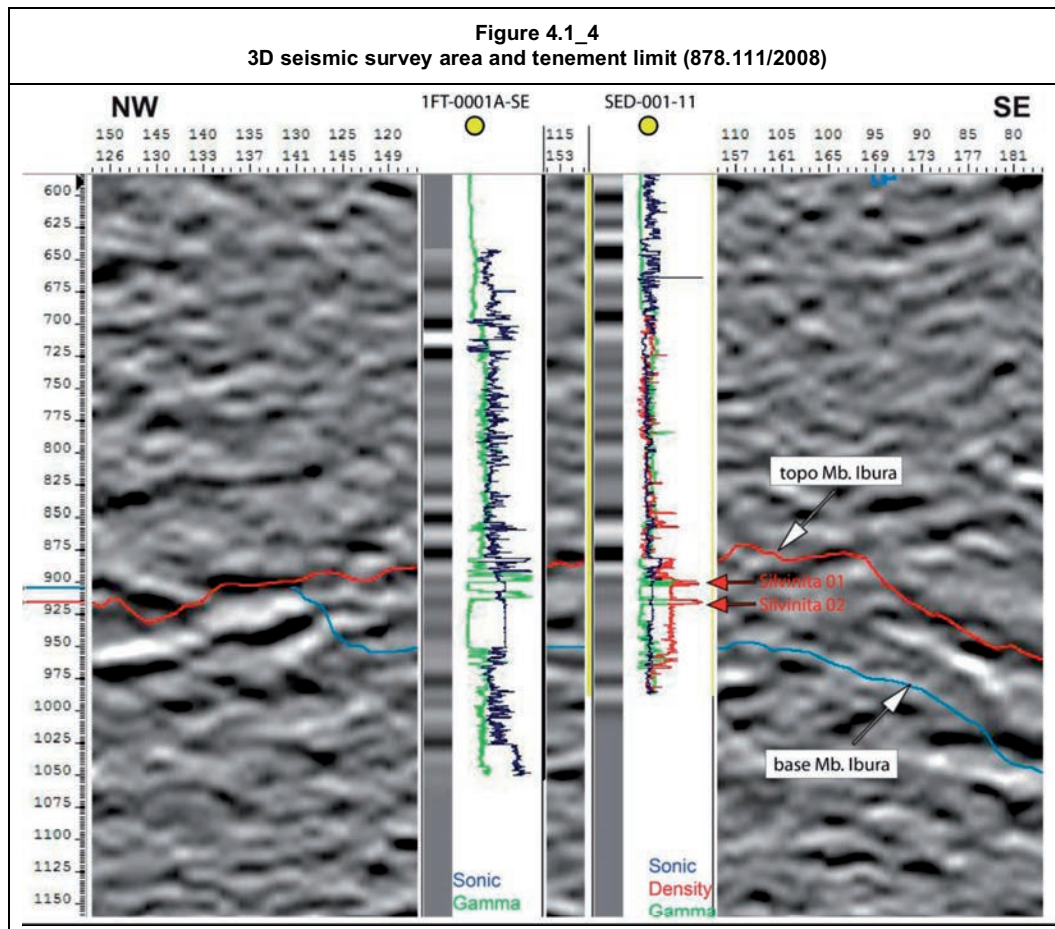


Figure 4.1_2
Isopach map of soluble salts thickness of Ibura Member according 3D seismic survey







4.2 Drilling Program

Historical data from the 5 drillholes that were drilled from 1967 to 1991, was acquired from Petrobras through the ANP (Brazilian National Petroleum Agency) by Harvest Minerals.

The Sergi Potash Project drilling program comprised a total of 4 exploration drill holes, which were conducted between 2011 and 2014. Of these drill holes, 3 are within the mineral tenement limits (878.111/2008, Table 4.2_1 and Figure 4.2_1). This program was developed considering the geophysical and geological data as well as the environmental and logistical aspects.

Coffey performed a field check of drilling platforms to audit the transparency and materiality of the drilling program (Figure 4.2_2). Inconsistencies or errors have not been detected.

Rotary method was applied: tricone bits for sedimentary rocks; large size drill rigs with pull down system; drill bit attack applied by the weight of the rig. Polymer-based fluids (applied for lubricate and cool the drill bit, support the core walls and bring upwards the drill cutting samples and core sampling diamond drilling method for the target layers (evaporites).

The core diameter ranges from 17.5 inches to 4 inches as required by drilling conditions at deeper ranges. The core diameters were obtained from the downhole geophysical survey of the oil wells conducted by Schlumberger.

The core recovery values were obtained by thorough measures and depth recording. A synthetic fluid was applied in core sampling to ensure the salt samples recovery, with no dissolution (perfect caliper).

The sample recovery values were higher than 95%, and then no significant loss of mass was observed in the mineralized zone.

After the conclusion of second stage of drilling work, the drillholes X, Y, Z coordinates were determined through a total station survey and geodetic GPS by a hired specialized company (Projection: UTM - Zone 23 South; Datum: South American 1969). The accuracy of surveys is high and compatible with the phase of the project.

The topography used in model was created by level curves generated from total station surveys on 3D seismic survey stations.

The drilling program was based on a grid of 1500mx1500m spacing. The placement of drilling grid and the single intercept on the mineralized zone are insufficient to classify the zone with moderate or high level of confidence. The continuity was not proved.

The deposit is sub-horizontal and stratiform and the drillholes are vertical. Drilling interceptions were made at approximately 90°. No sampling bias is recognized as a result of drilling orientation and mineralized strata.

Drilling and sample custody (second drilling campaign) were supervised by Harvest Mineral's technical team. The transportation and storage of drillcores to coreshed was conducted under appropriate security procedures. Drillcores were bagged and stored in appropriate boxes (Figure 4.2_3).

ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH (ERCOSPLAN), a German consulting and engineering company with substantial experience in the potash and mineral salt industry, carried out Technical Due Diligence for the mineral properties in the Sergipe Basin, Brazil. The Competent Person Dr Henry Rauche was responsible for this due diligence and is a Member of European Federation of Geologist (EurGeol - member # 729).

Table 4.2_1
Drilling program summary

Sergi Project - Database summary	
Number of holes	8
Total length (m)	11 273.65
Assay results	140

Hole	Collar			Azimuth	Dip	Depth
	x	y	z			
1CAN_0001_SE	695 869.00	8 792 127.00	28.00	360	-90	1 581.00
1COL_0001_SE	695 620.00	8 794 440.00	28.00	360	-90	1 670.00
1FT_0001A_SE	694 596.00	8 793 530.00	58.00	360	-90	1 510.00
1TC_0001_SE	690 119.00	8 795 966.00	56.00	360	-90	1 165.20
SED-001-11	694 684.49	8 793 447.63	50.60	360	-90	1 379.40
SED-002-12	691 999.56	8 793 077.38	66.96	360	-90	1 231.15
SERG-DH-0001	693 635.00	8 792 283.00	50.00	360	-90	1 358.90
SERG-DH-0002	694 435.00	8 791 851.00	47.00	360	-90	1 378.00

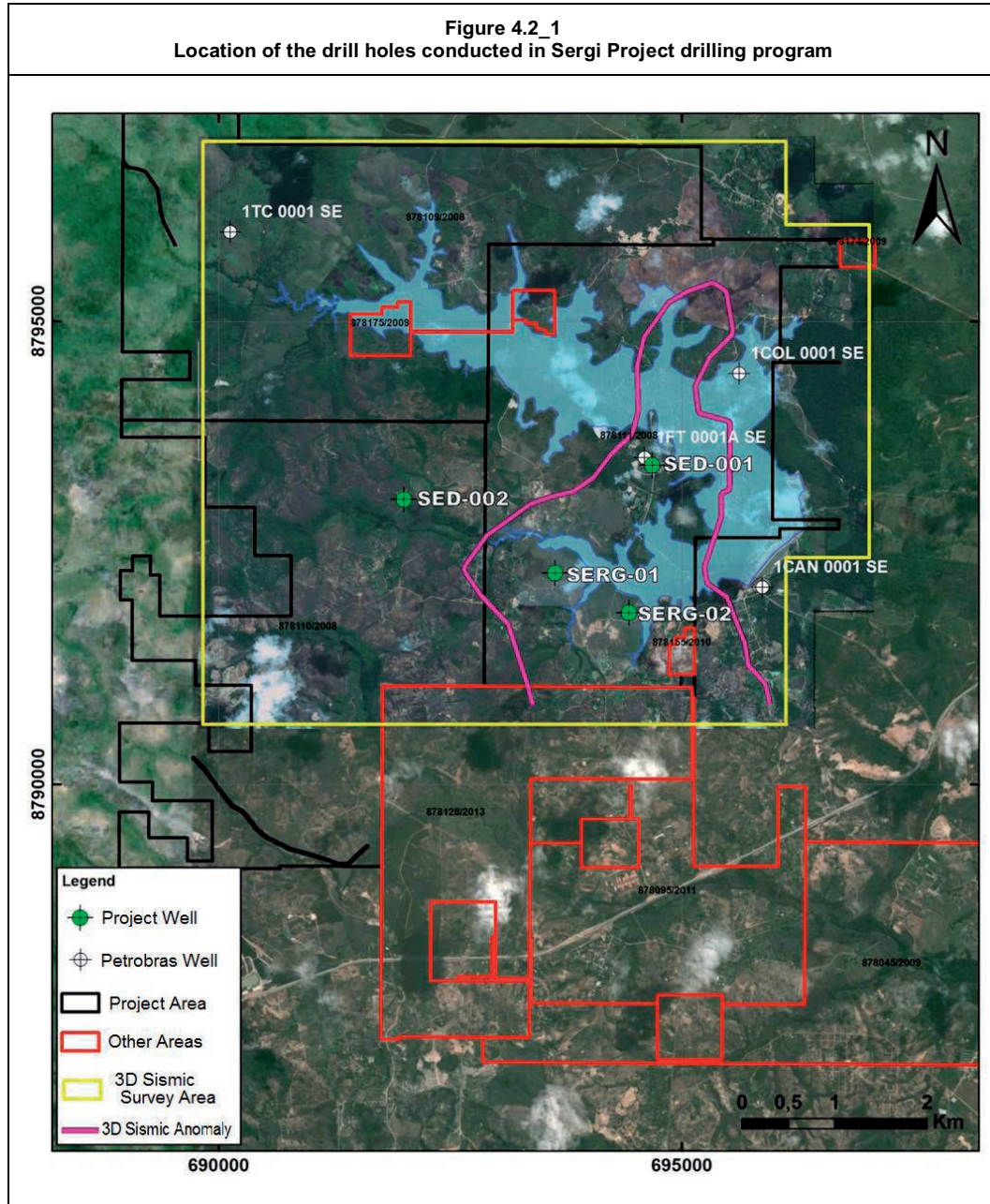


Figure 4.2 2
Field Check of Drilling Platforms



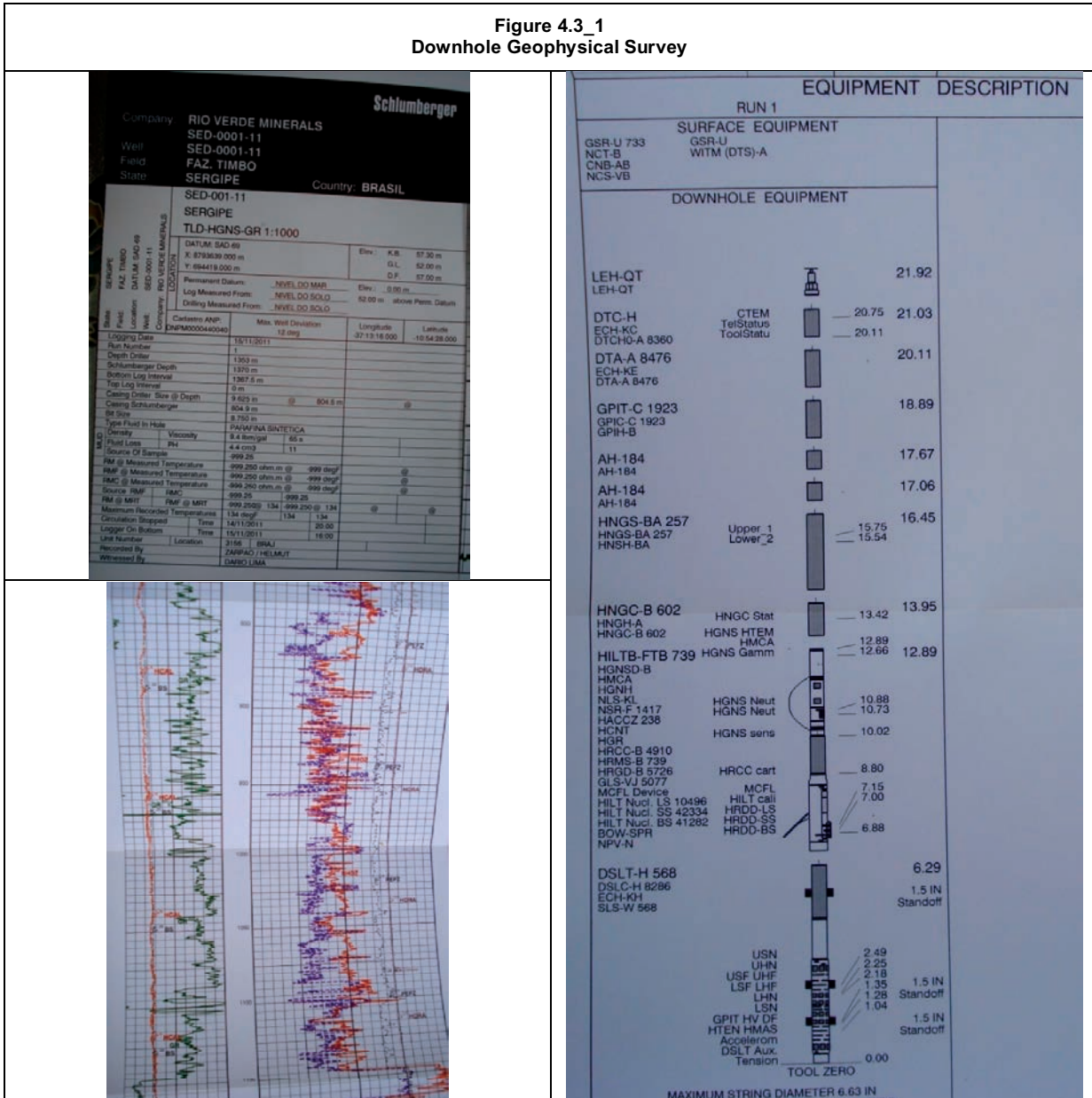
Figure 4.2_3
Drillcore Storage



4.3 Downhole Geophysical Survey

In addition to the historical data acquired from ANP, a downhole survey program was conducted by Schlumberger, after the drilling stage in three drillholes: SED-001-11, SED-002-12 and SERG-DH-0001 (Figure 4.3_1).

Figure 4.3_1
Downhole Geophysical Survey



5 SAMPLING AND ASSAYING

Detailed geological logging was conducted for both mud samples and core samples. Both qualitative geological logging and downhole geophysical surveying was conducted. The core logging was supported by portable X-ray fluorescence equipment (Figure 5_1).

Figure 5_1 presents geological log physical archive example.

Figure 5_1
Geological Logging



Figure 5_2
Geological Log Physical Archive

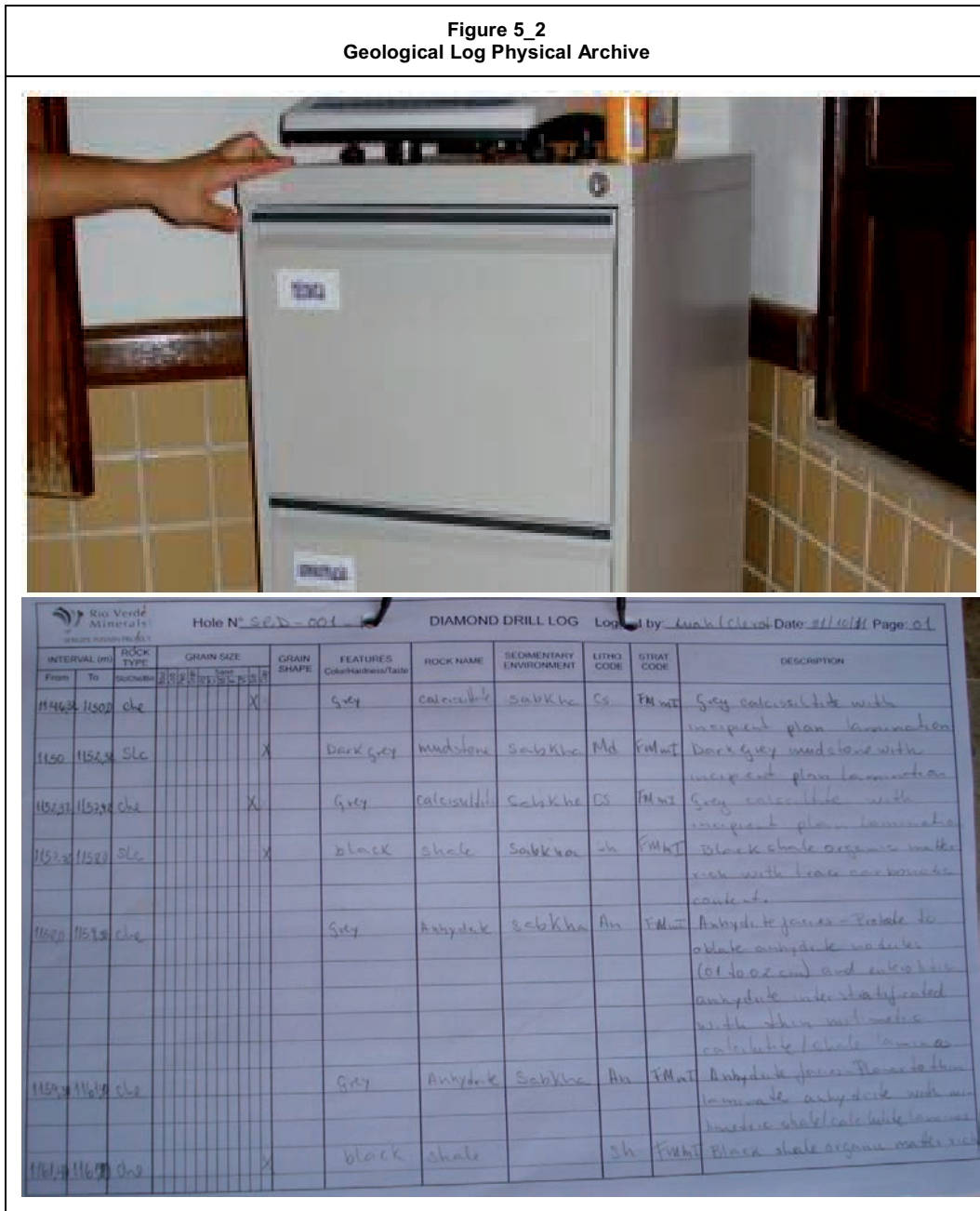


Figure 5_3
Core Boxes Photos



A comprehensive library of documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols was produced and stored electronically.

Core boxes were photographed (Figure 5_3) and the core samples were sawn and a quarter of the core was submitted for laboratory analysis (Figure 5_4). Three quarters of the samples were retained in the core boxes for future duplicate assay as required. The samples sizes are considered by the ERCOSPLAN consultant as adequate in relation final grain size of sampling.

The samples was prepared and bagged to prevent moisture. Samples were dried in an oven at 105°C for 8 hours. The moisture was measured by weight variation.

The analyses were conducted at the Ercosplan Geotechnik und Bergbau labs, located in Erfurt, Germany, and assaying by Inductively Coupled Plasma Optical Emission Spectrometry equipment (ICP-OES). Samples were dissolved in deionised water. The results comprise the values for potassium salts, sulphates and chlorides, ions and total and residual H₂O. Ercosplan laboratory is certified according to a high standard of quality management DIN EN ISO 9001:2008. Table 5_1 presents the significant intercept values for drillcore assay results.

Verifications of mineralization intersections in the field and in core samples has been undertaken and reported by the Coffey consultant. The core sample preparation technique is compliant with best practices and appropriate for the mineralization type.



Table 5_1 Drilling Intercepts Summary					
Hole	Mineralized layers	From (m)	To (m)	Lenght (m)	KCl (%) grade
SED-001-11	Sylvinite zone 01	1189.38	1197.65	8.27	20.94
	Sylvinite zone 02	1221.86	1230.32	8.46	28.98
	Carnallitite zone 01	1298.6	1305.85	7.25	13.04
	Carnallitite zone 02	1313.9	1319.46	5.56	19.5

6 QUALITY ASSURANCE AND QUALITY CONTROL PROGRAM (QA/QC)

The quality control program developed and adopted for the Sergi Potash Project comprised the checking of sampling and assaying procedures. Harvest Minerals prepared field duplicates for assessment of sampling and assaying error. The drillcore duplicates were produced over 1/4 of the total drillcore.

The analysis of the results from the duplicates showed variations in sulfate and calcium content probably reflecting mineralogical variations in samples (Figure 6_1).

The standard samples prepared by the laboratory are not certified reference material since the potash salts are highly soluble.

The procedures for standards samples adopted the insertion of an internal control sample in laboratory for each 10 samples. The results analysed by dispersion and regression graphs (Figure 6_2) and T-test analysis showed a good accuracy and thus validate the analytic procedures.

Coffey verified the field duplicates are in conformity of best practices for the industry procedures. The preparation of the standard samples by the same assaying laboratory is common practice in the mining industry but is not the best practice. However, the acquisition of standard samples for KCl are very difficult to be found on the current commercial market.

The results of QA/QC analysis are within the acceptance limits for the resource classification at low to moderate level of confidence.

Figure 6_1
Duplicates dispersion graphs

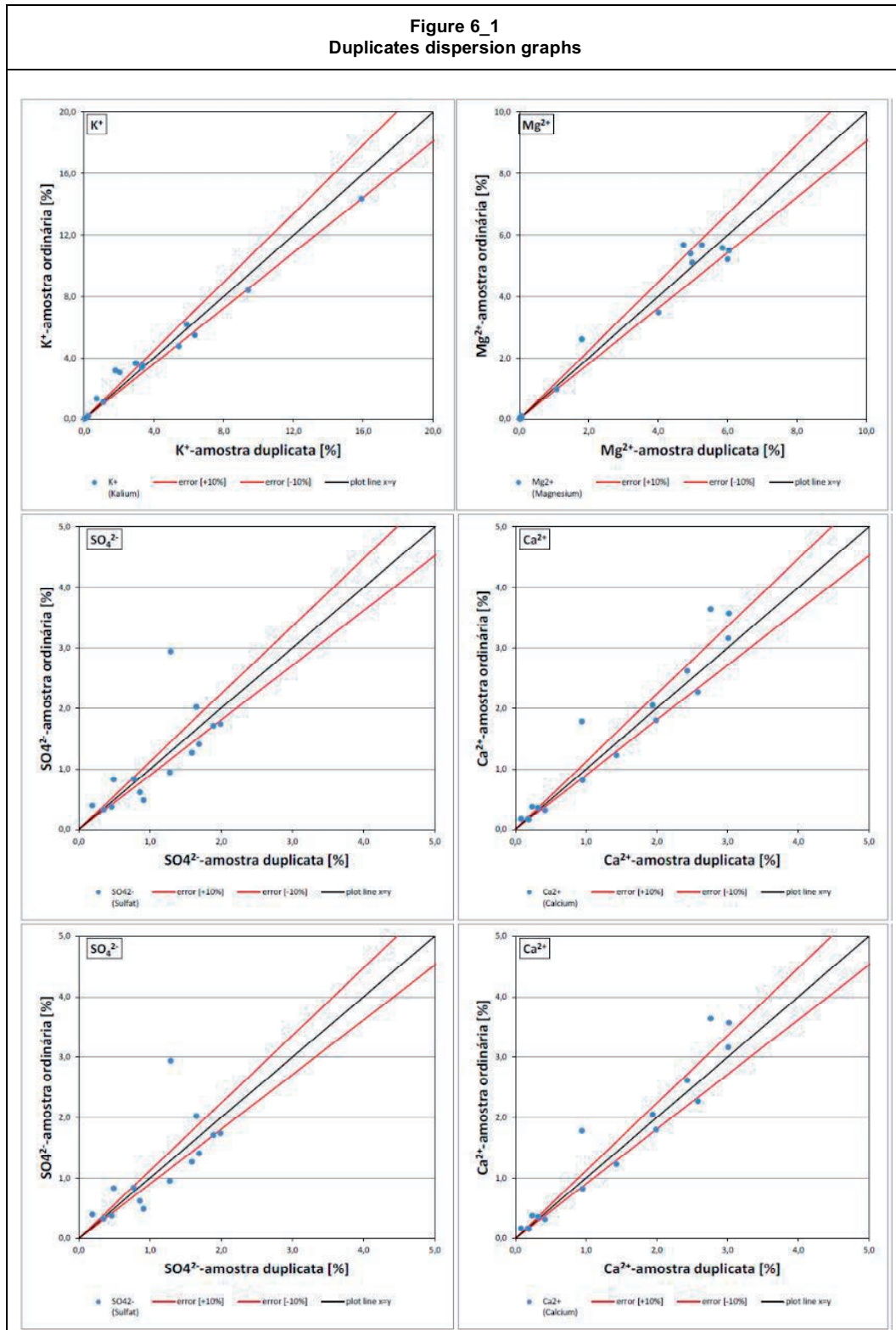
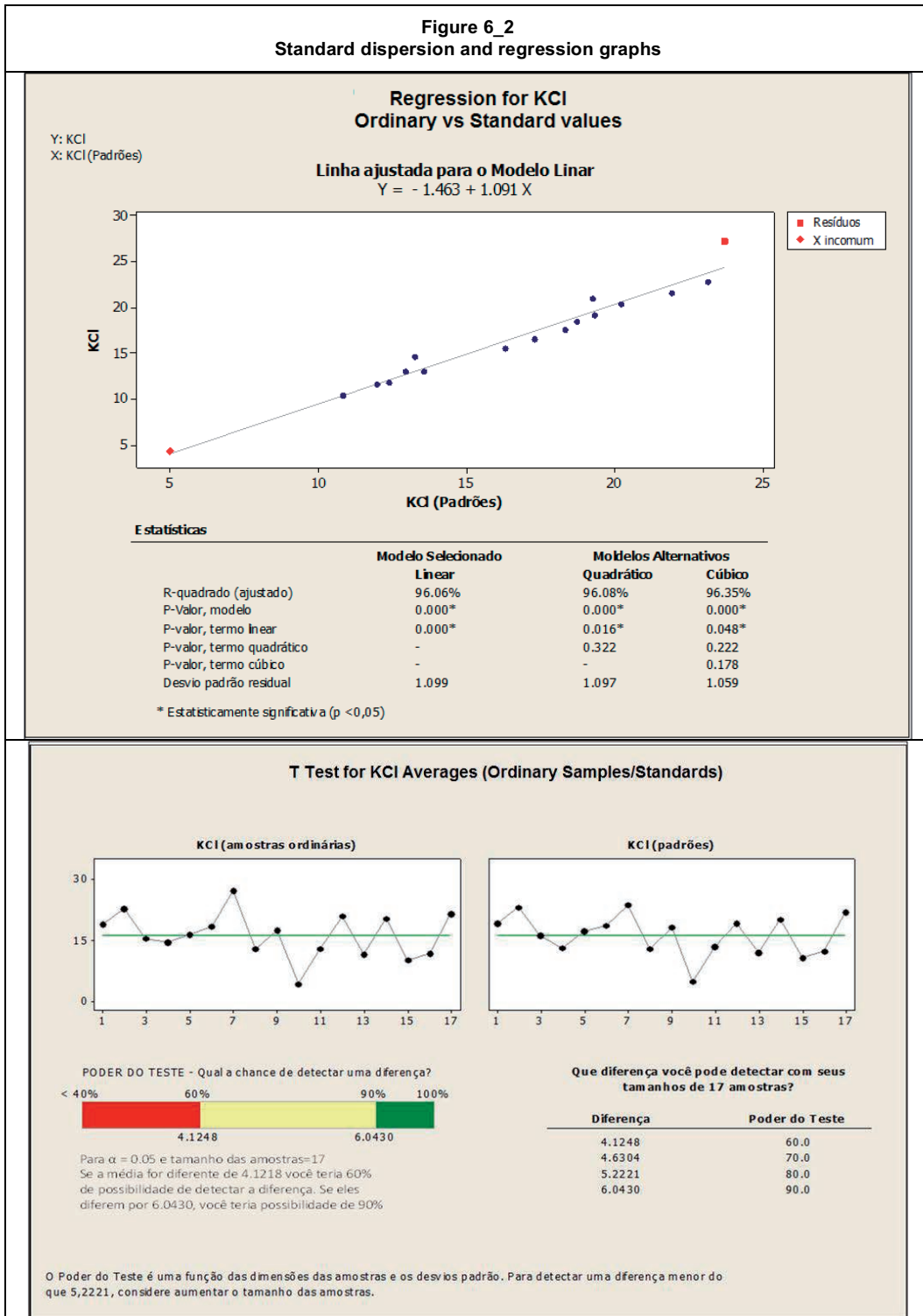


Figure 6_2
Standard dispersion and regression graphs



7 MINERAL RESOURCE ESTIMATE

Coffey constructed a MS-Access database with the compilation of all drillhole data from the Mineral Resource estimation. Coffey performed a final validity check to ensure the database integrity for resource estimation purposes. The checks on the data included sensible ranges of values for attributes, drillhole collars matching the topography and within expected limits, overlapping sample intervals, depths, azimuths, dips and co-ordinates for consistency. Any inconsistent information is either modified or excluded from use in the estimate.

The level of confidence in the conceptual geological model is moderate. The similar deposit in production near the area and geological knowledge base of evaporitic deposits are applied on the conceptual model.

The modelled mineralization zone was based on two drillholes intersections, one of which had only the geophysical survey data from Petrobras. These aspects made the confidence level of geological model to be at low to moderate level, based on the lack of data to check the continuity of the mineralization zone.

The interpretation provided by a single drillhole intercept was as horizontal layers. It is possible that there is a low dip angle to southeast under 15°. The effect of this alternative interpretation may result in some consequences in mine planning.

Two types of mineralization zones were interpreted:

- Two layers of sylvinitic;
- Two layers of carnallitic.

The mineral resource model was based on the results of 3D seismic survey interpretations, excluding the influence area of the negative drillholes. The solids (wireframes) were constructed from triangulation of potash layers (upper and lower sylvinitic and carnallitic), with guarantee of snapping to the lithological contacts (Figure 7_1).

The limit of the 3D seismic survey interpretations in a circular area with a 1,200m radius around the drill hole was applied. This was used to estimate the volume of each potash-bearing layers considering the thickness of the units. The external content of this radius on the influence zone of drillhole interceptions of sylvinitic and carnallitic was considered as exploratory potential. The mineralization zone is disposed at depths between 1180 m and 1320 m below surface.

The density values were obtained from geophysical borehole survey, with measures at 0.20m intervals. The average densities estimated for the mineralized zones (Table 7_1) are appropriate for the type and style of mineralization.

Table 7_1 Average Densities from geophysical borehole survey	
Lithology	Density (g/cm3)
Sylvinite	2.00
Carnallite	1.84

The weighted average grade of density data and KCl content was completed using Gemcom Surpac software. The tonnage and grade were estimated based on Gemcom Surpac wireframe model volume, average density and weighted average KCl grade of each drillhole interception. All estimation was completed within individual mineralization units using “hard” boundaries. The limited number of samples inside the mineralization model does not allow the application of outlier treatment.

