



HARVEST MINERALS

LIMITED

ABN 12 143 303 388

Half-Year Financial Report

31 December 2016

**CORPORATE DIRECTORY**

**Directors**

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

**Company Secretary**

Mr Jack James (appointed 5 September 2016)  
Mr Jonathan Hart (resigned 11 October 2016)

**Share Registry**

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

**Auditors**

HLB Mann Judd  
Level 4  
130 Stirling Street  
Perth WA 6000

**Nominated & Financial Adviser**

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

**Joint Brokers**

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

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

**Registered Office and Principal Place of Business**

22 Lindsay Street  
Perth WA 6000 Australia  
Telephone: + 61 8 9200 1847  
Facsimile: + 61 8 9200 4469

**Stock Exchange**

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

<b>Contents</b>	<b>Page</b>
Directors' Report	1
Auditor's Independence Declaration	5
Condensed Consolidated Statement of Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Directors' Declaration	15
Independent Auditor's Review Report	16

## **DIRECTORS' REPORT**

The Directors of Harvest Minerals Limited and its subsidiaries ('Harvest', 'HMI' or 'the Company') submit the financial report of the Company for the half-year ended 31 December 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### **Directors**

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

---

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

---

### **Results**

The loss after tax for the half-year ended 31 December 2016 was \$1,425,453 (2015: \$1,528,238).

### **Review of Operations**

#### ***Arapua Fertilizer Project***

##### *Trial Mining Permit*

On 29 November 2016, the Departamento Nacional de Produção Mineral ("DNPM") undertook a successful visit to the Maximus Prospect part of its Arapua Fertiliser Project to inspect the run-of-mine and product storage areas. On 9 December 2016, the Company announced it had satisfied all the conditions precedent to the award of a trial mining permit and had submitted the necessary documentation to the DNPM for final approval. The final step in the approval process occurred on 21 December 2016 with the approval for the trial mining permit being published in the Brazilian official gazette.

On 22 December 2016, the Company announced the award of the trial mining permit and commencement of trial mining at the Maximus Prospect.

##### *Studies, Test Work and Exploration*

On 26 July 2016, the Company announced that an independent Indicated Mineral Resource estimate (JORC 2012 compliant) was completed for the Maximus Prospect. The resource estimate was based on an air core drilling programme of only the weathered kamafugite. The limited scope drilling programme conducted at the Maximus Prospect target identified total Indicated resource of 883Kt at 4.21% K<sub>2</sub>O and 3.53% P<sub>2</sub>O<sub>5</sub> at a 3.5% K<sub>2</sub>O cut-off. The resource includes 202Kt at 5.24% K<sub>2</sub>O and 3.29% P<sub>2</sub>O<sub>5</sub> (higher K<sub>2</sub>O) and 160Kt at 4.01% K<sub>2</sub>O and 4.62% P<sub>2</sub>O<sub>5</sub> (higher P<sub>2</sub>O<sub>5</sub>). Additionally, the total Indicated resource includes average grades of 6.34% CaO, 5.95% MgO, 0.33% MnO and 34.53% SiO<sub>2</sub>, which are important in developing a multi-nutrient Direct Application Natural Fertiliser.

On 10 August 2016, the Company confirmed that an independent Scoping Study had been completed for the Maximus Prospect, highlighting the robust economics of the project and the simple low cost mining and processing. The Study was conducted by consultants GE21 Consultoria Mineral and included pit optimization and design, mine scheduling, capital expenditure, operational expenditure estimates and a preliminary economic assessment based on the initial resource, which represents only ~3% of the estimated mineralisation.

On 23 August 2016, the Company announced positive results from agronomic and metallurgical testwork conducted at the Maximus Prospect. Solubility results indicated total solubility for P<sub>2</sub>O<sub>5</sub> ranging from 50.40% to 53.36% and K<sub>2</sub>O ranging from 90.99% to 95.00% in 2% citric acid. The pH ranged from 6.54 to 6.74 (almost neutral) supporting the products potential as a soil neutralizer and remineraliser and metallurgical testwork supported that the product grades can be increased through a wet sieving process. All results were within the required specification with no toxic elements present.

