

Harvest Minerals Limited / Index: LSE / Epic: HMI / Sector: Mining

30 June 2023

**Harvest Minerals Limited ('Harvest' or the 'Company')**

**Final Results**

Harvest Minerals Limited, the AIM-listed organic fertiliser producer, is pleased to announce its audited Final Results for the year ended 31 December 2022, extracts from which are set out below. The Annual Report & Accounts will today be made available on the Company's website and posted to Shareholders, where appropriate. The Company will shortly be posting out its Notice of AGM to Shareholders and a further announcement will be made in this regard.

**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.

## 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:

	31 December 2022	31 December 2021
	\$'m	\$'m
<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 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.

## 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 outgoings expenses		-	(750)
Travel expenses		(620,282)	(602,061)

Travel expenses		(220,202)	(222,007)
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)

**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>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2022

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2022

	Notes	Consolidated 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	<b>16</b>	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>

## NOTES TO THE FINANCIAL STATEMENTS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

### 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

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.

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.

#### **4.3 Treatment of non-financial assets**



#### **(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.

#### **(I) 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

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.

**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>

**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>

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)
	345,691	1,824,564
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>

	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 Agrícolas ("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 Mineracao Ltda	Brazil	100%	100%

#### NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	31 December 2022	31 December 2021
	\$	\$
<b>Plant and Equipment</b>		
Cost	3,569,909	1,599,802
Accumulated depreciation and foreign exchange	(860,796)	(539,424)
Net carrying amount	2,709,113	1,060,378
<b>Computer Equipment and Software</b>		
Cost	51,057	7,529
Accumulated depreciation and foreign exchange	(8,010)	(2,809)
Net carrying amount	43,047	4,720
<b>Furniture, Fixtures and Fittings</b>		
Cost	21,415	9,767
Accumulated depreciation and foreign exchange	(6,482)	(5,543)
Net carrying amount	14,933	4,224
<b>Motor Vehicles</b>		
Cost	197,340	72,939
Accumulated depreciation and foreign exchange	(72,934)	(30,947)
Net carrying amount	124,406	41,992
<b>Total Plant and Equipment</b>	<b>2,891,499</b>	<b>1,111,314</b>
<b>Movements in Plant and Equipment</b>	<b>31 December 2022</b>	<b>31 December 2021</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>

#### 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><u>4,055,486</u></b>	<b><u>3,691,160</u></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><u>48,118</u></b>	<b><u>454,462</u></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.

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.

#### 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

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	189,169,217	43,328,219	185,835,884	43,328,219

<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)
	962,411	58,746

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

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.

**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

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.

#### 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		759,066	566,659	192,407	-	759,066
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		532,230	330,262	201,968	-	532,230

#### *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.

	31 December 2022	31 December 2021
	\$	\$
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.

#### **Consolidated**

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

Asensitivity 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.

#### **(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:

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
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>

#### 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
	\$	\$
	(1,124,422)	(1,124,422)

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).

**\*\*ENDS\*\***

For further information, please visit [www.harvestminerals.net](http://www.harvestminerals.net) or contact:

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