The 3D mineralization wireframe model was Classified Mineral Resource within an influence area with radius of 1,200m from drilling interception and limits of 3D seismic survey interpretations (Figure 7_2).

Account has been taken of:

- Quality and reliability of raw data;
- Confidence in the geological interpretation and continuity;
- Number, spacing and orientation of intercepts in each mineralized zone;

The Mineral Resource estimate for the Sergi Potash Project has been classified by Coffey from an assessment of the confidence level in the data quality and spatial distribution in accordance with the JORC Code 2012. Sergi Mineral Resource estimate is classified in the Inferred category (Table 7_2), due to lack of drill hole data.

All tonnages have been estimated as dry tonnages. The cut-off grade for resource declaration was determined at 13% of KCl based on the deposit interceptions and information of other KCl projects in Sergipe State, Brazil.

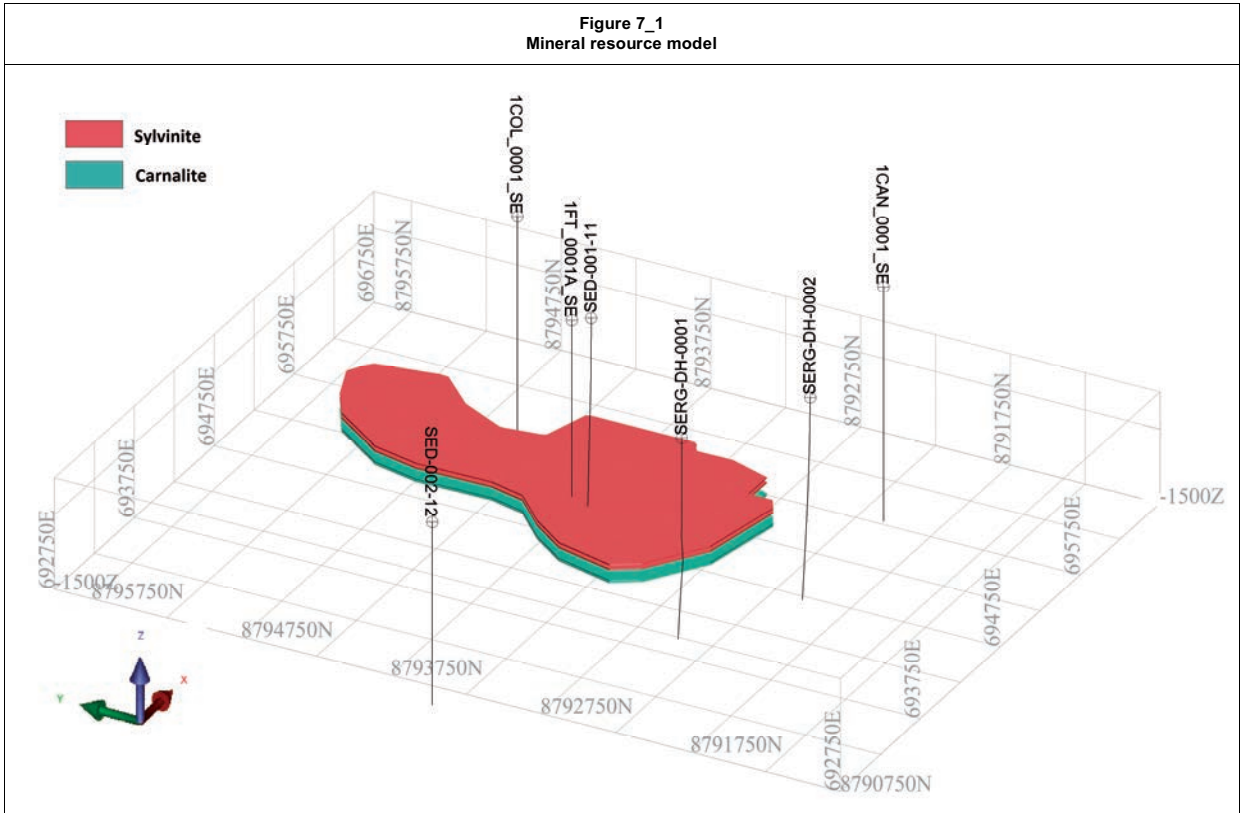


Figure 7.2
Classification of mineral resource model

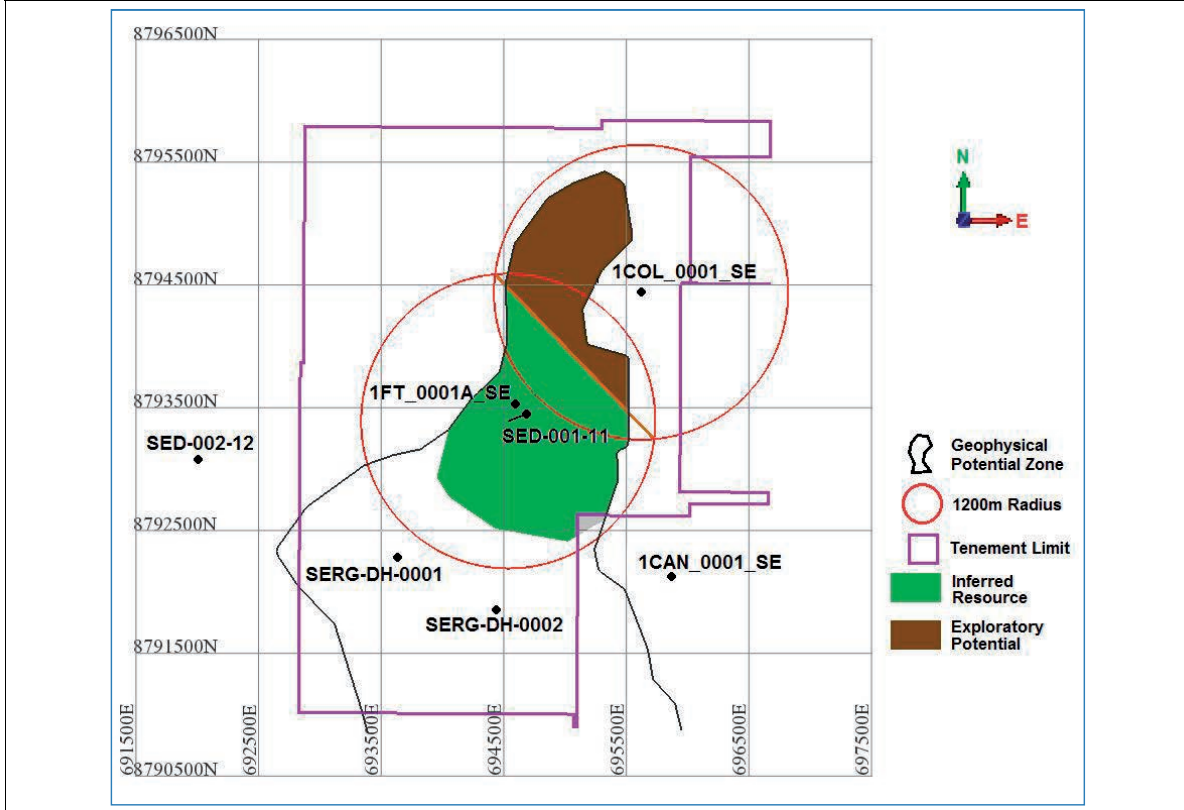


Table 7_2 Classification of Mineral Resource Sergi Deposit: Mineral Resource Statement as at Effective Date 10 June 2015 Mineral Tenements – DNPM – 878111/2008.				
Resource Class	Lithology	Mass (Mt)	KCl (%)	Equivalent K ₂ O (%)
Inferred	Sylvinite	62.0	25.0	15.8
	Carnallite	43.3	15.9	10.0
Total Inferred		105.3	21.3	13.5

- *Triunfo Mineração do Brasil Ltda a wholly owned subsidiary company of Harvest Minerals, holds 100% title to the Mineral Resources.*
- *The Mineral Resources are reported at a cut-off grade of 13% KCl.*
- *The Mineral Resources have been estimated according to general industry good practice and disclosed in compliance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition).*
- *Equivalent K₂O was Calculated by the formulae: Equivalent K₂O = 0.63177 * KCl (%).*
- *The Exploration Potential is estimated on 32.9Mt at 25.0%KCl of sylvinite and 23.0Mt at 15.9%KCl of carnallite.*
- *The Exploration target is estimated on a further 28 to 32Mt at 22% to 28%KCl of sylvinite and 23.0Mt at 15.9%KCl of carnallite.*

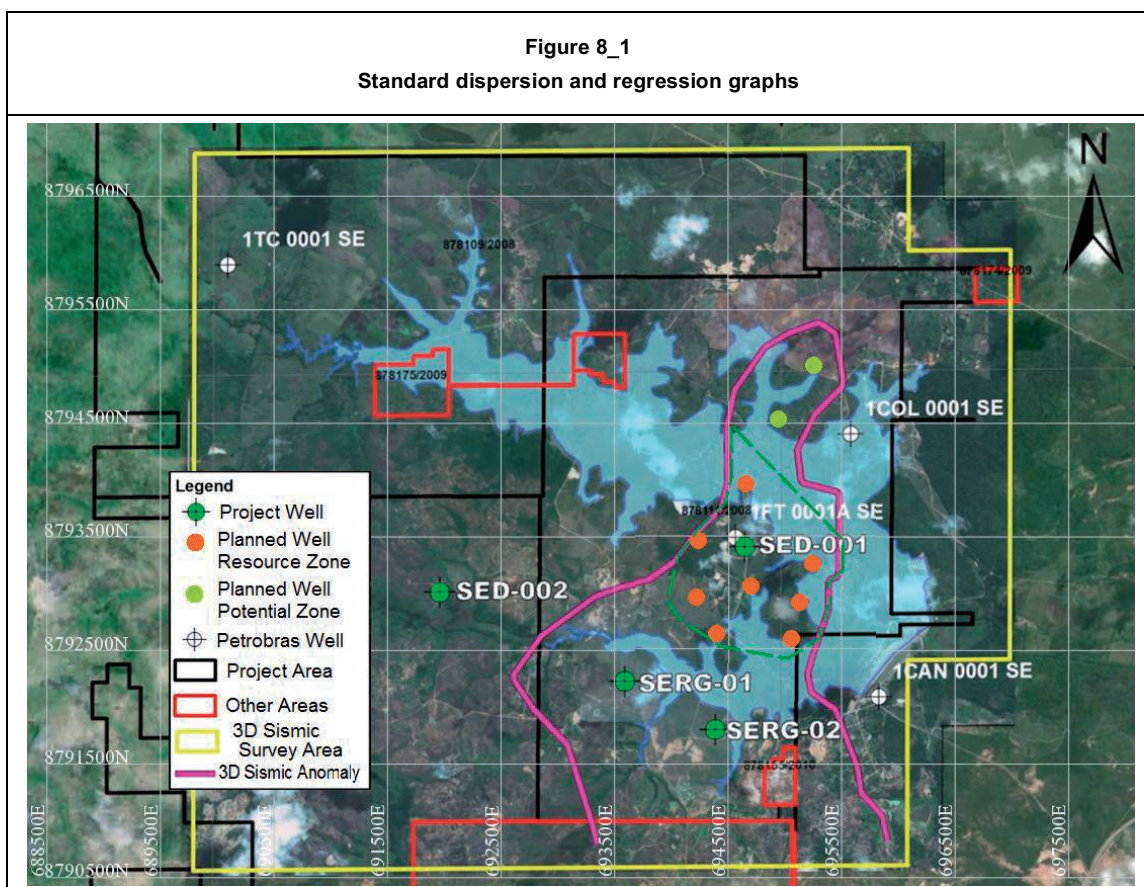
Table 7_3 presents the Summary of Resource by status.

Table 7_3 Summary of Resources by Status Sergi Deposit: Effective Date June 10 2015 - Mineral Tenements – DNPM – 878111/2008.					
Resource Category	Gross		Net attributable		Operator
	Tonnes (millions)	Grade (g/t)	Tonnes (millions)	Grade (g/t)	
Sylvinite					
Inferred	62.0	25.0	62.0	25.0	Harvest Minerals
Carnallite					
Inferred	43.3	15.9	43.3	15.9	Harvest Minerals
Total					
Inferred	105.3	21.3	105.3	21.3	Harvest Minerals

8 RECOMENDATION FOR DRILLING PROGRAM

Coffey reviewed drilling requirements as a recommendation for a plan to convert the Inferred JORC Resource to the Measured JORC category. Picture 8_1 presents a map of this drilling programme with eight Wells planned for completion within the inferred resource zone. This includes an initial three Wells currently proposed by Harvest Minerals in their Stage 1 drilling programme. Two additional Wells have also been planned to the north within the “Exploration Target” area.

The drill spacing for a Measured JORC Resource is based on a 500m x 500m drilling grid which has been used by Vale at their nearby Taquari-Vassouras Mine.



The summary of drilling program is presented on Table 8_1.

Table 8_1		
Planned Drillholes Summary		
UTM_X	UTM_Y	Max Depth (m)
Resource Zone		
695060	8792590	1,400
694389	8792633	1,400
695131	8792910	1,400
694209	8792958	1,400
694696	8793053	1,400
695242	8793252	1,400
694225	8793455	1,400
694649	8793962	1,400
Exploration Potential Zone		
694943	8794538	1,400
695257	8795016	1,400

Harvest Minerals presented to Coffey an initial proposed Stage 1 exploration drilling programme of three Wells to 1,250 metres depth for a total of 3,750 metres. Dependent on the success of this drilling this should be expected to take the JORC Resource into a JORC Indicated and inferred category upon further resource modelling.

9 CONCLUSIONS AND RECOMMENDATIONS

At the request of Harvest Minerals Limited, Coffey Consultoria e Serviços Ltda (Coffey) has completed a Mineral Resource Estimate for the Sergi Potash Project, Sergipe State, Brazil using all available drilling data up to 2014. The resource estimates were classified in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012).

The information in this statement which relates to the Mineral Resource is based on information compiled by Leonardo Soares who is a geologist and full time employee of Coffey Consultoria e Serviços Ltda and a Member of the Australian Institute of Geoscientists. Leonardo Soares has sufficient relevant experience to the style of mineralization, underground chambers and pillars mine projects under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012).

Mr. Soares was supported and peer reviewed by mining engineer Porfírio Rodriguez, who is a consultant of Coffey Consultoria e Serviços Ltda and member of the Australian Institute of Geoscientists. Mr. Rodriguez has sufficient relevant experience to the style of mineralization and deposit type under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012).

The Sergi Potash Project is located in the northeastern part of Brazil, in the State of Sergipe. The project site (DNPM 878.111/2008) is located in São Cristóvão municipality, in the southeast part of Sergipe State.

The Sergi Potash Project finds itself within the Mesozoic basins in Brazil. The potash mineralization in the Sergi project area is hosted in Ibura Member of Muribeca Formation, a sequence of evaporitic rocks. Potash Domain: represents paleoareas where the paleoclimatic conditions allowed the maximum the salinity of the brine and the deposition of potash salts which may or may not occur intercalated with Halite, Anhydrite and siliciclastic sediments. Clearly, this domain represents the highest potential zones to host potash mineralization. The potash mineralization target of the Sergi Project consists of two upper sylvinite rich layers and two lower carnallite rich layers, with 25% and 16% KCl average content, respectively

A 3D seismic survey was conducted between June and August 2013 by Geoquasar in a total area of 42.93 km², within the tenement area (878.111/2008). The purpose of the 3D seismic survey was to define the structural features of the Sergipe Sub-basin sedimentary sequence, the thickness of the soluble salts horizons and the potential areas for sylvinite in Sergi Project area.

Historical data from 5 drillholes, from 1967 to 1991, was acquired from Petrobras through the ANP (Brazilian National Petroleum Agency) by Harvest Minerals.

The Sergi Project drilling program comprised a total of 4 exploration drill holes, which were conducted between 2011 and 2014. Of these drill holes, 3 are within the mineral tenement limits (878.111/2008). This program was developed considering the geophysical and geological data, as well as the environmental and logistical aspects. Coffey performed a field check of drilling platforms to audit the transparency and materiality of drilling program. Any inconsistencies or errors were detected.

Rotary method was applied: tricone bits for sedimentary rocks; large size drill rigs with pull down system; drill bit attack applied by the weight of the rig. The drilling program was based on a grid of 1500mx1500m spacing.

In addition to the historical data acquired from ANP, a downhole survey program was conducted by Shlumberger, after the drilling stage, only in three drillholes: SED-001-11, SED-002-12 and SERG-DH-0001.

A detailed geological logging was conducted for both mud samples and core samples. Both qualitative geological logging and downhole geophysical surveying was conducted. The core logging was supported by a portable X-ray fluorescence equipment.

Verifications of mineralization intersections in the field and in core samples has been undertaken and reported by a Coffey consultant. The core sample preparation technique is compliant with best practices and appropriate for the mineralization type.

ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH (ERCOSPLAN), a German consulting and engineering company with substantial experience in the potash and mineral salt industry, carried out Technical Due Diligences for Mineral Properties in the Sergipe Basin, Brazil. The Competent Person Dr Henry Rauche was responsible for this due diligence and is a Member of European Federation of Geologist (EurGeol - member # 729).

The quality control program developed and adopted in Sergi Potash Project comprised the checking of sampling and assaying procedures. Field duplicates were prepared by Harvest Minerals for assessment of sampling and assaying error. The drillcore duplicates were produced over 1/4 of drillcore. The procedures for standards samples adopted the insertion of an internal control sample in laboratory for each 10 samples. Coffey verified the field duplicates are in conformity of best practices for the industry procedures. The standard samples being prepared by the same assaying laboratory is common practice in mining industry but it is not the best practice. The results of QA/QC analysis are inside acceptance limits for the resource classification at low to moderate level of confidentiality.

Coffey constructed a MS-Access database with compilation of drillhole data for Mineral Resource estimation purposes to run through general checks to ensure data validity. The level of confidence in the conceptual geological model is moderate. The similar deposit in production near the area and geological knowledge base of evaporitic deposits are well applied on the conceptual model. The modelled mineralization zone was based on two drillholes intersections; one of those had only geophysical survey data from Petrobras. These aspects made the confidence level of geological model to be at low to moderate level, based on the lack of data to check the continuity of the mineralization zone.

The mineral resource model was based on results of 3D seismic survey interpretations, excluding the influence area of the negative drillholes. The solids (wireframes) were constructed from triangulation of potash layers (upper and lower sylvinite and carnallitite). The weighted average grade of density data and KCl content was completed using Gemcom Surpac software. The tonnage and grade were estimated based on Gemcom Surpac wireframe model volume, average density and weighted average KCL grade of each drillhole interception. All estimation was completed within individual mineralization units using "hard" boundaries.

The 3D mineralization wireframe model was Classified Mineral Resource within an influence area with radius of 1200m from drilling interception and limits of 3D seismic survey interpretations. The Mineral Resource estimate for the Sergi Potash Project has been classified by Coffey from an assessment of the confidence level in the data quality and spatial distribution in accordance with the JORC Code, 2012. Sergi Mineral Resource estimate is classified in the Inferred category (Table 9_1), due to lack of

drill hole data. All tonnages have been estimated as dry tonnages. The cut-off grade for resource declaration was determined at 13% of KCl based on the deposit interceptions and information of other KCl projects on Sergipe State, Brazil.

Table 9_1 Classification of Mineral Resource Sergi Deposit: Mineral Resource Statement as at Effective Date 10 June 2015 Mineral Tenements – DNPM – 878111/2008.				
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- *The Mineral Resources are reported at a cut-off grade of 13% KCl.*
- *The Mineral Resources have been estimated according to general industry good practice and disclosed in compliance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition).*
- *Equivalent K₂O was Calculated by the formulae: Equivalent K₂O = 0.63177 * KCl (%).*
- *The Exploration target is estimated on a further 28 to 32Mt at 22% to 28%KCl of sylvinite and 23.0Mt at 15.9%KCl of carnallite.*

Coffey recommends an additional drilling program with 8 wells on 500m x 500m based grid to convert Inferred to Measured Resources.

10 REFERENCES

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Appendix A

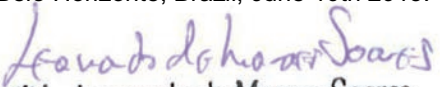

Certificate of Competent Person

Certificate of Competent Person – Leonardo de Moraes Soares

I, Geologist Leonardo de Moraes Soares, am the primary author of this report entitled “Sergi Potash Project, State of Sergipe, Brazil. Mineral Resource Estimate”, which was prepared for Harvest Minerals Limited and has an effective date of June 10th, 2015, do hereby certify that:

1. I am a Senior Mineral Resource Geologist at Coffey Consultoria e Serviços Ltda, located on Avenida Afonso Pena, 1500, 5º andar, Centro, Belo Horizonte, MG, Brazil - CEP 30130-921;
2. I am a graduate of the Federal University of Minas Gerais, which is in the state of Minas Gerais, Brazil, and hold a Bachelor of Science Degree in Geology (2002). I have practiced my profession continuously since 2002.
3. I am a professional geologist with more than 13 years relevant experience in mineral resource estimate, involving mining properties in Brazil, including work in sedimentary deposit resource estimate.
4. I am a member of the Australian Institute of Geoscientists (“AIG”) - (“MAIG”) #5180.
5. I am a “competent person” as that term is defined in JORC Code (the “Instrument”).
6. I prepared, and am responsible for, all sections of this report.
7. I visited the Sergi Potash Project between May 1th and 2th, 2015.
8. I am independent of Harvest Minerals Limited, pursuant to section 1.5 of the Instrument.
9. I have had no prior involvement with the property that is the subject of this Technical Report.
10. I do not have, nor do I expect to receive, direct or indirect share in Harvest Minerals Sergi Potash Project, and I do not benefit directly or indirectly from any stock associated with the A Sergi Potash Project or any associate or affiliate of such company.
11. On the effective date of this Technical Report, to the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information required to be disclosed to ensure that the Technical report is accurate in all respects.

Belo Horizonte, Brazil, June 10th 2015.



Leonardo de Moraes Soares
BSc. (Geologist), MAIG #5180.

Certificate of Competent Person – Porfírio Cabaleiro Rodriguez

I, Mine Engineer Porfírio Cabaleiro Rodriguez, as the secondary author of the report entitled “Sergi Potash Project, State of Sergipe, Brazil. Mineral Resource Estimate”, which was prepared for Harvest Minerals Limited and has an effective date of June 10th, 2015, do hereby certify that:

I am a mining engineer and an Associate Consultant for Coffey Consultoria e Serviços Ltda, located on Avenida Afonso Pena, 1500, 5º andar, Centro, Belo Horizonte, MG, Brazil - CEP 30130-921;

1. I am a graduate of the Federal University of Minas Gerais, located in Belo Horizonte, Brazil, and hold a Bachelor of Science Degree in Mine Engineering (1978). I have practiced my profession continuously since 1979.
2. I am a professional mining engineer with more than 35 years relevant experience in mineral resource estimate and mining, involving numerous mining properties in Brazil, including phosphate ore.
3. I am a member of the Australian Institute of Geoscientists (“AIG”) - (“MAIG”) #3708.
4. I am a “competent person” as that term is defined in the JORC Code (the “Instrument”).
5. I supervised and I am co-responsible for all sections of this report.
6. I am independent of Harvest Minerals Limited., pursuant to section 1.5 of the Instrument.
7. I have had no prior involvement with the property that is the subject of this Technical Report.
12. I do not have, nor do I expect to receive, direct or indirect share in Harvest Minerals Sergi Potash Project, and I do not benefit directly or indirectly from any stock associated with the A Sergi Potash Project or any associate or affiliate of such company.
8. On the effective date of this Technical Report, to the best of my knowledge, information, and belief, the Technical Report contains all scientific and technical information required to be disclosed to ensure that the Technical report is accurate in all respects.

Belo Horizonte, Brazil, June 10th, 2015.



Porfírio Cabaleiro Rodriguez
BSc. (MEng), MAIG #3708

PART IV – OVERVIEW OF BRAZIL’S MINERAL RIGHTS REGIME

1. MINERAL LEGISLATION

Overview

Mining activities in Brazil are primarily regulated by the Mining Code of 1967 and the Mining Code Regulation (the “Regulation”) of 1968.

In Brazil, mineral resources are the property of the Federal Government. The ores and other mineral resources constitute property distinct from surface property. Exploration and mining activities can be executed by private entities through an authorization or a concession granted by the Federal Government, thereby offering to the concessionaire the guarantee of ownership of the mining product.

The Mining Code and its Regulation provide for the rights related to mineral resources, the legal regimes for their exploration and development, and also establish the norms on government inspection of the mineral industry. Furthermore, the Code and its Regulation establish, among other things, the concept and classification of mines, exploration, mining, surface owner rights, sanctions, and cancellation.

The Departamento Nacional de Produção Mineral (“DNPM”) regulates the Brazilian regime.

Pursuant to the provisions set out in the Mining Code and the Regulation, the exploration and development regimes of the mineral substances in Brazil relevant to the Company are:

- (a) Concession Regime: This system entails the operations aimed at the industrial development of the deposit, from the extraction of the mineral substance to its processing. Work under the concession regime depends upon an ordinance of the Executive Secretary to the Ministry of Mines and Energy (MME);
- (b) Authorization Regime: This system refers to the work required for the definition of the deposit, its evaluation and the feasibility of economic development. Work under the authorization regime depends upon the issuance of a mineral exploration permit granted by the Director of the DNPM.

The authorization and concession regimes are applied to organized and large size mining ventures, respectively aiming at: (i) the exploration work, in the first stage; and (ii) the economic development of the deposit (mining), in the second stage.

Exploration Phase

Under Brazilian law, mineral exploration means the performance of the work required for defining and evaluating the deposit, and determining the feasibility of its economic exploitation.

Application Process and Priority Rights

Once an application has been made in relation to an area considered “free”, the applicant is granted priority in obtaining title to that area.

The area will be considered free when:

- (i) the area is not bound to any other exploration permit, permit registration, mining concession, mine manifest, aerial geological recognizance permission, or any extraction registration by the federal, state and municipal agencies of the direct administration or by independent governmental agencies;
- (ii) the area is not the object of a previous application for an exploration permit, or in cases where there is a previous application, such previous application was dismissed;
- (iii) the area is not the object of a previous permit registration request, or if tied to a permit, the registration of such permit will be requested within 30 days of its issuance date;
- (iv) the area is not the object of a previous extraction registration request filed by any federal, state and municipal agencies or by independent agencies;
- (v) the area is not tied to a request for renewal of an exploration permit, presented in time and which is pending approval;

- (vi) the area is not tied to an exploration permit with a final report which is presented in time and pending approval; and
- (vii) the area is not bound to an exploration permit with a final report approved and the legal right to request the mining concession still in force.

Area size

Mineral exploration permits are limited to the following maximum areas:

- (i) 2,000 hectares for deposits of metalliferous mineral substances, mineral fertilizers, coal, diamond, bituminous and pyrobituminous rocks, turf and salt-gem;
- (ii) 50 hectares for deposits of sands, gravels and grits for the immediate use in the construction industry; rocks and mineral substances for paving blocks, curbstones, gutters, posts and the like; clay used to manufacture ceramics; rocks, stamped for immediate use in construction industry and limestone used as soil corrective element in agriculture; mineral waters, bottled and drinking waters; sands for industrial use; feldspar; gems (except diamonds); ornamental stones and micas;
- (iii) 1,000 hectares for deposits of mineral external rocks and other substances not indicated in items (i) and (ii) above; and
- (iv) 10,000 hectares for deposits of minerals indicated in item (i) above for areas located in the Amazônia Legal.

Duration and Renewal

Mineral exploration permits are valid and legally in force for a minimum of one year and a maximum of three years from the date of issuance. A permit can be successively renewed at the discretion of the DNPM, upon the request of the titleholder. Exploration permits are valid for two years in the cases of prospecting of mineral substances indicated in (ii) above. For the exploration of other substances, permits are valid for three years.

In order to renew a permit, the DNPM takes into consideration the development of the work performed to date. The request for renewal of the permit must be presented 60 days prior to the expiration date of the original permit or the previous renewed permit. As to the renewal request, a report must be presented of the work already carried out, indicating the results achieved, as well as reasons justifying continued work. The renewal of the permit does not depend on the publication of a new permit, but only on the publication of the decision to renew.

Renewal Report

The report must be prepared under the technical responsibility of a legally qualified professional and contain various information including the quality of the mineral substance and definition of the deposit, reports on industrialization assays, a demonstration of the economic feasibility of the deposit and information for the calculation of the reserve, such as the density, area, volume and content.

The final exploration report must conclude the feasibility or non-feasibility of the exploitation development, or for the non-existence of the deposit. The holder of an exploration permit who does not present a final report within the date established by the regulations will be fined. Nevertheless, the exemption from presentation of the report is permitted in certain cases of permit relinquishment by the titleholder. The DNPM must confirm the relinquishment, provided it happened in one of the two following either (i) at any time, if the titleholder has not been successful at entering the area, despite all the efforts made, including judicial means; or (ii) before one-third (1/3) of the term of duration of the exploration permit has expired.

Titleholder obligations

The titleholder of an exploration permit shall be obliged to:

- (i) perform work only within the area specified in the authorization;
- (ii) respect the rights of third parties, indemnifying them for damage and losses caused;
- (iii) communicate to the DNPM the discovery of any mineral substance not included in the authorization;

- (iv) remove the substances extracted from the area of the permit for analysis and industrial experiments only with prior authorization of the DNPM and in accordance with the applicable environmental legislation;
- (v) start the work within 60 days of the date of the publication of the permit in the Official Gazette of the Federal Executive or as from the judicial ingress in the area to be explored;
- (vi) not interrupt the work without justification for more than three consecutive months or for more than 120 non-consecutive days;
- (vii) compensate the surface owner or possessor for the occupation of the land and for damage or loss caused by the work; and
- (viii) present a final prospecting report.

As well as the fee to be paid for obtaining the mineral exploration permit, the titleholder must also pay to the DNPM an annual fee per hectare. The fee depends on the substance being explored, the location and size of the area, as well as other conditions.

Titleholder rights

The titleholder of an exploration permit may undertake the required work and necessary auxiliary services, as well as work on land of private or public domain included in the area indicated on the exploration title. The titleholder is assured the right of free passage on the private property, including the soil and subsoil in the title area, as well as in neighbouring areas, for performance of the respective work.

The titleholder of a set of exploration permits for the same mineral substance in neighbouring or close areas is entitled and authorized to present a single research plan and final report, involving and covering the whole set.

Transferability

The mineral exploration permit is a title that can be assigned, totally or partially, to anyone who is in condition to execute the work under such permit in accordance with the applicable legislation. The applications for exploration permits are also transferable, once the respective priority right is assured. The transfer of the permit must be communicated to the DNPM for approval and registration. It will only be legally valid after such procedure is complete.

Sanctions

Failure to comply with the obligations derived from exploration permits, depending on the seriousness of the infraction, may result a warning, fine or forfeiture imposed by the DNPM.

Utilization Bill

It is possible to extract mineral substances before the mining concession is granted, by means of a Utilization Bill. Extraction may only occur if the interested party has obtained a proper environmental license, and has entered into an agreement with the surface owner as to the extraction work.

Security of tenure

After the completion of prospecting work in accordance with the legal provisions and after the approval of the final report by the DNPM, the titleholder shall have the exclusive right to request a mining concession for the area. In this case, the concession can only be refused if the mining work is considered harmful to the public or compromises interests that are more relevant than industrial exploitation.

After the filing of the application for the mining concession and after the approval of the mine's development plan by the DNPM, the mining concession cannot be refused by the Government. Once the mining concession has been granted and all the legal requirements and provisions duly observed, the concession cannot be cancelled.

