# HARVEST MINERALS

LIMITED

ABN 12 143 303 388

# Annual Report

# 30 June 2017

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## CORPORATE DIRECTORY

**Directors**
Mr Brian McMaster (Executive Chairman)
Mr Luis Azevedo (Executive Director)
Mr Matthew Wood (Executive Director)
Mr Frank Moxon (Non-Executive Director)
Mr Jack James (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

The Directors present their report for Harvest Minerals Limited ('Harvest' or 'the Company') and its subsidiaries ('the Group') for the year ended 30 June 2017.

**DIRECTORS**

The names, qualifications and experience of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

**Mr Brian McMaster - Executive Chairman**

Mr McMaster is a Chartered Accountant, and has over 20 years' experience in the area of corporate reconstruction and turnaround/performance improvement. Formerly, Mr McMaster was a partner of the restructuring firm Korda Mentha and prior to that was a partner at Ernst & Young. His experience includes significant working periods in the United States, South America, Asia and the United Kingdom.

Mr McMaster is currently a director of Valor Resources (appointed 10 January 2017), Bounty Mining Limited (appointed 29 March 2016), TSX-V traded Five Star Diamonds Limited (appointed 20 April 2017), AIM quoted Jangada Mines Plc (appointed 30 June 2015) and AIM quoted Ortac Resources Limited (1 August 2017). Mr McMaster was a director of Castillo Copper Limited (appointed 31 August 2013, resigned 12 August 2015), WestStar Industrial Limited (appointed 2 December 2011, resigned 12 August 2015), IODM Limited (appointed 14 September 2012, resigned 2 October 2015), Valor Resources Limited (appointed 27 August 2014, resigned 17 March 2016), Black Star Petroleum Limited (appointed 9 August 2012, resigned 11 May 2016), Wolf Petroleum Limited (appointed 24 April 2012, resigned 17 August 2016) and Haranga Resources Limited (appointed 1 April 2014, resigned 1 June 2017). He has not held any other listed directorships in the past three years.

**Mr Luis Azevedo - Executive Director**

Mr Azevedo is a resource industry professional with over 35 years of international experience. Mr Azevedo qualified as a geologist at the University of Rio de Janeiro in 1985 and, subsequent to working as a geologist, he completed a law degree at the University of Candido Mendes in 1992 and obtained his Masters of Law from Pontifical Catholic University Rio de Janeiro in 1994. Mr Azevedo has held senior positions with major resource companies including Western Mining Corporation, Barrick Gold and Harsco. In 2004 he founded legal firm, FFA Legal, based in Rio de Janeiro, which provides specialist legal and technical support to resource companies operating in Brazil.

Mr Azevedo is currently a director of ASX listed Avanco Resources Limited (appointed 17 December 2012), TSX-V traded Five Star Diamonds Limited (appointed 20 April 2017) and AIM quoted Jangada Mines plc (appointed 5 May 2017). Mr Azevedo is also a director of TSX listed company Talon Metals Corp (appointed 5 April 2005) and Over The Counter exchange traded Brazil Minerals Inc (appointed 1 January 2014). Mr Azevedo was a director of Valor Resources Limited (appointed 27 August 2014, resigned 1 October 2014). He has not held any other listed directorships in the past three years. Mr Azevedo is based in Rio de Janeiro, Brazil and is a Brazilian citizen.

**Mr Matthew Wood - Executive Director**

Mr Wood has over 20 years' experience in the resource 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 has 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 and is a member of the AusIMM.

Mr Wood is currently a director of Bounty Mining Limited (appointed 29 March 2016) and TSX-V traded Five Star Diamonds Limited (appointed 20 April 2017). Mr Wood was a director of Lindian Resources Limited (appointed 5 May 2011, resigned 3 October 2014), Castillo Copper Limited (appointed 1 April 2014, resigned 12 August 2015), WestStar Industrial Limited (appointed 29 May 2009, resigned 12 August 2015), Valor Resources Limited (appointed 12 June 2009, resigned 17 March 2016), Black Star Petroleum (appointed 28 February 2013, resigned 11 May 2016), Haranga Resources Limited (appointed 2 February 2010, resigned 28 March 2017) and Wolf Petroleum Limited (appointed 24 April 2012, resigned 27 March 2017). He has not held any other listed directorships over the past three years.

**Mr Frank Moxon - Non-Executive Director**

Mr Moxon is the Managing Director of Hoyt Moxon Ltd, a corporate finance consultancy. He is also a director of the Chartered Institute for Securities & Investment. Mr Moxon has over 25 years' experience as a corporate financier to developing and growth companies in a wide range of industrial sectors, but has specialised for some 20 years in natural resources, and is or has been a director of a number of mining and oil and gas companies quoted in London, Australia and Canada. Mr Moxon is a former head of corporate finance at Williams de Broë Plc. and was senior independent non-executive director at Cove Energy Plc until its sale to PTTEP for £1.2 billion in August 2012. Mr Moxon has a B.Sc. in Economics and is a Chartered Fellow of the Chartered Institute for Securities & Investment and a Fellow of the Institute of Materials, Minerals & Mining.

Mr Moxon is a director of AIM quoted Jersey Oil & Gas Plc (appointed 1 October 2015). Mr Moxon was a director of Imperial Minerals Plc (appointed 11 June 2007, resigned 7 January 2016) and Swala Energy Ltd (appointed 22 June 2015, resigned 27 April 2017). He has not held any other listed directorships over the past three years.

**Mr Jack James - Non-Executive Director (appointed 3 July 2017) & Company Secretary**

Mr James has a Bachelor of Business from the Queensland University of Technology and is a Chartered Accountant. Mr James provides accounting, secretarial and advisory advice to private and public companies, government and other stakeholders. Mr James has over fifteen years' experience in chartered accounting specialising in corporate advisory and reconstruction.

Mr James is currently a director of Wolf Petroleum Limited (appointed 17 August 2016) and Haranga Resources Limited (appointed 15 January 2015). Mr. James was previously a director of Lithex Resources Limited (appointed 12 December 2013, resigned 29 January 2015), WestStar Industrial Limited (appointed 15 October 2014, resigned 10 September 2015), Castillo Copper Limited (appointed 13 August 2015, resigned 6 May 2016), AusMex Mining Group Limited (appointed 22 August 2011, resigned 14 May 2015 and appointed 21 May 2015, resigned 6 May 2016) and Premiere Eastern Energy Limited (appointed 18 March 2015, resigned 20 October 2016). He has not held any other listed directorships over the past three years.

**Mr Mark Reilly - Former Non-Executive Director (resigned 3 July 2017)**

Mr Reilly is a Chartered Accountant with over 20 years' experience in advisory work with extensive experience in the mining, banking and finance industries. Mr Reilly worked with Coopers & Lybrand in Perth 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.

Mr Reilly is a director of AIM quoted BOS Global Holdings NL (appointed 2 August 2004) and IODM Limited (appointed 2 October 2015). Mr Reilly was a director of Ochre Group Holdings Limited (appointed 28 January 2014, resigned 29 December 2014), Black Star Petroleum Limited (appointed 3 July 2014, resigned 11 May 2016) and Valor Resources Limited (appointed 9 May 2016, resigned 27 February 2017). He has not held any other listed directorships over the past three years.

