



HARVEST MINERALS LIMITED

ABN 12 143 303 388

Financial Report

For the year ended 31 December 2022

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## CORPORATE DIRECTORY

### Directors

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

### Company Secretary

Mr Jack James

### Share Registry

Computershare Investor Services plc  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
Telephone: +44 (0)370 702 0000

### Auditors

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

### Nominated & Financial Adviser

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

### Broker

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

### Registered Office

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

The Directors present their report for Harvest Minerals Limited ('Harvest' or 'the Company') and its subsidiaries ('the Group') for the year ended 31 December 2022.

## DIRECTORS

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

### Mr Brian McMaster - Executive Chairman

Mr McMaster is a Chartered Accountant and has over 26 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 Kingdom, South America, Asia and the United States.

Mr McMaster is currently a director AIM quoted Jangada Mines Plc (appointed 30 June 2015) and AIM quoted Arc Minerals Limited (1 August 2017). Mr McMaster was a director of Contango Holdings Plc (appointed 26 October 2017, resigned 31 May 2020) and Valor Resources Ltd (appointed 10 January 2017, resigned 6 October 2022). 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 Master 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 based in Rio de Janeiro, Brazil and is a Brazilian citizen.

Mr Azevedo is currently a director of TSX-V listed Aranjin Resources Limited (appointed 20 April 2017), AIM quoted Jangada Mines plc (appointed 5 May 2017), TSX listed company Talon Metals Corp (appointed 5 April 2005), TSX-V listed Bravo Mining Corp. (appointed 17 January 2022) and Over The Counter exchange traded Brazil Minerals Inc (appointed 1 January 2014). He has not held any other listed directorships in the past three years.

### Mr Jack James - Non-Executive Director & Company Secretary

Mr James was appointed as a Non-Executive Director on 3 July 2017. He is a Chartered Accountant and holds a Bachelor of Business from the Queensland University of Technology. Mr James has over 20 years' experience in chartered accounting specialising in corporate advisory and reconstruction. Mr James provides accounting, secretarial and advisory advice to private and public companies, government and other stakeholders.

Mr James holds no other current listed directorships. He has not held any other listed directorships in the past three years.

### Mr Alex Penha - Non-Executive Director

Mr. Penha has circa 20 years of experience in capital markets focused on junior mining companies. He has played key roles with both private and publicly traded companies, executing equity raises, implementing listing transactions, and developing corporate and M&A strategies. Mr Penha is currently an officer of TSX-V listed Bravo Mining Corp. and serves in the role of EVP Corporate Development. Past roles include CFO with GK Resources Ltd., Founder and VP Corporate Development with Rio Verde Minerals Development Corp., Mr Penha holds no other current listed directorships and has not held any other listed directorships in the past three years.

**DIRECTORS' MEETINGS**

During the year ended 31 December 2022 the number of meetings of Directors held and the number of meetings attended by each Director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr Brian McMaster	4	4
Mr Luis Azevedo	4	4
Mr Jack James	4	4
Mr Alex Penha	4	4

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

**REMUNERATION REPORT (AUDITED)**

This report outlines the remuneration arrangements in place for Key Management Personnel 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 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 of the Group, and includes the Directors 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
- Service agreements
- Details of remuneration
- Share-based compensation
- Additional disclosures relating to Key Management Personnel

**Principles used to determine the nature and amount of remuneration**

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Group has no policy on Executives and Directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The table below shows the performance of the Group as measured by earnings/(loss) per share since 2019:

As at	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	30 Jun 2019
Earnings/(loss) per share (cents)	0.11	(2.24)	(1.79)	(0.49)	(1.86)

**Service Agreements***Executive Director Remuneration*

The executive chairman and executive director are both paid an annual fee monthly under respective service agreements with the Company. Employment under each agreement continues unless validly terminated in accordance with the agreement. Services may be terminated by either party at any time with 12 months written notice and there are no termination payments provided under the agreement.

*Non-Executive Director Remuneration*

The non-executive directors are paid an annual fee monthly under respective service agreements with the Company. Their services may be terminated by either party at any time with 3 month's written notice and there are no termination payments provided under the agreements.

**Details of Remuneration**

The Key Management Personnel of the Group consisted of the following directors of the Company.

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

Details of the remuneration of the Key Management Personnel of the Group are set out in the following tables.

31 December 2022	Short term			Shares	Post employment	Total	Performance Related %
	Base Salary \$	Directors' Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$		
<b>Director</b>							
Mr McMaster	-	-	471,266	-	-	471,266	-
Mr Azevedo	-	228,268	-	-	-	228,268	-
Mr James	-	60,000	-	-	-	60,000	-
Mr Penha	-	26,954	-	-	-	26,954	-
	-	315,222	471,266	-	-	786,488	-

31 December 2021	Short term			Shares	Post employment	Total	Performance Related %
	Base Salary \$	Directors' Fees \$	Consulting Fees \$	Share based Payments \$	Superannuation \$		
<b>Director</b>							
Mr McMaster	-	-	481,506	-	-	481,506	-
Mr Azevedo	-	222,916	-	-	-	222,916	-
Mr James	-	60,000	-	-	-	60,000	-
Mr Penha	-	13,185	-	-	-	13,185	-
	-	296,101	481,506	-	-	777,607	-

Refer to note 24 in the Financial Statements for further information on Related Party Disclosures.

**Share-Based Compensation***Issue of shares*

There were no shares issued to Key Management Personnel during the period ended 31 December 2022.

*Options*

There were no options issued to Key Management Personnel during the period ended 31 December 2022.

**Additional disclosures relating to Key Management Personnel***Shareholdings*

The number of shares in the Company held during the year ended 31 December 2022 by each Director, including their related parties, is set out below.

	Balance at the start of the period	On appointment to the Board during the period	Balance on resignation from the Board	Purchased during the period	Granted relating to performance conditions	Balance at the end of the period
Mr McMaster	7,242,996	-	-	-	-	7,242,996
Mr Azevedo	1,645,135	-	-	-	-	1,645,135
Mr James	-	-	-	-	-	-
Mr Penha	-	-	-	-	-	-

*Other transactions with Key Management Personnel*

Garrison Capital (UK) Limited, a company in which Mr McMaster is a director, provided the Company with management services including IT and administrative support totalling \$nil (31 December 2021: \$22,457). \$nil (31 December 2021: \$nil) was outstanding at year end.

FFA Legal Ltd, a company in which Mr Azevedo is a director, provided the Group with legal and accounting services in Brazil totalling \$237,225 (31 December 2021: \$272,663). \$nil (31 December 2021: \$nil) was outstanding at year end.

Palisade Business Consulting Pty Ltd, a company in which Mr James is a director and shareholder, provided the Company with accounting and company secretarial services and provided a serviced office. Fees for Mr James' services as a director and company secretary are paid into this company. Fees received by Palisade Business Consulting totalled \$186,000 (31 December 2021: \$202,324), which includes \$60,000 (31 December 2021: \$60,000) of directors' fees. \$nil (31 December 2021: \$nil) was outstanding at year end.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**END OF REMUNERATION REPORT****AUDIT COMMITTEE REPORT**

The Board has formally adopted an Audit and Risk Committee Charter but given the present size of the Company, has not formed a separate Audit & Risk Committee. Instead, the function of the Committee has, to date, been largely undertaken by certain members of the Board in accordance with the policies and procedures outlined in the Audit and Risk Committee Charter. At such time when the Company is of sufficient size a separate Audit and Risk Committee will be formed.

During the year ended 31 December 2022, the full Board discharged its responsibilities in respect to the Audit and Risk Committee Charter by reviewing the Company's draft financial statements and interim results statement prior to board approval and reviewing the external auditor's detailed reports thereon while Brian McMaster and Jack James, acting as a sub-committee of the Board, have:

- reviewed the appropriateness of the Company's accounting policies;
- reviewed regularly the potential impact in the Company's financial statements of certain matters;
- reviewed and approved the audit fee and reviewed non-audit fees payable to the Company's external auditors. No non-audit fees were paid to the Company's external auditors during the period ended 31 December 2022; and
- liaised with the external auditors for the audit of the Company's accounts, which included discussion of key areas of audit focus, key risks on the accounts, confirmations of auditor independence and the proposed audit fee and approving the terms of engagement for the audit.

