

# Brazil's Natural Fertiliser



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# A GREAT INVESTMENT

AIM QUOTED, HIGH MARGIN, NATURAL FERTILISER PRODUCER



## Great Economics

- At 450Ktpa, EBITDA of US\$21.45m
- Sector average P/E of 26.75 equals a valuation of US\$360m



## Revenue Generative

- Building sales
- Creating multiple sales channels including direct sales and distribution partnership network



## Low Cost & High Margin

- Opex US\$7.5/t vs. sales price of US\$55/t
- Operating margin of US\$47.5/t or 86%



## Ideally Situated

- Located in Brazil in the heart of the world's largest & fastest growing agricultural belt



## National Support

- Strong government support at all levels
- Fully certified by government



## All Natural

- A proven multi-nutrient fertiliser that provides cost and quality benefits compared to traditional fertilisers



# WHY FERTILISER?

## INCREASING FERTILISER USE TO SUPPORT POPULATION GROWTH

- Growing demand for food – Asia: +50% & Middle East and North African region: +45% by 2022
- More productive land required - mainly from Brazil, Argentina & the Black Sea region
- Fertiliser is essential for 40%-60% of the world's food supply\*
- Brazil's agricultural industry is pivotal to meeting the sizeable challenge of feeding the world's expanding population
- The world's largest exporter of agricultural products, Brazil is the largest exporter of soybean, sugar and coffee
- Brazil's agriculture industry is one of the most rapidly expanding markets in the world

\*Top Crop Manager



# WHY BRAZIL?

## BRAZIL - AN AGRICULTURAL POWERHOUSE

- Agriculture accounts for 29% GDP & 46% of Brazil's exports (US\$85bn in 2016)
- Planted area up 2.2% pa 2000-16
- 4.9% pa increased use of fertilisers 2005-16
- Domestic fertiliser production fell 9% 2012-2014
- Second largest importer of fertiliser - 90% of potash & 51% of phosphate used is imported
- Government target to be self-sufficient in fertilisers by 2020

