



Harvest Minerals Limited / Index: LSE / Epic: HMI / Sector: Mining

3<sup>rd</sup> June, 2019

**Harvest Minerals Limited ('Harvest' or the 'Company')  
Question and Answer Document**

Harvest Minerals Limited, the AIM-quoted Brazilian fertiliser producer, is pleased to release this Q&A to publicly answer questions it has received from shareholders over recent months; these have been grouped into broad categories for ease of reference.

**Share Price**

**Are the existing institutions that backed HMI at 18.5p still generally supportive and “get” why the price is the price? Would they top up?**

*Whilst we can't speak for individual institutions, the feedback we have received suggests that they understand the process required to grow a sustainable business and whilst disappointed with the current share price performance, they accept that we are taking steps forward every day. Harvest sincerely appreciates the support it receives from a good number of forward-looking and encouraging shareholders.*

**Operations**

**Are you happy with the plant and is it operating as expected?**

*Yes, we are very happy with how the plant is operating. During the wet season when there are fewer deliveries, we have been processing stockpiled mined ore as required and the plant has been able to operate above the name plate capacity on a consistent basis.*

**Is any further work planned to optimise the plant's performance?**

*The plant has been able to process material above capacity and therefore no further work required to optimise it. The last specific work we carried out on the plant was switching to grid power and the only new work we have been carrying out has been to increase the product storage and ore stock capacity.*

**Has there been any progress regarding the issuance of the mining permit?**

*We have completed all the work, submitted all the reports and answered all the Department of Mines questions that have been required and we are now waiting on the Department's decision. It is largely out of our hands, but we remain hopeful of receiving an affirmative decision by year-end.*

**Sales**

**Can you give an indication of how sales are going this year?**

*We are pleased with the way sales have been going this year. In the interim results, we showed a marked increase in revenue compared to the previous year. During this period, the focus was on driving sales*

through our distributors, whilst we established our own sales team. As shown below, January to April is the quiet period for our main markets, but now we have entered the start of the key buying period, sales are increasing as expected. If you follow us on twitter (@harvestminerals or @kpfertil) you will be able to see what our sales team have been doing.

### What is the average timeline from first contact to the completion of a sale?

The time between first contact and completion of the sale varies. The process to secure a sale always starts a with technical analysis of the product as we work with the client to specify the ideal application rates depending on the type of crop and their current soil quality, which requires all our sales team have an agronomic background. It is this process that can take some time to finalise, however, our experiences so far are that once a client has ordered they are repeating the order in larger quantities quite quickly.

### When are the key buying periods?

The key buying seasons vary between crops, but the main buying period for our key crops (coffee and sugar cane) is between May and October. Composting using manure varies throughout the year depending on the availability of manure and for maize. Whilst the main buying period is between July and September there is some additional buying between November to February.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
Coffee												
Sugar Cane												
Pasture												
Soybean												
Maize												
Veg/Fruit												
Compost												
Compost (Manure)												
Sorghum												
Beans												

Table 1: The key buying periods for KPfétil by crop (Primary periods in green).

### What is the breakdown in crop/sector sales?

The biggest market for us at the moment is coffee. Either directly or blended with compost (coffee husks), coffee currently accounts for 55% of sales followed by soybean at 28%. However, we have been getting good traction with several sugarcane producers and believe that sugarcane could become a major market for us in the near term.