Mining Concession

Application

Application for a mining concession is made by the holder of an exploration permit. The application must contain details of:

- (i) the development plan; and
- (ii) finance to conduct the development.

The concession will not be granted if mining is considered harmful to the public or if the Government considers that it compromises interests which are more relevant than industrial exploitation. In the latter case, the holder of the exploration permit is entitled to be indemnified by the Government for the expenses incurred with prospecting work, if the final report has been approved.

Requirements

The mining concession shall only be granted when:

- (i) the area has already been prospected and mining is considered technically and economically feasible by the DNPM;
- (ii) the respective final prospecting report has already been presented and approved by the DNPM;
- (iii) the mining area to be exploited has been considered technically and economically feasible by the DNPM and adequate for the extraction and processing of the deposits, duly observing the limits of the area indicated in the exploration permit; and
- (iv) the competent environmental agency has issued the corresponding environmental license.

Area size

The applicant must specify the size of the area required for mining within the area granted for exploration. The DNPM has the unconditional authority and power to establish the size of the mining area.

Duration

Brazilian mineral legislation does not establish the duration of mining concessions. The concessions remain in force until the complete exhaustion of the deposit.

Transferability

The mining concessions are personal titles. They can be assigned, totally or partially, and are granted by the Executive Secretary to the Ministry of Mines and Energy to companies that wish to operate in mineral business activities

Rights

The holder of a mining concession:

- (i) has the exclusive right to execute the mining work for the mineral substances specified and indicated in the concession title and within the authorized area. However, if another substance is found in the authorized area, the titleholder may request an addendum to the concession, so that the new substance is also included in the concession;
- (ii) has the right to temporarily suspend mining work;
- (iii) may obtain easements on the property where the mine is located, as well as on bordering and neighbouring properties, with prior indemnification; and
- (iv) may divide the concession into 2 or more distinct concessions, provided that it is not harmful for the development of the deposit.

Obligations

The titleholder of the mining concession has the following obligations:

- (i) to start the mining work as per the development plan, within six months from the date of the publication of the concession in the Official Gazette of the Republic;
- (ii) to execute the work in accordance with the development plan approved by the DNPM;
- (iii) to extract solely the substances indicated in the concession;
- (iv) to communicate to the DNPM the discovery of a mineral substance not included in the concession title;
- (v) to carry out the work in accordance with regulatory norms;
- (vi) to offer the management of the work to a duly qualified professional;
- (vii) not to make it difficult nor impossible to use and exploit the deposit in the future;
- (viii) to be responsible for the damage and loss caused to third parties, resulting from the mining work;
- (ix) to promote and improve safe and healthy lodgings at the location;
- (x) to avoid deviation of water and to drain the amount that can cause harm and loss to neighbours;
- (xi) to avoid air or water pollution resulting from the mining work;
- (xii) to protect and preserve the water sources, as well as to use them according to the technical instructions and requirements when dealing with mineral water deposits;
- (xiii) to observe and comply with all the provisions of the inspection entities;
- (xiv) not to interrupt the mineral activities without notice to the DNPM;
- (xv) to keep the mine in good condition when temporarily suspending the mining work;
- (xvi) to restore the areas degraded by the mining work; and
- (xvii) advise of the discovery of radioactive minerals.

Sanctions

Failure to comply with requirements may result in warnings, fines or forfeiture being imposed by the DNPM. Forfeiture must be precedent by an administrative proceeding. A request for reconsideration can be made to the Executive Secretary to the Ministry of Mines and Energy against the decisions of the Ministry of Mines and Energy or to the courts.

Compensation and Royalties

Exploration Phase compensation

The holder of a mineral exploration permit must pay the surface owner or the squatter of the area subject to the mineral exploration permit rent for occupation of the land and compensation for any damage and loss caused or that may be caused as a result of the exploration work.

The payment cannot exceed the maximum net income from the area occupied for exploration. Compensation for damage caused cannot exceed the assessed value of the property actually occupied. However, in the event the damages caused by the exploration activities should turn the land impracticable for agricultural or breeding activities, compensation may reach the assessed value of the property.

The holder of a mineral exploration permit and the surface owner or the squatter, as applicable, can reach an agreement to determine the values for rent and occupation. If there is no agreement a judicial procedure may be claimed to determine the values.

Mining Phase compensation

With regard to the concession and licensing regimes, the landowner is assured the right to participate in the results of the mining work. The value of such participation has been set at 50 per cent. on the total amount due and payable to the states, municipalities and the Federal District, as royalties for the exploitation of the mineral resources. Therefore, the value is calculated on the net income from the sale of

the mineral product obtained after the last stage of processing and before its industrialization. Payment to the surface owner of the percentage in the mining results must be done on a monthly basis pledged separately from the property. The surface owner, however, may waive such participation, and can assign or pledge the right of receiving installments in the future.

Royalties

The Federal Constitution has established that the states, municipalities, Federal District and the bodies of the direct administration of the Union (such as the DNPM) are entitled to a percentage of the results of exploitation of mineral resources, or, alternatively, to receive royalties ("financial compensation") for said exploitation.

The level of financial compensation has been set at a maximum of 3 per cent. on the net income from the sale proceeds of the mineral product obtained after the last stage of processing and before its industrialization.

When assessing the net sales, certain deductions are permitted including various taxes, Social Security Financing Contributions, contributions to the Profit Participation Program and insurance and freight charges.

The following different participation levels have been established for the mineral substances:

- (i) aluminium, manganese, salt-gem and potassium ores – 3 per cent.;
- (ii) iron, fertilizers, coal and other mineral substances – 2 per cent.;
- (iii) precious coloured stones and gems that can be polished, carbonized stones and precious metals – 0.2 per cent.; and
- (iv) gold – 1 per cent.

The Financial compensation is divided as follows:

- (i) 23 per cent. to the states (or the Federal District) where mining activities are performed;
- (ii) 65 per cent. to the municipality where mining activities are performed; and
- (iii) 12 per cent. to DNPM.

Environmental legislation

The Brazilian Federal Constitution reserves a special chapter on environmental protection. The federal, state and municipal governments and also the government of the Federal District of Brazil are empowered and obliged to defend and protect the environment.

Law No. 9605 of February 12, 1998, defines environmental crimes and infractions, as well as establishes liability and applicable sanctions. The main features of such law are:

- (i) the establishment of high monetary penalties;
- (ii) the extension of liability for environmental damage to directors, auditors, managers and attorneys-in fact; and
- (iii) the disregard of the legal entity by a Court of Law whenever it is an obstacle to payment of environmental damages, if agents of the company were aware of criminal conduct and did not attempt to hinder it.

Brazilian environment legislation provides that any mineral activity shall be subject to:

- (i) licensing;
- (ii) environment impact assessment; and
- (iii) restoration of degraded areas.

Companies which carry on activities considered as potentially polluting or utilizing natural resources, such as mining, shall be registered with the Brazilian Environmental and Renewable Natural Resources Institute.

A preliminary environmental license must be obtained prior to the planning stage. An Environmental Impact Assessment ("EIA") must be executed, and the respective Environmental Impact Report ("RIMA") must also be produced at this time. The EIA/RIMA must be submitted for approval by the competent environmental agency, together with a plan for recovery of degraded areas.

At the development stage, the installation license may only be obtained after an Environmental Control Plan ("PCA") is presented to the competent environmental agency.

At the mining stage, another license must be obtained, namely the operation license. It is issued by the competent environmental agency after the satisfactory implementation of the PCA.

PART V – ADDITIONAL INFORMATION

1 RESPONSIBILITY

The Directors, whose names are set out on page 9 of this document and the Company, accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in the document is in accordance with the facts and contains no omission likely to affect the import of such information.

The names of each Director and their respective functions are set out on pages 18 and 19 of this document.

2 THE COMPANY AND THE GROUP

- 2.1 The legal and commercial name of the issuer is Harvest Minerals Limited.
- 2.2 The Company was incorporated and registered in Australia as an Australian public company limited by shares on 23 April 2010. The Company's Australian Business Number is 12 143 303 388.
- 2.3 The Company is domiciled in Australia. The Company was formed and operates under the Australian Corporations Act. The registered office of the Company is at Level 1, 330 Churchill Avenue, Subiaco, Western Australia 6008, Australia. The telephone number of the Company at its registered office is +61 8 9200 6264.
- 2.4 The Company was admitted to trading to ASX on 15 September 2010. The development of the Company's business is described more fully in Part I of this document.
- 2.5 The Company is a holding company and its principal activity is the holding of investments in its subsidiaries. As at Admission, the Company is the principal holding company of the Group and has the following subsidiaries:

<i>Subsidiary</i>	<i>Country of Registration</i>	<i>Company's Ownership Interest</i>	<i>Company's Voting Interest</i>
Triumph Tin Mining Pty Ltd	Australia	100%	100%
Lotus Mining Pty Ltd	Australia	100%	100%
Triunfo Mineracao do Brasil Ltda	Brazil	*100%	*100%
Triunfo Fertilizantes & Mineracao Ltda	Brazil	**100%	**100%

* The Company holds 932,910 quotas of R\$1.00 each, fully subscribed and paid up. The remaining one quota of R\$1.00, fully subscribed and paid up is held by FFA Holding & Mineracao Ltda for the benefit of the Company and in compliance with Brazilian laws which require two quota holders for limited liability companies.

** The Company holds 99,999 quotas of R\$1.00 each, fully subscribed but not paid up. The remaining one quota of R\$1.00, fully subscribed but not paid up is held by FFA Holding & Mineracao Ltda for the benefit of the Company and in compliance with Brazilian laws which require two quota holders for limited liability companies.

- 2.6 The auditors of the Company for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 are as follows:
 - 2.6.1 RSM Bird Cameron Partners of 8 St George's Terrace, Perth WA 6000 was the auditor of the Company for the financial years ended 30 June 2013 and 30 June 2014. RSM Bird Cameron Partners is registered to carry on audit work in Australia by the ASIC.
 - 2.6.2 HLB Mann Judd of Level 4, 130 Stirling Street, Perth WA 6000 was the auditor of the Company for the financial year ended 30 June 2015. HLB Mann Judd is registered to carry on audit work in Australia by the ASIC.

3 SHARE CAPITAL OF THE COMPANY

- 3.1 All Shares of the Company are currently admitted to dealing on the ASX and trade under the ASX ticker 'HMI'. The Shares have been traded on the ASX since 15 September 2010.
- 3.2 The history of the Company's share capital from 1 July 2012 (being the first day of the period required to be disclosed in this document) to the date of this document is as follows:
- 3.2.1 as at 1 July 2012, there were 55,430,000 Shares in issue;
 - 3.2.2 on 23 August 2013, 20,000,000 Shares were issued as consideration shares, in respect of the acquisition of Lotus Mining Pty Ltd;
 - 3.2.3 on 23 August 2013, 1,000,000 Shares were issued to advisors as consideration for services performed in relation to the acquisition of Lotus Mining Pty Ltd;
 - 3.2.4 on 20 September 2013, 1,000,000 Shares were issued to Lara Exploration Limited in full and final satisfaction of an unpaid debt;
 - 3.2.5 on 7 August 2014, 31,205,820 Shares were issued, at an issue price of A\$0.01 per Share, pursuant to a rights issue disclosed on the ASX on 8 July 2014;
 - 3.2.6 on 15 August 2014, 106,150,000 Shares were issued, at an issue price of A\$0.01 per Share, pursuant to a rights issue disclosed on the ASX on 8 July 2014;
 - 3.2.7 on 29 August 2014, 40,000,000 Shares were issued to KMINE Holding Ltd, at an issue price of A\$0.01 per Share, pursuant to the Capela Potash Project Agreement to acquire 100 per cent. of the Capela Potash Project (please see paragraph 11.7 of Part V of this document);
 - 3.2.8 on 18 September 2014, 17,504,180 Shares were issued, at an issue price of A\$0.01 per Share, pursuant to a rights issue disclosed on the ASX on 8 July 2014;
 - 3.2.9 on 27 May 2015, 60,000,000 Shares were issued, in respect of a placing at a placing price of \$0.01 per Share;
 - 3.2.10 on 29 June 2015, 25,153,423 Shares were issued, at an issue price of A\$0.01 per Share, pursuant to a rights issue disclosed on the ASX on 29 May 2015 (including the supplementary prospectus dated 12 June 2015);
 - 3.2.11 on 13 July 2015, 40,000,000 Shares were issued, pursuant to the Capela Potash Project Agreement, as part consideration for the acquisition of the Capela Potash Project (please see paragraph 11.7 of Part V of this document);
 - 3.2.12 on 13 July 2015, 30,228,243 Shares were issued, at an issue price of A\$0.01 per Share, pursuant to a rights issue disclosed on the ASX on 29 May 2015 (including the supplementary prospectus dated 12 June 2015); and
 - 3.2.13 on 13 July 2015, 15,000,000 Shares were issued in respect of a placing at a placing price of \$0.01 per Share.

As at the date of this document, more than 10 per cent. of the Shares were allotted for consideration other than cash.

- 3.3 The authorised and issued share capital of the Company as at the date of this document and as expected at Admission is as follows:

<i>Date</i>	<i>Number of authorised Shares</i>	<i>Number of issued Shares</i>
Shares	unlimited	442,671,666

- 3.4 The Shares have no nominal or par value and are recorded in the accounts of the Company at their issue price (in A\$) less expenses associated with their issue once fully paid. Shareholders have no further liability in respect of their Shares.
- 3.5 The Company intends to make an application for all of its Shares to be admitted to trading on AIM. The International Securities Identification Number (ISIN) Code for the Shares is AU000000HMI6.

3.6 The Shares have been created under the Australian Corporations Act and are capable of being held in either certificated or uncertificated form.

Outstanding Options

3.7 The outstanding Options of the Company as at the date of this document and as expected at Admission is 6,000,000.

3.8 The 6,000,000 Options exercisable at A\$0.05 on or before 31 December 2015 have been issued to Mr Stephen Thompson, a former senior executive of the Company, and vest according the following schedule:

3.8.1 2,000,000 Options vest when the Company's closing share price on the ASX reaches A\$0.10 per share within the exercise period;

3.8.2 2,000,000 Options vest when the Company's closing share price on the ASX reaches A\$0.15 per share within the exercise period;

3.8.3 2,000,000 Options vest when the Company's closing share price on the ASX reaches A\$0.20 per share within the exercise period.

Potential and/or contingent Share and Option Issues

3.9 In addition to the Shares and Options disclosed in this paragraph 3, the Company has (i) entered into agreements under which it has agreed, or (ii) is otherwise considering plans, to issue the following further Shares subject to certain conditions:

3.9.1 in accordance with the terms of the acquisition of the Sergi Potash Project:

(a) the Company agreed to issue certain deferred consideration Shares to the vendor or its nominee. Subject to compliance with the ASX Listing Rules and all other relevant laws, the Company has agreed to issue three tranches of 60,000,000 Shares each to the vendor or its nominee on three separate dates, being (i) before 31 August 2015, or such later date as the Company and the vendor may agree (the Company has received Shareholder approval of this issue at a general meeting of the Company held on 17 August 2015); (ii) 31 December 2015; and (iii) 31 December 2016; and

(b) the Company is also required to issue up to an additional 180,000,000 Shares on the successful achievement of certain milestones, subject to compliance with the ASX Listing Rules and all relevant laws. There is no certainty that these milestones will be achieved and therefore no certainty that the Company will be required to issue these Shares;

3.9.2 in accordance with the terms of the acquisition of the Capela Potash Project, the Company may be required to issue up to an additional A\$2,200,000 worth of Shares to the vendor or its nominee on the successful achievement of certain milestones, subject to compliance with the ASX Listing Rules and all other relevant laws. There is no certainty that these milestones will be achieved and therefore no certainty that the Company will be required to issue these Shares.

Other information

3.10 Save as set out in this document:

3.10.1 there are no Shares not representing share capital in the Company;

3.10.2 there are no Shares held by or on behalf of the Company or by any member of the Group;

3.10.3 there are no Shares currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;

3.10.4 no Share of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;

3.10.5 no Share of the Company is under option or is agreed conditionally or unconditionally to be put under option;

3.10.6 no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share capital of the Company;

3.10.7 no founder, management or deferred shares have been issued by the Company; and

3.10.8 no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

4 SIGNIFICANT SHAREHOLDERS

4.1 Other than as tabled below, the Company is not aware of any holding (within the meaning of the AIM Rules) in its issued Share capital which would, immediately following Admission, represent three (3) per cent. or more of the Company's issued Shares:

<i>Shareholder</i>	<i>No. of Shares Owned*</i>	<i>% of Fully Paid Shares*</i>
Americas Investments & Participation Limited ⁽¹⁾	40,000,000	9.0
KMINE Holding Ltd ⁽¹⁾	40,000,000	9.0
Mr Jason Peterson ⁽²⁾	28,965,000	6.5
Mr Matthew Wood ⁽³⁾	21,935,000	5.0
Ms Byambaa Zolzaya	21,500,000	4.9
JDK Nominees Pty Ltd	20,000,000	4.5
Mr Brian McMaster ⁽⁴⁾	15,808,334	3.6

* Note: The above percentage holdings are on an undiluted basis based on the total issued fully paid share capital of 442,671,666 Shares (as tabled in paragraph 3.3 of Part V of this document) which does not include any of the potential Shares that may be issued upon the exercise of the 6,000,000 Options on issue or the potential new issue of Shares as set out in paragraph 3.9 of Part V of this document.

(1) Post Admission, Americas Investments & Participation Limited and KMINE Holding Ltd are expected to be issued additional equal amounts of Shares in the Company pursuant to the terms of the Capela Potash Project Agreement and the Sergi Potash Project Agreement, further details on which are disclosed in paragraphs 11.6 and 11.7 of Part V of this document.

(2) In respect of the 28,965,000 Shares owned by Mr Jason Peterson, (i) 1,550,000 Shares are held by Celtic Capital Pty Ltd <The Celtic Capital a/c>, (ii) 5,000,000 Shares are held through Celtic Capital Pty Ltd <Celtic Capital No 2 a/c>, and (iii) 22,415,000 Shares are held jointly with Lisa Peterson.

(3) In respect of the 21,935,000 Shares owned by Mr Matthew Wood, (i) 150,000 Shares are held by Mr Wood <Thomas Wood a/c>, (ii) 310,000 Shares are held directly by Mr Wood, and (iii) 21,475,000 Shares are held by Nefco Nominees Pty Ltd.

(4) In respect of the 15,808,334 Shares owned by Mr Brian McMaster, (i) 875,000 Shares are held through Reeve Ventures Pty Ltd <The Vega a/c>, and (ii) 14,933,334 Shares are held through Vega Funds Pty Ltd <The Viva a/c>.

4.2 None of the Company's significant Shareholders have voting rights that are different from the other Shareholders.

4.3 Save as disclosed in this document, the Directors are not aware (having made due and proper enquiries) of any person who either, at the date of this document, or immediately following Admission, exercises or could exercise, directly or indirectly, jointly or severally, control over the Company.

4.4 Save as disclosed in this document, the Directors are not aware (having made due and proper enquiries) of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

5 DIRECTORS' INTERESTS IN SHARE CAPITAL AND OTHER INTERESTS

5.1 As at the date of this document, and as expected at Admission, the holdings of the Directors and any other applicable employee of the Company (as defined in the AIM Rules), and their spouses, civil partner or children under the age of eighteen years, in the share capital of the Company or a related financial product referenced to the Shares: (i) which would be required to be notified by the Company pursuant to Rule 17 of the AIM Rules; or (ii) are holdings of a person connected (within the meaning of sections 252 to 254 of the UK Companies Act 2006 (as amended)) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) above and the existence

of which is known to, or could with reasonable due diligence be ascertained by, the Directors are as follows:

<i>Director</i>	<i>Number of Shares held</i>	<i>% of Issued Shares*</i>	<i>Number of Options held</i>
Mr Brian McMaster	15,808,334	3.57	Nil
Mr Luis Azevedo	100,000	0.02	Nil
Mr Matthew Wood	21,935,000	4.96	Nil
Mr Mark Reilly	Nil	Nil	Nil
Total	37,843,334	8.55	Nil

* Note: The above percentage holdings are on an undiluted basis based on the total issued fully paid share capital of 442,671,666 Shares (as tabled in paragraph 3.3 of Part V of this document) which does not include any of the potential Shares that may be issued upon the exercise of the 6,000,000 Options on issue or the potential new issue of Shares as set out in paragraph 3.9 of Part V of this document.

- 5.2 As at the date of this document and as expected at Admission, the Directors and entities in which the Directors have a substantial interest hold, in aggregate, 37,843,334 fully paid Shares, representing 8.55 per cent. of the Company's issued share capital. As at the date of this document, the Directors hold no Options in the capital of the Company. As at the date of this document and assuming no Options are exercised, the Company currently has, and will at Admission have, 37,843,334 Shares (equivalent to 8.55 per cent. of the Company's issued share capital) which are not in public hands (as defined by the AIM Rules).
- 5.3 The Directors are not required to hold any Shares under the Constitution.
- 5.4 None of the Directors has any potential conflicts of interest between their duties to the Company and their private interests and/or other duties they may also have.
- 5.5 There are no outstanding loans or guarantees provided by the Group to or for the benefit of any Directors.
- 5.6 The Directors have entered into the Introduction Agreement and the Lock-in Agreement which are summarised in paragraphs 11.2 and 11.4, respectively, of Part V of this document.
- 5.7 Save as disclosed in this document:
- 5.7.1 no Director is or has been interested in any transactions with or on behalf of the Company which are or were unusual in their nature or conditions, which are or were significant to the business of the Company (taken as a whole) which were effected by the Company and which remain, in any respect, outstanding or unperformed;
- 5.7.2 no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Group and, no contract or arrangement exists in which any Director is materially interested and which is significant in relation to the business of the Group;
- 5.7.3 there are no agreements, arrangements or understandings (including compensation agreements) between any of the Directors and the Shareholders connected with or dependent upon Admission.

6 DIRECTORS' SERVICE AGREEMENTS AND LETTER OF APPOINTMENT

With effect from Admission, each of the Directors will enter into new service agreements. However, the cash remuneration component of the new service agreements will only become payable on completion of a significant fundraise, which the Directors hope to complete in the coming months. Until that point, each of the Directors will continue to be paid A\$1,500 per month in accordance with the terms of their respective service agreements or non-executive service letter.

The Directors are indemnified by the Company in accordance with the Constitution and deeds of indemnity, insurance and access between each Director, individually, and the Company.

6.1 Mr Brian McMaster

Pursuant to the terms of the service agreement dated 1 September 2015, Mr McMaster is appointed by the Company as its Executive Chairman from 1 September 2015 until the service agreement is terminated in accordance with its terms. Mr McMaster's remuneration is £150,000 per annum (with effect from the completion of a significant fundraise) for services rendered, payable in equal monthly instalments in arrears or as otherwise agreed. The service agreement may be terminated at any time by either party giving to the other 12 months' notice in writing. Mr McMaster is able to hold securities in any company listed on a recognised stock exchange, provided Mr McMaster discloses to the Company any holdings of 3 per cent. or more of the share capital in such company. On termination of his employment, Mr McMaster is entitled to payment in lieu of the annual leave to which Mr McMaster has become entitled during his employment, but which he has not taken; the Company has not granted any benefits on termination of employment. Mr McMaster is prohibited from engaging in business which is in any way similar to the business of the Company within the Federative Republic of Brazil for a period of 12 months after termination of his employment. The service agreement is governed by the laws of the State of Western Australia.

6.2 Mr Luis Azevedo

Pursuant to the terms of the service agreement dated 1 September 2015, Mr Azevedo is appointed by the Company as its Executive Director from 1 September 2015 until the service agreement is terminated in accordance with its terms. Mr Azevedo's remuneration is £60,000 per annum (with effect from the completion of a significant fundraise) for services rendered, payable in equal monthly instalments in arrears or as otherwise agreed. The service agreement may be terminated at any time by either party giving to the other 12 months' notice in writing. Mr Azevedo is able to hold securities in any company listed on a recognised stock exchange, provided Mr Azevedo discloses to the Company any holdings of 3 per cent. or more of the share capital in such company. On termination of his employment, Mr Azevedo is entitled to payment in lieu of the annual leave to which Mr Azevedo has become entitled during his employment, but which he has not taken; the Company has not granted any benefits on termination of employment. Mr Azevedo is prohibited from engaging in business which is in any way similar to the business of the Company within the Federative Republic of Brazil for a period of 12 months after termination of his employment. The service agreement is governed by the laws of the State of Western Australia.

6.3 Mr Matthew Wood

Pursuant to the terms of the service agreement dated 1 September 2015, Mr Wood is appointed by the Company as its Executive Director from 1 September 2015 until the service agreement is terminated in accordance with its terms. Mr Wood's remuneration is £60,000 per annum (with effect from the completion of a significant fundraise) for services rendered, payable in equal monthly instalments in arrears or as otherwise agreed. The service agreement may be terminated by Mr Wood giving the Company six months' notice in writing or the Company by giving the Mr Wood 12 months' notice in writing. Mr Wood is able to hold securities in any company listed on a recognised stock exchange, provided Mr Wood discloses to the Company any holdings of 3 per cent. or more of the share capital in such company. On termination of his employment, Mr Wood is entitled to payment in lieu of the annual leave to which Mr Wood has become entitled during his employment, but which he has not taken; the Company has not granted any benefits on termination of employment. Mr Wood is prohibited from engaging in business which is in any way similar to the business of the Company within the Federative Republic of Brazil for a period of 12 months after termination of his employment. The service agreement is governed by the laws of the State of Western Australia.

6.4 Mr Mark Reilly

Pursuant to a letter of appointment dated 1 September 2015, Mr Reilly is appointed by the Company as Non-executive Director from 4 July 2014. Mr Reilly's remuneration is £36,000 per annum (with effect from the completion of a significant fundraise), payable monthly in arrears. The Company will

reimburse reasonable expenses incurred by Mr Reilly in performing his duties, including the cost of attending board meetings, travel, accommodation and entertainment where agreed to by the board. Mr Reilly is able to hold securities in any company listed on a recognised stock exchange, provided Mr Reilly discloses to the Company any holdings of 3 per cent. or more of the share capital in such company. The appointment is governed by the laws of the State of Western Australia. The Company has not granted any benefits on termination of employment.

6.5 Save as disclosed in this document:

6.5.1 there is no existing or proposed service agreement between any Director and the Company or any other member of the Group;

6.5.2 there is no existing or proposed service agreement between any Director and the Company or any other member of the Group which provide for benefits or additional payment upon termination of employment; and

6.5.3 there is no existing or proposed arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year preceding the date of this document.

7 ADDITIONAL INFORMATION ON THE DIRECTORS

7.1 The Directors' full names and ages, and the directorships and partnerships of the Directors, other than of the Company and its subsidiaries, held at present and within the five years preceding the date of this document are provided in the table below.

<i>Director</i>	<i>Current directorships/ partnerships</i>	<i>Past directorships/partnerships (within past 5 years)</i>
<i>Mr Brian Keith McMaster (Aged 44)</i>	Antares Mining Ltd Black Star Petroleum Ltd Brazil Graphite Pty Ltd Brazphos Pty. Ltd. Briant Nominees Pty. Ltd. Bsquared Investments Pty Ltd Castillo Copper Ltd Copper Range (SA) Pty Ltd Fair Capital Pty. Ltd. Fat Hog Pty Ltd Five Star Diamonds Ltd FSD Brazil Ltd FSD Management Pty Ltd Garrison Capital (Victoria) Pty Ltd Garrison Capital Partners Limited Garrison Capital Pty Ltd Garrison Equities Pty Ltd Garrison Equity Limited Gemstar Investments Limited Golden Spur Resources Pty Ltd Haranga Resources Ltd Hudson Bay Investments Pty Ltd Nomad Mining Pty Ltd Paradigm Metals Limited Paradigm Queensland Pty Ltd Reeve Ventures Pty. Ltd. Sierra Oil Ltd South Coast Angus Pty Ltd Southland Beef Pty Ltd Star of Africa Ltd Strezlecki Mining Pty Ltd Tharsis Mining Pty Ltd The Carajas Copper Company Ltd	333 Sourcing Pty Ltd Accordia Nominees Pty Ltd Alvo Energy Ltd Atlantic Vanadium Holdings Pty Ltd Auzfert Pty Ltd CVI Energy Corporation Limited Firestone Energy Ltd Goldtime Asset Pty Ltd Hudson Bay Pastoral Pty Ltd Linidian Resources Limited Midwest Vanadium Pty Ltd. Platinum Star Asset Pty. Ltd. Surat Gas Pty Ltd The Colonial Copper Company Pty Ltd The Waterberg Coal Company Limited Union Resources Pty Ltd United Grain Farms Pty Ltd WWHD Property Pty Ltd

<i>Director</i>	<i>Current Directorships/ Partnerships</i>	<i>Past Directorships/Partnerships (within past 5 years)</i>
<i>Mr Brian Keith McMaste (Aged 44) (continued)</i>	Tungsten NSW Pty Ltd Upcity Investments Pty Ltd Vega Funds Pty Ltd. Vega Potash Ltd Voyager Exploration Pty Ltd Watershed Land Ltd Watershed Premium Wines Ltd Wolf Petroleum Limited	
<i>Mr Luis Mauricio Ferraiuoli de Azevedo (Aged 52)</i>	Avanco Resources Ltd Brazil Minerals Inc FFA Legal Ltda Five Star Mineração Limitada FSD Brazil Ltd Talon Metals Corporation	Brazilian Gold Corporation Carajas Copper Company Ltd Paringa Resources Ltd Rio Verde Minerals
<i>Mr Matthew Gaden Western Wood (Aged 46)</i>	Antares Mining Limited Black Star Oil Pty Ltd Black Star Petroleum Ltd Brazfert Pty Ltd Brazphos Pty Ltd Broadway Resources Pty Ltd Castillo Copper Company Limited Copper Range (SA) Pty Ltd Culgoa Imports Pty Ltd Drysdale Resources Pty Ltd Five Star Diamonds Ltd Forte Energy NL FSD Brazil Ltd FSD Management Pty Ltd Garrison Capital (Victoria) Pty Ltd Garrison Capital Partners Limited Garrison Capital Pty Ltd Garrison Equities Pty Ltd Garrison Equity Limited Gemstar Investments Limited Golden Spur Resources Pty Ltd Goodooga Grassfed Pty Ltd Haranga Resources Limited Hay Street Property Pty Ltd Icon Gold Pty Ltd Indopacific Resources Pty Ltd Jangada Mines PLC Lotus Mining Pty Ltd Mitchell Grass Holdings Pty Ltd Reef Exploration Pty Ltd Sierra Oil Ltd South Coast Angus Pty Ltd Southland Beef Pty Ltd Star of Africa Ltd Tharsis Mining Pty Ltd The Carajas Copper Company Limited Triumph Tin Mining Pty Ltd Union Resources Pty Limited Vega Potash Limited Voyager Exploration Pty Ltd Wolf Operations Ltd Wolf Petroleum Ltd Wood Grazing Company Pty Ltd	Avanco Resources Limited Bundok Holdings Pty Ltd Bundok Resources Pty Ltd Castillo Copper Limited Castillo Exploration Pty Ltd Dornod Resources Limited Estrela Metals Limited Hampshire Grazing Pty Ltd Hudson Bay Investments Pty Ltd Hunnu Coal Pty Ltd Hunnu Holdings Pty Ltd Kenya Exploration Pty Ltd Laguna Exploration Pty Ltd Laguna Resources NL Lindian Resources Guinea Pty Ltd Lindian Resources Limited Lord Holdings Pty Ltd Ochre Group Holdings Ltd Signature Metals Limited WWHD Property Pty Ltd

<i>Director</i>	<i>Current Directorships/ Partnerships</i>	<i>Past Directorships/Partnerships (within past 5 years)</i>
<i>Mr Mark David Reilly (Aged 44)</i>	Black Star Petroleum Ltd Estancia Management Pty Ltd Forte Energy NL Garrison Capital (Victoria) Pty Ltd Hay Street Property Pty Ltd Quek Kai Tee Holdings Pty Ltd Styletown Investments Pty Ltd	Century Stand Pty Ltd Ochre Group Holdings Ltd

7.2 None of the Directors:

- 7.2.1 has any unspent convictions in relation to indictable offences; or
- 7.2.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to the assets of such director; or
- 7.2.3 has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
- 7.2.4 has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- 7.2.5 has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- 7.2.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

8 AUSTRALIAN CORPORATIONS ACT

The following is a general description of certain relevant corporate laws, regulations and related policies in Australia to which the Company is subject. The law, policies and practice are subject to change from time to time and should not be relied upon by Shareholders or any other person. It does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing of Shares or interests in Shares. If you are in any doubt as to your own legal position, you should seek independent advice without delay.