Under its terms of reference, the Board monitors the integrity of the Company's financial statements and any formal announcements relating to the Company's financial performance, reviewing any significant financial reporting judgements contained in them.

The Board is responsible for monitoring the external auditor's independence and objectivity, the effectiveness of the external audit process and the appointment, reappointment and remuneration of the external auditor. It is responsible for ensuring that an appropriate relationship between the Company and the external auditors is maintained, including reviewing non-audit services and fees.

The Board keeps under informal review, the need for the Company to have an internal audit function. Due to the size of the Company, the Board does not currently consider it appropriate for the Company to have an internal audit function.

## RESULTS OF OPERATIONS

The Group made a maiden net profit after taxation for the year ended 31 December 2022 of \$197,797 (31 December 2021: loss of \$4,168,072), which included non-cash expenses. The following is a reconciliation from net profit to earnings, before interest, taxations, depreciation, and amortisation (EBITDA) and adjusted EBITDA:

	<b>31 December 2022 \$'m</b>	<b>31 December 2021 \$'m</b>
<b>Net Profit / (Loss)</b>	0.2	(4.2)
Interest	0.1	-
Tax	0.3	-
Depreciation	0.4	0.2
Amortisation	0.4	0.1
<b>EBITDA</b>	<b>1.4</b>	<b>(3.9)</b>
Impairment – trade receivables	0.5	3.3
Impairment – capitalised exploration	0.6	0.6
<b>Adjusted EBITDA</b>	<b>2.5</b>	<b>0.0</b>

The net assets of the Group at 31 December 2022 were \$9,713,742 (31 December 2021: \$8,612,280) and its cash position was \$2,723,509 (31 December 2021: \$1,708,001).

## DIVIDENDS

No dividend was paid or declared by the Company in the year ended to 31 December 2022 and up to the date of this report. The Board continues to review its dividend policy and expects over time to return cash to shareholders through a combination of dividends and share buybacks as profitability allows.

## CORPORATE STRUCTURE

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



**NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES**

During the financial year, the principal activity of the Group was mineral exploration and production of organic natural fertiliser at its Arapua Fertiliser Project. The Group currently holds mining and agricultural related projects in Brazil.

**REVIEW OF OPERATIONS*****Arapua Fertiliser Project (Arapua)***

Arapua is the Company's principal business unit and currently its sole source of revenue. The Company's focus during the year, and in prior years, has been developing Arapua and progressing it to commercial production and revenue generation. 2022 saw operations accelerate at Arapua resulting in total sales of 150,000 tonnes of its organic fertilizer, KP Fétil®, which included 33,000 tonnes of advanced sales that had been invoiced but did not meet the definition of revenue in the year under accounting standards. This revenue will be accounted for in 2023. Accordingly, a total sales volume of 117,000 tonnes of KP Fétil® has been recorded for the year an increase of 38% on the 85,030 tonnes sold in 2021, and more than double the 54,115 tonnes sold in 2020. This sales performance represents a 29% CAGR (Compound Annual Growth Rate) over the last three years.

Over the course of 2022, Harvest continued to receive positive agronomic results proving the effectiveness of KP Fétil®. The agronomical tests are a critical component in the growth of the Company's product development and market outreach. One key accomplishment was the completion and positive outcome of the long-term agronomical tests in coffee cultivation, which started in 2017, using KP Fétil® as a source of potassium ('K') and phosphate ('P') for coffee plants. 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. The results confirmed that KP Fétil® can and should be used to replace conventional fertilisers as a source of potassium and phosphate. It showed that superior results in coffee are enhanced when used in association with coffee compost (coffee straw), increasing the value of the coffee produced by increasing the proportion of the larger coffee cherries and yield.

Agronomic tests using KP Fétil® have also returned superior yield performance in sugarcane plantation areas compared to the more traditional and widely used reactive phosphate fertiliser. Likewise, superior yield performance has been achieved in carrot crops when compared to the current widely used standard application. These results, among other proven positive tests in other cultures, reinforce the versatility of Harvest's product and its wide application optionality and are instrumental for the Company's commercial team in increasing its client portfolio.

In recognition of the importance of ongoing agronomic test work and the sales support from demonstration plots, throughout 2022 the Company continued to develop and sponsor its own in-house fieldwork and test farm initiatives, which have proven to be extremely popular with customers.

***Miriri Phosphate Project***

During 2022, the Company made the decision to not proceed with the Project because both the geological and economic merits did not reach Harvest's minimum investment criteria. Specifically, Harvest concluded that a direct shipping operation would not be possible as the majority of the ore is at depth and the extraction of the ore and corresponding over burden rendered the Project relatively uneconomic.

Accordingly, Harvest has terminated its agreement with the Vendors (as defined in the Company's 29 November 2021 RNS) and relinquished its interest in the Project. No further payments are due to the Vendors.

***Corporate Activity******Issue of Shares***

During the year, the Company issued 3,333,333 shares to vendors of the Miriri Project which was acquired in the prior year.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the period, other than as set out in this report.

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

There have been no significant events subsequent to the balance date.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

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

**ENVIRONMENTAL REGULATIONS AND PERFORMANCE**

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

**SHARES UNDER OPTIONS AND WARRANTS**

No option or warrant holder has any right under the options to participate in any other share issue of the Company or any other entity. No other options or warrants were exercised during or since the end of the financial year.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the *Corporations Act 2001*. The indemnification specifically excludes wilful acts of negligence.

**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.

**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 support and have adhered to the principles of sound corporate governance. The Board has during the financial year recognised the recommendations of the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') and considers that it has complied with those guidelines to the extent possible.

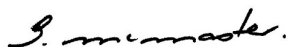
**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the *Corporations Act 2001* requires the Company's auditors to provide the Directors with an Independence Declaration in relation to the audit of the full year financial report. A copy of that declaration is included on page 44 of the Annual Report.

**NON-AUDIT SERVICES**

The Company did not engage their auditors to perform any non-audit related services during the year.

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



**Brian McMaster**  
Chairman  
30 June 2023

### **Competent Person Statement**

*The technical information in this report is based on compiled and reviewed data by Mr Paulo Brito BSc(geol), MAusIMM, MAIG. Mr Brito is a consulting geologist for Harvest Minerals Limited and is a Member of AusIMM – The Minerals Institute, as well as a Member of Australian Institute of Geoscientists. Mr Brito has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Brito 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.*

**STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE****Chairman's Corporate Governance Statement**

The Board of the Company, which is responsible for the direction and oversight of its activities, believes that a sound corporate governance policy, involving a transparent set of procedures and practices, is essential to the Company's success both in the medium and long term. It has therefore adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as its benchmark for governance matters. The application of these policies enables key decisions to be made by the Board as a whole, and for the Company to function in a manner that takes into account all stakeholders in the Company, including employees, suppliers and business partners.

My role as Executive Chairman effectively combines the roles of chairman and chief executive although, in practise, much of the day-to-day running of the Company's operations is delegated to key executives who are not directors of the Company. Whilst this does not satisfy the QCA statement that the "chair must have adequate separation from the day-to-day business to be able to make independent decisions", this reflects both the entrepreneurial nature and relatively early stage of development of the Company and its business and the continued combination of the two roles will be reviewed as the business develops further.

The Board of Directors currently comprises an Executive Chairman, one other executive director and two non-executive directors. It is the main decision-making body of the Company, being responsible for: a) the overall direction and strategy of the Company; b) monitoring performance; c) understanding risk, and d) reviewing controls. It is collectively responsible for the success of the Company. The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

Due to the relatively small size and scale of the Company and its Board, the Directors do not consider it appropriate to appoint a Senior Independent Director and the Company does not operate Audit, Remuneration or Nomination Committees, choosing instead to carry out these functions as a Board.