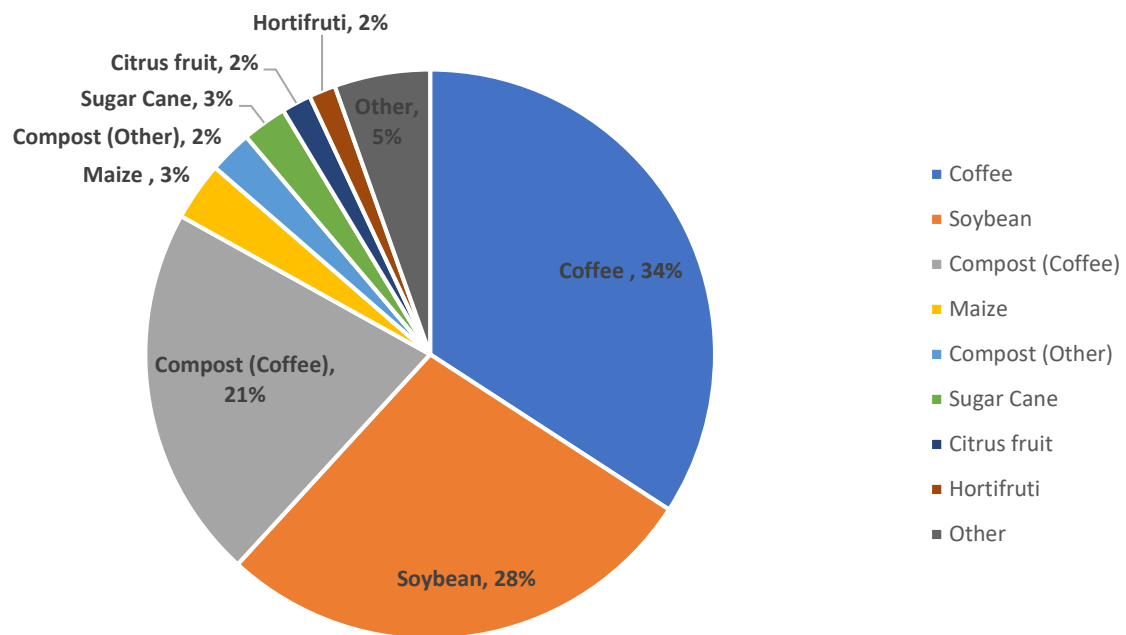


Table 2: Breakdown of sales by crop use

**New Contracts/sales updates? Can these be on a more regular basis? Maybe quarterly?**

*We plan to keep our sales updates on a six-monthly basis as it smooths out the impacts of seasonality in our sales numbers, especially during the wet season, which peaks during January to March / April. In addition, as KPfétil is a new product, we don't forecast sales numbers as one or two big orders in a particular period can heavily impact the sales forecasts. The Company will of course comply with all regulatory disclosure obligations that may necessitate a disclosure outside of the six-month updates.*

**Explain how the Buying process works for farmers in Brazil - do farmers typically buy after trying product first or is it pure sales skills from the sales team?**

*Sales of fertiliser is technical and depends not only on the crop's own nutrient requirements, but also on the type of soil and any previous fertiliser regime so varies from customer to customer. This process begins with the sales team making contact with a potential customer to arrange to visit to their facilities or the customer may have contacted us having been recommended our product by a consultant or co-operative at a trade show or through our own marketing.*



Figure 1: Our technical assistant working with a customer (beans) with their initial application of KPfétil



Figure 2: Coffee produced using KPfétil

*During the initial visit, our salesman, who is a trained agronomist, will discuss their requirements and make a recommendation on how to use our product. Particularly for larger customers who have their own agronomist, they will want to speak directly with our agronomics team, who can answer more detailed enquires. Typically, it takes 2-3 visits to secure a first order; these are typically small as the customer tries our product on a limited area. We then follow up with that customer and our experiences are that the customer will place an order as they can see the benefits of using our product.*



Figure 3: Harvest Sales Team

### **Are you looking at developing any new products?**

*There are several new products we are looking to develop around KPfétil, including a simple higher-grade product, by being more selective in our processing and/or through simple sizing (sieving) the plant feed. However, at this stage the market has indicated its happy with our “base” product and so the immediate emphasis is on generating sales for that.*





Figure 3: Blending KPfértil with manure

**Are you getting any feedback from the new demonstration farm and is it performing as you'd hoped?**

*Our new demonstration farm, located adjacent to our processing facilities at Arapua, has been performing exceptionally well. It is still very early for some of the crops, in particular coffee, but it allows us to demonstrate the benefits of KPfértil to potential customers as well as monitor the long-term benefits of using KPfértil over traditional fertilisers.*



Figure 4: Area prepared for planting coffee at our farm



Figure 5: Preparing the area for planting sugar cane



Figure 6: Planting sugar cane at our farm



Figure 7: Coffee plant 23 days after planting





Figure 8: Inspecting the maize plants at our farm



Figure 9: Coffee plants at the start of May



Figure 10: Maize at the start of May



Figure 11: Sugar cane planted at our demonstration farm

## Other

**Could we not buy a revenue generative business with the cash from recent raise?**

*We have stated previously that we are looking to grow the business both organically and through acquisitions. Any acquisition would have to meet several criteria including being in the same sector and*

*revenue generative. We have looked at several opportunities over the past two years, but to date, we have not identified one that ticks all the boxes.*

#### **General Comment**

It is the Company's intention to release Q&A announcements, such as this, on a regular basis going forward as a manner to answer questions received from shareholders. Accordingly, shareholders with questions should submit them to [info@harvestminerals.net](mailto:info@harvestminerals.net)

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

**\*ENDS\***

For further information please visit [www.harvestminerals.net](http://www.harvestminerals.net) or contact:

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#### **Notes**

Harvest Minerals (HMI.L) is a Brazilian focused fertiliser producer advancing the 100% owned Arapua Fertiliser Project, which produces KPfétil, a proven, multi-nutrient, slow release, organic, MAPA-certified remineraliser. KPfétil offers many economic and agronomic benefits and addresses the significant demand for locally produced fertiliser in Brazil, with its abundant agricultural land; currently, the country imports 90% of the potash it uses but has a target to be self-sufficient in fertilisers by 2020. Covering 14,946 hectares and located in the heart of the Brazilian agriculture belt in Minas Gerais, Arapua is a shallow, low cost mine with an 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>. This is based on drilling just 6.7% of the known mineralisation, leaving significant upside potential. This resource is equivalent over 29 years' production and the known mineralisation expected to support 100+ years' production at 450,000 tonnes per annum.

