HARVEST MINERALS LIMITED

ABN 12 143 303 388

Half-Year Financial Report

30 June 2022

CORPORATE DIRECTORY

Directors
Mr Brian McMaster (Executive Chairman)
Mr Luis Azevedo (Executive Director)
Mr Jack James (Non-Executive Director)
Mr Alex Penha (Non-Executive Director)

Company Secretary
Mr Jack James

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Stock Exchange
The Company’s securities are quoted on
the AIM market of the London Stock Exchange.
AIM Code: HMI

Contents

DIRECTORS' REPORT

The Directors of Harvest Minerals Limited and its subsidiaries ('Harvest', or 'the Company') submit the financial report of the Company for the half-year ended 30 June 2022. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Brian McMaster	Executive Chairman
Mr Luis Azevedo	Executive Director
Mr Jack James	Non-Executive Director
Mr Alex Penha	Non-Executive Director

Results

The loss after tax recorded in the Condensed Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2022 was $883,556 (30 June 2021: $1,067,707). The loss is attributable to non-cash items including depreciation, amortisation and impairments.

Net cash inflows from operating activities in the Condensed Consolidated Statement of Cashflows for the half year ended 30 June 2022 was $693,207 (30 June 2021: net cash outflows $1,116,168). Refer to note 5 in the financial statements for further detail reconciling the net loss to net cash inflows from operating activities.

Review of Operations

Arapua Fertiliser Project

During the half-year ended 30 June 2022, Harvest sold 35,014 tonnes of its KP Fértil®, representing a 108.3% increase over the 16,812 tonnes sold in the same period of 2021, and despite the continuing challenges imposed by the COVID-19 pandemic. The Company is maintaining its 2022 year-end sales target of 150,000 tonnes of KP Fértil®.

The Company's team includes 12 associates/agronomists split into two regional teams, which is supported by its third-party network comprising 20 resales' centres. The Company continues to build on its marketing campaign to offer its product for coffee, sugarcane, and other crops, and boosted the Company's efforts towards the new marketing channels opened since it added the higher margin 25kg bag option that targets small to medium sized farmers and resellers. The Company has also started to actively market its KP Fértil® in other regions beyond its immediate market in Minas Gerais and Sao Paulo.

In terms of market fundamentals, the performance of the Brazilian agriculture sector continued to be robust over the half-year and several sector associations forecast double digit growth in most of the crops targeted by Harvest.

Sergi Potash Project & Mandacaru Phosphate Project

Given the scale of activity currently being undertaken at Arapua, the Company did not materially advance either of its Sergi Potash Project or its Mandacaru Phosphate Project during the half-year to 30 June 2022.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the Page 3 and forms part of the Directors' Report for the half-year ended 30 June 2022.

This report is signed in accordance with a resolution of the Board of Directors.

Brian McMaster
Executive Chairman
29 September 2022

Competent Person Statement

The technical information in this report is based on complied and reviewed data by Mr Paulo Brito BSc(geol), MAusIMM, MAIG. Mr Brito is a consulting geologist for Harvest Minerals Limited and is a Member of AusIMM – The Minerals Institute, as well as, a Member of Australian Institute of Geoscientists. Mr Brito has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brito also meets the requirements of a qualified person under the AIM Note for Mining, Oil and Gas Companies and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Brito accepts responsibility for the accuracy of the statements disclosed in this report.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Harvest Minerals Limited for the half-year ended 30 June 2022, 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 review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**N G Neill**
29 September 2022	**Partner**

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Condensed Consolidated Statement of Comprehensive Income

for the half-year ended 30 June 2022

	Notes	Consolidated 6 months ended 30 June 2022 $	 6 months ended 30 June 2021 $
Revenue from fertiliser sales	3	2,735,590	790,224
Cost of goods sold	4	(1,153,441)	(603,957)
Gross profit		**1,582,149**	**186,267**
Interest income		9,857	7,852
Other income		513	506
Gain on sale of motor vehicle		8,185	-
Foreign exchange gain/(loss)		(54,401)	91,594
Accounting and audit fees		(81,131)	(95,372)
Advertising fees		(146,877)	(127,680)
Consultants' fees		(52,383)	(184,228)
Directors' fees		(390,705)	(296,649)
Depreciation		(4,685)	(15,158)
Legal fees		(6,423)	(4,377)
Wages & Salaries		(427,713)	(114,349)
Interest expense		(44,808)	-
Public company costs		(117,474)	(108,534)
Rent and outgoings expenses		-	(750)
Travel expenses		(306,748)	(164,573)
Impairment exploration expense	9	(491,500)	-
Other expenses		(359,412)	(242,256)
Loss from continuing operations before income tax		**(883,556)**	**(1,067,707)**
Income tax benefit		-	-
Loss from continuing operations after income tax	5	**(883,556)**	**(1,067,707)**
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		964,215	777,637
Other comprehensive income for the half-year		**964,215**	**777,637**
Total comprehensive income/(loss) for the half-year		**80,659**	**(290,070)**
Loss per share			
Basic and diluted loss per share (cents per share)		(0.48)	(0.57)

