



HARVEST MINERALS LIMITED

ABN 12 143 303 388

Half-Year Financial Report

30 June 2023

CORPORATE DIRECTORY

Directors

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

Broker

Tavira Securities Limited
88 Wood Street
London EC2V 7DA
United Kingdom

Company Secretary

Mr Jack James

Registered Office and Principal Place of Business

22 Lindsay Street
Perth WA 6000 Australia
Telephone: + 61 8 9200 1847
Facsimile: + 61 8 9227 6390

Share Registry

Computershare Investor Services LLC
The Pavilions
Bridgewater Road
Bristol BS99 6ZZ
United Kingdom
Telephone: +44 (0)370 702 0000

Stock Exchange

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

Auditors

HLB Mann Judd (WA Partnership)
Level 4
130 Stirling Street
Perth WA 6000

Nominated & Financial Adviser

Strand Hanson Limited
26 Mount Row
London W1K 3SQ
United Kingdom

Contents	Page
Directors' Report	1
Auditor's Independence Declaration	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Consolidated Financial Statements	8
Directors' Declaration	18
Independent Auditor's Review Report	19

DIRECTORS' REPORT

The Directors of Harvest Minerals Limited and its subsidiaries ('Harvest', or 'the Company') submit the financial report of the Company for the half-year ended 30 June 2023. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

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

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

Results

The loss after tax recorded in the Condensed Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2023 was \$1,645,945 (Half year to 30 June 2022: \$883,556) which is attributable to lower demand and lower pricing for the Company's product in the period.

Net cash outflow from operating activities in the Condensed Consolidated Statement of Cashflows for the half year ended 30 June 2023 was \$2,634,226 (Half year to 30 June 2022: net cash inflow \$693,207). Please refer to note 5 in the financial statements for further detail on reconciling the net loss to net cash inflows from operating activities.

Review of Operations

Arapua Fertiliser Project

During the half-year ended 30 June 2023, Harvest sold 7,280 tonnes of its organic fertiliser, KP Fétil®, representing a 74% decrease over the 28,104 tonnes sold in the same period of 2022. While historically the majority of Harvest's annual sales have been achieved in the second half of the year, sales to date in 2023 have remained below internal expectations. This is attributable to a reduction in volume demand by farmers who are less incentivised to boost production whilst crop prices are low and energy prices are high. Accordingly, the Company's 2023 full year invoiced sales target is now 70,000 tonnes of KP Fétil®. Furthermore, the impact on Harvest's financial results has been exacerbated by a reduction in the price of its product, which it has lowered to follow the market and try to encourage farmers to recommence buying.

Short-term visibility remains low for the Company due to numerous national and international geopolitical and macroeconomic challenges which are affecting the Company's business. However, Harvest remains optimistic about the medium and long-term future, with megatrends such as a growing world population likely to accelerate the increased use of fertilisers. Another trend likely to boost interest in organic products such as KP Fétil® is the increased focus on organic farming initiatives to reverse the loss of biodiversity and support Brazil's climate change strategies and objectives.

With its team of 12 associates/agronomists split into two regional teams, supported by a third-party network comprising of 20 resales centres, Harvest continues to advance its marketing initiatives to offer its product for coffee, sugarcane, and other crops, targeting a cross section of producers and resellers. It is also maintaining its R&D efforts at its development farm next to the mine where testwork is ongoing to demonstrate the continued superiority of KP Fétil® and expand its client base.

As and when the market improves, the Company is positioned to support higher sales volumes and rebuild profitability at its low cost and high margin Arapua operation. In order to reduce the Company's cash burn rate, the Directors agreed to temporarily pause drawing their remuneration due from the Company during Q2 2023 until such point as the Company is in a better position to pay.

Sergi Potash Project & Mandacaru Phosphate Project

Given the scale of activity currently being undertaken at Arapua, the Company did not materially advance either its Sergi Potash Project or its Mandacaru Phosphate Project during the half-year to 30 June 2023.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the Page 3 and forms part of the Directors' Report for the half-year ended 30 June 2023.