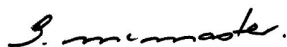
Jack James, a non-executive director of the Company, is also employed as its Company Secretary and assists with the preparation of its accounts. The Board considers that this does not impair his judgement as an independent director of the Company.

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage of its development in accordance with general market practice.

The Board maintains a regular dialogue with Strand Hanson, its nominated adviser, and obtains legal, financial and other professional advice as required to ensure compliance with the AIM Rules and other governance requirements.

We continue to review our approach to governance and how the views of stakeholders are represented in our oversight of the business.

The Company's corporate governance policies and procedures will continue to be reviewed regularly and may change further as its business develops and in response to further regulatory and other relevant guidance.



**Brian McMaster**  
Executive Chairman  
30 June 2023

**Adoption of the QCA Corporate Governance Code**

As a company quoted on AIM, Harvest is required to comply with a recognised corporate governance code. At this stage of its development, the Board believes it appropriate for Harvest to adopt the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), which is specifically designed for growing companies.

This report summarises how Harvest currently complies with each of the ten core principles of the QCA Code. Harvest will report further on compliance with the QCA Code on an annual basis.

**Principle 1: Establish a strategy and business model which promote long-term value for shareholders**

Harvest has a clearly articulated strategy and business plan as a South American focussed natural fertiliser company.

Our business model has been to discover and develop fertiliser and agriproduct projects which are simple to operate with low technical risk. With our existing Arapua fertiliser project in production and generating revenue, we are focused on growing sales and further increasing revenue generation. Whilst we have reduced technical risk as far as possible, the key challenge is in growing sales, and this is being actively addressed through cost effective investment in our sales channels.

**Principle 2: Seek to understand and meet shareholder needs and expectations**

The Board considers that good communication with shareholders, based on the mutual understanding of objectives, is important. In addition to the information included in the Company's annual and interim reports and required public announcements, there is regular dialogue between the Board and senior management and shareholders including regular presentations to investors, including one-to-one meetings with major shareholders in addition to specific meetings with shareholders relating to major transactions.

An up to date information flow is also maintained on the Company's website ([www.harvestminerals.net](http://www.harvestminerals.net)) which contains all press announcements and financial reports as well as operational information on the Company's activities.

The Board also encourages shareholders to attend the Annual General Meeting, at which members of the Board are available to answer questions and present a summary of the year's activity and the corporate outlook for the Company.

**Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board believes that long-term success relies upon good relations with a range of different stakeholder groups, both internal and external. Most importantly, however, we act with respect for people, communities and the environment.

As part of our business model, we identify the relationships on which the Company relies, including suppliers, customers, partners and other stakeholders, and seek to maintain and improve these relationships in a number of ways. We regularly seek to obtain, and take action on, feedback from our employees, our suppliers and other parties with whom we transact, as to how we can best maintain and improve our dealings with each other.

**Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation***Financial controls*

The Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company including treasury, tax and dividend policy. Budgeting and planning is undertaken by management in conjunction with the Executive Chairman.

*Non-financial controls*

The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to the Company's plan. The Board has ultimate responsibility for the Company's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Company. The principal elements of the Company's internal control system include:

- Close management of the day-to-day activities of the Company by the Executive Directors;
- A forecast budget that will be used to track actual performance on a regular basis, included detailed periodic reporting of performance against budget; and
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Company continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available.

Other areas that will be subject to ongoing review as the Company grows will include regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity).

Risk management policies

As part of its Corporate Governance Plan, the Company has a number of policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Corporate Code of Conduct
- Share Dealing Code / Trading Policy
- Shareholder Communications Strategy
- Audit and Risk Committee Charter
- Risk Management Processes
- Anti-Bribery Policy

Roles and responsibilities

The risk management and other policies listed above describe the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the risk management policies and for satisfying itself that the Company has a sound system of risk management and internal control that is operating effectively.

The risk management and other policies will be reviewed annually.

**Principle 5: Maintain the board as a well-functioning, balanced team led by the chair**

The Board of Directors currently comprises an Executive Chairman, one executive director and two non-executive directors. All directors retire by rotation with at least one third submitting themselves for re-election each year at the Company's Annual General Meeting.

Executive directors of the Company are required to work such hours as are required to fulfil their obligations to the Company and have service contracts with a 12-month notice period. They are not precluded from having other outside business commitments.

The non-executive directors have a letter of appointment with a 3-month notice period and are required to be available to attend Board meetings and to deal with both regular and ad hoc matters. Their letters of appointment provide no indicative time commitment, but they are required to devote sufficient time as may reasonably be necessary for the proper performance of their duties.

The Board considers that the non-executive directors are independent in character and judgement.

The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

During the year ended 31 December 2022, the number of Board meetings held and those attended by each Director were as follows:

<i>Director</i>	<i>No. of Board meetings eligible to attend</i>	<i>No. of Board meetings attended</i>
Brian McMaster	4	4
Luis Azevedo	4	4
Jack James	4	4
Alex Penha	4	4

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

**Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities***Experience and capabilities*

The Board is satisfied that, between its Directors, it has an effective balance of skills and experience including technical and commercial mining industry knowledge and expertise and experience in sales, operations, performance improvement, finance, commercial law and capital markets. Each Board member brings a mix of different capabilities which blend well into a successful and effective team.

Board members maintain their skillsets through practice in day-to-day roles enhanced with continuing professional development and specific training where required.

Biographies for each Board member are published on the Company's website and in the Directors' Report.

*Internal Advisory Responsibilities*

Due to the relatively small size and scale of the Company and its Board, the Directors do not consider it appropriate to appoint a Senior Independent Director.

All Directors have access to the advice and services provided by the Company Secretary whose appointment and removal is a matter reserved for the Board. Jack James, a non-executive director of the Company, fulfils the role of Company Secretary by, amongst other things, carrying out the following functions:

- preparing board packs, agendas and minutes and facilitating the flow of Board information between senior executives and non-executive Directors;
- implementing Board policies and procedures;
- liaising with the Company's nominated adviser and other professional advisers;
- advising the Board, on corporate governance matters, the application of the Company's Constitution, and other applicable laws; and
- inducting new Directors.

The Board maintains a regular dialogue with Strand Hanson, its nominated adviser, and obtains legal, financial and other professional advice as required to ensure compliance with the AIM Rules and other governance requirements.

#### **Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage of its development in accordance with general market practice.

Given its relatively small size, the Company has no formal succession planning process in place. Recommendations for Board-level and other senior appointments are put to the Board for approval by the Executive Chairman.

#### **Principle 8: Promote a corporate culture that is based on ethical values and behaviours**

The Board also believes that a healthy corporate culture both protects and generates value for the Company. We therefore seek to operate within a corporate culture that is based on sound ethical values and behaviours. We do this using certain rule-based procedures (such as our formal Corporate Code of Conduct) and, more importantly, by the behavioural example of individual Board members and senior managers. These values, which we seek to instil throughout the Company, include integrity, respect, honesty and transparency. As a small company, these characteristics are far more visible to staff than might otherwise be the case. We also hold internal meetings at which Directors and staff discuss matters, both formally and informally.

The Company operates a well-defined organisation structure through which we seek to determine that these ethical values and behaviours are recognised and respected, in addition to which every employee is aware of our established whistleblowing procedures.

#### **Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

##### *The Board*

The Board is responsible for the long-term performance of the Company. There is a formal schedule of matters specifically reserved for the Board, in addition to the formal matters required to be considered by the Board under the Corporations Act. This list includes matters relating to: a) appointing executive directors and determining their remuneration; b) determining strategy and policy; c) reviewing and ratifying risk management and compliance systems and controls; d) approving major capital expenditure, acquisitions and disposals; e) approving and monitoring budgets and the integrity of financial reporting; f) approving interim and annual financial reports; g) approving significant changes to the organizational structure; h) approving any issues of shares or other securities; i) ensuring high standards of corporate governance and regulatory compliance; j) the appointment of the Company's auditors.