On 8 September 2016, the Company announced that the environmental license - State Autorização Ambiental de Funcionamento ("AAF") for Maximus was granted on 5 September 2016 by the Secretary of State for Environment and Sustainable Development of Minas Gerais under the registered number 04883/2016. The AAF is valid for a period of four years and provides for a "rolling" 50,000 tonnes of production, which means that the Company can produce in batches of 50,000 tonnes at a time, for a period of up to four years.

On 7 November 2016, the Company announced the receipt of agronomic test results from Geosol's Environmental Laboratory and the Campo Agronomic Laboratory. The results confirmed the material was inside the specifications for a soil remineralizer. Furthermore, petrographic analysis confirmed there is no free silica in the product, which is significant, as free silica is considered a health hazard if inhaled during application. Based on these results, the Company commenced further agronomic testwork and growth tests with two different laboratories and a major coffee producer in the region with results expected in the second quarter of 2017.

### Infrastructure Work

On 16 September 2016, the Company announced the appointment of DK Transportes, Demolição e Locação Eireli as the principal contractor at the Maximus Prospect with the contract comprising of two stages, namely civil and construction works and mining and stockpiling.

On 7 November 2016, the Company announced civil and infrastructure work had progressed well with works completed by mid-November. During construction, the Company elected to increase the size of the storage pads to enable more material to be mined, processed and stored. To keep within the planned timeframe, an additional excavator and more haulage trucks were mobilised.

### Drilling Programme

On 28 September 2016, the Company announced it had commenced planning for an air core drill programme aimed at increasing the size of the current resource to support an increased mine life and production. On 7 November 2016, the Company announced the completion of the drilling programme and the ongoing analysis of the air core holes drilled.

On 30 December 2016, the Company announced the completion of a second 39 hole air core drilling programme at the Maximus Prospect. The additional holes were drilled over outcropping kamafugite and produced results compatible to the grades in the current resource area, indicating the potential to further substantially increase the mineral resources. The Company announced it had retained the services of GE21 to revise the current resource using the additional drill data with an updated resource expected by mid-February.

### Other

On 18 August 2016, the Company announced that its wholly owned Brazilian subsidiary Triunfo Mineracao do Brasil Ltda had signed a lease agreement with the owner of the land which incorporates the current resource at the

Maximus Prospect. The agreement allows the Company to carry out trial mining and associated activities on the property.

On 20 September 2016, the Company announced the appointment of Dr. Eduardo Spolidorio to work on product development and marketing for the Maximus Prospect to develop and implement Harvest's current and future agronomic studies and the optimisation and marketing for the Company's planned customer base.

On 7 November 2016, the Company also announced the registration of the product name and logo KPfertil for marketing activities in Brazil.

On 22 December 2016, the Company announced it had received a Letter of Intent to supply up to 45Kt of KPfertil throughout 2017 to a major coffee producer in the Carmo region, located close to Arapua, at an expected price of BRL200 per tonne.

### ***Sergi Potash Project***

On 23 July 2015, Harvest announced that it had recorded a JORC Inferred Mineral Resource totalling 105.3MT grading 21.3% KCl, including all the sylvinite and carnallite layers and using a cut-off grade of 13% KCl at its Sergi Potash Project. Given the scale of activity at currently being undertaken by Harvest on its other projects, Harvest did not advance its Sergi Potash Project during the half-year period to 31 December 2016.

### ***Capela Potash Project***

Given the scale of activity currently being undertaken by HMI on its other projects, HMI did not advance its Capela Potash Project during the half-year period to 31 December 2016.