**DIRECTORS' MEETINGS**

During the financial year the number of meetings of Directors held and the number of meetings attended by each Director were as follows:

| Director | Number of Meetings Eligible to Attend | Number of Meetings Attended |
|---|---|---|
| Mr Brian McMaster | 1 | 1 |
| Mr Luis Azevedo | 1 | 1 |
| Mr Matthew Wood | 1 | 1 |
| Mr Frank Moxon | 1 | 1 |
| Mr Jack James[1] | - | - |
| Mr Mark Reilly[2] | 1 | 1 |

[1] Mr Jack James was appointed on 3 July 2017
[2] Mr Mark Reilly resigned on 3 July 2017

In addition to the formal meeting of Directors above, the Board has held regular and frequent discussions throughout the year and passed circular resolutions on all material matters.

**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 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.

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

| As at 30 June | 2017<br>$ | 2016<br>$ | 2015<br>$ | 2014<br>$ | 2013<br>$ | 2012<br>$ | 2011<br>$ | 2010<br>$ |
|---|---|---|---|---|---|---|---|---|
| Loss per share (cents) | (2.49) | (3.97) | (6.41) | (20.42) | (142.79) | (93.90) | (9.90) | (1.20) |

**Service Agreements**

*Executive Director Remuneration*

The Executive Chairman, Mr McMaster is paid an annual consulting fee on a monthly basis under an executive services agreement with the Company. Employment under the agreement continues unless validly terminated in accordance with the agreement. Services may be terminated by either party at any time with one month's written notice and there are no termination payments provided under the agreement.

The Executive Directors, Mr Azevedo and Mr Wood, are paid an annual consulting fee on a monthly basis under executive services agreements with the Company. Employment under the agreements continues unless validly terminated in accordance with the agreement. Their services may be terminated by either party at any time with one month's written notice and there are no termination payments provided under the agreement.

*Non-Executive Director Remuneration*

The Non-Executive Directors, Mr James and Mr Moxon, are paid an annual consulting fee on a monthly basis. Their 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 Frank Moxon | Non-Executive Director |
| Mr Jack James | Non-Executive Director (appointed 3 July 2017) |
| Mr Mark Reilly | Former Non-Executive Director (resigned 3 July 2017) |

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

| | Short term | | | Options | Post employment | | |
|---|---|---|---|---|---|---|---|
| **2017** **Director** | Base Salary $ | Directors Fees $ | Consulting Fees $ | Share based Payments $ | Superannuation $ | Total $ | Option Related % |
| Mr McMaster | - | - | 330,198 | - | - | 330,198 | - |
| Mr Azevedo | - | 142,113 | - | - | - | 142,113 | - |
| Mr Wood | - | 140,896 | - | - | - | 140,896 | - |
| Mr Moxon | - | 60,631 | - | - | - | 60,631 | - |
| Mr James[1] | - | - | - | - | - | - | - |
| Mr Reilly[2] | - | - | 70,782 | - | - | 70,782 | - |
| | - | 343,640 | 400,980 | - | - | 744,620 | |

[1] Mr Jack James was appointed on 3 July 2017
[2] Mr Mark Reilly resigned on 3 July 2017

| | Short term | | | Options | Post employment | | |
|---|---|---|---|---|---|---|---|
| **2016** **Director** | Base Salary $ | Directors Fees $ | Consulting Fees $ | Share based Payments $ | Superannuation $ | Total $ | Option Related % |
| Mr McMaster | - | - | 229,094 | - | - | 229,094 | - |
| Mr Azevedo | - | 113,771 | - | - | - | 113,771 | - |
| Mr Wood | - | 149,114 | - | - | - | 149,114 | - |
| Mr Reilly | - | - | 52,540 | - | - | 52,540 | - |
| Mr Moxon | - | 41,034 | - | - | - | 41,034 | - |
| | - | 303,919 | 281,634 | - | - | 585,553 | |

**Share-Based Compensation**

*Issue of shares*

There were no shares issued to key management personnel as part of compensation during the year ended 30 June 2017.

*Options*

There were no options issued to key management personnel as part of compensation during the year ended 30 June 2017.

**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 | Balance at the end of the year |
|---|---|---|---|---|---|
| Mr McMaster | 1,580,834 | - | - | - | 1,580,834 |
| Mr Azevedo | 10,000 | - | - | - | 10,000 |
| Mr Wood | 2,193,500 | - | - | - | 2,193,500 |
| Mr Moxon | - | - | - | - | - |
| Mr James[1] | - | - | - | - | - |
| Mr Reilly[2] | - | - | - | - | - |

[1] Mr Jack James was appointed on 3 July 2017
[2] Mr Mark Reilly resigned on 3 July 2017

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*

There were no options granted as remuneration during the financial year to any Director of Harvest Minerals Limited or specified executives of the Group.

*Other transactions with key management personnel*

Gemstar Investments Limited, a company in which Mr McMaster is a director, is a personal services company into which Mr McMaster's Director fees are paid. Gemstar Investments Limited had $28,000 (2016: $nil) outstanding at year end.

Styletown Investments Pty Ltd, a company in which Mr Reilly is a director, is a personal services company into which Mr Reilly's Director fees are paid. Styletown Investments Pty Ltd had $6,970 (2016: $5,940) 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 $156,633 (2016: $160,156). No balance (2016: $10,411) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, had reimbursements of payments for minor expenses at cost totalling $1,796 (2016: $22,122). No balance (2016: $nil) 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***

**INTERESTS IN THE SECURITIES OF THE COMPANY**

As at the date of this report, the interests of the Directors in the securities of Harvest Minerals Limited are:

| Director | Ordinary Shares |
|---|---|
| Brian McMaster | 1,580,834 |
| Luis Azevedo | 10,000 |
| Matthew Wood | 2,193,500 |
| Mark Reilly | - |
| Frank Moxon | - |

**RESULTS OF OPERATIONS**

The Group's net loss after taxation attributable to the members of Harvest Minerals Limited for the year to 30 June 2017 was $2,630,756 (2016: $2,820,472) and the net assets of the Group at 30 June 2017 were $7,109,693 (2016: $6,707,627).

**DIVIDENDS**

No dividend was paid or declared by the Company in the year and up to the date of this report.

**CORPORATE STRUCTURE**

Harvest Minerals Limited is a company limited by shares, which is incorporated and domiciled in Australia.

**NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES**

During the financial year, the principal activity of the Group was mineral exploration. The Group currently holds exploration projects in Brazil.

**REVIEW OF OPERATIONS**

***Arapua Fertiliser Project***

Throughout the year the Company continued to focus on its Arapua Direct Application Natural Fertliser project at the Maximus prospect in Minas Gerias, Brazil. The Company made substantial progress towards developing a marketable product and that progress can be summarised as follows:

*Mining Permits:*

On 29 November 2016, the Departamento Nacional de Produção Mineral ('DNPM') undertook a successful visit to the Maximus Prospect (part of its Arapua Fertiliser Project) to inspect the run-of-mine and product storage areas following which, on 9 December 2016, the Company announced it had satisfied all the conditions precedent to the award of a trial mining permit and had submitted the necessary documentation to the DNPM for final approval. The final step in the approval process occurred on 21 December 2016 with the approval for the trial mining permit being published in the Brazilian official gazette.