The accompanying notes form part of this half-year financial report.

Condensed Consolidated Statement of Financial Position

as at 30 June 2022

	Notes	Consolidated 30 June 2022 $	31 December 2021 $
Assets			
Current Assets			
Cash and cash equivalents	5	2,414,039	1,708,001
Trade and other receivables	6	1,691,287	1,909,730
Inventories		350,292	63,129
Total Current Assets		**4,455,618**	**3,680,860**
Non-Current Assets			
Trade and other receivables		318,201	281,698
Plant and equipment	7	2,024,277	1,111,314
Mine properties	8	4,341,533	3,691,160
Deferred exploration and evaluation expenditure	9	-	454,462
Total Non-Current Assets		**6,684,011**	**5,538,634**
Total Assets		**11,139,629**	**9,219,494**
Current Liabilities			
Trade and other payables	10	649,697	278,696
Borrowings	11	149,086	51,567
Total Current Liabilities		**798,783**	**330,263**
Non-Current Liabilities			
Provision for rehabilitation		298,279	74,983
Borrowings	11	1,349,628	201,968
Total Non-Current Liabilities		**1,647,907**	**276,951**
Total Liabilities		**2,446,690**	**607,214**
Net Assets		**8,692,939**	**8,612,280**
Equity			
Contributed equity	12	43,328,219	43,328,219
Reserves		1,022,961	58,746
Accumulated losses		(35,658,241)	(34,774,685)
Total Equity		**8,692,939**	**8,612,280**

The accompanying notes form part of this half-year financial report.

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 30 June 2022

Consolidated	Notes	Contributed equity $	Accumulated losses $	Foreign currency translation reserve $	Option reserve $	Total $
Balance as at 1 January 2022	12	**43,328,219**	**(34,774,685)**	**(3,482,302)**	**3,541,048**	**8,612,280**
Total comprehensive gain for the half-year						
Loss for the half-year 30 June 2022		-	(883,556)	-	-	(883,556)
Other comprehensive income		-	-	964,215	-	964,215
Total comprehensive income for the half-year		**-**	**(883,556)**	**964,215**	**-**	**80,659**
Balance at 30 June 2022		**43,328,219**	**(35,658,241)**	**(2,518,087)**	**3,541,048**	**8,692,939**
Balance as at 1 January 2021		**43,048,343**	**(30,606,613)**	**(2,938,622)**	**3,541,048**	**13,044,156**
Total comprehensive loss for the half-year						
Loss for the half-year 30 June 2021		-	(1,067,707)	-	-	(1,067,707)
Other comprehensive income		-	-	777,637	-	777,637
Total comprehensive loss for the half-year		**-**	**(1,067,707)**	**777,637**	**-**	**(290,070)**
Balance at 30 June 2021	12	**43,048,343**	**(31,674,320)**	**(2,160,985)**	**3,541,048**	**12,754,086**

The accompanying notes form part of this half-year financial report.

Condensed Consolidated Statement of Cash Flows

for the half-year ended 30 June 2022

	Note	Consolidated 6 months ended 30 June 2022 $	Consolidated 6 months ended 30 June 2021 $
Cash flows from operating activities			
Receipts from customers		2,999,821	1,402,588
Payments to suppliers and employees		(2,271,663)	(2,526,608)
Interest received		9,857	7,852
Interest paid		(44,808)	-
Net cash inflow / (outflow) from operating activities	5	**693,207**	**(1,116,168)**
Cash flows from investing activities			
Purchase of plant and equipment		(941,621)	(57,787)
Payments for mine properties		(351,413)	(32,066)
Payments for exploration and evaluation expenditure		(37,063)	-
Proceeds from sale of motor vehicle		8,185	-
Net cash outflow from investing activities		**(1,321,912)**	**(89,853)**
Cash flows from financing activities			
Proceeds from borrowings		1,274,816	-
Repayment of borrowings		(29,637)	-
Net cash inflow from financing activities		**1,245,179**	**-**
Net increase / (decrease) in cash and cash equivalents		616,474	(1,206,021)
Cash and cash equivalents at beginning of period		1,708,001	2,992,727
Effect of exchange rate fluctuations on cash held		89,564	450,877
Cash and cash equivalents at the end of the period	5	**2,414,039**	**2,237,583**