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



Brian McMaster
Executive Chairman
21 September 2023

Competent Person Statement

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Harvest Minerals Limited for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
21 September 2023



N G Neill
Partner

hl**b.com.au**

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@h**l**bwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Condensed Consolidated Statement of Comprehensive Income

for the half-year ended 30 June 2023

Consolidated

	Notes	6 months ended 30 June 2023 \$	6 months ended 30 June 2022 \$
Revenue from fertiliser sales	3	931,608	2,735,590
Cost of goods sold	4	(707,044)	(1,153,441)
Gross profit		224,564	1,582,149
Interest income		18,592	9,857
Other income		-	513
Gain on sale of motor vehicle		15,171	8,185
Foreign exchange gain/(loss)		(1,919)	(54,401)
Accounting fees		(91,734)	(61,876)
Audit and tax fees		(85,942)	(19,255)
Advertising fees		(196,790)	(146,877)
Consultants' fees		(76,689)	(52,383)
Directors' fees		(395,391)	(390,705)
Depreciation		(38,985)	(4,685)
Legal fees		(8,036)	(6,423)
Wages & Salaries		(309,161)	(427,713)
Interest expense		(80,217)	(44,808)
Public company costs		(103,082)	(117,474)
Travel expenses		(126,437)	(306,748)
Impairment exploration expense		-	(491,500)
Other expenses		(352,786)	(359,412)
Loss from continuing operations before income tax		(1,608,842)	(883,556)
Income tax expense		(37,103)	-
Loss from continuing operations after income tax	5	(1,645,945)	(883,556)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,040,306	964,215
Other comprehensive income for the half-year		1,040,306	964,215
Total comprehensive income/(loss) for the half-year		(605,639)	80,659
Loss per share			
Basic and diluted loss per share (cents per share)		(0.87)	(0.48)

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

Condensed Consolidated Statement of Financial Position

as at 30 June 2023

		Consolidated	
		30 June 2023	31 December 2022
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	5	423,982	2,723,509
Trade and other receivables	6	710,944	514,724
Inventories	7	1,396,515	195,882
Total Current Assets		2,531,441	3,434,115
Non-Current Assets			
Trade and other receivables		477,406	320,025
Investments		321,069	-
Plant and equipment	8	3,728,703	2,891,499
Mine properties	9	4,644,548	4,055,486
Deferred exploration and evaluation expenditure		54,045	48,118
Total Non-Current Assets		9,225,771	7,315,128
Total Assets		11,757,212	10,749,243
Current Liabilities			
Trade and other payables	10	533,982	513,389
Borrowings	11	511,748	53,270
Total Current Liabilities		1,045,730	566,659
Non-Current Liabilities			
Provision for rehabilitation		308,304	276,435
Borrowings	11	1,295,075	192,407
Total Non-Current Liabilities		1,603,379	468,842
Total Liabilities		2,649,109	1,035,501
Net Assets		9,108,103	9,713,742
Equity			
Contributed equity	12	43,328,219	43,328,219
Reserves		2,002,717	962,411
Accumulated losses		(36,222,833)	(34,576,888)
Total Equity		9,108,103	9,713,742

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

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 30 June 2023

	Notes	Contributed equity \$	Accumulated losses \$	Foreign currency translation reserve \$	Option reserve \$	Total \$
Consolidated						
Balance as at 1 January 2023	12	43,328,219	(34,576,888)	(2,578,637)	3,541,048	9,713,742
Total comprehensive gain for the half-year						
Loss for the half-year 30 June 2023		-	(1,645,945)	-	-	(1,645,945)
Other comprehensive income		-	-	1,040,306	-	1,040,306
Total comprehensive income for the half-year		-	(1,645,945)	1,040,306	-	(605,639)
Balance at 30 June 2023		43,328,219	(36,222,833)	(1,538,331)	3,541,048	9,108,103
Balance as at 1 January 2022		43,328,219	(34,774,685)	(3,482,302)	3,541,048	8,612,280
Total comprehensive loss for the half-year						
Loss for the half-year 30 June 2022		-	(883,556)	-	-	(883,556)
Other comprehensive income		-	-	964,215	-	964,215
Total comprehensive loss for the half-year		-	(883,556)	964,215	-	80,659
Balance at 30 June 2022	12	43,328,219	(35,658,241)	(2,518,087)	3,541,048	8,692,939

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

Condensed Consolidated Statement of Cash Flows

for the half-year ended 30 June 2023

		Consolidated	
		6 months ended 30 June 2023 \$	6 months ended 30 June 2022 \$
Cash flows from operating activities			
		962,276	2,999,821
		(3,534,877)	(2,271,663)
		18,592	9,857
		(80,217)	(44,808)
	5	(2,634,226)	693,207
Cash flows from investing activities			
		(638,218)	(941,621)
		(204,683)	(351,413)
		-	(37,063)
		60,536	8,185
		(306,732)	-
		(1,089,097)	(1,321,912)
Cash flows from financing activities			
		1,436,381	1,274,816
		(106,222)	(29,637)
		1,330,159	1,245,179
		(2,393,164)	616,474
		2,723,509	1,708,001
		93,637	89,564
	5	423,982	2,414,039

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**Corporate Information**

This general purpose half-year financial report of Harvest Minerals Limited (the “Company”) and its subsidiaries (the “Group”) for the half-year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 21 September 2023.