On 22 December 2016, the Company announced the award of the trial mining permit and commencement of trial mining at the Maximus Prospect.

On 14 March 2017, the Company announced that it had submitted an application for a full mining licence based on the positive developments and results of the Maximus Prospect to date. The Company announced on 28 April 2017 that it had submitted the Final Exploration Report (FER) as required by the application process and that the Company intended to submit a feasibility study and environmental report as the final steps in the application process for the full mining licence once the FER was approved by the DNPM.

*Mining, Studies and Test Work*

On 26 July 2016, the Company announced that an independent Indicated Mineral Resource estimate (JORC 2012 compliant) was completed for the Maximus Prospect. The resource estimate was based on an air core drilling programme of only the weathered kamafugite. The limited scope drilling programme conducted at the Maximus Prospect target identified total Indicated resource of 883Kt at 4.21% $K_2O$ and 3.53% $P_2O_5$ at a 3.5% $K_2O$ cut-off. The resource includes 202Kt at 5.24% $K_2O$ and 3.29% $P_2O_5$ (higher $K_2O$) and 160Kt at 4.01% $K_2O$ and 4.62% $P_2O_5$ (higher $P_2O_5$). Additionally, the total Indicated resource includes average grades of 6.34% CaO, 5.95% MgO, 0.33% MnO and 34.53% $SiO_2$, which are important in developing a multi-nutrient Direct Application Natural Fertiliser.

On 10 August 2016, the Company confirmed that an independent Scoping Study had been completed for the Arapua project, highlighting the robust economics of the project and the simple low cost mining and processing. The Study was conducted by consultants GE21 Consultoria Mineral and included pit optimisation and design, mine scheduling, capital expenditure, operational expenditure estimates and a preliminary economic assessment based on the initial resource, which represents only ~3% of the estimated mineralisation.

On 23 August 2016, the Company announced positive results from agronomic and metallurgical testwork conducted at the Arapua project. Solubility results indicated total solubility for $P_2O_5$ ranging from 50.40% to 53.36% and $K_2O$ ranging from 90.99% to 95.00% in 2% citric acid. The pH ranged from 6.54 to 6.74 (almost neutral) supporting the products potential as a soil neutralizer and remineraliser. The testwork indicated that the product grades can be increased through a wet sieving process. All results were within the required specifications published by the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA) with no toxic elements present.

On 8 September 2016, the Company announced that the environmental license - State Autorização Ambiental de Funcionamento ('AAF') for Maximus was granted on 5 September 2016 by the Secretary of State for Environment and Sustainable Development of Minas Gerais under the registered number 04883/2016. The AAF is valid for a period of four years and provides for a "rolling" 50,000 tonnes of production, which means that the Company can produce in batches of 50,000 tonnes at a time, for a period of up to four years.

On 7 November 2016, the Company announced the receipt of agronomic test results from Geosol's Environmental Laboratory and the Campo Agronomic Laboratory. The results confirmed the material was inside the specifications for a soil remineraliser. Furthermore, petrographic analysis confirmed no free silica in the product, which is significant, as free silica is considered a health hazard if inhaled during application. Based on these results, the Company commenced further agronomic testwork and growth tests with two different laboratories and a major coffee producer in the region.

On 28 April 2017, the Company announced mining operations were ongoing at the site and approximately 50,000 tonnes of material had been mined and stockpiled. The Company commissioned a range of agronomic tests which are to be supervised by The Institute of Agricultural Research of Cerrado.

On 26 June 2017, the Company announced it continues to explore off-take agreements and is aiming to strengthen its product sales team as the year progresses.

On 3 July 2017, the Company announced excellent agronomic results from the Arapua Fertiliser Project. Multiple soil incubation tests completed confirm that the Company's product, KPfértil, has a positive agronomic efficiency. The Company announced its intention to make an application to MAPA to certify KPfértil as a remineraliser or stonemeal.

*Infrastructure Work*

On 16 September 2016, the Company announced the appointment of DK Transportes, Demolição e Locação Eireli as the principal contractor at the Maximus Prospect with the contract comprising of two stages, namely civil and construction works and mining and stockpiling.

On 7 November 2016, the Company announced civil and infrastructure work had progressed well with works completed by mid-November. During construction, the Company elected to increase the size of the storage pads to enable more material to be mined, processed and stored. To keep within the planned timeframe, an additional excavator and more haulage trucks were mobilised.

*Drilling Programme*

On 28 September 2016, the Company announced it had commenced planning for an air core drill programme aimed at increasing the size of the current resource to support an increased mine life and production. On 7 November 2016, the Company announced the completion of the drilling programme and the ongoing analysis of the air core holes drilled.

On 30 December 2016, the Company announced the completion of a second 39 hole air core drilling programme at the Maximus Prospect. The additional holes were drilled over outcropping kamafugite and produced results compatible to the grades in the current resource area, indicating the potential to further substantially increase the mineral resources. The Company announced it had retained the services of GE21 to revise the current resource using the additional drill data.

On 27 February 2017, the Company announced an updated JORC (2012) compliant resource estimate of total Indicated resource of 3.75Mt at 3.44% $K_2O$ and 3.24% $P_2O_5$ at a 1.0% $K_2O$ cut-off, including 1.21Mt at 4.40% $K_2O$ and 3.45% $P_2O_5$ at a 3.5% $K_2O$ cut-off. The total Inferred resource was 9.33Mt at 2.96% $K_2O$ and 2.18% $P_2O_5$ at a 1.0% $K_2O$ cut-off. Additionally, the total Indicated resource includes average grades of 6.16% CaO, 6.61% MgO, 0.34% MnO and 34.46% $SiO_2$, which are important in developing a remineraliser product for direct application.

*Other*

On 18 August 2016, the Company announced that its wholly owned Brazillian subsidiary Triunfo Mineracao do Brasil Ltda had signed a lease agreement with the owner of the land which incorporates the current resource at the Maximus Prospect. The agreement allows the Company to carry out trial mining and associated activities on the property.

On 20 September 2016, the Company announced the appointment of Dr. Eduardo Spolidorio to work on product development and marketing for the Maximus Prospect to develop and implement Harvest's current and future agronomic studies and the optimisation and marketing for the Company's planned customer base.

On 7 November 2016, the Company announced the registration of the product name and logo KPfértil for marketing activities in Brazil.

On 22 December 2016, the Company announced it had received a Letter of Intent to supply up to 45Kt of KPfértil throughout 2017 to a major coffee producer in the Carmo region, located close to Arapua, at an expected price of BRL200 per tonne.

***Capela Potash, Sergi Potash and Mandacaru Phosphate Projects***

Given the scale of activity currently being undertaken by the Company on the Arapua Fertiliser Project, HMI did not advance its other projects during this financial year.

***Corporate Activities***

*Exercise of Options*

During the year the exercise of options resulted in the issue of 16,847,387 new shares in the Company and the Company receiving proceeds of $2,418,744. For further detail refer to note 13.