The accompanying notes form part of this half-year financial report.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

This general purpose half-year financial report of Harvest Minerals Limited (the "Company") and its subsidiaries (the "Group") for the half-year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 29 September 2022.

Harvest Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the AIM market of the London Stock Exchange.

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

Basis of Preparation

This financial report for the half-year ended 30 June 2022 has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 *Interim Financial Reporting,* Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with IAS 134 *"Interim Financial Reporting".* The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual report for the year ended 31 December 2021 and considered together with any public announcements made by Harvest Minerals Limited during the half-year ended 30 June 2022 in accordance with the continuous disclosure obligations of the AIM market.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period. The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and amending Accounting Standards and Interpretations

In the half-year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for current reporting periods beginning on or after 1 January 2022. The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2022. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

New and amended accounting standards and interpretations have been published but are not mandatory. The Group has decided against early adoptions of these standards, and has determined the potential impact on the financial statements from the adoption of these standards and interpretations is not material to the Group.

Significant Accounting Policies

Deferred Exploration and Evaluation 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.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2022

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.

Mine Properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which mining has commenced or is in the process of commencing. When further development expenditure is incurred in respect of mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a unit of production basis which results in a write off of the cost proportional to the depletion of the proven and probable mineral reserves.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

The Group provides for environmental restoration and rehabilitation at site which includes any costs to dismantle and remove certain items of plant and equipment. The cost of an item includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs when an item is acquired or as a consequence of having used the item during that period. This asset is depreciated on the basis of the current estimate of the useful life of the asset. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets the Group is also required to recognise as a provision the best estimate of the present value of expenditure required to settle this obligation. The present value of estimated future cash flows is measured using a current market discount rate.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2022

Stripping costs

Costs associated with material stripping activity, which is the process of removing mine waste materials to gain access to the mineral deposits underneath, during the production phase of surface mining are accounted for as either inventory or a non-current asset (non-current asset is also referred to as a ‘stripping activity asset’).

To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the Group accounts for the costs of that stripping activity in accordance with the principles of AASB 102 Inventories. To the extent the benefit is improved access to ore, the Group recognises these costs as a non-current asset provided that:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Group;
- the Group can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

Stripping activity assets are initially measured at cost, being the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore plus an allocation of directly attributable overhead costs. In addition, stripping activity assets are accounted for as an addition to, or as an enhancement to, an existing asset.

Accordingly, the nature of the existing asset determines:

- whether the Group classifies the stripping activity asset as tangible or intangible; and
- the basis on which the stripping activity asset is measured subsequent to initial recognition

In circumstances where the costs of the stripping activity asset and the inventory produced are not separately identifiable, the Group allocates the production stripping costs between the inventory produced and the stripping activity asset by using an allocation basis that is based on volume of waste extracted compared with expected volume, for a given volume of ore production.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Revenue

Revenue arises mainly from the sale of fertiliser. The Group generates revenue in Brazil. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 30 June 2022

In determining the amount of revenue and profits to record, and related statement of financial position items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer. For contracts with multiple components to be delivered such as fertiliser, management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

Transaction price
At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed. Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long term contracts, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output method the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, in particular for long term service contracts where the series guidance is applied, the Group often uses a method of time elapsed which requires minimal estimation. Certain long term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

Disaggregation of revenue
The Group disaggregates revenue from contracts with customers by contract type, which includes only fertiliser as management believes this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows.

Performance obligations
Performance obligations categorised within this revenue type include the debtor taking ownership of the fertiliser product.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2022

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials – purchase cost; and
- Finished goods – cost of direct materials and labour and an appropriate proportion of variable and fixed overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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.