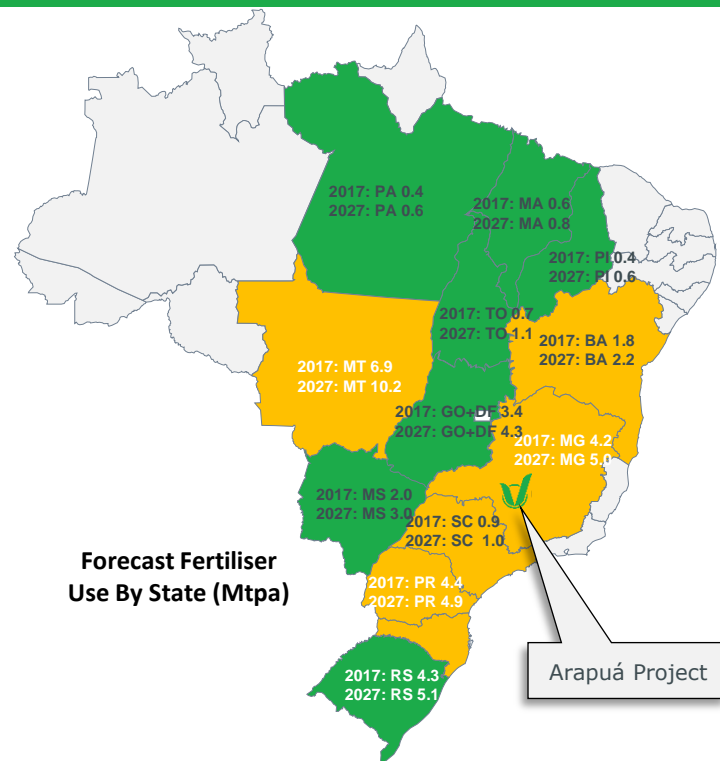


# PROJECT OVERVIEW

KNOWN MINERALISATION PROVIDES 100+ YEARS OF PRODUCTION AT 450,000 TPA

## KEY FACTS

<b>Location</b>	Minas Gerais - the heart of the Brazilian agriculture belt
<b>Resource</b>	JORC (2012) Indicated and Inferred Resource of 13.07Mt at 3.1% K <sub>2</sub> O and 2.49% P <sub>2</sub> O <sub>5</sub> - weathered kamafugite lava located at surface
<b>Mining Licence</b>	Operating under rolling four-year Trial Mining License. Full mining concession expected in 12 months
<b>Plant</b>	Product excavated & trucked to storage area, homogenised, crushed & ready to sell 320Ktpa Capacity modular processing plant scalable to market
<b>Infrastructure</b>	Established infrastructure and local market result in low capital expenditure





# THE PRODUCT

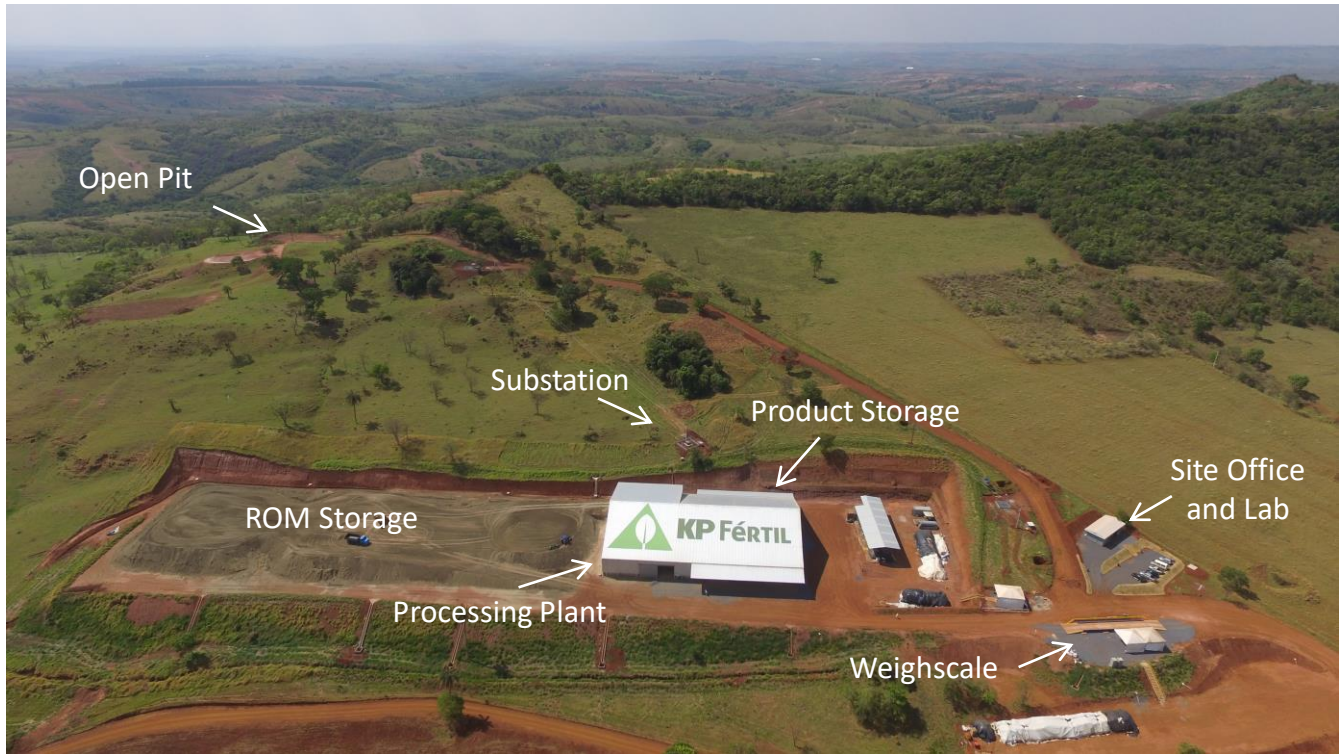
## A NATURAL, MULTI-NUTRIENT ROCK BASED FERTILISER