*Removal from ASX Official List*

On 16 June 2016, the Company announced it had received conditional approval from the ASX for the removal of the Company from the official list. The Company was removed from the list on 22 July 2016.

*Appointment / Resignation of Directors*

On 3 July 2017, Mr Jack James was appointed to the Board as a Non-Executive Director. On the same date, Mr Mark Reilly resigned from his position on the Board.

*Appointment / Resignation of Company Secretary*

On 5 September 2016, the Company announced the appointment of Mr Jack James as Joint Company Secretary. On 11 October 2016, the Company announced the resignation of Mr Jonathan Hart as Joint Company Secretary.

*Other*

On 12 July 2016, the Company appointed Beaufort Securities in London to act as a joint broker to the Company.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the period.

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 3 July 2017, Mr Jack James was appointed to the Board as a Non-Executive Director. On the same date, Mr Mark Reilly resigned from his position on the Board.

There were no other known significant events from the end of the financial year to the date of this report.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that such information would be speculative in nature.

**ENVIRONMENTAL REGULATIONS AND PERFORMANCE**

The Group carries out operations that are subject to environmental regulations under legislation in Brazil. The Group has formal procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

**SHARES UNDER OPTIONS**

As at the date of this report, there were 2,755,125 unissued ordinary shares under options (2,755,125 at the reporting date).

The details of the options at the date of this report and movements in issued options since 1 July 2016 are as follows:

| | Exercise at 8.8p by 31/5/17 | Exercise at 7.5p by 18/12/20 | Exercise at 7.5p by 12/07/21 | Exercise at 10p by 12/07/21 | Exercise at 14p by 31/12/19 |
|---|---|---|---|---|---|
| Balance at 1 July 2016 | 15,862,000 | 951,720 | - | - | - |
| Issued 31 August 2016 | - | - | 266,667 | 200,000 | - |
| Exercised 31 August 2016 | (166,500) | - | - | - | - |
| Exercised on 1 September 2016 | - | - | (266,667) | (200,000) | - |
| Exercised on 7 September 2016 | - | (951,720) | - | - | - |
| Exercised on 13 September 2016 | (100,000) | - | - | - | - |
| Exercised on 15 September 2016 | (86,500) | - | - | - | - |
| Exercised on 21 September 2016 | (240,000) | - | - | - | - |
| Exercised on 30 September 2016 | (26,500) | - | - | - | - |
| Exercised on 7 October 2016 | (3,306,000) | - | - | - | - |
| Exercised on 24 October 2016 | (20,000) | - | - | - | - |
| Exercised on 2 February 2017 | (133,000) | - | - | - | - |
| Issued 3 February 2017 | - | - | - | - | 2,755,125 |
| Exercised on 3 February 2017 | (11,020,500) | - | - | - | - |
| Exercised on 28 April 2017 | (220,000) | - | - | - | - |
| Exercised on 8 May 2017 | (110,000) | - | - | - | - |
| Expired unexercised 31 May 2017 | (433,000) | - | - | - | - |
| Balance at 30 June 2017 | - | - | - | - | 2,755,125 |
| Balance at the date of this report | - | - | - | - | 2,755,125 |

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

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

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the *Corporations Act 2001*. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

**INDEMNITY OF AUDITOR**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

**CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Harvest Minerals Limited support and have adhered to the principles of sound corporate governance. The Board has during the financial year recognised the recommendations of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies, and considers that Harvest Minerals has complied with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the *Corporations Act 2001* requires the Company's auditors to provide the Directors of Harvest Minerals Limited with an Independence Declaration in relation to the audit of the full year financial report. A copy of that declaration is included on page 45 of the Annual Report.

**NON-AUDIT SERVICES**

The Company did not engage their auditors to perform any non-audit related services during the period. The Directors are satisfied that the provision of non-audit services is compatible with the general standards of independence for auditors imposed by the *Corporations Act 2001*.

Signed on behalf of the board in accordance with a resolution of the Directors.

**Brian McMaster**

**Chairman**

27 September 2017

## 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.*

## Consolidated Statement of Comprehensive Income *for the year ended 30 June 2017*

| | Notes | Consolidated 2017 $ | 2016 $ |
|---|---|---|---|
| **Revenue** | | | |
| Interest income | | 12,686 | 5,872 |
| Other income | | 1,156 | - |
| **Revenue** | | **13,842** | **5,872** |
| Public company costs | | (36,411) | (132,395) |
| Accounting and audit fees | | (159,327) | (89,636) |
| Consultant and directors' fees | 4 | (1,422,429) | (1,412,287) |
| Legal fees | | (57,789) | (385,349) |
| Share based payments | 23 | (144,583) | - |
| Travel expenses | | (131,718) | (199,941) |
| Impairment of exploration expenditure | 11 | (2,494) | (21,537) |
| Foreign exchange (loss) / gain | | (29,835) | (160,349) |
| Other expenses | 5 | (660,012) | (424,850) |
| **Loss from continuing operations before income tax** | | **(2,630,756)** | **(2,820,472)** |
| Income tax benefit | 6 | - | - |
| **Loss from continuing operations after income tax** | | **(2,630,756)** | **(2,820,472)** |
| **Net loss for the year** | | **(2,630,756)** | **(2,820,472)** |
| **Other comprehensive (loss) / income** | | | |
| *Item that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | (119,402) | 57,906 |
| **Other comprehensive loss for the year** | | **(2,750,158)** | **(2,762,566)** |
| **Total comprehensive loss for the year** | | **(2,750,158)** | **(2,762,566)** |
| **Loss per share attributable to owners of Harvest Minerals Limited** | | | |
| Basic and diluted loss per share (cents per share) | 20 | (2.49) | (3.97) |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position *as at 30 June 2017*

| | Notes | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 1,386,284 | 2,737,190 |
| Trade and other receivables | 8 | 39,924 | 83,468 |
| **TOTAL CURRENT ASSETS** | | **1,426,208** | **2,820,658** |
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | 10 | 12,149 | 14,894 |
| Deferred exploration and evaluation expenditure | 11 | 5,865,430 | 3,967,167 |
| **TOTAL NON-CURRENT ASSETS** | | **5,877,579** | **3,982,061** |
| **TOTAL ASSETS** | | **7,303,787** | **6,802,719** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | 194,094 | 95,092 |
| **TOTAL CURRENT LIABILITIES** | | **194,094** | **95,092** |
| **TOTAL LIABILITIES** | | **194,094** | **95,092** |
| **NET ASSETS** | | **7,109,693** | **6,707,627** |
| **EQUITY** | | | |
| Issued capital | 13 | 23,892,802 | 21,345,616 |
| Reserves | 14 | 3,279,750 | 2,794,114 |
| Accumulated losses | 15 | (20,062,859) | (17,432,103) |
| **TOTAL EQUITY** | | **7,109,693** | **6,707,627** |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows *for the year ended 30 June 2017*