### ***Mandacaru Phosphate Project***

On 16 June 2016, Harvest announced that the Mandacaru Phosphate Project contains a JORC (2012) compliant resource of 4.38 MT @ 4.55% P<sub>2</sub>O<sub>5</sub>, which includes an indicated resource of 1.47MT @5.30% P<sub>2</sub>O<sub>5</sub> and an Inferred resource of 2.91 Mt @ 4.18% P<sub>2</sub>O<sub>5</sub>. The project has an estimated additional exploration potential of 4Mt of phosphate ore with similar grades, from the extension of the estimated mineralized layers, to be proven up by further exploration assessment. This resource estimate was completed by GE21.

### ***Corporate Activity***

#### *Exercise of Options*

During the half-year the following options were exercised:

- 3,945,500 options with an exercise price of 8.8 pence expiring on 31 May 2017;
- 951,720 options with an exercise price of 7.5 pence expiring on 18 December 2020;
- 266,667 options with an exercise price of 7.5 pence expiring on 12 July 2021; and
- 200,000 options with an exercise price of 10 pence expiring on 12 July 2021.

The exercise of options resulted in the issue of 5,363,887 new shares in the Company and the Company receiving approximately GBP458,583.

#### *Removal from ASX Official List*

On 16 June 2016, the Company announced it had received conditional approval from the ASX for the removal of the Company from the official list. The Company was removed from the list on 22 July 2016.

Appointment / Resignation of Company Secretary

On 5 September 2016, the Company announced the appointment of Mr Jack James as Joint Company Secretary. On 11 October 2016, the Company announced the resignation of Mr Jonathan Hart as Joint Company Secretary.

Other

On 12 July 2016, the Company appointed Beaufort Securities in London to act as a joint broker to the Company.

**Subsequent Events**

On 2 February 2017, the Company, having received GBP 11,704, announced the exercise of 133,000 options with an exercise price of 8.8p expiring on 31 May 2017. The new fully paid ordinary shares commenced trading on 8 February 2017.

On 3 February 2017, the Company, having received GBP 969,804, announced the exercise of 11,020,500 options with an exercise price of 8.8p expiring on 31 May 2017. The new fully paid ordinary shares commenced trading on 8 February 2017.

On 3 February 2017, the Company announced, subject to shareholder approval, the issue of 2,755,125 new options exercisable at 14p expiring on 31 December 2019 to Edwards Family Holdings Ltd. The Company intends to convene the necessary shareholder meeting to approve the new options shortly.

There have been no other known significant events subsequent to the end of the period.

**Auditor's Independence Declaration**

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2016.

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



**Brian McMaster**  
**Chairman**  
8 February 2017

**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.*

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Harvest Minerals Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia  
8 February 2017

L Di Giallonardo  
Partner



**Condensed Consolidated Statement of Comprehensive Income**

for the half-year ended 31 December 2016

**Consolidated**

	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
<b>Revenue</b>		
Interest revenue	11,198	4,329
Other income	1,156	-
<b>Total revenue</b>	<b>12,354</b>	<b>4,329</b>
Public company costs	(21,871)	(83,177)
Accounting and audit expenses	(49,041)	(30,715)
Consulting and Directors' fees	(726,345)	(706,095)
Legal fees	(38,889)	(296,482)
Share based payments	6 (144,583)	-
Travel expenses	(99,258)	(155,042)
Impairment of exploration expenditure	-	(3,208)
Foreign exchange gain	(41,328)	(6,021)
Other expenses	(316,492)	(251,827)
<b>Loss before income tax</b>	<b>(1,425,453)</b>	<b>(1,528,238)</b>
Income tax expense	-	-
<b>Loss after income tax</b>	<b>(1,425,453)</b>	<b>(1,528,238)</b>
<b>Other comprehensive income</b>		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	51,279	(71,969)
<b>Other comprehensive income / (loss) for the half-year</b>	<b>51,279</b>	<b>(71,969)</b>
<b>Total comprehensive loss for the half-year</b>	<b>(1,374,174)</b>	<b>(1,600,207)</b>
<b>Loss per share</b>		
Basic and diluted loss per share (cents per share)	(1.47)	(3.60)