- Trademarked, unique direct application product sold as **KPFétil**
- Approved by MAPA as a remineraliser
- No comparable local product
- Natural source of K, P, Ca & Mg – average:  
4.21% K<sub>2</sub>O, 3.53% P<sub>2</sub>O<sub>5</sub>, 6.34% CaO, 5.95% MgO
- Chloride & salt free – improves crop quality, taste & price
- Excellent solubility
- Low losses due to leaching
- Improved soil neutralisation
- Progressive nutrient release
- Residual effect for next crop
- No contaminants



# SIMPLE, SCALABLE PRODUCTION

320Ktpa Processing Facilities Fully Operational





# SIMPLE, LOW-COST PRODUCTION

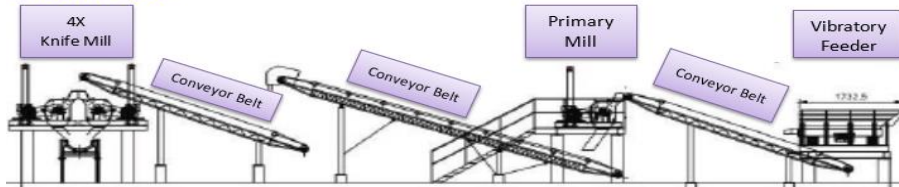
## MODULAR OPERATIONS SYSTEM ENABLING RAPID GROWTH

Simple process - excavated at surface, milled onsite to a powder which is applied directly to crops

320Ktpa plant operational

Modular plant design allows for additional processing lines to be installed as required

*Section View*



EXCAVATION



PROCESSING



APPLICATION

# POTENTIAL MARKET

## ENORMOUS FERTILISER DEMAND LOCALLY

83% of all fertiliser used in Brazil is applied to four crops\*, which are all located close to Arapua:



Sugarcane



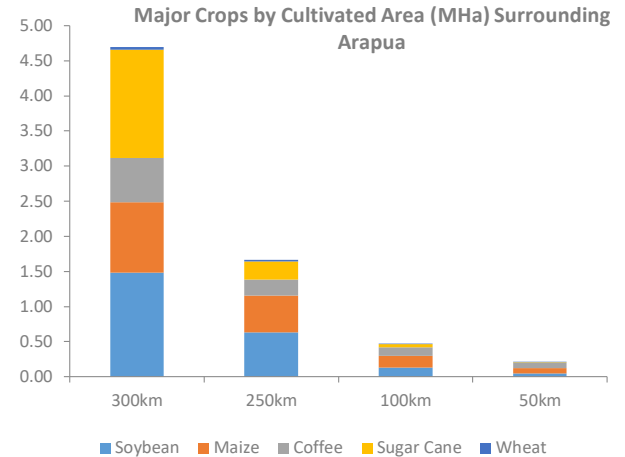
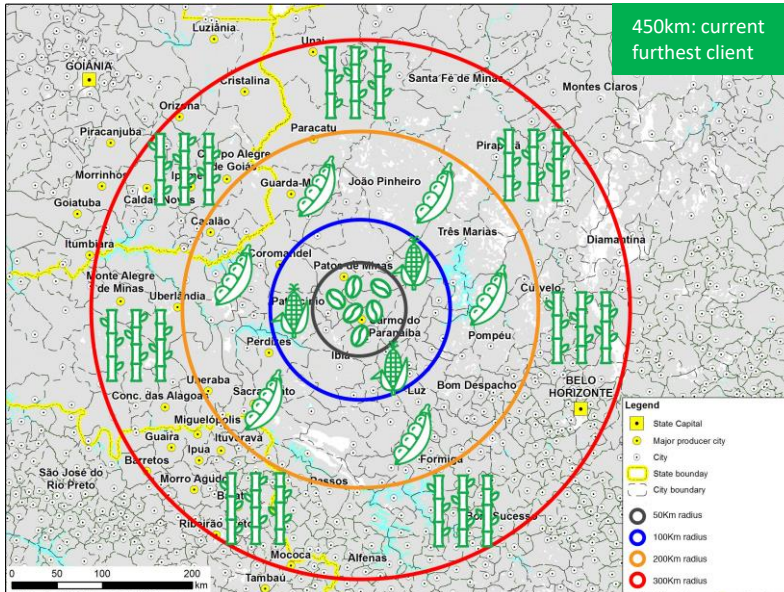
Soybean