The Company is obliged to comply with the Australian Corporations Act and also with specific obligations arising from other laws that relate to its activities.

ASIC is responsible for administering and enforcing the Australian Corporations Act.

8.1 Takeovers

The Company is incorporated in, is resident in and has its head office and central place of management in, Australia. Accordingly, transactions in Shares will not be subject to the provisions of the UK City Code on Takeovers and Mergers (the "City Code") published by the Panel on Takeovers and Mergers. There are, however, provisions under Australian law and regulations applicable to the Company, particularly Chapter 6 of the Australian Corporations Act that are, in part, similar or analogous to certain provisions of the City Code.

As an Australian public listed company, a takeover of the Company is governed by the Australian Corporations Act. The Australian Corporations Act contains a general rule that a person must not acquire a 'relevant interest' in issued voting shares of a company as a result of a transaction in relation to securities entered into by or on behalf of the person if, because of the transaction, a person's voting power in the company:

- increases from 20 per cent. or below to more than 20 per cent.; or
- increases from a starting point which is above 20 per cent. but less than 90 per cent.

A person's voting power is deemed to be that of that person and his/her Associates.

Certain acquisitions of relevant interests are exempt from the above rule including, among others, acquisitions under takeover bids, acquisitions approved by Shareholders, acquisitions of less than 3 per cent. in any 6 month period, and acquisitions that result from rights issues, dividend reinvestment schemes and underwritings.

If a person wishes to acquire more than 20 per cent. of a company, or increase a holding which is already beyond 20 per cent., but not under one of the exemptions (including those noted above), the person must undertake a takeover bid in accordance with the Australian Corporations Act.

A person who holds more than 90 per cent. of the shares in a company may conduct a compulsory acquisition of all remaining shares under the Australian Corporations Act. There is no provision under the Australian Corporations Act for minority shareholders to require a person who holds more than 90 per cent. of the shares in a company to buy them out.

8.2 Substantial Shareholdings

Under the Australian Corporations Act, a person has a "substantial holding" if that person and that person's Associates have a relevant interest in 5 per cent. or more of the voting shares in the company.

A person who:

- begins to or ceases to have a substantial holding in a listed company; or
- has a substantial holding in a listed company and there is movement by at least 1 per cent. in their holding,

must give notice to the company and to the ASX. The contents of the notice are prescribed in the Australian Corporations Act, section 671B(3)/(4).

Shareholders should note that following adoption of the Constitution by the Company's Shareholders on 17 August 2015, the Constitution now contains provisions whereby Shareholders holding direct and/or indirect interests in 3 per cent. or more of the voting rights in the Company are required to make certain notifications to the Company when such holdings change. This is required in order that the Company is able to comply with AIM Rule 17 (*Disclosure of miscellaneous information*) which requires the Company to issue a notification, without delay, of any changes to the holding of shareholders holding more than 3 per cent. of the voting rights in the Company.

8.3 Foreign Investment

In Australia, foreign investment in, and ownership of, companies and property is regulated by the *Foreign Acquisitions and Takeovers Act 1975* (Cth) ("FATA"), which is administered by the Foreign Investment Review Board ("FIRB"), a division of the Treasury department of the Australian federal government. FIRB's functions are advisory only, and responsibility for making decisions on proposals rests with the Treasurer of the Australian federal government ("Treasurer").

FATA provides a notification and approval process for proposed investments in Australia by "foreign persons" (individuals, corporations or trusts), which may result in foreign control or ownership of Australian businesses or companies. Small proposals are generally exempt from notification, and larger proposals are approved unless judged contrary to the national interest. The threshold requirements for notification vary according to the nature of the business to be acquired and the aggregate Australian land holding of that business.

FATA provides where:

- the Treasurer is satisfied a person proposes to acquire shares in a corporation which carries on an Australian business;
- the acquisition would result in the corporation being controlled by a foreign person; and
- the result would be contrary to the national interest,

the Treasurer may make an order prohibiting the acquisition. This generally does not apply to investments in existing Australian corporations or businesses that are valued at less than A\$252 million, unless the investment involves a direct interest by foreign government or is considered an acquisition of an interest in Australian urban land. Currently, as the Company's assets are located in Brazil, an investment in the Company would not be considered an investment in Australian urban land.

A proposed acquisition of shares (unless an exempt dealing under FATA) will have the effect of a foreign person acquiring a controlling interest in an Australian corporation if one of the following applies:

- that person alone, or together with his/her Associates, directly or indirectly proposes to acquire 15 per cent. of the shares or voting power in an Australian corporation or business; or
- that person, together with other foreign persons and each of their Associates, directly or indirectly proposes to acquire 40 per cent. of the shares or voting power in an Australian corporation or business.

If a foreign person must give notice to FIRB under FATA it must await the decision of the Treasurer before entering into a binding agreement to acquire shares which will result in a foreign person acquiring a controlling interest in a corporation.

8.4 **ASX Listing Rules**

As a company admitted to the official list of the ASX, the Company is bound to comply with the ASX Listing Rules, as amended from time to time. The ASX Listing Rules address such matters as admission to listing, quotation of securities, continuous disclosure, periodic disclosure, certain requirements for terms of securities, issues of new capital, transfers of securities, disclosure of corporate governance practices, mining and exploration reporting requirements, escrow (lock-in) arrangements, transactions with related/controlling parties, significant transactions, shareholder meetings, trading halts and suspensions and fees payable. The ASX also publishes guidance notes regarding the interpretation of parts of the ASX Listing Rules.

The ASX Listing Rules and guidance notes can be found at www.asx.com.au.

8.5 **Future Share Issue Restrictions**

The Company does not have any unauthorised share capital. There is generally no limit in the Australian Corporations Act or the Constitution on the power of the Directors to issue shares. In particular, the general concept under English law that existing Shareholders have a statutory right (subject to certain exceptions) to be offered newly issued shares in a company for cash only before such shares can be offered to new investors does not apply to Australian companies unless it is specifically included in their constitution, which is not the case in respect of the Company. However, subject to certain exceptions (including those in respect of pro rata issues and issues under employee schemes):

8.5.1 Rule 7.1 of the ASX Listing Rules prohibits a company which is listed on the ASX from issuing or agreeing to issue securities (including shares or options) representing more than 15 per cent. of its issued capital in any 12 month period without shareholder approval unless one of the exceptions set out in ASX Listing Rule 7.2 apply. Such shareholder approval requires an ordinary resolution passed by a simple majority;

8.5.2 As explained in paragraph 8.1 of Part V of this document, save in relation to certain exempt acquisitions, Chapter 6 of the Australian Corporations Act forbids the acquisition of a "relevant interest" in voting shares in a company (whether by transfer or issue) if, as a result, the "voting power" of the acquirer (or any other person) would increase:

- (a) from 20 per cent. or below to more than 20 per cent; or
- (b) at all from a starting point which is above 20 per cent. but less than 90 per cent; and

8.5.3 The Australian Corporations Act contains provisions governing the disclosure obligations of a company making an offer/issue of securities. The general rule is that an offer of securities must be accompanied by disclosure to potential investors in a prescribed document (either a prospectus, a short form prospectus, a profile statement or an offer information statement) unless the type of offer falls within an exemption. Types of offers which do not require disclosure include offers to sophisticated investors and professional investors, offers to people associated with the company, certain offers to existing holders of securities and issues for no consideration.

8.6 Pro rata offers to foreign shareholders

In accordance with the Australian Corporations Act and the ASX Listing Rules, where the Company makes a *pro rata* offer to existing Shareholders, the Company is not required to offer the pro rata rights to its foreign shareholders in certain circumstances.

In order for this to occur the entity must:

- 8.6.1 decide that it would be unreasonable to make the offer to the foreign holders having regard to the number of holders, the number and value of securities the holders would be offered and the costs complying with the legal requirements in place in the relevant foreign jurisdiction;
- 8.6.2 send a notice to each holder to whom it will not offer the securities; and
- 8.6.3 in some cases appoint a nominee to sell the pro rata rights for the benefit of the foreign holders and to distribute the proceeds of sale to those holders.

9 CONSTITUTION AND RIGHTS ATTACHING TO SHARES AND POWERS OF THE COMPANY

The following is a summary of certain provisions of the Constitution which was adopted by Shareholders at the general meeting held on 17 August 2015.

9.1 Object and purposes

The Constitution does not limit the objects, purpose or activities of the Company.

9.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- 9.2.1 each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- 9.2.2 on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- 9.2.3 on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

9.3 Transfer of Shares

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Australian Corporations Act or the ASX Listing Rules or the AIM Rules. The Company may participate in any electronic or computerised system for the transfer of shares that may be established or recognised by the Australian Corporations Act or the ASX Listing Rules or the AIM Rules and the shares may be transferred by a market transfer in accordance with any electronic or computerised system for the transfer of shares that may be established or recognised by the Australian Corporations Act or the ASX Listing Rules, or otherwise by written instrument.

The Directors are entitled to decline to register a share transfer (other than a transfer pursuant to or connected with a transaction entered into on the ASX) where the ASX Listing Rules permit or require them to do so. The Company cannot interfere with a transfer pursuant to or connected with a transaction entered into on the ASX where to do so would be contrary to the ASX Listing Rules. The Company may at any time close the register for a period not exceeding 30 days in any year. The Directors may, to the extent the law permits, waive any of the requirements pertaining to the transfer of shares under the Constitution and prescribe alternative requirements instead.

9.4 **Dividends**

Subject to and in accordance with the Australian Corporations Act, the ASX Listing Rules or the AIM Rules, the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend be paid to the shareholders entitled to a dividend. The directors may fix the amount of a dividend, the record date and the method of a payment of a dividend.

The shareholders entitled to a dividend are those on the register of members on the record date. Where no record date is determined the relevant date for determining entitlement is the date of payment of the dividend.

The dividend shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

The Directors may from time to time pay to the shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

At the discretion of the directors, any dividends that remain unclaimed for one year (from declaration) may be invested or otherwise made use of for the benefit of the Company until claimed or required to be dealt with in accordance with any law to unclaimed money.

Subject to the ASX Listing Rules or the AIM Rules and the Australian Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on shares which are participating shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of shares.

9.5 **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

9.6 **Changes in share capital**

The issue of any new shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution of

the Company and the Australian Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue shares as they shall, in their absolute discretion, determine.

9.7 Variation of rights

Pursuant to Section 246B of the Australian Corporations Act, the Company may, with the sanction of a resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

9.8 General meetings of Shareholders

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Subject to the ASX Listing Rules and provisions of the Australian Corporations Act in relation to special resolutions and short notice, at least 28 clear days' notice must be given of a general meeting of the shareholders. The notice must specify the place, day and hour of the meeting and, in the case of special business, must specify the general nature of that business. All business that is transacted at a general meeting is special save for the declaration of a dividend, consideration of accounts and Director's and auditor's reports, the appointment of auditors and the election of Directors at an annual general meeting. A general meeting may also be convened on requisition. Annual general meetings of the shareholders are held in accordance with the requirements of the ASX Listing Rules and the Australian Corporations Act.

Each Shareholder, in accordance with the Constitution, the Australian Corporations Act, the ASX Listing Rules or the AIM Rules, is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company, the Australian Corporations Act, the ASX Listing Rules or the AIM Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Australian Corporations Act.

9.9 Notifications of major shareholdings

Shareholders holding a direct or indirect interest including via financial instrument more than three per cent. of the Shares of the Company are required to notify the Company in writing: (a) that it is or has become or ceased to be interested in more than three per cent. of the Company's Shares; and (b) of any change to a holding of a significant shareholder which increases or decreases the holding through a single percentage.

9.10 Meetings of Directors

A Director may at any time and the Secretary must on the requisition of a Director, convene a meeting and at least 24 hours' notice of such a meeting shall be given to each Director. The Directors can agree shorter notice by unanimous decision. Decisions of a meeting of Directors are decided by a majority of votes and in the event of an equality of votes, the chairman of the meeting shall have a casting vote. Directors can appoint alternate Directors to participate and vote in the appointer's stead. The quorum for meetings of the Directors is two. The Directors may delegate their powers to committees consisting of such of their number as they think fit.

Questions arising at a meeting of the Board will be decided by a majority of votes cast by Directors present and entitled to vote at the meeting at which a quorum is present. If an equal number of votes are cast for and against a resolution, the chairperson shall have a second or casting vote (unless only two Directors are competent to vote on the question).

9.11 Appointment and removal of Directors

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than nine unless the Shareholders pass a resolution varying that number. Directors are elected at general meetings of the Company. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any Managing Director) retires at each annual general meeting of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

9.12 Remuneration of Directors

The Constitution provides that the total aggregate fixed sum per annum to be paid to the Directors will not exceed the sum set by the shareholders of the Company in general meeting. The Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by Directors in the performance of their duties and fees paid to Directors for special services supplied to the Company over and above performance of Director responsibilities. The total aggregate fixed sum per annum to be paid to non-executive Directors has been set at \$A300,000 per annum.

9.13 Indemnity and insurance

The Company must indemnify any current or former Director, or officer, of the Company or its related body corporate against any liability incurred by that person in that capacity. The Company may enter into and pay premiums on a contract insuring any current or former Director, or officer, of the Company or its related body corporate against any liability incurred by that person in that capacity, including legal costs.

9.14 Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

10 TAXATION IMPLICATIONS FOR AUSTRALIAN AND UK RESIDENT SHAREHOLDERS

The paragraphs below comment on the general Australian and UK taxation position of individual and corporate resident and non-resident Shareholders in relation to the payment of dividends by the Company and the future disposal of their Shares.

The following comments are intended as a general guide to the Australian and UK tax implications only. This should not be a substitute for individual advice from an appropriate professional adviser and all Shareholders or prospective Shareholders are strongly advised to obtain their own professional advice on the tax implications of acquiring, owning and disposing of Shares based on their own specific circumstances. The tax comments do not cover particular classes of Shareholders whose tax treatment may be different, for example, dealers in securities.

The comments are based on the law and understanding of the practice of the tax authorities in Australia and the UK at the date of this document.

10.1 Australian Tax Considerations

This section provides a general outline of Australian tax issues for Australian tax resident Shareholders and non-Australian tax resident Shareholders that hold Shares in Harvest Minerals on capital account for Australian income tax purposes. The comments do not apply to Shareholders who hold the Shares on revenue account or as trading shares; these Shareholders should seek their own independent advice to understand the taxation implications that may arise from holding shares in this manner.

These comments do not apply to Shareholders that are companies, banks, insurance companies, or taxpayers that carry on a business of trading in shares or that are subject to the Taxation of Financial Arrangement rules contained in Division 230 of the Income Tax Assessment Act 1997.

This summary is general in nature and is not exhaustive of all income tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of that Shareholder. Shareholders should consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and Goods and Service Tax ("GST") consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

Tax law is complex and subject to ongoing change. This summary is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the tax authority at the time of issue of this document.

The tax consequences discussed in this summary do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Australian Corporations Act and is confined to taxation issues and is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licenced adviser, before making an investment decision.

Harvest Minerals and its advisers disclaim all liability to any Shareholder or other party for all costs, losses, damages and liabilities that the Shareholder or other party may suffer or incur arising from or relating to or in any way connected with the contents of this summary or the provision of this summary to the Shareholder or any other party or the reliance on it by the Shareholder or any other party.

10.1.1 Income tax treatment of dividends received for Australian resident Shareholders

If an Australian tax resident Shareholder receives a dividend from Harvest Minerals, the cash dividend will be included in the Shareholder's assessable income. To the extent that Harvest Minerals 'franks' the dividend, the franking credit attached to the dividend should generally also be included in the Shareholder's assessable income.

Where the franking credit is included in the Australian tax resident Shareholder's assessable income, the Australian tax resident Shareholder should generally be entitled to a corresponding tax offset against tax payable by the Shareholder. The tax offset can be applied to reduce the tax payable on the Australian tax resident Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Australian tax resident Shareholder's taxable income, the Shareholder may be entitled to a tax refund.

To be eligible for the franking credit and tax offset, an Australian tax resident Shareholder must satisfy the 'holding period' rule and 'related payments' rule. This requires that a Shareholder hold the Shares in Harvest Minerals 'at risk' for a period of not less than 45 days (not including the date of acquisition or the date of disposal). In addition, an Australian tax resident Shareholder must not be obliged to make a 'related payment' in respect of any dividend, unless they hold the Shares at risk for the required holding period around all dividend dates.

Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

The holding period rule should not apply to a Shareholder who is an individual whose tax offset entitlement (for all franked distributions received in the income year) does not exceed A\$5,000 for the income year in which the franked dividend is received. However, this exemption does not apply to a dividend which is subject to the related payments rule.

On 30 June 2014, legislation to implement previously announced changes by the Australian Government relating to the denial of franking tax offsets to certain 'distribution washing' arrangements received Royal Assent. Shareholders should consider the impact of these integrity measures which apply to distributions, including dividends, paid on or after 1 July 2013. Shareholders should have regard to these 'distribution washing' changes together with the broader integrity provisions that apply to the claiming of tax offsets, having regard to their own facts and circumstances.

10.1.2 Income tax treatment of dividends received for Non-Australian tax resident Shareholders

Dividends paid by Harvest Minerals on a Share to a non-Australian tax resident Shareholder may be subject to dividend withholding tax.

If franked dividends are paid to a non-Australian tax resident Shareholder, no dividend withholding tax is required to be withheld. Where unfranked dividends are paid to a non-Australian tax resident Shareholder, Harvest Minerals group will generally be required to withhold tax from the payment of the dividend under the withholding tax rules. If unfranked dividends are declared to include amounts of conduit foreign income, no dividend withholding tax is required to be withheld. No further Australian tax liability arises for non-Australian tax resident Shareholders to the extent that the dividend is franked, declared as conduit foreign income, or subject to dividend withholding tax.

Non-Australian tax resident Shareholders should seek their own independent tax advice as the above comments are general in nature, and any tax liability may vary depending on the Shareholder's individual circumstances.

10.1.3 Capital Gains Tax implications for Australian resident Shareholders

Where an Australian resident Shareholder holds their Shares in Harvest Minerals on capital account, the disposal of the Shares should be taxed under the Capital Gains Tax ("CGT") rules.

For CGT purposes, the Australian tax resident Shareholder will make a capital gain where the capital proceeds received for the disposal of their Shares exceeds the CGT cost base of their Shares. Similarly, the Australian tax resident Shareholder will make a capital loss where the capital proceeds received for their Shares is less than the reduced cost base of their Shares.

In broad terms, the cost base and reduced cost base of the Shares should be equal to the amount paid to acquire the Shares. Certain other costs associated with holding the Shares, such as incidental costs of acquisition and disposal, may be added to the cost base and reduced cost base.

Generally, all capital gains and losses made by an Australian tax resident Shareholder for an income year will be aggregated to determine whether the Shareholder has made a net capital gain or a net capital loss for the year. A net capital gain is included in the Australian tax resident Shareholder's assessable income whereas a net capital loss is carried forward and may be available to set off against capital gains of later years. Capital losses cannot be offset against other assessable income.

If an Australian tax resident Shareholder is an individual, complying superannuation entity or trust, and has held the Shares for 12 months or more before disposal of the Shares, the Shareholder will prima facie be entitled to a 'CGT discount' for any capital gain made on the disposal of the Shares. Capital gains may be discounted by half in the case of individuals and trusts, and by one-third in the case of complying superannuation entities. Shareholders that are companies are not entitled to a CGT discount.

Capital losses must be applied first to reduce a capital gain before applying the discount.

Where the Australian tax resident Shareholder is a trustee of a trust that has held the Shares for 12 months or more before disposal, the CGT discount may flow through to the beneficiaries of that trust if those beneficiaries are not companies. Trustee Shareholders should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

10.1.4 **Capital Gains Tax implications for Non-Australian tax resident Shareholders**

Where a non-Australian tax resident Shareholder (and any associates) holds less than 10 per cent. of the Shares, any capital gain made on disposal of the Shares will be exempt from CGT, unless the Shares are an asset of an Australian situated permanent establishment of a non-Australian tax resident Shareholder.

A non-Australian tax resident Shareholder (and any associates) holding at least 10 per cent. of the voting entitlements in Harvest Minerals will only be liable to tax where more than 50 per cent. of the value of Harvest Minerals' assets is attributable to Australian real property. Where this is not the case, any capital gain made on disposal of the Shares will be exempt from CGT.

The CGT rules will vary depending on the Shareholder's individual circumstances and non-Australian tax resident Shareholders should seek their own professional advice when disposing of their Shares.

10.1.5 **Tax File Numbers**

An Australian tax resident Shareholder is not required to quote their Tax File Number ("TFN"), or if applicable, Australian Business Number ("ABN") to Harvest Minerals. However, if an Australian tax resident Shareholder's TFN, ABN or exemption details are not provided, Australian tax may be required to be deducted by Harvest Minerals from distributions and/or unfranked dividends at the maximum marginal tax rate plus the Medicare levy. An exemption from this requirement to withhold applies in respect of a fully franked dividend paid by Harvest Minerals.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN.

10.1.6 **Goods and Services Tax implications**

GST should not be payable by Shareholders for the acquisition or disposal of their Shares in Harvest Minerals, regardless of whether or not the Shareholder is registered for GST.

The extent to which each Shareholder is entitled to recover any GST incurred on costs relating to the acquisition or disposal of Shares in Harvest Minerals will depend on the individual circumstances of each Shareholder.

GST should not be payable by Shareholders on receiving dividends distributed by Harvest Minerals.

10.1.7 **Stamp duty**

Australian stamp duty should not be payable by Shareholders in respect of their acquisition or disposal of their Shares in Harvest Minerals whilst it is a listed company. Shareholders should obtain their own independent advice depending on their individual circumstances.

10.2 **UK Tax Considerations**

10.2.1 **The Company**

It is expected that the Company will carry on its business activities so that for United Kingdom (UK) corporation tax purposes it will not be regarded as either resident within the UK, nor carrying on a trade through a permanent establishment located in the UK. On this basis the Company should have no liability in respect of UK corporation tax.

10.2.2 **UK Shareholders**

The following paragraphs outline general comments in respect of the taxation position of Shareholders in the Company who are resident (and, if individuals, ordinarily resident and domiciled) in the UK for tax purposes. The statements are based on current UK tax legislation and HM Revenue and Customs published practice. The statements may be subject to change, perhaps with retrospective effect. The statements may also not apply to certain classes of Shareholder such as individuals who acquire the shares in the course of employment, dealers, insurance companies and charities.

The following paragraphs are intended as a general guide only. Each Shareholder's specific circumstances will impact on their taxation position. All Shareholders are recommended to obtain and to rely on their own taxation advice.

In particular, all Shareholders, including UK tax resident Shareholders are advised to consider the potential impact of any relevant double tax agreements on their shareholding.

10.2.3 Taxation of Capital Gains

A disposal of Shares by a Shareholder who is (at any time in the relevant UK tax year) resident or ordinarily resident in the UK may give rise to a capital gain or allowable loss for the purpose of UK taxation of chargeable gains.

For the purpose of UK tax on chargeable gains, the issue of Shares will be regarded as an acquisition of a new holding in the share capital of the Company. The date of issue will be treated as the date of acquisition under the chargeable gains regime.

The amount paid for the Shares will constitute the base cost of a Shareholder's holding. If a Shareholder disposes of all or any of the Shares in the Company, he may incur a liability to tax on chargeable gains depending on the Shareholder's individual circumstances.

For individuals and trustees subject to UK capital gains tax, capital gains are chargeable at a flat rate of 18 per cent. or 28 per cent., depending on the individual's total taxable income and gains subject to certain reliefs and exemptions. For corporations subject to UK corporation tax on chargeable gains, any gain would be taxable at the rate of corporation tax applicable to the Company, currently 20 per cent., subject to the application of certain reliefs and exemptions.

10.2.4 Dividends

The Company will not be required to withhold UK tax from dividends paid on the Shares. Any individual who holds Shares who is resident in the UK, or who carries on a trade, profession or vocation in the UK to which the Shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the Shares.

UK resident individual Shareholders who receive a dividend from the Company will generally be entitled to a tax credit, which can be set off against the individual's income tax liability on the dividend payment. The rate of tax credit on the dividend paid by the Company will be 10 per cent. of the total of the dividend payment and the tax credit (the "gross dividend"), or one ninth of the dividend payment.

UK resident individual Shareholders will generally be taxable on the gross dividend, which will be regarded as the top slice of the Shareholder's income. In the case of a UK resident Shareholder who is not liable to income tax at the higher rates (taking account of the gross dividend he or she receives), the tax credit will satisfy in full such Shareholder's liability to income tax.

To the extent that a UK resident individual Shareholder's income (including the gross dividend) is subject to 40 per cent. income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 32.5 per cent. but will be able to set the tax credit against this liability. This results in an effective tax rate of 25 per cent. on the net dividend.

UK Shareholders receiving dividends within the 45 per cent. band will be subject to an income tax rate of 37.5 per cent. on the gross dividend and an effective rate of approximately 31 per cent. on the net dividend.

Dividends payable by the company may suffer withholding tax ("WHT") (see Section 14(i)(b) – Non- Australian resident Shareholders – General). If the dividend has been subject to Australian dividend withholding tax, the amount of the dividend received plus the WHT will be included in the assessable income of the UK Shareholder. In these circumstances the Shareholder should be entitled to a credit for the WHT. The credit would be limited to the lesser of the WHT or the UK tax payable on the combined amount of the dividend plus WHT, subject to a maximum of 15 per cent. of the gross dividend.

Any dividends received by a UK resident company Shareholder may be treated as exempt from UK corporation tax, provided the dividend falls into an exempt class. These include distributions from portfolio holdings and controlled companies. If the dividend has been subject to WHT, no further relief will be available thereon.

10.2.5 Inheritance tax

The value of the Shares will form part of the estate of a UK domiciled Shareholder for inheritance tax purposes.

10.2.6 UK stamp duty and stamp duty reserve tax

There is generally no liability to UK stamp duty or stamp duty reserve tax ("SDRT") on the issue of Shares by the Company, or on the creation of the Depositary Interests. The transfer of the Depositary Interests within the CREST system should not be subject to SDRT for so long as no register of Shares is maintained in the UK and the Shares remain listed on the ASX.

Any person who is in any doubt as to their tax position or is subject to taxation in a jurisdiction other than Australia or the UK should consult an appropriate professional adviser.

11 MATERIAL CONTRACTS

Other than as set out below and in paragraph 6 of Part V of this document, and other than contracts in the ordinary course of business, no Group company has entered into any contracts in the two years immediately prior to the date of this document which are or may be material, or which contain any provision under which any Group company has any obligation or entitlement which is material, to the Group as of the date of this document:

11.1 Strand Hanson Ongoing Nomad Agreement

A nominated adviser agreement dated 1 September 2015 and made between (1) the Company and (2) Strand Hanson, pursuant to which the Company has appointed Strand Hanson to act as nominated adviser to the Company from Admission for the purposes of the AIM Rules and the AIM Rules for Nominated Advisors. The Company has agreed to pay Strand Hanson a fee of £30,000 plus VAT per annum for its services as nominated adviser under such agreement, payable quarterly in advance from the date of the agreement until the earlier of completion of a significant fundraising and 31 October 2015. From such date, the annual retainer will increase to £40,000 plus VAT. The agreement contains certain undertakings and indemnities given by the Company to Strand Hanson. The agreement is for an initial period of twelve months from the date of the agreement and thereafter is terminable upon three months' written notice by either the Company or Strand Hanson.

11.2 Introduction Agreement

An introduction agreement dated 1 September 2015 and made between (1) the Company, (2) the Directors and (3) Strand Hanson, pursuant to which Strand Hanson has agreed, subject to certain conditions, to give all assistance in connection with the Company's application for Admission.

The introduction agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 7 September 2015 (or such later date as may be agreed between the Company and Strand Hanson being not later than 8.00 a.m. on 30 September 2015). The introduction agreement contains warranties from the Company and the Directors in favour of Strand Hanson in relation to, *inter alia*, the accuracy of the information in the Announcement. The Company and the Executive Directors has also given customary indemnities to Strand Hanson. Strand Hanson has the right to terminate the introduction agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties or a *force majeure* event.

Under the introduction agreement, the Company has agreed to pay Strand Hanson a corporate finance advisory fee (together with any applicable VAT). Additionally, the Company has agreed to pay all of the costs and expenses incurred reasonably and properly by Strand Hanson (including any applicable VAT) in connection with Admission.

11.3 **Mirabaud Broker Agreement**

A broker agreement dated 1 September 2015 and made between (1) the Company and (2) Mirabaud, pursuant to which the Company has appointed Mirabaud as its broker for the purposes of the AIM Rules. The Company has agreed to pay Mirabaud, from completion of any equity fundraising by the Company following Admission, a fee of £30,000 plus VAT per annum for its services as broker under such agreement, payable quarterly in advance. The agreement contains certain undertakings and indemnities given by the Company to Mirabaud. The agreement is for an initial period of twelve months and thereafter is terminable upon not less than three months' prior written notice by either the Company or Mirabaud, such notice not to take effect earlier than the first anniversary of the date of the agreement.

11.4 **Lock-in and Orderly Market Agreement**

A conditional lock-in agreement dated 1 September 2015 made between (1) the Company, (2) Strand Hanson, (3) Mirabaud and (4) the Locked-in Parties, pursuant to which each of the Locked-in Parties has undertaken with the Company, Strand Hanson and Mirabaud, subject to certain limited exceptions, not to sell, transfer, grant any option or charge over or otherwise dispose or agree to dispose of the legal or beneficial interests in any Shares held or acquired by them for a period of 12 months from the date of Admission (the "Locked-in Period"), save where each of Strand Hanson and Mirabaud consent to such disposal.

The Locked-in Parties further agreed that for a period of 12 months commencing on the expiry of the Locked-in Period, they will only dispose of their Shares under terms of an orderly market arrangements whereby Strand Hanson and Mirabaud must each consent to such disposal and the disposal must be effected through Mirabaud unless Mirabaud fails to arrange such disposal within five business days of the written request to do so. In such circumstances, a third-party broker can effect the disposal.

11.5 **Depository Interest agreement**

A depository agreement (**Depository Agreement**) dated 14 August 2015 made between (1) the Company and (2) the UK Registrar pursuant to which the UK Registrar will agree to provide depository services to the Company. Pursuant to the Depository Agreement, the UK Registrar will execute the Deed Poll and thereunder issue the Depository Interests in favour of the holders of the Depository Interests from time to time. The Depository Agreement contains certain undertakings and indemnities given by the Company to the UK Registrar. The agreement is for an initial period of one year and thereafter is terminable upon not less than six months' prior written notice by either the Company or the UK Registrar.

