



HARVEST MINERALS

LIMITED

ABN 12 143 303 388

Annual Report

30 June 2016

CONTENTS	PAGE NO
Corporate Directory	1
Directors' Report	2
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Cash Flows	15
Consolidated Statement of Changes in Equity	16
Notes to the Financial Statements	17
Directors' Declaration	41
Auditor's Independence Declaration	42
Independent Auditor's Report	43
Tenement Table	45

Harvest Minerals Limited

CORPORATE DIRECTORY

Directors

Mr Brian McMaster (Executive Chairman)
Mr Luis Azevedo (Executive Director)
Mr Matthew Wood (Executive Director)
Mr Mark Reilly (Non-Executive Director)
Mr Frank Moxon (Non-Executive Director)

Joint Company Secretaries

Mr Jonathan Hart
Mr Jack James

Share Registry

Computershare Investor Services LLC
The Pavilions
Bridgewater Road
Bristol BS99 6ZZ
Telephone: +44 370 703 6300

Auditors

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

Nominated & Financial Adviser

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

Joint Brokers

Mirabaud Securities LLP
33 Grosvenor Place
London SW1X 7HY
United Kingdom

Beaufort Securities Ltd
131 Finsbury Pavement
London EC2A 1NT
United Kingdom

Registered Office and Principal Place of Business

22 Lindsay Street
Perth WA 6000 Australia

Telephone: + 61 8 9200 1847
Facsimile: + 61 8 9200 4469

Stock Exchange

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

Harvest Minerals Limited - Directors' Report

The Directors present their report for Harvest Minerals Limited ('Harvest' or 'the Company') and its subsidiaries ('the Group') for the year ended 30 June 2016.

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 India.

Mr McMaster is currently a director of Haranga Resources Limited (1 April 2014). Mr McMaster was a director of The Waterberg Coal Company (appointed 12 April 2012, resigned 17 March 2014), Firestone Energy Limited (appointed 14 June 2013, resigned 18 March 2014), Lindian Resources Limited (appointed 20 June 2011, resigned 16 September 2014), Castillo Copper Limited (appointed 31 August 2013, resigned 12 August 2015), Antares Mining Limited (appointed 2 December 2011, resigned 12 August 2015), IDOM Limited (appointed 14 September 2012, resigned 2 October 2015), The Carajas Copper Company Limited (appointed 27 August 2014, resigned 17 March 2016), Black Star Petroleum Limited (appointed 9 August 2012, resigned 11 May 2016) and Wolf Petroleum Limited (appointed 24 April 2012, resigned 17 August 2016). 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 also a director of TSX listed company Talon Metals Corp (appointed 5 April 2005) and US publicly traded Brazil Minerals Inc (appointed 10 July 2013). Mr Azevedo is a director of ASX listed Avanco Resources Limited (appointed 17 December 2012). Mr Azevedo was a director of The Carajas Copper Company Limited (appointed 27 August 2014, resigned 1 October 2014) and Brazilian Gold Corporation (appointed 22 June 2011, resigned 1 December 2013). 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 a founding director in venture capital and advisory firm Garrison Capital Pty Ltd.

Harvest Minerals Limited - Directors' Report

Mr Wood is currently a director of Haranga Resources Limited (appointed 2 February 2010) and Wolf Petroleum Limited (appointed 24 April 2012). Mr Wood was a director of Avanco Resources Limited (appointed 4 July 2007, resigned 22 September 2014), Lindian Resources Limited (appointed 5 May 2011, resigned 3 October 2014), Castillo Copper Limited (appointed 1 April 2014, resigned 12 August 2015), Antares Mining Limited (appointed 29 May 2009, resigned 12 August 2015), The Carajas Copper Company Limited (appointed 12 June 2009, resigned 17 March 2016) and Black Star Petroleum (appointed 28 February 2013, resigned 11 May 2016). He has not held any other listed directorships over the past three years.

Mr Mark Reilly

Non-Executive Director

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 Forte Energy Limited (appointed 2 August 2004), IODM Limited (appointed 2 October 2015) and The Carajas Copper Company Limited (Appointed 9 May 2016). Mr Reilly was a director of Ochre Group Holdings Limited (appointed 28 January 2014, resigned 29 December 2014) and Black Star Petroleum Limited (appointed 3 July 2014, resigned 11 May 2016). He has not held any other listed directorships over the past three years.

Mr Frank Moxon

Non-Executive Director (appointed 6 October 2015)

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 over 18 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 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) and ASX listed Swala Energy Ltd (appointed 23 June 2015). Mr Moxon was a director of EastCoal Inc (appointed 24 October 2012, resigned 21 October 2013) and Imperial Minerals Plc (appointed 11 June 2007, resigned 7 January 2016). He has not held any other listed directorships over the past three years.

