HARVEST MINERALS LIMITED

ABN 12 143 303 388

Half-Year Financial Report

30 June 2020

CORPORATE DIRECTORY

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

Company Secretary
Mr Jack James

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

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

Broker
Shard Capital Partners LLP
20 Fenchurch St
London EC3M 3BY
United Kingdom

Registered Office and Principal Place of Business
22 Lindsay Street
Perth WA 6000 Australia
Telephone: + 61 8 9200 1847
Facsimile: + 61 8 9227 6390

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

Contents

DIRECTORS' REPORT

The Directors of Harvest Minerals Limited and its subsidiaries ('Harvest', or 'the Company') submit the financial report of the Company for the half-year ended 30 June 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

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

Mr Brian McMaster	Executive Chairman
Mr Luis Azevedo	Executive Director
Mr Jack James	Non-Executive Director
Mr Frank Moxon	Non-Executive Director (resigned 30 June 2020)

Results

The loss after tax recorded in the Condensed Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2020 was $1,843,743 (31 December 2019: $910,044).

Review of Operations

Arapua Fertiliser Project

<u>*Studies, Test Work and Sales*</u>

On 27 February 2020, Harvest announced that the Agência Nacional de Mineração ('ANM') (the agency which replaced the DNPM) granted the Concessão de Lavra or full mining permit for the Company's 100% owned Arapua Fertilizer Project ('Arapua' or 'the Project') (in Brazil. This was the final step in fully permitting the Arapua Project and grants the Company full permitting tenure over the asset. As set out in the original sale and purchase agreement, a payment of US$1m was made by the Company to the original vendors of the asset upon the granting of the full mining permit.

During the period, the Company also announced that it had commenced the expansion of the mining and product storage areas. The expansion work is largely complete and will provide for product storage capacity to be expanded by 300% to comprise a total of 30,000 tonnes of product within a 6,000m^2 covered storage area and the mining area to be increased four-fold to 78.8km^2 to provide greater production flexibility according to demand and reduce operating costs.

On 23 April 2020, the Company announced the results of the long term testwork conducted by Santinato & Santinato Cafés Ltda ('Santinato'), a renowned agronomic consulting company in Brazil specialising in coffee cultivation. Santinato has been conducting trials since 2017 on the suitability of KPfértil as a source of potassium ('K') and phosphate ('P') for coffee plants at one of the Veloso Agropecuária ('Veloso') coffee plantations in Minas Gerais State, Brazil. The trials consisted of two years of applying a potassium and phosphate fertiliser and a third final year of applying no additional source of potassium and phosphate (fertiliser suppression) to test the effectiveness of different sources of potassium and phosphate. All the soil fertility parameters were measured in May each year, before the peak nutrient extraction by the plants for harvest between May and July in Brazil. All the biometric measurements were made just before the harvest and the productivity, maturation and income measurements were post-harvest.

In total, four experiments were conducted using the following sources of potassium and phosphate:

- T1 - Control - no additional sources of K and P applied
- T2 - Conventional sources - muriate of Potash (KCl) and Simple superphosphate (SSP) applied
- T3 - 100% KP KPfértil - applied to match the K_2O applied in T2
- T4 - KP KPfértil and coffee straw (coffee husks from previous harvests - see figure 1) - applied to match 60% of K_2O applied in T2 due to application of 5t/ha of coffee straw annually

The application rate of nutrients during each season was as follows:

- Year 1 (2017) - 350 kg / ha (N); 80 kg / ha (P_2O_5) and 200 kg / ha (K_2O)
- Year 2 (2018) - 300 kg / ha (N); 80 kg / ha (P_2O_5) and 350 kg / ha (K_2O)
- Year 3 (2019) - 300 kg / ha of N
- In the third year, no additional K or P was applied

The results of the trials confirmed that:

- KPfértil can be used to replace conventional fertilizers as a source of potassium and phosphate;
- Results in coffee are enhanced when used in association with coffee compost (coffee straw); and
- KPfértil increases the value of the coffee produced by increasing the proportion of the largest coffee cherries and yield.

During the period under review, the Company's operations were impacted by the effects of the COVID-19 pandemic (see discussion below), which impacted business confidence and the ability of the Company and its customers to trade unrestricted. Despite this, the Company made significant inroads towards developing and expanding its customer base and finished the period under review with a credible sales achievement. Although lower sales were achieved during the period to 30 June 2020 compared to the prior 6-month period, the Company has since recorded increased sales post balance date up to 30 September 2020.

Sergi & Capela Potash Projects

Given the scale of activity currently being undertaken at Arapua, the Company did not materially advance either of its Sergi or Capela Potash Projects during the half-year period to 30 June 2020.