NOTE 2: SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves mining exploration processing and sale of fertiliser. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. No revenue is 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. Revenue earned by the Group is generated in Brazil and all of the Group's non-current assets reside in Brazil.

The following table present revenue and loss information and certain asset and liability information regarding business segments for the half year ended 30 June 2022.

	Continuing operations		
	Australia	**Brazil**	**Consolidated**
30 June 2022	**$**	**$**	**$**
Segment revenue	-	2,735,590	2,735,590
Segment profit/(loss) before income tax expense	(656,104)	(227,452)	(883,556)
30 June 2022			
Segment assets	**822,413**	**10,317,216**	**11,139,629**
Segment liabilities	**342,633**	**2,104,057**	**2,446,690**
Additions to non-current assets	-	1,330,097	1,330,097

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2022

NOTE 2: SEGMENT REPORTING (continued)

	Continuing operations		
	Australia	Brazil	Consolidated
30 June 2021	$	$	$
Segment revenue	-	790,224	790,224
Segment loss before income tax expense	(503,487)	(564,220)	(1,067,707)
30 June 2021			
Segment assets	**2,141,141**	**10,949,765**	**13,090,906**
Segment liabilities	**109,577**	**227,243**	**336,820**
Additions to non-current assets	-	89,853	89,853

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from the sale of goods at a point in time in the major category of Fertiliser.

	Consolidated	
	6 months to 30 June 2022 $	6 months to 30 June 2021 $
Fertiliser sales	2,735,590	790,224
Total revenue	**2,735,590**	**790,224**

NOTE 4: COST OF GOODS SOLD

	Consolidated	
	6 months to 30 June 2022 $	6 months to 30 June 2021 $
Mine operating costs	492,617	414,731
Royalty expense	108,430	36,120
Rehabilitation expense	216,272	31,209
Depreciation	146,931	103,754
Amortisation	189,191	18,143
Total cost of goods sold	**1,153,441**	**603,957**

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
Reconciliation of Cash and Cash Equivalents	6 months to 30 June 2022 $	6 months to 30 June 2021 $
Cash comprises:		
Cash at bank	2,414,039	2,237,583
	2,414,039	**2,237,583**

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2022

NOTE 5: CASH AND CASH EQUIVALENTS (continued)

Reconciliation of operating loss after tax to the cash flows from operations	**Consolidated** **6 months to 30 June 2022** **$**	 **6 months to 30 June 2021** **$**
Loss from ordinary activities after tax	(883,556)	(1,067,707)
Non cash items		
Depreciation charge	151,616	118,912
Amortisation charge	189,191	18,143
Rehabilitation charge	216,272	31,209
Impairment of exploration and evaluation expenditure	491,500	-
Gain on disposal of motor vehicle	(8,185)	-
Foreign exchange gain	54,401	(91,594)
Change in assets and liabilities		
(Increase) / Decrease in trade and other receivables	174,834	(23,970)
(Increase) / Decrease in inventories	(287,163)	(173,442)
Increase / (Decrease) in trade and other payables and provisions	594,297	72,281
Net cash outflow from operating activities	**693,207**	**(1,116,168)**

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated **30 June 2022** **$**	 **31 December 2021** **$**
Trade Debtors	1,560,846	1,824,564
Prepayments	-	40,897
Cash advances	121,555	27,098
GST receivable	6,503	6,430
Other receivables	2,383	10,741
Total trade and other receivables	**1,691,287**	**1,909,730**

Trade debtors, other debtors and goods and services tax are receivable on varying collection terms. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. Some debtors are given industry standard longer payment terms which may cross over more than one accounting period. These trade terms are widely used in the agricultural market in Brazil and are considered industry norms.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 30 June 2022

NOTE 7: PLANT AND EQUIPMENT

	Consolidated	
	6 months to 30 June 2022 $	12 months to 31 December 2021 $
At beginning of the period	1,111,314	1,037,475
Additions for the period	941,621	332,217
Disposals for the period	(8,330)	-
Depreciation charge for the period	(151,616)	(159,038)
Net exchange difference on translation	131,288	(99,340)
Balance at the end of the period	**2,024,277**	**1,111,314**

NOTE 8: MINE PROPERTIES

	Consolidated	
	6 months to 30 June 2022 $	12 months to 31 December 2021 $
At beginning of the period	3,691,160	4,188,916
Additions for the period	351,413	187,023
Amortisation charge for the period	(189,191)	(116,818)
Net exchange difference on translation	488,151	(567,961)
Balance at the end of the period	**4,341,533**	**3,691,160**

NOTE 9: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 30 June 2022 $	12 months to 31 December 2021 $
Exploration and evaluation phase:		
At beginning of the period	454,462	3,317,445
Acquisition of Miriri Phosphate Project	-	453,986
Exploration expenditure during the period	37,063	2,433
Impairment loss[1]	(491,500)	(3,317,445)
Net exchange differences on translation	(25)	(1,957)
Balance at the end of the period	**-**	**454,462**

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.