11.6 **Sergi Potash Project Agreement**

Pursuant to a mineral rights purchase and sale agreement dated 11 June 2015 (as amended on 6 July 2015) entered into between (1) Triunfo Mineracao, (2) KMINE Holding Ltd, and (3) the Company (as a consenting party), Triunfo Mineracao acquired 100 per cent. of the mineral rights in respect of the Sergi Potash Project. In accordance with the terms of the agreement, A\$100,000 has been paid to KMINE and the Company has agreed to issue three tranches of 60,000,000 Shares each to the vendor or its nominee on three separate dates (being 31 August 2015 (or such later date as agreed with KMINE Holding Ltd), 31 December 2015 and 31 December 2016) and pay seven tranches of A\$100,000 each to the vendor or its nominee on seven separate dates (being 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021). In addition, the Company is required to issue up to an additional 180,000,000 Shares to the vendor or its nominee on the successful achievement of certain milestones as set out below:

- The issue of 60,000,000 Shares on achieving a minimum horizon of 10 metres of carnallite or sylvite with a minimum grade of 10 per cent. KCl average content at the average price of the last 30 days VWAP before the announcement of the results;

- The issue of 60,000,000 Shares on achieving a JORC inferred reserve of a minimum of 25 million tons at a minimum grade of more than 10 per cent. KCI average content at the average price of the last 30 days VWAP before the announcement of the results; and
- The issue of 60,000,000 Shares on achieving a successful scoping study or feasibility study, or another study, that confirms the economic feasibility of the project under JORC classification, whichever occurs first at the average price of the last 30 days VWAP before the announcement of the results.

Triunfo Mineracao is also required to pay an additional A\$6,000,000 to the vendor at the commencement of commercial production in the areas of the mineral rights.

11.7 Capela Potash Project Agreement

Pursuant to a mineral rights purchase and sale agreement dated 14 August 2014 (as amended on 11 June 2015) entered into between (1) Triunfo Mineracao, (2) KMINE Holding Ltd, (3) the Company (as a consenting party), and (4) Goncalves de Araujo & Brito Ltda (as a consenting party), Triunfo Mineracao acquired 100 per cent. of the mineral rights in respect of the Capela Potash Project. In accordance with the terms of the agreement, A\$120,000 has been paid to KMINE and 80,000,000 Shares have been issued to KMINE and its nominee. In addition, the Company is required to issue up to A\$2,200,000 worth of Shares to the vendor or its nominee on the successful achievement of certain milestones as set out below:

- After 31 December 2014, and on achieving a minimum horizon of 10 metres of carnallite or sylvite with a minimum grade of 10 per cent. KCI average content ("Trigger Event One"), issue the equivalent of A\$400,000 in Shares at the average price of the last 30 days VWAP before the public announcement of Trigger Event One;
- After 31 July 2015, and on achieving a JORC inferred reserve with a minimum of 25 million tons at a minimum grade of more than 10 per cent. KCI average content ("Trigger Event Two"), issue the equivalent of A\$800,000 in Shares at the average price of the last 30 days VWAP before the public announcement of Trigger Event Two; and
- After 31 December 2015, and on achieving a successful scoping study or feasibility study, or another study, that confirms the economic feasibility of the project under JORC classification, whichever occurs first ("Trigger Event Three"), issue the equivalent of A\$1,000,000 in Shares at the average price of the last 30 days VWAP before the public announcement of Trigger Event Three.

Triunfo Mineracao must also complete two drilling holes to a total depth of 700 metres in the areas of the mineral rights before the expiry date of the respective exploration permits and within three years after the signing date of the agreement, make a final payment of A\$5,000,000 to the vendor or its nominee.

If Triunfo Mineracao elects not to make the final payment of A\$5,000,000 to the vendor or its nominee within three years after the signing of the agreement, Triunfo Mineracao shall retain a 51 per cent. interest in the Capela Potash Project whilst the remaining 49 per cent. interest shall revert back to the vendor.

11.8 Arapua Fertilizer Project Agreement

Pursuant to a mineral rights transfer agreement dated 22 July 2014 entered into between (1) Triunfo Mineracao and (2) Fernando Pereira da Rocha Thomsen and Janine Tavares Camargo, Triunfo Mineracao acquired 100 per cent. of the mineral rights in respect of the Arapua Fertilizer Project. The acquisition is subject to Triunfo Mineracao making a payment of US\$1,000,000 to RV2 Rio Verde Mineracao Ltda ("RV2") at the commencement of commercial production in the areas of the mineral rights. Under the terms of the agreement, Triunfo Mineracao is obliged to pay to RV2 a net smelter return royalty of 2 per cent. over any and all ore extracted from the areas of the mineral rights. The mineral rights related to the Arapua Fertilizer Project have already been transferred to Triunfo Fertilizantes.

12 RELATED PARTY TRANSACTIONS

Save as disclosed below or elsewhere in this document, and with the exception of any arrangements summarised in the Company's financial statements for the year ended 30 June 2013, 30 June 2014 and 30 June 2015 included in the Appendices of this document, the Group has not entered into any related party transaction which were material to the Group during the financial periods ending 30 June 2013, 30 June 2014 and 30 June 2015 or from the end of that period to the date of this document:

- 12.1 FFA Legal Ltda, a company in which Mr Azevedo is a partner, provided the Group with legal and accounting services in Brazil totalling A\$125,236 (2014: A\$143,118). A\$nil was outstanding as at the date of this document. FFA Legal Ltda also provided professional legal services to the Company in relation to the preparation of a legal opinion concerning certain exploration and production concessions, licences and applications held by the Brazilian Subsidiaries under the laws of Brazil. Mr Azevedo has not been involved in the preparation of, or sign off on, any legal due diligence documents required as part of the Admission process.
- 12.2 Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, previously provided the Group with a fully serviced office including administration and information technology support totalling A\$30,000 (2014: A\$120,000), corporate advisory services totalling A\$60,000 (2014: A\$80,000) and reimbursement of payments for legal, accounting and other minor expenses, at cost totalling A\$23,780 (2014: A\$47,290). The agreement has been terminated and A\$nil was outstanding as at the date of this document (2014: A\$17,288 was outstanding at year end).
- 12.3 Garrison Capital Partners Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, previously provided the Group with corporate consulting services totalling A\$36,000 (2014: A\$nil). The agreement has been terminated and A\$nil was outstanding as at the date of this document.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

13 EMPLOYEES

- 13.1 The Company, together with its subsidiaries, had a total of 4 employees (including the Executive Directors, those employed under consultancy and service agreements and third party contractors) as at the date of this document.
- 13.2 The estimated total employees of the Company and its subsidiaries (including the executive directors of the Company at the time and those employed under consultancy and service agreements) as at 30 June 2013, 30 June 2014 and 30 June 2015 was 4, 4 and 4 respectively. The Company and its subsidiaries did not have any third party contractors as at 30 June 2013, 30 June 2014 and 30 June 2015.

14 PREMISES

The Company does not own any premises.

15 LITIGATION

The Company is not, and has not in the previous 12 months been, involved in any governmental, legal or arbitration proceedings, nor so far as the Directors are aware, are there any legal or arbitration proceedings active, pending or threatened by or against the Company which are having, may have or have had a significant effect on the financial position or profitability of the Company.

16 WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company and the Group will be sufficient for their present requirements, that is for at least twelve months from the date of Admission.

17 NO SIGNIFICANT CHANGE

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2015, being the date to which the latest audited annual financial information has been published.

18 THIRD PARTY INFORMATION

18.1 Certain data used in this document has been extracted from independent sources. The Company has not verified the underlying data from these sources and cannot give any guarantee of the accuracy or completeness of such data. Forecasts and other forward looking information contained from these sources are subject to the same qualifications, risk and uncertainties described above.

18.2 Where information has been sourced from a third party, the information has been accurately reproduced and that as far as the Company and the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, the competent person's report prepared by Coffey International on the Company's assets has been reproduced and disclosed in Part III of this document.

19 GENERAL

19.1 The costs, charges and expenses payable by the Company in connection with or incidental to Admission, including registration and stock exchange fees, legal fees and expenses are estimated to amount to approximately A\$650,000 (£295,000) excluding Goods and Services Tax (in Australia).

19.2 There are no other persons (excluding professional advisers otherwise disclosed in this document and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of this document or with whom the Company has entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly from the Company on or after Admission, fees or securities in the Company or any other benefit, with a value of £10,000 or more at the date of Admission.

19.3 The Company has paid approximately £15,000 in licence extension and licence application fees to the DNPM, the regulator of the Brazilian mining regime, as at the date of this document. This payment has been made in accordance with normal practice Brazilian mining licence terms.

19.4 Save for the information set out in Appendix A, Appendix C and Appendix D of this document, the audit reports in respect of which have been accurately reproduced, no other audited information is included in this document and no financial information contained in this document is intended to represent or constitute a forecast of profits by the Company nor to constitute publication of accounts by it.

19.5 No public takeover bids have been made by third parties in respect of the Company's issued share capital during the financial year ended 30 June 2015 and the current financial year.

19.6 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material on the Group's prospect for the current financial year.

19.7 Save as disclosed in this document, there are no principal investments that are in progress and there are no future investments in respect of which the Directors have already made firm commitments which are significant to the Group.

19.8 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Group's activities.

19.9 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

19.10 Save as disclosed in this document, the Directors are not aware of any other information that they should reasonably consider as necessary for investors to form a full understanding of (i) the assets and liabilities, financial position, profits and losses, and prospects of the Company and the Shares for which Admission is being sought; (ii) the rights attaching to the Shares; and (iii) any other matter contained in this document.

20 CONSENTS AND RESPONSIBILITY STATEMENTS

20.1 Strand Hanson and Mirabaud have each given and have not withdrawn their consent to the inclusion in this document of references to their names in the form and context in which they appear, but have not made any statements that are included in this document nor are statements identified in this document based on any statements made by those persons.

20.2 To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of the document other than the references to their name.

20.3 Coffey International has given and not withdrawn its consent to the issue of this document with the inclusion in it of their report as set out in Part III of this document and the reference thereto and to their name in the form and context in which it appears and have accepted responsibility for the content of such report. Coffey International has also confirmed to the Company and Strand Hanson that, to the best of its knowledge and belief, there has been no material change in circumstances to those stated in the competent person's report since the effective date of the competent person's report.

21 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this document are available to the public free of charge at the Company's website www.harvestminerals.net and will also be available in hard copy to the public free of charge, during business hours on any day (except Saturdays, Sundays and public holidays) at the offices of Strand Hanson from the date of this document until at least one month from the date of Admission.

Dated 2 September 2015

**APPENDIX A: AUDITED HISTORICAL FINANCIAL INFORMATION ON THE GROUP
AND THE AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2015**

Harvest Minerals Limited - Directors' Report

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and Executives of Harvest Minerals Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group, and includes the executives in the Company receiving the highest remuneration.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

Harvest Minerals Limited - Directors' Report

The table below shows the performance of the Group as measured by loss per share since incorporation in April 2010:

As at 30 June	2015	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$	\$
Loss per share (cents)	(0.64)	(2.04)	(14.28)	(9.39)	(0.99)	(0.12)

Executive Director Remuneration

The Executive Chairman, Mr McMaster is paid an annual consulting fee on a monthly basis. The services may be terminated by either party at any time.

The Executive Directors, Mr Azevedo and Mr Wood, are paid an annual consulting fee on a monthly basis. Their services may be terminated by either party at any time.

Non-Executive Director Remuneration

The Non-Executive Director, Mr Reilly, is paid an annual consulting fee on a monthly basis. His services may be terminated by either party at any time.

Details of Remuneration

The key management personnel of the consolidated entity consisted of the following directors of the Company.

Mr Brian McMaster	Executive Chairman
Mr Luis Azevedo	Executive Director
Mr Matthew Wood	Executive Director
Mr Mark Reilly	Non-Executive Director
Mr Simon Mottram	Former Executive Director

Harvest Minerals Limited - Directors' Report

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

2015 Director	Short term			Options	Post employment	Total \$	Option Related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$		
Mr McMaster	-	-	30,000	-	-	30,000	-
Mr Azevedo	-	30,000	-	-	-	30,000	-
Mr Wood	-	30,000	-	-	-	30,000	-
Mr Reilly (a)	-	-	30,000	-	-	30,000	-
Mr Mottram (a)	-	-	-	-	-	-	-
	-	60,000	60,000	-	-	120,000	

(a) Mr Mottram resigned on 4 July 2014, Mr Reilly was appointed on that date.

2014 Director	Short term			Options	Post employment	Total \$	Option Related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$		
Mr McMaster (a)	-	-	7,500	-	-	7,500	-
Mr Azevedo	-	29,988	-	-	-	29,988	-
Mr Wood (a)	-	7,500	-	-	-	7,500	-
Mr Thompson (b)	-	-	220,000	59,285	-	279,285	21%
Mr Polglase (d)	-	-	68,000	-	-	68,000	-
Mr Mottram (e)	-	-	65,000	-	-	65,000	-
Mr Dunn (c)	-	15,000	-	-	-	15,000	-
Mr Burke (b)	-	10,875	-	-	-	10,875	-
	-	63,363	360,500	59,285	-	483,148	

(a) Mr Wood and Mr McMaster were appointed on 1 April 2014.

(b) Mr Thompson and Mr Burke were appointed on 23 August 2013 and resigned on 20 January 2014.

(c) Mr Dunn resigned on 20 January 2014.

(d) Mr Polglase resigned on 26 June 2014.

(e) Mr Mottram resigned on 4 July 2014.

Share-Based Compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2015.

Harvest Minerals Limited - Directors' Report

Options

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

	Grant date	Grant number	First exercise date	Expiry date / last exercise date	Value per option at grant date	Value of options	Exercise price	No. Vested
Mr Thompson	23/08/2013	6,000,000	-	31/12/2015	\$0.028	\$166,000	\$0.05	-

The share options issued to Mr Thompson were subject to the following performance hurdles in order to vest:

- 2,000,000 options vest when the Company's closing share price on the ASX reaches \$0.10 per share within the exercise period;
- 2,000,000 options vest when the Company's closing share price on the ASX reaches \$0.15 per share within the exercise period;
- 2,000,000 options vest when the Company's closing share price on the ASX reaches \$0.20 per share within the exercise period.

The options have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option, refer to note 22 for further details. Options granted under the plan carry no dividend or voting rights.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period. No remuneration options were exercised for the year ended 30 June 2015 or for the year ended 30 June 2014.

Additional disclosures relating to key management personnel

Shareholdings

The number of shares in the Company held during the financial year by each Director of Harvest Minerals Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

	Balance at the start of the year	On appointment to the Board during the year	Purchased during the year	On resignation from the Board during the year	Other changes during the year	Balance at the end of the year
Mr McMaster	4,900,000	-	10,908,334	-	-	15,808,334
Mr Azevedo	100,000	-	-	-	-	100,000
Mr Wood	7,695,000	-	14,240,000	-	-	21,935,000
Mr Reilly (a)	-	-	-	-	-	-
Mr Mottram (a)	-	-	-	-	-	-

(a) Mr Mottram resigned on 4 July 2014, Mr Reilly was appointed on that date.

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Harvest Minerals Limited - Directors' Report

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Harvest Minerals Limited and specified executives of the group, including their personally related parties, are set out below:

	Balance at the start of the year	Granted during the year as compensation	Forfeited during the year	Expired during the year	Balance at the end of the year	Vested options	
						Exercisable	Non-exercisable
Mr McMaster	-	-	-	-	-	-	-
Mr Azevedo	1,000,000	-	-	(1,000,000)	-	-	-
Mr Wood	-	-	-	-	-	-	-
Mr Reilly (a)	-	-	-	-	-	-	-
Mr Mottram (a)	-	-	-	-	-	-	-

(a) Mr Mottram resigned on 4 July 2014, Mr Reilly was appointed on that date.

There were no other alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the year ended 30 June 2015.

Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted under the plan carry no dividend or voting rights.

Other transactions with key management personnel

Vega Funds Pty Ltd, a company in which Mr McMaster is a director, has no balance (2014: \$2,500) outstanding at year end.

Gemstar Investments Limited, a company in which Mr McMaster is a director, has \$2,500 (2014: \$nil) outstanding at year end.

Styletown Investments Pty Ltd, a company in which Mr Reilly is a director, has \$2,500 (2014: \$nil) outstanding at year end.

FFA Legal Ltda, a company in which Mr Azevedo is a director, provided the Group with legal and accounting services in Brazil totalling \$125,236 (2014: \$143,118). \$10,399 (2014: \$nil) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with a fully serviced office including administration and information technology support totalling \$30,000 (2014: \$120,000), corporate advisory services totalling \$60,000 (2014: \$80,000) and reimbursement of payments for legal, accounting and other minor expenses, at cost totalling \$23,780 (2014: \$47,290). \$5,000 (2014: \$17,288) was outstanding at year end.

Garrison Capital Partners Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with corporate consulting services totalling \$36,000 (2014: \$nil). No balance was outstanding at year end.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

END OF REMUNERATION REPORT

Harvest Minerals Limited

Consolidated Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	Consolidated	
		2015 \$	2014 \$
Revenue			
Interest income		14,882	37,824
Other income		-	-
Revenue		14,882	37,824
Public company costs		(34,253)	(48,519)
Accounting and audit fees		(82,145)	(85,126)
Consultant and directors' fees		(389,450)	(579,675)
Legal fees		(37,206)	(16,887)
Share based payments	22	(71,142)	(59,285)
Travel expenses		(152,493)	(100,279)
Impairment of exploration expenditure	10	(769,584)	(61,291)
Foreign exchange gain		136,934	-
Loss on acquisition of subsidiary	24	-	(369,022)
Other expenses	4	(240,121)	(230,827)
Loss from continuing operations before income tax		(1,624,578)	(1,513,087)
Income tax expense	5	-	-
Loss from continuing operations after income tax		(1,624,578)	(1,513,087)
Net loss for the year		(1,624,578)	(1,513,087)
Other Comprehensive (loss)/income			
<i>Item that may be reclassified subsequently to operating result</i>			
Foreign currency translation		(106,601)	(10,519)
Other comprehensive (loss)/income for the year		(1,731,179)	(1,523,606)
Total comprehensive loss for the year		(1,731,179)	(1,523,606)
Loss per share attributable to owners of Harvest Minerals Limited			
Basic and diluted loss per share (cents per share)	19	(0.64)	(2.04)

Harvest Minerals Limited

Consolidated Statement of Financial Position *as at 30 June 2015*

	Notes	Consolidated	
		2015	2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	1,537,960	499,601
Trade and other receivables	7	47,063	22,492
TOTAL CURRENT ASSETS		1,585,023	522,093
NON-CURRENT ASSETS			
Plant and equipment	9	16,503	12,755
Deferred exploration and evaluation expenditure	10	1,394,679	848,924
TOTAL NON-CURRENT ASSETS		1,411,182	861,679
TOTAL ASSETS		2,996,205	1,383,772
CURRENT LIABILITIES			
Trade and other payables	11	701,182	120,458
TOTAL CURRENT LIABILITIES		701,182	120,458
TOTAL LIABILITIES		701,182	120,458
NET ASSETS		2,295,023	1,263,314
EQUITY			
Issued capital	12	14,241,114	11,549,368
Reserves	13	2,665,540	2,700,999
Accumulated losses	14	(14,611,631)	(12,987,053)
TOTAL EQUITY		2,295,023	1,263,314

Harvest Minerals Limited

Consolidated Statement of Cash Flows for the year ended 30 June 2015

		Consolidated	
	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(915,805)	(1,084,836)
Payment of refundable security deposit		(17,248)	-
Interest received		14,864	43,906
		<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	6	(918,189)	(1,040,930)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(12,875)	(630)
Expenditure on exploration and evaluation expenditure		(604,524)	(586,963)
Cash acquired on acquisition of subsidiary	24	-	651,712
		<hr/>	<hr/>
NET CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES		(617,399)	64,119
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from rights issue		1,800,134	-
Proceeds from placement		600,000	-
Proceeds from shortfall applications received but not yet allotted		140,000	-
Share issue costs		(103,121)	-
		<hr/>	<hr/>
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,437,013	-
Net increase / (decrease) in cash held		901,425	(976,811)
Cash and cash equivalents at beginning of year		499,601	1,476,412
Effect of exchange rate fluctuations on cash held		136,934	-
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6	1,537,960	499,601

Harvest Minerals Limited

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

Consolidated	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payment reserve \$	Total \$
At 1 July 2014	11,549,368	(12,987,053)	(15,873)	2,716,872	1,263,314
Loss for the year	-	(1,624,578)	-	-	(1,624,578)
Other comprehensive loss	-	-	(106,601)	-	(106,601)
Total comprehensive loss	-	(1,624,578)	(106,601)	-	(1,731,179)
Transactions with owners in their capacity as owners					
Shares issued as consideration for acquisition	400,000	-	-	-	400,000
Shares issued as part of placement	600,000	-	-	-	600,000
Shares issued as part of rights issue	1,800,134	-	-	-	1,800,134
Share issue costs	(108,388)	-	-	-	(108,388)
Share based payments	-	-	-	71,142	71,142
At 30 June 2015	14,241,114	(14,611,631)	(122,474)	2,788,014	2,295,023
At 1 July 2013	10,554,368	(11,473,966)	(5,354)	2,657,587	1,732,635
Loss for the year	-	(1,513,087)	-	-	(1,513,087)
Other comprehensive income	-	-	(10,519)	-	(10,519)
Total comprehensive (loss) / income	-	(1,513,087)	(10,519)	-	(1,523,606)
Transactions with owners in their capacity as owners					
Shares issued on acquisition of subsidiary	900,000	-	-	-	900,000
Shares issued in lieu of debt	50,000	-	-	-	50,000
Shares issued to corporate advisors	45,000	-	-	-	45,000
Share based payments	-	-	-	59,285	59,285
At 30 June 2014	11,549,368	(12,987,053)	(15,873)	2,716,872	1,263,314

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

1. Corporate Information

The financial report of Harvest Minerals Limited ("Harvest Minerals" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 11 August 2015.

Harvest Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and the principal activities of the Group are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The presentation currency is Australian dollars.

(b) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

(c) Compliance statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) New accounting standards and interpretations issued but yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2015 and no change to the Group's accounting policy is required.

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p>	The Group has not yet determined the impact on the Group's financial statements.	1 Jan 2017

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		<p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>		

The Group has not elected to early adopt any new Standards or Interpretations.

(e) Changes in accounting policies and disclosures

In the year ended 30 June 2015, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(f) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Harvest Minerals Limited and its subsidiaries as at 30 June each year ('the Company').

Subsidiaries are all those entities (including special purpose entities) over which the Company has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(g) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Harvest Minerals Limited is Australian dollars. The functional currency of the overseas subsidiaries is Brazilian Reals.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(iii) Group entities

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

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Notes to the financial statements at and for the year ended 30 June 2015

(h) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	33% – 50%
Furniture, Fixtures and Fittings	10%
Computer and software	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Derecognition

Additions of plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of comprehensive income.

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the statement of comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Exploration expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(k) Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(l) Cash and Cash Equivalents

Cash and cash equivalent in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(o) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the statement of comprehensive income except where it relates to items that may be charged or credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(p) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST/sales tax, except where the amount of GST/sales tax incurred is not recoverable from the relevant Tax Authority. In these circumstances, the GST/sales tax is recognised as

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/sales tax.

The net amount of GST/sales tax recoverable from, or payable to, the Tax Authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(t) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Share Option Scheme (ESOS) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an option pricing formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 22.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Harvest Minerals Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 19).

(u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(w) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(x) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and exchange rules.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 22.

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Brazilian subsidiaries to be foreign operations with Brazilian Reals as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

3. Segment Information

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for tin. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment.

Revenues of approximately Nil (2014 - Nil) are derived from a single external customer.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue earned by the Group is generated in Australia and all of the Group's non-current assets reside in Brazil.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

	Consolidated	
	2015	2014
	\$	\$
4. Other Expenses		
Insurance	8,317	9,251
Meetings expenses	1,908	11,649
Telephone and internet	3,026	7,723
Printing and stationery	6,617	10,237
Rent and outgoings	-	38,334
Serviced office	127,231	120,000
Depreciation	8,128	21,158
Other	84,894	12,475
Total other expenses	240,121	230,827
5. Income Tax		
(a) Income tax expense		
Major component of tax expense for the year:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:		
Loss from continuing operations before income tax expense	(1,624,578)	(1,513,087)
Tax at the group rate of 30%	(487,373)	(453,926)
Expense of remuneration options	21,343	17,786
Non-deductible expenses	230,875	18,387
Income tax benefit not brought to account	235,155	417,753
Income tax expense	<u>-</u>	<u>-</u>
(c) Unused tax losses		
Unused tax losses	4,835,774	3,071,354
Potential tax benefit not recognised at 30%	1,450,732	921,406

The benefit of the tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia adversely affect the Group in realising the benefit from the deductions for the losses.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

	Consolidated	
	2015	2014
	\$	\$
6. Cash and Cash Equivalents		
Reconciliation of Cash and Cash Equivalents		
Cash comprises:		
Cash at bank	884,629	499,601
Short term deposits	653,331	-
	1,537,960	499,601
Reconciliation of operating loss after tax to the cash flows from operations		
Loss from ordinary activities after tax	(1,624,578)	(1,513,087)
Non cash items		
Share based payments (refer note 22)	71,142	59,285
Depreciation charges	8,128	21,158
Exploration expenditure written off (refer note 10)	769,584	61,291
Foreign exchange gain	(136,934)	-
Loss on acquisition of subsidiary (refer note 24)	-	369,022
Change in assets and liabilities		
(Increase) / Decrease in trade and other receivables	(20,038)	15,439
Increase / (Decrease) in trade and other payables	14,507	(54,038)
Net cash outflow from operating activities	(918,189)	(1,040,930)

Non-cash Investing and Financing Transactions

During the year ended 30 June 2015, the Company has issued shares to acquire assets. These transactions are described at note 22(c).

7. Trade and Other Receivables – Current

GST receivable	15,806	12,522
Refundable security deposit	17,248	-
Other	14,009	9,970
	47,063	22,492

Trade debtors, other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

8. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(f).

Name of Entity	Country of Incorporation	Equity Holding 2015	Equity Holding 2014
Triumph Tin Mining Limited	Australia	100%	100%
Lotus Mining Pty Limited	Australia	100%	100%
Auzfert Pty Ltd (formerly Avenue Resources Holdings Pty Ltd)	Australia	-	100%
Triunfo Mineracao do Brasil Ltda	Brazil	100%	100%

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

	Consolidated	
	2015	2014
	\$	\$
9. Plant and Equipment		
Plant and Equipment		
Cost	53,989	41,391
Accumulated depreciation and impairment	(41,707)	(34,385)
Net carrying amount	<u>12,282</u>	<u>7,006</u>
Computer Equipment and Software		
Cost	1,089	1,262
Accumulated depreciation and impairment	(597)	(439)
Net carrying amount	<u>492</u>	<u>823</u>
Furniture, Fixtures and Fittings		
Cost	5,251	6,081
Accumulated depreciation and impairment	(1,522)	(1,155)
Net carrying amount	<u>3,729</u>	<u>4,926</u>
Total Plant and Equipment	<u>16,503</u>	<u>12,755</u>
Movements in Plant and Equipment		
Plant and Equipment		
At beginning of the year	7,006	28,143
Effect of foreign exchange rate	(279)	-
Additions	12,875	-
Disposals	-	(836)
Depreciation charge for the year	(7,320)	(20,301)
	<u>12,282</u>	<u>7,006</u>
Computer Equipment and Software		
At beginning of the year	823	1,097
Effect of foreign exchange rate	(173)	(26)
Depreciation charge for the year	(158)	(248)
	<u>492</u>	<u>823</u>
Furniture, Fixtures and Fittings		
At beginning of the year	4,926	4,148
Effect of foreign exchange rate	(830)	(114)
Additions	-	1,495
Depreciation charge for the year	(367)	(603)
	<u>3,729</u>	<u>4,926</u>
Total Plant and Equipment	<u>16,503</u>	<u>12,755</u>

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

	Consolidated	
	2015	2014
	\$	\$
10. Deferred Exploration and Evaluation Expenditure		
At beginning of the year	848,924	276,393
Acquisition of Capela Potash Project ¹	920,000	-
Acquisition of Sergi Potash Project ²	100,000	-
Exploration expenditure during the year	402,505	634,939
Impairment loss ³	(769,584)	(61,291)
Net exchange differences on translation	(107,166)	(1,117)
Total exploration and evaluation	1,394,679	848,924

¹ As announced on the ASX on 28 August 2014 Harvest acquired a 51% interest in the Capela Potash Project in the Sergipe State, Brazil. The portion of consideration for this acquisition incurred during the period includes a payment of \$120,000 and the issue of 40,000,000 fully paid ordinary shares in the Company at a price of \$0.01 per share on execution of acquisition agreement and the issue of further shares in the Company to the value of \$400,000 prior to 31 December 2014 (this portion of the consideration has been recorded as a liability at 30 June 2015 and was settled subsequent to year-end. Refer to note 17). Refer to note 15 for details of further commitments under the Capela Potash Project acquisition agreement.

² As announced on the ASX on 20 April 2015 Harvest acquired a 100% interest in the Sergi Potash Project in the Sergipe State, Brazil. The portion of consideration for this acquisition incurred during the period include a payment of \$50,000 on execution of acquisition Heads of Agreement and a further payment of \$50,000 on execution of the acquisition Definitive Agreement. Refer to note 15 for details of further commitments under the Sergi Potash Project acquisition agreement.

³ As a result of the matter disclosed in note 17 in relation to the Azul Tin Project in Brazil, all carried forward expenditure in relation to the Azul Tin Project has been fully impaired at year-end.

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

11. Trade and Other Payables

Trade payables	141,182	56,356
Accruals ¹	420,000	63,800
Other ²	140,000	302
	701,182	120,458

¹ Accruals as at balance date include the shares to the value of \$400,000 to be issued under the Capela Potash Project Mineral Rights Purchase and Sale Agreement. Refer to note 10 for further details.

² Relates to shortfall application monies received where the shortfall shares are yet to be allotted as at 30 June 2015.

Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

	Consolidated			
	2015		2014	
	\$		\$	
12. Issued Capital				
(a) Issued capital				
Ordinary shares fully paid	14,241,114		11,549,368	
(b) Movements in shares on issue	2015		2014	
	Number of	\$	Number of	\$
	shares		shares	
At beginning of the year	77,430,000	11,549,368	55,430,000	10,554,368
Shares issued as consideration for acquisition ¹	40,000,000	400,000	-	-
Shares issued on acquisition of subsidiary	-	-	20,000,000	900,000
Shares issued in lieu of debt	-	-	1,000,000	50,000
Shares issued to corporate advisors	-	-	1,000,000	45,000
Shares issued as part of rights issue ²	180,013,423	1,800,134	-	-
Shares issued as part of placement ³	60,000,000	600,000	-	-
Share issue costs	-	(108,388)	-	-
At 30 June	357,443,423	14,241,114	77,430,000	11,549,368

¹ As announced on the ASX on 28 August 2014 40,000,000 shares were issued as part consideration to acquire the Capela Potash Project in the Sergipe State, Brazil.

² 154,860,000 shares at \$0.01 per share were issued under the Entitlement Issue Prospectus as disclosed on the ASX on 8 July 2014. A further 25,153,423 shares at \$0.01 per share were issued under the Entitlement Issue Prospectus as disclosed on the ASX on 29 May 2015.

³ 60,000,000 shares at \$0.01 per share were issued to sophisticated investors as disclosed on the ASX on 27 May 2015.