Mr Jonathan Hart

Joint Company Secretary

Mr Hart's experience includes due diligence investigations, general corporate and commercial drafting, public and private mergers and acquisitions, general corporate advice in relation to capital raising, Corporations Act and ASX compliance. Mr Hart has a bachelor of laws and commerce from Murdoch University in Western Australia.

Mr Jack James

Joint Company Secretary (appointed 5 September 2016)

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. Most recently, he held senior roles with Ernst & Young and KordaMentha.

Harvest Minerals Limited - Directors' Report

DIRECTORS' MEETINGS

During the financial year the number of meetings of Directors held during the year 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	4	4
Mr Luis Azevedo	4	3
Mr Matthew Wood	4	4
Mr Mark Reilly	4	4
Mr Frank Moxon	2	2

In addition to the formal meeting of Directors above, the Board has held several 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 information
- 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.

Harvest Minerals Limited - Directors' Report

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

As at 30 June	2016	2015	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$	\$	\$
Loss per share (cents)	(3.97)	(6.41)	(20.42)	(142.79)	(93.90)	(9.90)	(1.20)

Executive Director Remuneration

The Executive Chairman, Mr McMaster is paid an annual consulting fee on a monthly basis. The services may be terminated by either party at any time.

The Executive Directors, Mr Azevedo and Mr Wood, are paid an annual consulting fee on a monthly basis. Their services may be terminated by either party at any time.

Non-Executive Director Remuneration

The Non-Executive Directors, Mr Reilly 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 Mark Reilly	Non-Executive Director
Mr Frank Moxon	Non-Executive Director

Harvest Minerals Limited - Directors' Report

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

	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 (a)	-	41,034	-	-	-	41,034	-
	-	303,919	281,634	-	-	585,553	

(a) Mr Moxon was appointed on 6 October 2015.

	Short term			Options	Post employment		
2015 Director	Base Salary \$	Directors Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$	Total \$	Option Related %
Mr McMaster	-	-	30,000	-	-	30,000	-
Mr Azevedo	-	30,000	-	-	-	30,000	-
Mr Wood	-	30,000	-	-	-	30,000	-
Mr Reilly (a)	-	-	30,000	-	-	30,000	-
Mr Mottram (a)	-	-	-	-	-	-	-
	-	60,000	60,000	-	-	120,000	

(a) Mr Mottram resigned on 4 July 2014, Mr Reilly was appointed on that date.

Share-Based Compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Options

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016.

6,000,000 options affecting remuneration granted in the year ended 30 June 2014 expired on 31 December 2015 unexercised. There were no forfeitures during the period. No remuneration options were exercised for the year ended 30 June 2016 or for the year ended 30 June 2015.

Harvest Minerals Limited - Directors' Report

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	Consolidation of Capital	Balance at the end of the year
Mr McMaster	15,808,334	-	-	-	(14,227,500)	1,580,834
Mr Azevedo	100,000	-	-	-	(90,000)	10,000
Mr Wood	21,935,000	-	-	-	(19,741,500)	2,193,500
Mr Reilly	-	-	-	-	-	-
Mr Moxon	-	-	-	-	-	-

(a) Mr Moxon was appointed on 6 October 2015.

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 over ordinary shares in the Company held during the financial year by any Director of Harvest Minerals Limited and specified executives of the Group.

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, has no balance (2015: \$2,500) outstanding at year end.

Styletown Investments Pty Ltd, a company in which Mr Reilly is a director, has \$5,940 (2015: \$2,500) 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 \$160,156 (2015: \$125,236). \$10,411 (2015: \$10,399) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with a fully serviced office including administration and information technology support totalling \$30,000 in 2015 (such services were not provided this financial year), corporate advisory services totalling \$10,000 (2015: \$60,000) and reimbursement of payments for legal, accounting and other minor expenses, at cost totalling \$22,122 (2015: \$23,780). No balance (2015: \$5,000) was outstanding at year end.

Garrison Capital Partners Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with corporate consulting services totalling \$36,000 in 2015 (such services were not provided this financial year). No balance 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

Harvest Minerals Limited - Directors' 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 2016 was \$2,820,472 (2015: \$1,624,578) and the net assets of the Group at 30 June 2016 were \$6,707,627 (2015: \$2,295,023).

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 was mineral exploration. The Group currently holds exploration projects in Brazil.

REVIEW OF OPERATIONS

Arapua Fertilizer Project

On 3 September 2015, HMI announced that it had made a potassium oxide (K2O) discovery at its Arapua Fertilizer Project. A total of eight auger drill holes have been completed to a depth of up to 20 metres. All drill holes intersected widespread K2O enriched weathered rocks.

