

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

30 September 2024

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

Interim Results

Harvest Minerals Limited (AIM: HMI), a producer of organic fertiliser, announces its interims results for the six months ended 30 June 2024.

REVIEW OF OPERATIONS

Arapuá Project ("Arapuá")

We have implemented a dual strategy at the Arapuá Project in Brazil. The first focus is on the production and sale of our established organic fertiliser, KP Fértil®. The second is on progressing the development of the project's Rare Earth Elements ("REE") potential. By diversifying into two business lines, we've broadened our commodity exposure and expanded our future opportunities.

Fertiliser

Sales continue to be negatively affected as the fertiliser sector faces a challenging period, driven by both macroeconomic pressures and a continuation of local factors impacting commodity prices as noted in the Company's 2023 annual results (released on 26 June 2024). In response, we launched a new marketing campaign for KP Fértil® during the review period, which generated a positive initial reaction. Unfortunately, this has not continued, and sales have subsequently been below expectations. As a result, the period under review has been very disappointing and the Company forecasts no near-term respite to the difficult trading conditions.

Total sales for the 6 month period to 30 June 2024 were 17,007 tonnes, which included 2,271 tonnes of orders placed in 2023 and 14,736 tonnes of orders placed in 2024, respectively, but only delivered, and therefore recognised as revenue, in H1 2024. As the Company continues to experience a volatile trading environment, expectations for the remainder of the year have been reduced and the Company is now forecasting total annual sales of 35,000Kt.

We are positioned for timely order fulfilment at relatively low cost. However the primary challenge remains converting sales, and we are continuously assessing customer feedback to adjust our strategies going forward.

Rare Earth Elements

The REE potential at Arapuá is looking promising, albeit we are at an early stage in the exploration programme. Laboratory analysis of rock samples has confirmed REE concentrations ranging from 1,176 ppm to 1,860 ppm of total rare earth oxides ("TREO"), while historical analyses have shown even higher values, ranging from 1,837 ppm to 4,117 ppm TREO (see RNS dated 10 April 2024).

Accordingly, we have launched a fully funded, two-stage REE-focused programme. The first stage involves reviewing historical data and samples from previous drill holes, along with conducting new auger drill holes to clarify and confirm resources. The second stage will expand drilling efforts, conduct a detailed analysis of the optimal beneficiation process, and evaluate both the resource volume and concentration within the deposit. Crucially, this work is supported by Arapuá's existing infrastructure, including on-site teams, laboratories, and equipment.

The REE potential at Arapuá has been further highlighted through a Technical Cooperation Agreement signed post period end with PVW Resources Limited (ASX PVW), an Australian company specialising in REE projects in Brazil and beyond. PVW has recognised the prospectivity of Arapuá, particularly the potential for REE association with ionic clays. The collaboration aims to facilitate a transaction on the asset, contingent on continued positive results from the current work programmes. PVW's proven expertise will be invaluable in reviewing historical data, identifying new resource targets, and offering technical guidance.

RESULTS

The loss after tax recorded in the Condensed Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2024 was 1,780,082 (2023: 1,645,945).

Net cash outflow from operating activities in the Condensed Consolidated Statement of Cashflows for the half year ended 30 June 2024 was 877,023 (2023: 2,634,226).

SUBSEQUENT EVENTS

Post period end, we completed an equity raising which was the first time we have utilised the capital markets in over six years. In addition to new investment, there was a significant conversion of directors' fees. This not only improved Harvest's balance sheet position but underlined the Board's commitment to the Company. The majority of the funds are being utilised to conduct the exploration work to prove up the prospectivity of REE potential.

The equity issue was announced to AIM on 2 July 2024, consisting of a placing raised gross proceeds of £422,634 (AUD 801,389), and the settlement of £577,366 (AUD 1,094,788) of director / company secretary fees, through the issue of, in aggregate, 100,000,000 new ordinary shares of no par value at a price of 1p.

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

OUTLOOK

We have a dual strategy at Arapuá, a project spanning a substantial 14,481 hectares. Initial results for the REE component have been positive and notably, all of our historical data has been gathered from just 6.7% of the total license area, leaving significant potential for further exploration. We remain committed to the success of Harvest, underlined by our fee conversion and I look forward to updating the market as we progress the opportunity.