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$2,295,023 at 30 June 2015 (2014: \$1,263,314). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 20 for further information on the Group's financial risk management policies.

(e) Share options

As at the date of this report, there were 6,000,000 unissued ordinary shares under options (6,000,000 at the reporting date).

The details of the options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date
6,000,000	0.05	31 December 2015

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

On 15 September 2014, 3,000,000 unlisted options with an exercise price of \$0.25 expired. On 31 March 2015, 2,000,000 unlisted options with an exercise price of \$0.25 expired. On 30 June 2015, 12,000,000 unlisted options with an exercise price of \$0.25 expired.

No options were exercised during or since the end of the financial year.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

	Consolidated	
	2015	2014
	\$	\$
13. Reserves		
Share based payment reserve	2,788,014	2,716,872
Foreign currency translation reserve	(122,474)	(15,873)
	2,665,540	2,700,999
Movements in Reserves		
<i>Share based payment reserve</i>		
At beginning of the year	2,716,872	2,657,587
Share based payments during the year	71,142	59,285
At 30 June	2,788,014	2,716,872

The share based payment reserve is used to record the value of equity benefits provided to Directors and Executives as part of their remuneration and non-employees for their services. Refer to note 22 for further details of the options issued during the financial year.

Foreign currency translation reserve

At beginning of the year	(15,873)	(5,354)
Foreign currency translation	(106,601)	(10,519)
At 30 June	(122,474)	(15,873)

The foreign exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(g). The reserve is recognised in the statement of comprehensive income when the net investment is disposed of.

14. Accumulated losses

Movements in accumulated losses were as follows:

At beginning of the year	(12,987,053)	(11,473,966)
Loss for the year	(1,624,578)	(1,513,087)
At 30 June	(14,611,631)	(12,987,053)

15. Expenditure Commitments

(a) Rental and service agreements

The Group entered a service agreement for certain administrative services and office space for a term of three years starting in October 2014. The Group is required to give three months written notice to terminate the agreement.

Within one year	120,000	180,000
After one year but not longer than 5 years	150,000	105,000
	270,000	285,000

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

15. Expenditure Commitments continued

(b) Exploration commitments

In order to maintain the current rights of tenure to mining tenements, the Group has certain committed exploration expenditure requirements and option payments. Elements of these obligations that are not provided for in the financial statements and are due as follows:

	Consolidated	
	2015	2014
	\$	\$
Within one year	2,783,595	212,337
After one year but not longer than five years	4,312,397	530,842
After five years	7,506,336	-
	14,602,328	743,179

These obligations have arisen as result from certain acquisitions that were undertaken during the year as summarised below.

As announced on the ASX on 28 August 2014 Harvest acquired a 51% interest in the Capela Potash Project in the Sergipe State, Brazil from Kmine Holdings Ltd. Consideration for this acquisition per the Mineral Rights Purchase and Sale Agreement comprises:

- a). Payment of \$120,000 on execution of the acquisition agreement;
- b). The issue of 40,000,000 fully paid ordinary shares in the Company at a price of \$0.01 per share (note 12);
- c). The issue of further shares in the Company to the value of \$400,000 prior to 31 December 2014 (this portion of the consideration has been recorded as a liability at 30 June 2015) and was settled with the issue of 40,000,000 fully paid ordinary shares in the Company on 10 July 2015;
- d). The issue of further shares in the Company to the value of \$400,000, not before 31 December 2014, on the identification of 10 million tonnes of carnallite or sylvite with a minimum grade of 10% KCl;
- e). The issue of further shares in the Company to the value of \$800,000, not before 31 July 2015, on the identification of a JORC inferred reserve with the minimum of 25 million tonnes with a minimum grade of more than 10% of KCl;
- f). The issue of further shares in the Company to the value of \$1,000,000, not before 31 December 2015, if the Company completes a scoping study, feasibility study or another study that confirms the economic feasibility under the JORC Code;
- g). Drill two (2) holes for a total of 700m.

The elements of the consideration noted at d). to g). have not been fulfilled as at 30 June 2015 and have therefore been recorded as commitments as appropriate. Harvest also has the option of acquiring the other 49% interest in the Project by the payment of \$5,000,000 within three years after execution of the agreement.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

15. Expenditure Commitments continued

As announced on the ASX on 20 April 2015 Harvest acquired a 100% interest in the Sergi Potash Project in the Sergipe State, Brazil from Kmine Holdings Ltd. Consideration for this acquisition per the Heads of Agreement comprises:

- a). Payment of \$50,000 on execution of the acquisition agreement;
- b). Payment of \$50,000 on execution of Definitive Agreement, subject to due diligence;
- c). On 31 December 2015 and 2016 payment of \$100,000 and 60,000,000 fully paid ordinary shares in the Company;
- d). On 31 December 2017 to 2021 payment of \$100,000 to Kmine Holdings Ltd;
- e). On achieving minimum horizon of 10 meters of carnallite or sylvite with a minimum grade of 10%, payment of 60,000,000 fully paid ordinary shares in the Company;
- f). On achieving a JORC inferred reserve with the minimum of 25 million tonnes with a minimum grade of more than 10% of KCl, payment of 60,000,000 fully paid ordinary shares in the Company;
- g). On achieving a successful scope or feasibility study that confirms the economic feasibility under the JORC rules, payment of 60,000,000 fully paid ordinary shares in the Company; and
- h). On commencing of commercial production, payment of \$6,000,000 to Kmine Holdings Ltd.

The elements of the consideration noted at c). to h). have not been fulfilled as at 30 June 2015 and have therefore been recorded as commitments as appropriate.

As announced on the ASX on 5 September 2014 Harvest acquired a 100% interest in the Arapua Fertilizer Project in the State of Minas Gerais in Brazil. The salient terms of the acquisition are:

- a). A total payment of US\$1,000,000 at the commencement of commercial production; and
- b). A Net Smelter Return Royalty to the vendors of 2%.

The elements of the consideration have not been fulfilled as at 30 June 2015 and have therefore been recorded as commitments as appropriate.

If the Group decides to relinquish and/or does not meet the obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfers or farm-out of exploration rights to third parties will reduce or extinguish the above obligations.

The exploration expenditure commitments from the previous financial year were in relation a definitive agreement in regards to the Azul Tin Project in Brazil. The Group is no longer required to meet agreed option payments and minimum expenditure commitments as it has divested the asset subsequent to year end and as such, the Azul Tin Project has been fully impaired at year-end (refer to note 10).

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

16. Auditor's Remuneration

The auditor of Harvest Minerals Limited is HLB Mann Judd, the auditors of the previous financial year were RSM Bird Cameron Partners.

	Consolidated	
	2015	2014
	\$	\$
Amounts received or due and receivable for:		
- Audit or review of the financial report of the entity and any other entity in the Consolidated group	23,000	29,000
	23,000	29,000

17. Events Subsequent to Balance Date

On 10 July 2015 the issue of 40,000,000 fully paid ordinary shares in the Company to Kmine Holdings Ltd as part consideration for the acquisition of the Capela Potash Project and the prior issue of 60,000,000 fully paid ordinary shares in the Company to sophisticated investors were approved by shareholders at a general meeting.

As announced on 13 July 2015, the agreement to dispose of the Group's Azul Tin Project in Brazil was terminated due to a number of conditions precedent not being completed. In the Group's half-year financial report for the period ended 31 December 2014, the disposal group relation to this project was disclosed as an asset held for sale. As the criteria for classifying this asset as held for sale are no longer met, the asset has been ceased to be classified as held for sale and the asset has been fully impaired due to the Group relinquishing its rights in relation to this asset.

There were no other known significant events from the end of the financial year to the date of this report.

18. Related Party Disclosures

The ultimate parent entity is Harvest Minerals Limited.

Refer to note 8 for a list of all subsidiaries within the group.

Vega Funds Pty Ltd, a company in which Mr McMaster is a director, has no balance (2014: \$2,500) outstanding at year end.

Gemstar Investments Limited, a company in which Mr McMaster is a director, has \$2,500 (2014: \$nil) outstanding at year end.

Styletown Investments Pty Ltd, a company in which Mr Reilly is a director, has \$2,500 (2014: \$nil) outstanding at year end.

FFA Legal Ltda, a company in which Mr Azevedo is a director, provided the Group with legal and accounting services in Brazil totalling \$125,236 (2014: \$143,118). \$10,399 (2014: \$nil) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with a fully serviced office including administration and information technology support totalling \$30,000 (2014: \$120,000), corporate advisory services totalling \$60,000 (2014: \$80,000) and reimbursement of payments for legal, accounting and other minor expenses, at cost totalling \$23,780 (2014: \$47,290). \$5,000 (2014: \$17,288) was outstanding at year end.

Garrison Capital Partners Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with corporate consulting services totalling \$36,000 (2014: \$nil). No balance was outstanding at year end.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

	Consolidated	
	2015	2014
	\$	\$
19. Loss per Share		
Loss used in calculating basic and dilutive EPS	(1,624,578)	(1,513,087)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share :	253,379,892	74,098,493
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	253,379,892	74,098,493

There is no impact from 6,000,000 options outstanding at 30 June 2015 (2014: 24,200,000 options) on the loss per share calculation because they are considered anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

20. Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing the Group's future capital needs include the cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2015 and 30 June 2014 all financial liabilities are contractually matured within 60 days.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

20. Financial Risk Management continued

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	Consolidated	
	2015	2014
	\$	\$
Cash and cash equivalents	1,537,960	499,601

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Consolidated

Judgements of reasonably possible movements	Effect on Post Tax Earnings Increase/(Decrease)		Effect on Equity including accumulated losses Increase/(Decrease)	
	2015 \$	2014 \$	2015 \$	2014 \$
Increase 100 basis points	15,380	4,996	15,380	4,996
Decrease 100 basis points	(15,380)	(4,996)	(15,380)	(4,996)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2014.

(c) Credit risk exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2015, the Group held cash at bank. These were held with financial institutions with a rating from Standard & Poors of -AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2015 (2014: nil).

(d) Fair value of financial instruments

The carrying amounts of financial instruments approximate their fair values.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

21. Contingent Liabilities

There are no known contingent liabilities at as at 30 June 2015 and 30 June 2014.

22. Share Based Payments

(a) Recognised share based payment transactions

Share based payment transactions recognised either as operation expenses in the statement of comprehensive income, exploration expenditure on the statement of financial position or capital raising expenses in equity during the year were as follows:

	Consolidated	
	2015	2014
	\$	\$
<i>Operating expenses</i>		
Employee share based payment (refer 22(b) below)	71,142	59,285
<i>Acquisition of subsidiary</i>		
Share based payment to vendors (refer 22(c) below)	-	900,000
Share based payment to corporate advisor (refer 22(c) below)	-	45,000
	-	945,000
<i>Exploration expenditure</i>		
Share based payment to vendor (refer 22(c) below)	400,000	50,000
<i>Capital raising expenses</i>		
Share based payments to supplier (refer 22(c) below)	-	-

(b) Employee share based payment scheme

The Group has established an employee share option scheme (ESOS). The objective of the ESOS is to assist in the recruitment, reward, retention and motivation of employees of Harvest Minerals Limited. Under the ESOS, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOS and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Harvest Minerals Limited.

The fair value at grant date of options granted during a reporting period is determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. No options were granted during the current reporting period.

The tables below summarise options granted under the ESOS:

2015									
Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number	
17 Feb 2012	31 Mar 2015	\$0.25	2,000,000	-	-	(2,000,000)	-	-	
23 Aug 2013	31 Dec 2015	\$0.05	6,000,000	-	-	-	6,000,000	-	
			8,000,000	-	-	(2,000,000)	6,000,000	-	
Weighted remaining contractual life (years)			1.3	-	-	-	0.5	-	
Weighted average exercise price			\$0.10	-	-	-	\$0.05	-	

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

22. Share Based Payments continued

2014		Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Grant Date	Expiry date							
25 Jun 2010*	30 Jun 2014	\$0.25	1,500,000	-	-	(1,500,000)	-	-
17 Feb 2012	31 Mar 2015	\$0.25	2,000,000	-	-	-	2,000,000	2,000,000
23 Aug 2013	31 Dec 2015	\$0.05	-	6,000,000	-	-	6,000,000	-
			3,500,000	6,000,000	-	(1,500,000)	8,000,000	2,000,000
Weighted remaining contractual life (years)			1.4	1.5	-	-	1.3	0.8
Weighted average exercise price			\$0.25	\$0.05	-	-	\$0.10	\$0.25

*These options were issued to former directors not under the ESOS.

(c) Other share based payments

Acquisition of subsidiary

During the previous financial year 20,000,000 shares were issued to vendors of Lotus Mining Proprietary Limited. The fair value of the shares of \$900,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

During the previous financial year 1,000,000 shares were issued to Garrison Capital Pty Ltd for their role as advisor to the acquisition of Lotus Mining Proprietary Limited. The fair value of the shares of \$45,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

Exploration expenditure

During the financial year 40,000,000 shares were issued to Kmine Holdings Ltd as part of the agreed terms of acquisition in relation to the Capela Potash Project agreement. The fair value of the shares of \$400,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction. Refer to note 12 for further details.

During the previous financial year 1,000,000 shares were issued to Lara Exploration as full and final satisfaction of the unpaid US\$250,000 due per the Grant Option to Acquire Sao Lourenco Tin Project agreement. The fair value of the shares of \$50,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

22. Share Based Payments continued

Capital raising expenses

The table below summaries options granted to suppliers and vendors:

2015 Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
15 Sep 2010	30 Jul 2014	\$0.35	1,200,000	-	-	(1,200,000)	-	-
15 Sep 2010	15 Sep 2014	\$0.25	3,000,000	-	-	(3,000,000)	-	-
30 Jan 2012	30 Jun 2015	\$0.25	12,000,000	-	-	(12,000,000)	-	-
			16,200,000	-	-	(16,200,000)	-	-
Weighted remaining contractual life (years)			0.8	-	-	-	-	-
Weighted average exercise price			\$0.26	-	-	-	-	-

2014 Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
15 Sep 2010	30 Jul 2014	\$0.35	1,200,000	-	-	-	1,200,000	1,200,000
15 Sep 2010	15 Sep 2014	\$0.25	3,000,000	-	-	-	3,000,000	3,000,000
30 Jan 2012	30 Jun 2015	\$0.25	12,000,000	-	-	-	12,000,000	12,000,000
			16,200,000	-	-	-	16,200,000	16,200,000
Weighted remaining contractual life (years)			1.8	-	-	-	0.8	0.8
Weighted average exercise price			\$0.26	-	-	-	\$0.26	\$0.26

23. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the year ended 30 June 2015.

The balance of the franking account is Nil as at 30 June 2015 (2014: Nil).

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

24. Acquisition of Assets

There were no acquisitions of assets during the current financial year.

Acquisition – Lotus Mining Proprietary Limited in the previous period

During the previous financial year, the Company acquired 100% of the voting shares of Lotus Mining Pty Ltd.

The total cost of the acquisition was \$945,000 and comprised an issue of equity instruments. The Company issued securities as described in note 22(c) with an issue price based on the quoted price of ordinary shares at the acquisition date where all the conditions precedent are met. It is considered that the acquisition of Lotus Mining Pty Ltd is not a business combination, but rather an acquisition of assets.

The fair value of the identifiable assets and liabilities of Lotus Mining Proprietary Limited as at the date of acquisition are:

	Recognised on acquisition
	\$
Cash and cash equivalents	651,712
Trade and other payables	(75,734)
Fair value of identifiable net assets	<u>575,978</u>
<u>Cost of the acquisition:</u>	
Securities issued, at fair value	945,000
Total cost of the acquisition	<u>945,000</u>
Loss recognised on acquisition of subsidiary	<u>(369,022)</u>
Total	<u>575,978</u>

25. Key management personnel disclosure

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated	
	2015	2014
	\$	\$
Short term employee benefits	120,000	423,863
Post employment benefits	-	-
Share based payments	-	59,285
Total remuneration	<u>120,000</u>	<u>483,148</u>

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2015

26. Parent Entity Information

The following details information related to the parent entity, Harvest Minerals Limited, at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	Parent	
	2015	2014
	\$	\$
Current assets	1,570,414	483,950
Non current assets	1,383,770	873,495
Total Assets	2,954,184	1,357,445
Current liabilities	659,161	94,131
Total Liabilities	659,161	94,131
Net Assets	2,295,023	1,263,314
Issued capital	14,241,114	11,549,368
Share based payment reserve	2,788,014	2,716,872
Accumulated losses	(14,734,105)	(13,002,926)
Total Equity	2,295,023	1,263,314
Loss for the year	(1,730,486)	(1,523,606)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(1,730,486)	(1,523,606)

Guarantees

Harvest Minerals Limited has not entered into any guarantees in relation to the debts of its subsidiary.

Other Commitments and Contingencies

Harvest Minerals Limited has commitments which are disclosed in note 15(w). There are no commitments to acquire property, plant and equipment. The company has no contingent liabilities.

Directors' Declaration

In accordance with a resolution of the Directors of Harvest Minerals Limited, I state that:

1. In the opinion of the Directors:

- (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2015 and of its performance, for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
 - (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(c);
2. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

On behalf of the Board



Brian McMaster

Chairman

Perth

11 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Harvest Minerals Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
11 August 2015

L Di Giallonardo
Partner

INDEPENDENT AUDITOR'S REPORT

To the members of Harvest Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Harvest Minerals Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Harvest Minerals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Harvest Minerals Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'L Di Giallonardo'.

L Di Giallonardo
Partner

Perth, Western Australia
11 August 2015

APPENDIX B: CORPORATE GOVERNANCE STATEMENT 2015

Corporate Governance Statement 2015

Corporate Governance Statement 2015

This statement has been approved by the Board. It is current as at 31 July 2015.

Harvest Minerals' approach to Corporate Governance

This Statement addresses how Harvest Minerals implements the ASX Corporate Governance Council's, 'Corporate Governance Principles and Recommendations – 3rd Edition (referred to as either ASX Principles or Recommendations).

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – A listed entity should disclose:

- a) the respective roles and responsibilities of its board and management;
- b) those matters expressly reserved to the board and those delegated to management.

Role of the Harvest Minerals Board ('the Board')

The Board is responsible for the governance of Harvest Minerals. The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from Harvest Minerals' Constitution.

The Board's responsibilities are set out in a formal Charter which the Board reviews every two years. The Charter was most recently reviewed in July 2015.

The major powers the Board has reserved to itself are:

- Appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

Delegation to the CEO

The Board has delegated to the CEO responsibility for implementing Harvest Minerals' strategic direction and for managing Harvest Minerals' day-to-day operations.

Recommendation 1.2 – A listed entity should disclose:

- a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director;
- b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Group does not have a Nomination Committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

Recommendation 1.3 – A listed entity should have a written agreement with each director and executive setting out the terms of their appointment.

New Directors consent to act as a Director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

Corporate Governance Statement 2015

Recommendation 1.4 – *The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.*

Harvest Minerals' Company Secretary fulfils a broad range of management responsibilities in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the Chair. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

Recommendation 1.5 – *A listed entity should:*

- a) *have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
 1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
 2. *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Group has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives. The Board continues to monitor diversity across the organization however due to the size of the Group, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.

The Group is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Group performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees.

In accordance with this policy, the Board discloses there were no women employed in the organization or on the Board of the Group as at the date of this report.

Recommendation 1.6 – *A listed entity should:*

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Evaluation of Board and individual Directors

The Board of Harvest Minerals conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

Recommendation 1.7 – *A listed entity should:*

- a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board of Harvest Minerals does not conduct performance reviews of senior executives given there are currently no such roles in the organisation.

Principle 2: Structure the Board to add value

Harvest Minerals' Constitution provides for a minimum of three directors and a maximum of nine.

The Directors of Harvest Minerals at any time during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities on pages 2 and 3 of the Annual Report.

The Board met regularly throughout the course of the financial year to discuss the Company's operational and financial activities, however only one formal meetings was held.

Corporate Governance Statement 2015

Recommendation 2.1 – *The Board of a listed entity should:*

- a) *have a nomination committee which:*
 1. *Has at least three members, a majority of whom are independent directors; and*
 2. *Is chaired by an independent director;**and disclose:*
 3. *the charter of the committee;*
 4. *the members of the committee; and*
 5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities effectively.*

The Group does not have a Nomination committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.2 – *The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The Group does not have an established board skills matrix on the mix of skills and diversity for Board membership. The Board continues to monitor the mix of skills and diversity on the Board however, due to the size of the Group, the Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership.

Recommendation 2.3 – *A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and*
- c) *the length of service of each director.*

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Directors' Report. Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management, is a Non-Executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Group;
- has not within the last three years been employed in an executive capacity by the Group or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Group or another Group member;
- is not a significant consultant, supplier or customer of the Group or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Group or another Group member other than as a Director of the Group;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group."

In accordance with the definition of independence above, one Director is considered independent. Accordingly, a majority of the Board is not independent. Given the size of the Group the current Board is deemed appropriate. There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Mr. Brian McMaster	1 year 4 months
Mr. Luis Azevedo	3 year 5 months
Mr. Matthew Wood	1 year 4 months
Mr. Mark Reilly	1 year 1 month

Corporate Governance Statement 2015

Recommendation 2.4 – *The majority of the Board of a listed entity should be independent Directors.*

As at 30 June 2015, the Board comprised one independent, non-executive Directors and three executive Directors. In accordance with the definition of independence above, only Mark Reilly is considered independent. Accordingly, a majority of the Board is not independent.

The Group does not have a majority of independent directors. The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group.

Recommendation 2.5 – *The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

Under Harvest Minerals' Constitution, the Board elects a Chairman from amongst the Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

Harvest Minerals' Chairman, Brian McMaster is not considered an independent Director. The Directors consider that the current Chairman of the Board is appropriate to the size and nature of operations of the Group.

Recommendation 2.6 – *The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The Code of Conduct; and
- Harvest Minerals' financial, strategic, and operational risk management position.

Directors are encouraged to take appropriate professional development opportunities approved by the Board.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1 – *A listed entity should:*

- a) *have a code of conduct for its directors, senior executives and employees; and*
- b) *disclose that code or a summary of it.*

Harvest Minerals has a Code of Conduct that applies to Harvest Minerals and its Directors, employees and contractors (all of which are referred to as "employees" in the Code).

The Code of Conduct sets out a number of overarching principles of ethical behaviour which cover:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new Harvest Minerals Directors.

Harvest Minerals' Code of Conduct is available on Harvest Minerals' website.

Corporate Governance Statement 2015

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 – A board of a listed entity should:

- a) have an audit committee which:
 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and
 2. is chaired by an independent director, who is not the chair of the board, and disclose:
 3. the charter of the committee;
 4. the relevant qualifications and experience of the members of the committee; and
 5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard that integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Group does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board. The Directors consider this as appropriate to the size and nature of operations of the Group.

Charter of the Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Group is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Group.

Recommendation 4.2 – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The officers of the Company assuming the roles of CEO and CFO have provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 4.3 – A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The external auditor attends Harvest Minerals' Annual General Meeting. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to Harvest Minerals at least five business days before the day of the meeting. No questions were sent to the auditor in advance of the 2014 Annual General Meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by Harvest Minerals and the independence of the auditor.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – A listed entity should:

- a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b) disclose that policy or a summary of it.

Disclosure

Harvest Minerals' Disclosure Policy describes Harvest Minerals' continuous disclosure obligations and how they are managed by Harvest Minerals. The Policy is reviewed bi-annually and is published on Harvest Minerals' website. It was most recently reviewed in July 2015.

Accountability

The Company Secretary reports to the Board quarterly on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available on the Harvest Minerals website.

Corporate Governance Statement 2015

Financial market communications

Communication with the financial market is the responsibility of the full Board. Communication with the media is the responsibility of the Chairman. The Disclosure Policy covers briefings to institutional investors and stockbroking analysts, general briefings, one-on-one briefings, blackout periods, compliance and review as well as media briefings.

The substantive content of all market presentations about the half year and full year financial results and all statements relating to Harvest Minerals' future earnings performance must be referred to, and approved by, the Board before they are disclosed to the market.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – *A listed entity should provide information about itself and its governance to investors via its website.*

Harvest Minerals' website at www.harvestminerals.net provides detailed information about its business and operations. Details of Harvest Minerals' Board Members can be found on the website.

The Investor Relations link on Harvest Minerals' website provides helpful information to shareholder. It allows shareholders to view all ASX and media releases for the last year; various investor presentations; a copy of the most recent Annual Report and Annual Reports for at least the two previous financial years; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting and the Annual General Meetings for at least the two previous financial years.

Shareholders can find information about Harvest Minerals' corporate governance on its website at under the 'Corporate' link. This includes Harvest Minerals' Corporate Governance Plan.

The Corporate Governance Plan includes:

- Board Charter
- Corporate Code of Conduct
- Committee Charters
- Performance evaluation processes
- Continuous disclosure processes
- Risk management processes
- Trading policy
- Diversity policy
- Shareholder communications strategy

Recommendation 6.2 – *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

Harvest Minerals is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

Harvest Minerals promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the Annual Report, half yearly report and quarterly reports;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and
- The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Recommendation 6.3 – *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Notices of meeting sent to Harvest Minerals' shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

The Chairman also encourages shareholders at the meeting to ask questions and make comments about Harvest Minerals' operations and the performance of the Board and senior management. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

Corporate Governance Statement 2015

Recommendation 6.4 – A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Shareholders have the option of electing to receive all shareholder communications by e-mail. Harvest Minerals provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Harvest Minerals website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Harvest Minerals Share Registry with an email address and elects to be notified of all Harvest Minerals ASX announcements.

The Harvest Minerals Share Register is managed and maintained by Automic Share Registry Services Pty Ltd. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Automic Share Registry Investor Online Login or by emailing info@automic.com.

Principle 7: Recognise and manage risk

Recommendation 7.1 – A board of a listed entity should:

- a) have a committee or committees to oversee risk, each of which:
 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and
 2. is chaired by an independent director, who is not the chair of the board, and disclose:
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Group does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.

Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

Recommendation 7.2 – The board or a committee of the board should:

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

Risk Management Policies

Harvest Minerals has a number of other policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Directors and Executive Offices' Code of Conduct
- Code of Business Conduct
- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

Roles and responsibilities

The Risk Management Policy, and the other policies listed above, describes the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the Risk Management Policy and for satisfying itself that Harvest Minerals has a sound system of risk management and internal control that is operating effectively. The Board annually reviews and approves Harvest Minerals' main risk exposures and the mitigating actions.

Recommendation 7.3 – A listed entity should disclose:

- a) If it has an internal audit function, how the function is structured and what role it performs; or
- b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Group does not have an established internal audit function given the size of its current operations. The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

Corporate Governance Statement 2015

Recommendation 7.4 – *A listed entity should disclose whether it has any material exposure to economic and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Board of Harvest Minerals informally monitors and manages the Groups exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Group.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – *A board of a listed entity should:*

- a) *have a remuneration committee which:*
 1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
 2. *is chaired by an independent director,*

and disclose:

 3. *the charter of the committee;*
 4. *the members of the committee; and*
 5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board is responsible for determining and reviewing compensation arrangements for executive directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Group is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

Recommendation 8.2 – *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

Harvest Minerals' remuneration structure distinguishes between Executive and Non-Executive Directors. A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report on pages 2 to 13 of the Annual Report.

Recommendation 8.3 – *A listed entity which has an equity-based remuneration scheme should:*

- a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) *disclose that policy or a summary of it.*

Harvest Minerals does not have a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes as the Group does not have an equity based remuneration scheme.

**APPENDIX C: AUDITED HISTORICAL FINANCIAL INFORMATION ON THE GROUP
AND THE AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2014**

Directors' Report

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and Executives of Triumph Tin Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group, and includes the executives in the Company receiving the highest remuneration.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

Directors' Report

The table below shows the performance of the Group as measured by loss per share since incorporation in April 2010:

As at 30 June	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$
Loss per share (cents)	(2.04)	(14.28)	(9.39)	(0.99)	(0.12)

Executive directors remuneration

The Executive Chairman, Mr McMaster is paid an annual consulting fee on a monthly basis. The services may be terminated by either party at any time.

The Executive Directors, Mr Azevedo and Mr Wood, are paid an annual consulting fee on a monthly basis. The services may be terminated by either party at any time.

Non-Executive director remuneration

The Non-Executive Director, Mr Reilly, is paid an annual consulting fee on a monthly basis. Their services may be terminated by either party at any time.

Details of Remuneration

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of the Company.

Mr Brian McMaster	Executive Chairman
Mr Luis Azevedo	Executive Director
Mr Matthew Wood	Executive Director
Mr Mark Reilly	Non-Executive Director
Mr Stephen Thompson	Former Managing Director
Mr Anthony Polglase	Former Non-Executive Chairman
Mr Simon Mottram	Former Executive Director
Mr Benjamin Dunn	Former Non-Executive Director
Mr Joseph Burke	Former Non-Executive Director

Directors' Report

2014 Director	Short term			Options	Post employment	Total \$	Option Related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$		
Mr McMaster (a)	-	-	7,500	-	-	7,500	-
Mr Azevedo	-	29,988	-	-	-	29,988	-
Mr Wood (a)	-	7,500	-	-	-	7,500	-
Mr Thompson (b)	-	-	220,000	59,285	-	279,285	21%
Mr Polglase (d)	-	-	68,000	-	-	68,000	-
Mr Mottram (e)	-	-	65,000	-	-	65,000	-
Mr Dunn (c)	-	15,000	-	-	-	15,000	-
Mr Burke (b)	-	10,875	-	-	-	10,875	-
	-	63,363	360,500	59,285	-	483,148	

- (a) Mr Wood and Mr McMaster were appointed on 1 April 2014.
 (b) Mr Thompson and Mr Burke were appointed on 23 August 2013 and resigned on 20 January 2014.
 (c) Mr Dunn resigned on 20 January 2014.
 (d) Mr Polglase resigned on 26 June 2014.
 (e) Mr Mottram resigned on 4 July 2014.

2013 Director	Short term			Options	Post employment	Total \$	Option Related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$		
Mr Polglase	-	-	100,000	-	-	100,000	-
Mr Azevedo	-	40,000	4,994	103,857	-	148,851	70%
Mr Mottram	-	-	100,000	-	-	100,000	-
Mr Dunn	-	30,000	-	-	-	30,000	-
	-	70,000	294,994	103,857	-	468,851	

Service Agreements

The Group has entered into a service agreement for certain administrative services and office space for a term of two years and for the provision of corporate advisory services for a term of two years with Garrison Capital Pty Ltd. The Group is required to give three months' written notice to terminate the agreement. Mr Wood and Mr McMaster are a directors and shareholders of Garrison Capital.

Share-Based Compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Directors' Report

	Grant date	Grant number	First exercise date	Expiry date / last exercise date	Value per option at grant date	Value of options	Exercise price	No. Vested
Mr Thompson	23/08/2013	6,000,000	-	31/12/2015	\$0.028	\$166,000	\$0.05	-
Mr Azevedo	17/02/2012	1,000,000	01/03/2013	31/03/2015	\$0.161	\$160,893	\$0.25	1,000,000

The share options issued to Mr Thompson were subject to the following performance hurdles in order to vest:

- 2,000,000 options vest when the Company's closing share price on the ASX reaches \$0.10 per share within the exercise period;
- 2,000,000 options vest when the Company's closing share price on the ASX reaches \$0.15 per share within the exercise period;
- 2,000,000 options vest when the Company's closing share price on the ASX reaches \$0.20 per share within the exercise period.

The options have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option, refer to note 22 for further details. Options granted under the plan carry no dividend or voting rights.