| | Notes | Consolidated 2017 $ | 2016 $ |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (2,335,579) | (2,669,083) |
| Interest received | | 11,357 | 5,872 |
| Other income | | 1,156 | - |
| NET CASH USED IN OPERATING ACTIVITIES | 7 | (2,323,066) | (2,663,211) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | | (52,370) | (413) |
| Proceeds from sale of plant and equipment | | 51,630 | - |
| Expenditure on exploration and evaluation expenditure | | (1,398,880) | (805,940) |
| NET CASH USED IN INVESTING ACTIVITIES | | (1,399,620) | (806,353) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from rights issue | | - | 312,282 |
| Proceeds from placement | | - | 4,915,872 |
| Proceeds from exercise of options | | 2,418,774 | - |
| Share issue costs | | (17,159) | (399,011) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | 2,401,615 | 4,829,143 |
| Net (decrease) / increase in cash held | | (1,321,071) | 1,359,579 |
| Cash and cash equivalents at beginning of year | | 2,737,190 | 1,537,960 |
| Effect of exchange rate fluctuations on cash held | | (29,835) | (160,349) |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 7 | **1,386,284** | **2,737,190** |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity *for the year ended 30 June 2017*

| | Issued capital $ | Accumulated losses $ | Foreign currency translation reserve $ | Share based payment reserve $ | Total $ |
|---|---|---|---|---|---|
| At 1 July 2016 | **21,345,616** | **(17,432,103)** | **(64,568)** | **2,858,682** | **6,707,627** |
| Loss for the year | - | (2,630,756) | - | - | (2,630,756) |
| Other comprehensive loss | - | - | (119,402) | - | (119,402) |
| **Total comprehensive loss** | **-** | **(2,630,756)** | **(119,402)** | **-** | **(2,750,158)** |
| **Transactions with owners in their capacity as owners** | | | | | |
| Shares issued as consideration for acquisition | 600,000 | - | - | - | 600,000 |
| Shares issued on exercise of options | 2,418,774 | - | - | - | 2,418,774 |
| Share issue costs | (471,588) | - | - | - | (471,588) |
| Share based payments | - | - | - | 605,038 | 605,038 |
| **At 30 June 2017** | **23,892,802** | **(20,062,859)** | **(183,970)** | **3,463,720** | **7,109,693** |
| | | | | | |
| At 1 July 2015 | **14,241,114** | **(14,611,631)** | **(122,474)** | **2,788,014** | **2,295,023** |
| Loss for the year | - | (2,820,472) | - | - | (2,820,472) |
| Other comprehensive loss | - | - | 57,906 | - | 57,906 |
| **Total comprehensive loss** | **-** | **(2,820,472)** | **57,906** | **-** | **(2,762,566)** |
| **Transactions with owners in their capacity as owners** | | | | | |
| Shares issued as consideration for acquisition | 2,200,000 | - | - | - | 2,200,000 |
| Shares issued as part of placement | 4,915,872 | - | - | - | 4,915,872 |
| Shares issued as part of rights issue | 452,282 | - | - | - | 452,282 |
| Share issue costs | (463,652) | - | - | - | (463,652) |
| Share based payments | - | - | - | 70,668 | 70,668 |
| **At 30 June 2016** | **21,345,616** | **(17,432,103)** | **(64,568)** | **2,858,682** | **6,707,627** |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

### 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 2017 was authorised for issue in accordance with a resolution of the Directors on 27 September 2017.

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 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.

**Going Concern**

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, for the financial years ended 30 June 2016 and 30 June 2017, the Group incurred losses of $2,820,472 and $2,630,756 respectively. The Group had net cash outflows from operating activities of $2,323,066 (2016: $2,663,211) and net cash outflows from investing activities of $1,399,620 (2016: $806,353) for the year ended 30 June 2017. As at that date, the Group had net current assets of $1,232,144. The ability of the Company and Group to continue as going concerns is dependent on a combination of a number of factors, the most significant of which is the ability of the Company and Group to raise additional funds in the following 12 months from the date of signing the annual report.

The Directors are of the opinion that there are reasonable grounds to believe that the Company and Group will continue as a going concern, after consideration of the following factors:

- The Group has the ability to scale down its operations in order to reduce costs, in the event that any capital raising or other funding raising activities are delayed or insufficient cash is available, to meet future expenditure commitments;
- The Directors have reduced discretionary spending and have the ability to defer payment of Directors' fees or fees owing to Director related entities until the Company has sufficient funds;
- The Company has been able to successfully raise additional funds through equity raisings in the past; and
- The Group is progressing towards being able to sell its product to generate revenue.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to secure funds to meet the working capital needs of the Group.

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- There is doubt as to whether the Company will be able to raise equity in the current market; and
- There is doubt as to whether the Group would be able to secure any other sources of funding.

Accordingly, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Company and Group do not continue as a going concern.

**(b) Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group 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 not 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 2017 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 | 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.<br>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.<br>(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.<br>(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.<br>(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. | The Group does not consider that the new standard will have a material impact on the Group's financial statements. | 1 July 2018 |

| Reference | Title | Summary | Impact on Group's financial report | Application date for Group |
|---|---|---|---|---|
| | | (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:<br>► The change attributable to changes in credit risk is presented in other comprehensive income (OCI)<br>► The remaining change is presented in profit or loss<br>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.<br>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. | | |
| AASB 15 | Revenue from Contracts with Customers | An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. | The Group does not consider that the new standard will have a material impact on the Group's financial statements. | 1 July 2018 |
| AASB 16 | Leases | IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.<br><br>There are some optional exemptions for leases with a period of 12 months or less and for low value leases. | The Group does not consider that the new standard will have a material impact on the Group's financial statements. | 1 July 2019 |

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 2017, the Directors have 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 Directors 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.

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 controlled 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's controlled 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.

**(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:

| *Class of Fixed Asset* | *Depreciation Rate* |
|---|---|
| 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 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.

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.

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 / loss 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 profit / loss 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 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, being 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 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 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 Company, 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).

**(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.

*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 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. 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.

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. Total revenue earned by the Group is generated in Australia and all of the Group’s non-current assets reside in Brazil.

| | Consolidated | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| **4. Consulting and Directors' Fees** | | |
| Directors' fees | 744,620 | 585,553 |
| Company secretary fees | 29,633 | 61,500 |
| Public relations consulting fees | 123,217 | 29,446 |
| Accounting consultant fees for AIM admission | - | 168,796 |
| AIM nominated and financial adviser fees | 161,056 | 286,699 |
| Other consultant fees | 245,758 | 220,293 |
| Corporate advisory fees | 118,145 | 60,000 |
| **Total consulting and directors' fees** | **1,422,429** | **1,412,287** |

| | | |
|---|---|---|
| **5. Other Expenses** | | |
| Insurance | 9,116 | 9,524 |
| Telephone and internet | 13,329 | 20,921 |
| Serviced office | 250,239 | 142,725 |
| Marketing | 68,605 | 37,694 |
| Depreciation | 3,780 | 1,834 |
| Other | 314,943 | 212,152 |
| **Total other expenses** | **660,012** | **424,850** |

| | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| **6. Income Tax** | | |
| **(a) Income tax benefit** | | |
| Major component of tax benefit for the year: | | |
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |

**(b) Numerical reconciliation between aggregate tax benefit recognised in the statement of comprehensive income and tax benefit calculated per the statutory income tax rate.**

A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:

| | 2017 $ | 2016 $ |
|---|---|---|
| Loss from continuing operations before income tax benefit | (2,630,756) | (2,820,472) |
| Income tax benefit calculated at 27.5% (2016: 30%) | (723,458) | (846,142) |
| Non-deductible expenses | 686 | 6,461 |
| Income tax benefit not brought to account | 722,772 | 839,681 |
| Income tax benefit | - | - |

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australia tax law. This reduction in corporate tax rate from 30% in 2016 was substantively enacted as part of the Treasury Laws Amendment (Enterprise Tax Plan) Bill 2016 (on 19 May 2017).