On 22 February 2016, HMI announced that it had completed a geological mapping programme and a ground geophysical survey at the Maximus Prospect, part of its Arapua Fertilizer Project. This work programme was devised to define the extent of an area of highly mineralised phosphate and potassium rich rocks identified during its earlier auger drilling programme.

On 10 May 2016, HMI announced that it completed its initial air core drilling programme at the Maximus Prospect. The results from the drilling programme, which focussed on a small area of the existing license acreage, were in line with the Company's estimates for tonnage and grade, having identified a mineralized area to support a Direct Application Natural Fertiliser (DANF) product.

On 26 July 2016, HMI announced that an independent Indicated Mineral Resource estimate (JORC 2012 compliant) was completed for the Arapua Fertilizer Project. 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 target identified total Indicated resource of 883Kt at 4.21% K2O and 3.53% P2O5 at a 3.5% K2O cut-off. In the drilled area there is an estimated additional exploration potential of 3.0Mt to 3.5Mt of ore with K2O grades of 2.7% to 3.5%, to the base of the weathered kamafugite. The resource includes 202Kt at 5.24% K2O and 3.29% P2O5 (higher K2O) and 160Kt at 4.01% K2O and 4.62% P2O5

(higher P2O5). Additionally, the total Indicated resource includes average grades of 6.34% CaO, 5.95% MgO, 0.33% MnO and 34.53% SiO2, which are important in developing a multi-nutrient DANF.

On 10 August 2016, HMI confirmed that that an independent Scoping Study (the Study) had been completed for its Maximus DANF Project, highlighting the robust economics of the project and the simple low cost mining and processing required to support the initial trial mining permit. The Study was conducted by consultants GE21 and includes pit optimization and design, mine scheduling, capital expenditure (CAPEX), operational expenditure (OPEX) estimates and a preliminary economic assessment based on the current initial resource, which represents only ~3% of the estimated mineralisation.

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

On 23 August 2016, HMI announced positive results for the latest agronomic and metallurgical testwork conducted at Maximus. All results were within the required specification with no toxic elements present. Solubility results indicated total solubility for P2O5 ranging from 50.40% to 53.36% and K2O 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 as well as remineraliser and metallurgical testwork supports that the product grades can be increased through a wet sieving process.

On 8 September 2016, HMI announced that the environmental license - State Autorização Ambiental de Funcionamento (AAF) for Maximus was granted on the 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. The grant of the AAF also permits HMI to commence site works ahead of the commencement of production and is the precursor to the lodgment of the trial mining permit. Given the granting of the AAF, the trial mining permit application has been lodged with the National Department of Mineral Production.

Mandacaru Phosphate Project

On 21 December 2015, HMI announced that it had been awarded two exploration licences covering the Mandacaru Phosphate Project located in Ceara State, Brazil. Historical exploration activities conducted over the property include ground radiometric survey, mapping, surface rock sampling, trenching and a 2,141 metre diamond drilling programme from 31 holes of diamond drilling.

On 16 June 2016, HMI announced that the Mandacaru Phosphate Project contains a JORC (2012) compliant total resource of 4.38 MT @ 4.55% P2O5, which includes an indicated resource of 1.47MT @5.30% P2O5 and an Inferred resource of 2.91 Mt @ 4.18% P2O5. The project has an estimated additional exploration potential of 4Mt of phosphate ore with similar grades, from the extension of the estimated mineralized layers, to be proven up by further exploration assessment. This resource estimate was completed by GE21.

Sergi Potash Project

On 23 July 2015, HMI announced that it had recorded a JORC Inferred Mineral Resource totalling 105.3MT grading 21.3% KCl, including all the sylvinitic and carnallitite layers and using a cut-off grade of 13% KCl at its Sergi Potash Project.

Capela Potash Project

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

Harvest Minerals Limited - Directors' Report

Corporate Activities

AIM Market Listing

On 25 August 2015, the Company announced it had lodged its pre-admission announcement for the admission of the Company's ordinary shares to trade on the AIM Market of the London Stock Exchange. On 7 September 2015, the Company was admitted to the AIM Market with the AIM ticker code of 'HMI'. The Company's ordinary shares continue to be listed and trade on the AIM Market.

Director Appointment

On 6 October 2015, Mr Frank Moxon joined the Board of the Company as a Non-Executive Director.

Consolidation of Securities

The listed and unlisted share capital of the Company was consolidated on a one (1) for ten (10) basis as approved by shareholders at the General Meeting of shareholders held on 17 December 2015.

Placements

On 12 November 2015, the Company announced a conditional two-stage placing with new sophisticated and institutional shareholders to raise, in aggregate, approximately \$3,967,850 (approximately £1,956,150) before expenses at a price of 7.5 pence (post consolidation) per ordinary share. The first stage was conditional on shareholder approval and completed on 18 December 2015. On 13 January 2016, the Company completed the second stage, which was also conditional on separate shareholder approval.