Brian McMaster
Executive Chairman

Competent Person Statement

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

Condensed Consolidated Statement of Comprehensive Income

for the half-year ended 30 June 2024

Consolidated

	Notes	6 months ended 30 June 2024	6 months ended 30 June 2023
Revenue from fertiliser sales	3	1,226,412	931,608
Cost of goods sold	4	(1,243,202)	(707,044)
Gross (loss)/profit		(16,790)	224,564
Interest income		17,196	18,592
Other income		-	-
Gain on sale of motor vehicle		-	15,171
Foreign exchange gain/(loss)		3,756	(1,919)
Accounting fees		(83,675)	(91,734)
Audit and tax fees		(56,466)	(85,942)
Advertising fees		(64,517)	(196,790)
Consultants' fees		(3,442)	(76,689)
Directors' fees		(391,574)	(395,391)
Depreciation		(119,743)	(38,985)
Legal fees		(2,399)	(8,036)

<i>Legal costs</i>	1,000	1,000
Wages & Salaries	(194,651)	(309,161)
Interest expense	(219,079)	(80,217)
Public company costs	(107,930)	(103,082)
Travel expenses	(127,492)	(126,437)
Impairment exploration expense	(106,276)	-
Other expenses	(306,120)	(352,786)
Loss from continuing operations before income tax	(1,779,202)	(1,608,842)
Income tax expense	(880)	(37,103)
Loss from continuing operations after income tax	(1,780,082)	(1,645,945)
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(776,779)	1,040,306
Other comprehensive income for the half-year	(776,779)	1,040,306
Total comprehensive income/(loss) for the half-year	(2,556,861)	(605,639)
Loss per share		
Basic and diluted loss per share (cents per share)	(0.94)	(0.87)

Condensed Consolidated Statement of Financial Position

as at 30 June 2024

		Consolidated	
	Notes	30 June 2024	31 December 2023
Assets			
Current Assets			
Cash and cash equivalents	5	450,149	795,554
Trade and other receivables	6	889,093	281,700
Inventories	7	1,287,014	1,789,297
Total Current Assets		2,626,256	2,866,551
Non-Current Assets			
Trade and other receivables		411,424	457,303
Investments		304,910	329,019
Plant and equipment	8	3,035,522	3,682,001
Mine properties	9	3,550,434	4,162,685
Deferred exploration and evaluation expenditure		-	111,901
Total Non-Current Assets		7,302,290	8,742,909
Total Assets		9,928,546	11,609,460
Current Liabilities			
Trade and other payables	10	1,668,585	974,521
Borrowings	11	1,057,995	654,474
Total Current Liabilities		2,726,580	1,628,995
Non-Current Liabilities			
Provision for rehabilitation		461,429	517,162
Borrowings	11	1,964,834	2,130,739
Total Non-Current Liabilities		2,426,263	2,647,901
Total Liabilities		5,152,843	4,276,896
Net Assets		4,775,703	7,332,564
Equity			
Contributed equity	12	43,328,219	43,328,219
Reserves		985,059	1,761,838
Accumulated losses		(39,537,575)	(37,757,493)
Total Equity		4,775,703	7,332,564

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 30 June 2024

Consolidated	Notes	Contributed equity	Accumulated losses	Foreign currency translation reserve	Option reserve	Total
Balance as at 1 January 2024	12	43,328,219	(37,757,493)	(1,779,210)	3,541,048	7,332,564
Total comprehensive gain for the half-year						
Loss for the half-year 30 June 2024		-	(1,780,082)	-	-	(1,780,082)
Other comprehensive income		-	-	(776,779)	-	(776,779)
Total comprehensive income for the half-year		-	(1,780,082)	(776,779)	-	(2,556,861)
Balance at 30 June 2024		43,328,219	(39,537,575)	(2,555,989)	3,541,048	4,775,703
Balance as at 1 January 2023		43,328,219	(34,576,888)	(2,578,637)	3,541,048	9,713,742
Total comprehensive gain for the half-year						
Loss for the half-year 30 June 2023		-	(1,645,945)	-	-	(1,645,945)
Other comprehensive income		-	-	1,040,306	-	1,040,306
Total comprehensive income for the half-year		-	(1,645,945)	1,040,306	-	(605,639)
Balance at 30 June 2023	12	43,328,219	(36,222,833)	(1,538,331)	3,541,048	9,108,103

Condensed Consolidated Statement of Cash Flows

for the half-year ended 30 June 2024

	Consolidated	
	6 months ended 30 June 2024	6 months ended 30 June 2023
Cash flows from operating activities		
Receipts from customers	649,173	962,276
Payments to suppliers and employees	(1,324,313)	(3,534,877)
Interest received	17,196	18,592
Interest paid	(219,079)	(80,217)
Net cash outflow from operating activities	(877,023)	(2,634,226)
Cash flows from investing activities		
Purchase of plant and equipment	(18,956)	(638,218)