**Condensed Consolidated Statement of Financial Position**

as at 31 December 2016

		Consolidated	
	Notes	31 December 2016 \$	30 June 2016 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,549,094	2,737,190
Trade and other receivables		36,706	83,468
<b>Total Current Assets</b>		<b>1,585,800</b>	<b>2,820,658</b>
<b>Non-Current Assets</b>			
Plant and equipment		14,231	14,894
Deferred exploration and evaluation expenditure	3	5,459,755	3,967,167
<b>Total Non-Current Assets</b>		<b>5,473,986</b>	<b>3,982,061</b>
<b>Total Assets</b>		<b>7,059,786</b>	<b>6,802,719</b>
<b>Current Liabilities</b>			
Trade and other payables	4	223,262	95,092
<b>Total Current Liabilities</b>		<b>223,262</b>	<b>95,092</b>
<b>Total Liabilities</b>		<b>223,262</b>	<b>95,092</b>
<b>Net Assets</b>		<b>6,836,524</b>	<b>6,707,627</b>
<b>Equity</b>			
Issued capital	5	22,704,104	21,345,616
Reserves		2,989,976	2,794,114
Accumulated losses		(18,857,556)	(17,432,103)
<b>Total Equity</b>		<b>6,836,524</b>	<b>6,707,627</b>

**Condensed Consolidated Statement of Changes in Equity**

for the half-year ended 31 December 2016

	Issued Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total \$
<b>Balance as at 1 July 2016</b>	<b>21,345,616</b>	<b>(17,432,103)</b>	<b>2,858,682</b>	<b>(64,568)</b>	<b>6,707,627</b>
<b>Total comprehensive loss for the half-year</b>					
Loss for the half-year	-	(1,425,453)	-	-	(1,425,453)
Other comprehensive income	-	-	-	51,279	51,279
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(1,425,453)</b>	<b>-</b>	<b>51,279</b>	<b>(1,374,174)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued as consideration for acquisition	600,000	-	-	-	600,000
Shares issued on exercise of options	769,621	-	-	-	769,621
Share issue costs	(11,133)	-	-	-	(11,133)
Share based payments	-	-	144,583	-	144,583
<b>Balance at 31 December 2016</b>	<b>22,704,104</b>	<b>(18,857,556)</b>	<b>3,003,265</b>	<b>(13,289)</b>	<b>6,836,524</b>
<b>Balance as at 1 July 2015</b>	<b>14,241,114</b>	<b>(14,611,631)</b>	<b>2,788,014</b>	<b>(122,474)</b>	<b>2,295,023</b>
<b>Total comprehensive loss for the half-year</b>					
Loss for the half-year	-	(1,528,238)	-	-	(1,528,238)
Other comprehensive loss	-	-	-	(71,969)	(71,969)
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(1,528,238)</b>	<b>-</b>	<b>(71,969)</b>	<b>(1,600,207)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued as consideration for acquisition	1,600,000	-	-	-	1,600,000
Shares issued as part of placement	4,038,877	-	-	-	4,038,877
Shares issued as part of rights issue	452,282	-	-	-	452,282
Share issue costs	(398,879)	-	-	-	(398,879)
Share based payments	-	-	70,668	-	70,668
<b>Balance at 31 December 2015</b>	<b>19,933,394</b>	<b>(16,139,869)</b>	<b>2,858,682</b>	<b>(194,443)</b>	<b>6,457,764</b>

**Condensed Consolidated Statement of Cash Flows**

for the half-year ended 31 December 2016

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,151,912)	(1,384,229)
Interest received	11,198	4,329
Other receipts	1,156	-
<b>Net cash outflow from operating activities</b>	<b>(1,139,558)</b>	<b>(1,379,900)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	-	(413)
Payments for exploration and evaluation expenditure	(759,673)	(295,227)
<b>Net cash outflow from investing activities</b>	<b>(759,673)</b>	<b>(295,640)</b>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of options	769,621	4,351,159
Share issue costs	(17,159)	(297,245)
<b>Net cash inflow from financing activities</b>	<b>752,462</b>	<b>4,053,914</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,146,769)</b>	<b>2,378,374</b>
Cash and cash equivalents at beginning of period	2,737,190	1,537,960
Effect of exchange rate fluctuations on cash held	(41,327)	(6,021)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,549,094</b>	<b>3,910,313</b>

**Notes to the Condensed Consolidated Financial Statements**

for the half-year ended 31 December 2016

**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 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 8 February 2017.