The Executive Chairman's role involves both the leadership of the Board (including responsibility for the establishment of sound corporate governance principles and practices) and leading the Company's executive management team in the execution of its strategy. He also plays a pivotal role in developing and reviewing the strategy in consultation with the Board.

Notwithstanding the QCA Code's recommendation that the role of Chairman and Chief Executive are not combined, Harvest's use of an Executive Chairman reflects both the entrepreneurial nature and early stage of development of its business. The Board anticipates that the continued combination of the two roles will be reviewed as the business develops further.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the Board, making operational and financial decisions required in day-to-day operations, providing executive leadership to managers, championing the Company's core values and promoting talent management.

The Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge and are tasked with scrutinising the performance of management, providing constructive challenge to the executive directors and ensuring that the Company is operating within the governance and risk framework approved by the Board.

#### *Board Committees*

The Company's Board Charter requires it to establish Audit, Remuneration and Nomination Committees to assist the Board in fulfilling its duties once the Board has determined that it is of a sufficient size and structure. At present, the Board believes that, due to the relatively small size of the Company, its Board and operational business, such committees are not yet required. These functions are therefore currently carried out by the Board:

- Financial statements are prepared with assistance from the Company Secretary (also a non-executive director of the Company) and are reviewed by the Executive Chairman before being approved by the Board as a whole. Due to the current, relatively small size of the business, it is not considered appropriate to have an internal audit function.
- Remuneration for both executive and non-executive directors is determined by the Board save that no Director is involved in deciding their own remuneration.
- Given its relatively small size, the Company has no formal succession planning process in place. Recommendations for Board-level and other senior appointments are put to the Board for approval by the Executive Chairman.

#### *Evolution of the Corporate Governance Framework*

The Company's corporate governance policies and procedures will continue to be reviewed regularly and may change further as its business develops and in response to further regulatory and other relevant guidance.

#### **Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Company communicates with shareholders through its annual report and accounts, half year reports, quarterly trading updates, its annual general meeting, live investor presentation, and one-to-one meetings with certain existing and potential new shareholders.

The Company's website includes the outcomes of shareholder votes cast at the Annual General Meeting and historic annual accounts, half-year reports and AGM notices.

In formally adopting the QCA Code as its corporate governance framework, the Board has reviewed all aspects of compliance and has taken action to improve disclosures in its annual report and accounts and on its website.

# Harvest Minerals Limited

## Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	Consolidated	
		Year ended 31 December 2022 \$	Year ended 31 December 2021 \$
Revenue from fertiliser sales	4	8,625,474	4,860,679
Cost of goods sold	5	(2,866,298)	(1,267,798)
<b>Gross profit</b>		<b>5,759,176</b>	<b>3,592,881</b>
Interest income		42,865	14,287
Other income		564	2,706
Profit on sale of motor vehicle		8,185	-
Foreign exchange gain		(52,252)	112,031
Accounting and audit fees		(205,341)	(178,392)
Advertising fees		(300,072)	(316,054)
Consultants fees		(105,693)	(108,102)
Directors fees		(771,774)	(772,322)
Depreciation		(139,176)	(26,113)
Legal fees		(32,712)	(5,508)
Wages & Salaries		(1,029,084)	(490,052)
Interest expense		(144,190)	(8,588)
Public company costs		(216,438)	(216,009)
Rent and outgoing expenses		-	(750)
Travel expenses		(620,282)	(692,064)
Other expenses	6	(658,438)	(1,157,761)
Impairment trade receivable expense	9	(553,154)	(600,817)
Impairment exploration expense	14	(509,604)	(3,317,445)
<b>Profit / (loss) from continuing operations before income tax</b>		<b>472,580</b>	<b>(4,168,072)</b>
Income tax expense	7	(274,783)	-
<b>Profit / (loss) from continuing operations after income tax</b>		<b>197,797</b>	<b>(4,168,072)</b>
<b>Net profit / (loss) for the year</b>		<b>197,797</b>	<b>(4,168,072)</b>
<b>Other comprehensive income / (loss)</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		903,665	(543,680)
<b>Other comprehensive income / (loss) for the year</b>		<b>903,665</b>	<b>(543,680)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>1,101,462</b>	<b>(4,711,752)</b>
Basic and diluted earnings / (loss) per share (cents per share)	25	0.11	(2.24)

*The accompanying notes form part of this annual financial report.*

# Harvest Minerals Limited

## Consolidated Statement of Financial Position

as at 31 December 2022

	Notes	Consolidated	
		31 December 2022	31 December 2021
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	2,723,509	1,708,001
Trade and other receivables	9	514,724	1,909,730
Inventories	10	195,882	63,129
<b>TOTAL CURRENT ASSETS</b>		<b>3,434,115</b>	<b>3,680,860</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	9	320,025	281,698
Plant and equipment	12	2,891,499	1,111,314
Mine properties	13	4,055,486	3,691,160
Deferred exploration and evaluation expenditure	14	48,118	454,462
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,315,128</b>	<b>5,538,634</b>
<b>TOTAL ASSETS</b>		<b>10,749,243</b>	<b>9,219,494</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	513,389	278,696
Borrowings	16	53,270	51,567
<b>TOTAL CURRENT LIABILITIES</b>		<b>566,659</b>	<b>330,263</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for rehabilitation	17	276,435	74,983
Borrowings	16	192,407	201,968
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>468,842</b>	<b>276,951</b>
<b>TOTAL LIABILITIES</b>		<b>1,035,501</b>	<b>607,214</b>
<b>NET ASSETS</b>		<b>9,713,742</b>	<b>8,612,280</b>
<b>EQUITY</b>			
Contributed equity	18	43,328,219	43,328,219
Reserves	19	962,411	58,746
Accumulated losses	20	(34,576,888)	(34,774,685)
<b>TOTAL EQUITY</b>		<b>9,713,742</b>	<b>8,612,280</b>

*The accompanying notes form part of this annual financial report.*

## Harvest Minerals Limited

### Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Contributed equity \$	Accumulated losses \$	Foreign currency translation reserve \$	Option reserve \$	Total \$
<b>Balance as at 1 January 2022</b>	<b>43,328,219</b>	<b>(34,774,685)</b>	<b>(3,482,302)</b>	<b>3,541,048</b>	<b>8,612,280</b>
<b>Total comprehensive loss for the year</b>					
Profit for the year	-	197,797	-	-	197,797
Other comprehensive income	-	-	903,665	-	903,665
<b>Total comprehensive income</b>	<b>-</b>	<b>197,797</b>	<b>903,665</b>	<b>-</b>	<b>1,101,462</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares to be issued as part of acquisition	-	-	-	-	-
<b>At 31 December 2022</b>	<b>43,328,219</b>	<b>(34,576,888)</b>	<b>(2,578,637)</b>	<b>3,541,048</b>	<b>9,713,742</b>
<b>Balance as at 1 January 2021</b>	<b>43,048,343</b>	<b>(30,606,613)</b>	<b>(2,938,622)</b>	<b>3,541,048</b>	<b>13,044,156</b>
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	(4,168,072)	-	-	(4,168,072)
Other comprehensive loss	-	-	(543,680)	-	(543,680)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(4,168,072)</b>	<b>(543,680)</b>	<b>-</b>	<b>(4,711,752)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares to be issued as part of acquisition	279,876	-	-	-	279,876
<b>At 31 December 2021</b>	<b>43,328,219</b>	<b>(34,774,685)</b>	<b>(3,482,302)</b>	<b>3,541,048</b>	<b>8,612,280</b>