Mandacaru Phosphate Project

Given the scale of activity currently being undertaken at Arapua, the Company did not materially advance its Mandacaru Phosphate Project during the half-year period to 30 June 2020.

Impact of COVID-19

On 31 January 2020, the World Health Organisation ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 30 June 2020.

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

Brian McMaster
Executive Chairman
30 October 2020

Competent Person Statement

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Harvest Minerals Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

Perth, Western Australia
30 October 2020

N G Neill
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Condensed Consolidated Statement of Comprehensive Income

for the half-year ended 30 June 2020

	Notes	Consolidated 6 months ended 30 June 2020 $	Consolidated 6 months ended 31 December 2019 $
Revenue from contracts with customers	3	299,449	1,443,281
Cost of goods sold	4	(185,968)	(813,254)
Gross profit		**113,481**	**630,027**
Interest revenue		801	649
Other income		567	606
Foreign exchange gain		(16,113)	322,732
Accounting and audit fees		(60,195)	(71,000)
Advertising fees		(134,427)	(90,623)
Consultants fees		(331,923)	(356,927)
Directors fees		(412,337)	(396,831)
Depreciation		(7,671)	(8,854)
Legal fees		(40,281)	(14,961)
Wages & Salaries		(343,081)	(213,269)
Public company costs		(123,624)	(121,569)
Rent and outgoings expenses		(60,229)	(77,208)
Travel expenses		(142,296)	(342,015)
Other expenses		(286,415)	(170,801)
Loss before income tax		**(1,843,743)**	**(910,044)**
Income tax benefit		-	-
Loss after income tax		**(1,843,743)**	**(910,044)**
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(1,962,491)	(267,894)
Other comprehensive income / (loss) for the half-year		**(1,962,491)**	**(267,894)**
Total comprehensive loss for the half-year		**(3,806,234)**	**(1,177,938)**
Loss per share			
Basic and diluted loss per share (cents per share)		(0.99)	(0.49)

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

Condensed Consolidated Statement of Financial Position
as at 30 June 2020

	Notes	Consolidated 30 June 2020 $	Consolidated 31 December 2019 $
Assets			
Current Assets			
Cash and cash equivalents		4,338,675	8,057,934
Trade and other receivables	5	1,525,242	1,856,289
Inventories		123,874	126,838
Total Current Assets		**5,987,791**	**10,041,061**
Non-Current Assets			
Plant and equipment	10	673,091	1,048,158
Mine properties	6	4,412,172	3,774,444
Deferred exploration and evaluation expenditure	7	4,276,970	4,116,578
Total Non-Current Assets		**9,362,233**	**8,939,180**
Total Assets		**15,350,024**	**18,980,241**
Current Liabilities			
Trade and other payables	8	338,419	184,758
Total Current Liabilities		**338,419**	**184,758**
NON-CURRENT LIABILITIES			
Provision for rehabilitation		54,404	32,048
TOTAL CURRENT LIABILITIES		**54,404**	**32,048**
Total Liabilities		**392,823**	**216,806**
Net Assets		**14,957,201**	**18,763,435**
Equity			
Issued capital	9	43,048,343	43,048,343
Reserves		1,038,630	3,001,121
Accumulated losses		(29,129,772)	(27,286,029)
Total Equity		**14,957,201**	**18,763,435**

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

Condensed Consolidated Statement of Changes in Equity for the half-year ended 30 June 2020

	Notes	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
		$	$	$	$	$
Balance as at 1 January 2020		**43,048,343**	**(27,286,029)**	**(539,927)**	**3,541,048**	**18,763,435**
Total comprehensive loss for the half-year						
Loss for the half-year		-	(1,843,743)	-	-	(1,843,743)
Other comprehensive loss		-	-	(1,962,491)	-	(1,962,491)
Total comprehensive loss for the half-year		**-**	**(1,843,743)**	**(1,962,491)**	**-**	**(3,806,234)**
Transactions with owners in their capacity as owners						
Shares issued to directors and other employees	9	-	-	-	-	-
Balance at 30 June 2020		**43,048,343**	**(29,129,772)**	**(2,502,418)**	**3,541,048**	**14,957,201**
Balance as at 1 July 2019		**43,048,343**	**(26,375,985)**	**(272,033)**	**3,541,048**	**19,941,373**
Total comprehensive loss for the 6 months ended						
Loss for the 6 months ended 31 December 2019		-	(910,044)	-	-	(910,044)
Other comprehensive loss		-	-	(267,894)	-	(267,894)
Total comprehensive loss for the 6 months ended		**-**	**(910,044)**	**(267,894)**	**-**	**(1,177,938)**
Transactions with owners in their capacity as owners						
Shares issued as part of placement		-	-	-	-	-
Shares issued to Directors and Employees	9	-	-	-	-	-
Warrants Issued		-	-	-	-	-
Share issue costs		-	-	-	-	-
Balance at 31 December 2019		**43,048,343**	**(27,286,029)**	**(539,927)**	**3,541,048**	**18,763,435**