As part of the placing, the Company issued one unlisted option to subscribe for one new share for every two placement shares subscribed for by placees, each option exercisable at 8.8 pence (post-consolidation) per ordinary share at any time before 31 May 2017.

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.

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

On 26 May 2016, the Company announced it had applied to the ASX for removal of the Company from the official list of the ASX given AIM had become the more dominant exchange for the Company and that the Company had limited operations in Australia. 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.

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

Harvest Minerals Limited - Directors' Report

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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.

On 31 August 2016, the Company announced the issue of 266,667 options exercisable at 7.5p and 200,000 options exercisable at 10p both expiring on 12 July 2021 to Beaufort Securities Limited as part of their appointment as Joint Broker to the Company. On 1 September 2016, the 466,667 options were exercised with the 466,667 new fully paid ordinary shares issued on 7 September 2016.

On 5 September 2016, the Company announced the appointment of Mr Jack James as Joint Company Secretary.

On 7 September 2016, the Company announced the exercise of 951,720 options with an exercise price of 7.5p expiring on 18 December 2020. The new fully paid ordinary shares are to be issued on 13 September 2016.

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 it would be speculative and prejudicial to the interests of the Company.

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 15,695,500 unissued ordinary shares under options (16,813,720 at the reporting date).

The details of the options at the date of this report and movements in issued options since 1 July 2015 are as follows:

	Exercise at \$0.05 by 31/12/15	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
Balance at 1 July 2015	6,000,000	-	-	-	-
Issued 17 December 2015	-	130,410,000	9,517,200	-	-
	6,000,000	130,410,000	9,517,200	-	-
Expired unexercised 31 December 2015	(6,000,000)	-	-	-	-
	-	130,410,000	9,517,200	-	-
Consolidation of capital (10:1)	-	(117,369,000)	(8,565,480)	-	-
	-	13,041,000	951,720	-	-
Issued 13 January 2016	-	2,821,000	-	-	-
Balance at 30 June 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)	-	-
Balance at the date of this report	-	15,695,500	-	-	-

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.

Harvest Minerals Limited - Directors' Report

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 Australian Securities Exchange Corporate Governance Council, 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. Harvest Minerals ceased to be listed on the Australian Stock Exchange on 22 July 2016. In future the Board intends to develop its approach to corporate governance taking into account, as far as is reasonably practicable given the Company's size, the recommendations of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies.

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 within this 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

12 September 2016

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.

Harvest Minerals Limited

Consolidated Statement of Comprehensive Income *for the year ended 30 June 2016*

	Notes	2016 \$	2015 \$	Consolidated
Revenue				
Interest income		5,872	14,882	
Other income		-	-	
Revenue		5,872	14,882	
Public company costs		(132,395)	(34,253)	
Accounting and audit fees		(89,636)	(82,145)	
Consultant and directors' fees	4	(1,412,287)	(429,450)	
Legal fees		(385,349)	(37,206)	
Share based payments	23	-	(71,142)	
Travel expenses		(199,941)	(152,493)	
Impairment of exploration expenditure	11	(21,537)	(769,584)	
Foreign exchange (loss) / gain		(160,349)	136,934	
Other expenses	5	(424,850)	(200,121)	
Loss from continuing operations before income tax		(2,820,472)	(1,624,578)	
Income tax expense	6	-	-	
Loss from continuing operations after income tax		(2,820,472)	(1,624,578)	
Net loss for the year		(2,820,472)	(1,624,578)	
Other comprehensive income / (loss)				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		57,906	(106,601)	
Other comprehensive loss for the year		(2,762,566)	(1,731,179)	
Total comprehensive loss for the year		(2,762,566)	(1,731,179)	
Loss per share attributable to owners of Harvest Minerals Limited				
Basic and diluted loss per share (cents per share)	20	(3.97)	(6.07)	

Harvest Minerals Limited

Consolidated Statement of Financial Position as at 30 June 2016

	Notes	Consolidated	
		2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	7	2,737,190	1,537,960
Trade and other receivables	8	83,468	47,063
TOTAL CURRENT ASSETS		2,820,658	1,585,023
NON-CURRENT ASSETS			
Plant and equipment	10	14,894	16,503
Deferred exploration and evaluation expenditure	11	3,967,167	1,394,679
TOTAL NON-CURRENT ASSETS		3,982,061	1,411,182
TOTAL ASSETS		6,802,719	2,996,205
CURRENT LIABILITIES			
Trade and other payables	12	95,092	701,182
TOTAL CURRENT LIABILITIES		95,092	701,182
TOTAL LIABILITIES		95,092	701,182
NET ASSETS		6,707,627	2,295,023
EQUITY			
Issued capital	13	21,345,616	14,241,114
Reserves	14	2,794,114	2,665,540
Accumulated losses	15	(17,432,103)	(14,611,631)
TOTAL EQUITY		6,707,627	2,295,023