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

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

Basis of Preparation

This financial report for the half-year ended 30 June 2023 has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”). Compliance with AASB 134 ensures compliance with IAS 134 “*Interim Financial Reporting*”. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as the full financial statements. It is recommended that the half-year financial statements be read in conjunction with the annual report for the year ended 31 December 2022 and considered together with any public announcements made by Harvest Minerals Limited during the half-year ended 30 June 2023 in accordance with the continuous disclosure obligations of the AIM market.

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

New and amending Accounting Standards and Interpretations

In the half-year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for current reporting periods beginning on or after 1 January 2023. The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2023. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group’s business and, therefore, no change is necessary to the Group accounting policies.

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2023

Going concern

For the half-year ended 30 June 2023 the Group recorded a loss after tax of \$1,645,945 (Half-year to 30 June 2022: \$883,556) and had net cash outflows from operating and investing activities of \$3,723,323 (Half-year to 30 June 2022: \$628,705). These conditions indicate a material uncertainty that may cast doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. In the absence of an improvement in sales volumes and pricing, the ability of the Group to continue as a going concern will be dependent on securing additional funding and/or from asset sales in order for the Group to continue to fund its operational activities in the longer term.

The half-year financial report has been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Management have considered the future capital requirements of the entity and will consider all funding options as required, including asset sales;
- The level of the Group's expenditure can be managed;
- The Directors agreed to temporarily pause drawing their remuneration due from the Company during Q2 2023 until such point as the Company is in a better position to pay;
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements.

As at the date of this report, the Board and Management believe there are sufficient funds to meet the Group's working capital requirements in the near term and that sufficient funds will become available, through certain of the above actions, if and when needed, to finance the operations of the Group in the longer term. Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Significant Accounting Policies**Deferred Exploration and Evaluation Expenditure**

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

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.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2023

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

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

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

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered. When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

Mine Properties

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

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

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

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

Stripping costs

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

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2023

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

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

Accordingly, the nature of the existing asset determines:

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

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

Borrowings

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

Revenue

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

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

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

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

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer. For contracts with multiple components to be delivered such as fertiliser, management applies judgement to consider whether

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2023

those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

Transaction price

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

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

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

When using the output method the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, in particular for long term service contracts where the series guidance is applied, the Group often uses a method of time elapsed which requires minimal estimation. Certain long term contracts use output methods based upon estimation of number of users, level of service activity or fees collected. If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

Disaggregation of revenue

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

Performance obligations

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

Inventories

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2023

Provisions

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTE 2: SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves mining exploration, processing and sale of fertiliser. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. No revenue is derived from a single external customer.

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

The following table present revenue and loss information and certain asset and liability information regarding business segments for the half year ended 30 June 2023.

	Continuing operations		
	Australia	Brazil	Consolidated
	\$	\$	\$
30 June 2023			
Segment revenue	-	931,608	931,608
Segment profit/(loss) before income tax expense	(642,854)	(965,988)	(1,608,842)
30 June 2023			
Segment assets	367,324	11,389,888	11,757,212
Segment liabilities	220,861	2,428,248	2,649,109
Additions to non-current assets	-	945,953	945,953
	Continuing operations		
	Australia	Brazil	Consolidated
	\$	\$	\$
30 June 2022			
Segment revenue	-	2,735,590	2,735,590
Segment loss before income tax expense	(656,104)	(227,452)	(883,556)
30 June 2022			
Segment assets	822,413	10,317,216	11,139,629
Segment liabilities	342,633	2,104,057	2,446,690
Additions to non-current assets	-	1,330,097	1,330,097

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Consolidated	
	6 months to	6 months to
	30 June	30 June
	2023	2022
	\$	\$
Fertiliser sales	931,608	2,735,590
Total revenue	931,608	2,735,590

NOTE 4: COST OF GOODS SOLD

	Consolidated	
	6 months to	6 months to
	30 June	30 June
	2023	2022
	\$	\$
Mine operating costs	383,059	492,617
Royalty expense	36,546	108,430
Rehabilitation expense	7,911	216,272
Depreciation	152,717	146,931
Amortisation	126,811	189,191
Total cost of goods sold	707,044	1,153,441