*The accompanying notes form part of this annual financial report.*

## Harvest Minerals Limited

### Consolidated Statement of Cash Flows

for the year ended 31 December 2022

		Consolidated	
	Notes	Year ended 31 December 2022	Year ended 31 December 2021
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		9,005,869	3,628,268
Payments to suppliers and employees		(6,422,528)	(4,454,154)
Interest (paid) / received		(101,325)	5,699
<b>NET CASH PROVIDED/(USED) IN OPERATING ACTIVITIES</b>	<b>8</b>	<b>2,482,016</b>	<b>(820,187)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of project		-	(174,119)
Purchase of plant and equipment		(2,035,861)	(332,217)
Proceeds from sale of motor vehicle		8,185	-
Payments for mine properties		-	(187,023)
Payments for exploration and evaluation expenditure		(40,147)	(2,433)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(2,067,823)</b>	<b>(695,792)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	16	1,274,816	253,535
Repayment of borrowings	16	(1,349,394)	-
<b>NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>		<b>(74,578)</b>	<b>253,535</b>
Net increase/(decrease) in cash held		339,615	(1,262,444)
Cash and cash equivalents at beginning of year		1,708,001	2,992,727
Effect of exchange rate fluctuations on cash held		675,893	(22,282)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>8</b>	<b>2,723,509</b>	<b>1,708,001</b>

*The accompanying notes form part of this annual financial report.*

**NOTE 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 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 30 June 2023.

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

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The presentation currency is Australian dollars.

**Going Concern**

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

**(b) Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

**(c) Compliance statement**

The financial report complies with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures compliance with International Financial Reporting Standards (IFRS).

**(d) Changes in accounting policies and disclosures**

During the year ended 31 December 2022, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for current reporting periods beginning on or after 1 January 2022. In the year ended 31 December 2022, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for the current reporting period. There was no material impact on the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 31 December 2022. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group’s business and, therefore, no change is necessary to the Group accounting policies.

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

**(e) 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 against the cost proportional to the depletion of the proven and probable mineral reserves. The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

The Group provides for environmental restoration and rehabilitation at site which includes any costs to dismantle and remove certain items of plant and equipment. The cost of an item includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs when an item is acquired or as a consequence of having used the item during that period.

This asset is depreciated on the basis of the current estimate of the useful life of the asset. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets the Group is also required to recognise as a provision the best estimate of the present value of expenditure required to settle this obligation. The present value of estimated future cash flows is measured using a current market discount rate.

**Stripping costs**

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

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

- 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.

**(f) Revenue**

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

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

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

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

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

For contracts with multiple components to be delivered such as fertiliser, management applies judgement to consider whether 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 overtime 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.

#### **(g) 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.

#### **(h) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of Harvest Minerals Limited and its subsidiaries as at 31 December 2022, and the prior year to 31 December 2021.

Subsidiaries are all those 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.

**(i) Foreign Currency Translation***(i) Functional and presentation currency*

Items included in the financial statements of each of the Company's controlled entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Harvest Minerals Limited is Australian dollars. The functional currency of the overseas subsidiaries is Brazilian Reals.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

*(iii) Group entities*

The results and financial position of all the Company's controlled entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

**(j) 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.

## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

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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.

#### **(k) 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.

#### **(l) Deferred exploration and evaluation expenditure**

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

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

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.

**(m) Trade and Other Receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses. The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

**(n) 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.

**(o) 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.

**(p) 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.

**(q) 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.

**(r) 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.

**(s) Earnings per share***Basic earnings per share*

Basic earnings per share is calculated by dividing the profit / loss attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

*Diluted earnings per share*

Diluted earnings per share is calculated as profit / loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

**(t) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST/sales tax, except where the amount of GST/sales tax incurred is not recoverable from the relevant Tax Authority. In these circumstances, the GST/sales tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/sales tax.

The net amount of GST/sales tax recoverable from, or payable to, the Tax Authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, being disclosed as operating cash flows.

**(u) 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.

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 ('market conditions'). The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired and
- (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 25).

**(v) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(w) 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.

**(x) 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.

**(y) 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.

*Valuation of mine property*

The group uses the concept of life of mine to determine the amortisation of mine properties. In determining life of mine, the Group prepares mineral reserve estimates which by their very nature, require judgements, estimates and assumptions. Where the proved and probable reserve estimates need to be modified, the amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised mine life (for both the current and future years).

The Group defers advanced stripping costs incurred during the production stage of its mining operations. This calculation requires the use of judgements and estimates, such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserve extracted as a result. Changes in a mine's life and design may result in changes to the expected stripping ratio (waste to mineral reserves ratio). Any resulting changes are accounted for prospectively.

*Capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and exchange rates.

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.

*Functional currency translation reserve*

Under Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Brazilian subsidiaries to be foreign operations with Brazilian Reals as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. Refer to note 9 for further information. The actual credit losses in future years may be higher or lower.

*Provision for rehabilitation*

The Group is responsible for rehabilitation related to environmental recovery costs at the Arapua mine site. The Group records these costs against production and is reflected in the cost of goods sold mine operating costs. 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.



## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

#### NOTE 3: SEGMENT INFORMATION

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.

	Continuing operations		
	Australia	Brazil	Consolidated
	\$	\$	\$
<b>31 December 2022</b>			
Segment revenue	-	8,625,474	8,625,474
Segment profit/(loss) before income tax expense	(1,322,466)	1,795,046	472,580
<b>31 December 2022</b>			
Segment assets	<b>639,017</b>	<b>10,110,226</b>	<b>10,749,243</b>
Segment liabilities	<b>301,786</b>	<b>733,715</b>	<b>1,035,501</b>
Additions to non-current assets	-	2,076,008	2,076,008

	Continuing operations		
	Australia	Brazil	Consolidated
	\$	\$	\$
<b>31 December 2021</b>			
Segment revenue	-	4,860,679	4,860,679
Segment loss before income tax expense	(1,266,608)	(2,901,464)	(4,168,072)
<b>31 December 2021</b>			
Segment assets	<b>1,249,119</b>	<b>7,970,375</b>	<b>9,219,494</b>
Segment liabilities	<b>58,833</b>	<b>548,381</b>	<b>607,214</b>
Additions to non-current assets	-	975,659	975,659

#### NOTE 4: 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. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8.

	31 December 2022	31 December 2021
	\$	\$
Fertiliser revenue	8,625,474	4,860,679
<b>Total revenue</b>	<b>8,625,474</b>	<b>4,860,679</b>

## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

#### NOTE 5: COST OF GOODS SOLD

	31 December 2022	31 December 2021
	\$	\$
Mine operating costs	2,005,008	723,417
Royalty expense	342,187	279,610
Rehabilitation expense/(reversal)	(62,003)	15,028
Depreciation	226,824	132,925
Amortisation	354,282	116,818
<b>Total cost of goods sold</b>	<b>2,866,298</b>	<b>1,267,798</b>

#### NOTE 6: OTHER EXPENSES

	31 December 2022	31 December 2021
	\$	\$
Site administration expenses	263,469	637,968
Site office consumables	176,781	202,273
Brazilian social contribution taxes	100,950	28,961
Telephone and internet	52,213	5,103
Bank fees	37,525	12,632
Insurance	16,494	2,628
Other	11,006	268,196
<b>Total other expenses</b>	<b>658,438</b>	<b>1,157,761</b>

#### NOTE 7: INCOME TAX BENEFIT

	31 December 2022	31 December 2021
	\$	\$
<b>Income Tax</b>		
<b>(a) Income tax (expense) / benefit</b>		
Major component of tax (expense) / benefit for the year:		
Current tax	(274,783)	-
Deferred tax	-	-
	<b>(274,783)</b>	<b>-</b>

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

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

Profit/(loss) from continuing operations before income tax expense/(benefit)	472,580	(4,168,072)
Income tax expense/(benefit) calculated at 25% (2021: 26%)	118,145	(1,083,699)
Non-deductible expenses/(benefit)	156,638	-
Income tax benefit not brought to account	-	1,083,699
<b>Income tax expense/(benefit)</b>	<b>274,783</b>	<b>-</b>

The tax rate used in the above reconciliation is the corporate tax rate of 25% payable by Australian corporate entities on taxable profits under Australia tax law.