Consolidated Statement of Cash Flows for the year ended 30 June 2016

	Notes	Consolidated	
		2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,669,083)	(915,805)
Payment of refundable security deposit		-	(17,248)
Interest received		5,872	14,864
NET CASH USED IN OPERATING ACTIVITIES	7	(2,663,211)	(918,189)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(413)	(12,875)
Expenditure on exploration and evaluation expenditure		(805,940)	(604,524)
NET CASH USED IN INVESTING ACTIVITIES		(806,353)	(617,399)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from rights issue		312,282	1,800,134
Proceeds from placement		4,915,872	600,000
Proceeds from shortfall applications received but not yet allotted		-	140,000
Share issue costs		(399,011)	(103,121)
NET CASH PROVIDED BY FINANCING ACTIVITIES		4,829,143	2,437,013
Net increase in cash held		1,359,579	901,425
Cash and cash equivalents at beginning of year		1,537,960	499,601
Effect of exchange rate fluctuations on cash held		(160,349)	136,934
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	7	2,737,190	1,537,960

Consolidated Statement of Changes in Equity *for the year ended 30 June 2016*

	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payment reserve \$	Total \$
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 income	-	-	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
At 1 July 2014	11,549,368	(12,987,053)	(15,873)	2,716,872	1,263,314
Loss for the year	-	(1,624,578)	-	-	(1,624,578)
Other comprehensive loss	-	-	(106,601)	-	(106,601)
Total comprehensive loss	-	(1,624,578)	(106,601)	-	(1,731,179)
Transactions with owners in their capacity as owners					
Shares issued as consideration for acquisition	400,000	-	-	-	400,000
Shares issued as part of placement	600,000	-	-	-	600,000
Shares issued as part of rights issue	1,800,134	-	-	-	1,800,134
Share issue costs	(108,388)	-	-	-	(108,388)
Share based payments	-	-	-	71,142	71,142
At 30 June 2015	14,241,114	(14,611,631)	(122,474)	2,788,014	2,295,023

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2016

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 2016 was authorised for issue in accordance with a resolution of the Directors on 12 September 2016.

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.

(b) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity 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 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 2016 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	<p>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.</p> <p>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.</p> <p>(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.</p> <p>(b) Allows an irrevocable election on initial</p>	The Group has not yet determined the impact on the Group's financial statements.	1 Jan 2017

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		<p>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.</p> <p>(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.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>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.</p> <p>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.</p>		

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 2016, 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 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 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:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
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 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 net profit 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, are 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 group, 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.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2016

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 the 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 Reias 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 for tin. 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	
	2016	2015
	\$	\$
4. Consulting and Directors' Fees		
Directors' fees	585,553	120,000
Company secretary fees	61,500	40,000
Public relations consulting fees	29,446	-
Accounting consultant fees for AIM admission	168,796	-
AIM nominated and financial adviser fees	259,049	-
AIM broker advisory fees	27,650	-
Other consultant fees	220,293	189,215
Corporate advisory fees	60,000	80,235
Total consulting and directors' fees	1,412,287	429,450

	Consolidated	
	2016	2015
	\$	\$
5. Other Expenses		
Insurance	9,524	8,317
Telephone and internet	20,921	3,026
Printing and stationery	3,788	6,617
Rent and outgoings	172,646	-
Serviced office	120,000	127,231
Marketing	37,694	10,638
Depreciation	1,834	8,128
Other	58,443	36,164
Total other expenses	424,850	200,121

6. Income Tax

(a) Income tax expense

Major component of tax expense for the year:

Current tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>

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

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

Loss from continuing operations before income tax expense	(2,820,472)	(1,624,578)
Tax at the group rate of 30%	(846,142)	(487,373)
Expense of remuneration options	-	21,343
Non-deductible expenses	6,461	230,875
Income tax benefit not brought to account	839,681	235,155
Income tax expense	<hr/>	<hr/>

(c) Unused tax losses

Unused tax losses	7,449,491	4,835,774
Potential tax benefit not recognised at 30%	2,234,847	1,450,732

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.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2016

	Consolidated	
	2016	2015
	\$	\$

7. Cash and Cash Equivalents

Reconciliation of Cash and Cash Equivalents

Cash comprises:

Cash at bank	2,737,190	884,629
Short term deposits	-	653,331
	2,737,190	1,537,960

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

Loss from ordinary activities after tax	(2,820,472)	(1,624,578)
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Non cash items

Share based payments (refer note 23)	-	71,142
Depreciation charges	1,834	8,128
Exploration expenditure written off (refer note 11)	21,537	769,584
Foreign exchange gain	160,349	(136,934)

Change in assets and liabilities

(Increase) / Decrease in trade and other receivables	1,997	(20,038)
Increase / (Decrease) in trade and other payables	(28,456)	14,507
Net cash outflow from operating activities	(2,663,211)	(918,189)

Non-cash Investing and Financing Transactions

During the year ended 30 June 2016, the Company has issued shares to acquire assets. These transactions are described at note 23(c).