**(c) Unused tax losses**

| | 2017 $ | 2016 $ |
|---|---|---|
| Unused tax losses | 9,171,972 | 7,449,491 |
| Potential tax benefit not recognised at 27.5% (2016: 30%) | **2,522,292** | **2,234.847** |

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.

| | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| **7. Cash and Cash Equivalents** | | |
| **Reconciliation of Cash and Cash Equivalents** | | |
| Cash comprises: | | |
| Cash at bank | 1,386,284 | 2,737,190 |
| Short term deposits | - | - |
| | **1,386,284** | **2,737,190** |
| **Reconciliation of operating loss after tax to the cash flows from operations** | | |
| Loss from ordinary activities after tax | (2,630,756) | (2,820,472) |
| ***Non cash items*** | | |
| Share based payments (refer note 23) | 144,583 | - |
| Depreciation charges | 3,780 | 1,834 |
| Exploration expenditure written off (refer note 11) | 2,494 | 21,537 |
| Foreign exchange gain | 29,835 | 160,349 |
| ***Change in assets and liabilities*** | | |
| (Increase) / Decrease in trade and other receivables | 3,324 | 1,997 |
| Increase / (Decrease) in trade and other payables | 123,674 | (28,456) |
| **Net cash outflow from operating activities** | **(2,323,066)** | **(2,663,211)** |

**Non-cash Investing and Financing Transactions**

During the year ended 30 June 2017, the Company has issued shares to acquire assets. These transactions are described at note 11.

| **8. Trade and Other Receivables – Current** | 2017 $ | 2016 $ |
|---|---|---|
| GST receivable | 7,581 | 13,021 |
| Refundable security deposit | 14,213 | 15,120 |
| Other | 18,130 | 55,327 |
| | **39,924** | **83,468** |

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.

### 9. 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 2017** | **Equity Holding 2016** |
|---|---|---|---|
| Triumph Tin Mining Limited | Australia | 100% | 100% |
| Lotus Mining Pty Limited | Australia | 100% | 100% |
| Triunfo Mineracao do Brasil Ltda | Brazil | 100% | 100% |

## 10. Plant and Equipment

| | Consolidated 2017 $ | 2016 $ |
|---|---|---|
| **Plant and Equipment** | | |
| Cost | 53,713 | 54,422 |
| Accumulated depreciation and impairment | (44,154) | (43,010) |
| Net carrying amount | 9,559 | 11,412 |
| | | |
| **Computer Equipment and Software** | | |
| Cost | 1,031 | 1,091 |
| Accumulated depreciation and impairment | (977) | (816) |
| Net carrying amount | 54 | 275 |
| | | |
| **Furniture, Fixtures and Fittings** | | |
| Cost | 4,971 | 5,256 |
| Accumulated depreciation and impairment | (2,435) | (2,049) |
| Net carrying amount | 2,536 | 3,207 |
| | | |
| **Total Plant and Equipment** | **12,149** | **14,894** |
| | | |
| **Movements in Plant and Equipment** | | |
| | | |
| **Plant and Equipment** | | |
| At beginning of the year | 11,412 | 12,282 |
| Effect of foreign exchange rate | (709) | 20 |
| Additions | - | 413 |
| Depreciation charge for the year | (1,144) | (1,303) |
| | 9,559 | 11,412 |
| **Computer Equipment and Software** | | |
| At beginning of the year | 275 | 492 |
| Effect of foreign exchange rate | (60) | 2 |
| Depreciation charge for the year | (161) | (219) |
| | 54 | 275 |
| **Furniture, Fixtures and Fittings** | | |
| At beginning of the year | 3,207 | 3,729 |
| Effect of foreign exchange rate | (285) | 5 |
| Depreciation charge for the year | (386) | (527) |
| | 2,536 | 3,207 |
| **Motor Vehicles** | | |
| At beginning of the year | - | - |
| Additions | 52,370 | - |
| Disposals | (51,630) | - |
| Effect of foreign exchange rate | 951 | - |
| Depreciation charge for the year | (1,691) | - |
| | - | - |
| **Total Plant and Equipment** | **12,149** | **14,894** |

| | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| **11. Deferred Exploration and Evaluation Expenditure** | | |
| At beginning of the year | 3,967,167 | 1,394,679 |
| Acquisition of Sergi Potash Project[1] | 700,000 | 1,900,000 |
| Exploration expenditure during the year | 1,310,472 | 643,447 |
| Impairment loss | (2,494) | (21,537) |
| Net exchange differences on translation | (109,715) | 50,580 |
| Total exploration and evaluation | **5,865,430** | **3,967,167** |

[1] 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 recorded during the period, as per the Sergi Project Mineral Rights Purchase and Sale Agreement, included the issue of 6,000,000 fully paid ordinary shares in the Company (valued at $600,000), and payment of $100,000 cash.

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.

## 12. Trade and Other Payables

| | 2017 $ | 2016 $ |
|---|---|---|
| Trade payables | 180,094 | 55,892 |
| Accruals | 14,000 | 39,200 |
| | **194,094** | **95,092** |

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.

## 13. Issued Capital

**(a) Issued capital**

| | 2017 $ | 2016 $ |
|---|---|---|
| Ordinary shares fully paid | **23,892,802** | **21,345,616** |

| | 2017 | | 2016 | |
|---|---|---|---|---|
| **(b) Movements in shares on issue** | **No. of shares** | **$** | **No. of shares** | **$** |
| At beginning of the year | 93,991,202 | 21,345,616 | 357,443,423 | 14,241,114 |
| Shares issued as consideration for acquisition | - | - | 160,000,000 | 1,600,000 |
| Shares issued as part of rights issue | - | - | 30,228,243 | 302,282 |
| Shares issued as part of placement | - | - | 275,820,000 | 4,188,877 |
| | 93,991,202 | 21,345,616 | 823,491,666 | 20,332,273 |
| Consolidation of capital (10:1) | - | - | (741,142,464) | - |
| | 93,991,202 | 21,345,616 | 82,349,202 | 20,332,273 |
| Shares issued as part of placement | - | - | 5,642,000 | 876,995 |
| Shares issued as consideration for acquisition (refer to note 11) | 6,000,000 | 600,000 | 6,000,000 | 600,000 |
| Shares issued on exercise of options | 16,847,387 | 2,418,774 | - | - |
| Share issue costs | - | (471,588) | - | (463,652) |
| At ending of the year | **116,838,589** | **23,892,802** | **93,991,202** | **21,345,616** |

**13. Issued Capital continued**

**(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 $7,109,693 at 30 June 2017 (2016: $6,707,627). 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**

As at balance date, there were 2,755,125 unissued ordinary shares under option.