NOTE 5: CASH AND CASH EQUIVALENTS

Reconciliation of Cash and Cash Equivalents

Cash comprises:

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
Cash at bank	423,982	2,723,509
	423,982	2,723,509

Reconciliation of operating loss after tax to the cash flows from operations

Loss from ordinary activities after tax

Non cash items

	Consolidated	
	6 months to	6 months to
	30 June	30 June
	2023	2022
	\$	\$
Loss from ordinary activities after tax	(1,645,945)	(883,556)
Depreciation charge	191,702	151,616
Amortisation charge	126,811	189,191
Rehabilitation charge	7,911	216,272
Impairment of exploration and evaluation expenditure	-	491,500
Gain on disposal of motor vehicle	(15,171)	(8,185)
Foreign exchange gain	1,919	54,401

Change in assets and liabilities

(Increase) / Decrease in trade and other receivables	(121,413)	174,834
(Increase) / Decrease in inventories	(1,200,633)	(287,163)
Increase / (Decrease) in trade and other payables and provisions	20,593	594,297
Net cash outflow from operating activities	(2,634,226)	693,207

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
Trade Debtors ¹	1,819,386	1,606,440
Expected credit losses	(1,398,945)	(1,260,749)
Prepayments	31,925	-
Cash advances	203,366	161,762
GST receivable	7,170	7,271
Other tax receivables	48,042	-
Total trade and other receivables	710,944	514,724

(i) *Classification of trade receivables*

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

(ii) *Impairment of trade receivables*

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

NOTE 7: INVENTORIES

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
Raw materials	-	9,298
Finished goods	1,396,515	186,584
	1,396,515	195,882

NOTE 8: PLANT AND EQUIPMENT

	Consolidated	
	6 months to	12 months to
	30 June	31 December
	2023	2022
	\$	\$
At beginning of the period	2,891,499	1,111,314
Additions for the period	741,270	2,035,861
Disposals for the period	(45,365)	(10,874)
Depreciation charge for the period	(191,702)	(418,649)
Net exchange difference on translation	333,001	173,847
Balance at the end of the period	3,728,703	2,891,499

NOTE 9: MINE PROPERTIES

	Consolidated	
	6 months to 30 June 2023 \$	12 months to 31 December 2022 \$
At beginning of the period	4,055,486	3,691,160
Additions for the period	204,683	-
Rehabilitation obligation	-	259,928
Amortisation charge for the period	(126,811)	(354,282)
Net exchange difference on translation	511,190	458,680
Balance at the end of the period	4,644,548	4,055,486

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2023 \$	31 December 2022 \$
Trade payables	220,333	242,706
Accruals	276,391	176,895
Other payables	37,258	93,788
	533,982	513,389

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

NOTE 11: BORROWINGS

	Consolidated	
	30 June 2023 \$	31 December 2022 \$
Current		
Secured Loans payable	511,748	53,270
	511,748	53,270
Non-current		
Secured Loans payable	1,295,075	192,407
	1,295,075	192,407

In March 2023, the Group secured a further \$R5,000,000 loan with BDMG for purchase of equipment and machinery. The loan is repayable over a two year period with repayments commencing in April 2024 and secured against \$R1,000,000 in cash as collateral. As at 30 June 2023, the Group recorded \$1,806,823 (31 December 2022: \$245,677) of secured loans as a payable.

NOTE 12: CONTRIBUTED EQUITY

	30 June 2023 \$	31 December 2022 \$
Contributed equity		
Ordinary shares fully paid	43,328,219	43,328,219

	6 months to 30 June 2023		12 months year ended 31 December 2022	
	No.	\$	No.	\$
Movements in ordinary shares on issue				
Opening balance	189,169,217	43,328,219	185,835,884	43,328,219
Shares to be issued as part an acquisition ¹	-	-	3,333,333	-
Closing balance	189,169,217	43,328,219	189,169,217	43,328,219

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

NOTE 13: DIVIDENDS

No dividends have been paid or provided for during the half-year (half-year to 30 June 2022: \$nil).

NOTE 14: CONTINGENT LIABILITIES AND COMMITMENTS

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

NOTE 15: FINANCIAL INSTRUMENTS

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

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

NOTE 16: SUBSEQUENT EVENTS

As announced to AIM on 14 August 2023, the Group has revised its 2023 sales target from 120,000 tonnes to 70,000 tonnes.

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

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 4 to 17, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Brian McMaster
Executive Chairman
21 September 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Harvest Minerals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Harvest Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

hlb.com.au

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
21 September 2023



N G Neill
Partner