8. Trade and Other Receivables – Current

GST receivable	13,021	15,806
Refundable security deposit	15,120	17,248
Other	55,327	14,009
	83,468	47,063

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 2016	Equity Holding 2015
Triumph Tin Mining Limited	Australia	100%	100%
Lotus Mining Pty Limited	Australia	100%	100%
Triunfo Mineracao do Brasil Ltda	Brazil	100%	100%

	Consolidated 2016 \$	2015 \$
10. Plant and Equipment		
Plant and Equipment		
Cost	54,422	53,989
Accumulated depreciation and impairment	(43,010)	(41,707)
Net carrying amount	<u>11,412</u>	<u>12,282</u>
Computer Equipment and Software		
Cost	1,091	1,089
Accumulated depreciation and impairment	(816)	(597)
Net carrying amount	<u>275</u>	<u>492</u>
Furniture, Fixtures and Fittings		
Cost	5,256	5,251
Accumulated depreciation and impairment	(2,049)	(1,522)
Net carrying amount	<u>3,207</u>	<u>3,729</u>
Total Plant and Equipment	<u>14,894</u>	<u>16,503</u>
Movements in Plant and Equipment		
Plant and Equipment		
At beginning of the year	12,282	7,006
Effect of foreign exchange rate	20	(279)
Additions	413	12,875
Depreciation charge for the year	(1,303)	(7,320)
	<u>11,412</u>	<u>12,282</u>
Computer Equipment and Software		
At beginning of the year	492	823
Effect of foreign exchange rate	2	(173)
Depreciation charge for the year	(219)	(158)
	<u>275</u>	<u>492</u>
Furniture, Fixtures and Fittings		
At beginning of the year	3,729	4,926
Effect of foreign exchange rate	5	(830)
Depreciation charge for the year	(527)	(367)
	<u>3,207</u>	<u>3,729</u>
Total Plant and Equipment	<u>14,894</u>	<u>16,503</u>

	Consolidated	
	2016	2015
	\$	\$
11. Deferred Exploration and Evaluation Expenditure		
At beginning of the year	1,394,679	848,924
Acquisition of Capela Potash Project	-	920,000
Acquisition of Sergi Potash Project ¹	1,900,000	100,000
Exploration expenditure during the year	643,447	402,505
Impairment loss	(21,537)	(769,584)
Net exchange differences on translation	50,580	(107,166)
Total exploration and evaluation	3,967,167	1,394,679

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, includes the issue of 120,000,000 pre-consolidation fully paid ordinary shares in the Company on achieving key asset milestone as detailed in ASX announcement 'Inferred Mineral Resource Estimate – Sergi Potash Project' released on the ASX on 23 July 2015. Per the agreement the Company also issued a further 60,000,000 pre-consolidation fully paid ordinary shares in the Company and paid \$100,000 on 31 December 2015.

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

Trade payables	55,892	141,182
Accruals	39,200	420,000
Other	-	140,000
	95,092	701,182

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.

	Consolidated	
	2016	2015
	\$	\$
13. Issued Capital		
(a) Issued capital		
Ordinary shares fully paid	<u>21,345,616</u>	
	<u>14,241,114</u>	
	2016	
	No. of shares	\$
(b) Movements in shares on issue		
At beginning of the year	357,443,423	14,241,114
Shares issued as consideration for acquisition ¹	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
	823,491,666	20,332,273
Consolidation of capital (10:1)	(741,142,464)	-
	82,349,202	20,332,273
Shares issued as part of placement	5,642,000	876,995
Shares issued as consideration for acquisition ¹	6,000,000	600,000
Share issue costs	-	(463,652)
At ending of the year	93,991,202	21,345,616
	2015	
	No. of shares	\$

¹ As announced on the ASX on 13 July 2015, 40,000,000 shares (pre-consolidation) were issued as part consideration to acquire the Capela Project in Brazil. As announced on the ASX on 9 October 2015, 60,000,000 shares (pre-consolidation) were issued as part consideration to acquire the Sergi Project in Brazil. A further 60,000,000 shares (pre-consolidation) were issued as part consideration for the Sergi Project acquisition on 18 November 2015 and 6,000,000 (post-consolidation) on 19 January 2016. For further details refer to note 11.