Payments for mine properties	-	(204,683)
Proceeds from sale of motor vehicle	-	60,536
Payments for investments - loan collateral	-	(306,732)
Net cash outflow from investing activities	(18,956)	(1,089,097)
 Cash flows from financing activities		
Proceeds from borrowings	1,057,142	1,436,381
Repayment of borrowings	(430,298)	(106,222)
Net cash inflow from financing activities	626,844	1,330,159
 Net decrease in cash and cash equivalents	(269,135)	(2,393,164)
Cash and cash equivalents at beginning of period	795,554	2,723,509
Effect of exchange rate fluctuations on cash held	(76,270)	93,637
Cash and cash equivalents at the end of the period	5	450,149
		423,982

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2024

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

This general purpose half-year financial report of Harvest Minerals Limited (the "Company") and its subsidiaries (the "Group") for the half-year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 27 September 2024.

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

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

Basis of Preparation

This financial report for the half-year ended 30 June 2024 has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with IAS 134 "*Interim Financial Reporting*". The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as the full financial statements. It is recommended that the half-year financial statements be read in conjunction with the annual report for the year ended 31 December 2023 and considered together with any public announcements made by Harvest Minerals Limited during the half-year ended 30 June 2024 in accordance with the continuous disclosure obligations of the AIM market.

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

New and amending Accounting Standards and Interpretations

In the half-year ended 30 June 2024, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for current reporting periods beginning on or after 1 January 2024. The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2024. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

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

Going concern

For the half-year ended 30 June 2024 the Group recorded a loss after tax of 1,780,082 (Half-year to 30 June 2023: 1,645,945) and had net cash outflows from operating and investing activities of 895,979 (Half-year to 30 June 2023: 3,723,323). These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. In the absence of an improvement in sales volumes and pricing, the ability of the Group to continue as a going concern will be dependent on securing additional funding through debt or equity and/or from asset sales in order for the Group to continue to fund its operational activities in the longer term.

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

- Management have considered the future capital requirements of the entity and will consider all funding options as required, including asset sales;
- The level of the Group's expenditure can be managed;

- The Directors agreed to temporarily pause drawing their remuneration due from the Company during Q2 2023 until such point as the Company is in a better position to pay;
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements;
- On 5 July 2024, the Group issued 100,000,000 new ordinary shares of no par value at a price of 1p, raising gross proceeds of £ 422,634 (AUD 801,389) and settling £577,366 (AUD 1,094,788) of director / company secretary fees for the period to 30 June 2024.

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

Significant Accounting Policies

Deferred Exploration and Evaluation Expenditure

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

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

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

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

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

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

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

Mine Properties

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

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

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

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

Stripping costs

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

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

- 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 improves access to the identified component of ore plus an allocation of directly attributable overhead costs. In addition, stripping activity assets are accounted for as an addition to, or as an enhancement to, an existing asset.

Accordingly, the nature of the existing asset determines:

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

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

Borrowings

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

Revenue

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

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

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

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

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer. For contracts with multiple components to be delivered such as fertiliser, management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

Transaction price

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

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

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

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

Disaggregation of revenue

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

Performance obligations

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

Inventories

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

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.

Provisions

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

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

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

NOTE 2: SEGMENT REPORTING

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

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

The following table present revenue and loss information and certain asset and liability information regarding business segments for the half year ended 30 June 2024.

	Continuing operations		
	Australia	Brazil	Consolidated
30 June 2024			
Segment revenue	-	1,226,412	1,226,412
Segment profit/(loss) before income tax expense	(607,355)	(1,171,847)	(1,779,202)
	145,037	9,783,509	9,928,546
30 June 2024			
Segment assets	1,215,474	3,937,369	5,152,843
Segment liabilities	-	18,956	18,956
Additions to non-current assets			
	Continuing operations		
	Australia	Brazil	Consolidated
30 June 2023			
Segment revenue	-	931,608	931,608
Segment loss before income tax expense	(642,854)	(965,988)	(1,608,842)
	367,324	11,389,888	11,757,212
30 June 2023			
Segment assets	220,861	2,428,248	2,649,109
Segment liabilities	-	945,953	945,953
Additions to non-current assets			

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Consolidated	
	6 months to 30 June 2024	6 months to 30 June 2023
Fertiliser sales	1,226,412	931,608
Total revenue	1,226,412	931,608

NOTE 4: COST OF GOODS SOLD

	Consolidated	
	6 months to 30 June 2024	6 months to 30 June 2023
Mine operating costs	902,167	383,059
Royalty expense	42,483	36,546
Rehabilitation expense	-	7,911
Depreciation	157,989	152,717
Amortisation	140,563	126,811