The details of the options at balance date and movements in issued options since 1 July 2016 are as follows:

| | **Exercise at 8.8p by 31/5/17** | **Exercise at 7.5p by 18/12/20** | **Exercise at 7.5p by 12/07/21** | **Exercise at 10p by 12/07/21** | **Exercise at 14p by 31/12/19** |
|---|---|---|---|---|---|
| Balance at 1 July 2016 | 15,862,000 | 951,720 | - | - | - |
| Issued 31 August 2016 | - | - | 266,667 | 200,000 | - |
| Exercised 31 August 2016 | (166,500) | - | - | - | - |
| Exercised on 1 September 2016 | - | - | (266,667) | (200,000) | - |
| Exercised on 7 September 2016 | - | (951,720) | - | - | - |
| Exercised on 13 September 2016 | (100,000) | - | - | - | - |
| Exercised on 15 September 2016 | (86,500) | - | - | - | - |
| Exercised on 21 September 2016 | (240,000) | - | - | - | - |
| Exercised on 30 September 2016 | (26,500) | - | - | - | - |
| Exercised on 7 October 2016 | (3,306,000) | - | - | - | - |
| Exercised on 24 October 2016 | (20,000) | - | - | - | - |
| Exercised on 2 February 2017 | (133,000) | - | - | - | - |
| Issued 3 February 2017 | - | - | - | - | 2,755,125 |
| Exercised on 3 February 2017 | (11,020,500) | - | - | - | - |
| Exercised on 28 April 2017 | (220,000) | - | - | - | - |
| Exercised on 8 May 2017 | (110,000) | - | - | - | - |
| Expired unexercised 31 May 2017 | (433,000) | - | - | - | - |
| Balance at 30 June 2017 | - | - | - | - | 2,755,125 |
| Balance at the date of this report | - | - | - | - | 2,755,125 |

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

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

| | Consolidated 2017 $ | Consolidated 2016 $ |
|---|---|---|
| **14. Reserves** | | |
| Share based payment reserve | 3,463,720 | 2,858,682 |
| Foreign currency translation reserve | (183,970) | (64,568) |
| | **3,279,750** | **2,794,144** |
| **Movements in Reserves** | | |
| *Share based payment reserve* | | |
| At beginning of the year | 2,858,682 | 2,788,014 |
| Share based payments during the year | 605,038 | 70,668 |
| At 30 June | 3,463,720 | 2,858,682 |

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.

| | 2017 $ | 2016 $ |
|---|---|---|
| *Foreign currency translation reserve* | | |
| At beginning of the year | (64,568) | (122,474) |
| Foreign currency translation | (119,402) | 57,906 |
| At 30 June | (183,970) | (64,568) |

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.

### 15. Accumulated losses

| | 2017 $ | 2016 $ |
|---|---|---|
| Movements in accumulated losses were as follows: | | |
| At beginning of the year | (17,432,103) | (14,611,631) |
| Loss for the year | (2,630,756) | (2,820,472) |
| **At 30 June** | **(20,062,859)** | **(17,432,103)** |

| | Consolidated | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |

## 16. 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.

| | 2017 $ | 2016 $ |
|---|---|---|
| Within one year | 30,000 | 150,000 |
| After one year but not longer than 5 years | - | - |
| | **30,000** | **150,000** |

### (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 are due as follows:

| | 2017 $ | 2016 $ |
|---|---|---|
| Within one year | 100,000 | 777,344 |
| After one year but not longer than five years | 3,801,152 | 2,557,344 |
| After five years | 6,862,909 | 7,543,923 |
| | **10,764,061** | **10,878,611** |

These obligations have arisen as a result of certain acquisitions that were undertaken in prior years as summarised below.

**Capela Potash Project**

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 comprised:

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;

c). The issue of further shares in the Company to the value of $400,000 prior to 31 December 2014;

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% KCI;

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 KCI;

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 2017 and have therefore been recorded as commitments in note 16 (b) above. 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, being 14 August 2017.

**16. Expenditure Commitments continued**

**Sergi Potash Project**

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 (6,000,000 post consolidation) 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 (6,000,000 post-consolidation) 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 (6,000,000 post-consolidation) 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 d)., g). and h). have not been fulfilled as at 30 June 2017 and have therefore been recorded as commitments as appropriate.

**Arapua Fertilizer Project**

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 2017 and have therefore been recorded as commitments in note 16(b) above, other than the 2% Net Smelter Return Royalty, which is difficult to quantify.

**Mandacaru Phosphate Project**

As announced on the ASX and AIM on 21 December 2015, Harvest acquired a 100% interest in the Mandacaru Phosphate Project in the Ceara State, Brazil. The salient terms of the acquisition are:
a). A Net Smelter Return Royalty to the vendors of 2%, capped at an aggregate amount of US$1,000,000.

The elements of the consideration have not been fulfilled as at 30 June 2017 and have therefore been recorded as commitments in note 16 (b) above.

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 2017 $ | Consolidated 2016 $ |
|---|---|---|
| **17. Auditor's Remuneration** | | |
| The auditor of Harvest Minerals Limited is HLB Mann Judd. | | |
| 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** | **23,000** |

### 18. Events Subsequent to Balance Date

On 3 July 2017, Mr Jack James was appointed to the Board as a Non-Executive Director. On the same date, Mr Mark Reilly resigned from his position on the Board.

There were no other known significant events from the end of the financial year to the date of this report.

### 19. Related Party Disclosures

The ultimate parent entity is Harvest Minerals Limited. Refer to note 9 for a list of all subsidiaries within the Group.

Gemstar Investments Limited, a company in which Mr McMaster is a director, is a personal services company into which Mr McMaster's Director fees are paid. Gemstar Investments Limited had $28,000 (2016: $nil) outstanding at year end.

Styletown Investments Pty Ltd, a company in which Mr Reilly is a director, is a personal services company into which Mr Reilly's Director fees are paid. Styletown Investments Pty Ltd had $6,970 (2016: $5,940) 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 $156,633 (2016: $160,156). No balance (2016: $10,411) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, had reimbursements of payments for minor expenses at cost totalling $1,796 (2016: $22,122). No balance (2016: $nil) 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.

### 20. Loss per Share

| | 2017 | 2016 |
|---|---|---|
| Loss used in calculating basic and dilutive EPS | (2,630,756) | (2,820,472) |
| | **Number of Shares** | |
| Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share : | 105,765,673 | 71,031,791 |
| **Effect of dilution:** | | |
| Share options | - | - |
| Adjusted weighted average number of ordinary shares used in calculating diluted loss per share: | 105,765,673 | 71,031,791 |

There is no impact from 2,755,125 options outstanding at 30 June 2017 (2016: 16,813,720 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.

### 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 2017 and 30 June 2016 all financial liabilities are contractually maturing within 60 days.

**(b) Foreign currency exchange rate risk**

The Company holds cash balances in foreign currencies (Great British Pounds ('GBP') and United States Dollars ('USD')). The carrying amounts of the Group's foreign currency denominated cash balances are GBP (A$1,137,806) and USD (A$145,596).