(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 \$6,707,627 at 30 June 2016 (2015: \$2,295,023). 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.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2016

13. Issued Capital continued

(e) Share options

As at the date of this report, there were 15,695,500 unissued ordinary shares under options (16,813,720 at the reporting date). The details of the options at the date of this report and movements in issued options since 1 July 2015 are as follows:

	Exercise at \$0.05 by 31/12/15	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
Balance at 1 July 2015	6,000,000	-	-	-	-
Issued 17 December 2015	-	130,410,000	9,517,200	-	-
	6,000,000	130,410,000	9,517,200	-	-
Expired unexercised 31 December 2015	(6,000,000)	-	-	-	-
	-	130,410,000	9,517,200	-	-
Consolidation of capital (10:1)	-	(117,369,000)	(8,565,480)	-	-
	-	13,041,000	951,720	-	-
Issued 13 January 2016	-	2,821,000	-	-	-
Balance at 30 June 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)	-	-
Balance at the date of this report	-	15,695,500	-	-	-

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	
	2016	2015
	\$	\$
14. Reserves		
Share based payment reserve	2,858,682	2,788,014
Foreign currency translation reserve	(64,568)	(122,474)
	2,794,144	2,665,540

Movements in Reserves

<i>Share based payment reserve</i>	
At beginning of the year	2,788,014
Share based payments during the year	70,668
At 30 June	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.

<i>Foreign currency translation reserve</i>	
At beginning of the year	(122,474)
Foreign currency translation	57,906
At 30 June	(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.

	Consolidated	
	2016	2015
	\$	\$
15. Accumulated losses		
Movements in accumulated losses were as follows:		
At beginning of the year	(14,611,631)	(12,987,053)
Loss for the year	(2,820,472)	(1,624,578)
At 30 June	(17,432,103)	(14,611,631)

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.

Within one year	150,000	120,000
After one year but not longer than 5 years	-	150,000
	150,000	270,000

(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 and are due as follows:

Within one year	777,344	2,783,595
After one year but not longer than five years	2,557,344	4,312,397
After five years	7,543,923	7,506,336
	10,878,611	14,602,328

These obligations have arisen as a result of certain acquisitions that were undertaken during the year 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 comprises:

- 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 (note 13);
- 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% KCl;
- 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 KCl;
- 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 2016 and have therefore been recorded as commitments as appropriate. 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.

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 KCI, payment of 60,000,000 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 c). (31 December 2016 portion), d., g). and h). have not been fulfilled as at 30 June 2016 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 2016 and have therefore been recorded as commitments as appropriate.

Mandacaru Phosphate Project

As announced on 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 2016 and have therefore been recorded as commitments as appropriate.

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.

17. Auditor's Remuneration

The auditor of Harvest Minerals Limited is HLB Mann Judd.

	Consolidated	
	2016	2015
	\$	\$
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
	23,000	23,000

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

18. Events Subsequent to Balance Date

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.

On 31 August 2016, the Company announced the issue of 266,667 options exercisable at 7.5p and 200,000 options exercisable at 10p both expiring on 12 July 2021 to Beaufort Securities Limited as part of their appointment as Joint Broker to the Company. On 1 September 2016, the 466,667 options were exercised with the 466,667 new fully paid ordinary shares issued on 7 September 2016.

On 5 September 2016, the Company announced the appointment of Mr Jack James as Joint Company Secretary.

On 7 September 2016, the Company announced the exercise of 951,720 options with an exercise price of 7.5p expiring on 18 December 2020. The new fully paid ordinary shares are to be issued on 13 September 2016.

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, has no balance (2015: \$2,500) outstanding at year end.

Styletown Investments Pty Ltd, a company in which Mr Reilly is a director, has \$5,940 (2015: \$2,500) 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 \$160,156 (2015: \$125,236). \$10,411 (2015: \$10,399) was outstanding at year end.

Garrison Capital Pty Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with a fully serviced office including administration and information technology support totalling \$30,000 in 2015, such services were not provided this financial year, corporate advisory services totalling \$10,000 (2015: \$60,000) and reimbursement of payments for legal, accounting and other minor expenses, at cost totalling \$22,122 (2015: \$23,780). No balance (2015: \$5,000) was outstanding at year end.

Garrison Capital Partners Ltd, a company in which Mr McMaster and Mr Wood are directors and shareholders, provided the Group with corporate consulting services totalling \$36,000 in 2015, such services were not provided this financial year. No balance 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.

	Consolidated	
	2016	2015
	\$	\$
20. Loss per Share		
Loss used in calculating basic and dilutive EPS	(2,820,472)	(1,624,578)
Number of Shares		
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share :	71,031,791	25,337,989
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	71,031,791	25,337,989

There is no impact from 16,813,720 options outstanding at 30 June 2016 (2015: 6,000,000 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 2016 and 30 June 2015 all financial liabilities are contractually matured within 60 days.