Maize



Coffee



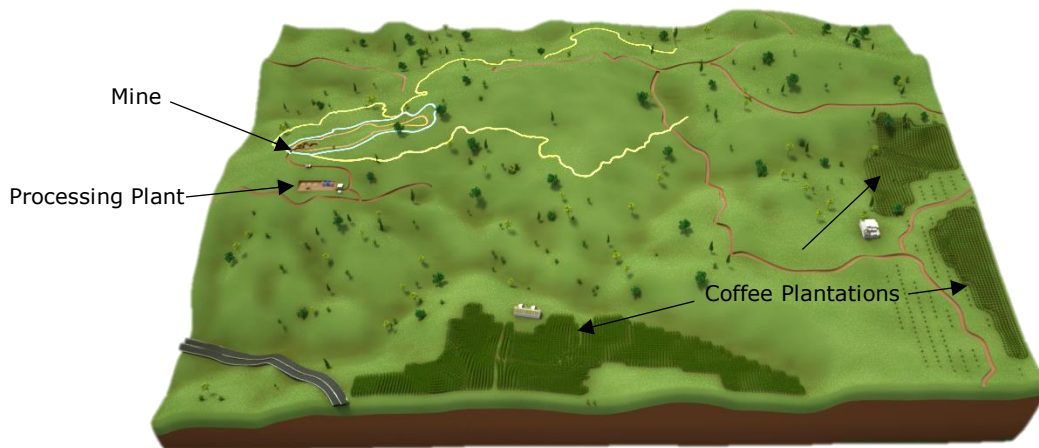
\*Agroconsult, 2017

# POTENTIAL MARKET: COFFEE

## HIGH GLOBAL DEMAND; COFFEE PRODUCTION IS A LOCAL BUSINESS

Just for coffee, the local industry represents a potential market for KPFétil of over 3Mtpa within 300km of the project

	300km	250km	100km	50km
Planted Area - Coffee (ha)	635,815	229,893	117,789	80,483
Potential Market – (Mtpa @ 5t KPFétil/ha)	3.18	1.15	0.59	0.40





# FOCUSSED ON SALES


## BUILDING SALES PIPELINE THROUGH DIRECT SALES AND DISTRIBUTION PARTNERS

**Having progressed from initial exploration to production in just two years, the focus for 2018 and beyond is sales growth**

### March 2018

 Agreement with **Agrocerrado Produtos Agrícolas e Assistência Técnica LTDA**, a key fertiliser distributor in Brazil, for an initial order for 36Kt of KPfertil

### June 2018

 Order for an initial 50Kt of KPfertil from a producer of organic fertiliser in Brazil deliverable in the autumn

### July 2018

 Strategic alliance with **Geociclo Biotecnologia S/A**, one of the largest developers, producers and distributors of organic fertilisers in Brazil to market and sell Kpfertil as well as access to storage buildings and world class product development facilities



# INVESTMENT CASE

## SIMPLE PRODUCT, IDEAL LOCATION, REVENUE GENERATING

### UNIQUE, CERTIFIED NATURAL PRODUCT

- Significant advantages and no direct equivalent product in the local market

### SIMPLE AND LOW COST TO PRODUCE

- Weathered lava excavated at surface, simply crushed on site ready to be applied directly to crops
- Expected opex is ~US\$7.5/t

### IDEALLY LOCATED

- Located in the heart of the largest & fastest growing fertiliser market in Brazil
- Potential multi-Mpta market on our doorstep