The share options issued to Mr Azevedo were not subject to a performance hurdle as these options were issued as a form of retention bonus and incentive package. The options vested on 1 March 2013. On resignation, any unvested options will be forfeited. The options have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted under the plan carry no dividend or voting rights.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period. No remuneration options were exercised for the year ended 30 June 2014 or for the year ended 30 June 2013.

Additional disclosures relating to key management personnel

Shareholdings

The number of shares in the Company held during the financial year by each director of Triumph Tin Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

	Balance at the start of the year	On appointment to the Board during the year	Purchased during the year	On resignation from the Board during the year	Other changes during the year	Balance at the end of the year
Mr McMaster (a)	-	2,500,000	2,400,000	-	-	4,900,000
Mr Azevedo	100,000	-	-	-	-	100,000
Mr Wood (a)	-	7,695,000	-	-	-	7,695,000
Mr Thompson (b)	-	-	-	-	-	-
Mr Polglase (d)	5,421,445	-	200,000	(5,621,445)	-	-
Mr Mottram (e)	3,050,000	-	100,000	(3,150,000)	-	-
Mr Dunn (c)	100,000	-	300,000	(400,000)	-	-
Mr Burke (b)	-	300,000	-	(300,000)	-	-

(a) Mr Wood and Mr McMaster were appointed on 1 April 2014.

(b) Mr Thompson and Mr Burke were appointed on 23 August 2013 and resigned on 20 January 2014.

(c) Mr Dunn resigned on 20 January 2014.

(d) Mr Polglase resigned on 26 June 2014.

(e) Mr Mottram resigned on 4 July 2014.

Directors' Report

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Triumph Tin Limited and specified executive of the group, including their personally related parties, are set out below:

	Balance at the start of the year	Granted during the year as compensation	On appointment to the Board during the year	On resignation from the Board during the year	Balance at the end of the year	Vested options	
						Exercisable	Non-exercisable
Mr McMaster (a)	-	-	-	-	-	-	-
Mr Azevedo	1,000,000	-	-	-	1,000,000	1,000,000	-
Mr Wood (a)	-	-	-	-	-	-	-
Mr Thompson (b)	-	6,000,000	-	-	6,000,000	-	6,000,000
Mr Polglase (d)	-	-	-	-	-	-	-
Mr Mottram (e)	-	-	-	-	-	-	-
Mr Dunn (c)	-	-	-	-	-	-	-
Mr Burke (b)	-	-	1,000,000	(1,000,000)	-	-	-

(a) Mr Wood and Mr McMaster were appointed on 1 April 2014.

(b) Mr Thompson and Mr Burke were appointed on 23 August 2013 and resigned on 20 January 2014.

(c) Mr Dunn resigned on 20 January 2014.

(d) Mr Polglase resigned on 26 June 2014.

(e) Mr Mottram resigned on 4 July 2014.

There were no other alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the years ended 30 June 2014.

Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted under the plan carry no dividend or voting rights.

Other transactions with key management personnel

Vega Funds Pty Ltd, a company in which Mr McMaster is a director, has \$2,500 outstanding at year end.

FFA Legal Ltda, a company in which Mr Azevedo is a director, provided the Group with legal and accounting services in Brazil of \$143,118. No amount was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with a fully serviced office including administration and information technology support totalling \$120,000, corporate advisory services totalling \$80,000 and reimbursement of payments for legal, accounting and other minor expenses, at cost totalling \$47,290. \$17,288 was outstanding at year end.

Garrison Capital Pty Ltd was issued 1,000,000 shares for its role as corporate advisors to the Company for the acquisition of Lotus Mining Pty Ltd. The fair value of the shares is \$45,000.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

END OF REMUNERATION REPORT

Triumph Tin Limited

Consolidated Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	Consolidated	
		2014 \$	2013 \$
Revenue			
Interest income		37,824	94,174
Other income		-	395
Revenue		37,824	94,569
Public company costs		(48,519)	(42,708)
Accounting and audit fees		(85,126)	(66,684)
Consultant and directors' fees		(579,675)	(418,853)
Legal fees		(16,887)	(3,057)
Share based payments	22	(59,285)	(207,715)
Travel expenses		(100,279)	(9,868)
Impairment of exploration expenditure	10	(61,291)	(7,106,165)
Loss on acquisition of subsidiary	24	(369,022)	-
Other expenses	4	(230,827)	(154,420)
Loss from continuing operations before income tax		(1,513,087)	(7,914,901)
Income tax expense	5	-	-
Loss from continuing operations after income tax		(1,513,087)	(7,914,901)
Net loss for the year		(1,513,087)	(7,914,901)
Other Comprehensive (loss)/income			
<i>Item that may be reclassified subsequently to operating result</i>			
Foreign currency translation		(10,519)	54,527
Other comprehensive (loss)/income for the year		(1,523,606)	54,527
Total comprehensive loss for the year		(1,523,606)	(7,860,374)
Loss per share attributable to owners of Triumph Tin Limited			
Basic and diluted loss per share (cents per share)	19	(2.04)	(14.28)

Triumph Tin Limited

Consolidated Statement of Financial Position *as at 30 June 2014*

	Notes	Consolidated	
		2014	2013
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	499,601	1,476,412
Trade and other receivables	7	22,492	26,952
TOTAL CURRENT ASSETS		522,093	1,503,364
NON-CURRENT ASSETS			
Plant and equipment	9	12,755	33,388
Deferred exploration and evaluation expenditure	10	848,924	276,393
TOTAL NON-CURRENT ASSETS		861,679	309,781
TOTAL ASSETS		1,383,772	1,813,145
CURRENT LIABILITIES			
Trade and other payables	11	120,458	80,510
TOTAL CURRENT LIABILITIES		120,458	80,510
TOTAL LIABILITIES		120,458	80,510
NET ASSETS		1,263,314	1,732,635
EQUITY			
Issued capital	12	11,549,368	10,554,368
Reserves	13	2,700,999	2,652,233
Accumulated losses	14	(12,987,053)	(11,473,966)
TOTAL EQUITY		1,263,314	1,732,635

Triumph Tin Limited

Consolidated Statement of Cash Flows for the year ended 30 June 2014

	Notes	Consolidated	
		2014	2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,084,836)	(693,397)
Interest received		43,906	105,255
Other receipts		-	395
		<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	6	(1,040,930)	(587,747)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(630)	(41,570)
Expenditure on exploration and evaluation expenditure		(586,963)	(1,019,216)
Cash acquired on acquisition of subsidiary	24	651,712	-
		<hr/>	<hr/>
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		64,119	(1,060,786)
Net decrease in cash held		(976,811)	(1,648,533)
Cash and cash equivalents at beginning of year		1,476,412	3,124,945
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6	499,601	1,476,412

Triumph Tin Limited

Consolidated Statement of Changes in Equity for the year ended 30 June 2014

Consolidated	Issued capital \$	Accumulated losses \$	Foreign Currency Translation Reserve \$	Share based payment reserves \$	Total \$
At 1 July 2013	10,554,368	(11,473,966)	(5,354)	2,657,587	1,732,635
Loss for the year	-	(1,513,087)	-	-	(1,513,087)
Other comprehensive loss	-	-	(10,519)	-	(10,519)
Total comprehensive loss	-	(1,513,087)	(10,519)	-	(1,523,606)
Transactions with owners in their capacity as owners					
Shares issued on acquisition of subsidiary	900,000	-	-	-	900,000
Shares issued in lieu of debt	50,000	-	-	-	50,000
Shares issued to corporate advisors	45,000	-	-	-	45,000
Share based payments	-	-	-	59,285	59,285
At 30 June 2014	11,549,368	(12,987,053)	(15,873)	2,716,872	1,263,314
At 1 July 2012	10,554,368	(3,559,065)	(59,881)	2,449,872	9,385,294
Loss for the year	-	(7,914,901)	-	-	(7,914,901)
Other comprehensive income	-	-	54,527	-	54,527
Total comprehensive (loss) / income	-	(7,914,901)	54,527	-	(7,860,374)
Transactions with owners in their capacity as owners					
Share based payments	-	-	-	207,715	207,715
At 30 June 2013	10,554,368	(11,473,966)	(5,354)	2,657,587	1,732,635

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

1. Corporate Information

The financial report of Triumph Tin Limited ("Triumph Tin" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 24 September 2014.

Triumph Tin Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and the principal activities of the Group are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The presentation currency is Australian dollars.

(b) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

(c) Compliance statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) New accounting standards and interpretations issued but yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2014 and no change to the Group's accounting policy is required.

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p>	The Group has not yet determined the impact on the Group's financial statements.	1 Jan 2017

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		<p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>		

The Group has not elected to early adopt any new Standards or Interpretations.

(e) Changes in accounting policies and disclosures

In the year ended 30 June 2014, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(f) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Triumph Tin Limited and its subsidiaries as at 30 June each year ('the Company').

Subsidiaries are all those entities (including special purpose entities) over which the Company has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(g) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Triumph Tin Limited is Australian dollars. The functional currency of the overseas subsidiaries is Brazilian Reals.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(iii) Group entities

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

(h) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	33% – 50%
Furniture, Fixtures and Fittings	10%
Computer and software	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Derecognition

Additions of plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of comprehensive income.

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the statement of comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Exploration expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(k) Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(l) Cash and Cash Equivalents

Cash and cash equivalent in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(o) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the statement of comprehensive income except where it relates to items that may be charged or credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(p) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST/sales tax, except where the amount of GST/sales tax incurred is not recoverable from the relevant Tax Authority. In these circumstances, the GST/sales tax is recognised as

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/sales tax.

The net amount of GST/sales tax recoverable from, or payable to, the Tax Authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(t) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Share Option Scheme (ESOS) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an option pricing formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 22.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Triumph Tin Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 19).

(u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(w) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(x) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and exchange rules.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 22.

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Brazilian subsidiaries to be foreign operations with Brazilian Reals as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

3. Segment Information

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for tin. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment.

Revenues of approximately Nil (2013 - Nil) are derived from a single external customer.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue earned by the Group is generated in Australia and all of the Group's non-current assets reside in Brazil.

	Consolidated	
	2014	2013
	\$	\$
4. Other Expenses		
Insurance	9,251	10,289
Meetings expenses	11,649	1,565
Telephone and internet	7,723	1,736
Printing and stationery	10,237	780
Rent and outgoings	38,334	787
Serviced office	120,000	120,000
Depreciation	21,158	14,436
Other	12,475	4,800
Total other expenses	230,827	154,420

5. Income Tax

(a) Income tax expense

Major component of tax expense for the year:

Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:

Loss from continuing operations before income tax expense	(1,513,087)	(7,914,901)
Tax at the group rate of 30%	(453,926)	(2,374,470)
Expense of remuneration options	17,786	62,315
Non-deductible expenses	18,387	2,131,850
Income tax benefit not brought to account	417,753	180,305
Income tax expense	<u>-</u>	<u>-</u>

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
(c) Unused tax losses		
Unused tax losses	3,071,354	2,693,196
Potential tax benefit not recognised at 30%	921,406	807,959

The benefit of the tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia adversely affect the Group in realising the benefit from the deductions for the losses.

6. Cash and Cash Equivalents

Reconciliation of Cash and Cash Equivalents

Cash comprises:

Cash at bank	499,601	476,412
Short term deposits	-	1,000,000
	499,601	1,476,412

Reconciliation of operating loss after tax to the cash flows from operations

Loss from ordinary activities after tax	(1,513,087)	(7,914,901)
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Non cash items

Share based payments (refer note 22)	59,285	207,715
Depreciation charges	21,158	14,435
Exploration expenditure written off (refer note 10)	61,291	7,106,165
Loss on acquisition of subsidiary (refer note 24)	369,022	-

Change in assets and liabilities

Decrease in trade and other receivables	15,439	21,160
Decrease in trade and other payables	(54,038)	(22,321)

Net cash outflow from operating activities	(1,040,930)	(587,747)
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Non-cash Investing and Financing Transactions

During the year ended 30 June 2014, the company has issued shares to acquire assets. These transactions are described at note 22(c).

7. Trade and Other Receivables – Current

GST receivable	12,522	14,086
Accrued interest	-	8,473
Other	9,970	4,393
	22,492	26,952

Trade debtors, other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

8. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(f).

Name of Entity	Country of Incorporation	Equity Holding
Triumph Tin Mining Limited	Australia	100%
Lotus Mining Pty Limited	Australia	100%
Avenue Holdings Pty Ltd	Australia	100%
Triunfo Mineracao do Brasil Ltda	Brazil	100%

	Consolidated	
	2014	2013
	\$	\$
9. Plant and Equipment		
Plant and Equipment		
Cost	41,391	42,227
Accumulated depreciation and impairment	(34,385)	(14,084)
Net carrying amount	<u>7,006</u>	<u>28,143</u>
Computer Equipment and Software		
Cost	1,262	1,288
Accumulated depreciation and impairment	(439)	(191)
Net carrying amount	<u>823</u>	<u>1,097</u>
Furniture, Fixtures and Fittings		
Cost	6,081	4,700
Accumulated depreciation and impairment	(1,155)	(552)
Net carrying amount	<u>4,926</u>	<u>4,148</u>
Total Plant and Equipment	<u>12,755</u>	<u>33,388</u>

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
Movements in Plant and Equipment		
Plant and Equipment		
At beginning of the year	28,143	1,891
Effect of foreign exchange rate	-	-
Additions	-	40,069
Disposals	(836)	-
Depreciation charge for the year	(20,301)	(13,817)
	<u>7,006</u>	<u>28,143</u>
Computer Equipment and Software		
At beginning of the year	1,097	148
Effect of foreign exchange rate	(26)	-
Additions	-	1,132
Disposals	-	-
Depreciation charge for the year	(248)	(183)
	<u>823</u>	<u>1,097</u>
Furniture, Fixtures and Fittings		
At beginning of the year	4,148	4,007
Effect of foreign exchange rate	(114)	-
Additions	1,495	595
Depreciation charge for the year	(603)	(454)
	<u>4,926</u>	<u>4,148</u>
Total Plant and Equipment	<u>12,755</u>	<u>33,388</u>
10. Deferred Exploration and Evaluation Expenditure		
At beginning of the year	276,393	6,327,450
Exploration expenditure during the year	634,939	1,033,528
Impairment loss	(61,291)	(7,106,165)
Net exchange differences on translation	(1,117)	21,580
Total exploration and evaluation	<u>848,924</u>	<u>276,393</u>

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

11. Trade and Other Payables

Trade payables	56,356	56,058
Accruals	63,800	22,000
Other	302	2,452
	<u>120,458</u>	<u>80,510</u>

Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

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Notes to the financial statements at and for the year ended 30 June 2014

	Consolidated			
	2014		2013	
	\$		\$	
12. Issued Capital				
(a) Issued capital				
Ordinary shares fully paid	11,549,368		10,554,368	
	2014		2013	
(b) Movements in shares on issue	Number of shares	\$	Number of shares	\$
At beginning of the year	55,430,000	10,554,368	55,430,000	10,554,368
Shares issued on acquisition of subsidiary ¹	20,000,000	900,000	-	-
Shares issued in lieu of debt ²	1,000,000	50,000	-	-
Shares issued to corporate advisors ³	1,000,000	45,000	-	-
At 30 June	77,430,000	11,549,368	55,430,000	10,554,368

¹ 20,000,000 shares were issued to the shareholders of Lotus Mining Pty as consideration to acquire the entity.

² 1,000,000 shares were issued to Lara Exploration Ltd in full and final satisfaction of an unpaid debt.

³ 1,000,000 shares were issued to advisors as consideration for services performed in relation to the acquisition of Lotus Mining Pty Ltd.

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$1,263,314 at 30 June 2014 (2013: \$1,732,635). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 20 for further information on the Group's financial risk management policies.

(e) Share options

As at the date of this report, there were 23,000,000 unissued ordinary shares under options (25,700,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date
3,000,000	0.25	15 September 2014
12,000,000	0.25	30 June 2015
2,000,000	0.25	31 March 2015
6,000,000	0.05	31 December 2015
23,000,000		

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

On 23 August 2013, 6,000,000 unlisted options with an exercise price of \$0.05 and an expiry of 31 December 2015 were issued to Mr Stephen Thompson.

On 30 June 2014, 1,500,000 unlisted options with an exercise price of \$0.25 expired. On 30 July 2014, 1,200,000 unlisted options with an exercise price of \$0.35 expired.

No other options were exercised during or since the end of the financial year.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
13. Reserves		
Share based payment reserve	2,716,872	2,657,587
Foreign currency translation reserve	(15,873)	(5,354)
	2,700,999	2,652,233
Movements in Reserves		
<i>Share based payment reserve</i>		
At beginning of the year	2,657,587	2,449,872
Share based payments	59,285	207,715
At 30 June	2,716,872	2,657,587

The share based payment reserve is used to record the value of equity benefits provided to Directors and Executives as part of their remuneration and non-employees for their services. Refer to note 22 for further details of the options issued during the financial year.

Foreign currency translation reserve

At beginning of the year	(5,354)	(59,881)
Foreign currency translation	(10,519)	54,527
At 30 June	(15,873)	(5,354)

The Foreign Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(g). The reserve is recognised in the statement of comprehensive income when the net investment is disposed of.

14. Accumulated losses

Movements in accumulated losses were as follows:

At beginning of the year	(11,473,966)	(3,559,065)
Loss for the year	(1,513,087)	(7,914,901)
At 30 June	(12,987,053)	(11,473,966)

15. Expenditure Commitments

(a) Rental and service agreements

The Group entered a service agreement for certain administrative services and office space for a term of two years starting in February 2014. The Group is required to give three months written notice to terminate the agreement.

Within one year	180,000	105,000
After one year but not longer than 5 years	105,000	-
	285,000	105,000

(b) Exploration commitments

In order to maintain the current rights of tenure to mining tenements, the Group has the following exploration expenditure requirements and option payments up until the expiry or relinquishment of the agreements. These obligations are not provided for in the financial statements and are payable as follows:

Within one year	212,337	547,465
After one year but not longer than 5 years	530,842	547,465
	743,179	1,094,930

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

The Group has a definitive agreement to acquire tin projects in Brazil. The exploration expenditure commitments above assume that the Group will meet its agreed option payments and minimum expenditure commitments.

If the Group decides to relinquish and/or does not meet the obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfers or farm-out of exploration rights to third parties will reduce or extinguish the above obligations.

	Consolidated	
	2014	2013
	\$	\$
16. Auditor's Remuneration		
The auditor of Triumph Tin Limited is RSM Bird Cameron Partners.		
Amounts received or due and receivable for:		
- RSM Bird Cameron Partners an audit or review of the financial report of the entity and any other entity in the Consolidated group	29,000	26,000
	29,000	26,000

17. Events Subsequent to Balance Date

On 15 August 2014 the Company announced the allotment and issue of 137,355,820 shares under the renounceable entitlement issue Prospectus dated on 8 July 2014. The Company raised a total of \$1,373,558 before costs. On 19 September 2014 the Company announced the allotment and issue of the remaining shortfall of 17,504,180 shares to raise \$175,042.

In August 2014 Triumph Tin acquired a 100% interest in the Capela Potash Project in the Sergipe Alagoas Basin on the east coast of Brazil. As per the acquisition agreement the Company has issued 40,000,000 fully paid ordinary shares in Triumph Tin and paid \$120,000 on execution.

On 18 September 2014 the Company announced that it had entered into an exclusive non-binding letter of intent for the sale of its 100% owned Brazilian subsidiary, the owner of the Azul Tin project, to a Canadian company called 2433533 Ontario Inc (the Purchaser). As at the date of this report the Company and the Purchaser are working together to progress the satisfaction of the conditions precedent which include the finalisation of a definitive binding agreement.

There were no other known significant events from the end of the financial year to the date of this report.

18. Related Party Disclosures

The ultimate parent entity is Triumph Tin Limited.

Refer to note 8 for list of all subsidiaries within the group.

Vega Funds Pty Ltd, a company in which Mr McMaster is a director, has \$2,500 (2013: \$nil) outstanding at year end.

FFA Legal Ltda, a company in which Mr Azevedo is a director, provided the Group with legal and accounting services in Brazil of \$143,118 (2013: \$148,851). No amount (2013: \$9,999) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with a fully serviced office including administration and information technology support totalling \$120,000 (2013: \$120,000), corporate advisory services totalling \$80,000 (2013: \$60,000) and reimbursement of payments for legal, accounting and other minor expenses, at cost totalling \$47,290 (2013: \$31,373). \$17,288 (2013: \$17,650) was outstanding at year end.

Garrison Capital Pty Ltd was issued 1,000,000 shares for its role as corporate advisors to the Company for the acquisition of Lotus Mining Pty Ltd. The fair value of the shares is \$45,000.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Consolidated	
	2014	2013
	\$	\$
19. Loss per Share		
Loss used in calculating basic and dilutive EPS	(1,513,087)	(7,914,901)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share :	74,098,493	55,430,000
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	74,098,493	55,430,000

There is no impact from 24,200,000 options outstanding at 30 June 2014 (2013: 19,700,000 options) on the earnings per share calculation because they are considered anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

20. Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing the Group's future capital needs include the cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2014 and 30 June 2013 all financial liabilities are contractually matured within 60 days.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	Consolidated	
	2014	2013
	\$	\$
Cash and cash equivalents	499,601	1,476,412

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Consolidated

Judgements of reasonably possible movements	Effect on Post Tax Earnings Increase/(Decrease)		Effect on Equity including accumulated losses Increase/(Decrease)	
	2014	2013	2014	2013
	\$	\$	\$	\$
Increase 100 basis points	4,996	14,764	4,996	14,764
Decrease 100 basis points	(4,996)	(14,764)	(4,996)	(14,764)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2013.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2014, the Group held cash at bank. These were held with financial institutions with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2014 (2013: nil).

(d) Fair value of financial instruments

The carrying amounts of financial instruments approximate their fair values.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

21. Contingent Liabilities

There are no known contingent liabilities at as at 30 June 2014 and 30 June 2013.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

22. Share Based Payment Plan

(a) Recognised share based payment transactions

Share based payment transactions recognised either as operation expenses in the statement of comprehensive income, exploration expenditure on the statement of financial position or capital raising expenses in equity during the year were as follows:

	Consolidated	
	2014	2013
	\$	\$
<i>Operating expenses</i>		
Employee share based payment (refer 22(b) below)	59,285	207,715
<i>Acquisition of subsidiary</i>		
Share based payment to vendors (refer 22(c) below)	900,000	-
Share based payment to corporate advisor (refer 22(c) below)	45,000	-
	945,000	-
<i>Exploration expenditure</i>		
Share based payment to vendor (refer 22(c) below)	50,000	-
<i>Capital raising expenses</i>		
Share based payments to supplier (refer 22(c) below)	-	-

(b) Employee share based payment scheme

The Group has established an employee share option scheme (ESOS). The objective of the ESOS is to assist in the recruitment, reward, retention and motivation of employees of Triumph Tin Limited. Under the ESOS, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOS and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Triumph Tin Limited.

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The table below summarises options granted under the ESOS:

2014		Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
Grant Date	Expiry date							
25 Jun 2010*	30 Jun 2014	\$0.25	1,500,000	-	-	(1,500,000)	-	-
17 Feb 2012	31 Mar 2015	\$0.25	2,000,000	-	-	-	2,000,000	2,000,000
23 Aug 2013	31 Dec 2015	\$0.05	-	6,000,000	-	-	6,000,000	-
			3,500,000	6,000,000	-	(1,500,000)	8,000,000	2,000,000
Weighted remaining contractual life (years)			1.4	1.5	-	-	1.3	0.8
Weighted average exercise price			\$0.25	\$0.05	-	-	\$0.10	\$0.25

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

2013									
Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number	
25 Jun 2010 *	30 Jun 2014	\$0.25	1,500,000	-	-	-	1,500,000	1,500,000	
17 Feb 2012	31 Mar 2015	\$0.25	2,000,000	-	-	-	2,000,000	2,000,000	
			3,500,000	-	-	-	3,500,000	3,500,000	
Weighted remaining contractual life (years)			2.4	-	-	-	1.4	1.4	
Weighted average exercise price			\$0.25	-	-	-	\$0.25	\$0.25	

*These options were issued to former directors not under the ESOS.

The weighted average fair value of options granted during the year was \$0.028 (2013: \$0.161).

The fair values were calculated using the Black-Scholes option pricing model applying the following input:

Options	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
6,000,000	\$0.045	\$0.05	120%	0%	2.61%	\$0.028

(c) Other Share-based payments

Acquisition of subsidiary

During the financial year 20,000,000 shares were issued to vendors of Lotus Mining Proprietary Limited. The fair value of the shares of \$900,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

During the financial year 1,000,000 shares were issued to Garrison Capital Pty Ltd for their role as advisor to the acquisition of Lotus Mining Proprietary Limited. The fair value of the shares of \$45,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

Exploration expenditure

During the financial year 1,000,000 shares were issued to Lara Exploration as full and final satisfaction of the unpaid US\$250,000 due per the Grant Option to Acquire Sao Lourenco Tin Project agreement. The fair value of the shares of \$50,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

Capital raising expenses

The table below summaries options granted to suppliers and vendors:

2014								
Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
15 Sep 2010	30 Jul 2014**	\$0.35	1,200,000	-	-	-	1,200,000	1,200,000
15 Sep 2010	15 Sep 2014	\$0.25	3,000,000	-	-	-	3,000,000	3,000,000
30 Jan 2012	30 Jun 2015	\$0.25	12,000,000	-	-	-	12,000,000	12,000,000
			16,200,000	-	-	-	16,200,000	16,200,000
Weighted remaining contractual life (years)			1.8	-	-	-	0.8	0.8
Weighted average exercise price			\$0.26	-	-	-	\$0.26	\$0.26
2013								
Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
15 Sep 2010	15 Sep 2014	\$0.25	3,000,000	-	-	-	3,000,000	3,000,000
15 Sep 2010	30 Jul 2014	\$0.35	1,200,000	-	-	-	1,200,000	1,200,000
30 Jan 2012	30 Jun 2015	\$0.25	12,000,000	-	-	-	12,000,000	12,000,000
			16,200,000	-	-	-	16,200,000	16,200,000
Weighted remaining contractual life (years)			2.8	-	-	-	1.8	1.8
Weighted average exercise price			\$0.26	-	-	-	\$0.26	\$0.26

** These options expired on 30 July 2014.

23. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the year ended 30 June 2014.

The balance of the franking account is Nil as at 30 June 2014 (2013: Nil).

24. Acquisition of Assets

Acquisition – Lotus Mining Proprietary Limited in the current period

During the financial year, the Company acquired 100% of the voting shares of Lotus Mining Pty Ltd.

The total cost of the acquisition was \$945,000 and comprised an issue of equity instruments. The Company issued securities as described in note 22(c) with an issue price based on the quoted price of ordinary shares at the acquisition date where all the conditions precedent are met. It is considered that the acquisition of Lotus Mining Pty Ltd is not a business combination, but rather an acquisition of assets.

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

The fair value of the identifiable assets and liabilities of Lotus Mining Proprietary Limited as at the date of acquisition are:

	Recognised on acquisition
	\$
Cash and cash equivalents	651,712
Trade and other payables	(75,734)
Fair value of identifiable net assets	<u>575,978</u>
<u>Cost of the acquisition:</u>	
Securities issued, at fair value	<u>945,000</u>
Total cost of the acquisition	<u>945,000</u>
Loss recognised on acquisition of subsidiary	<u>(369,022)</u>
Total	<u>575,978</u>

There were no acquisitions during the previous financial year.

25. Key management personnel disclosure

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated	
	2014	2013
	\$	\$
Short term employee benefits	423,863	364,994
Post employment benefits	-	-
Share based payments	59,285	103,857
Total remuneration	<u>483,148</u>	<u>468,851</u>

Triumph Tin Limited

Notes to the financial statements at and for the year ended 30 June 2014

26. Parent Entity Information

The following details information related to the parent entity, Triumph Tin Limited, at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	Parent	
	2014	2013
	\$	\$
Current assets	483,950	1,433,078
Non current assets	873,495	377,614
Total Assets	1,357,445	1,810,692
Current liabilities	94,131	78,057
Total Liabilities	94,131	78,057
Net Assets	1,263,314	1,732,635
Issued capital	11,549,368	10,554,368
Share based payment reserve	2,716,872	2,657,587
Accumulated losses	(13,002,926)	(11,479,320)
Total Equity	1,263,314	1,732,635
Loss for the year	(1,523,606)	(7,860,374)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(1,523,606)	(7,860,374)

Guarantees

Triumph Tin Limited has not entered into any guarantees in relation to the debts of its subsidiary.

Other Commitments and Contingencies

Triumph Tin Limited has commitments which are disclosed in note 15(a). There are no commitments to acquire property, plant and equipment. The company has no contingent liabilities.

Directors' Declaration

In accordance with a resolution of the Directors of Triumph Tin Limited, I state that:

1. In the opinion of the Directors:

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2014 and of its performance, for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
 - (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(c);
2. This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board



Brian McMaster

Chairman

Perth

24 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Triumph Tin Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 24 September 2014

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TRIUMPH TIN LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Triumph Tin Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Triumph Tin Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Triumph Tin Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(c).

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Triumph Tin Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 24 September 2014

**APPENDIX D: AUDITED HISTORICAL FINANCIAL INFORMATION ON THE GROUP
AND THE AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2013**

Directors' Report

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Avenue Resources Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group, and includes the executives in the Company receiving the highest remuneration.

Details of Key Management Personnel

Mr Anthony Polglase	Non-Executive Chairman
Mr Stephen Thompson	Managing Director (appointed 23 August 2013)
Mr Luis Azevedo	Executive Director
Mr Simon Mottram	Executive Director
Mr Benjamin Dunn	Non-Executive Director
Mr Joseph Burke	Non-Executive Director (appointed 23 August 2013)
Mr Scott Funston	Company Secretary

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

Directors' Report

The table below shows the performance of the Group as measured by loss per share since incorporation in April 2010:

As at 30 June	2013	2012	2011	2010
	\$	\$	\$	\$
Loss per share (cents)	(14.28)	(9.39)	(0.9926)	(0.1159)

Details of the nature and amount of each element of the emoluments of each Director and Executive of the Group for the financial year are as follows:

2013 Director	Short term			Options	Post employment	Total \$	Option Related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$		
Mr Polglase	-	-	100,000	-	-	100,000	-
Mr Azevedo	-	40,000	4,994	103,857	-	148,851	70%
Mr Mottram	-	-	100,000	-	-	100,000	-
Mr Dunn	-	30,000	-	-	-	30,000	-
Company Secretary Mr Funston	-	-	90,000	-	-	90,000	-
	-	70,000	294,994	103,857	-	468,851	

2012 Director	Short term			Options	Post employment	Total \$	Option Related %
	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$		
Mr Polglase (a)	-	-	41,667	-	-	41,667	-
Mr Azevedo (a)	-	11,667	-	57,036	-	68,703	83%
Mr Mottram (a)	-	-	41,667	-	-	41,667	-
Mr Dunn (a)	-	8,750	-	-	-	8,750	-
Mr O'Loughlin (b)	29,167	-	-	-	2,625	31,792	-
Mr Evans (b)	-	14,583	-	-	-	14,583	-
Mr Cawley (b)	-	15,625	-	-	-	15,625	-
Company Secretary Mr Funston (a)	-	-	37,500	-	-	37,500	-
Mr Stephenson (b)	-	-	52,500	-	-	52,500	-
	29,167	50,625	173,334	57,036	2,625	312,787	

(a) Mr Polglase, Mr Mottram and Mr Funston were appointed on 1 February 2012. Mr Azevedo and Mr Dunn were appointed on 15 March 2012.

(b) Mr Evans, Mr Cawley and Mr Stephenson resigned on 1 February 2012. Mr O'Loughlin resigned on 15 March 2012.