21. Financial Risk Management continued**(b) 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	
	2016	2015
	\$	\$
Cash and cash equivalents	2,737,190	1,537,960

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		Effect on Equity	
	Increase/(Decrease)	including accumulated losses	Increase/(Decrease)	Increase/(Decrease)
	2016	2015	2016	2015
	\$	\$	\$	\$
Increase 100 basis points	27,372	15,380	27,372	15,380
Decrease 100 basis points	(27,372)	(15,380)	(27,372)	(15,380)

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 2015.

(c) 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 2016, 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 2016 (2015: nil).

(d) Fair value of financial instruments

The carrying amounts of financial instruments approximate their fair values.

(e) 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 2016 and 30 June 2015.

23. Share Based Payments**(a) Recognised share based payment transactions**

Share based payment transactions recognised either as operation 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	
	2016	2015
	\$	\$
<i>Operating expenses</i>		
Employee share based payment (refer 23(b) below)	-	71,142
<i>Exploration expenditure</i>		
Share based payment to vendor (refer 23(c) below)	2,200,000	400,000
<i>Capital raising expenses</i>		
Share based payments to supplier (refer 23(c) below)	70,668	-

(b) Employee share based payment scheme

The Group has established an employee share option scheme (ESOS). The objective of the ESOS is to assist in the recruitment, reward, retention and motivation of employees of Harvest Minerals Limited. Under the ESOS, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOS and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Harvest Minerals Limited.

The fair value at grant date of options granted during a reporting period is determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. No options were granted during the current reporting period.

(c) Other share based payments*Exploration expenditure*

During the financial year 22,000,000 (post-consolidation) shares were issued to Kmine Holdings Ltd as part of the agreed terms of acquisition in relation to the Capela and Sergi Potash Projects agreements. The fair value of the shares of \$2,200,000 was determined by reference to the market value on the Australian Securities Exchange on the date the transaction. Refer to note 13 for further details.

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2016

23. Share Based Payments continued

Capital raising expenses

The table below summaries options granted to suppliers and vendors:

2016 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
22 Dec 2015	18 Dec 2020	\$0.0154	-	-	-	-	951,720	951,720
Weighted remaining contractual life (years)			-	-	-	-	4.5	4.5
Weighted average exercise price			-	-	-	-	\$0.0154	\$0.0154

2015 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
15 Sep 2010	30 Jul 2014	\$0.35	1,200,000	-	-	(1,200,000)	-	-
15 Sep 2010	15 Sep 2014	\$0.25	3,000,000	-	-	(3,000,000)	-	-
30 Jan 2012	30 Jun 2015	\$0.25	12,000,000	-	-	(12,000,000)	-	-
			16,200,000	-	-	(16,200,000)	-	-
Weighted remaining contractual life (years)			0.8	-	-	-	-	-
Weighted average exercise price			\$0.26	-	-	-	-	-

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 2016.

The balance of the franking account is Nil as at 30 June 2016 (2015: Nil).

25. Key management personnel disclosure

Details of the nature and amount of each element of the emoluments of the Directors and Executives of the Group for the financial year are as follows:

	Consolidated	
	2016	2015
	\$	\$
Short term employee benefits	585,553	120,000
Post employment benefits	-	-
Share based payments	-	-
Total remuneration	585,553	120,000

Harvest Minerals Limited

Notes to the financial statements at and for the year ended 30 June 2016

26. Parent Entity Information

The following details information related to the parent entity, Harvest Minerals Limited, at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	Parent	
	2016	2015
	\$	\$
Current assets	2,717,229	1,570,414
Non current assets	4,067,959	1,383,770
Total Assets	6,785,188	2,954,184
Current liabilities	77,560	659,161
Total Liabilities	77,560	659,161
Net Assets	6,707,628	2,295,023
Issued capital	21,345,616	14,241,114
Share based payment reserve	2,858,682	2,788,014
Accumulated losses	(17,496,670)	(14,734,105)
Total Equity	6,707,628	2,295,023
Loss for the year	(2,762,565)	(1,730,486)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(2,762,565)	(1,730,486)

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 2016 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 2016.

On behalf of the Board



Brian McMaster

Chairman

12 September 2016

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 2016, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
12 September 2016

L Di Giallonardo
Partner

INDEPENDENT AUDITOR'S REPORT

To the members of Harvest Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Harvest Minerals Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 2(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Harvest Minerals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. 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.

Auditor's opinion

In our opinion the remuneration report of Harvest Minerals Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Di Giallonardo

L Di Giallonardo
Partner

Perth, Western Australia
12 September 2016

Tenement Table

HARVEST MINERALS LIMITED TENEMENT TABLE

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