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 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. 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 consolidated entity 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 30 June 2016 and considered together with any public announcements made by Harvest Minerals Limited during the half-year ended 31 December 2016 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.

**New and amending Accounting Standards and Interpretations**

In the half-year ended 31 December 2016, 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 annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Directors 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.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. 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 necessary to the Group's accounting policies.

**NOTE 2: SEGMENT REPORTING**

For management purposes, the Group is organised into one main operating segment, which involves exploration. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. 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.

**Notes to the Condensed Consolidated Financial Statements**

for the half-year ended 31 December 2016

**NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

	<b>6 months to 31 December 2016 \$</b>	<b>Year ended 30 June 2016 \$</b>
At beginning of the year	3,967,167	1,394,679
Acquisition of Sergi Potash Project <sup>1</sup>	700,000	1,900,000
Exploration expenditure during the period	742,807	643,447
Impairment loss	-	(21,537)
Net exchange differences on translation	49,781	50,580
<b>Total deferred exploration and evaluation expenditure</b>	<b>5,459,755</b>	<b>3,967,167</b>

<sup>1</sup> As announced on the ASX on 20 April 2015 Harvest acquired a 100% interest in the Sergi Potash Project in the Sergipe State, Brazil. The portion of consideration for this acquisition recorded during the period, as per the Sergi Project Mineral Rights Purchase and Sale Agreement, includes the issue of 6,000,000 fully paid ordinary shares in the Company and payment of \$100,000 cash by 31 December 2016.

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 4: TRADE AND OTHER PAYABLES**

	<b>6 months to 31 December 2016 \$</b>	<b>Year ended 30 June 2016 \$</b>
Trade payables	168,517	55,892
Accruals	54,745	39,200
	<b>223,262</b>	<b>95,092</b>

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

## Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

## NOTE 5: ISSUED CAPITAL

	6 months to 31 December 2016 \$	Year Ended 30 June 2016 \$
<b>Issued and paid up capital</b>		
Issued and fully paid	<b>22,704,104</b>	<b>21,345,616</b>

	6 months to 31 December 2016		Year ended 30 June 2016	
	No.	\$	No.	\$
<b>Movements in ordinary shares on issue</b>				
Opening balance	93,991,202	21,345,616	357,443,423	14,241,114
Shares issued as consideration for acquisition (refer to note 3)	-	-	160,000,000	1,600,000
Shares issued as part of rights issue	-	-	30,228,243	302,282
Shares issued as part placement	-	-	275,820,000	4,188,877
	<u>93,991,202</u>	<u>21,345,616</u>	<u>823,491,666</u>	<u>20,332,273</u>
Consolidation of capital (10:1)	-	-	(741,142,464)	-
	<u>93,991,202</u>	<u>21,345,616</u>	<u>82,349,202</u>	<u>20,332,273</u>
Shares issued as part of placement	-	-	5,642,000	876,995
Shares issued as consideration for acquisition (refer to note 3)	6,000,000	600,000	6,000,000	600,000
Shares issued on exercise of options	5,363,887	769,621	-	-
Share issue costs	-	(11,133)	-	(463,652)
Closing balance	<b>105,355,089</b>	<b>22,704,104</b>	<b>93,991,202</b>	<b>21,345,616</b>

## Share Options

As at the date of this report, there were 11,916,500 unissued ordinary shares under options (11,916,500 at the reporting date). The details of the options at the date of this report are as follows:

	Exercise at 8.8p by 31/5/17	Exercise at 7.5p by 18/12/20	Exercise at 7.5p by 12/07/21	Exercise at 10p by 12/07/21
Balance at 1 July 2016	15,862,000	951,720	-	-
Issued 31 August 2016	-	-	266,667	200,000
Exercised 31 August 2016	(166,500)	-	-	-
Exercised on 1 September 2016	-	-	(266,667)	(200,000)
Exercised on 7 September 2016	-	(951,720)	-	-
Exercised on 14 September 2016	(100,000)	-	-	-
Exercised on 15 September 2016	(86,500)	-	-	-
Exercised on 21 September 2016	(240,000)	-	-	-
Exercised on 28 September 2016	(26,500)	-	-	-
Exercised on 7 October 2016	(3,306,000)	-	-	-
Exercised on 24 October 2016	(20,000)	-	-	-
Balance at the date of this report	<u>11,916,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 since the end of the half-year.

## Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2016

### NOTE 6: SHARE BASED PAYMENTS

Share based payment transactions recognised during the period were as follows:

	6 months to 31 December 2016 \$	Year ended 30 June 2016 \$
<i>Exploration expenditure</i>		
Share based payment to vendor	600,000	2,200,000
<i>Capital raising expenses</i>		
Share based payments to supplier	-	70,668
<i>Profit and Loss</i>		
Share based payments to supplier	144,583	-

#### *Exploration expenditure*

During the half-year financial year, 6,000,000 shares were issued to Kmine Holdings Ltd as part of the agreed terms of acquisition in relation to the Sergi Potash Project agreements. The fair value of the shares of \$600,000 was determined by reference to the market value on the Australian Securities Exchange on the date the agreement.

#### *Profit and loss*

The table below summarises options granted to suppliers during the half-year:

2016 Grant Date	Expiry date	Exercise price	Balance at start of the half-year Number	Granted during the half-year Number	Exercised during the half-year Number	Expired during the half-year Number	Balance at end of the half-year Number	Exercisable at end of the year Number
31 Aug 16	12 Jul 21	\$0.1308	-	266,667	(266,667)	-	-	-
31 Aug 16	12 Jul 21	\$0.1745	-	200,000	(200,000)	-	-	-
Weighted remaining contractual life (years)			-	4.87	4.85	-	-	-
Weighted average exercise price			-	\$0.1495	\$0.1495	-	-	-

The options have been valued using the Black & Scholes option pricing model with inputs noted in the above table and further inputs as follows:

- Grant date share price: \$0.3577
- Risk-free interest rate: 1.5%
- Volatility: 110%



**Notes to the Condensed Consolidated Financial Statements**

for the half-year ended 31 December 2016

**NOTE 7: DIVIDENDS**

No dividends have been paid or provided for during the half-year (2015: nil).

**NOTE 8: CONTINGENT LIABILITIES AND COMMITMENTS**

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

**NOTE 9: SUBSEQUENT EVENTS**

On 2 February 2017, the Company, having received GBP 11,704, announced the exercise of 133,000 options with an exercise price of 8.8p expiring on 31 May 2017. The new fully paid ordinary shares commenced trading on 8 February 2017.

On 3 February 2017, the Company, having received GBP 969,804, announced the exercise of 11,020,500 options with an exercise price of 8.8p expiring on 31 May 2017. The new fully paid ordinary shares commenced trading on 8 February 2017.

On 3 February 2017, the Company announced, subject to shareholder approval, the issue of 2,755,125 new options exercisable at 14p expiring on 31 December 2019 to Edwards Family Holdings Ltd. The Company intends to convene the necessary shareholder meeting to approve the new options shortly.

There have been no other known significant events subsequent to the end of the period.

**DIRECTORS' DECLARATION**

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

1. The financial statements and notes, as set out on pages 6 to 14, are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



**Brian McMaster**  
**Chairman**  
8 February 2017

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Harvest Minerals Limited

### **Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Harvest Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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

*Conclusion*

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*HLB Mann Judd*

**HLB Mann Judd  
Chartered Accountants**

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

**L Di Giallonardo  
Partner**

**Perth, Western Australia  
8 February 2017**