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

Condensed Consolidated Statement of Cash Flows

for the half-year ended 30 June 2020

	6 months ended 30 June 2020 $	6 months ended 31 December 2019 $
Cash flows from operating activities		
Receipts from customers	393,720	1,093,580
Payments to suppliers and employees	(1,672,903)	(2,656,979)
Interest (paid) / received	801	649
Other income	-	-
Net cash outflow from operating activities	**(1,278,382)**	**(1,562,750)**
Cash flows from investing activities		
Purchase of plant and equipment	-	(1,362)
Payments for mine properties	(1,509,232)	-
Payments for exploration and evaluation expenditure	(203,603)	(101,427)
Net cash outflow from investing activities	**(1,712,835)**	**(102,789)**
Cash flows from financing activities		
Proceeds from share issue	-	-
Proceeds from exercise of options	-	-
Share issue costs	-	-
Net cash inflow from financing activities	**-**	**-**
Net increase / (decrease) in cash and cash equivalents	(2,991,217)	(1,665,539)
Cash and cash equivalents at beginning of period	8,057,934	9,499,814
Effect of exchange rate fluctuations on cash held	(728,042)	223,659
Cash and cash equivalents at the end of the period	**4,338,675**	**8,057,934**

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

This general purpose half-year financial report of Harvest Minerals Limited (the “Company”) and its subsidiaries (the “Group”) for the half-year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 30 October 2020.

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

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

Basis of Preparation

This financial report for the half-year ended 30 June 2020 has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 *Interim Financial Reporting,* Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”). Compliance with AASB 134 ensures compliance with IAS 134 *“Interim Financial Reporting”.* The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

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

It is recommended that the half-year financial statements be read in conjunction with the annual report for the six months year ended 31 December 2019 and considered together with any public announcements made by Harvest Minerals Limited during the half-year ended 30 June 2020 in accordance with the continuous disclosure obligations of the AIM market.

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

In order to ensure the Company’s reporting periods coincide with those of its industry peers, the Company elected to change its year-end from June 30 to December 31 resulting in the prior financial year of the Company being the six month period from 1 July 2019 to 31 December 2019. The six month period ended to 31 December 2019 has been used as the comparative for the half-year ended 30 June 2020.

New and amending Accounting Standards and Interpretations

In the half-year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for current reporting periods beginning on or after 1 January 2020. As a result of this review, no changes were necessary to Group accounting policies.

Significant Accounting Policies

Deferred Exploration and Evaluation Expenditure

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2020

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

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

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

Mine Properties

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2020

Stripping costs

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

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

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

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

Accordingly, the nature of the existing asset determines:

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

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

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

Revenue

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

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

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2020

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

Revenue is recognised either when the performance obligation in the contract has been performed, so ‘point in time’ recognition or ‘over time’ as control of the performance obligation is transferred to the customer.

For contracts with multiple components to be delivered such as fertiliser, management applies judgement to consider whether those promised goods and services are (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

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

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

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2020

Inventories

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

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

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

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

NOTE 2: SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves mining exploration processing and sale of fertiliser. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision 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. Revenue earned by the Group is generated in Brazil and all of the Group's non-current assets reside in Brazil.

The following table present revenue and loss information and certain asset and liability information regarding business segments for the half year ended 30 June 2020.

	Continuing operations		
	Australia	**Brazil**	**Consolidated**
30 June 2020	**$**	**$**	**$**
Segment revenue	-	299,449	299,449
Segment loss before income tax expense	(1,081,764)	(761,979)	(1,843,743)
30 June 2020			
Segment assets	**3,905,078**	**11,444,946**	**15,350,024**
Segment liabilities	**215,845**	**176,978**	**392,823**
Additions to non-current assets	-	1,712,835	1,712,835

	Continuing operations		
	Australia	**Brazil**	**Consolidated**
31 December 2019	**$**	**$**	**$**
Segment revenue	-	1,443,281	1,443,281
Segment loss before income tax expense	(795,171)	(114,873)	(910,044)
31 December 2019			
Segment assets	**8,017,479**	**10,962,762**	**18,980,241**
Segment liabilities	**114,645**	**102,161**	**216,806**
Additions to non-current assets	-	102,789	102,789