Total cost of goods sold	1,243,200	707,044
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NOTE 5: CASH AND CASH EQUIVALENTS

Reconciliation of Cash and Cash Equivalents

Cash comprises:
Cash at bank

6 months to 30 June 2024	6 months to 30 June 2023
30 June 2024	31 December 2023
450,149	795,554
450,149	795,554

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2024	31 December 2023
Trade Debtors ¹	1,899,745	1,407,548
Expected credit losses	(1,204,951)	(1,361,231)
Net Debtors	694,794	46,317
Prepayments	11,523	4,540
Cash advances	138,626	168,194
GST receivable	9,625	7,188
Other	34,525	55,461
Total trade and other receivables	889,093	281,700

NOTE 6: TRADE AND OTHER RECEIVABLES

(i) Classification of trade receivables

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

(ii) Impairment of trade receivables

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

NOTE 7: INVENTORIES

	Consolidated	
	30 June 2024	31 December 2023
Raw materials at cost	356,856	403,139
Finished goods at cost	930,158	1,386,158
	1,287,014	1,789,297

NOTE 8: PLANT AND EQUIPMENT

	Consolidated	
	6 months to 30 June 2024	12 months to 31 December 2023
At beginning of the period	3,682,001	2,891,499
Additions for the period	18,956	964,055
Disposals for the period	-	(45,365)
Depreciation charge for the period	(277,732)	(488,572)
Net exchange difference on translation	(387,703)	360,384
Balance at the end of the period	3,035,522	3,682,001

NOTE 9: MINE PROPERTIES

	Consolidated	
	6 months to 30 June 2024	12 months to 31 December 2023
At beginning of the period	4,162,685	4,055,486
Amortisation charge for the period	(140,563)	(243,505)
Net exchange difference on translation	(471,688)	350,704

Balance at the end of the period	<u>3,550,434</u>	<u>Consolidated</u>	<u>4,162,685</u>
Management identified indicators of impairment in relation to the Group's Arapua project assets (market capitalisation is below net assets and loss making subsidiary due to difficult market conditions) and has commenced the process to obtain an independent valuation to determine the carrying value. At the date of this report the independent valuation was not complete, for the purposes of reporting its interim results Management has assessed impairment with a management estimate of fair value (Level 3) and determined that no impairment was required.	<u>6 months to 30 June 2024</u>	<u>12 months to 31 December 2023</u>	

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2024	31 December 2023
Trade payables	918,392	453,867
Accruals	444,948	292,036
Customer Deposits	290,046	51,605
Advances of Revenues	-	145,197
Other payables	15,199	31,816
	1,668,585	974,521

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

NOTE 11: BORROWINGS

	Consolidated	
	30 June 2024	31 December 2023
Current		
Secured Loans payable	1,057,995	654,474
	1,057,995	654,474
Non-current		
Secured Loans payable	1,964,834	2,130,739
	1,964,834	2,130,739

In April 2024, the Group secured a further R2,500,000 loan with Banco Bradesco from the borrowing facility available for drawdown, at a rate of CDI +4.15%.

As at 30 June 2024, the Group recorded 3,022,829 (31 December 2023: 2,785,213) of secured loans as a payable.

NOTE 12: CONTRIBUTED EQUITY

	30 June 2024	31 December 2023
Contributed equity		
Ordinary shares fully paid	43,328,219	43,328,219
	6 months to 30 June 2024	12 months year ended 31 December 2023
	No.	No.
Movements in ordinary shares on issue		
Opening balance	189,169,217	43,328,219
Closing balance	189,169,217	43,328,219

On 2 July 2024, the Company announced an equity issue package consisting of a placing that raised gross proceeds of £ 422,634 (AUD 801,389), and the settlement of £577,366 (AUD 1,094,788) of director / company secretary fees, through the issue of, in aggregate, 100,000,000 new ordinary shares of no par value at a price of 1p.

NOTE 13: DIVIDENDS

No dividends have been paid or provided for during the half-year (half-year to 30 June 2023: nil).

NOTE 14: CONTINGENT LIABILITIES AND COMMITMENTS

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

NOTE 15: FINANCIAL INSTRUMENTS

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

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

NOTE 16: SUBSEQUENT EVENTS

As announced to AIM on 2 July 2024, an equity issue package consisting of a placing raised gross proceeds of £422,634 (AUD 801,389), and the settlement of £577,366 (AUD 1,094,788) of director / company secretary fees, through the issue of, in aggregate, 100,000,000 new ordinary shares of no par value at a price of 1p.

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

ENDS

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