**Foreign currency sensitivity analysis**

A 10% increase and decrease in the GBP and USD against the Australian dollar would lead to a $128,340 increase / decrease in profit (2016: $256,106) increase / decrease in profit).

**(c) 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** | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| Cash and cash equivalents | 1,386,284 | 2,737,190 |

**21. Financial Risk Management continued**

**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) | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | **$** | **$** | **$** | **$** |
| Increase 100 basis points | 13,863 | 27,372 | 13,863 | 27,372 |
| Decrease 100 basis points | (13,863) | (27,372) | (13,863) | (27,372) |

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 2016.

**(d) 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 2017, 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 2017 (2016: nil).

**(e) Fair value of financial instruments**

The carrying amounts of financial instruments approximate their fair values.

**(f) 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 at as at 30 June 2017 and 30 June 2016.

### 23. Share Based Payments

Share based payment transactions recognised either as operating 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 2017 $ | Consolidated 2016 $ |
|---|---|---|
| *Exploration expenditure* | | |
| Share based payment to vendor | 600,000 | 2,200,000 |
| *Capital raising expenses* | | |
| Share based payments to supplier | 460,455 | 70,668 |
| *Profit and loss* | | |
| Share based payments to suppliers | 144,583 | - |

*Exploration expenditure*

During the financial year 6,000,000 shares were issued to Kmine Holdings Ltd as part of the agreed terms of acquisition in relation to the Sergi Potash Project agreement. The fair value of the shares of $600,000 was determined by reference to the market value on the Australian Securities Exchange on the date the agreement.

*Capital raising expenses*

The table below summaries options granted to suppliers during the year:

| 2017<br>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 |
|---|---|---|---|---|---|---|---|---|
| 3 Feb17 | 31 Dec19 | $0.2287 | - | 2,755,125 | - | - | 2,755,125 | 2,755,125 |
| Weighted remaining contractual life | | | - | 2.91 | - | - | 2.50 | - |
| Weighted average exercise | | | - | $0.2287 | - | - | $0.2287 | - |

The options have been valued using the Black & Scholes option pricing model with inputs noted in the above table and further inputs as follows:

- Grant date share price: $0.2483
- Risk-free interest rate: 1.5%
- Volatility: 110%

**23. Share Based Payments continued**

*Profit and loss*

The table below summaries options granted to suppliers during the year:

| 2017<br>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 |
|---|---|---|---|---|---|---|---|---|
| 31Aug16 | 12Jul21 | $0.1308 | - | 266,667 | (266,667) | - | - | - |
| 31Aug16 | 12Jul21 | $0.1745 | - | 200,000 | (200,000) | - | - | - |
| Weighted remaining contractual life | | | - | 4.87 | 4.85 | - | - | - |
| Weighted average exercise | | | - | $0.1495 | $0.1495 | - | - | - |

The options have been valued using the Black & Scholes option pricing model with inputs noted in the above table and further inputs as follows:

- Grant date share price: $0.3577
- Risk-free interest rate: 1.5%
- Volatility: 110%

**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 year ended 30 June 2017.

The balance of the franking account is Nil as at 30 June 2017 (2016: Nil).

**25. Key management personnel disclosure**

Details of the nature and amount of each element of the emoluments of the key management personnel of the Group for the financial year are as follows:

| | Consolidated | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| Short term employee benefits | 744,620 | 585,553 |
| Post employment benefits | - | - |
| Share based payments | - | - |
| **Total remuneration** | **744,620** | **585,553** |

### 26. Parent Entity Information

The following details information related to the parent entity, Harvest Minerals Limited, at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in note 2.

| | Parent | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| Current assets | 1,348,213 | 2,717,229 |
| Non current assets | 5,949,572 | 4,067,959 |
| **Total Assets** | **7,297,785** | **6,785,188** |
| Current liabilities | 188,092 | 77,560 |
| **Total Liabilities** | **188,092** | **77,560** |
| **Net Assets** | **7,109,693** | **6,707,628** |
| Issued capital | 23,892,802 | 21,345,616 |
| Share based payment reserve | 3,463,720 | 2,858,682 |
| Accumulated losses | (20,246,829) | (17,496,670) |
| **Total Equity** | **7,109,693** | **6,707,628** |
| Loss for the year | (2,750,159) | (2,762,565) |
| Other comprehensive income for the year | - | - |
| **Total comprehensive loss for the year** | **(2,750,159)** | **(2,762,565)** |

**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 16(b). 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 2017 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 2017.

On behalf of the Board

**Brian McMaster**
**Chairman**
27 September 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

**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 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in 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** | **L Di Giallonardo** |
| **27 September 2017** | **Partner** |

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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

## Report on the Audit of the Financial Report

*Opinion*

We have audited the financial report of Harvest Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material uncertainty related to going concern*

We draw attention to Note 2(a) in the financial report, which indicates that the Group incurred a net loss of $2,630,756 and a decrease in its cash balances of $1,321,071 for the year ended 30 June 2017. As stated in Note 2(a), these events or conditions, along with other matters as set forth in Note 2(a) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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HLB Mann Judd

Accountants | Business and Financial Advisers

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Carrying amount of deferred exploration and evaluation expenditure**<br>See Note 11. | |
| In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises acquisition costs of rights to explore as well as subsequent exploration and evaluation expenditure and applies the cost model after recognition.<br><br>Our audit focussed on the Group's assessment of the carrying amount of the deferred exploration and evaluation expenditure, because this is a significant asset of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the deferred exploration and evaluation expenditure may exceed its recoverable amount. | Our procedures included but were not limited to the following:<br>• We obtained an understanding of the key processes associated with management's review of the carrying value of deferred exploration and evaluation expenditure;<br>• We considered the Directors' assessment of potential indicators of impairment;<br>• We obtained evidence that the Group has current rights to tenure of its areas of interest;<br>• We examined the exploration budget for 2017/2018 and discussed with management the nature of the ongoing activities;<br>• We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its areas of interest; and<br>• We examined the disclosures made in the financial report. |

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

Accountants | Business and Financial Advisers

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Harvest Minerals Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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.

HLB Mann Judd

**HLB Mann Judd**
**Chartered Accountants**

**L Di Giallonardo**
**Partner**

**Perth, Western Australia**
**27 September 2017**

## Tenement Table

### HARVEST MINERALS LIMITED TENEMENT TABLE

| Tenement | Location | Interest |
|---|---|---|
| Arapua Fertilizer Project<br>831.787/2007<br>832.447/2009<br>832.448/2009<br>832.451/2009<br>831.144/2010<br>831.145/2010<br>831.146/2010<br>831.275/2010 | Brazil | 100% |
| Capela Potash Project<br>878.103/2008<br>878.104/2008<br>878.105/2008<br>878.106/2008<br>878.107/2008<br>878.108/2008 | Brazil | 51% |
| Sergi Potash Project<br>878.109/2008<br>878.110/2008<br>878.111/2008<br>878.045/2009 | Brazil | 100% |
| Mandacaru Project<br>800.122/2015<br>800.651/2015 | Brazil | 100% |