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2020

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	6 months to 30 June 2020 $	6 months to 31 December 2019 $
Fertiliser	299,449	1,443,281
Total revenue	**299,449**	**1,443,281**

NOTE 4: COST OF GOODS SOLD

	6 months to 30 June 2020 $	6 months to 31 December 2019 $
Mine operating costs	54,843	667,587
Net smelter return	5,751	-
Royalty expense	5,840	24,778
Depreciation and amortisation	119,534	120,889
Total cost of goods sold	**185,968**	**813,254**

NOTE 5: TRADE AND OTHER RECEIVABLES

	6 months to 30 June 2020 $	6 months to 31 December 2019 $
Trade debtors[1]	1,207,174	1,685,515
Prepayments	6,593	46,099
Cash advances	280,801	63,350
Refundable security deposit	18,381	40,146
GST receivable	6,843	7,899
Other receivables	5,450	13,280
Total trade and other receivables	**1,525,242**	**1,856,289**

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

[1] included in the debtors balance as at 30 June 2020 is an amount receivable of $684,955 from a third party, Agrocerrado Produtos Agricolas. In September 2020, the Company instigated legal proceedings to recover the debt. On 25 September 2020, the Tribunal de Justiça do Estado de Minas Gerais issued judgment against Agrocerrado Produtos Agricolas for the full amount of the debt plus costs. The Company is now taking steps to enforce the judgment. The Company considers the amount to be fully recoverable and as such, no impairment has been made.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2020

NOTE 6: MINE PROPERTIES

	6 months to 30 June 2020 $	6 months to 31 December 2019 $
At beginning of the period	3,774,444	3,926,179
Additions for the period	1,509,232	-
Amortisation change for the period	(10,016)	(33,956)
Net exchange difference on translation	(861,488)	(117,779)
Balance at the end of the period	**4,412,172**	**3,774,444**

NOTE 7: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	6 months to 30 June 2020 $	6 months to 31 December 2019 $
Exploration and evaluation phase:		
At beginning of the period	4,116,578	4,022,593
Acquisition of Sergi Potash Project[1]	200,000	100,000
Exploration expenditure during the period	3,603	1,427
Net exchange differences on translation	(43,211)	(7,442)
Balance at the end of the period	**4,276,970**	**4,116,578**

[1] As announced on the AIM on 20 April 2015 Harvest acquired a 100% interest in the Sergi Potash Project in 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, is a payment of $200,000 cash on 13 February 2020.

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.

NOTE 8: TRADE AND OTHER PAYABLES

	30 June 2020 $	31 December 2019 $
Trade payables	123,016	103,623
Accruals	194,753	57,649
Other payables	20,650	23,486
	338,419	**184,758**

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.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2020

NOTE 9: ISSUED CAPITAL

	30 June 2020 $	30 December 2019 $
Issued and paid up capital		
Issued and fully paid	**43,048,343**	**43,048,343**

	6 months to 30 June 2020		6 months year ended 31 December 2019	
	No.	**$**	**No.**	**$**
Movements in ordinary shares on issue				
Opening balance	185,835,884	43,048,343	185,835,884	43,048,343
	185,835,884	**43,048,343**	**185,835,884**	**43,048,343**
Share issue costs	-	-	-	-
Closing balance	**185,835,884**	**43,048,343**	**185,835,884**	**43,048,343**

NOTE 10: PLANT AND EQUIPMENT

During the period under review, the Company continued with production to generate sales through its operating mine. The acquisitions of plant and equipment totalled $nil (6 months to 31 December 2019: $1,362).

NOTE 11: DIVIDENDS

No dividends have been paid or provided for during the half-year (6 months to 31 December 2019: $nil).

NOTE 12: CONTINGENT LIABILITIES AND COMMITMENTS

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

NOTE 13: SUBSEQUENT EVENTS

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

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 5 to 16, are in accordance with the *Corporations Act 2001,* including:

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

    b. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date.

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

Brian McMaster
Executive Chairman
30 October 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Report on the Condensed Half-Year Financial Report

Qualified conclusion

We have reviewed the accompanying half-year financial report of Harvest Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, we have not become aware of any matter that makes us believe that the half-year financial report of Harvest Minerals Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for qualified conclusion

As disclosed in Note 5 to the financial statements, included in the trade and other receivables balance as at 30 June 2020 is an amount receivable of $684,955 from a third party, Agrocerrado Produtos Agricolas. In September 2020, the Company instigated legal proceedings to recover the debt. We have, however, been unable to obtain sufficient appropriate audit evidence to conclude on the recoverability of the receivable and whether any impairment loss on the receivable is appropriate. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the accompanying financial statements for the half-year ended 30 June 2020.

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

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

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 October 2020

Norman Glad

N G Neill
Partner