#### (c) Unused tax losses

Unused tax losses	17,805,255	19,009,380
Potential tax benefit not recognised at 25% (2021: 26%)	<b>4,451,314</b>	<b>4,942,439</b>

## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

#### NOTE 7: INCOME TAX BENEFIT (CONTINUED)

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.

#### NOTE 8: CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
	\$	\$
<b>Reconciliation of Cash and Cash Equivalents</b>		
Cash comprises:		
Cash at bank	2,723,509	1,708,001
	<b>2,723,509</b>	<b>1,708,001</b>

	31 December 2022	31 December 2021
	\$	\$
<b>Reconciliation of operating profit/(loss) after tax to the cash flows from operations</b>		
Profit/(loss) from ordinary activities after tax	197,797	(4,168,072)
<b>Non cash items</b>		
Depreciation charge	366,000	159,038
Amortisation charge	354,282	116,818
Rehabilitation (reversal)/charge	(62,003)	15,028
Impairment of exploration and evaluation expenditure	509,604	3,317,445
Impairment of trade receivable	553,154	600,817
Income taxes incurred	27,752	-
Profit on disposal of motor vehicle	(8,185)	-
Foreign exchange loss/(gain)	52,252	(112,031)
Other non-cash items	12,560	-
<b>Change in assets and liabilities</b>		
(Increase) / Decrease in trade and other receivables	175,411	(881,332)
(Increase) / Decrease in inventories	(132,753)	57,990
Increase / (Decrease) in trade and other payables and provisions	436,145	74,112
<b>Net cash outflow from operating activities</b>	<b>2,482,016</b>	<b>(820,187)</b>

#### NOTE 9: TRADE AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
	\$	\$
<b>Current</b>		
Trade receivables from contracts with customers <sup>1</sup>	1,606,440	2,425,381
Expected credit loss	(1,260,749)	(600,817)
	<b>345,691</b>	<b>1,824,564</b>
Prepayment	-	40,897
Cash Advances	161,762	27,098
GST receivable	7,271	6,430
Other	-	10,741
	<b>514,724</b>	<b>1,909,730</b>

## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

#### NOTE 9: TRADE AND OTHER RECEIVABLES (CONTINUED)

	31 December 2022	31 December 2021
	\$	\$
<b>Non-current</b>		
Refundable security deposit	2,919	484
Recoverable taxes	317,106	281,214
	<b>320,025</b>	<b>281,698</b>

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.

<sup>1</sup> The Company recognised an impairment expense relating to the trade debtors balance as at 31 December 2022 for the amount of \$553,154 (2021: \$600,817) from third parties. In September 2020, the Company instigated legal proceedings to recover the debt owed by Agrocerrado Produtos Agricolas ("Agrocerrado"). On 25 September 2020, the Tribunal de Justiça do Estado de Minas Gerais issued judgment against Agrocerrado for the full amount of the debt plus costs. The Company took steps to enforce the judgment. In February 2023, the Company received confirmation that in the execution lawsuit against Agrocerrado, the Court rejected Agrocerrado's motion to dismiss the execution.

The Company considers the amount to be fully recoverable and continues to pursue recovery. Company has no control over the timing of the judicial processes.

#### NOTE 10: INVENTORY

	31 December 2022	31 December 2021
	\$	\$
Raw Materials at cost	9,298	37,953
Finished goods at cost	186,584	25,176
<b>Closing balance</b>	<b>195,882</b>	<b>63,129</b>

During the year, there was an impairment expense of \$nil (2021: \$nil) in relation to finished goods.

#### NOTE 11: INVESTMENT 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(h).

Name of Entity	Country of Incorporation	Equity Holding 31 December 2022	Equity Holding 31 December 2021
Triumph Tin Mining Pty Limited	Australia	100%	100%
Lotus Mining Pty Limited	Australia	100%	100%
Triunfo Mineracao do Brasil Ltda	Brazil	100%	100%
HAG Fertilizantes Ltda	Brazil	99.99%	99.99%
BF Mineração Ltda	Brazil	100%	100%

**Harvest Minerals Limited****Notes to the financial statements at and for the year ended 31 December 2022****NOTE 12: PROPERTY, PLANT AND EQUIPMENT**

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Plant and Equipment</b>	<b>\$</b>	<b>\$</b>
Cost	3,569,909	1,599,802
Accumulated depreciation and foreign exchange	(860,796)	(539,424)
Net carrying amount	<u>2,709,113</u>	<u>1,060,378</u>
<b>Computer Equipment and Software</b>		
Cost	51,057	7,529
Accumulated depreciation and foreign exchange	(8,010)	(2,809)
Net carrying amount	<u>43,047</u>	<u>4,720</u>
<b>Furniture, Fixtures and Fittings</b>		
Cost	21,415	9,767
Accumulated depreciation and foreign exchange	(6,482)	(5,543)
Net carrying amount	<u>14,933</u>	<u>4,224</u>
<b>Motor Vehicles</b>		
Cost	197,340	72,939
Accumulated depreciation and foreign exchange	(72,934)	(30,947)
Net carrying amount	<u>124,406</u>	<u>41,992</u>
<b>Total Plant and Equipment</b>	<b><u>2,891,499</u></b>	<b><u>1,111,314</u></b>
<b>Movements in Plant and Equipment</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Plant and Equipment</b>		
At beginning of the year	1,060,378	991,319
Effect of foreign exchange rate	165,309	(99,452)
Additions	1,837,518	314,459
Depreciation charge for the year	(354,092)	(145,948)
	<u>2,709,113</u>	<u>1,060,378</u>
<b>Computer Equipment and Software</b>		
At beginning of the year	4,720	3,875
Effect of foreign exchange rate	531	20
Additions	42,743	2,178
Depreciation charge for the year	(4,947)	(1,353)
	<u>43,047</u>	<u>4,720</u>
<b>Furniture, Fixtures and Fittings</b>		
At beginning of the year	4,224	3,097
Effect of foreign exchange rate	300	(75)
Additions	10,663	2,483
Depreciation charge for the year	(254)	(1,281)
	<u>14,933</u>	<u>4,224</u>
<b>Motor Vehicles</b>		
At beginning of the year	41,992	39,184
Effect of foreign exchange rate	7,707	167
Additions	144,937	13,097
Disposals	(10,874)	-
Depreciation charge for the year	(59,356)	(10,456)
	<u>124,406</u>	<u>41,992</u>
<b>Total Plant and Equipment</b>	<b><u>2,891,499</u></b>	<b><u>1,111,314</u></b>

## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

#### NOTE 13: MINE PROPERTIES

	31 December 2022	31 December 2021
	\$	\$
At beginning of the period	3,691,160	4,188,916
Additions	-	187,023
Rehabilitation obligation <sup>1</sup>	259,928	-
Amortisation change for the period	(354,282)	(116,818)
Net exchange difference on translation	458,680	(567,961)
<b>Balance at the end of the period</b>	<b>4,055,486</b>	<b>3,691,160</b>

<sup>1</sup> During the year ended 31 December 2022, the Company re-established its rehabilitation obligations based a revised mine closure plan conducted by an independent third-party consultant.

#### NOTE 14: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2022	31 December 2021
	\$	\$
At beginning of the year	454,462	3,317,445
Acquisition of Miriri Phosphate Project	-	453,986
Exploration expenditure during the year	40,147	2,433
Impairment loss	(509,604)	(3,317,445)
Net exchange differences on translation	63,113	(1,957)
<b>Total exploration and evaluation</b>	<b>48,118</b>	<b>454,462</b>

The impairment loss for 31 December 2022 is in respect to expenditure on the Miriri Project. The Company made the decision not to proceed with the Project because both the geological and economic merits did not reach Harvest's minimum investment criteria.