Directors' Report

There were no other executive officers of the Group during the financial years ended 30 June 2013 and 30 June 2012. No remuneration is performance related. The terms and conditions of each grant of options that had been issued as at 30 June 2013 affecting remuneration in the previous, this or future reporting periods are as follows:

	Grant date	Grant number	First exercise date	Expiry date / last exercise date	Value per option at grant date	Value of options	Exercise price	No. Vested
Director Mr Azevedo	17/02/2012	1,000,000	01/03/2013	31/03/2015	\$0.161	160,893	\$0.25	1,000,000

The share options issued to Mr Azevedo were not subject to a performance hurdle as these options were issued as a form of retention bonus and incentive package. The Options vested on 1 March 2013. On resignation, any unvested options will be forfeited. The Options have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted under the plan carry no dividend or voting rights.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period. No remuneration options were exercised for the year ended 30 June 2013 or for the year ended 30 June 2012.

Executive Directors

The Executive Director, Mr Mottram is paid an annual consulting fee on a monthly basis. Under the agreement Mr Mottram is to be paid \$100,000 per annum. The agreement commenced on 1 February 2012 and is for a term of two years unless extended by both parties. Mr Mottram may terminate the agreement by giving three months' written notice. The Company may terminate the agreement by giving three months' written notice or by paying an amount equivalent to three months' fees.

The Executive Director, Mr Azevedo is paid an annual consulting fee on a monthly basis. The services may be terminated by either party at any time.

Non Executive Director

The Non Executive Directors, Mr Polglase and Mr Dunn, are paid an annual consulting fee on a monthly basis. Their services may be terminated by either party at any time.

The Company Secretary, Mr Funston, is remunerated on a monthly basis. The services may be terminated by either party at any time.

Service Agreements

The Group has entered into a service agreement for certain administrative services and office space for a term of two years and for the provision of corporate advisory services for a term of two years with Garrison Capital Pty Ltd. The Group is required to give three months' written notice to terminate the agreement. Mr Funston is a director and shareholder of Garrison Capital.

END OF REMUNERATION REPORT

Avenue Resources Limited

Consolidated Statement of Comprehensive Income for the year ended 30 June 2013

	Notes	Consolidated	
		2013 \$	2012 \$
Revenue			
Interest income		94,174	127,540
Other income		395	-
Revenue		94,569	127,540
Public company costs		(42,708)	(30,518)
Accounting and audit fees		(66,684)	(55,619)
Consultant and directors' fees		(418,853)	(295,646)
Legal fees		(3,057)	(115,128)
Share based payments	23	(207,715)	(2,291,652)
Travel expenses		(9,868)	(26,936)
Impairment of exploration expenditure	10	(7,106,165)	(534,412)
Other expenses	4	(154,420)	(79,361)
Loss from continuing operations before income tax		(7,914,901)	(3,301,732)
Income tax expense	5	-	-
Loss from continuing operations after income tax		(7,914,901)	(3,301,732)
Net loss for the year		(7,914,901)	(3,301,732)
Other Comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to operating result</i>			
Foreign currency translation		54,527	(59,881)
Other comprehensive income/(loss) for the year		54,527	(59,881)
Total comprehensive income/(loss) for the year		(7,860,374)	(3,361,613)
Loss per share attributable to owners of Avenue Resources Limited			
Basic and diluted loss per share (cents per share)	20	(14.28)	(9.39)

Avenue Resources Limited

Consolidated Statement of Financial Position *as at 30 June 2013*

	Notes	Consolidated	
		2013	2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	1,476,412	3,124,945
Trade and other receivables	7	26,952	47,085
TOTAL CURRENT ASSETS		1,503,364	3,172,030
NON-CURRENT ASSETS			
Plant and equipment	9	33,388	6,046
Deferred exploration and evaluation expenditure	10	276,393	6,327,450
TOTAL NON-CURRENT ASSETS		309,781	6,333,496
TOTAL ASSETS		1,813,145	9,505,526
CURRENT LIABILITIES			
Trade and other payables	11	80,510	120,232
TOTAL CURRENT LIABILITIES		80,510	120,232
TOTAL LIABILITIES		80,510	120,232
NET ASSETS		1,732,635	9,385,294
EQUITY			
Issued capital	12	10,554,368	10,554,368
Reserves	13	2,652,233	2,389,991
Accumulated losses	14	(11,473,966)	(3,559,065)
TOTAL EQUITY		1,732,635	9,385,294

Avenue Resources Limited

Consolidated Statement of Cash Flows for the year ended 30 June 2013

		Consolidated	
	Notes	2013	2012
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(693,397)	(569,400)
Interest received		105,255	110,377
Other receipts		395	-
		<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	6	(587,747)	(459,023)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(41,570)	(6,419)
Expenditure on exploration and evaluation expenditure		(1,019,216)	(923,855)
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(1,060,786)	(930,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,000,000
Share issue costs		-	(133,746)
		<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES		-	1,866,254
Net (decrease) / increase in cash held		(1,648,533)	476,957
Cash and cash equivalents at beginning of year		3,124,945	2,647,988
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6	1,476,412	3,124,945

Avenue Resources Limited

Consolidated Statement of Changes in Equity for the year ended 30 June 2013

Consolidated	Issued capital \$	Accumulated losses \$	Foreign Currency Translation Reserve \$	Share based payment reserves \$	Total \$
At 1 July 2012	10,554,368	(3,559,065)	(59,881)	2,449,872	9,385,294
Loss for the year	-	(7,914,901)	-	-	(7,914,901)
Other comprehensive income	-	-	54,527	-	54,527
Total comprehensive income / (loss)	-	(7,914,901)	54,527	-	(7,860,374)
Transactions with owners in their capacity as owners					
Share based payments	-	-	-	207,715	207,715
At 30 June 2013	10,554,368	(11,473,966)	(5,354)	2,657,587	1,732,635
At 1 July 2011					
At 1 July 2011	2,927,113	(257,333)	-	398,220	3,068,000
Loss for the year	-	(3,301,732)	-	-	(3,301,732)
Other comprehensive loss	-	-	(59,881)	-	(59,881)
Total comprehensive loss	-	(3,301,732)	(59,881)	-	(3,361,613)
Transactions with owners in their capacity as owners					
Issue of ordinary shares	7,520,000	-	-	-	7,520,000
Share based payments	240,000	-	-	2,051,652	2,291,652
Transaction costs on share issue	(132,745)	-	-	-	(132,745)
At 30 June 2012	10,554,368	(3,559,065)	(59,881)	2,449,872	9,385,294

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

1. Corporate Information

The financial report of Avenue Resources Limited ("Avenue Resources" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 29 August 2013.

Avenue Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and the principal activities of the Group are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The presentation currency is Australian dollars.

(b) Compliance statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations issued but yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2013 and no change to the Group's accounting policy is required.

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other</p>	The Group has not yet determined the impact on the Group's financial statements.	1 July 2015

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		<p>comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>		
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation – Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7.</p>	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.</p>	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure</p>	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.		
AASB 124	Related Party Disclosures	AASB 124 establishes guidance for disclosure of related party transactions and outstanding balances that could impact on an entity's financial position and profit or loss. Amendment AASB 2011-4 removes the disclosure requirements for individual key management personnel. The adoption of these amendments will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report.	The Group has not yet determined the impact on the Group's financial statements.	1 July 2013

The Group has not elected to early adopt any new Standards or Interpretations.

(d) Changes in accounting policies and disclosures

In the year ended 30 June 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Avenue Resources Limited and its subsidiaries as at 30 June each year ('the Company').

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(f) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Avenue Resources Limited is Australian dollars. The functional currency of the overseas subsidiaries is Brazilian Reais.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(iii) Group entities

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

(g) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	25% – 50%
Furniture, Fixtures and Fittings	10%
Computer and software	20% - 35%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Derecognition

Additions of plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of comprehensive income.

(h) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the statement of comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

(i) Exploration expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(j) Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Cash and Cash Equivalents

Cash and cash equivalent in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(n) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the statement of comprehensive income except where it relates to items that may be charged or credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(q) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(r) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST/sales tax, except where the amount of GST/sales tax incurred is not recoverable from the relevant Tax Authority. In these circumstances, the GST/sales tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/sales tax.

The net amount of GST/sales tax recoverable from, or payable to, the Tax Authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(s) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

There is currently an Employee Share Option Scheme (ESOS) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an option pricing formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Avenue Resources Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 20).

(t) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and exchange rules.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Brazilian subsidiaries to be foreign operations with Brazilian Reias as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

3. Segment Information

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for tin. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment.

Revenues of approximately Nil (2012 - Nil) are derived from a single external customer.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue earned by the Group is generated in Australia and all of the Group's non-current assets reside in Brazil.

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
4. Other Expenses		
Bank fees	4,141	2,604
Insurance	10,289	9,328
Meetings expenses	1,565	6,771
Telephone and internet	1,736	1,615
Serviced office	120,000	50,000
Other	16,689	9,043
Total other expenses	154,420	79,361

5. Income Tax

(a) Income tax expense

Major component of tax expense for the year:

Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:

Loss from continuing operations before income tax expense	(7,914,901)	(3,301,732)
Tax at the group rate of 30%	(2,374,470)	(990,520)
Expense of remuneration options	62,315	688,880
Non-deductible expenses	2,131,850	160,324
Income tax benefit not brought to account	180,305	141,316
Income tax expense	<u>-</u>	<u>-</u>

(c) Unused tax losses

Unused tax losses	2,693,196	2,341,591
Potential tax benefit not recognised at 30%	807,959	702,477

The benefit of the tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia adversely affect the Group in realising the benefit from the deductions for the losses.

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
6. Cash and Cash Equivalents		
Reconciliation of Cash and Cash Equivalents		
Cash comprises:		
Cash at bank	476,412	1,124,945
Short term deposits	1,000,000	2,000,000
	1,476,412	3,124,945
Reconciliation of operating loss after tax to the cash flows from operations		
Loss from ordinary activities after tax	(7,914,901)	(3,301,732)
Non cash items		
Share based payments	207,715	2,291,652
Depreciation charges	14,435	373
Exploration expenditure written off	7,106,165	534,412
Change in assets and liabilities		
Decrease / (increase) in trade and other receivables	21,160	(17,636)
Increase / (decrease) in trade and other payables	(22,321)	33,908
Net cash outflow from operating activities	(587,747)	(459,023)

Non-cash financing activities are as follows:

- Share-based payments (to directors, employees, corporate advisors and project vendors) as discussed in note 23.

7. Trade and Other Receivables – Current

GST receivable	14,086	24,567
Accrued interest	8,473	17,163
Other	4,393	5,355
	26,952	47,085

Trade debtors, other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

8. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2 (e).

Name of Entity	Country of Incorporation	Equity Holding
Triumph Tin Mining Limited	Australia	100%
Triunfo Mineracao do Brasil Ltda	Brazil	100%

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
9. Plant and Equipment		
Plant and Equipment		
Cost	42,227	2,158
Accumulated depreciation and impairment	(14,084)	(267)
Net carrying amount	28,143	1,891
Computer Equipment and Software		
Cost	1,288	156
Accumulated depreciation and impairment	(191)	(8)
Net carrying amount	1,097	148
Furniture, Fixtures and Fittings		
Cost	4,700	4,105
Accumulated depreciation and impairment	(552)	(98)
Net carrying amount	4,148	4,007
Total Plant and Equipment	33,388	6,046
Movements in Plant and Equipment		
Plant and Equipment		
At beginning of the year	1,891	-
Additions	40,069	2,158
Depreciation charge for the year	(13,817)	(267)
	28,143	1,891
Computer Equipment and Software		
At beginning of the year	148	-
Additions	1,132	156
Depreciation charge for the year	(183)	(8)
	1,097	148
Furniture, Fixtures and Fittings		
At beginning of the year	4,007	-
Additions	595	4,105
Depreciation charge for the year	(454)	(98)
	4,148	4,007
Total Plant and Equipment	33,388	6,046

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
10. Deferred Exploration and Evaluation Expenditure		
At beginning of the year	6,327,450	459,062
Exploration expenditure during the year	1,033,528	777,538
Acquisition of assets*	-	5,683,433
Impairment loss	(7,106,165)	(534,412)
Net exchange differences on translation	21,580	(58,171)
Total exploration and evaluation	276,393	6,327,450

* The acquisition of assets in 2012 includes the fair value of the shares issued to the vendors of Triumph Tin Mining Limited (refer to note 23 and note 25) and option payments made on the Group's Brazilian tin projects.

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas. The impairment loss for the current year relates to the withdrawal from further exploration on the Sao Lourenco Tin and North Brazilian Tin Projects with a focus on the Mata Azul Tin Project going forward. The impairment loss for the 2012 year relates to the withdrawal from the joint venture for projects held in Western Australia and writing down their carrying value to nil.

11. Trade and Other Payables

Trade payables	56,058	93,308
Accruals	22,000	24,772
Other	2,452	2,152
	80,510	120,232

Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

12. Issued Capital

(a) Issued capital

Ordinary shares fully paid	10,554,368	10,554,368
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	2013		2012	
	Number of shares	\$	Number of shares	\$
(b) Movements in shares on issue				
At beginning of the year	55,430,000	10,554,368	21,430,000	2,927,113
Placement at \$0.20	-	-	10,000,000	2,000,000
Shares issued on acquisition of subsidiary	-	-	20,000,000	4,800,000
Shares issued in lieu of option payments	-	-	3,000,000	720,000
Shares issued to corporate advisors	-	-	1,000,000	240,000
Less fundraising costs	-	-	-	(132,745)
At 30 June	55,430,000	10,554,368	55,430,000	10,554,368

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$1,732,635 at 30 June 2013 (2012: \$9,385,294). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 21 for further information on the Group's financial risk management policies.

(e) Share options

At 30 June 2013, there were 19,700,000 unissued ordinary shares under options (2012: 19,700,000 options). The details of the options are as follows:

Number	Exercise Price \$	Expiry Date
1,500,000	0.25	30 June 2014
1,200,000	0.35	30 July 2014
3,000,000	0.25	15 September 2014
12,000,000	0.25	30 June 2015
2,000,000	0.25	31 March 2015
19,700,000		

No option holder has any right under the options to participate in any other share issue of the company or any other entity. Information relating to the Avenue Resources Limited Employee Share Option Scheme, including details of options issued under the plan, is set out in note 23.

No options were issued during the year. 6,000,000 unlisted options with an exercise price of \$0.05 and an expiry date of 31 December 2015 were issued since the end of the financial year.

No options were exercised during or since the end of the financial year and no options have lapsed during or since the end of the financial year.

	Consolidated	
	2013	2012
	\$	\$
13. Reserves		
Share based payment reserve	2,657,587	2,449,872
Foreign currency translation reserve	(5,354)	(59,881)
	2,652,233	2,389,991
Movements in Reserves		
<i>Share based payment reserve</i>		
At beginning of the year	2,449,872	398,220
Share based payments	207,715	2,051,652
At 30 June	2,657,587	2,449,872

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

The share based payment reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration and non-employees for their services. Refer to note 23 for further details of the options issued during the financial year.

	Consolidated	
	2013	2012
	\$	\$
<i>Foreign currency translation reserve</i>		
At beginning of the year	(59,881)	-
Foreign currency translation	54,527	(59,881)
At 30 June	<u>(5,354)</u>	<u>(59,881)</u>

The Foreign Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(f). The reserve is recognised in the statement of comprehensive income when the net investment is disposed of.

14. Accumulated losses

	Consolidated	
	2013	2012
	\$	\$
Movements in accumulated losses were as follows:		
At beginning of the year	(3,559,065)	(257,333)
Loss for the year	(7,914,901)	(3,301,732)
At 30 June	<u>(11,473,966)</u>	<u>(3,559,065)</u>

15. Expenditure Commitments

(a) Rental and service agreements

The Group entered a service agreement for certain administrative services and office space for a term of two years starting in February 2012. The Group is required to give three months written notice to terminate the agreement.

	Consolidated	
	2013	2012
	\$	\$
Within one year	105,000	180,000
After one year but not longer than 5 years	-	105,000
	<u>105,000</u>	<u>285,000</u>

(b) Exploration commitments

In order to maintain the current rights of tenure to mining tenements, the Group has the following exploration expenditure requirements and option payments up until the expiry or relinquishment of the agreements. These obligations are not provided for in the financial statements and are payable as follows:

	Consolidated	
	2013	2012
	\$	\$
Within one year	547,465	1,838,235
After one year but not longer than 5 years	547,465	2,573,530
	<u>1,094,930</u>	<u>4,411,765</u>

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

The Group has a definitive agreement to acquire tin projects in Brazil. The exploration expenditure commitments above assume that the Group will meet its agreed option payments and minimum expenditure commitments.

If the Group decides to relinquish and/or does not meet the obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfers or farm-out of exploration rights to third parties will reduce or extinguish the above obligations.

	Consolidated	
	2013	2012
	\$	\$
16. Auditor's Remuneration		
The auditor of Avenue Resources Limited is RSM Bird Cameron Partners.		
Amounts received or due and receivable for:		
- non-RSM Bird Cameron Partners audit firms preparation of the income tax return	-	2,100
- RSM Bird Cameron Partners an audit or review of the financial report of the entity and any other entity in the Consolidated group	26,000	-
- non-RSM Bird Cameron Partners audit firms an audit or review of the financial report of the entity and any other entity in the Consolidated group	-	24,302
	26,000	26,402

17. Key Management Personnel Disclosures

(a) Details of Key Personnel

Mr Anthony Polglase	Non-Executive Chairman
Mr Luis Azevedo	Executive Director
Mr Simon Mottram	Executive Director
Mr Benjamin Dunn	Non-Executive Director
Mr Scott Funston	Company Secretary

(b) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated	
	2013	2012
	\$	\$
Short term employee benefits	364,994	253,126
Post employment benefits	-	2,625
Share based payments	103,857	57,036
Total remuneration	468,851	312,787

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

(c) Shareholdings of Key Management Personnel

Shareholdings

The number of shares in the company held during the financial year by each director of Avenue Resources Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2013	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr Polglase	5,305,000	-	-	116,445	5,421,445
Mr Azevedo	100,000	-	-	-	100,000
Mr Mottram	3,050,000	-	-	-	3,050,000
Mr Dunn	100,000	-	-	-	100,000
Mr Funston	3,025,000	-	-	-	3,025,000

2012	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr Polglase (a)	-	-	-	5,305,000 (i)	5,305,000
Mr Azevedo (a)	-	-	-	100,000	100,000
Mr Mottram (a)	-	-	-	3,050,000 (ii)	3,050,000
Mr Dunn (a)	-	-	-	100,000	100,000
Mr O'Loughlin (b)	400,000	-	-	(400,000)	-
Mr Evans (b)	370,000	-	-	(370,000)	-
Mr Cawley (b)	330,000	-	-	(330,000)	-
Mr Funston (a)	-	-	-	3,025,000 (iii)	3,025,000
Mr Stephenson (b)	-	-	-	-	-

(a) Mr Polglase, Mr Mottram and Mr Funston were appointed on 1 February 2012. Mr Azevedo and Mr Dunn were appointed on 15 March 2012.

(b) Mr Evans, Mr Cawley and Mr Stephenson resigned on 1 February 2012. Mr O'Loughlin resigned on 15 March 2012.

(i) Mr Polglase acquired 5,000,000 shares as a shareholder of Triumph Tin Mining Limited ('Triumph') in consideration for the acquisition of Triumph during the financial year. Mr Polglase acquired a further 245,000 shares due to his participation in the Placement and had an existing 60,000 shares on appointment as a Director.

(ii) Mr Mottram acquired 3,000,000 shares as a shareholder of Triumph in consideration for the acquisition of Triumph during the financial year. Mr Mottram acquired a further 50,000 shares due to his participation in the Placement.

(iii) Mr Funston acquired 2,700,000 shares as a shareholder of Triumph in consideration for the acquisition of Triumph during the financial year. Mr Funston acquired a further 125,000 shares due to his participation in the Placement and had an existing 200,000 shares on appointment as Company Secretary.

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

(d) Optionholdings of Key Management Personnel

The numbers of options over ordinary shares in the company held during the financial year by each director of Avenue Resources Limited and specified executive of the group, including their personally related parties, are set out below:

2013	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested options	
						Exercisable	Non-exercisable
Mr Polglase	-	-	-	-	-	-	-
Mr Azevedo	1,000,000	-	-	-	1,000,000	1,000,000	-
Mr Mottram	-	-	-	-	-	-	-
Mr Dunn	-	-	-	-	-	-	-
Mr Funston	-	-	-	-	-	-	-

2012	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested options	
						Exercisable	Non-exercisable
Mr Polglase (a)	-	-	-	-	-	-	-
Mr Azevedo (a)	-	1,000,000	-	-	1,000,000	-	1,000,000
Mr Mottram (a)	-	-	-	-	-	-	-
Mr Dunn (a)	-	-	-	-	-	-	-
Mr O'Loughlin (b)	500,000	-	-	(500,000)	-	-	-
Mr Evans (b)	500,000	-	-	(500,000)	-	-	-
Mr Cawley (b)	500,000	-	-	(500,000)	-	-	-
Mr Funston (a)	-	-	-	-	-	-	-
Mr Stephenson (b)	-	-	-	-	-	-	-

(a) Mr Polglase, Mr Mottram and Mr Funston were appointed on 1 February 2012. Mr Azevedo and Mr Dunn were appointed on 15 March 2012.

(b) Mr Evans, Mr Cawley and Mr Stephenson resigned on 1 February 2012. Mr O'Loughlin resigned on 15 March 2012.

There were no other alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the years ended 30 June 2013 or 30 June 2012.

Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted under the plan carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 23.

Other transactions with Key Management Personnel

Kernow Mining Consultants Pty Ltd, a company in which Mr. Polglase is a director, charged the Group consulting fees of \$100,000 (2012: \$41,667). This amount is included in Note 17(b) "Remuneration of key management personnel". \$9,167 (2012: \$18,333) was outstanding at year end.

JENS Dominion Pty Ltd, a company in which Mr. Mottram is a director, charged the Group consulting fees of \$100,000 (2012: \$41,667). This amount is included in Note 17(b) "Remuneration of key management personnel". \$9,167 (2012: \$9,167) was outstanding at year end.

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

FFA Legal Ltda, a company in which Mr. Azevedo is a director, provided the Group with legal and accounting services in Brazil of \$148,851 (2012: \$71,110). \$9,999 (2012: \$11,852) was outstanding at year end.

Resourceful International Consulting Pty Ltd, a company in which Mr. Funston is a director, charged the Group consulting fees of \$90,000 (2012: \$37,500). This amount is included in Note 17(b) "Remuneration of key management personnel". \$8,250 (2012: \$8,250) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr Funston is a director and shareholder, provided the Group with a fully serviced office including administration and information technology support totalling \$120,000 (2012: \$50,000), corporate advisory services totalling \$60,000 (2012: \$25,000) and reimbursement of payments for legal, accounting and other minor expenses, at cost totalling \$31,373 (2012: \$47,879). \$17,650 (2012: \$21,418) was outstanding at year end.

Garrison Capital Pty Ltd were issued 4,000,000 unlisted options exercisable at \$0.25 on or before 30 June 2015 for their role as corporate advisors to the Company for the acquisition of Triumph Tin. The options have been valued using the Black-Scholes option pricing model and are included as a share based payments as disclosed in Note 23.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

18. Events Subsequent to Balance Date

On 23 August 2013 the Company completed the acquisition of Lotus Mining Pty Ltd following shareholder approval being obtained on 16 August 2013. The acquisition resulted in 20,000,000 ordinary shares being issued to Vendors of Lotus. The Company also issued 1,000,000 ordinary shares to Garrison Capital for their role as corporate advisors to the transaction and 6,000,000 unlisted options to Mr Stephen Thompson as incentive based remuneration following his appointment as Managing Director.

There were no other known significant events from the end of the financial year to the date of this report.

19. Related Party Disclosures

For Director related party transactions, please refer to Note 17 "Key Management Personnel Disclosures". The ultimate parent entity is Avenue Resources Limited. Refer to note 8 for list of all subsidiaries within the group. There were no other related party transactions during the year.

20. Loss per Share

Loss used in calculating basic and dilutive EPS

Consolidated	
2013	2012
\$	\$
(7,914,901)	(3,301,732)

Number of Shares

Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share :

55,430,000	35,164,247
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Effect of dilution:

Share options

- -

Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:

55,430,000	35,164,247
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There is no impact from 19,700,000 options outstanding at 30 June 2013 (2012: 19,700,000 options) on the earnings per share calculation because they are considered anti-dilutive. These options could potentially dilute basic EPS in the future.

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

21. Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing the Group's future capital needs include the cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2013 and 30 June 2012 all financial liabilities are contractually matured within 60 days.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	Consolidated	
	2013	2012
	\$	\$
Cash and cash equivalents	1,476,412	3,124,945

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

Consolidated

Judgements of reasonably possible movements	Effect on Post Tax Earnings Increase/(Decrease)		Effect on Equity including accumulated losses Increase/(Decrease)	
	2013 \$	2012 \$	2013 \$	2012 \$
Increase 100 basis points	14,764	31,249	14,764	31,249
Decrease 100 basis points	(14,764)	(31,249)	(14,764)	(31,249)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2012.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2013, the Group held cash at bank. These were held with financial institutions with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2013 (2012: nil).

(d) Fair value of financial instruments

The carrying amounts of financial instruments approximate their fair values.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

22. Contingent Liabilities

There are no known contingent liabilities.

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

23. Share Based Payment Plan

(a) Recognised share based payment transactions

Share based payment transactions recognised either as operation expenses in the statement of comprehensive income, exploration expenditure on the statement of financial position or capital raising expenses in equity during the year were as follows:

	Consolidated	
	2013	2012
	\$	\$
<i>Operating expenses</i>		
Employee share based payment (refer 23(b) below)	207,715	114,073
Share based payment to corporate advisor (refer 23(c) below)	-	2,177,579
	207,715	2,291,652
<i>Exploration expenditure</i>		
Share based payment to vendor (refer 23(c) below)	-	5,520,000
	-	-
<i>Capital raising expenses</i>		
Share based payments to supplier (refer 23(c) below)	-	-
	-	-

(b) Employee share based payment scheme

The Group has established an employee share option scheme (ESOS). The objective of the ESOS is to assist in the recruitment, reward, retention and motivation of employees of Avenue Resources Limited. Under the ESOS, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOS and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Avenue Resources Limited.

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The table below summarises options granted under the ESOS:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
25 June 2010 *	30 June 2014	\$0.25	1,500,000	-	-	-	1,500,000	1,500,000
17 February 2012	31 March 2015	\$0.25	2,000,000	-	-	-	2,000,000	2,000,000
			3,500,000	-	-	-	3,500,000	3,500,000
Weighted remaining contractual life (years)			2.4	-	-	-	1.4	1.4
Weighted average exercise price			\$0.25	-	-	-	\$0.25	\$0.25

* These options were issued to former directors not under the ESOS.

The weighted average fair value of options granted during the year was \$nil (2012: \$0.161).

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

(c) Share-based payment to suppliers

Operating expenses

During the previous financial year 1,000,000 shares were issued to Taylor Collison Limited for their role as advisor to the acquisition of Triumph Tin. The fair value of the shares of \$240,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

During the previous financial year 12,000,000 options in total were issued to Taylor Collison Limited, Garrison Capital Pty Ltd and CPS Securities Pty Ltd for their roles as advisors to the acquisition of Triumph Tin. The fair value of the options of \$1,937,579 was determined using the Black Scholes option pricing model. The options are exercisable at \$0.25 on or before 30 June 2015. These options are included in the table below.

Exploration expenditure

During the previous financial year 20,000,000 shares were issued to vendors of Triumph Tin Mining Limited. The fair value of the shares of \$4,800,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

During the previous financial year 3,000,000 shares were issued to Lara Exploration under the terms of the Sao Lourenco definitive agreement. The fair value of the shares of \$720,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction was approved by shareholders.

During the 2012 financial year 1,200,000 options were issued to Gateway Mining Limited pursuant to two separate Project Farm-in and Joint Venture Arrangements to acquire an interest in certain tenements. The fair value of the options of \$78,720 was determined using the Black Scholes option pricing model. The options are exercisable at \$0.35 on or before 30 July 2014. These options are included in the table below.

Capital raising expenses

The table below summaries options granted to suppliers and vendors:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
15 September 2010	15 September 2014	\$0.25	3,000,000	-	-	-	3,000,000	3,000,000
15 September 2010	30 July 2014	\$0.35	1,200,000	-	-	-	1,200,000	1,200,000
30 January 2012	30 June 2015	\$0.25	12,000,000	-	-	-	12,000,000	12,000,000
			16,200,000	-	-	-	16,200,000	16,200,000
Weighted remaining contractual life (years)			2.8	-	-	-	1.8	1.8
Weighted average exercise price			\$0.26	-	-	-	\$0.26	\$0.26

24. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2013.

The balance of the franking account is Nil as at 30 June 2013 (2012: Nil).

Avenue Resources Limited
Notes to the financial statements at and for the year ended 30 June 2013

25. Acquisition of Assets

There were no acquisitions during the current year.

Acquisition – Triumph Tin Mining Limited in the prior period

During the previous financial year, the Company acquired 100% of the voting shares of Triumph Tin Mining Limited.

The total cost of the acquisition was \$4,800,000 and comprised an issue of equity instruments. The Company issued securities as described in note 23(c) with an issue price based on the quoted price of ordinary shares at the date the transaction was approved by shareholders.

The fair value of the identifiable assets and liabilities of Triumph Tin Mining Limited as at the date of acquisition are:

	Recognised on acquisition
	\$
Tenement interests, exploration and evaluation expenditure	<u>4,800,000</u>
Fair value of identifiable net assets	<u>4,800,000</u>
Cost of the acquisition:	
Securities issued, at fair value	<u>4,800,000</u>
Total cost of the acquisition	<u>4,800,000</u>

Avenue Resources Limited

Notes to the financial statements at and for the year ended 30 June 2013

26. Parent Entity Information

The following details information related to the parent entity, Avenue Resources Limited, at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2013	Parent 2012
	\$	\$
Current assets	1,433,078	3,016,628
Non current assets	377,614	6,473,058
Total Assets	1,810,692	9,489,686
Current liabilities	78,057	104,392
Non current liabilities	-	-
Total Liabilities	78,057	104,392
Net Assets	1,732,635	9,385,294
Issued capital	10,554,368	10,554,368
Share based payment reserve	2,657,587	2,449,872
Accumulated losses	(11,479,320)	(3,618,946)
Total Equity	1,732,635	9,385,294
Loss for the year	(7,860,374)	(3,361,613)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(7,860,374)	(3,361,613)

b) Guarantees

Avenue Resources Limited has not entered into any guarantees in relation to the debts of its subsidiary.

c) Other Commitments and Contingencies

Avenue Resources Limited entered into a service agreement during the 2012 financial year for certain administrative services and office space for a term of two years. The Company is required to give three months written notice to terminate the agreement. Total commitments at 30 June 2013 under the contract are \$105,000 (2012: \$285,000). There are no commitments to acquire property, plant and equipment, and no contingent liabilities.

Directors' Declaration

In accordance with a resolution of the Directors of Avenue Resources Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2013 and of its performance, for the year ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretation) and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b);

2. This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board



Anthony Polglase

Chairman

Perth

29 August 2013

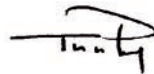
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Avenue Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 29 August 2013

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AVENUE RESOURCES LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Avenue Resources Limited, which comprises the statement of financial position as at 30 June 2013, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Avenue Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Avenue Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Avenue Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 29 August 2013