### SCALABLE WITH LONG PROJECT LIFE

- Known mineralisation should ensure 100+ years of production at 450,000tpa
- Current 320Ktpa plant simple to expand in line with sales

### COMPELLING ECONOMICS

- Healthy cash position following £9.7m fundraise in June 2018
- Signed contract worth +US\$2m at ~US\$62/t - +80% margin
- At 450Ktpa, EBITDA of US\$21.45m
- On sector average P/E of 26.45 would give valuation of US\$360m

# APPENDIX - KEY DATA

## CONSISTENTLY PROVIDING VALUE FOR SHAREHOLDERS

TICKER	MARKET	Cash (31/6/18)	MARKET CAP	SHARE PRICE	SHARES IN ISSUE	JOINT BROKER
HMI.L	LSE	A\$15.5m	£28.6m	15.5p	184,335,884	Arden Partners Shard Capital

As at 08.10.18, except cash (31/6/18)

### SHARE PRICE GRAPH



### SIGNIFICANT SHAREHOLDERS

SHAREHOLDER	NUMBER SHARES	% FULLY PAID SHARES
Edwards Family Holdings Ltd	37,227,738	20.20%
Miton Asset Management	18,248,058	9.90%
KMINE Holdings Ltd	16,000,000	8.68%
Americas Investments & Participation Ltd	10,666,667	5.79%
Pershing Nominees Limited	8,825,697	4.79%
River & Mercantile Group	6,702,703	3.64%
Chelverton Asset Management	6,486,486	3.52%

- Options on issue: 2,755,125 unlisted options with an exercise price of 14P expiring on 31 Dec 2019 and 600,000 unlisted options with an exercise price of 10P expiring on 25 Oct 2019
- Warrants over Ordinary Shares in issue: 3,788,125



# APPENDIX – BOARD AND SENIOR MANAGEMENT

## A BLEND OF CORPORATE, BRAZILIAN & PROJECT DEVELOPMENT EXPERIENCE

**Brian McMaster**  
Exec Chairman

Brian is a member of the Institute of Chartered Accountants with 20 years' experience in corporate reconstruction & turnaround & performance improvement. This includes working with numerous large mining in the US, South America, Asia & Australia & playing instrumental roles in the recapitalisation & listing of more than 15 companies on the ASX, TSX and AIM.

**Luis Azevedo**  
Exec Director (Brazil)

Luis is based in Brazil and is both a licensed geologist and lawyer. He has over 25 years of business and mining experience in Brazil and is currently the Managing Partner at FFA Legal, a legal firm he founded with main office in Rio de Janeiro, Brazil, which is focused solely on natural resources companies.

**Dr Mark Heyhoe**  
COO

Mark is a geologist with over 25 years' experience in the mining industry. Working initially as a resource geologist and then consultant, he then spent eight years working in the London capital markets before joining Harvest in January 2016.

**David Edghill**  
CFO

Mr. Edghill has over 15 years' experience in private practice specialising in corporate reconstruction and turnaround, working on engagements in Europe and Australia. More recently he was Head of Finance at Utility Exchange Online Limited and then Group Finance Director at Bulk Logistics Group Limited. Mr Edghill is also a Fellow of the Association of Chartered Certified Accountants.

**Luis Clerot**  
Manager (Brazil)

Luis is a geologist with over 15 years' experience working in the resource sector in Brazil, with the last 7 years spent managing potash and phosphate projects

**Frank Moxon**  
Non-Exec Director

Frank is Managing Director of Nhoyt Moxon Ltd, a corporate finance consultancy firm. He has over 25 years' experience as a corporate financier to developing and growth companies, specialising in the natural resources. He is a former head of corporate finance at Williams de Broë Plc until its 2012 sale to PTT for £1.2 billion, and was a senior independent non-executive director at Cove Energy Plc.

**Jack James**  
Non-Exec Director

Jack has 20+ years of experience in chartered accounting specialising in corporate advisory and reconstruction. He is a partner of Palisade Business Consulting, which provides accounting, secretarial and advisory services to private and public companies, government and other stakeholders.

# Harvest minerals

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