The impairment loss for 31 December 2021 is in respect to expenditure on the Sergi and Mandacaru Projects. The reason the Company has elected to write-off the value of these assets is because given the progress being made at Arapua and the Company's expectations that near term initiatives will focus on short-term cash generative assets, it is not appropriate from a financial audit perspective to maintain a value attributable to the Sergi and Mandacaru projects given the Company has no expectation of a return from these investments in the short term. The Company will continue to hold these assets and will regularly review a range of factors, including the Company's financial position, market conditions and so on in determining whether to progress exploration activity further.

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 15: TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
	\$	\$
<b>Trade and Other Payables</b>		
Trade payables	242,706	115,298
Accruals	176,895	148,052
Tax Payable	93,788	15,346
	<b>513,389</b>	<b>278,696</b>

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

## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

#### NOTE 16: BORROWINGS

	31 December 2022	31 December 2021
	\$	\$
<b>Current</b>		
Secured Loans payable	53,270	51,566
	<b>53,270</b>	<b>51,566</b>
<b>Non-current</b>		
Secured Loans payable	192,407	201,968
	<b>192,407</b>	<b>201,968</b>

On 28 September 2021, the Group obtained a secured debt facility with Banco Santander with a five-year term totalling \$R3,000,000. The debt is secured against the solar power facility at the Arapua Fertiliser Project. As at 31 December 2022, the Group recorded \$245,677 (2021: \$253,535) of the secured loan as a payable.

Reconciliation in liabilities from financing activities:

	Bank loan	Total
	\$	\$
<b>1 January 2020</b>	-	-
Loan drawdown	253,535	253,535
<b>31 December 2021</b>	<b>253,535</b>	<b>253,535</b>
Loan drawdowns	1,274,816	1,274,816
Repayments	(1,349,394)	(1,349,394)
Interest expense	144,190	144,190
Effect of exchange rate	(77,470)	(77,470)
<b>31 December 2022</b>	<b>245,677</b>	<b>245,677</b>

#### NOTE 17: PROVISIONS

	31 December 2022	31 December 2021
	\$	\$
Provision for rehabilitation	276,435	74,983
	<b>276,435</b>	<b>74,983</b>

The provision for rehabilitation relates to environmental recovery costs at the Arapua mine site. The Group records these costs against production and is reflected in the cost of goods sold mine operating costs (see note 5).

#### NOTE 18: CONTRIBUTED EQUITY

	31 December 2022	31 December 2021
	\$	\$
<b>(a) Contributed equity</b>		
Ordinary shares fully paid	43,328,219	43,328,219

	31 December 2022		31 December 2021	
	No. of shares	\$	No. of shares	\$
<b>(b) Movements in shares on issue</b>				
At beginning of the year	185,835,884	43,328,219	185,835,884	43,048,343
Shares to be issued as part of an acquisition <sup>1</sup>	3,333,333	-	-	279,876
Share issue costs	-	-	-	-
At ending of the year	<b>189,169,217</b>	<b>43,328,219</b>	<b>185,835,884</b>	<b>43,328,219</b>

**NOTE 18: CONTRIBUTED EQUITY (CONTINUED)**

<sup>1</sup> On 29 November 2021, the Company entered into an agreement to acquire 100% of the ordinary shares of BF Mineração Ltda for cash and shares. The shares were settled and issued on 8 July 2022, but the fair value was recorded at the date of the transaction in the prior financial year.

**(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 \$9,713,742 at 31 December 2022 (31 December 2021: \$8,612,280). 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 26 for further information on the Group's financial risk management policies.

**(e) Share options and warrants**

As at balance date, there were nil unissued ordinary shares under options and nil unissued ordinary shares under warrants. No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options were exercised during or since the end of the financial year.

**NOTE 19: RESERVES**

	31 December 2022	31 December 2021
	\$	\$
<b>Reserves</b>		
Option reserve	3,541,048	3,541,048
Foreign currency translation reserve	(2,578,637)	(3,482,302)
	<b>962,411</b>	<b>58,746</b>

	31 December 2022	31 December 2021
	\$	\$
<b>Movements in Reserves</b>		
<i>Option reserve</i>		
At beginning of the year	3,541,048	3,541,048
Options issued	-	-
	<b>3,541,048</b>	<b>3,541,048</b>

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.

*Foreign currency translation reserve*

At beginning of the year	(3,482,302)	(2,938,622)
Foreign currency translation	903,665	(543,680)
	<b>(2,578,637)</b>	<b>(3,482,302)</b>

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(i). The reserve is recognised in the statement of comprehensive income when the net investment is disposed of as part of the gain or loss on sale where applicable.



## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

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#### NOTE 20: ACCUMULATED LOSSES

	31 December 2022	31 December 2021
	\$	\$
<b>Movements in accumulated losses were as follows:</b>		
At beginning of the year	(34,774,685)	(30,606,613)
Profit/(loss) for the year	197,797	(4,168,072)
<b>At 31 December</b>	<b>(34,576,888)</b>	<b>(34,774,685)</b>

#### NOTE 21: EXPENDITURE COMMITMENTS

	31 December 2022	31 December 2021
	\$	\$
Within one year	-	-
After one year but not longer than five years	-	-
After five years	6,948,228	6,189,177
	<b>6,948,228</b>	<b>6,189,177</b>

These obligations have arisen pursuant to the Sergi acquisition agreement. The amounts are only due if the development of the Sergi project commences and reaches material milestones. As disclosed in Note 14, the Company has elected to write off the value of the Sergi project.

#### NOTE 22: AUDITOR'S REMUNERATION

	31 December 2022	31 December 2021
	\$	\$
The auditor of Harvest Minerals Limited is HLB Mann Judd.		
Amounts received or due and receivable for:		
- Audit or review of the financial report of the entity and any other entity in the Consolidated group	<b>47,500</b>	<b>48,500</b>

#### NOTE 23: SUBSEQUENT EVENTS

There have been no significant events subsequent to 31 December 2022.

#### NOTE 24: RELATED PARTY DISCLOSURES

The ultimate parent entity is Harvest Minerals Limited. Refer to note 11 for a list of all subsidiaries within the Group.

Garrison Capital (UK) Limited, a company in which Mr McMaster is a director, provided the Company with management services including IT and administrative support totalling \$nil (31 December 2021: \$22,457). \$nil (31 December 2021: \$nil) was 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 \$237,225 (31 December 2021: \$272,663). \$nil (31 December 2021: \$nil) were outstanding at year end.

Palisade Business Consulting Pty Ltd, a company in which Mr James is a director and shareholder, provided the Company with accounting and company secretarial services and provided a serviced office. Fees for Mr James' services as a director and company secretary are paid into this company. Fees received by Palisade Business Consulting totalled \$186,000 (31 December 2021: \$202,324). \$nil (31 December 2021: \$nil) was outstanding at year end.