[1] Post the reporting period, on 4 August 2022, the Company announced to the AIM Stock Exchange that it had conducted a review of the Miriri Phosphate Project and determined that its merits were uneconomic. The Company has elected to write-off the costs of the project at 30 June 2022 and has subsequently relinquished its interest in the Project.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 30 June 2022

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2022 $	31 December 2021 $
Trade payables	346,242	115,298
Accruals	192,046	148,052
Other payables	111,409	15,346
	649,697	**278,696**

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.

NOTE 11: BORROWINGS

	Consolidated	
	30 June 2022 $	31 December 2021 $
Current		
Secured Loans payable	149,086	51,567
	149,086	**51,567**
Non-current		
Secured Loans payable	1,349,628	201,968
	1,349,628	**201,968**

On 28 September 2021, the Group obtained a secured debt facility with Banco Santander with a five-year term totalling $R3,000,000. The debt is secured against the solar power facility at the Arapua Fertiliser Project. Furthermore, on 30 March 2022, the Group executed a loan agreement with Banco Bradesco with a five-year term totalling $R1,000,000 for expansion works to the storage warehouse at the Arapua Fertiliser Project.

In April 2022, the Group secured a further $R3,500,000 in loans with Banco Santander for purchase of equipment and machinery. The loans are repayable over a two and half year and four-year period. As at 30 June 2022, the Group recorded $1,498,714 (31 December 2021: $253,535) of secured loans as a payable.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2022

NOTE 12: CONTRIBUTED EQUITY

	30 June 2022 $	31 December 2021 $
Contributed equity		
Ordinary shares fully paid	**43,328,219**	**43,328,219**

	6 months to 30 June 2022		12 months year ended 31 December 2021	
	No.	$	No.	$
Movements in ordinary shares on issue				
Opening balance	185,835,884	43,328,219	185,835,884	43,048,343
Shares to be issued as part an acquisition[1]	-	-	-	279,876
Closing balance	**185,835,884**	**43,328,219**	**185,835,884**	**43,328,219**

[1] On 29 November 2021, the Company entered into an agreement to acquire 100% of the ordinary shares of BF Mineração Ltda for cash and shares. On 6 July 2022, the Company announced to the AIM Stock Exchange the issuance of 3,333,333 related to the agreement to acquire 100% of the ordinary shares of BF Mineração Ltda for the Miriri Phosphate Project.

NOTE 13: DIVIDENDS

No dividends have been paid or provided for during the half-year (half-year to 30 June 2021: $nil).

NOTE 14: CONTINGENT LIABILITIES AND COMMITMENTS

There has been no material change in contingent liabilities or commitments since the last annual reporting date.

NOTE 15: FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position.

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair values.

NOTE 16: SUBSEQUENT EVENTS

On 6 July 2022, the Company announced to the AIM Stock Exchange the issuance of 3,333,333 related to the agreement to acquire 100% of the ordinary shares of BF Mineração Ltda for the Miriri Phosphate Project. The fair value of these shares has been recorded in share capital in the financial year ended 31 December 2021. Refer to note 12.

On 4 August 2022, the Company announced to the AIM Stock Exchange that it had conducted a review of the Miriri Phosphate Project and determined that its merits were uneconomic. The Company has elected to write-off the costs of the project at 30 June 2022 and has subsequently relinquished its interest in the Project. The carrying value of this project has been reduced to $nil as at 30 June 2022.

There have been no other known significant events subsequent to the end of the period that require disclosure in this report.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Harvest Minerals Limited ('the Company'), the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 17, are in accordance with the *Corporations Act 2001,* including:

   a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   b. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Brian McMaster
Executive Chairman
29 September 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Harvest Minerals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Harvest Minerals Limited ("the company"), which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Harvest Minerals Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards*) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2022

Norman Glad

N G Neill
Partner