These transactions have been entered into on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

# Harvest Minerals Limited

## Notes to the financial statements at and for the year ended 31 December 2022

### NOTE 25: EARNINGS/(LOSS) PER SHARE

	31 December 2022 \$	31 December 2021 \$
Earnings/(loss) used in calculating basic and dilutive EPS	197,797	(4,168,072)
<b>Number of Shares</b>		
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	188,064,194	185,835,884
<b>Effect of dilution:</b>		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share:	188,064,194	185,835,884
Earnings/(loss) per share – basic and diluted (in cents per share)	0.11	(2.24)

### NOTE 26: 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.

Below is a maturity analysis of undiscounted financial liabilities:

2022	Weighted average interest rate %	Carrying amount \$	Less than 1 year \$	1 year to 5 years \$	More than 5 years \$	Total Contractual cash flows \$
Trade and other payables	-	513,389	513,389	-	-	513,389
Borrowings – fixed rate	15.12%	245,677	53,270	192,407	-	245,677
At ending of the year		<b>759,066</b>	<b>566,659</b>	<b>192,407</b>	<b>-</b>	<b>759,066</b>
2021	Weighted average interest rate %	Carrying amount \$	Less than 1 year \$	1 year to 5 years \$	More than 5 years \$	Total Contractual cash flows \$
Trade and other payables	-	278,696	278,696	-	-	278,696
Borrowings – fixed rate	15.12%	253,534	51,566	201,968	-	253,534
At ending of the year		<b>532,230</b>	<b>330,262</b>	<b>201,968</b>	<b>-</b>	<b>532,230</b>

## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

#### NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)

##### *Maturity analysis for financial liabilities*

Financial liabilities of the Group comprise trade and other payables and borrowings. As at 31 December 2022 and 31 December 2021 all trade and other payables are contractually matured within 60 days and so the carrying value equals the contractual cash flows. The fair value of borrowings are based on nominal amounts within the agreements and no assumptions have been used to determine the present value of the future payments based on a discount rate as the amounts are deemed insignificant. The principal payments are contractually required in Brazilian Reals.

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

The Company holds cash balances in foreign currencies (Great British Pounds ('GBP') and United States Dollars ('USD')). The carrying amounts of the Group's foreign currency denominated cash balances at 31 December 2022 are GBP 128,146 (A\$227,564) and USD 249,253 (A\$365,667) (2021: GBP 631,273 (A\$1,174,855) and USD 9,260 (A\$12,753)).

##### **Foreign currency sensitivity analysis**

A 10% increase and decrease in the GBP and USD against the Australian dollar would lead to a \$59,323 increase / decrease in profit (2021: \$118,761 increase / decrease in profit).

##### **(c) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	2,723,509	1,708,001
Borrowings	(245,677)	(253,534)
<b>Net cash and cash equivalents</b>	<b>2,477,832</b>	<b>1,454,467</b>

##### **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.

<b>Consolidated</b> Judgements of reasonably possible movements	Effect on Post Tax Earnings		Effect on Equity	
	Increase/(Decrease)		including accumulated losses Increase/(Decrease)	
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Increase 100 basis points	24,778	14,545	24,778	14,545
Decrease 100 basis points	(24,778)	(14,545)	(24,778)	(14,545)

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 the December 2021 Financial Year.

**NOTE 26: FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Credit risk exposures**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 31 December 2022, the Group held cash at bank. These were held with financial institutions with a rating from Standard & Poors of -AA or above (long term).

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

The carrying amounts of financial instruments approximate their fair values.

**(f) Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

**NOTE 27: CONTINGENT LIABILITIES**

There are no known contingent liabilities as at 31 December 2022 (31 December 2021: \$nil).

**NOTE 28: DIVIDENDS**

No dividend was paid or declared by the Company 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 period ended 31 December 2022.

The balance of the franking account is \$nil as at 31 December 2022 (31 December 2021: \$nil).

**NOTE 29: KEY MANAGEMENT PERSONNEL DISCLOSURE**

Details of the nature and amount of each element of the emoluments of the Key Management Personnel of the Group for the financial year are as follows:

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	786,488	777,607
Post-employment benefits	-	-
Share based payments	-	-
<b>Total remuneration</b>	<b>786,488</b>	<b>777,607</b>

## Harvest Minerals Limited

### Notes to the financial statements at and for the year ended 31 December 2022

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#### NOTE 30: PARENT ENTITY INFORMATION

The following details information related to the parent entity, Harvest Minerals Limited, at 31 December 2022. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	Parent	
	31 December 2022	31 December 2021
	\$	\$
Current assets	639,017	1,249,119
Non current assets	9,397,478	7,442,960
<b>Total Assets</b>	<b>10,036,495</b>	<b>8,692,079</b>
Current liabilities	301,786	58,833
Non current liabilities	20,967	20,966
<b>Total Liabilities</b>	<b>322,753</b>	<b>79,799</b>
<b>Net Assets</b>	<b>9,713,742</b>	<b>8,612,280</b>
Issued capital	43,328,219	43,328,219
Reserves	3,541,048	3,541,048
Accumulated losses	(37,155,525)	(38,256,987)
<b>Total Equity</b>	<b>9,713,742</b>	<b>8,612,280</b>

	Parent	
	31 December 2022	31 December 2021
	\$	\$
Loss for the year	(1,101,462)	(4,711,752)
<b>Total comprehensive loss for the year</b>	<b>(1,101,462)</b>	<b>(4,711,752)</b>

#### Guarantees

Harvest Minerals Limited has not entered into any guarantees in relation to the debts of its subsidiary.

#### Other Commitments

There are no commitments to acquire property, plant and equipment other than as disclosed in this report.

#### Accounting Policies

Harvest Minerals Limited applies accounting policies consistent with that of the Group which is detailed in note 2(a).

## Directors' Declaration

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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 31 December 2022 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 year ended 31 December 2022.

On behalf of the Board



**Brian McMaster**

**Chairman**

30 June 2023

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Harvest Minerals Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



**Perth, Western Australia**  
**30 June 2023**

**N G Neill**  
**Partner**

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## INDEPENDENT AUDITOR'S REPORT

To the members of Harvest Minerals Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Harvest Minerals Limited (“the Group”) and its controlled entities (“the Group”), which comprises the consolidated statement of financial position as at 31 December 2022, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

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

- a) giving a true and fair view of the Group’s financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (“the Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### *Key audit matters*

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

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Recoverability of the Arapua Project</b> Refer to Notes 12 and 13</p> <p>As at 31 December 2022, the Group had recorded balances of \$4,055,486 of mine properties and \$2,891,499 of plant and equipment in relation to the Arapua Project.</p> <p>Our audit addressed the risk that the carrying value of the associated assets may be overstated. We considered this to be a key audit matter due to its materiality, the degree of audit effort and communication with management and the component auditors, and its importance to the users' understanding of the financial statements.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of the key processes and controls associated with management's review of the carrying value of the Arapua project;</li> <li>- Considering the existence of any indicators of impairment in relation to the Arapua project;</li> <li>- Ensuring that the effect of an increased discount rate did not have a material impact upon the recoverable amount;</li> <li>- Substantively testing additions during the period;</li> <li>- Considering the appropriateness of the amortisation method used and the relevant useful life; and</li> <li>- Assessing the appropriateness of the disclosures included in the financial report.</li> </ul>
<p><b>Revenue recognition</b> Refer to Note 4</p> <p>The Group generates revenue for the sale of fertiliser product. For the financial year ended 31 December 2022, the Group recognised revenue from fertiliser sales of \$8,625,474.</p> <p>Revenue recognition is considered to be a key audit matter due to the associated fraud risk, materiality, and its importance to the users' understanding of the financial report.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of the key processes and controls associated with the accounting for revenue;</li> <li>- Ensuring that recognition of revenue is consistent with the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>;</li> <li>- Performing substantive procedures in relation to revenue during the period;</li> <li>- Reviewing cut-off and ensuring revenue was recorded in the correct period; and</li> <li>- Assessing the appropriateness of the disclosures included in the financial report.</li> </ul>

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

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

#### *Responsibilities of the directors for the financial report*

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Harvest Minerals Limited for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



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

**Perth, Western Australia**  
**30 June 2023**



**N G Neill**  
**Partner**

**HARVEST MINERALS LIMITED TENEMENT TABLE**

<b>Tenement</b>	<b>Location</b>	<b>Interest</b>
Arapua Fertilizer Project 831.144/2010 831.145/2010 831.146/2010 831.275/2010 832.049/2015 830.669/2016 830.670/2016 830.671/2016 831.656/2016 831.853/2016 831.854/2016 860.613/2018	Brazil	100%
Sergi Potash Project 878.111/2008	Brazil	100%
Iguatama Limestone Project 830.990/2021	Brazil	100%